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Annual Management and Performance Report for the EU Budget - 2023 financial year

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Annual Management and Performance Report for the EU Budget

Volume I

#EUBUDGET

FINANCIAL YEAR
2023

2023 INTEGRATED FINANCIAL AND ACCOUNTABILITY REPORTING

Budget

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Annual Management and Performance Report for the EU Budget

2023 financial year

Volume I

The *Annual Management and Performance Report for the EU Budget – 2023 financial year*, together with its annexes, is the European Commission's main contribution to the annual discharge procedure ([1]) by which the European Parliament and the Council of the European Union monitor the implementation of the EU budget. It fulfils the Commission's obligations under the Treaty on the Functioning of the European Union ([2]) and the financial regulation ([3]). Implementing the EU budget is a shared responsibility, where the Commission works hand in hand with the Member States and with other partners and organisations.

The report is composed of three volumes.

- Volume I provides the key facts and achievements in relation to budgetary management in 2023.
- Volume II presents a more comprehensive picture of the implementation of the EU budget. Annex 1 provides an overview of the performance of the EU budget in 2023 in delivering the six Commission priorities for 2019-2024 and systematically integrating horizontal policy priorities ('mainstreaming') into the EU budget. Annex 2 provides a high-level overview of the internal control and financial management procedures. Annex 3 covers the performance and compliance aspects of the Recovery and Resilience Facility, the instrument at the heart of the NextGenerationEU recovery programme.
- Volume III contains technical annexes supporting the report. It includes Annex 4, with detailed programme-by-programme performance information in the 'programme performance statements'.

This report is part of the broader integrated financial and accountability reporting package ([4]), which also includes the consolidated annual accounts ([5]), a long-term forecast of future inflows and outflows covering the next 5 years ([6]), the report on internal audits ([7]) and the report on the follow-up to the discharge of the previous year ([8]).

([1]) The annual discharge procedure is the procedure through which the European Parliament and the Council give their final approval on the budget implementation for a specific year and hold the Commission politically accountable for the implementation of the EU budget (https://ec.europa.eu/info/about-european-commission/eu-budget/how-it-works/annual-lifecycle/assessment/parliaments-approval_en).

([2]) Article 318 of the Treaty on the Functioning of the European Union.

([3]) Article 247(1)(b) and (e) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012, OJ L 193, 30.7.2018, p. 1, ELI: http://data.europa.eu/eli/reg/2018/1046/oj (financial regulation).

([4]) Article 247 of the financial regulation.

([5]) Article 246 of the financial regulation.

([6]) Article 247(1)(c) of the financial regulation.

([7]) Article 118(8) of the financial regulation.

([8]) Article 261(3) of the financial regulation.

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The EU budget delivers on priorities in times of crisis

Introduction

This Commission's term has been marked by **a string of unprecedented crises requiring fast and effective solutions** to protect people's lives and livelihoods in the European Union. 2023 was yet another significant year, in which the EU continued to meet the aspirations of its citizens and to address challenges as they emerged. At the same time, the **European Commission stayed the course on the six priorities** set out at the beginning of its term and devised comprehensive solutions, especially in relation to the twin green and digital transitions.

The EU is equipped with its **most powerful long-term budget ever**, along with the **landmark NextGenerationEU recovery plan.** This plan is at the heart of the **EU's response to the consequences of the COVID-19 pandemic.** It is also driving the economic transformation of the EU.

The **NextGenerationEU recovery plan for Europe** is the EU's EUR 807 billion programme to support the economic recovery from the impact of the COVID-19 pandemic and build a greener, more digital and more resilient future ([9]). The Recovery and Resilience Facility makes up 90% of the budget of NextGenerationEU. The facility is a **performance-based financing instrument that gives Member States the flexibility to design and implement reforms and investments** that best serve their national needs, as also identified at the EU level, in full respect of the objectives of the green and digital transformations.

As the EU recovered from the effects of the pandemic and continued building a more competitive and resilient economy, **Russia's war of aggression in Ukraine intensified** in 2023, with a wide range of devastating consequences. The geopolitical situation deteriorated further after the terrorist attacks by Hamas on Israel on 7 October, followed by a full-blown war in Gaza that has had a catastrophic impact on the humanitarian situation there. The EU budget and NextGenerationEU have enabled the EU to support Ukraine and to address the consequences of the wars in Europe and the Middle East, including the disruption of energy markets and high inflation, along with natural disasters and humanitarian crises.

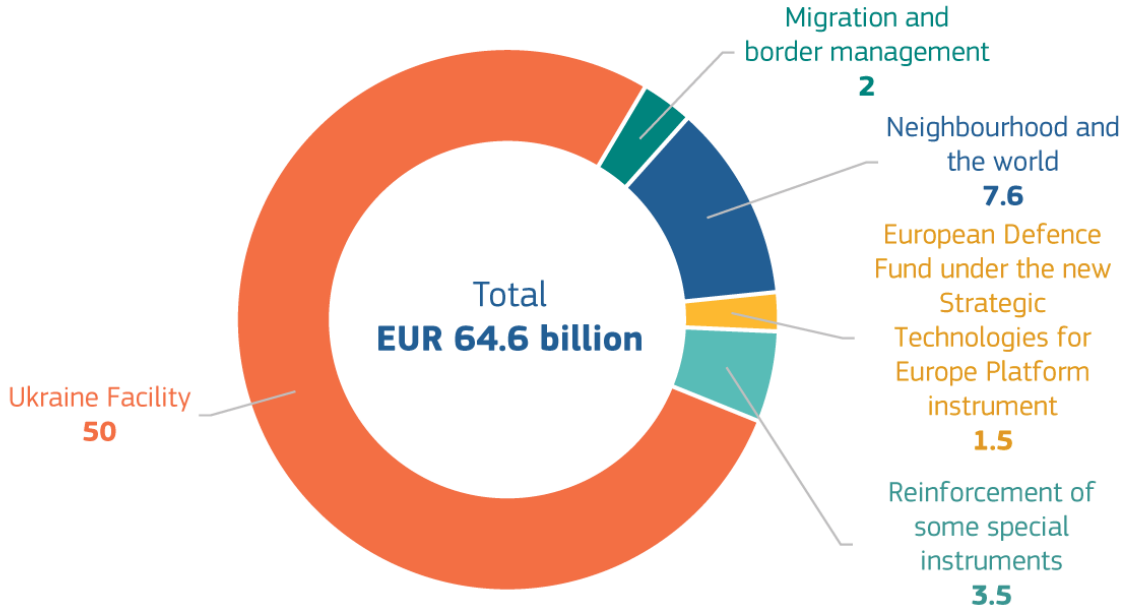
Although the EU budget has played a strong and effective role in addressing unexpected crises in recent years, there is a limit to what it can do. In 2023, not even halfway through the current multiannual financial framework, **the framework's flexibility was being depleted.** Therefore, to ensure that the EU budget had the most essential funding to be able to deliver on shared priorities and needs, the European Commission proposed a targeted revision of the multiannual financial framework. This led to an agreement in February 2024 on the **midterm revision of the EU's long-term budget.** This included, for the first time ever, a revision of its expenditure ceilings.

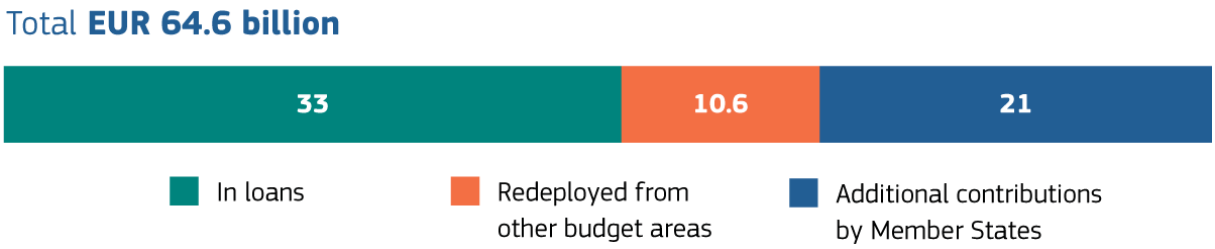
In line with the priorities identified by the Commission, this allows the EU to provide stable support to Ukraine in the coming years, to continue addressing migration and external challenges and to **strengthen Europe's competitiveness and sovereignty** by means of the Strategic Technologies for Europe Platform, among other initiatives. However, the midterm revision of the multiannual financial framework did not include the proposed increase in the ceiling on administrative expenditure (known as heading 7), which was meant to address the substantial additional tasks for the EU administration and the pressure caused by rising inflation.

([9]) Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom, OJ L 424, 15.12.2020, ELI: http://data.europa.eu/eli/dec/2020/2053/oj. EUR 807 billion in current prices, EUR 750 billion in 2018 prices.

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Overview of the midterm revision of the EU's long-term budget for 2021-2027





Source: European Commission

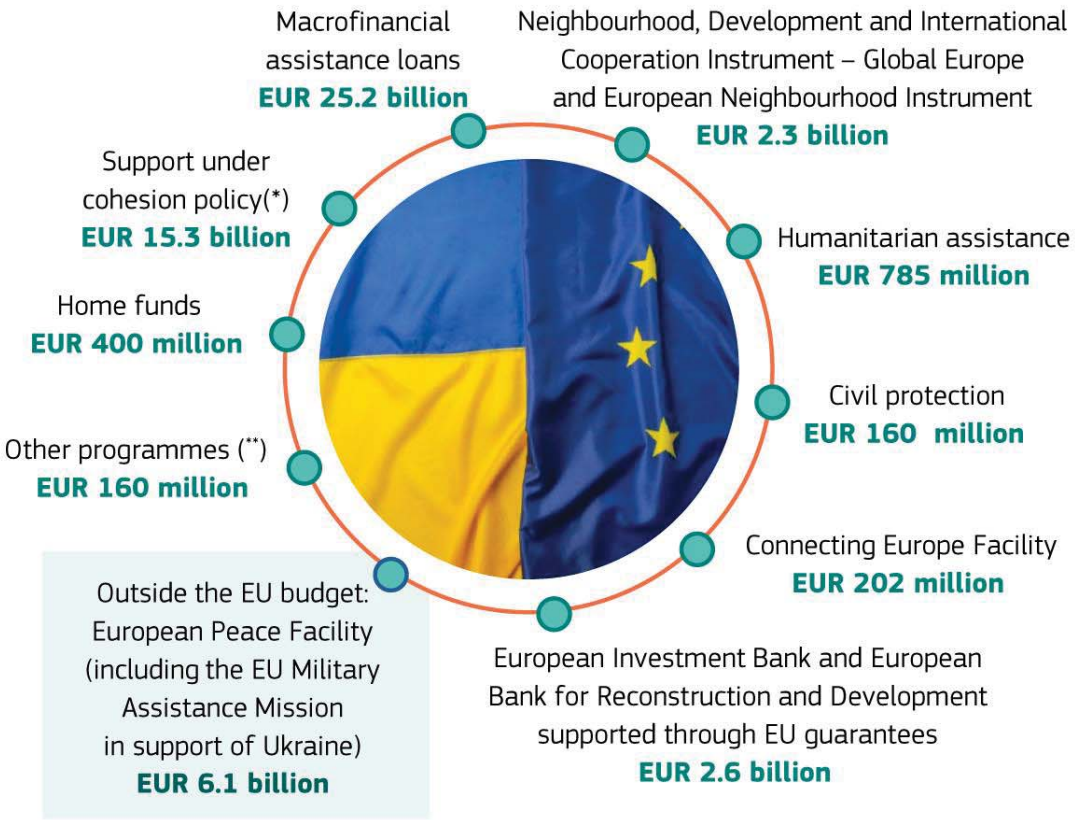
Maintaining support for Ukraine

In 2023, the **EU budget continued to provide support to Ukraine** in the face of Russia's unprovoked and unjustified war of aggression and its illegal annexation of parts of Ukrainian territory. By the end of the year, the EU and its Member States had made available close to EUR 85 billion in overall assistance to Ukraine and its people since the start of the war. This includes EUR 25.2 billion in macrofinancial assistance, including an unprecedented support package of EUR 18 billion of highly concessional loans for Ukraine in 2023 alone through the Macro-Financial Assistance Plus instrument. On top of that, around 100 000 tons of in-kind assistance under the EU Civil Protection Mechanism worth around EUR 300 million have been provided to Ukraine turning this into the longest, the largest and the most complex EU Civil Protection Mechanism operation to date. In addition to support from the EU budget, **assistance, including military assistance, to Ukraine from the EU and its Member States totalled over EUR 27 billion**, including EUR 6.1 billion from the **European Peace Facility.**

Macrofinancial assistance is a type of financial aid provided by the EU to help partner countries that are facing serious financial difficulties to stabilise their economies and make the necessary reforms. These funds are helping Ukraine to continue to pay wages and pensions; to keep essential public services running, such as hospitals, schools, and houses for relocated people; and to restore critical infrastructure. In addition, these funds are also helping Ukraine to carry out institutional reforms, such as anti-corruption and judicial reforms, that are crucial to the country's progress.

In addition to the macrofinancial assistance provided to Ukraine, the EU made available funds from cohesion policy to Member States to welcome those fleeing from war in Ukraine. The **Cohesion's Action for Refugees in Europe and Flexible Assistance to Territories packages** were proposed in 2022 to provide the necessary flexibility in cohesion-policy funding rules. By the end of 2023, these measures made available EUR 15.3 billion for social integration programmes, healthcare, food, basic assistance and job market orientation. Activities that were supported included language courses, education, social services and childcare.

EU budget contributions to help Ukraine and Member States face the consequences of the war in 2022 and 2023



Allocations to Ukraine and Member States to face the consequences of the war from the EU budget and outside the EU budget for the European Peace Facility in 2022 and 2023..

(*) Support under cohesion policy refers to flexibility offered through the Cohesion's Action for Refugees in Europe and Flexible Assistance to Territories packages, covering a combination of amounts invested (or reprogrammed) and liquidity lines made available to Member States.

(**) Horizon Europe, EU4Health, European Instrument for International Nuclear Safety Cooperation, Common Foreign and Security Policy.

Source: European Commission.

In 2023, **Moldova and Ukraine became participating states of the EU Civil Protection Mechanism** – the European solidarity framework that helps countries hit by disasters. In response to the disastrous **destruction of the Nova Kakhovka dam** in June 2023, the EU mobilised immediate assistance to Ukraine in various ways: via its Civil Protection Mechanism, through the deployment of its rescEU reserves and via its humanitarian partners.

Between January and November 2023, 10.5 million Ukrainians received **humanitarian support in Ukraine** thanks to the EU and other donors. Since January 2023:



- more than 4.1 million people have received **food assistance**;
- **health measures** or supplies have helped 7.5 million people;
- **cash assistance** has reached 3.7 million people;
- **critical protection services** have been extended to 4.5 million people;
- almost 6.5 million people have regained **access to clean water and essential hygiene** and sanitation services.

Russia's deliberate blocking of grain exports via the Black Sea, by targeting grain silos and agricultural infrastructure in Ukraine and limiting the export of agricultural goods and fertilisers, led to a **worsening of the world food security crisis.** To tackle this, the EU, its Member States, Moldova and Ukraine, together with international financial institutions set up the EU–Ukraine Solidarity Lanes in 2022 to get grain blocked in Ukraine out to the rest of the world. This work continued in 2023. As Ukraine plays a crucial role in the global supply of cereals and oilseeds, the war has created great uncertainty and volatility on these markets. **Russia's blocking of Ukraine's usual export routes** has also led to an increase in Ukrainian exports to neighbouring EU Member States. Therefore, in 2023, the EU introduced two support packages. More than **EUR 156.3 million was provided from the common agricultural policy agricultural reserve to support those farmers most affected** in the five Member States neighbouring Ukraine. In a third support package, **the European Commission mobilised an additional EUR 330 million of funding to be allocated to EU farmers** in other Member States impacted by high input costs and specific problems, caused in particular by the Russian war of aggression. The EU also disbursed EUR 2.8 billion in 2023 to address food insecurity and to promote sustainable food systems globally.

A **major global financial effort will be required to rebuild Ukraine** once the war is over. The EU is already contributing substantially to boosting the country's resilience. Ukraine is also gradually benefiting more from its **integration into existing EU programmes**, such as the single market programme, the LIFE programme, Erasmus+, Horizon Europe, the Connecting Europe Facility and the creative Europe programme. The EU has also suspended Ukraine's financial contribution obligation for its association to EU programmes for as long as the country's financial challenges caused by the war remain. However, much more support will be needed in the medium to long term to re-establish the foundations of a free and prosperous country, anchored in European values and properly integrated into the European and global economies, and to support Ukraine on its way towards EU membership.

To **help Ukraine in its recovery, reconstruction and modernisation efforts**, the EU has launched a new support mechanism for 2024-2027. The **Ukraine Facility** is a dedicated instrument that will allow the EU to provide Ukraine with up to EUR 50 billion in stable and predictable financial support during this period, including up to EUR 17 billion in non-repayable support and up to EUR 33 billion in loans. The facility underlines the EU's commitment to supporting Ukraine in the face of Russia's ongoing war of aggression and on its path towards EU membership. It will provide direct financial support and accession assistance to Ukraine and establish a specific investment framework. To finance the loans to Ukraine, the EU will issue

bonds on the financial markets until the end of 2027. Ukraine has committed to implementing its recovery and reform plan and to upholding democratic mechanisms.

Aims of the Ukraine Facility

	Support Ukraine's recovery, reconstruction and modernisation
	Support Ukraine's financing needs to allow the government to deliver uninterrupted public services
	Mobilise investment in Ukraine's private sector for fast economic recovery and reconstruction
	Support Ukraine in making the reforms needed on its path to EU accession
	Support broader Ukrainian society by helping to address the social consequences of the war

The **European Commission and Ukraine will need to protect the EU's financial interests** by combating fraud, corruption and conflicts of interest. To this end, in 2023, Ukraine cooperated with the European Court of Auditors and the European Anti-Fraud Office, appointed the new head of its Specialised Anti-Corruption Prosecutor's Office (a post that had been vacant since August 2020) and adopted a national anti-corruption strategy and its related implementation programme. Moreover, in March 2024, Ukraine joined the EU anti-fraud programme, which is handled by the European Anti-Fraud Office.

The EU's response to the Middle East crisis

In addition to the enduring war in Ukraine, the **terrorist attacks by Hamas against Israel** on 7 October 2023 and Israel's ensuing military action in Gaza have have led to a drastic deterioration in the geopolitical landscape and caused a humanitarian catastrophe in Gaza. This has also increased the risk of escalation in the region. Emphasising that there is no justification for terror, the **European Commission has condemned Hamas in the strongest possible terms** for the terrorist attacks.

With the rise in antisemitic and anti-Muslim hate speech and hate crime experienced in autumn 2023, the European Commission mobilised the Internal Security Fund to provide EUR 30 million to help Member States protect public spaces and places of worship. Seriously concerned by the deteriorating humanitarian situation in Gaza, the **European Commission quadrupled its humanitarian aid**, mobilising more than EUR 100 million in 2023, and **has been working on overcoming access restrictions in providing humanitarian support** to the Palestinian people, in order to guarantee a sustained, regulated and robust flow of aid, working together with several Member States and international partners.

EU humanitarian support to the Palestinian people in 2023



Source: European Commission

Strengthening the EU's security and defence capabilities

Given the **increasingly unstable geopolitical situation** and the need to reinforce the EU's ability to provide security and protection across the continent, the European Commission has been stepping up security and defence efforts. 2023 saw the enactment of **two key initiatives** aimed at strengthening the EU's defence industry.

1. The **Act in Support of Ammunition Production**, backed by a budget of EUR 500 million, aims to improve and expedite the EU's ammunition and missile production. 31 projects covering five areas (explosives, powder, shells, missiles, and testing and reconditioning certification) were selected to assist European industry in increasing its ammunition production and readiness. It is a direct response to the European Council's March 2023 call to urgently deliver ammunition and, upon request, missiles to Ukraine, along with helping Member States to refill their stocks.
2. Complementing this, the **European Defence Industry Reinforcement through Common Procurement Act**, with a budget of EUR 310 million, will motivate EU Member States, for the first time ever, to jointly purchase critical defence products from the EU defence industry.

Moreover, the **European Defence Fund, with a budget of EUR 8.9 billion under the 2021-2027 multiannual financial framework ([10]), provides essential support to defence research and development in the EU.** It has provided over EUR 2.9 billion for 101 collaborative research and development projects across Member States in 2021 and 2022, with EUR 1.2 billion allocated in 2023. Furthermore, **under the military mobility allocation of the Connecting Europe Facility, EUR 808 million was awarded in 2023** to support the transport of troops and equipment across the trans-European transport network, investing in infrastructure that can be used for both civil and military purposes.

Strenghtening partnerships globally

In 2023, the EU and its Member States together remained **the world's largest provider of official development assistance**. To advance sustainable development goals globally and to strengthen Europe's role in the world, the Commission also moved forward in 2023 with **the Global Gateway strategy** which draws from financial resources of the EU budget and from the Member States. The EU made significant progress in rolling out the Global Gateway – launching 225 new flagship projects across Africa, Latin America, the Caribbean, Asia, the Pacific, the Western Balkans and the Eastern and Southern Neighbourhoods for 2023

([10]) This amount includes a reinforcement of approximately EUR 1.5 billion in the context of the midterm revision of the multiannual financial framework. The current programming 2021-2027 for the European Defence Fund is EUR 7.3 billion in current prices. EUR 1.5 billion will afterwards be redirected from the European Defence Fund to support the proposal for a regulation establishing the European Defence Investment Programme.

and 2024. At the Summit of the EU and the Community of Latin American and the Caribbean States in July 2023, the EU launched the Global Gateway Investment Agenda which is expected to mobilise over EUR 45 billion in the that region by 2027. The EU is also progressing with the implementation of the EUR 150 billion Africa–Europe Global Gateway Investment Package and new Team Europe initiatives.

The long-awaited Post-Cotonou Agreement known as **Samoa Agreement** was signed in November 2023 with 64 partner countries marking the beginning of a revitalised EU-Organisation of African, Caribbean and Pacific States partnership. **Strategic partnerships on mutually beneficial raw materials value chains** were concluded with Argentina, Chile, the Democratic Republic of Congo, Greenland, and Zambia in 2023, in addition to the previously agreed ones with Namibia, Kazakhstan, Ukraine and Canada.

Supporting border control and addressing migration pressure

The **migration pressure** at the EU's external borders remained significant in 2023. Over 1 million people applied for asylum in the EU in 2023, marking a significant increase of 20% compared to 2022. To address this challenge, Member States have **made use of the Asylum, Migration and Integration Fund to improve reception facilities, particularly for children.** Additionally, they have prioritised integration support for migrants, focusing on vulnerable groups such as unaccompanied minors. The fund has also played a vital role in supporting Member States facing arrivals of displaced people from Ukraine fleeing the war who were granted temporary protection under the temporary protection directive. Emergency assistance was also mobilised following the surge in migrant arrivals on Lampedusa in September 2023, when more than 6 000 migrants landed on the Italian island in only 3 days.

In February 2023, the European Council called on the European Commission to prioritise funding measures that strengthen control of the EU's external borders. **The Border and Visa Instrument's Thematic Facility was used in 2023 to invest nearly EUR 448 million in boosting Member States' border management capabilities.** This included tackling the instrumentalisation of migrants at the borders with Belarus and Russia, supporting Bulgaria and Romania in facing increased pressure on the Western Balkans route, strengthening the operational capacity of the European Border and Coast Guard Agency and optimising border controls in several Member States.

Continuing to deliver on the Commission's long-term priorities

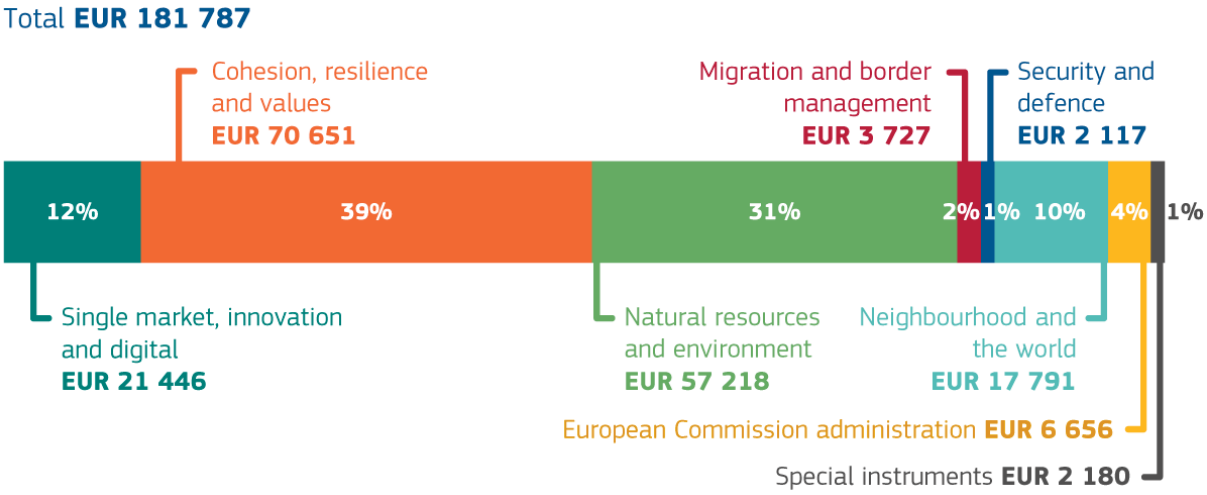
To deliver on the promises made in 2019, the College of Commissioners has steered work during its mandate to meet **six headline ambitions.** The world has undergone radical changes since 2019, however. The crises of recent years have profoundly shaken deeply anchored certainties, including on the **role of the EU**, on **economic and solidarity models** and on **the rules-based multilateral international order.** But the headline ambitions still hold – in many areas more so than ever, for the benefit of the EU and its citizens Throughout 2023, the European Commission continued to deploy major policy and legislative initiatives to achieve the long-term priorities.

Long-term priorities	Examples of key policy milestones in 2023
 **The European Green Deal**	The **fit-for-55 package** was supplemented by the adoption of the revised energy efficiency directive, the revised renewable energy directive and the refuelEU aviation regulation. Two new proposals were adopted on soils and forests. The **Social Climate Fund** was established in May 2023 to support Member States' protection of vulnerable groups affected by the green transition.The Commission presented a **Green Deal industrial plan** to enhance the competitiveness of Europe's net-zero industry and support the fast transition to climate neutrality and a set of measures for greening freight transport. Entry into force of the new batteries regulation, an institutional agreement on eco-design for sustainable products and a new proposal on vehicle design and end-of-life. The Commission set out **the European wind power action plan** to support the European wind power industry and the clean energy transition. The Commission launched **the first auction under the European Hydrogen Bank** to support the production of renewable hydrogen in Europe, with an initial EUR 800 million from the Innovation Fund financed by the EU Emissions Trading System's revenues. The co-legislators reached an agreement on the **law to improve the design of the EU's electricity market**, proposed by the Commission in March 2023 to boost renewables, provide better protection for consumers and enhance industrial competitiveness. The Commission launched four **calls for companies to jointly buy gas through the EU Energy Platform**, to address energy security and high prices, matching more than 42 billion cubic meters.
 A Europe fit **for the digital age**	The **European Chips Act**, proposed by the Commission in February 2022 to strengthen the EU's competitiveness and resilience in the field, entered into force on 21 September 2023. The first set of very large online platforms and search engines subject to special obligations under the **Digital Services Act** was designated, followed by a second set of designations of very large online platforms. The co-legislators (the Parliament and the Council) reached an agreement on the **Artificial Intelligence Act**, the first comprehensive regulation of artificial intelligence.
 An economy that **works for the people**	The co-legislators reached an agreement on the **Critical Raw Materials Act**, just 8 months after the Commission's proposal. The EU presented a **European economic security strategy**, to minimise risks arising from economic dependencies while preserving maximum levels of EU economic openness and dynamism. Member States revised their recovery and resilience plans to introduce **RePowerEU chapters** and access (additional) loans under the Recovery and Resilience Facility. The Commission proposed concrete measures for Member States to **boost the social economy** and create jobs following up on its 2021 Action Plan.
 A stronger Europe in the world	The '**Samoa Agreement**' (post-Cotonou) was signed with 69 partner countries in Africa, the Caribbean and the Pacific, and the **EU's partnership with Latin America and the Caribbean** was re-launched. The first ever Global Gateway Forum was organised in October. The EU presented the **EU space strategy for security and defence** for a stronger and more resilient EU. The EU launched a **humanitarian air bridge to Gaza**.

Promoting our European way of life	The co-legislators reached a historic agreement on five key elements of the **new pact on migration and asylum**, a major step towards a common system for managing migration in the EU. The Member States agreed on **Bulgaria and Romania joining the Schengen area**, starting with lifting controls at air and sea borders. **Comprehensive approach to mental health**, introducing 20 flagship initiatives and EUR 1.23 billion in funding from different financial instruments. The Commission adopted the **demography toolbox**, containing a set of policy tools available to Member States for managing demographic change and its impacts on the EU's society and economy.
A new push for European democracy	The Istanbul Convention on **Preventing and Combating Violence against Women** and Domestic Violence entered into force for the EU on 1 October 2023. The Commission adopted the **defence of democracy package** to tackle the threat of covert foreign influence in our democratic life and build democratic resilience. **European Citizens' Panels** have become a regular feature of the Commisison's policy-making process. The Commission registered the **100th European citizens' initiative**, giving citizens the opportunity to add 'Connecting all European capitals and people through a high-speed train network' to the EU's agenda.

The **EU budget is the EU's most powerful tool for delivering on its common policy agenda and investing** in projects of EU added value. Through its programmes, the EU budget, directly or indirectly, supports the EU's internal and external policies. In 2023, a large number of EU programmes under the 2014-2020 and 2021-2027 long-term budgets continued to deliver results to the public. **Total commitment appropriations for the long-term EU budget in 2023 amounted to almost EUR 182 billion, and those for NextGenerationEU amounted to nearly EUR 238 billion.**

Multiannual financial framework: 2023 EU budget commitment appropriations by budget heading (million EUR)

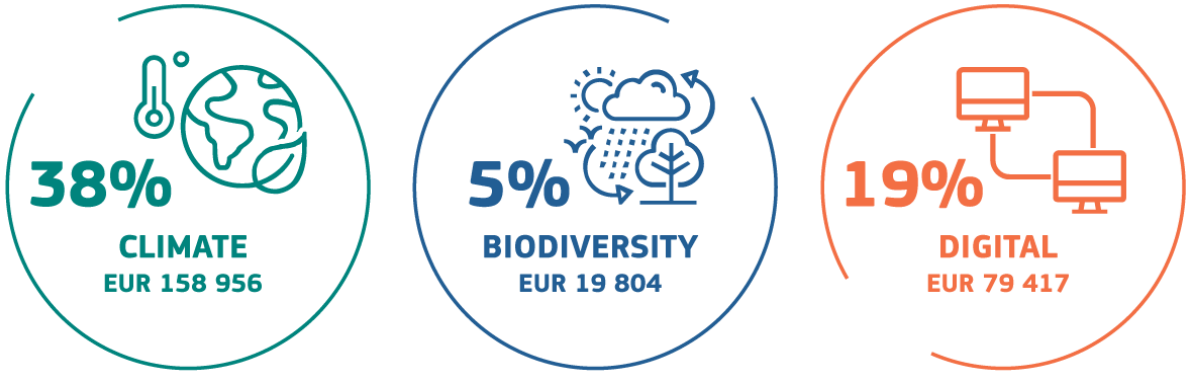


Source: European Commission

The **EU budget focuses on delivering long-term value to the EU.** All EU funding programmes have continued to make progress towards their performance targets. They promote the EU's sustainability and prosperity. For example, the budget is essential to delivering on **the twin green and digital transitions.** In

2023, a record EUR 160 billion ([11]) is estimated to be dedicated to mainstreaming climate objectives, EUR 20 billion on mainstreaming biodiversity objectives and EUR 79 billion on digital priorities.

EU budget and NextGenerationEU allocation to horizontal priorities in 2023 (percentage of total budget and estimated amounts in million EUR)



Source: European Commission.

Examples of contributions from the EU budget to horizontal priorities

Climate

- 29 million citizens benefited from flood protection between 2014 and 2022 thanks to the interventions financed by cohesion policy funds.
- European Solidarity Fund support totalled EUR 755 million following natural disasters in Belgium, Germany, Italy and Romania.
- Around 188 000 hectares of agricultural land were afforested by 2022 thanks to common agricultural policy support in the 2014-2022 period.

Biodiversity

- 20.3 million beehives were supported in 2022 by the common agricultural policy.
- More than 100 species are improving their conservation status as result of 31 LIFE projects.

Digital

- 7.9 million additional households had broadband access with a speed of at least 30 megabits per second between 2014 and 2022 thanks to the interventions financed by the cohesion policy funds.
- Additional capacity of 3 000 terabits per second was created by backbone networks, including submarine cables, deployed by the Connecting Europe Facility in 2023.

Gender equality

- The monitoring of gender expenditure has been enhanced with the inclusion in the 'programme performance statements' of the gender-disaggregated data available per programme. According to the gender tracking methodology, in 2023, 11% of the EU budget contributed to the promotion of gender equality (scores 2 and 1).

([11]) Based on budgetary commitments.

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Annex 1 to this report provides a full summary of the **EU budget's performance in 2023.** It first presents **aggregate information** about the overall implementation of the EU budget and its various spending programmes. It then focuses on **how the EU budget supported the European Commission's headline ambitions listed above.** It draws from the annual activity reports and programme performance statements ([12]) of the Commission's departments to provide **concrete and telling examples** of the EU budget's performance. This includes key policy developments and **support provided to Ukraine** under various spending programmes. The annex also describes how the European Commission tracks and reports on what is spent on specific policies and **horizontal priorities ('mainstreaming')** through the EU's programmes. This concerns, in particular, the financing of initiatives with objectives relating to the climate, biodiversity, gender equality and the sustainable development goals. Information on the contribution of the EU budget to the European Commission's priority of promoting the digital transition is also provided.

Revised recovery and resilience plans driving targeted reform and investment

In 2023, the **Recovery and Resilience Facility continued to support economic recovery and reforms** in the Member States. The focus was on the revision of the Member States' recovery and resilience plans to accommodate changed circumstances and new challenges (e.g. inflation and Russian aggression against Ukraine), which led to an additional allocation of EUR 147.2 billion to Member States, to be used by 2026, split into EUR 21.6 billion in grants and EUR 125.5 billion in loans. This resulted in a total amount allocated of EUR 648 billion, EUR 357 billion grants and EUR 291 billion loans, allocated at the end of 2023.

A key feature of the revision was the **addition of specific REPowerEU chapters aimed at addressing the challenges and disruptions in the energy market caused by Russia's war of aggression in Ukraine.** A total of 31 revisions to plans were adopted in 2023 with the support of the **Technical Support Instrument**, 23 of which included REPowerEU chapters ([13]). These approved REPowerEU chapters included more than EUR 60 billion for reforms and investment to save energy, substitute fossil fuels and address immediate security-of-supply needs, while reducing dependency on Russian fossil fuels. The REPowerEU chapters have also further increased the ambitions of the Recovery and Resilience Facility regarding the green transition. With the 27 revised recovery and resilience plans, **more than 42% (EUR 275 billion) of the total Recovery and Resilience Facility allocation will finance investments and reforms supporting the green transition**, including energy efficiency, renewable energy, electricity grids and other green investments. By December 2023, a total of EUR 1.5 billion had already been transferred from the total Innovation Fund's contribution to REPowerEU actions for the period 2023 - 2026, set at EUR 12 billion.

([12]) Each year, the departments of the Commission report on the performance against their objectives in their annual activity reports, which are published on the Europa.eu web portal. The departments also contribute to the programme performance statements (see Annex 4 to this annual management and performance report online), which provide an annual overview of the performance information for all EU spending programmes in the 2021-2027 period.

([13]) Recovery and Resilience Plans were revised to include REPowerEU chapters or to take into account objective circumstances, thus the number of revisions exceeded the total number of plans (i.e. some Member States had two revisions).

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Key climate and energy commitments for 2026 under the Recovery and Resilience Facility

Renewable energy for all	Saving energy
• **Speeding up permitting for renewables thanks to ambitious reforms** in 15 Member States. • Enabling at least 20 gigawatts of renewable energy by 2026, on top of 40 gigawatts in the existing plans – more than the entire installed capacity of **offshore wind in the EU.**	• Long-lasting energy efficiency interventions will reduce energy bills for **at least 1 million households.** • At least **180 000 sustainable heating and cooling** systems will be installed by 2026.
Boosting the competitiveness of EU industry	**Secure energy networks for the EU**
• More than EUR 12 billion will be made available to **decarbonise EU industries**, including EUR 2.5 billion for renewable hydrogen production. • Strategic **clean-tech investments** in electrolysers, batteries and solar panels. • Dedicated **green-skills training** for more than 100 000 individuals.	• More than **3 000 km of transmission and distribution electricity grid lines will be modernised** – roughly the distance from Lisbon to Riga. • **Grid-scale electricity storage** will easily accommodate intermittent renewables. • **Key cross-border gas infrastructure projects** will meet immediate security-of-supply needs.

In 2023, the European Commission disbursed a total of EUR 75 billion (including EUR 28.7 billion in loans) corresponding to payment requests from Member States, along with additional pre-financing payments of EUR 7.1 billion. This brought the total disbursements by the end of 2023 to EUR 220.8 billion, divided into EUR 141.6 billion in grants (40% of the total EUR 357 billion allocated for grants under the Recovery and Resilience Facility envelope) and EUR 79.2 billion in loans (27% of the total EUR 291 billion allocated for loans under the envelope).

The Recovery and Resilience Facility is making a difference in the lives of EU citizens. Its major achievements include the following ([14]).

- **Green transition.** By the end of 2023, thanks to the facility, annual energy consumption had been reduced by 28.2 million megawatts and more than 530 000 refuelling and recharging stations for clean vehicles had been installed or upgraded.
- **Digital transition.** More than 5.6 million additional homes had gained access to very-high-capacity internet networks by the middle of 2023, and 309 million users were already using new or improved public digital services ([15]).
- **Healthcare.** Healthcare capacity has been increased, including in hospitals, clinics, outpatient care centres and specialised care centres. By the end of 2023, thanks to the Recovery and Resilience Facility, up to 45.8 million people annually could benefit from a new or modernised healthcare facility.

([14]) This information is based on data reported by the Member States in the context of the biannual reporting on the common indicators. More information and data are available from the recovery and resilience scoreboard (https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/index.html).

([15]) The same person can use the service multiple times, in which case they would be counted multiple times.

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- **Education and training.** 8.7 million people had participated in education and training and 5.8 million young people aged 15–29 had received support, whether monetary or in kind (i.e. education, training and employment support), thanks to measures supported by the facility by the end of 2023.
- **Support for businesses.** Almost 2 million enterprises had received support – whether monetary or in kind – under the facility by the end of 2023.

The Recovery and Resilience Facility **is designed to support major reforms and enhance the quality of investments in the Member States** ([16]). The implementation of the national plans was broadly on track at the end of 2023, with progress on most milestones and targets being in line with initial expectations. While the vast majority (82%) of the milestones and targets planned to be achieved by the end of 2023 were either assessed as fulfilled by the European Commission (35%) or reported by the Member States as being completed (47%) by that time, a number of Member States need to accelerate the submission and improve the completeness of payment requests in view of the 2026 deadline. At the time of reporting, over 80% of the milestones and targets planned to be achieved by the third quarter of 2024 were reported as being on track for timely implementation. Only a minority were marked as being delayed (18%).

The reforms triggered by the Recovery and Resilience Facility not only make the Member States more resilient in the long term, but also improve the conditions for the successful delivery of the related investment under the facility and the cohesion policy funds ([17]). This happens, for instance, by modernising regulatory frameworks in key sectors (e.g., digital, renewables, transport), improving permitting and public procurement procedures and strengthening the rule of law and anti-corruption safeguards. The recovery and resilience scoreboard ([18]) contains real-time information about the implementation of the Recovery and Resilience Facility, and information about concrete projects supported under the facility is available in an interactive map that is updated regularly ([19]).Building on the **NextGenerationEU diversified funding strategy**, the European Commission included all borrowing operations in 2023 under a unified funding approach whereby the Commission only issues EU-Bonds rather than separately denominated bonds for individual programmes. During the year, the Commission raised a total of EUR 115.9 billion through the issuance of EU-Bonds. **The largest share of these funds was used to make disbursements to Member States under the Recovery and Resilience Facility.** Almost EUR 12.5 billion was issued in the form of green bonds. This means the EU is well on track to becoming one of the **world's largest green bonds issuers.** In December, the European Commission published the first NextGenerationEU green bond allocation and impact report, which confirms the **EU's commitment to sustainable finance.**

Further information on the implementation and management of the Recovery and Resilience Facility is provided in **Annex 3** to this annual management and performance report.

Effective tools ensure that the EU budget is well-managed and safeguarded

The European Commission attaches great importance to making the best possible use of taxpayers' money. It is fully committed to ensuring that funding reaches the intended beneficiaries at the right cost and in compliance with the applicable rules. To achieve this objective, the Commission relies on a

([16]) Member States also benefit from the Technical Support Instrument to design and implement reforms, including those set out in the recovery and resilience plans.

([17]) Further enhancing the investment enabling conditions required under cohesion policy.

([18]) https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/index.html.

([19]) https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility_en#rrf-supported-projects-in-the-member-states.

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number of tools that have proved to be fit for purpose over the years, and have also proved to work in relation to the new challenges encountered by the EU.

A robust chain of accountability

The European Commission's governance system and chain of accountability are tailored to its unique structure and role. The College of Commissioners is politically responsible for managing the EU budget. It delegates the day-to-day operational management to the 51 authorising officers by delegation ([20]), who manage and steer their departments and are accountable for the share of the EU budget implemented in their department.

The annual activity reports transparently demonstrate how the authorising officers by delegation have obtained the assurance that resources assigned to them have been used in accordance with the principle of sound financial management and that the control procedures in place give the necessary guarantees concerning the legality and regularity of the underlying transactions. If the authorising officers by delegation identify weaknesses, they may qualify their declaration of assurance with reservations.

The assurance is built on: (1) an assessment of the internal control system, including anti-fraud measures; (2) the results of the controls carried out and their assessment of the risks to which their department is exposed and the mitigating measures taken; (3) the preventive and corrective measures they have applied as a result of the controls they have carried out, together with the Member States in the case of shared management; (4) the observations and conclusions of the internal auditor and of the European Court of Auditors; and (5) the mitigating measures taken to address the weaknesses identified, i.e. the high-level risk areas.

An internal control framework and measures to fight fraud that are continuously updated

The European Commission's internal control framework is crucial to ensuring the effectiveness, efficiency and economy of its operations, along with their legality and regularity. This is especially true in a context of scarce resources and an increasing number of priorities. In 2023, the Commission continued to adapt its internal control framework as needed, for instance to implement the Recovery and Resilience Facility, build on the experience gained, further fine-tune and develop specific audit and control strategies, and publish new guidance documents for the Member States. In view of the implementation of the new programmes for the 2021-2027 period, other audit and control strategies have also been revised to take into account the new features and technological evolutions. Based on the departments' self-assessment, the Commission considers that its internal control systems are functioning well, with a few weaknesses identified for which mitigating measures are in place.

On the fight against fraud, the European Commission revised its anti-fraud strategy action plan and further promoted the use and effectiveness of the early detection and exclusion system, which aims to prevent and tackle fraud. Based on the Commission's proposal, the political agreement by the co-legislators on the recast of the financial regulation includes a proportionate extension of the scope of application of the early detection and exclusion system, to better protect the EU budget from fraud and irregularities. The legislator also agreed to Member States´ compulsory feeding of key data into a single integrated information technology system for data mining and risk scoring to access and analyse data on the

([20]) The term 'authorising officers by delegation' covers Directors-General of Commission departments and heads of executive agencies, offices, services, task forces, etc. Article 74(1) of the financial regulation states that: 'The authorising officer shall be responsible in the Union institution concerned for implementing revenue and expenditure in accordance with the principle of sound financial management, including through ensuring reporting on performance, and for ensuring compliance with the requirements of legality and regularity and equal treatment of recipients.'

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recipients of EU funding and allow the identification of contracts and recipients that might be susceptible to risks. Important political initiatives, in particular on ethics and the fight against corruption, were also put in place in 2023, in particular a Commission proposal for a directive to combat corruption by means of criminal law and a joint communication proposing to establish a regime of sanctions against serious acts of corruption committed outside the EU ([21]).

Control results that confirm the EU budget is well protected

As part of their control strategies, within the internal control framework, the European Commission and the Member States perform hundreds of thousands of checks every year to prevent, detect and correct errors and weaknesses in the control systems. For shared management, the Commission relies on the checks carried out by the national authorities and supervises them with its own controls and audits where necessary, in line with the single-audit principle, which rationalises audit and control and minimises the audit burden on beneficiaries. This is similar for indirect management, where the Commission relies on implementing partners' checks, whereas for direct management it is the Commission itself that performs the controls. For the Recovery and Resilience Facility, checks and controls are performed according to a clear division of responsibilities between the European Commission and the Member States.

In agriculture	In cohesion
Member States carried out more than **900 000** checks and the Commission reviewed the annual reports and opinions for all **75** paying agencies and carried out **61** audits.	Member States audited more than **8 300** operations, and the Commission reviewed the annual reports and opinions for **441** programmes and carried out **86** audits.

As a result of these controls and audits, preventive and corrective measures totalling EUR 3 836.7 million were implemented in 2023. EUR 2 399.1 million is the amount of errors prevented, as a result of controls and audits carried out before payments take place, and EUR 1 437.6 million is the amount of corrections implemented by the Commission and the Member States, as a result of controls and audits carried out after payments take place.

Based on these controls and audits, the European Commission estimates the risk at payment, measuring the risk that payments made are not legal and regular. It has remained stable since 2020, at 1.9%. This is close to the materiality threshold of 2%. This is consistent with the fact that expenditure still mostly relates to the 2014-2020 programming period and, in the case of agriculture, that the

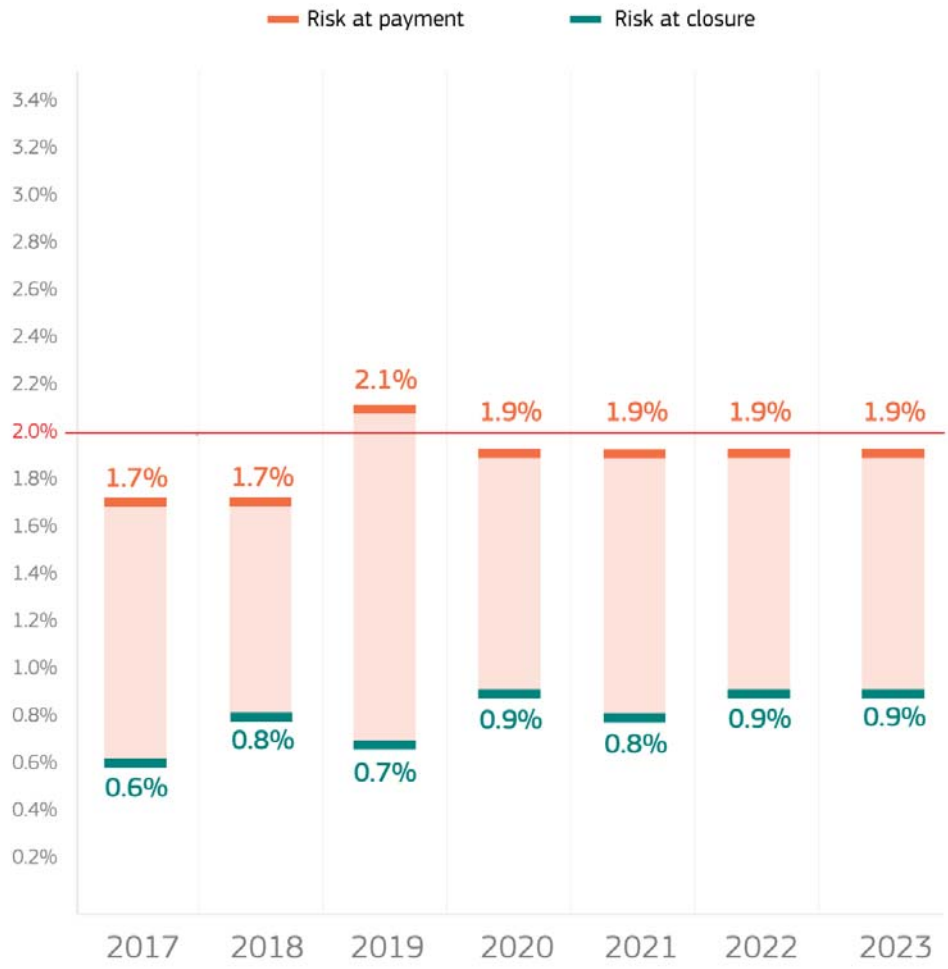
([21]) Proposal for a directive of the European Parliament and of the Council on combating corruption, replacing Council Framework Decision 2003/568/JHA and the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union and amending Directive (EU) 2017/1371 of the European Parliament and of the Council, COM(2023) 234 final of 3 May 2023; Joint communication to the European Parliament, the Council and the European Economic and Social Committee on the fight against corruption, JOIN(2023) 12 final of 3 May 2023.

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vast majority of expenditure is still related to the 2014-2022 programming period ([22]). This shows that the approach to internal control has remained robust, even in the specific context of the last several years.

The European Commission also determines a risk at closure, estimated at 1% for 2023 (also similar to previous years). This represents the remaining level of error at the end of the programming cycle after all controls and all corrections have been implemented. Given the multiannual character of the funding programmes, the Commission, together with Member States in the case of shared management, makes a substantial effort to perform controls after payment and to make corrections until the closure of the programmes. These efforts are reflected in the estimated risk at closure.

Risk at payment and closure for the European Commission for the 2016-2023 period



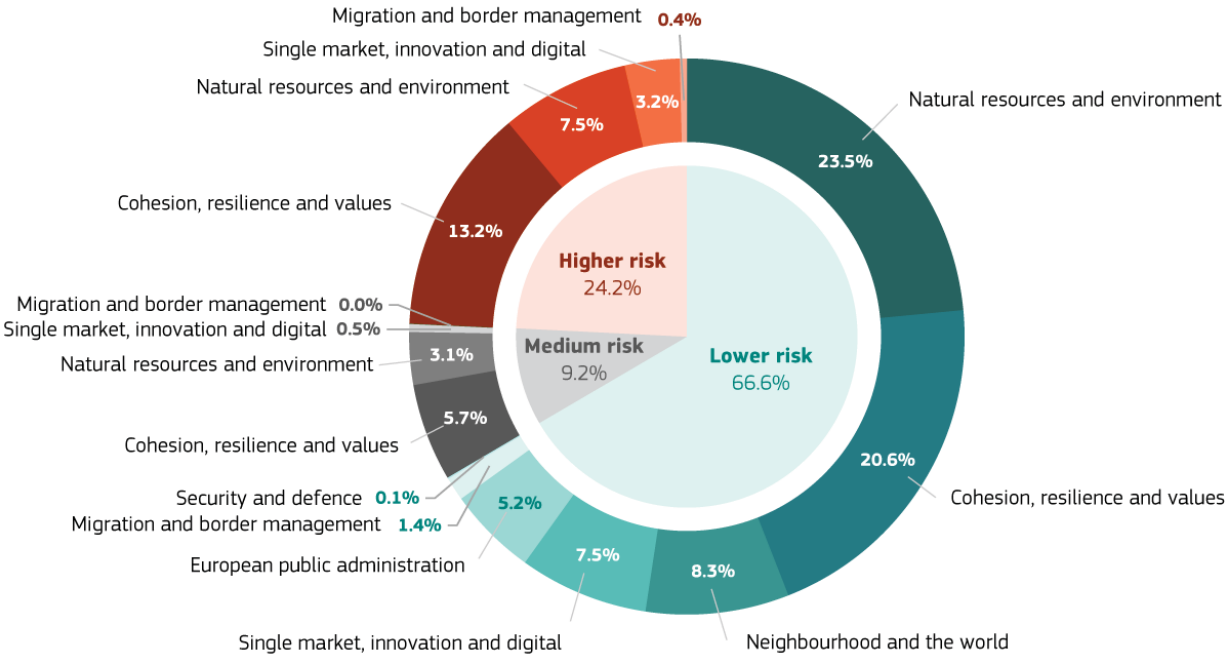
Source: European Commission, 2017-2023 annual management and performance reports for the EU budget.

([22]) As extended by Regulation (EU) 2020/2220 of the European Parliament and of the Council of 23 December 2020 laying down certain transitional provisions for support from the European Agricultural Fund for Rural Development (EAFRD) and from the European Agricultural Guarantee Fund (EAGF) in the years 2021 and 2022 and amending Regulations (EU) No 1305/2013, (EU) No 1306/2013 and (EU) No 1307/2013 as regards resources and application in the years 2021 and 2022 and Regulation (EU) No 1308/2013 as regards resources and the distribution of such support in respect of the years 2021 and 2022, OJ L 437, 28.12.2020, pp. 1–29, ELI: http://data.europa.eu/eli/reg/2020/2220/oj.

Based on all the controls and audits carried out, the European Commission has detailed and robust evidence of the differentiated risk level for the EU budget's expenditure. This evidence is detailed down to the level of programmes for cohesion policy and down to the level of paying agencies for natural resources. This allows the Commission to split expenditure into three risk categories based on the risk at payment: low (below 2.0%), medium (between 2.0% and 2.5%) and high (above 2.5%). This in turn makes it possible to address and correct weaknesses precisely in the segments of expenditure where they occur and to focus action where it is deemed necessary.

This also allows the European Commission to present a nuanced picture of the managed expenditure. Horizon 2020 and cohesion policy as a whole carry a risk at payment above 2%, and natural resources (as a whole) and administrative expenditure are low risk. However, the majority of cohesion policy programmes are low and medium risk, and the Commission is able to report precisely which programmes in which countries have a risk at payment above 2% ([23]). Similarly, for expenditure for natural resources that are low risk in general, and more specifically for direct payments, the Commission is able to identify paying agencies that are high risk ([24]). Furthermore, it identifies market measures and rural development measures in the high-risk segment. Where the risk at payment is above the materiality threshold, including cohesion policy, the Commission applies corrective **measures** with the objective of bringing the level of error to below 2%

European Commission categorisation of expenditure into higher-, medium- and lower-risk segments, as a percentage of the total of relevant expenditure for 2023



Source: The European Commission's annual activity reports for 2023.

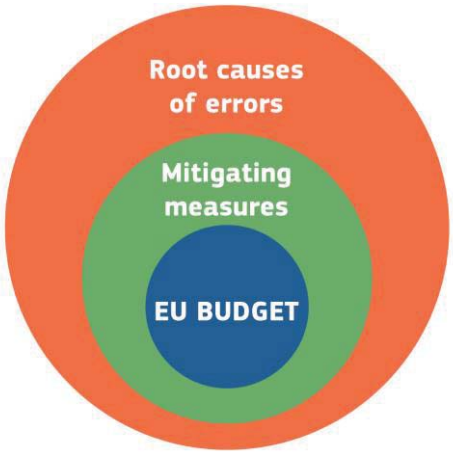
The European Commission's risk at payment is based on a control approach that is specific to its role. The Commission's duty as manager of the EU budget is, on a multiannual basis, to prevent errors and, if necessary, to correct them, recover funds unduly spent and address identified weaknesses. The Commission's approach differs from the European Court of Auditors' audit approach, as it comes from a management perspective, provides more detailed information and is multiannual.

([23]) In 2023, reservations were made in relation to 43 programmes in 17 Member States and the United Kingdom for both the 2014-2020 and the 2021-2027 programming periods.

([24]) In 2022, reservations were made in relation to 33 paying agencies in 17 Member States and the United Kingdom.

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The Commission reports transparently on expenditure with a high level of risk that is deemed to be material, with significant weaknesses in the management of funds or with reputational risks. This is done in the annual activity reports through reservations qualifying the declaration of assurance. For 2023, there are 14 reservations with a total financial impact of EUR 1 291 million, 0.8% of the total expenditure. Reservations are a keystone in the accountability chain. They outline the challenges and weaknesses encountered and are systematically accompanied by a description of the measures envisaged to address them. Appropriate financial corrections are also applied.



Root causes of errors

- Ineligible costs in cost claims
- Non-compliance with EU or national rules (procurement, State aid, etc.)
- Ineligible participants
- Missing supporting documents

Mitigating measures

- Continuous update of control strategies
- Simplified cost options
- Awareness actions
- Guidance
- Training
- Digital solutions

The European Commission also uses appropriate measures to address the main weaknesses identified through its controls, taking into account the recommendations made by the European Parliament, the internal auditor and the Court of Auditors.

The Commission also takes into account the lessons learned, in particular on simplification measures, when designing new regulations. This was done, for instance, for the legal bases for the 2021-2027 programming period, and will continue when preparing the next programming period. As explained above, the impact of such provisions will increase in the years to come, when more expenditure has taken place under this programming period.

Based on the above, the European Commission considers that the budget as a whole is effectively protected. This is confirmed by the internal auditor's overall opinion ([25]), in which she considered that, in 2023, the Commission put into place governance, risk management and internal control procedures, which taken as a whole, are adequate to give reasonable assurance over the achievement of its financial objectives, with the exception of those areas of financial management over which authorising officers by delegation have expressed reservations in their declarations of assurance.

([25]) See Annex 2, Section 3.2 'Work of the Internal Audit Service and overall opinion'.

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Transparent reporting

The European Commission reports transparently on the operational and budgetary implementation of the funds it is managing. This is done through a wide range of reports and publicly accessible databases, some examples of which are given in the box below.

- The Commission's **integrated financial and accountability reporting** brings together comprehensive information on the implementation, performance, results, sound financial management and protection of the EU budget. It includes the final consolidated accounts, this Annual Management and Performance Report, the long-term forecast of future inflows and outflows, the annual internal audit report and the report on the follow-up to the discharge.
- In their **annual activity reports**, the authorising officers by delegation of all 51 Commission departments report on the progress achieved towards their objectives in implementing the funds. They report on the control results, the weaknesses identified in the internal control systems and the measures taken to address them. They transparently mention in their declaration of assurance the reservations for high-risk expenditure or revenues.
- The **Financial Transparency System** web portal is open to those members of the public who are interested in finding out who received funding from the EU budget and the European Development Fund and how much they received, along with the commitments for entities entrusted to manage the EU budget under direct and indirect management.
- The **NextGenerationEU green bonds dashboard** provides a real-time overview of the measures financed by the NextGenerationEU green bonds and related expenditure. These data demonstrate that the Commission is issuing green bonds in line with the highest standards and the best market practices. In December 2023, the Commission published the first NextGenerationEU green bond allocation and impact report. It shows how the proceeds from green bonds have been used and disclosing the first assessment of the climate impact of the measures financed by them.
- **Kohesio** ([26]), **the public platform for visibility and transparency of cohesion policy funds**, includes the lists of operations published by all the Member States in line with applicable regulatory provisions and is now available in all 24 EU languages. In May 2024, Kohesio contained information on nearly 2 million projects and some 630 000 beneficiaries supported by the European Regional Development Fund, the Cohesion Fund and the European Social Fund, amounting to over EUR 500 billion in total investment. In 2023, Kohesio won the Ombudsman Award for Good Administration in the category 'Open administration'.
- In **natural resources**, transparency of information is achieved at Member State level through the development and management of national systems and, as applicable, databases accessible through the internet, for example for the identification of land parcels for the agricultural funds, and the regular publication of the beneficiaries for agriculture and maritime, fisheries and aquaculture funds. This was reinforced in 2023 with a new online catalogue of common agricultural policy initiatives ([27]), which provides a transparent overview of all strategic plans under the policy and related interventions, including the planned result indicators and outputs dashboard and financial allocation to the common agricultural policy specific objectives dashboard.
- For the **Recovery and Resilience Facility**, a new section has been added in the scoreboard on the implementation of the facility, displaying the data reported by Member States on the 100 final recipients that receive the largest amount of funding under the facility. The Commission has also published methodological notes on the scoreboard to transparently explain the pillar tagging methodology and the methodology to calculate disbursements for each pillar.

([26]) https://kohesio.eu/.
([27]) Catalogue of common agricultural policy interventions.

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For the Recovery and Resilience Facility, control results confirm the satisfactory fulfilment of all milestones and targets for the payments made in 2023

For the Recovery and Resilience Facility, the Commission has put in place a dedicated control environment. This control set-up ensures on the one hand that the Member States put in place an effective control system for the protection of the EU's financial interests, as per the requirements of the regulation, and on the other that the payments to the Member States are legal and regular, meaning that the milestones and targets underlying the payments are satisfactorily fulfilled.

All of the audit and control milestones and targets ([28]) **have been assessed as fulfilled for all of the Member States that had received a first payment by the end of 2023** and for which such milestones and targets had been added to the national recovery and resilience plan. Particular attention was paid to the achievement of the milestones and targets added in relation to the Member States' arrangements to ensure the protection of the financial interests of the EU. Some Member States also made follow-up commitments to ensure compliance with the requirements in respect of management and control systems. The Commission took the opportunity of the revision of the recovery and resilience plans in 2023 to add new audit and control milestones where this was deemed necessary ([29]). Member States cannot receive payments, except for pre-financing, as long as these milestones and targets are not fulfilled.

By the end of 2023, the Commission had carried out systems audits in all of the Member States to make sure that they had put in place and were maintaining sufficiently robust national control systems. The Commission identified a variety of situations regarding the audited bodies. Similar to 2022, the main deficiencies related to the lack of sufficient coordination and supervision by the coordinating bodies, incomplete anti-fraud strategies, missing elements in the fraud risk assessments, the need to improve the controls carried out to prevent conflicts of interest, low participation in training organised to raise fraud awareness and deficiencies in the reporting of irregularities to the European Anti-Fraud Office. The Commission also carried out an assessment of the Member States' compliance with their obligation to check regularly that the financing provided has been properly used in accordance with applicable rules, including compliance with rules for public procurement and State aid, where applicable. The outcome was positive.

In relation to legality and regularity, the Commission's control results confirm the satisfactory fulfilment of all the milestones and targets for the payments made in 2023. These results are based on the Commission's careful assessment ([30]) of the evidence provided by the Member States to substantiate the fulfilment of milestones and targets, along with the management declarations and audit summaries accompanying each payment request submitted and paid in 2023. This allowed a very small number of milestones and targets ([31]) to be identified that had not been achieved at the time the payment requests were submitted, and for which suspensions of payments were applied in accordance with the methodology on payment suspensions adopted in February 2023 ([32]), for a total amount of EUR 890 million. This assessment was completed by on-the-spot audits ([33]) after the payment had taken place.

([28]) Twenty-one out of 27 recovery and resilience plans. At the end of 2023, 14 of the 23 Member States for which the first payment had taken place since the start of the Recovery and Resilience Facility.

([29]) Ten audit and control milestones and targets added in seven revised recovery and resilience plans.

([30]) In its assessment, the Commission retains a margin of discretion as regards a limited number of circumstances where minimal deviations linked to the amounts, formal requirements, timing or substance can be accepted.

([31]) Seven milestones and targets were assessed as not satisfactorily fulfilled at the time of payment in three payment requests of four member states: LT, RO and PT.

([32]) Communication from the Commission to the European Parliament and the Council – Recovery and Resilience Facility: Two years on – A unique instrument at the heart of the EU's green and digital transformation, COM(2023) 99 final.

([33]) For payment requests submitted by six different Member States.

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The responsible authorising officer by delegation reported that he had reasonable assurance of the legality and regularity of the payments made in 2023 for the Recovery and Resilience Facility, based on the results of the controls carried out. In addition, based on clearly established criteria, the Commission concluded that 22 payments made in 2023 were considered to be at a low level of risk of error, and one was considered at a medium level of risk. In addition, regarding the compliance of the use of fundings received with all applicable rules, and the obligation to correct cases of cases of fraud, corruption, conflict of interest, or serious breach of an obligation resulting from the financing and loan agreements, only one Member State was found to be at a high level of risk (for the correction aspect) but as the case was not deemed material, no reservation was issued. All other Member States were assessed at either a medium level of risk or a low level of risk.

The conditionality regime continues to contribute to the protection of the EU's financial interests

Since 2021, with the entry into force of the conditionality regulation ([34]), the EU budget has had an additional layer of protection in cases where breaches of the principles of the rule of law in the Member States affect or seriously risk affecting EU financial interests in a sufficiently direct way. The rule of law is one of the founding values of the EU, and respect for it is also key for the sound financial management of the EU budget and the effective use of EU funding. The conditionality regulation complements other tools and procedures to protect the EU budget, for example checks and audits or financial corrections under sectoral rules, including those put in place by the Recovery and Resilience Facility regulation ([35]) and by the common provisions regulation ([36]) governing several EU funds, or investigations by the European Anti-Fraud Office.

The conditionality regulation allows the EU to take measures to protect the EU budget, for example through the suspension of payments or financial corrections. Where the conditions set by the conditionality regulation are met, the Commission must propose that the Council adopt appropriate and proportionate measures in relation to the Member State concerned. The Council decides on the adoption of measures by qualified majority. If measures are adopted, only the Member State concerned should be affected: the relevant EU programmes should continue to be implemented. The final recipients and beneficiaries of EU funding must be protected, and the Member State remains bound to fulfil its obligations, including that of paying the final recipients.

In 2023, the European Commission continuously monitored the situation in all 27 Member States and also followed up on the ongoing case of Hungary. In December 2022, the implementation of the conditionality regulation led to the adoption of the first Council implementing decision with measures to protect the EU budget from breaches of the principles of the rule of law, in the case of Hungary. The Council decided to suspend 55% of the commitments for three programmes in relation to cohesion policy, which corresponds to around EUR 6.3 billion for 2021-2027. The Council also prohibited entering into new legal commitments with public interest trusts, or entities maintained by them, under any EU programme directly or indirectly managed by the Commission in view of the risks of conflicts of interests in those trusts and entities. During the procedure, Hungary committed to adopting a number of remedial measures. However, in the light

([34]) Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget, OJ L 433, 22.12.2020, ELI: http://data.europa.eu/eli/reg/2020/2092/oj.

([35]) Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility, OJ L 57, 18.2.2021, ELI: http://data.europa.eu/eli/reg/2021/241/oj.

([36]) Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy, OJ L 231, 30.6.2021, ELI: http://data.europa.eu/eli/reg/2021/1060/oj.

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of the Commission's assessment, the Council considered that the remedial measures notified by Hungary, taken as a whole, as adopted and in view of their details, and the ensuing uncertainty about their application in practice, did not put an end to the identified breaches of the principles of the rule of law. In December 2023, in line with the conditionality regulation, the Commission reassessed the situation in Hungary and concluded that the protective measures adopted by the Council should remain in place ([37]).

In a process under the common provisions regulation, the Commission previously considered that Hungary did not fulfil the horizontal enabling condition on the required respect of the Charter of Fundamental Rights of the European Union because of several concerns, including on judicial independence. This led to the Commission blocking reimbursement of expenditure under the common provisions regulation. In 2023, after a number of exchanges with the Hungarian government and a thorough assessment, the Commission considered that Hungary had taken sufficient measures for the Commission to consider the horizontal enabling condition on the charter fulfilled as regards issues relating to judicial independence. Following this decision, a portion of the funds under the common provisions regulation became unfrozen. Parts of the funding are still not reimbursable, however, as other issues under the horizontal enabling condition on the Charter of Fundamental Rights and under thematic enabling conditions remain unaddressed.

Management conclusion

Against a backdrop of unprecedented challenges, continued close cooperation between the Commission and co-legislators remains essential. As was true for the pandemic, Russia's war of aggression against Ukraine has made a robust EU-level response both necessary and justified from the perspective of adding value over and above national responses, and on the condition that it is well coordinated.

The Commission ensures that the EU budget serves citizens. Thanks to the effective tools in place and the proactive management of the EU budget, the Commission has been able to deliver on its policy objectives and respond to multiple unforeseen challenges. The Commission has provided its beneficiaries, implementing partners and the Member States with the appropriate flexibility, while ensuring sound financial management and maintaining an appropriate level of assurance on the management of the EU budget.

All authorising officers by delegation have provided reasonable assurance, although this has been qualified with reservations where appropriate. The annual activity reports demonstrate that all Commission departments have put in place solid internal control systems and provide evidence of the actions taken to improve cost-effectiveness, further simplify the rules and adequately protect the budget from fraud, errors and irregularities.

The internal auditor, in her overall opinion, considered that, in 2023, the Commission put into place governance, risk management and internal control procedures that, taken as a whole, are adequate to give reasonable assurance over the achievement of its financial objectives, with the exception of those areas where reservations were issued in the declarations of assurance.

On the basis of the assurances and reservations in the annual activity reports, taking into account the opinion of the internal auditor, the College of Commissioners adopts this *Annual Management and Performance Report for the EU Budget – 2023 financial year* and takes overall political responsibility for the management of the EU budget.

([37]) Commission Decision of 13.12.2023 on the reassessment, on the Commission's initiative, of the fulfilment of the conditions under Article 4 of Regulation (EU, Euratom) 2020/2092 following Council Implementing Decision (EU) 2022/2506 of 15 December 2022 regarding Hungary, C(2023) 8999 final.

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Annual Management and Performance Report for the EU Budget - 2023 financial year

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#EUBUDGET

FINANCIAL YEAR
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2023 INTEGRATED FINANCIAL AND ACCOUNTABILITY REPORTING

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Annual Management and Performance Report for the EU Budget

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Annex 1 – Performance achievements in 2023

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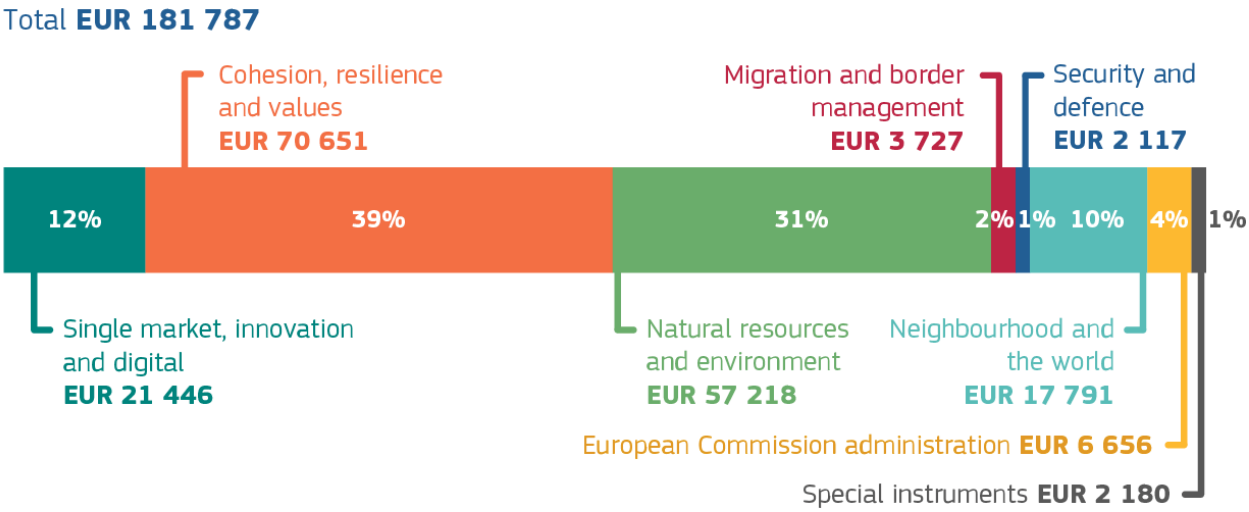
1. Performance of the EU budget

The EU budget is an essential tool to deliver on the EU's priorities. Through its programmes, the budget supports the EU's internal and external policies. It creates EU added value by delivering results that would not be achievable through uncoordinated national spending. EU programmes are tailored to unlock synergies, catalyse private and public funding and provide a coordinated boost to the political priorities of the von der Leyen Commission ([1]).

Budget implementation in 2023

In 2023, the EU's long-term budget (the multiannual financial framework) and NextGenerationEU continued to prove its capacity to act as the anchor of the EU's policy response to unforeseen challenges – such as Russia's war of aggression against Ukraine, the energy crisis, supply chain disruptions, unprecedented natural disasters and humanitarian crises – while at the same time remaining instrumental to the delivery of the Commission's priorities. To achieve this, EUR 182 billion of commitment appropriations was implemented in 2023 from the 2021-2027 EU budget to promote the EU's sustainability and prosperity, in particular by investing in a green and digital recovery. This will allow the EU social economy to become more resilient and strengthen job creation.

Multiannual financial framework: 2023 EU budget commitment appropriations by budget heading (million EUR)



Source: European Commission.

To address the current challenges and continue to drive economic recovery, the EU budget is boosted by the temporary instrument **NextGenerationEU**. The **Recovery and Resilience Facility** is the centrepiece of NextGenerationEU and provides funding to Member States to carry out investments and reforms. From 2021 to 2026, NextGenerationEU will provide **EUR 807 billion** ([2]) of funding across several programmes and priorities, with a strong focus on the green and digital transitions. **In 2023, EUR 238 billion of NextGenerationEU funds was allocated in commitment appropriations**, mainly through the Recovery and Resilience Facility.

([1]) Ursula von der Leyen (n.d.), 'A Union that strives for more: My agenda for Europe', European Commission, Political guidelines for the next European Commission 2019-2024, https://commission.europa.eu/system/files/2020-04/political-guidelines-next-commission_en_0.pdf.

([2]) EUR 807 billion in current prices, EUR 750 billion in 2018 prices.

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Monitoring performance

Through the use of the budget appropriations, the EU programmes continued to progress in achieving their key objectives and deliver value for all EU citizens. The progress towards the programme objectives is monitored notably by means of performance indicators.

The state of implementation varies across financial programmes. For a majority of programmes under shared management, such as the cohesion policy funds, it is still too early to make an assessment on the progress of the performance indicators towards reaching their targets, as the focus up to the end of 2023 was on finalising the overlapping 2014-2020 programmes. On the other hand, programmes under direct and indirect management are usually more advanced in the implementing cycle, and the results in 2023 already allow to make this assessment. For those indicators that can be assessed, the vast majority were considered to be on track to reach their targets by the end of the implementation of the programmes.

Breakdown of the 2021-2027 budget by progress of the underlying programmes.



The graph displays progress as measured by the share of the core performance indicators that are on track to meet their respective targets. It does not include indicators for which the results do not allow to make an assessment at this stage.

Source: European Commission.

During 2023, a large number of the EU programmes under the 2014-2020 budget continued to be implemented and to deliver results to EU citizens. A significant number of payments, totalling EUR 65.5 billion, were made in relation to these programmes during 2023. The majority of these payments were associated with the cohesion policy (including the European Regional Development Fund, the Cohesion Fund and the European Social Fund). The EU budget is fundamentally an investment-oriented budget, with a primary focus on generating long-term value for the EU. These programmes have continued to advance towards achieving their respective performance targets.

At the same time, it is vitally important that money spent actually addresses the challenges and delivers the expected results on the ground. The table below shows examples of results from the EU budget achieved under both the 2014-2020 and the 2021-2027 multiannual financial frameworks.

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Examples of results achieved:

Climate ([3])

- **32 070 752 megawatt-hours of** estimated **energy efficiency savings per year** from private and public buildings by the InvestEU programme, the European Regional Development Fund 2014-2020 and the Recovery and Resilience Facility, in the period 2014-2023.
- **87 million tonnes of** estimated **carbon dioxide equivalent avoided per year, of which more than half through** the InvestEU programme, the LIFE programme, the European Regional Development Fund 2014-2020 and NextGenerationEU green bonds investments. Additionally, 442 million tonnes of carbon dioxide reduction are expected from the Innovation Fund (of which 232 million tonnes from projects signed in 2023) over their first 10 years of operations.
- **127 851 additional megawatts of** estimated **renewable energy installed** by the InvestEU programme, the European Regional Development Fund 2014-2020, the Cohesion policy funds 2021-2027 and the Recovery and Resilience Facility, in the period 2014-2023.

Digital

- **5.6 million additional homes with internet access** provided via very high-capacity networks by the Recovery and Resilience Facility by mid-2023.
- **3 000 terabits per second of additional capacity** were created by deployed backbone networks, including submarine cables, by the Connecting Europe Facility in 2023.

Employment

- **6.8 million people had found a job** (including being self-employed) thanks to the European Social Fund and youth employment initiative actions between 2014 and 2022.
- **370 000 jobs were directly created** in supported enterprises between 2014 and 2022 by the Cohesion Fund and the European Regional Development Fund.
- **10.3 million people had gained a qualification** thanks to the European Social Fund and youth employment initiative actions by the end of 2022.

The performance analysis in the next section of this Annex, '2. European Commission's priorities', describes how EU programmes have contributed to the political priorities of President von der Leyen. The third section of this Annex, '3. Horizontal policy priorities in the EU budget', provides information at the EU budget level on the financing of initiatives relating to climate, biodiversity, gender equality, digital transition and sustainable development goals ([4]). Lastly, Annex 4, 'Programme performance statements', provides a detailed analysis of the individual programmes and their performance, presented as a website to enhance reader friendliness.

([3]) Aggregated data of core performance indicators, reflecting estimated and expected impact from the EU budget project as from 2014.

([4]) As provided for in point 16(d–g) of the interinstitutional agreement for the 2021-2027 multiannual financial framework.

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Performance embedded in the design of the programmes

The common provisions regulation for the 2021-2027 period includes a reinforced midterm review for the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund. That review should provide a fully-fledged adjustment of programmes based on their performance, while also providing an opportunity to take account of new challenges and relevant country-specific recommendations issued in 2024. Member States may submit to the Commission by 31 March 2025 an amended partnership agreement, taking into account the outcome of the midterm review. The review should also consider whether there is insufficient progress towards reaching the climate contribution target at national level. Moreover, the Just Transition Fund regulation requires by 30 June 2025 a review of the implementation of the Just Transition Fund, which will form the basis of a report to the European Parliament and to the Council.

2023 also marked the move of the common agricultural policy towards a performance-based delivery model. One of the main novelties of the reformed common agricultural policy, which entered into force on 1 January 2023, has been the move towards single programming. The common agricultural policy strategic plans prepared by Member States and approved by the Commission have succeeded in bringing under one single umbrella funding for income support, rural development, and market measures. The new common agricultural policy has become more strategic: 10 specific objectives have been set at the EU level, while leaving Member States the choice of interventions to best fulfil them in their strategic plans. This has allowed the policy to move closer to a performance-based delivery model, whereby all interventions are planned *ex ante* and linked with output indicators.

Reinforcing the reliability of performance information

The Commission continuously works to further improve its **already robust processes for performance reporting**. In 2023, in response to internal and external audit recommendations, the Commission enhanced its control processes for the reliability of performance information on EU financial programmes. In particular, it developed **new guidance and specific requirements to be followed by the various Commission departments** to report on the results of their controls in their Annual Activity Reports for 2023 (which are an important source of information for this Annual Management and Performance Report). In the first year of implementation of this strengthened control approach, various layers of quality controls indicated that departments showed a **good follow-up to the new guidance and requirements**. They did not report any major shortcomings with regard to the reliability of the performance information for their respective financial programmes.

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2. Priorities of the European Commission

A European Green Deal



The European Green Deal was born out of this necessity to protect our planet. But it was also designed as an opportunity to preserve our future prosperity.

Ursula von der Leyen

President of the European Commission

Towards net zero greenhouse gas emissions

The summer of 2023 was the hottest ever on record in Europe. Data from the EU's Earth observation programme Copernicus shows that March 2024 was the 10th month in a row to be the hottest on record ([5]). Many parts of the EU saw extreme weather, notably in the form of wildfires and floods.

The **European Green Deal** was born out of necessity to protect our planet. At the same time, it is also meant to preserve our prosperity, in particular by giving a clear sense of direction for investment and innovation and by making modernisation and decarbonisation go hand in hand. **The green transition is a key part of EU policy and its recovery strategy**, and the EU budget plays a vital role in its implementation.

In 2023, around EUR 160 billion or 38% of the EU budget was dedicated to climate mainstreaming objectives ([6]), with important contributions from cohesion policy, the common agricultural policy, and the Recovery and Resilience Facility. On top of this, the **Innovation Fund, one of the world's largest funding programmes for the demonstration of innovative low-carbon technologies**, has committed around EUR 6.5 billion via grants for innovative projects in 22 participant EU / European Economic Area countries by 2023. In 2023, Horizon Europe, the EU's flagship programme for research and innovation, provided 374 grants totalling an EU contribution of EUR 2.37 billion for climate, energy and mobility. It also delivered 232 grants covering EUR 1.23 billion for food, bioeconomy, natural resources, agriculture and the environment.

The Innovation Fund provides support to the commercial development of innovative low-carbon technologies. These bring significant greenhouse gas emissions reductions, covering areas as diverse as energy-intensive industries, renewables, energy storage, net-zero mobility and buildings, hydrogen, and carbon capture, use and storage. Examples of such projects are:

- a green steel production facility: hydrogen-based direct reduction of iron ore in Sweden;
- closed loop technology using geothermal energy to provide clean, dispatchable and baseload energy for district heating and/or power generation in Germany;
- a lithium-ion battery recycling facility for production and refining of black mass in France;
- a green hydrogen production facility in Poland.

([5]) Copernicus (9 April 2024), 'Copernicus: March 2024 is the tenth month in a row to be the hottest on record', press release, https://climate.copernicus.eu/copernicus-march-2024-tenth-month-row-be-hottest-record.

([6]) Based on commitment appropriations.

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The **Connecting Europe Facility** has facilitated and financed the implementation of cross-border renewable energy infrastructure under the Cross Border Renewable Energy window with three calls for proposals between 2022 and 2023, totalling EUR 22.5 million. Furthermore, the **Connecting Europe Facility** funded major cross border rail connections in 2023, notably the Brenner Base Tunnel (linking Italy and Austria), Rail Baltica (connecting Estonia, Latvia, Lithuania and Poland with the rest of Europe) and the cross-border section between Germany and the Netherlands (Emmerich–Oberhausen), contributing to a **more efficient, greener and smarter transport infrastructure.**

In addition, in 2023 the EU invested over EUR 540 million in alternative-fuel infrastructure through the **Alternative Fuels Infrastructure Facility**, which will result in 14 000 charging points and 81 hydrogen refuelling stations, along with the electrification of ports and airports.

The **European Regional Development Fund** and the **Cohesion Fund** contribute to projects co-financed by Member States, which help deliver the green transition.

Examples of specific projects include:

- expansion of geothermal systems capacity and of energy production from renewable sources such as biomass in Poland;
- construction of high-speed railway lines in Spain, both on the Mediterranean corridor (Murcia–Almeria) and the Atlantic corridor (Madrid–Lisbon);
- creation and implementation of fire prevention and response capacity in Italy;
- building of a New European Bauhaus sustainable school in Estonia.

Investments under cohesion policy support **completing the EU cross-border transport network and connecting European regions** to the core transport nodes, as well as promoting clean urban transport and energy efficiency. Investment results include 2 164 km reconstructed or upgraded railway lines, improved energy efficiency support to 50 000 enterprises, reductions of public buildings' energy consumption of 6 000 GWh per year and improved energy performance of around 600 000 households.

Ensuring a fair transition

The green transition can only be successful if it happens in a fair way, leaving no one behind. To this end, the EU has established the **Just Transition Mechanism.** Under this funding mechanism, the Commission, by the end of 2023, adopted programmes by Member States in support of 96 territories through 70 Territorial Just Transition Plans, totalling EUR 19.7 billion.

In May 2023, the EU set up the **Social Climate Fund**, which will mobilise at least EUR 86.7 billion over the 2026-2032 period to support Member States' protection, during the green transition, of the most vulnerable groups affected by the new carbon pricing to be introduced for the sectors of buildings and road transport. Moreover, the EU is funding initiatives aimed at ensuring a fairer transition via the **European Social Fund Plus**, which invested EUR 16.3 billion in people in 2023, supporting actions and structural reforms aimed at social inclusion, improvement of education and skills, and employment.

While investing in climate mitigation and adaptation, the EU also acted in solidarity with the countries hit by major natural disasters such as floods and forest fires. In 2023, the **European Union Solidarity Fund** provided assistance in the amount of EUR 755 million to Germany (floods), Belgium (floods), Romania

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(drought) and Italy (floods), and received new applications for support from Türkiye (earthquake), Italy (floods), Greece (floods) and Slovenia (floods).

Making use of green bonds

The Commission is financing up to 30% of NextGenerationEU by means of Green Bonds. This is expected to make the **Commission the largest green bonds issuer in the world**. The issuance of the first NextGenerationEU green bond took place in October 2021 and the Commission has remained active in the market ever since. In 2023, it raised over EUR 12 billion via green bonds. As of 1 August 2023, 14 Member States (compared to 7 as of 19 October 2022) had reported to the Commission **EUR 21 billion worth of expenditure that is eligible for NextGenerationEU Green Bond financing**. This information is continuously updated in the NextGenerationEU green bond online dashboard ([7]).

In December 2023, the Commission published its **first impact report for NextGenerationEU green bonds** ([8]). The report estimates that the full implementation of all quantifiable milestones and targets in the national Recovery and Resilience Plans up until 2026 that are eligible for financing via NextGenerationEU green bonds will result in **44 million tonnes of carbon dioxide equivalent per year of avoided emissions.** These reductions are coming from areas as different as improved energy efficiency, hydrogen production, wind power, improvements in waste management and rail infrastructure.

([7]) NextGenerationEU Green Bond Dashboard: https://commission.europa.eu/strategy-and-policy/eu-budget/eu-borrower-investor-relations/nextgenerationeu-green-bonds/dashboard_en.

([8]) European Commission (2023), Directorate-General for Budget, *Green bonds – Impact and allocation report – NGEU report 2023*, Publications Office of the European Union, Luxembourg, https://data.europa.eu/doi/10.2761/302803.

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Helping conserve biodiversity

In 2023, around **EUR 20 billion, corresponding to around 5% of the EU budget, was dedicated to the biodiversity mainstreaming objective via a variety of programmes.** For instance, under the common agricultural policy, the European Commission has been helping farmers to restore, conserve and enhance biodiversity in their farms, along with preserving and maintaining landscape features. Under cohesion policy programmes, the EU is investing in biodiversity actions ranging from climate change adaptation measures to rehabilitation of industrial sites and nature protection and restoration ([9]).

Under the Global Europe window of the Neighbourhood, Development and International Cooperation Instrument, the Commission provided support to Africa's Great Green Wall initiative and to new partnerships on forests, along with renewed engagement for ocean protection, including in the Mediterranean region.

The **LIFE programme** is the EU's funding instrument for supporting actions on the environment and climate. Since 2021, it has committed **over EUR 1.3 billion for about 500 projects across the EU** in four different strands: clean energy transition, climate, change mitigation and adaptation, nature and biodiversity and the circular economy and quality of life.

Concerning biodiversity, various kinds of actions have been funded all over Europe, such as:

- protection and restoration of dry grassland habitats in the Dinara mountains in Croatia;
- conservation of endangered fish species in the tributaries of the upper Po river in Italy;
- rewilding of subtidal seagrass in Ria de Aveiro in Portugal;
- restoration and preservation of salt lakes and salt areas in Austria; and
- support to European bison populations in Romania.

([9]) More information on cohesion policy contribution to biodiversity can be found on the Open Data Platform: https://cohesiondata.ec.europa.eu/stories/s/21-27-Cohesion-policy-Biodiversity-tracking/rza5-iu48.

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A Europe fit for the digital age



Europe's strengths lie not only in digital applications. Our research and development into semiconductors is recognised the world over. We build incredible supercomputers.

Ursula von der Leyen

President of the European Commission

Developing and deploying digital technologies and investing in digital skills

The European Union has set a clear path for its **digital transition** and has become a global pioneer in online rights. As the future is digital, it is essential to preserve a European edge on critical and emerging technologies, and the EU budget is helping to make this happen.

The **digital Europe programme supports the development and deployment of key digital technologies.** Examples include high-performance computing, cloud-to-edge infrastructure, data spaces and artificial intelligence, blockchain, cybersecurity and semiconductors. The programme supports the deployment of and access to **supercomputing to strengthen the competitiveness** of industry and increase cybersecurity to protect critical infrastructure. Supercomputers are also of critical importance for the **Destination Earth** initiative, which will anticipate severe weather conditions and monitor the impact of climate change.

Digital Europe finances infrastructures, data-sharing tools and architectures. It puts in place governance mechanisms for thriving data-sharing AI ecosystems and the next generation of cloud and edge services. In 2023, **artificial intelligence testing and experimentation facilities** were established in the sectors of agrifood, healthcare, manufacturing and smart cities and communities. They offer highly specialised testing and validation services to artificial intelligence innovators, helping them to speed up cutting-edge solutions and bring them to the market. **Common European data spaces** were also set up, covering tourism, skills, manufacturing, health, mobility, smart communities, the Green Deal and agriculture. These will be a key data resource for the artificial intelligence community to train and improve their models.

Digital Europe supports activities aimed at protecting citizens and organisations against large-scale cyber-attacks. In 2023, **National Coordination Cybersecurity Competence Centres** have been established in each Member State to provide access to research and technological expertise in cybersecurity at the national/regional levels and ensuring cross-border cooperation.

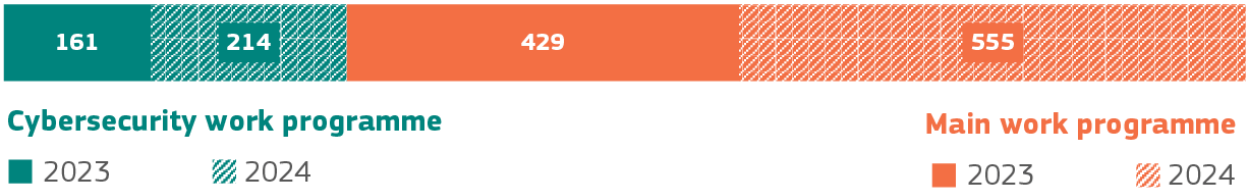
To create **a workforce that has the expertise to use these advanced technologies**, Digital Europe supports the excellence of EU education and training institutions in digital areas. In 2023, over 2 500 students enrolled in the first Master programmes and short-term training courses in artificial intelligence, cybersecurity, the internet of things, blockchain, quantum computing or robotics.

To support public and private organisations in their digital transition, Digital Europe set up a network of 151 **European digital innovation hubs** offering services in 90% of EU regions, in particular to small and medium-sized enterprises. The hubs allow these organisations to test before investing in digital solutions and technologies, and offer financing advice or training and skills development.

Digital Europe further invested in the digitalisation of justice, interoperability and the digitalisation of public sector. For instance, large-scale pilot projects have been supported involving over 360 public authorities and private entities to pilot the **European Digital Identity Wallet.**

Budget commitments for the digital Europe programme (in EUR million)

Total **EUR 1 359 million**

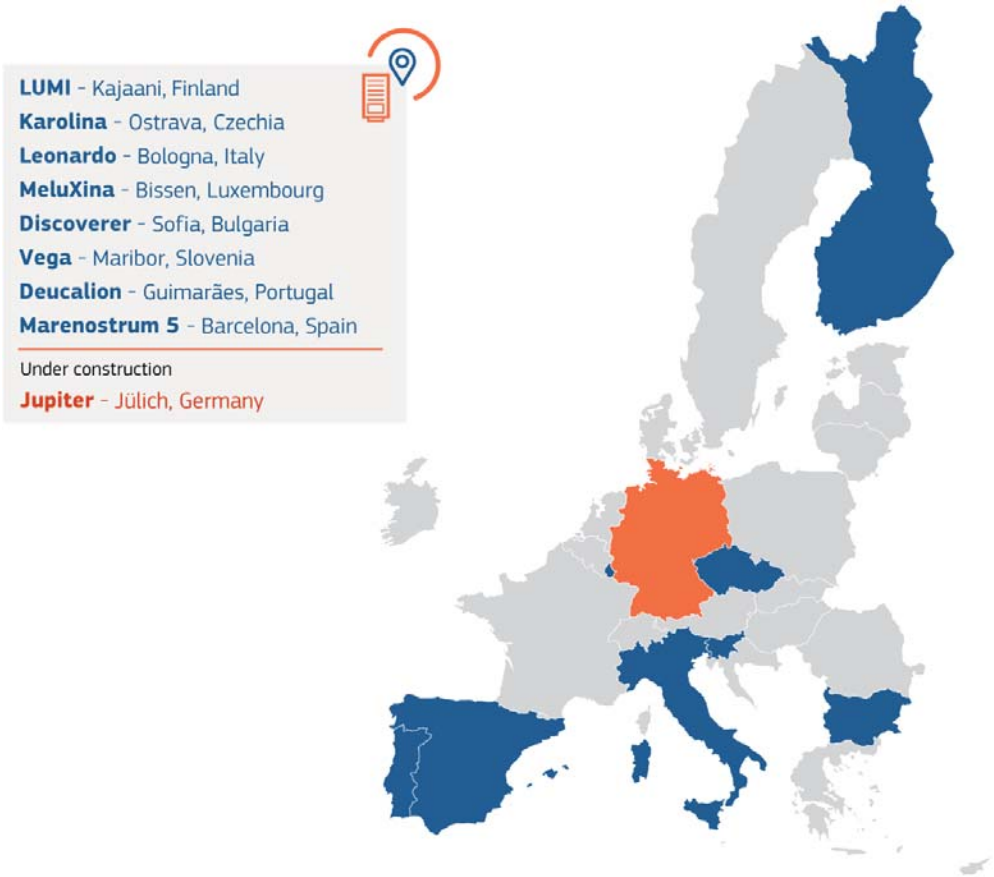


Source: European Commission

In 2023, the **EU took important steps in building up a world-class supercomputer network** in its Member States. The European High Performance Computing Joint Undertaking is the legal and funding entity that enables its 34 participating countries and private partners to coordinate their efforts and pool their resources to make Europe a world leader in supercomputing. In 2023, eight supercomputers went into operation, procured with the support of Horizon 2020 and the Connecting Europe Facility programmes. Three are ranked within the top 10 in terms of performance (November 2023).

The Joint Undertaking also selected a consortium led by European vendors to supply, install and maintain **Jupiter, the first European exascale supercomputer** (a computer capable of performing more than one billion calculations per second). In addition, the Joint Undertaking selected the **Jules Verne consortium to host and operate in France the second exascale supercomputer of the Joint Undertaking**. Hosting agreements were also signed with six sites across the EU (in Czechia, Germany, Spain, France, Italy and Poland) to host and operate Europe's first quantum computers. In this context, procurement procedures were launched in Germany and Poland in 2023.

Supercomputers in the EU



Source: European Commission

Investing in artificial intelligence

The **EU is on the way to becoming the global leader in safe artificial intelligence**, which offers many benefits for people, businesses and governments. The EU's **AI Act**, which was agreed with the co-legislators in December 2023, is the first-ever comprehensive legal framework on artificial intelligence worldwide. The European Commission has been actively supporting the development, deployment, use and take-up of trustworthy artificial intelligence in the EU.

In the 2021 review of the coordinated plan on artificial intelligence, the Commission aimed to allocate **EUR 7 billion** via the **digital Europe programme** and the **Horizon Europe** research programme **to artificial intelligence during 2021-2027**. Under Horizon and Digital Europe, the Commission has already allocated more than **EUR 3 billion** of EU funding for artificial intelligence research and development in the calls from 2021-2022. The target was therefore exceeded by EUR 0.5 billion per year.

The capital support through the **European Innovation Council Fund** (under Horizon Europe) increased significantly in 2021-2023, with over **EUR 440 million** committed in grants and proposed investments to companies developing or deploying artificial intelligence in various application areas. The European Innovation Council Fund is a funding and support programme under Horizon Europe that provides grants and equity investments for deep-tech start-ups and small and medium-sized enterprises. It has provided significant support for artificial-intelligence-based startups and small and medium-sized enterprises, with over **EUR 550 million** invested between 2018 and 2023.

In June 2023, the Commission launched **151 digital innovation hubs and four sectoral Testing and Experimentation Facilities projects.** These facilities are co-funded with the Member States through the digital Europe programme with budgets between **EUR 20-30 million per project**, and aim to support artificial intelligence developers to bring trustworthy artificial intelligence to the market more effectively and facilitate its uptake in Europe. They focus on the following high-impact sectors: agri-food, healthcare, manufacturing and smart cities and communities.

Connecting Europeans: enhancing digital connectivity

The EU budget, including NextGenerationEU, is **enhancing digital connectivity**, which gives all citizens and businesses new opportunities to benefit fully from the digital single market and accelerate economic growth. The amount dedicated to connectivity, including investments in very high-capacity broadband network and 5G network coverage, is estimated to have reached **EUR 14.8 billion** for 2021-2023 ([10]).

The main contributing programmes are the **Recovery and Resilience Facility (with EUR 13.6 billion)**, the **European Regional Development Fund and Cohesion Fund (EUR 764.2 million)** and the **Connecting Europe Facility (EUR 397.3 million)**. The common agricultural policy is also playing an important role in improving broadband access in rural areas, by supporting broadband infrastructure and improved access to e-government. **Broadband access in rural areas increased by 54.9 percentage points over 9 years**. By the end of 2022, 72.9% of rural households in the EU had broadband access to the internet. Thanks to the European Regional Development Fund and the Cohesion Fund, **7.9 million households obtained broadband access** of at least 30 megabits per second between 2014 and 2022. During the same period, 643 000 additional energy users were connected to smart electricity grids.

([10]) This amount does not include any contributions from the common agricultural policy, due to methodological limitations.

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Investing in space technology for the benefit of people in the EU

Space technology plays an essential and increasingly important role in the daily lives of people in the EU. Satellites also provide important data in case of natural disasters, improving emergency response coordination.

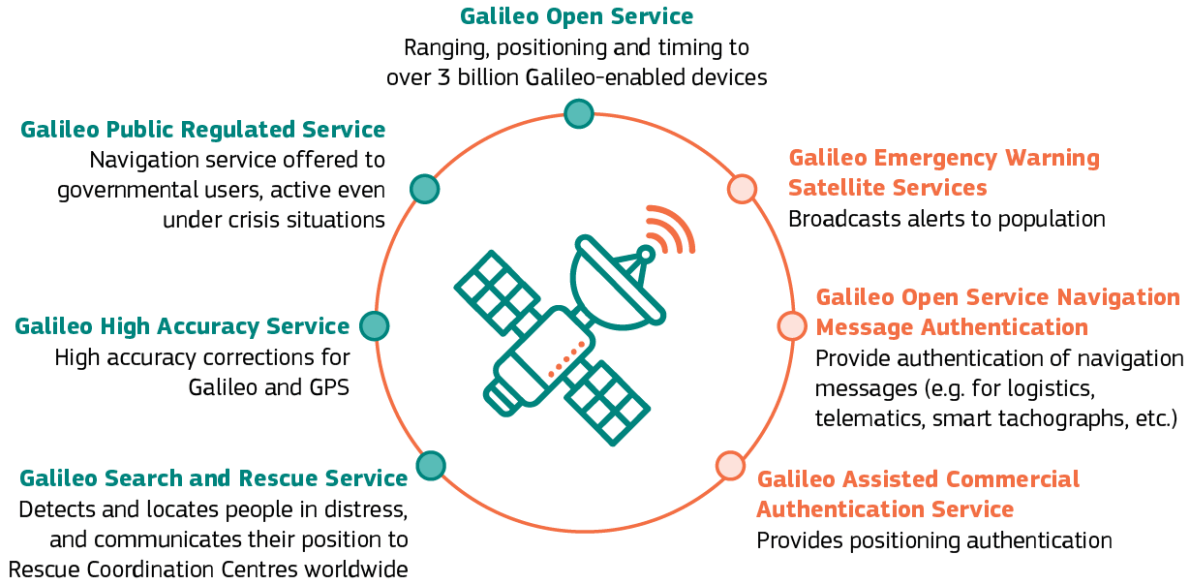
The **EU space programme facilitates the lives of people** both inside and outside the EU in various ways. For instance, the programme contributes to aviation safety, in particular in smaller airports, via its **European geostationary navigation overlay service**, which allows airplanes fitted with appropriate EGNOS-compliant equipment to safely land in conditions of reduced visibility.

Galileo, the European global satellite-based navigation system, has been helping people across the globe to find their way. By 2023, there were about 3.5 billion Galileo-enabled devices (such as smartphones) around the world in use. In March 2023, Galileo was endorsed by the International Civil Aviation Organization for use in civil aviation for aerial navigation and for use in conjunction with the European geostationary navigation overlay service for take-off and landing operations.

Copernicus, the Earth observation component of the EU's space programme, offers a range of information services that are provided free of charge to users: atmosphere monitoring, marine environment monitoring, land monitoring, climate change service, security and emergency management. These users had access to about 108 terabytes of quality-controlled climate data per day in 2023.

In 2023, new features were deployed to enhance the resilience and competitiveness of Copernicus, in particular improvements in its offer of data access and processing tools. Galileo was upgraded to provide an even more accurate location tracking, down to 20 cm, making it three times better than competing global navigation satellite systems.

Overview of Galileo services



As **Europe's space infrastructure expands**, protective measures are becoming increasingly important. The European Union Agency for the Space Programme, in cooperation with 15 Member States, champions this cause through the EU Space Surveillance and Tracking Partnership. This partnership, equipped with a complex system of space surveillance and tracking sensors, serves over 190 registered organisations, protecting more than 400 satellites from the risk of collision with space debris and other operational satellites.

An economy that works for people



We must build the physical backbone of the economy of the future in order to be competitive.

Ursula von der Leyen

President of the European Commission

Research and innovation help to make the economy work for the people

2023 was a challenging year for the EU in relation to the economy. Russia's war of aggression against Ukraine, coupled with geopolitical tensions elsewhere, continued to impact global markets, in particular for food, energy and other raw materials. Amid this context, the European Union deployed an array of measures to ensure that its economy could resist such shocks and continue to work for people.

Research and innovation contribute to improving people's lives and work and to enhancing productivity, competitiveness and job-rich growth. They are also crucial for providing solutions to current and future challenges, for example in terms of environment and climate. **Through Horizon Europe, the EU aims to promote scientific excellence and generate new knowledge and technologies**, thus contributing to advancing the EU's general and specific objectives and policies while tackling global challenges and strengthening the European research area.

With a budget of EUR 15.3 billion for 2023, **Horizon Europe saw the signature of 5 163 grant agreements totalling EUR 14.36 billion**, with the average grant size increased to EUR 2.8 million. While the main work programme constitutes the bulk of Horizon Europe's budget (EUR 25.6 billion for 2021-2024), significant funding has also been allocated through other programme parts, particularly the **European Research Council** (with five calls in 2023 under the excellent science pillar for a total budget of EUR 2.17 billion), Marie Sklodovska-Curie Actions and the **European Innovation Council**. In 2023, the European Innovation Council opened funding opportunities worth over EUR 1.6 billion through its three main funding schemes: pathfinder (EUR 343 million), transition (EUR 128 million) and accelerator (EUR 1.13 billion).

In 2023, the Horizon Europe contribution through the **European Partnership** covered **10 active joint undertakings**, under which 345 grants were signed for a total of EUR 2.9 billion. Moreover, through the EU-Mission instruments, by the end of 2023, 173 Horizon Europe grants involving 3 732 participants had been signed for a total amount of EUR 1.43 billion. Horizon Europe also supports the Sustainable Food Systems for People, Planet, and Climate and the European Partnership for Personalised Medicine, which involves more than 50 international partners and aims at advancing healthcare and promoting personalised therapy, diagnosis and prevention.

The European Institute of Innovation and Technology, which aims at integrating the knowledge triangle of EU education, research and innovation, has been **contributing to building resilient infrastructure**. Between 2021 and 2023, a total of EUR 912 million has been allocated to the Institute to run its activities, aimed at **accelerating the adoption of sustainable innovations in manufacturing technology**, aligning with the goal of promoting inclusive and sustainable industrialisation. Furthermore, the Institute focuses on developing the skills of the future workforce, ensuring inclusivity and sustainability in the manufacturing sector, working towards driving positive change in Europe's industrial landscape.

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Developing and improving infrastructure across the EU

The **European Union's Cohesion Fund** and the **European Regional Development Fund** are major driving forces behind **infrastructure development across the EU, especially in regions lagging behind**. 2023 was the final year of implementation for the 2014-2020 programmes. In parallel, 2021-2027 investments have started.

By the end of 2023, over 90% of funds from the 2014-2020 budget period have been invested in projects spanning various sectors. This includes **transportation networks**, like the Via Carpathia highway linking the Baltic, Aegean and Black Seas, or Portugal's motorway network built partly with EU support. EU cohesion policy investments also target **energy efficiency**, **research and innovation, digitalisation** through broadband expansion and **urban development** initiatives. These projects have created jobs, improved connectivity and boosted living standards in less-developed regions, thus fostering economic convergence within the EU by allowing these areas to catch up with their more developed counterparts. The 2021-2027 budgetary period ensures continued support for the European Regional Development Fund and the Cohesion Fund, solidifying their role in building a more balanced, connected and sustainable Europe. The total available envelope allocated to projects in the 2021-2027 cohesion funds programming period amounts to EUR 264 billion. This includes **EUR 59.1 billion** to develop **transport** networks, clean urban transport, rail and road connections to the European cross-border transport network and cycling infrastructure. **EUR 22 billion** will support the **energy efficiency** of housing and enterprises and **deep renovation** of public infrastructure, and **EUR 31 billion** will foster digitalisation and digital connectivity.

The EU has also been investing in energy, transport and digital infrastructure via the **Connecting Europe Facility**, for which EUR 31.7 billion was allocated for the 2021-2027 period, including EUR 4.8 billion for 2023.

Examples of the impact of the Connecting Europe Facility in 2023:

- 7 000 megawatts of **electricity transmission capacity** were added to interconnect electricity networks and to facilitate the integration of renewable energy;
- 326 kilometres of **European Rail Traffic Management System** track-side infrastructure were deployed in four Member States;
- 2 597 **alternative fuel supply points** were in operation along the trans-European transport network by the end of 2023.

In 2023, the Commission also contributed to the design and implementation of actions of the **New European Bauhaus** initiative. By the end of 2023, a total of **EUR 216 million had been allocated for the New European Bauhaus under cohesion policy**. In June 2023, the Commission awarded the New European Bauhaus Prizes to 15 exemplary projects and fresh ideas reflecting the initiative's values. In addition, with a budget of EUR 65 million, the projects from the first Innovative Action call of the European Urban Initiative serve as New European Bauhaus demonstrators to drive positive change in local communities and beyond. Furthermore, 20 municipalities have received technical assistance to improve the design of their projects along the New European Bauhaus values. The experiences of the selected projects were consolidated in a toolbox that can be used for planning and designing New European Bauhaus projects.

In addition, the Commission made use of targeted amendments to the 2014-2020 cohesion policy framework to help tackle the energy crisis resulting from the Russian war of aggression against Ukraine, releasing around EUR 4 billion to 11 Member States under the Supporting Affordable Energy initiative. This allowed Member States to support vulnerable households and small and medium-sized enterprises affected by energy price increases, along with short-time work and equivalent schemes.

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Ukraine is being integrated into various EU expenditure programmes. In June 2023, Ukraine obtained **access to the EU's programme for infrastructure funding, the Connecting Europe Facility.** Ukraine can now apply for EU funding for infrastructure projects that will improve its energy, transport and digital connections with the EU. **An investment of EUR 250 million was allocated to nine cross-border projects to improve connections between Hungary, Moldova, Poland, Romania, Slovakia and Ukraine.** The projects include studies and works at rail and road border-crossing points to extend and upgrade infrastructure, improve parking areas and improve transhipment facilities and equipment. In addition, EUR 900 million was made available to EU Member States, mainly for improving cross border connectivity on their territory, also directly benefiting Ukraine.

Developing and supporting rural Europe

Rural development represents a key area of the EU's common agricultural policy, with a dedicated European Agricultural Fund for Rural Development. The fund aims at improving the competitiveness of agriculture, achieving sustainable management of natural resources and climate action, and also supports a balanced territorial development of rural areas.

By the end of 2023, 32 managing authorities in 13 Member States had programmed EUR 638 million of the fund's resources for financial instruments in their 2014-2022 rural development programmes. In total, EUR 443 million has been already declared as expenditure by Member States. At the same time, by the end of 2023, 12 Member States added new financial instruments in their common agricultural policy strategic plans, planning EUR 627 million of European Agricultural Fund for Rural Development financing, for a total shared Commission and Member State public budget of EUR 999 million.

Rural development activities to **promote social inclusion, poverty reduction and economic development** registered several achievements relating to small enterprises and jobs, such as diversification, the creation and development of small enterprises and job creation and maintenance in rural areas. This includes investments in basic services in villages, initiatives creating local jobs and diversifying farm activities. Part of these funds are dedicated to community-led local development, where local action groups decide on local development projects. In the 2014-2022 period, the European Agricultural Fund for Rural Development supported 2 784 local action groups across the EU, covering a significant part of the EU population.

There has also been **progress in terms of the development of and access to services and local infrastructure in rural areas**, participation in local development strategies, employment opportunities created via local development strategies, broadband expansion and better use of information and communications technology in rural areas.

Supporting investments in people

The **EU has been investing in people** by various means, such as the:

- **European Social Fund+**, the EU's main instrument for investing in people's employment, education and skills, along with social inclusion;
- **European Regional Development Fund**, which supports the infrastructure and equipment investments in employment, education and training, along with social inclusion;
- **Just Transition Mechanism**, proposed as part of the European Green Deal investment plan to make sure that no one and no region is left behind in the transition to a climate-neutral economy, which has a pillar focused on reskilling and upskilling of workers from the territories that face the biggest challenges in the transition towards climate neutrality;
- **European Globalisation Adjustment Fund for Displaced Workers**, which co-finances measures to support redundant workers in case of major restructuring events.

Over EUR 116.8 billion (EUR 96.2 billion from the regular budget plus EUR 20.6 billion from NextGenerationEU) has been allocated to the European Social Fund for the 2021-2027 period. In concrete terms, this meant over **3 million people in training and education** in 2022, over EUR 3.6 billion in loans awarded to micro or social enterprises up to December 2023, and over 10.3 million people with new qualifications by December 2022. The European Regional Development Fund allocated around EUR 8.8 billion to **education, training and skills development**.

The Just Transition Mechanism benefits from a EUR 20 billion allocation for the 2021-2027 period. Under the mechanism, Member States have developed **Territorial Just Transition Plans**, which contain an array of measures designed to promote public investment to foster sustainable development, in particular in those territories expected to suffer the greatest job losses, and in areas with industrial facilities with the highest greenhouse gas intensity. This is **helping workers to redevelop their skills to thrive under a greener economy**, and thus helping Member States move away from fossil fuels. For instance, with the help of a EUR 1.64 billion allocation, Czechia committed to phase out coal production by 2033.

Moreover, under the European Globalisation Adjustment Fund for Displaced Workers, about EUR 727 million has been allocated for the 2021-2027 period, including EUR 205.4 million in 2023, resulting in help being provided to thousands of workers in 12 Member States.

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A stronger Europe in the world

When I stood here four years ago, I said that if we are united on the inside, nobody will divide us from the outside. And this was the thinking behind the Geopolitical Commission. Our Team Europe approach has enabled us to be more strategic, more assertive and more united.

Ursula von der Leyen
President of the European Commission

Providing humanitarian and military assistance to Ukraine

2023 was a challenging year for the European Union. The Russian war of aggression against Ukraine continued to bring misery and hardship, with missile and drone attacks targeting energy infrastructure, and the weaponisation of global energy and food markets. Moreover, on 7 October 2023, Hamas launched an assault against Israel, leading to conflicts and a very tense situation in the Middle East. Houthi rebels in Yemen have brought disruption to shipping lanes by attacking container ships in the Red Sea.

In response, and along with its intense diplomatic efforts, **by the end of 2023 the EU and its Member States had provided Ukraine and its people with nearly EUR 85 billion in assistance** since the onset of Russia's war of aggression. This included EUR 25.2 billion in macro-financial aid, with EUR 18 billion allocated in 2023 through the Macro-Financial Assistance Plus instrument. Macro-financial assistance aids partner countries facing financial challenges by stabilising economies and facilitating reforms. These funds support Ukraine's essential services, infrastructure restoration and institutional reforms, including anti-corruption and judicial initiatives.

Military assistance to Ukraine from the EU and its Member States totalled over EUR 27 billion, including EUR 6.1 billion from the **European Peace Facility**. Notably, a joint procurement initiative in March 2023 delivered ammunition to Ukraine, bolstering its defence capabilities. Additionally, the EU Military Assistance Mission has trained approximately 39 000 Ukrainian soldiers, marking the EU's first instance of military training during wartime.

The EU budget also provided substantial humanitarian aid to Ukraine, totalling EUR 300 million in 2023 and EUR 785 million since February 2022, to address immediate needs and facilitate long-term recovery. Additionally, the EU and its Member States contributed with almost EUR 800 million in in-kind assistance through the Union Civil Protection Mechanism and the rescEU stockpile ([11]). Through its **Emergency Response Coordination Centre**, the EU coordinated its largest-ever civil protection operation, providing emergency assistance to affected populations. This included dispatching emergency items to Ukraine and deploying Union Civil Protection Mechanism (rescEU) assets, such as medical equipment to address critical needs. The **EU Partnership Mission in the Republic of Moldova** was also launched under the **Common Foreign and Security Policy**.

The EU's historic decision to initiate accession negotiations with Ukraine underscored its recognition of Ukraine's alignment with EU standards. Simultaneously, the **EU imposed robust sanctions against Russia in** response to its aggression, targeting individuals, entities and key economic sectors. Thirteen sanctions packages have been adopted since February 2022, aimed at weakening Russia's economy and deterring further aggression. These measures include financial sector restrictions, export banson critical technology and industrial goods to Russia, import bans meant to cut Russia's revenue streams, and a variety of measures in the energy and transport sectors, among others. To increase their impact and prevent their circumvention, these measures are coupled with strengthened cooperation with non-EU countries.

([11]) Including assistance provided in 2022, 2023 and during the first 5 months of 2024.

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The Neighbourhood, Development and International Cooperation Instrument – Global Europe allocation, initially planned for programmes with Belarus and Russia for 2021-2027 (EUR 160 million), was transferred to **Interreg cross-border cooperation programmes that benefit Moldova and Ukraine**.

Under the Neighbourhood, Development and International Cooperation Instrument – Global Europe programme, the European Union finances a EUR 40 million project 'EU Support to the East of Ukraine – Recovery, Peacebuilding and Governance', implemented by the UN Development Programme, UN Women, the UN Population Fund and the UN Food and Agricultural Organisation. Moreover, a total of EUR 300 million was mobilised by the Commission for the humanitarian needs of more than 17.7 million Ukrainians.

The EU's response to the Middle East crisis

The **EU strongly condemned the brutal terrorist attacks by Hamas in Israel on 7 October 2023.** While acknowledging Israel's right to self-defence, the EU emphasised the need to protect all civilians in accordance with international humanitarian law, calling for continued, safe humanitarian access. Additionally, the EU has been collaborating with various humanitarian partners on the ground and working with regional and international partners to prevent further conflict escalation and promote a lasting peace, based on the two-state solution and relevant UN Security Council resolutions.

The escalation of violence in the Middle East led to the displacement of almost the entire Gazan population of 2.2 million people and **massive humanitarian needs in all sectors**, accentuated by the serious risk of famine. Violence also escalated in the West Bank, including East Jerusalem. The **Commission responded by quadrupling its assistance to Palestinians** to more than EUR 100 million to address the most basic needs.

In 2023, the EU, in coordination with humanitarian partners (e.g. United Nations Children's Fund, International Committee of the Red Cross, World Food Programme), operated **32 humanitarian air bridge flights** in 2023 in the context of this crisis, and 1 310 tonnes of essential supplies were mobilised. The aid includes nutritional items, shelter and logistical equipment, hygiene kits and medicines.

Strengthening European defence and security

In 2023, the EU strengthened its defence and industry through legislative initiatives and funding, including the **Act in Support of Ammunition Production** and European Defence Industry Reinforcement through the Common Procurement Act. The EU has also addressed security challenges by adopting its first **Space Strategy for Security and Defence** and updating its **Maritime Security Strategy and Action Plan**. These initiatives align with the EU's broader security objectives and aim to bolster its resilience in the face of evolving threats.

The **European Defence Fund is a key supporter of defence research and development in the EU**. It has provided over EUR 2.9 billion for 101 collaborative projects across the Member States since 2021. In 2023 alone, the fund allocated EUR 1.2 billion to vital defence areas such as space situational awareness, countering hypersonic missiles and developing a European patrol corvette. The European Defence Fund supports innovation in the defence sector via the **EU Defence Innovation Scheme**, a EUR 2 billion scheme to help smaller companies, newcomers and particularly innovators.

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European Defence Fund budget per category of action in 2023 (in EUR million)



Source: European Commission

The EU also supports European defence and security through initiatives aimed at **ensuring a secure and sustainable supply of critical raw materials**. As part of the **Green Deal Industrial Plan**, the Commission introduced proposals for a Critical Raw Materials Act and a Net-Zero Industry Act. These acts are designed to simplify the regulatory environment for the clean-technology sector and support the EU's net-zero manufacturing capacity. Ensuring access to a secure and sustainable supply of these materials is vital for sectors such as defence and aerospace, amid increasing global demand and geopolitical challenges.

In March 2023, the EU adopted the **IRIS² satellite constellation program**, investing EUR 2.4 billion from the EU budget. This initiative aims to ensure secure government communications, support military and defence operations and expand commercial broadband services, especially in remote areas.

Additionally, the EU launched the **Strategic Compass for Security and Defence**, a comprehensive plan to strengthen EU security and defence by 2030. The EU's partnership with NATO remains a key component of its security and defence efforts, and the European Peace Facility has become integral to the EU's global support for partners.

Promoting international partnerships and providing emergency aid across the globe

The Commission moved forward in 2023 with the **Global Gateway** strategy. The strategy is **deployed to make Europe stronger in the world.** It is being delivered through a Team Europe approach, which brings together the EU and EU Member States with their financial and implementing institutions, along with the European Investment Bank and the European Bank for Reconstruction and Development. It also seeks to **mobilise the private sector** in order to leverage investments investments in a comprehensive and values-driven manner (a '360 degree approach') for a transformational impact.

The Global Gateway draws from financial resources of the EU and its Member States. The EU's contributions come from the new financial tools in the EU multiannual 2021-2027 financial framework, in particular the **Neighbourhood, Development and International Cooperation Instrument – Global Europe** programme, the **Instrument for Pre-Accession Assistance III**, the digital and international part of the **Connecting Europe Facility**, but also Interreg Europe, InvestEU and Horizon Europe, the EU research and innovation programme.

In 2023, **the EU made significant progress in rolling out the Global Gateway** – launching 225 new flagship projects across Africa, Latin America, the Caribbean, Asia, the Pacific, the Western Balkans and the Eastern and Southern Neighbourhoods. The EU also established partnerships with Latin American and Caribbean countries, including a Global Gateway Investment Agenda expected to mobilise over EUR 45 billion. Moreover, the EU formed a new partnership with the Organisation of African, Caribbean and Pacific States, signing the Samoa Agreement. The EU is also progressing with the implementation of the EUR 150 billion Africa–Europe Global Gateway Investment Package and new Team Europe initiatives. In addition, the EU signed the first Open Architecture guarantees for partner countries under the European Fund for Sustainable Development Plus, and is mobilising EUR 307 million in technical assistance to facilitate the deployment of the European Fund for Sustainable Development Plus guarantees.

With a budget of EUR 13.05 billion for 2023, the **Neighbourhood, Development and International Cooperation Instrument – Global Europe programme implementation was at full speed in 2023**, including the operationalisation of 166 Team Europe initiatives worldwide. Building on the European Year of Youth, the Commission implemented the Youth Action Plan in the EU's external relations and launched the EUR 10 million Youth Empowerment Fund. It also adopted its midterm report on the **EU gender action plan III**, showing important progress towards ensuring that at least 85% of all actions across the Neighbourhood, Development and International Cooperation Instrument – Global Europe deliver on gender equality.

In 2023, the Commission provided assistance to around 130 countries. In the area of education, the EU funded the **Global Partnership for Education**, contributing to giving 2 596 000 children access to primary education and 1 192 000 children to secondary education. In the area of digital, in 2023 the **Commission launched the 'MEDUSA' project** providing high-speed internet connectivity between the European Union and North Africa. The Commission also launched Copernicus centres in Chile and Panama under the EU-LAC Digital Alliance and in Asia with the Copernicus Centre in the Philippines for better access to data and uptake.

The **women and youth for democracy programme (EUR 40 million)** supports women and youth-led initiatives, including capacity-building and funding for girl-led **initiatives to tackle the legal, societal and economic barriers to equal participation.**

The **Team Europe initiative on manufacturing and access to vaccines, medicines and health technologies** mobilised over EUR 1.3 billion, operating through 89 projects and 23 implementing partners to support specific countries like Egypt, Ghana, Nigeria, Rwanda, Senegal and South Africa in improving their pharmaceutical ecosystems and production capabilities for continent-wide benefits.

The EU and the Member States – via the Team Europe approach – committed more than EUR 18 billion in grants for **food security** action during 2021-2024.

Contributing to **making a stronger Europe in the world**, in 2023 the humanitarian aid programme provided life-saving emergency assistance to 114 countries across the globe and the **Neighbourhood, Development and International Cooperation Instrument – Global Europe** programme ensured medium- and long-term cooperation with partners countries and organisations bringing benefits to 48.4 million individuals.

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The **budget for humanitarian aid responded to many crisis situations in 2023.** The initial budget of EUR 1.7 billion was reinforced several times throughout 2023 by a total of EUR 631.1 million, with an allocation of EUR 895.3 million for Africa, EUR 582.4 million for the Middle East and Türkiye, EUR 411.4 million for Asia, Latin America, the Pacific and the Caribbean, EUR 335.5 million for Ukraine, the Western Balkans and the Caucasus, and EUR 197.2 for non-geographical allocations. With this budget, in 2023 the Commission allocated EUR 300 million for Ukraine, EUR 100 million for Palestinians in Gaza, EUR 125 million for Sudan and EUR 149 million for Afghanistan.

Supporting our neighbourhood and candidates for enlargement

A stronger Europe in the world needs a stable and prospering neighbourhood with strong rule of law, fundamental rights, functioning democratic institutions and a market economy. The year 2023 witnessed **historic developments** and new dynamics in the enlargement negotiations. Following the Commission's recommendation, the European Council decided to **open accession negotiations with Moldova and Ukraine**, and to grant the **status of candidate country to Georgia.** Moreover, the European Council stated that it will open accession negotiations with Bosnia and Herzegovina, once the necessary degree of compliance with the membership criteria is achieved. **North Macedonia** and **Albania** made smooth progress throughout the primary steps of the accession negotiations.

With the **Instrument for Pre-Accession Assistance III** ([12]), the EU is the largest donor in the enlargement region. By the end of December 2023, the Commission had committed (for annual programmes) or earmarked (for multiannual programmes) around EUR 8.68 billion out of EUR 14.162 billion available in the Instrument for Pre-Accession Assistance III funds.

In 2023 alone, the Commission committed EUR 2.5 billion through the Instrument for Pre-Accession Assistance III and made available EUR 12.6 billion of guarantee cover for **European Investment Bank loans** and EUR 399 million of guarantee cover under the 'open architecture' part of the European Fund for Sustainable Development Plus for the Neighbourhood negotiations. All investments contribute significantly to the implementation of the Economic and Investment Plans for the Eastern and Southern Neighbourhoods.

The implementation of the economic and investment plan for the Western Balkans continued in 2023, reaching a total of 59 flagship investments for EUR 8.9 billion in key railway, road and water interconnections, renewable energy, energy efficiency and power interconnectors, waste and water management, digital infrastructures, energy efficiency in the sectors of education and health, and support to the business sector. The European Union has so far contributed EUR 2.6 billion to the investments, blending grants with concessional loans and provisioning for guarantees.

In 2023, the Commission also proposed a **new growth plan for the Western Balkans** ([13]), aiming at increasing the region's socioeconomic convergence with the EU and accelerating EU integration through targeted reforms. On 14 May 2024, the European Parliament and the Council adopted the regulation setting up the Reform and Growth Facility for the Western Balkans, which is expected to provide EUR 2 billion in grants and EUR 4 billion in loans to the EU's partners in the region in the 2024-2027 period.

([12]) Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession assistance (IPA III), OJ L 330, 20.9.2021, pp. 1–26, ELI: http://data.europa.eu/eli/reg/2021/1529/oj.

([13]) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: New growth plan for the Western Balkans, COM(2023)691 final.

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The **Western Balkans energy package** disbursement proceeded well in 2023. The Commission has disbursed 90% (EUR 450 million) of the EUR 500 million in the form of budget support. The disbursements have been made in favour of Albania (EUR 72 million), Bosnia and Herzegovina (EUR 63 million), Kosovo (*) (EUR 67.5 million), Montenegro (EUR 27 million), North Macedonia (EUR 72 million) and Serbia (EUR 148.5 million). The remaining EUR 50 million will be disbursed in 2024, after the Commission's assessment confirms the positive implementation of the overall energy action plans and of the public finance management reform, together with a continuous positive track record in maintaining stable macroeconomic policy and budget transparency.

(*) This designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1244/1999 and the International Court of Justice Opinion on the Kosovo declaration of independence.

The EU has been actively supporting its neighbours in times of need. With 66 requests for assistance received and processed, along with 50 updates of requests for Ukraine (totalling 116 requests) and 24 EU civil protection missions deployed, in 2023 **the Union Civil Protection Mechanism responded to floods, earthquakes and fires across Europe** and the world. In response to these crises, the EU allocated an initial budget to the programme of EUR 188 million that comprised EUR 101.6 million of initial allocations, EUR 27 million of reinforcement for doubling the Union Civil Protection Mechanism (rescEU) aerial firefighting fleet during the 2024 forest fire season and EUR 59.4 million aimed at increasing aerial firefighting capacity. The devastating earthquake in Syria and Türkiye, the evacuation of EU citizens from Sudan and the magnitude of forest fires in Europe last summer triggered budgetary reinforcements of EUR 65 million, arriving at a total of EUR 253 million (excluding NextGenerationEU funds).

The Union Civil Protection Mechanism **also provided** assistance to Ukraine **in 2023 in the following ways:**



- in 2023 the EU signed the binding Administrative Agreements with Ukraine and Moldova, welcoming them into the Union Civil Protection Mechanism;
- 60 000 tonnes of life-saving assistance were deployed to Ukraine in 2023 under the Union Civil Protection Mechanism (rescEU), bringing the total to 140 000 tonnes since the conflict started;
- the Union Civil Protection Mechanism answered to 50 updated requests for assistance from Ukraine in 2023 alone.

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Promoting our European way of life

Every day, we see that conflict, climate change and instability are pushing people to seek refuge elsewhere. I have always had a steadfast conviction that migration needs to be managed. It needs endurance and patient work with key partners. And it needs unity within our Union.

Ursula von der Leyen

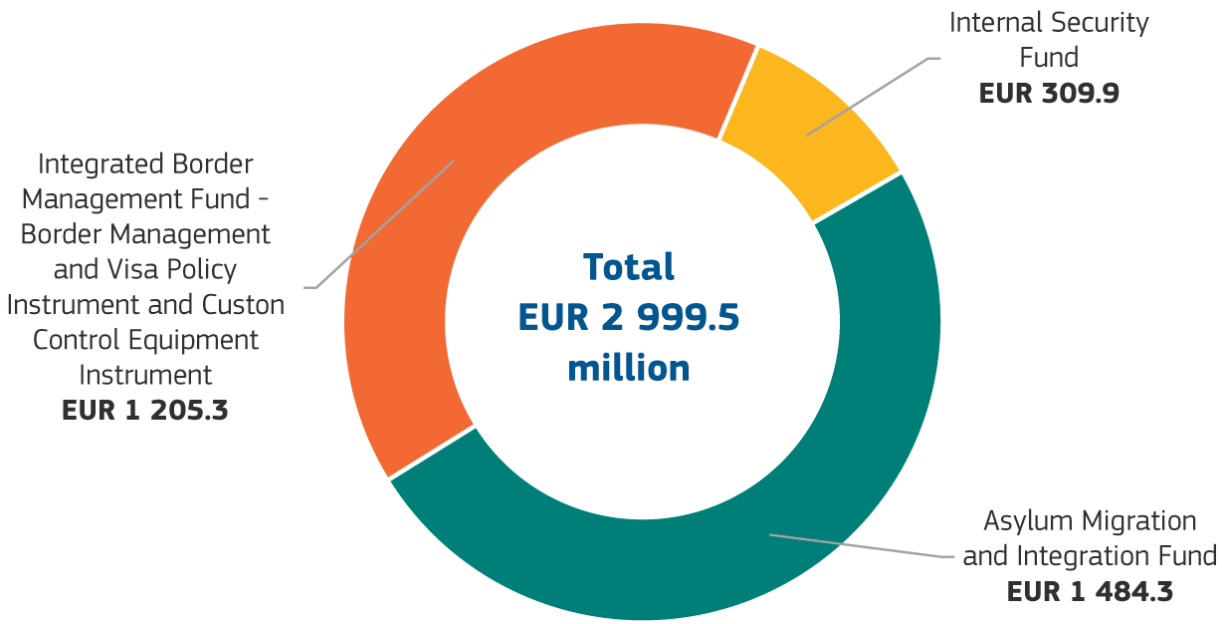
Addressing migration pressure and asylum

In 2023, the **migration pressure** at the European Union's external borders continued remained significant, with 1 million people applying for asylum in the EU, an increase of 20% compared to 2022. A constant effort has been made to rapidly address immediate needs through operational and targeted action. In April 2024, these came to fruition when the new **Pact on Migration and Asylum** was agreed.

In 2023, the Commission implemented a budget of close to EUR 3 billion to support Member States in this area, mainly through three Funds:

- the **Asylum, Migration and Integration Fund**,
- the **Integrated Border Management Fund**, and
- the **Internal Security Fund**.

Security, Border Management and Asylum and Migration Funds budget 2023 (in EUR million)



Source: European Commission

For the **Asylum, Migration and Integration Fund**, 44% of the total Member State programme allocation in 2023 was allocated towards the **Common European Asylum System**. This supported the creation of 750 reception places for unaccompanied minors, on top of the 1 159 places refurbished in line with the EU acquis. Moreover, 19 003 people were resettled under solidarity and fair sharing between Member States.

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In the area of legal migration and integration, over 280 000 non-EU nationals have already been supported in their early integration, including temporary protection beneficiaries fleeing from Ukraine. In combatting irregular migration, over 18 000 individuals returned voluntarily to their countries with the support of the fund.

EU funding also makes a major contribution to the supporting the EU's partnerships with countries worldwide to address the root causes of migration. With 10% of the Neighbourhood, Development and International Cooperation Instrument – Global Europe programme earmarked for actions related to migration and forced displacement, more than 190 projects are under way, worth about EUR 5.3 billion. This means for example that EUR 691 million has been devoted to actions in North Africa in 2021-23, with almost two thirds of this devoted to strengthening migration and asylum governance and management.

Together, the EU and its Member States are the world's leading donor in support to refugees, contributing to 41.8% of global funding. Over the past few years, approximately with 80% of the EU humanitarian budget has been allocated each year to projects addressing the needs of forcibly displaced persons and their host communities worldwide.

The 2023 budget allocated to the **Integrated Border Management Fund** followed the European Council conclusions of 9 February 2023, focusing on control of the EU external borders, and therefore included EUR 141.2 million aimed at enhancing the electronic surveillance systems at external land borders and EUR 201.1 million allocated to increase the European Border and Coast Guard operational capacity for national and EU actions to protect the EU's external borders.

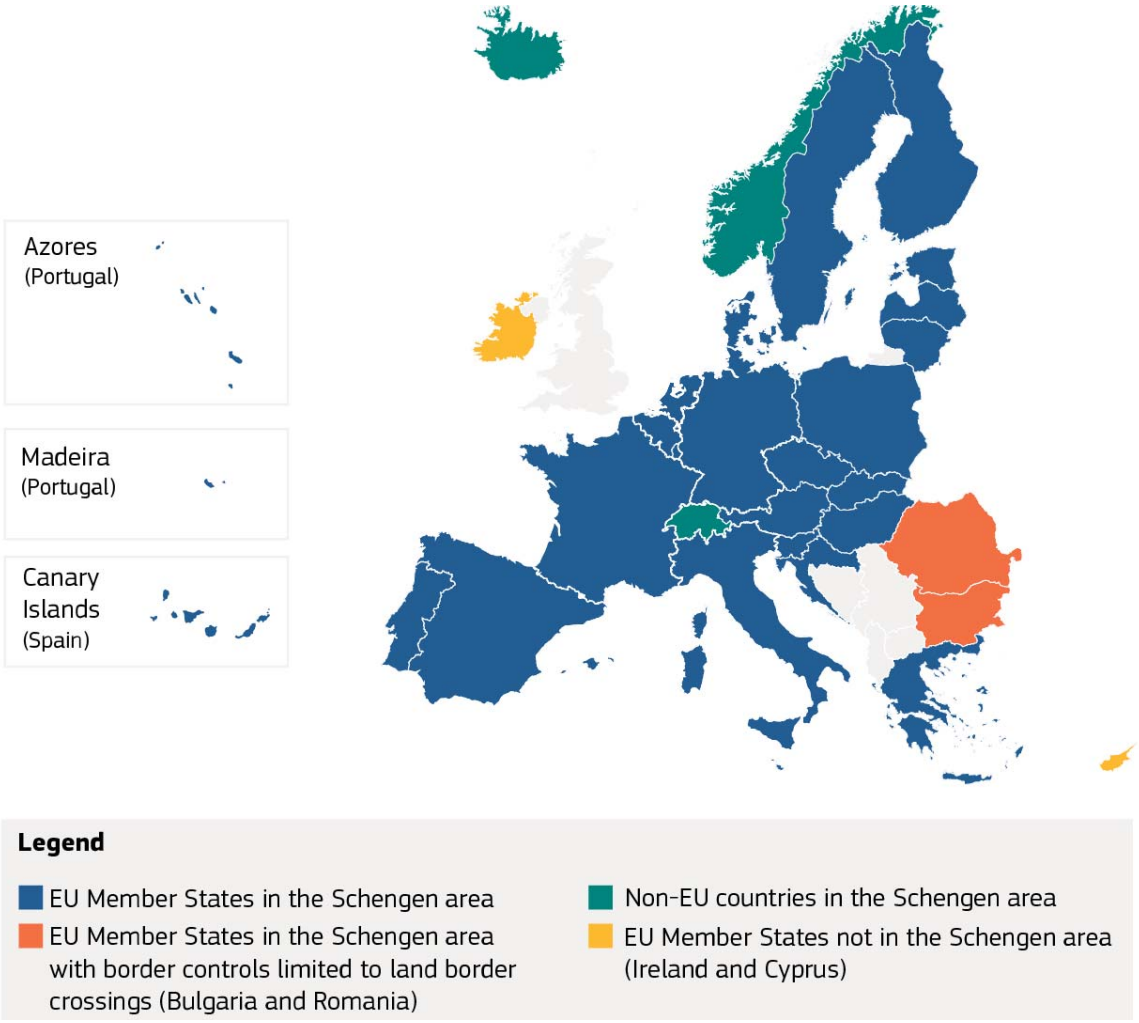
The **Internal Security Fund** helped the EU to respond to the deterioration of the geopolitical context and compounded security threats. The European Council conclusions of 26 and 27 October highlighted such increased risks to internal security not only in relation to terrorist attacks directed at individuals but also to critical infrastructure. The Council conclusions called to engage in concerted efforts to mobilise all relevant policy areas at the EU and Member State levels, including by 'strengthening law enforcement and judicial cooperation, information exchange through the full use of relevant databases, protection of the external borders, fight against smugglers and close cooperation with third countries.' The fund has supported 651 interventions in all sectors of the economy between 2014 and 2023.

Ensuring free movement within the EU

In the current challenging geopolitical and economic context, a **fully functioning Schengen area is instrumental to stability, resilience and recovery**. On 1 January 2023, **Croatia** joined Schengen as its 27th member. Moreover, on 30 December 2023 the Council, fully supported by the European Commission, took the unanimous decision to welcome **Bulgaria and Romania** into the area, starting with lifting controls at air and sea borders as of March 2024. The Schengen area now allows 420 million people to travel between Member States without the requirement of going through border controls.

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Countries in the Schengen area (as of April 2024)



Source: European Commission

Smart borders require **modern, effective and efficient management**, which strikes a balance between facilitation for travellers and internal security. In 2023, the Commission finalised legislation for the implementation of the Entry/Exit System ([14]) and progressed with legislation to implement the European Travel Information and Authorisation System ([15]), including allocating EUR 25.5 million to facilitate the automatic border crossing and the revised Visa Information System ([16]). The systems will enhance management and control of our external borders and thus improve internal security. To increase the interoperability between information technology systems for border management, the EU has been investing EUR 0.6 billion during 2021-2027.

([14]) Regulation (EU) 2017/2226 of the European Parliament and of the Council of 30 November 2017 establishing an Entry/Exit System (EES) to register entry and exit data and refusal of entry data of third-country nationals crossing the external borders of the Member States and determining the conditions for access to the EES for law enforcement purposes, and amending the Convention implementing the Schengen Agreement and Regulations (EC) No 767/2008 and (EU) No 1077/2011, ELI: http://data.europa.eu/eli/reg/2017/2226/oj.

([15]) Regulation (EU) 2018/1240 of the European Parliament and of the Council of 12 September 2018 establishing a European Travel Information and Authorisation System (ETIAS) and amending Regulations (EU) No 1077/2011, (EU) No 515/2014, (EU) 2016/399, (EU) 2016/1624 and (EU) 2017/2226, ELI: http://data.europa.eu/eli/reg/2018/1240/oj.

([16]) Regulation (EU) 2021/1134 of the European Parliament and of the Council of 7 July 2021 amending Regulations (EC) No 767/2008, (EC) No 810/2009, (EU) 2016/399, (EU) 2017/2226, (EU) 2018/1240, (EU) 2018/1860, (EU) 2018/1861, (EU) 2019/817 and (EU) 2019/1896 of the European Parliament and of the Council and repealing Council Decisions 2004/512/EC and 2008/633/JHA, for the purpose of reforming the Visa Information System, ELI: http://data.europa.eu/eli/reg/2021/1134/oj.

ERASMUS+

Erasmus+ is the EU mobility programme in the fields of education, training, youth and sport. For over 35 years, the programme has been among the **most successful initiatives of the EU**, profoundly enabling people, organisations and policies across Europe by fostering skills, collaboration and mutual discovery. In 2023, the programme also continued to help the EU to achieve its objectives in areas such as inclusion and diversity, active citizenship and democratic participation, along with the green and digital transitions in the EU and internationally. The Erasmus+ programme had a 2023 budget of more than EUR 3.9 billion.

In 2023, **ERASMUS+ supported a range of activities aimed at supporting education and personal development, such as the examples shown below:**

- **720 000 learners** participated in mobility activities in 2023;
- **50 European Universities alliances**, involving more than **430 higher education** institutions from all parts of Europe, are involved in the **2023 Erasmus+ call**;
- **2.3 million European student cards** were issued by universities and other institutions by the end of 2023;
- for the first time, **sport coaches** and other **sport staff** participated in **learning mobility opportunities**: this novelty was highly appreciated by grassroots sport organisations,attracting considerable demand from **5 054 participating organisations and institutions**;
- the **Erasmus+ app** registered over **218 000 downloads**;
- a record increase of digital exchanges between higher education institutions was registered and a total of **27 Erasmus+ Teacher Academies** were supported in 2023.

The implementation of the **European strategy for universities** continued at full speed in 2023. The 2023 Erasmus+ calls also supported 100 000 traineeships for higher education students. The 2023 Erasmus+ calls also supported new innovative approaches to learning and teaching, including living labs, student incubators, green and digital skills, and innovators at school.

Two application rounds took place for **DiscoverEU** in 2023; 289 695 young people applied for a travel pass, and 71 642 were selected. In 2023, the budget for **youth participation activities** was reinforced, involving more than 18 400 young people. The **European Youth Portal** totalled 10 132 367 visits in 2023 and remained in the top 10 of the most visited europa.eu websites in 2023.



Since the start of Russia's war of aggression against Ukraine, **the Erasmus+ programme has been mobilised**, thanks to its built-in flexibility, to support projects promoting educational activities and facilitating the **integration of people fleeing the war in Ukraine** into their new learning environments, along with activities supporting organisations, learners and staff in Ukraine. Participating organisations have been encouraged to focus their activities as they see fit. A focus was placed on key action 1 (mobility) projects, relating to their capacity to support incoming mobility from Ukraine and facilitate the integration of learners and staff fleeing the war in Ukraine.

European Solidarity Corps

The EU is built on solidarity. The **European Solidarity Corps** finances projects giving young people the opportunity to volunteer in a range of areas, from helping the disadvantaged and delivering humanitarian aid to contributing to health and environmental action across the EU and beyond. The volunteering projects awarded in 2023 had a tight focus on inclusion and diversity with 978 awarded projects and 705 projects addressing participation in democratic life. Calls in 2023 resulted in over 4 500 applications for volunteering and solidarity projects, with 2 401 projects awarded.

Investing in European culture

The **creative Europe programme** is the EU's direct fund providing support to the cultural and creative sectors, with an established budget of **EUR 2.44 billion** for the 2021-2027 multiannual financial framework period and EUR 334.3 million for 2023 alone. The programme aims to safeguard, develop and **promote European cultural and linguistic diversity and heritage** and to increase the competitiveness and the economic potential of the cultural and creative sectors, and in particular the audiovisual sector.

In 2023, close to **EUR 85 million was allocated to cultural projects, including European cooperation projects**, the circulation of European literary works, platforms for the promotion of emerging artists, pan-European cultural entities, and the networks of cultural and creative organisations. In particular, an envelope of EUR 60 million was dedicated to the funding of the cooperation projects, allowing the selection of 138 proposed projects. **Over EUR 185 million was awarded to audiovisual projects, including the creation of films, television series and video games**, providing support to distribution and innovation, and helping producers to reach wider audiences through a network of European cinemas, European festivals, pan-European film promotion, subtitling and film education. Moreover, in 2023, **creative Europe signed the first agreement with a financial institution** under the MediaInvest equity tool for EUR 25 million, which benefited 1 802 artists and cultural professionals with the 'culture moves Europe' mobility scheme, and supported 465 transnational partnerships and 127 programmes addressed to socially marginalised groups.

Creative Europe contributed to the Green Deal with the EU youth cinema: Green Deal 2024-2026, an audience development project, in 6 languages across 12 countries, aimed at fostering an environmentally conscious young community. On the green, albeit digital, side, the programme supported MIAM!, a real-time computer-generated imagery production pipeline for three-dimensional animation based on video game solutions that allows to minimise carbon impact. Moreover, a European carbon emissions calculator for audiovisual productions was funded.

Cultural projects witnessed an **ever-increasing number of applications to its actions**. In particular, the applications for the **European cooperation projects** rose from 461 proposals in 2021 to 831 in 2023 for a 78% increase.

EU cohesion policy, in particular through the **European Regional Development Fund**, has been supporting European regions in their efforts to add value to geographical assets and cultural and historical heritage. The 2021-2027 cohesion policy includes EU **support for culture and cultural heritage that amounts to EUR 5.4 billion across 19 Member States** and in territorial cooperation programmes ([17]).

Fighting cancer in Europe

In the frame of **Europe's beating cancer plan**, in 2023, the **EU4Health programme** mobilised EUR 187.3 million for cancer prevention, screening and treatment, along with mental health support for cancer patients and families, and quality of life improvements for cancer survivors. The EU4Health programme itself, with an operational budget of EUR 735.8 million for 2023, includes the fight against cancer as a cross-cutting item.

In 2023, the EU4Health implementation resulted in the piloting of the inter-specialty cancer training programme developed through the completed 'INTERACT-EUROPE' project, the launch of the digital infrastructure supporting the European Cancer Imaging Initiative and 12 new projects aimed at beating cancer. In 2023, the Commission also published the country cancer profiles as part of the European Cancer Inequalities Registry. The actions carried out in the area of health also included the **2023 Cancer Mission call part of Horizon Europe**, which saw 103 eligible proposals submitted and 13 grant agreements signed.

([17]) These figures only take into account the direct allocations to culture and cultural heritage and do not capture the full European Regional Development Fund support to the sector.

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A new push for European democracy



Democracy is about our individual right to be heard. But democracy is also our collective responsibility. Every new generation is responsible to keep our democracy healthy. To make it more representative and inclusive. To protect it from internal and external threats.

Ursula von der Leyen

President of the European Commission

Promoting the rights and values of the EU

In 2023, democracy in the European Union faced several challenges, such as rising extremism, election interference, the spread of manipulative information and threats against journalists. Faced with that in 2023, the EU supported democracy in various ways, including reaching an agreement on the **European Media Freedom Act** and adopting the **Defence of Democracy** package in December 2023. In this package, the Commission underlines that democracy is supported under various EU programmes, including Erasmus+, the European Solidarity corps, Horizon Europe, digital Europe and creative Europe in the fields of **election support, media and disinformation actions and civic space enhancement**. Moreover, the pre-accession assistance programme, the cohesion policy funds and the Neighbourhood, Development and International Cooperation Instrument – Global Europe programmes provide support to civic space engagement, media and disinformation actions and election supports both within and outside Europe ([18]).

Following up on the **Conference on the Future of Europe**, the Commission implemented in 2023 the Citizens' Engagement Platforms, with the three European Citizen Panels providing suggestions accepted by the Commission on food waste, virtual world and learning mobility.

The EU budget has allocated over EUR 1.1 billion between 2021-2027, including EUR 214 million in 2023, to the **citizens, equality, rights and values programme** to promote the rights and values of the EU. This programme supports a broad range of organisations that promote and protect EU values and rights, increase awareness of rights, values, principles culture, history, laws and policies, enhance capacity and foster cross-border cooperation and mutual knowledge, understanding and trust. It also supports training and capacity-building, along with town twinning and the exchange of good practices between Member States' authorities and bodies. Over **31.4 million people are expected to be reached by 2021-2023 projects**. In 2023 alone, 262 projects worth a total of EUR 150.4 million aimed at promoting equality.

Moreover, the citizens, equality, rights and values programme **enhanced civic participation at the EU level, supporting the European Citizen's Initiative** with EUR 2 million in 2023. The initiative registered its 100th proposal in 2023, entitled 'Connecting all European capitals and people through a high-speed train network'. The programme also allowed, via procurement contracts, the organisation of workshops on 'public campaign for combatting hate speech and hate crime', mutual learning and exchanges of good practices on gender equality; an event on '30 years of citizenship rights' and a number of Eurobarometer surveys.

([18]) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Defence of Democracy, COM/2023/630 final.

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The **citizens, equality, rights and values programme** finances projects and initiatives on a wide range of topics, all aimed at promoting EU values. In 2023, the programme:

- committed an envelope of EUR 24.9 million for the call aiming to **prevent and combat gender-based violence and violence against children**, under the Daphne strand of the programme;
- supported the **fight against racism, xenophobia, discrimination** and other forms of intolerance, with a budget of EUR 20 million via a dedicated call on equality;
- provided support to 83 framework partners in the area of **EU values and the European Network of Equality Bodies**;
- **supported 1 045 civil-society organisations** in the area of EU values: 463 in the area of equality, rights and gender equality, 1 266 in the area of citizen's engagement and participation and 3 313 in the area of fighting violence.

Enabling young Europeans to participate in civic society and democratic life

One of the main takeaways of the European Year of Youth 2022 was that **young people have a strong interest in society** and want to be involved. In the second quarter of 2023, work started on a Commission communication with a set of actions that focus on how the Commission can give young people a say concerning the decisions that affect them. The 10th cycle of the **EU Youth Dialogue**, which is the biggest participatory process for young people in the EU, started in July 2023.

In 2023, the budget for **youth participation activities** was reinforced, involving more than 18 400 young people. The Commission embarked on the **preparations for the European Youth Week 2024**, which took place from 12 to 19 April 2024 and focused on fostering active citizenship and democratic participation among young people.

Tackling cybersecurity challenges, disinformation, and safeguarding the 2024 EU elections

In November 2023, the European Commission, together with the European Parliament and the European Union Agency for Cybersecurity, organised a **cybersecurity exercise** as part of a range of measures being implemented by the European Union to **ensure free and fair elections** in June 2024. The drill, which also involved representatives from national electoral and cybersecurity authorities, allowed participants to exchange experiences and best practices, along with enhancing their capacity to respond to cybersecurity incidents.

As part of the preparation for the 2024 EU elections, the Commission has provided support to the Network and Information Systems Cooperation Group ([19]) to **update** its **Compendium on Election Cybersecurity and Resilience**. This update (published in March 2024) was essential due to the rapid **evolution of cybersecurity risks and threats to the integrity of elections**, which include developments in deep fake

([19]) The group's overall mission is to achieve a high common level of security for network and information systems in the European Union. It supports and facilitates the strategic cooperation and the exchange of information among EU Member States. It is composed of representatives of the EU Member States, the European Commission and the European Union Agency for Cybersecurity. The Chair position is filled by the Member State holding the presidency of the Council of the European Union.

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audiovisual materials created by means of artificial intelligence, 'hacktivists for hire' and cyber-attacks and threats supported by hostile actors amid a volatile geopolitical context.

In addition, the **European Digital Media Observatory** and its hubs were established in 2023 to strengthen the detection and analysis of disinformation campaigns. **Safer Internet Centres** offered counselling and reporting services to young users across the EU, including the reporting of suspected online child sexual abuse material from the public, leading to its takedown. This complements the EU's 2022 **Digital Services Act**, which aims to create a safer digital space where the fundamental rights of users are protected and to establish a level playing field for businesses.

3. Horizontal policy priorities in the EU budget

This section provides information on the financing of initiatives relating to climate, biodiversity, gender equality and sustainable development goal objectives, as provided for in point 16(d–g) of the Interinstitutional Agreement of 16 December 2020. Information on the contribution of the EU budget to the European Commission's priority of promoting the digital transition is also provided.

Green budgeting

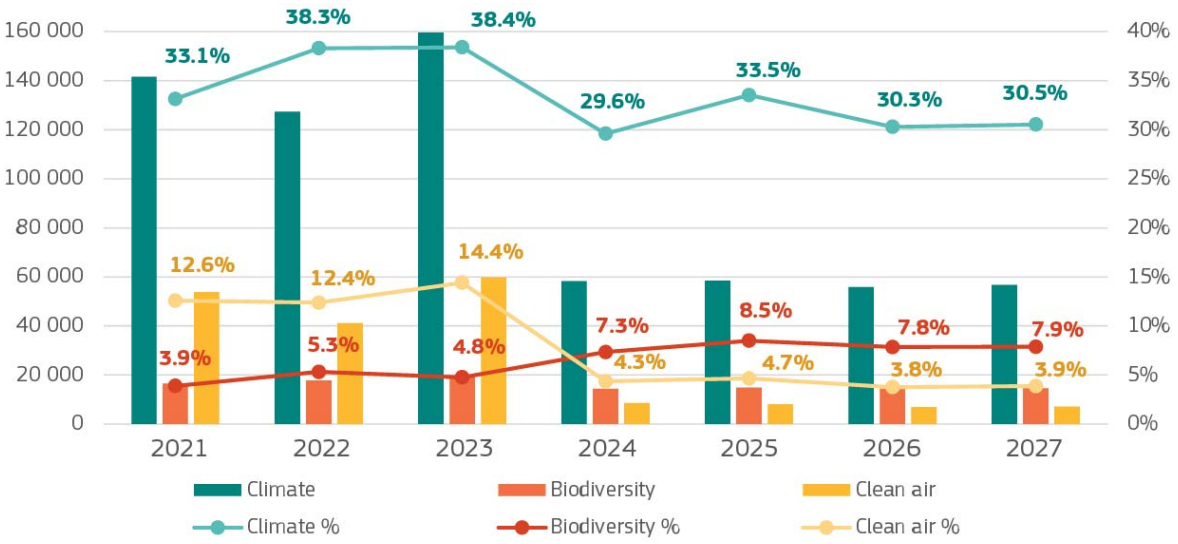
The Commission uses green budgeting as an instrument to enhance the transparency of the EU budget in terms of funding to support climate and environmental objectives, in line with the Paris Agreement and the European Green Deal. In March 2022, the Commission committed to further pursuing its work on green budgeting, together with the French Presidency of the Council of the European Union and several Member States.

The Commission has set the green transition as one of its key priorities for 2019-2024, as set out by President von der Leyen in her political guidelines. The European Green Deal, adopted in 2019, confirms this ambition. In line with the Green Deal, the European Climate Law, adopted in 2021, specifically prescribes that the EU should become climate-neutral by 2050 and sets an intermediate target of reducing net greenhouse gas emissions by at least 55% by 2030 compared to their 1990 levels. In addition, the Commission has proposed a reduction of at least 90% by 2040.

To underscore its commitment to its climate and environmental goals, the EU has set quantitative targets for its 2021-2027 multiannual financial framework and NextGenerationEU funding. In particular, **the EU has committed to dedicating at least 30% of its multiannual financial framework and NextGenerationEU budget to climate-relevant expenditure, and 7.5% of the 2024 annual budget and 10% of the 2026 and 2027 annual budgets to protecting and enhancing biodiversity**.

The EU's green budget is established around four areas: climate adaptation, climate mitigation, biodiversity and clean air. It also includes a strong 'do no (significant) harm' component that covers both climate and environmental objectives. All activities have to comply with this principle, in line with the relevant legislation.

Expected green contribution (budgetary commitments)in the 2021-2027 period (million EUR) ([20])



Source: European Commission.

([20]) As the same action can contribute to more than one objective, it is important to recall that horizontal priorities (e.g. climate, biodiversity and clean air figures) cannot be summed up to avoid double counting.

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The data available for the 2021-2027 period show that the **EU budget is on track to reach its 30% target for climate mainstreaming**, thanks to the strong performance of the Recovery and Resilience Facility and the RepowerEU initiative, which are also contributing to clean air tracking. All the data used in this report use expected commitment appropriations.

For biodiversity mainstreaming, while the projection for 2024 is close to the target, the 2026 and 2027 targets will be more difficult to achieve. More details are available in the specific section on biodiversity below.

It is important to note that other funds managed by the Commission also contribute to the green budget priority, despite not being part of the multiannual financial framework, such as the Innovation Fund, the Modernisation Fund and the upcoming Social Climate Fund. The revenues from these funds come from the EU Emissions Trading System.

The amounts above are calculated based on commitment appropriations, as shown below.

- For direct management, estimates are prepared by each service based on the most updated data available (including data from the financial system for climate mainstreaming only). For future estimates, work programmes, sectorial targets and historical values are used.
- For shared management, past and future figures are presented on the basis of the programmes and common agricultural policy strategic plans agreed with the Member States and updated according to the annual reports.
- For indirect management, the figures are based on the existing targets and agreements with the implementing partners, along with their annual reports.
- Past expenditures are corrected every year following a quality review operated by the different services to reflect the additional information received on the project selected.

Focus on results ([21])

32 070 752 megawatt-hours

of estimated energy efficiency savings per year from private and public buildings.

87 million tonnes of carbon dioxide equivalent avoided per year, of which more than half through NextGenerationEU green bond investments. Additionally, 442 million tonnes of carbon dioxide reduction are expected from the Innovation Fund over the first 10 years of operations.

126 851 additional megawatts

of renewable energy capacity installed.

A focus on results is fundamental for green budget action and the EU budget in general. The results stemming from available indicators can be used to achieve more targeted spending and to improve steering of the EU budget. It can also make the green transition more efficient by improving accountability. The latter is also important in view of the need to contribute to multiple international commitments.

([21]) Aggregated data of core performance indicators reflecting estimated and expected impact from the EU budget project as from 2014.

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The focus on energy efficiency, emissions reduction and renewable energy expansion is crucial for achieving the EU's climate neutrality goals and achieving the 2030 targets. The above results show that the Member States are diversifying their energy mix and gradually reducing their reliance on fossil fuels, thus lowering energy costs. This also results in decreased emissions of greenhouse gas, helping combat climate change, and of air pollutants.

Measuring the actual impact of NextGenerationEU investments

In December 2023 the Commission unveiled the first impact report for NextGenerationEU green bonds, which was presented at the United Nations Climate Change Conference (COP28) in Dubai. This report marks a fundamental transparency achievement, allowing us to measure the **concrete climate impact of the investments** financed by NextGenerationEU green bonds.

Building on the robust EU green bond framework, the report relies on detailed analyses of the milestones and targets for green-bond-financed investments under the Recovery and Resilience Facility to provide the foundation for the calculation of their climate impact, allowing to measure progress on the path to a sustainable future and ensuring a direct link between funding and climate impact.

The analysis reveals that after full implementation, NextGenerationEU **green bond investments have the potential to avoid greenhouse gas emissions by a total of 44 million tonnes of carbon dioxide equivalent per year** – equivalent to 1.2% of the EU's total emissions in 2022. This number represents approximately 57% of the investments financed by green bonds, meaning that subsequent analyses and reports will present an even clearer picture of the true climate impact. While the impact of currently realised expenditure is naturally lower at the initial project stages, the report estimates a reduction equivalent to 224 143 tonnes of carbon dioxide annually. This number will increase quickly with the accelerating implementation of the Recovery and Resilience Facility.

Taxonomy

This year, for the first time, several key programmes within the 'programme performance statements' (Annex 4 of this report) include an analysis on their alignment with the EU taxonomy for sustainable activities. This addition provides a key starting point for future analyses of how EU spending contributes to a greener future ([22]).

While the analysis of taxonomy alignment in the Recovery and Resilience Facility has been detailed previously in the context of NextGenerationEU green bond reporting, this year's 'programme performance statements' broaden the scope to encompass other critical programs. This approach offers a more comprehensive view of the EU's commitment to sustainable financing across its various initiatives.

([22]) Taxonomy alignment is not a prerequisite for funding.

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Climate mainstreaming

Achievements

Around 29 million citizens benefited from flood protection between 2014 and 2022, thanks to the interventions financed by the **European Regional Development Fund and the Cohesion Fund.**

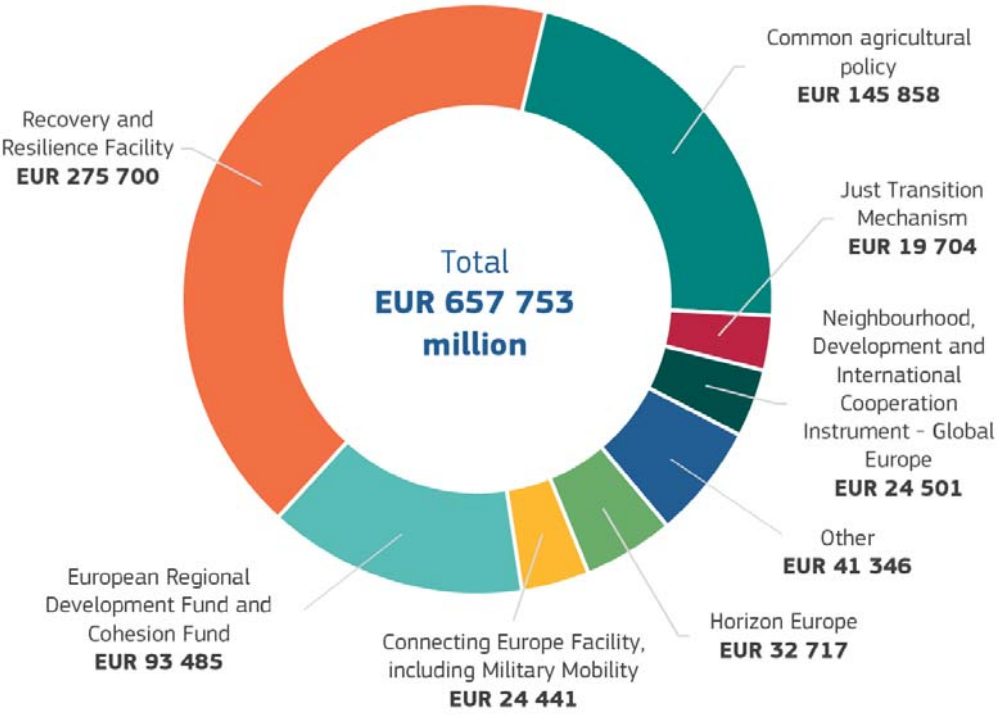
The **common agricultural policy** supports carbon storage (carbon farming measures, peatland restoration, etc.) and contributes to the prevention and reduction of greenhouse gas emissions. Around 188 000 hectares of agricultural land were afforested by 2022 thanks to common agricultural policy support in the 2014-2022 period

With over 300 regional and local authorities committed to the cause, and 50 actively engaged in developing risk assessments, the Climate Adaptation mission financed under **Horizon Europe** is laying the groundwork for resilient communities in the face of climate challenges.

The 'Renewable energy new electric skills' project, financed under the **European Social Fund+**, addresses the need for new skills by creating training courses for electrotechnical roles. These courses cover key areas such as the installation of photovoltaic systems and the conversion of traditional vehicles to electric models. The project aims to equip local workforces with the skills needed to thrive in this evolving sector.

How much do we spend?

Climate contribution in the 2021-2027 period (million EUR)

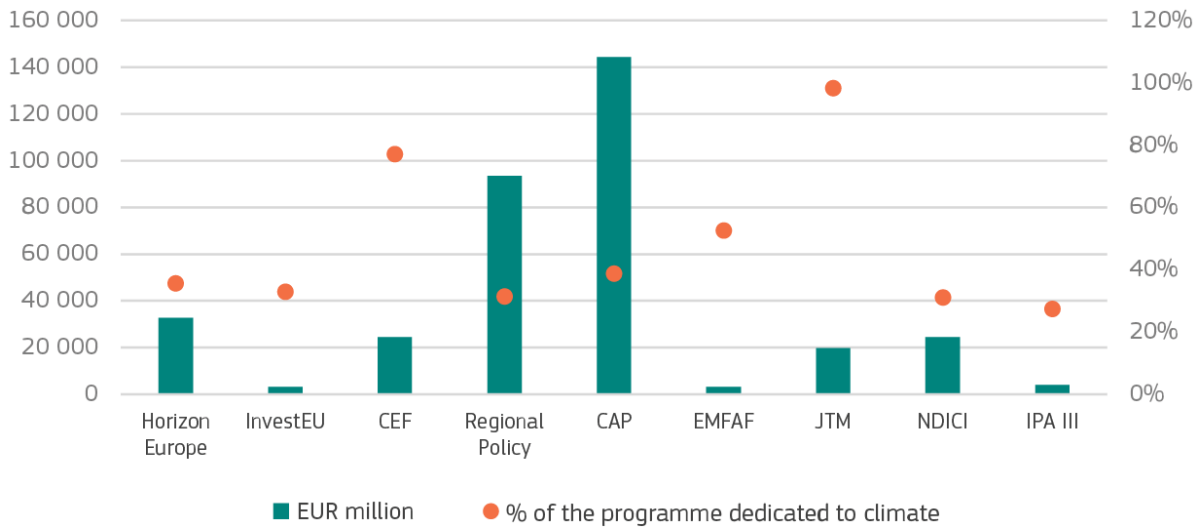


Source: European Commission.

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For the 2021-2027 period, the EU budget – including NextGenerationEU – is projected to contribute EUR 658 billion to climate spending, representing 34.3% of the budget envelope, surpassing the initial target of 30%.

Planned expenditure in the 2021-2027 EU budget in absolute amounts and estimated percentage of each programme envelope



Horizon Europe, InvestEU Fund, **CEF** – Connecting Europe Facility, including Military Mobility, **Regional Policy** – European Regional Development Fund and Cohesion Fund, **CAP** – common agricultural policy, **EMFAF** – European Maritime Fisheries and Aquaculture Fund, **JTM** – Just Transition Mechanism, **NDICI** – Neighbourhood, Development and International Cooperation Instrument – Global Europe, **IPA III** – Pre-accession Assistance.

Source: European Commission.

On the basis of available information, the EU budget is on track to fulfil both the overall 30% target and its sectoral targets for spending contributing to climate. The 'programme performance statements' (Annex 4 of the Annual Management and Performance Report) include a dedicated section presenting the estimated climate contribution for each programme and the actions undertaken to ensure proper financing of this priority.

Using the percentage of climate spending per programme calculated for budgetary commitments, it is possible to make an estimate for the amount of climate-related spending at the payment level, which stands at 33.9%. On this basis, Member States contributing to the EU budget can calculate their share of green budget contribution for the EU budget. This estimate excludes the Recovery and Resilience Facility, as this is financed by bonds and not by Member State contributions. In line with their sectorial regulations, the Ukrainian Facility and Western Balkan Facility will contribute to climate and biodiversity mainstreaming. The contributions will be reported as from the next reporting cycle when information is available.

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Biodiversity mainstreaming

Achievements

More than 100 species are improving their conservation status as a result of 31 **LIFE** projects funded in 2021.

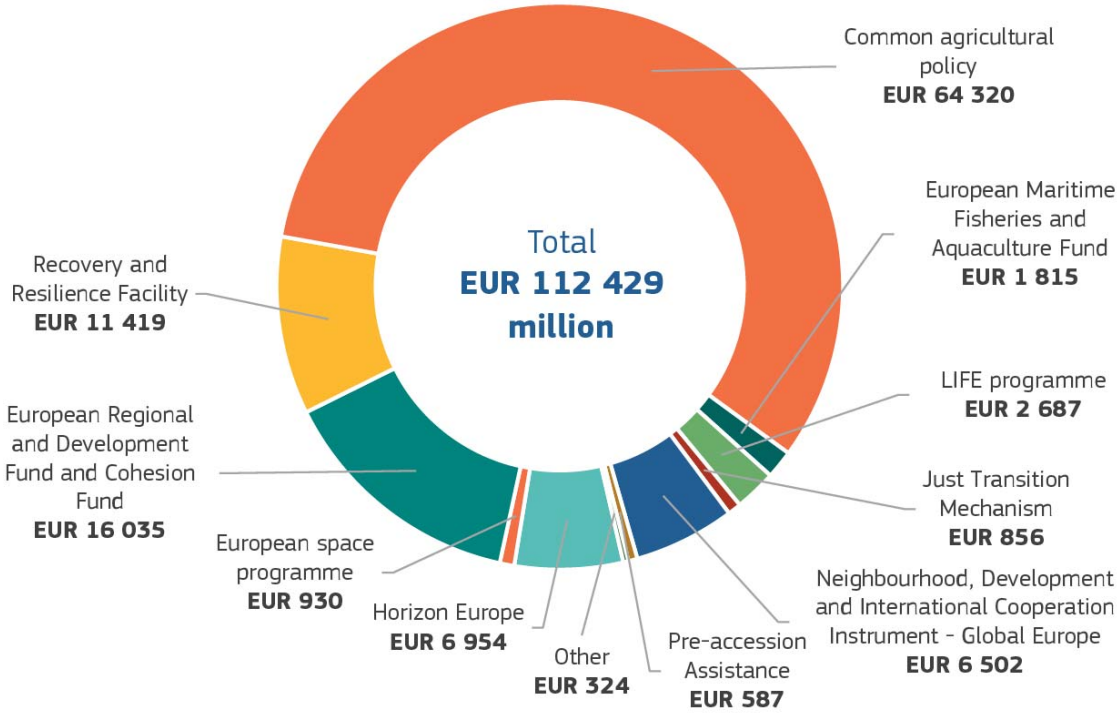
Thanks to the **European Maritime and Fisheries Fund**, 10 427 operations were supported relating to better management of Natura 2000 and other marine protected areas between 2014 and 2022.

The **common agricultural policy** supported 20.3 million beehives in 2022.

17 695 km^2 of marine, terrestrial and freshwater ecosystems protected and/or sustainably managed with EU support under the **Neighbourhood, Development and International Cooperation Instrument.**

How much do we spend?

Biodiversity contribution in the 2021-2027 period (million EUR)

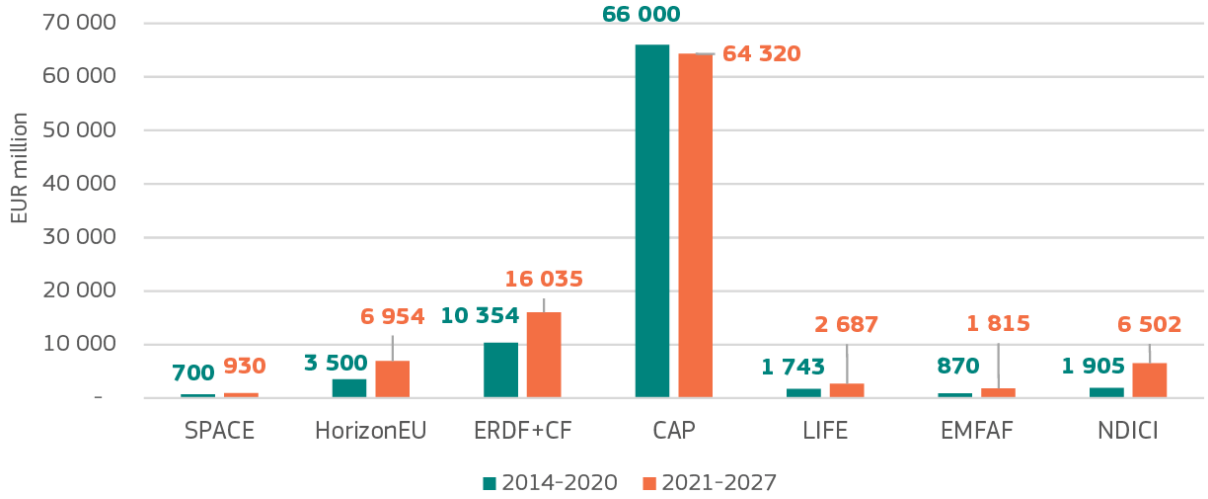


Source: European Commission.

For the 2021-2027 period, the EU budget – including NextGenerationEU – is dedicating EUR 112 billion, or 6% of the multiannual financial framework, to the fight against biodiversity loss. While the projection for 2024 is close to the 7.5% target, the 2026 and 2027 10% targets will be more difficult to achieve. The Commission is working to further increase the financing in this area with the help of all stakeholders, as already done for direct management programmes such as Horizon Europe and the Neighbourhood, Development and International Cooperation Instrument. In external action, for instance, the Commission estimates confirm that the EU budget is on track to double its financing towards non-EU countries, compared to the 2014-2020 multiannual financial framework.

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Biodiversity contribution comparison of the 2014-2020 and 2021-2027 periods (million EUR) ([23])



SPACE – Space programme, **HorizonEU** – Horizon Europe, **ERDF+CF** – European Regional Development Fund and Cohesion Fund, **CAP** – common agricultural policy, **LIFE** programme, **EMFAF** – European Maritime Fisheries and Aquaculture Fund, **NDICI** – Neighbourhood, Development and International Cooperation Instrument.
Source: European Commission.

It is worth noting that the common agricultural policy methodology for the 2023-2027 period has a higher level of granularity and ambition compared to the methodology used in 2014-2022, allowing for more precise and conservative estimates compared to the past. As from the draft budget 2024, the contribution of the common agricultural policy to biodiversity is estimated by the Commission through the application of EU coefficients (100%, 40% and 0%) and weighting factors (100%, 70% and 50%) that aim to reflect the differentiated contribution of each type of interventions towards the biodiversity objective. Furthermore, given the design of the common agricultural policy and the cohesion policy funds – and the financial programming of the two programmes - it is not possible to guide resources towards specific years.

In line with their sectorial regulations, the Ukrainian Facility and Western Balkan Facility will contribute to climate and biodiversity mainstreaming. The contributions will be reported as from the next reporting cycle when information is available.

Clean air

Achievements

The **LIFE** 'GREEN-STOVE' project produces an innovative pellet stove that can significantly reduce pollutant emissions and optimise the use of biomass as an alternative to fossil fuels for residential heating, ensuring 92% efficiency and much cleaner combustion.

Thanks to the **EU aid programme for the Turkish Cypriot community**, the replacement of 45 km of the sewage network in Famagusta has helped correct all the defects in the system, which led to the city being plagued with foul smells for years. Ten air quality monitoring network stations were provided, which form an integrated network measuring air quality across the Turkish Cypriot community.

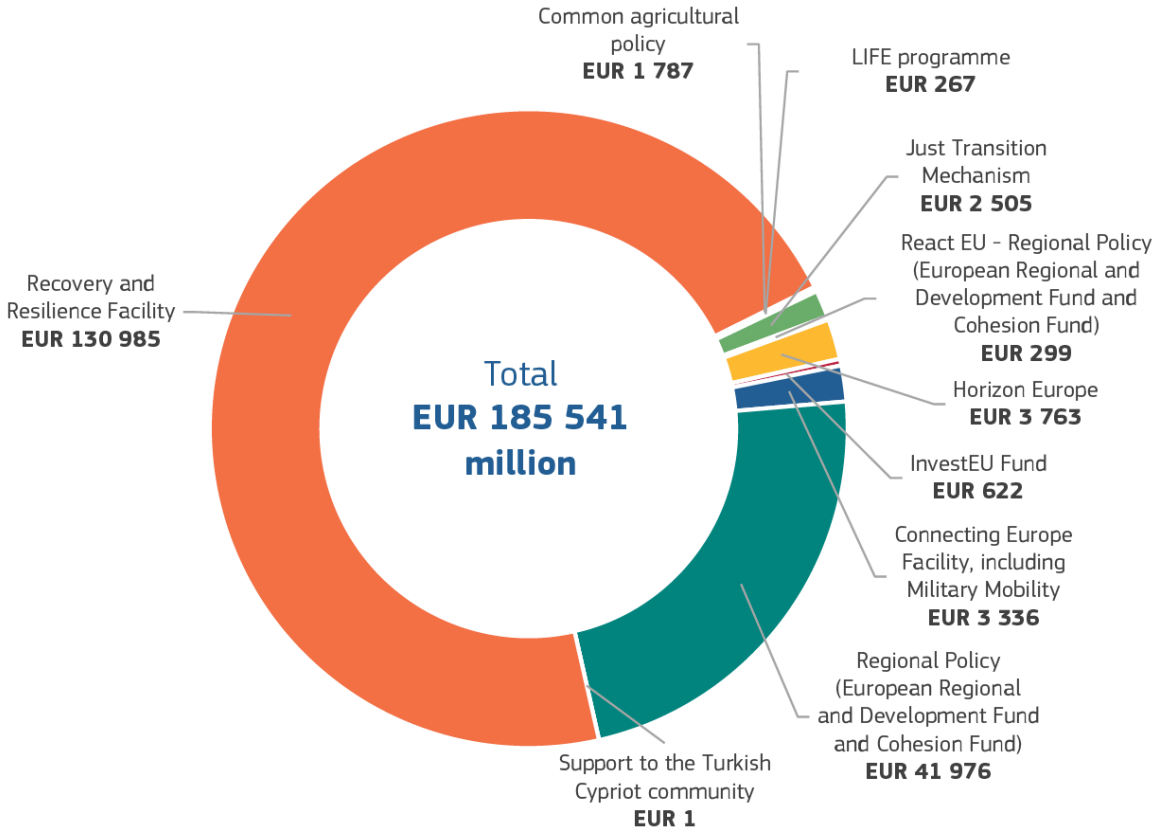
([23]) Comparison of 2021-2027 funds with the existing previous funds in 2014-2020 (e.g. Copernicus 2014-2020, SPACE 2021-2027).

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The 2Zero Emission Partnership, financed under **Horizon Europe**, aims to accelerate the development of zero tailpipe-emission road transport in Europe, contributing to improved air quality and mobility safety for both people and goods. By fostering innovation, production and services in the field of road transport, the partnership ensures future European leadership in this critical area. Building upon the successes of previous initiatives like the European Green Cars Initiative and the European Green Vehicles Initiative, the 2Zero partnership brings together stakeholders to implement an integrated system approach covering battery electric vehicles and fuel cell electric vehicles. Through collaboration with various European technology platforms, the partnership extends its scope to cover the integration of zero tailpipe-emission vehicles into the ecosystem, thereby boosting EU competitiveness and technological leadership.

How much do we spend?

Clean air contribution for the 2021-2027 period (million EUR)



Source: European Commission.

For the 2021-2027 period, the EU budget – including NextGenerationEU – is dedicating EUR 186 billion, or 9.7% of the multiannual financial framework, to clean air priorities.

The European Union has been working for decades to achieve clean air, striving for levels that minimise health risks and environmental damage. Thanks to stricter regulations on emissions and integrating clean air priorities into various policies, air quality has demonstrably improved across the EU. This success is a result of collaborative efforts at all levels – EU, national, regional, and local. EU funding has also been instrumental, directly supporting clean air projects and weaving clean air goals into other investments like infrastructure development.

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To ensure continued progress, the EU monitors how its funding contributes to Member States' clean air objectives. This monitoring serves a dual purpose: it helps assess the effectiveness of current funding programmes in supporting clean air policies and informs future funding allocations. The expenditure calculations now take into account the new legislative basis for the common agricultural policy and the introduction of RePowerEU.

Gender equality mainstreaming

The Commission established gender equality as a cross-cutting objective for all policy areas. The Commission's long-standing commitment to gender equality gained new momentum with the adoption of the 2020-2025 gender equality strategy, which delivers on the Commission's commitment to achieving a European Union of equality. It sets out policy objectives and initiatives to achieve significant progress towards a gender-equal Europe by 2025.

Since the beginning of the COVID-19 pandemic the Commission has moved decisively to develop a comprehensive set of initiatives, comprising both first-response measures and more structural measures, in the context of NextGenerationEU and the reinforced multiannual financial framework. The resulting policy response focuses on fair and inclusive recovery. It ensures that equality is at the heart of recovery, and is designed to mitigate the disproportionate impact that the crisis has had on many vulnerable groups in society, irrespective of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

Achievements

InvestEU backed total investments of EUR 2.4 billion supporting gender equality in 2023. The programme aims to provide tailored advisory support and capacity building to improve access to finance for female-founded and female-led companies.

Horizon Europe requires for applying entities to have a Gender Equality Plan in place to be eligible for funding. The EU Award for Gender Equality champions, awarded for the first time in March 2023, seeks to foster a community of champions who can inspire and encourage other academic and research organisations towards becoming gender equality champions.

The '100 Percent' project, backed by the **European Social Fund**, offers free consultancy to Austrian companies to help them close the salary gap. The project supports companies to design transparent remuneration systems and to recognise and improve opportunities for women at work.

Recovery and resilience investments are complemented by structural reforms that can be supported by the Technical Support Instrument, and which have a considerable impact on gender equality. These include the reforms to close the gender pay gap in Estonia, to combat gender inequalities in Portugal, to better regulate the profession of nursing assistants in Sweden, to improve the prenatal and neonatal health screening in Bulgaria, and the Spanish Public Health Strategy, which incorporates a gender and equity perspective in all public health actions.

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In Yemen, the Commission mobilised over EUR 5 million in **partnership with Save the Children** to monitor and report grave violations and other serious child rights violations and to deliver life-saving child protection. This action was implemented with a specific focus on gender: following specific consultations with girls; targeting specific problems for girls (child marriage, early pregnancies, school dropout and lack of safety); and with the aim of ensuring women's and girl's empowerment, equal access services and community participation.

Under the **Neighbourhood, Development and International Cooperation Instrument programme**, in the Eastern Partnership, the EUR 9.7 million EU4Gender equality programme 2020-2023 continues to aim to strengthen equal rights and opportunities for women and men in the Eastern Neighbourhood by challenging gender stereotypes, work on violence prevention and championing men's participation in care work. The programme also includes a reform helpdesk that supports governments' reform work towards equal opportunities for women and men.

How much do we spend?

In line with the 2020-2025 gender equality strategy, NextGenerationEU and the 2021-2027 multiannual financial framework provide a wide range of EU funding and budgetary guarantee instruments to support initiatives promoting women's labour market participation and work–life balance, investing in care facilities, supporting female entrepreneurship, combating gender segregation in certain professions and addressing the imbalanced representation of girls and boys in some sectors of education and training. Furthermore, dedicated funding is provided for projects benefiting civil-society organisations and public institutions that implement specific initiatives, including preventing and combating gender-based violence.

The Commission developed its methodology to measure expenditure relating to gender equality at the programme level in the 2021-2027 multiannual financial framework. In this endeavour, the Commission has benefited from fruitful exchanges with the European Institute for Gender Equality, and from constructive engagement with the European Court of Auditors in the context of their special report on gender mainstreaming in the EU budget, published in May 2021.

The methodology was used for the first time across all spending programmes for the financial year 2021, in the context of the 2023 draft budget. This was ahead of the commitments under the interinstitutional agreement accompanying the 2021-2027 multiannual financial framework, in terms of both timeline and scope. For the financial years 2022 and 2023, the methodology was used without modifications. This year, the monitoring of gender expenditure has been enhanced with the inclusion in the 'programme performance statements' (Annex 4 of the present report) of the gender disaggregated data available per programme.

The results of the methodology to measure expenditure relating to gender equality reflect the continuous efforts to reinforce the integration of gender mainstreaming into the EU budget. In line with the methodology, a programme may qualify for one or more gender scores based on the objectives pursued by its respective interventions. The total of the EU budget, based on the aggregation of the 2023 interventions qualifying for each score, has been allocated as shown below.

- **Score 2**: interventions the principal objective of which is to improve gender equality corresponded to 2% of the EU budget implemented in 2023 and were included in 13 programmes.
- **Score 1**: interventions having gender equality as an important and deliberate objective (but not as the main reason for the intervention) corresponded to 9% of the EU budget implemented in 2023 and were included in 16 programmes.

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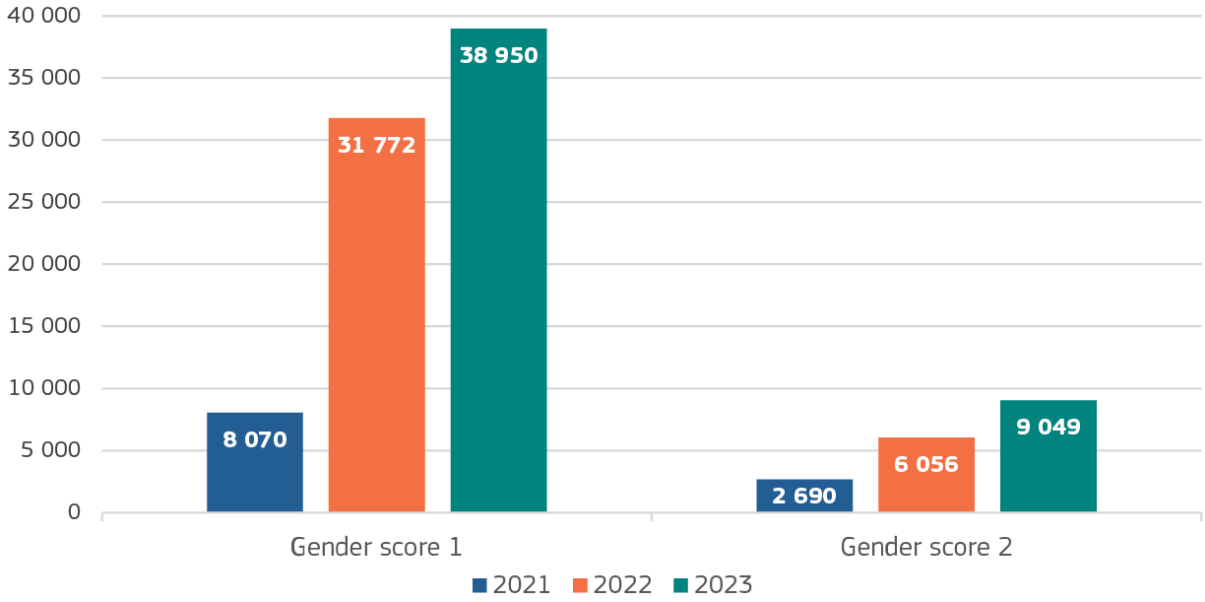
- **Score 0***: interventions having the potential to contribute to gender equality corresponded to 20% of the EU budget implemented in 2023 and were included in 30 programmes.
- **Score 0**: interventions not having a significant bearing on gender equality corresponded to 69% of the EU budget implemented in 2023 and were included in 29 programmes.

In 2023, 11% of the EU budget contributed concretely to the promotion of gender equality (scores 2 and 1), while 20% has the potential to contribute (score 0*) to this objective. On the other hand, 69% of the EU budget can be considered not to have a (significant) bearing on the promotion of gender equality on the basis of the information currently available.

The 2023 results reflect the progress achieved by various programmes in terms of both implementation and reporting capacity, allowing to capture the contribution of the EU budget to gender equality at a more granular level. A key example is the Recovery and Resilience Facility. Following a Commission exercise to flag the Recovery and Resilience Facility measures that include a focus on gender equality, this year the EU budget commitments for this facility from 2021 to 2023 have been assigned scores of 2, 1 and 0, from the previous 0* score.

In 2023, the total EU budget expenditure on projects receiving gender scores 2 and 1 has increased significantly, compared to the amounts reported for 2021 and 2022 in previous years.

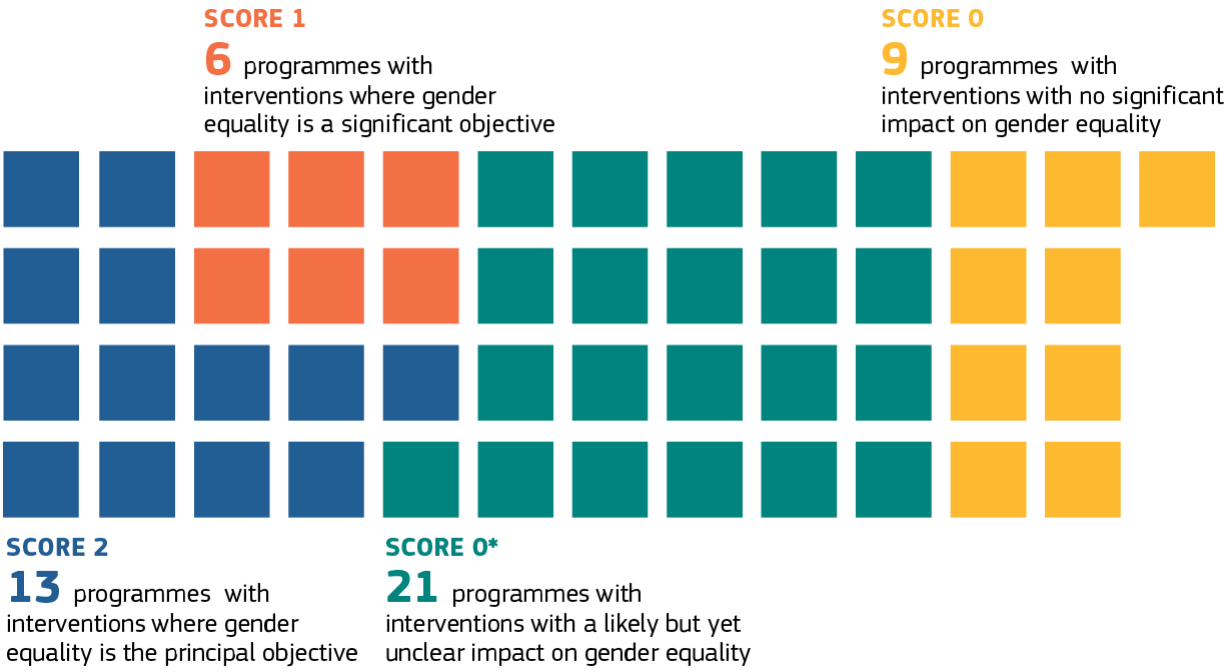
Contribution to gender scores 1 and 2 for 2021, 2022 and 2023 (million EUR) (*)



(*) Based on the amounts reported in the Annual Management Performance Report for the financial years 2021, 2002 and 2023.
Source: European Commission.

When looking at the share of the expenditure in each gender score, it is important to underline the impact in 2023 of the revision of the Recovery and Resilience Facility plans for the RepowerEU chapter. Excluding the measures implemented to tackle the energy crisis with the RepowerEU chapters in the Recovery and Resilience Facility, the share of implemented budget commitments would show an increase of score 2 from 2.1% to 2.5%, and score 1 from 9.1% to 11.9%. In the graph below, programmes are classified on the basis of the highest score they receive, even if only a part of the programme envelope contributes.

Number of programmes with gender equality intervention (classified by their highest score)



Source: European Commission.

Recovery and Resilience Facility

Under the Recovery and Resilience Facility ([24]), the 27 plans adopted contain 136 measures with a focus on gender equality. The investments fully devoted to gender equality include, for instance, the national roll-out of 'early aid' for socially disadvantaged pregnant women in Austria; incentives to foster female entrepreneurship in Italy; the creation of a support line for women in rural and urban areas; and the set-up of a national plan to tackle gender-based violence in Spain. Investments contributing directly or indirectly to gender equality include the improvement of working conditions for professions traditionally performed by women (e.g. the operationalisation of work cards for domestic workers in Romania); investments to boost up/re-skilling of disadvantaged groups, including girls and women (e.g. the 'Solas recovery skills response' programme in Ireland and the funding activities to increase the engagement of women and improving their awareness of information and communication technology career opportunities in Latvia); and investments to improve delivery of care to older people and people with disabilities, a task often taken up by women in the household (e.g. the improvement of home health care in Greece).

These crucial investments are complemented by structural reforms, supported by the Technical Support Instrument, which will have a considerable impact on gender equality. These include the reforms to close the gender pay gap in Estonia, to combat gender inequalities in Portugal, to better regulate the profession of nursing assistants in Sweden and to improve the prenatal and neonatal health screening in Bulgaria. The combination of investments and reforms is one of the main novelties of the Recovery and Resilience Facility. The interplay between gender-related investments and reforms will ensure a higher impact of the Recovery and Resilience Facility spending.

([24]) European Commission (February 2024), 'Mid-term evaluation of the Recovery and Resilience Facility (RRF)', https://commission.europa.eu/about-european-commission/departments-and-executive-agencies/economic-and-financial-affairs/evaluation-reports-economic-and-financial-affairs-policies-and-spending-activities/mid-term-evaluation-recovery-and-resilience-facility-rrf_en.

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Gender-disaggregated data

This year the 'programme performance statements' (Annex 4 of this report), which provide detailed performance information at the programme level, have been enhanced to include the relevant gender-disaggregated information available for each programme. This includes a wide array of gender-disaggregated data aimed at improving the monitoring of the performance of the programme in relation to gender equality. For some programmes, particularly those under shared and indirect management, the availability of gender-disaggregated data is constrained by the programme regulations and the implementation agreements.

Looking ahead to the post-2027 multiannual financial framework, the co-legislators have agreed to include in the financial regulation a requirement to ensure that all data collected in relation to performance indicators of the financial programmes will be gender-disaggregated where appropriate. This is a significant step towards improving gender equality monitoring in our programmes and complements the updated 'better regulation guidelines', which will ensure that future *ex ante* impact assessments of all relevant spending programmes duly consider the effects on gender equality from the start.

Examples of gender-disaggregated data reported in the programme performance statements (Annex 4 to this report)

Under the Recovery and Resilience Facility, out of the 1.7 million participants receiving education and training support by the facility in 2023, 1.1 million were female participants, 0.6 million were male participants and 416 were non-binary participants. In addition, the total number of 623 840 people in employment or job searching activities supported by the facility in 2023 is subdivided into 390 479 female, 233 349 male and 12 non-binary participants across all age groups.

Under Horizon Europe, in 2023, out of 54 411 researchers ([25]) involved in upskilling activities (training, mentoring/coaching, mobility and access to research and innovation infrastructures) in projects funded by the programme ([26]), 44.5% were female researchers, 55.4% were male researchers and 0.1% were non-binary researchers.

Under Erasmus+, in 2022 60% of the provided mobility opportunities were taken up by women. The gender distribution varies depending on the field of education: school education has the highest percentage of women (70%), followed by adult education (69%), higher education (61%), youth (57%) and vocational education (52%) ([27]).

Under the citizens equality right and values programme, the data collected shows that projects selected for funding in the 2023 plan involve and target more women than men (52% v 45%, while around 3% are non-binary.

Under the humanitarian aid programme, the percentage of beneficiaries disaggregated by gender is as follows: 52% female, 45% male, 3% unknown ([28]).

([25]) It covers only category C and category D researchers.
([26]) Excluding the European Institute of Innovation and Technology cascading grants and Joint Research Centre direct activities.
([27]) European Commission (2023), Directorate-General for Education, Youth, Sport and Culture, *Erasmus+ annual report 2022*, Publications Office of the European Union, Luxembourg, https://data.europa.eu/doi/10.2766/211791.
([28]) Data extracted from EVA Actions operational data. The data compiled in this internal database have been directly encoded by partners and officers. However, dates have not been double checked to avoid double counting, and thus do not reflect on the final number of beneficiaries from humanitarian actions financed by the Commission in 2023.

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Digital tracking

The digital transition is one of the top political priorities of the Commission, as identified in several strategic papers and in the Recovery and Resilience Facility, also due to it being a necessary contributor to what is known as 'open strategic autonomy'. The digital transition implies an evolutionary and transformative process whereby the EU seeks to attain global leadership in the digital field in a fair and democratic manner. It is a key driver for the EU's prosperity, economic recovery and resilience and a critical enabler of innovative solutions to address global challenges.

On 9 March 2021, the Commission presented its vision for the EU's digital transformation by 2030, with a digital compass for the EU's digital decade that evolves around four digital dimensions:

- skills,
- secure and sustainable digital infrastructure,
- digital transformation of businesses, and
- digitalisation of public services.

On 14 December 2022, the co-legislators adopted the Digital Decade policy programme, taking up the digital compass and its vision, setting up quantitative EU targets for the four cardinal points to be reached by 2030, and establishing a cooperation mechanism with the Member States to progress towards these targets.



Skills

Information and communication technology specialist: 20 million specialists and gender convergence
Basic digital skills: at least 80% of the population



Digital transformation of businesses

Technology uptake: 75% of EU companies using cloud / artificial intelligence / big data
Innovators: grow scale-ups & finance to double EU unicorns
Late adopters: more than 90% of small and medium-sized enterprises reach at least a basic level of digital intensity



Secure and sustainable digital infrastructures

Connectivity: gigabit speed for everyone, 5G everywhere
Cutting edge semiconductors: double the EU share in global production
Data – edge & cloud: 10 000 climate-neutral highly secure edge nodes
Computing: first computer with quantum acceleration



Digitalisation of public services

Key public services: 100% online
e-health: 100% of citizens having access to medical records
Digital identity: 80% of citizens using digital identification

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Achievements

5 605 735 dwellings gained access to very high-capacity internet networks, including 5G networks and gigabit speed, through measures under the **Recovery and Resilience Facility** by mid-2023.

Three supercomputers procured by the European High Performance Computing Joint Undertaking and made fully operational in 2023 ranked among the world's top 10 in November 2023.

Under the Connecting Europe Facility, 3 000 terabits per second of additional capacity were created in 2023 by deployed backbone networks, including submarine cables.

Under the space programme, 3.5 billion Galileo-enabled devices were in use in 2023. The positioning accuracy performance of Galileo is three times better when compared to other global navigation satellite systems, with excellent availability.

How much do we spend?

The 2024 stocktaking exercise of the EU spending programmes was conducted for the implementation of the 2021-2027 EU budget during the years 2021-2023. The findings of the stocktaking exercise, as presented below, show that the EU budget, including NextGenerationEU, is channelling significant contributions to all of the digital transition's key dimensions.

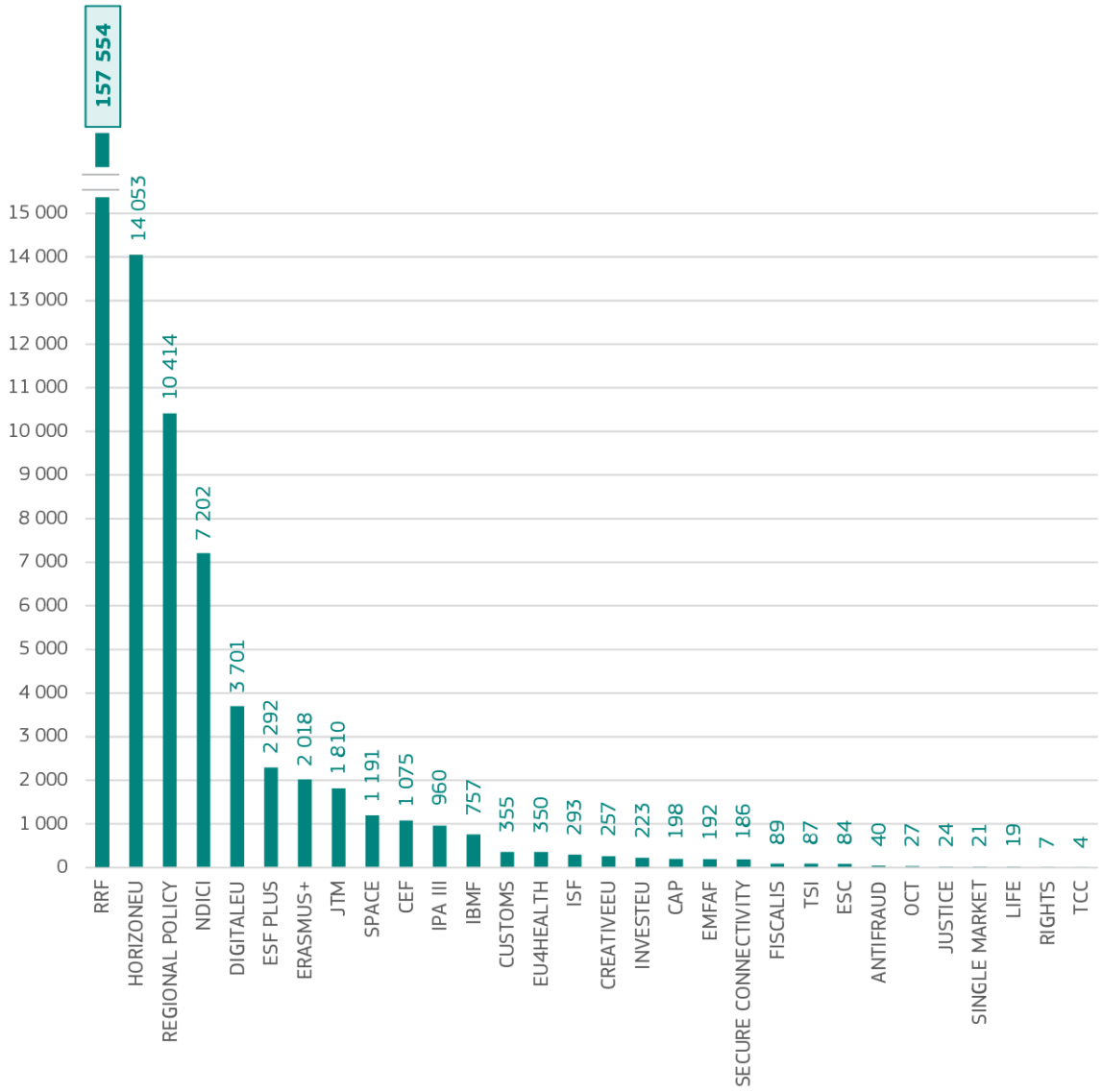
This stocktaking exercise is a crucial stepping stone towards a dedicated tracking methodology for digital expenditure. The Commission's ambition is to build on the findings of the stocktaking exercise concerning the concrete contribution of the EU budget towards the digital transition to develop a fully-fledged, robust methodology to be applied consistently across all programmes and providing a solid aggregate contribution of the EU budget towards the digital transition. The exercise is being continued this year and has given some results showing which areas the funding is dedicated to. Since not all programmes are in the position to apply the proposed methodology, the results do not yet show the complete picture.

Based on the results of the stocktaking exercise, **EUR 205.5 billion of the EU budget (including NextGenerationEU) was dedicated to the digital transition from 2021 to 2023, which represents almost 17.5% of the total EU budget** ([29]). An important part of this was contribution of the Recovery and Resilience Facility, which in the same period contributed 24% of its entire budget towards the digital transition.

([29]) Given that a fully-fledged tracking methodology for the digital contributions of the EU budget has not yet been established, any aggregation of the contributions of individual programmes at this stage should be interpreted with caution. This is because the methodologies employed by individual spending programmes may not be strictly comparable. Despite this, such aggregation can still provide a general estimate idea of the total digital contribution from the EU budget.

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Estimated contributions to the digital transition of the EU budget programmes, in 2021-2023 (cumulatively) (*)



(*) Including NextGenerationEU, in EUR billion.
For readability purposes, the scale is broken, as the Recovery and Resilience Facility provides more than 10 times more support to the digital transition than the next most contributing programme.

The abbreviations used stand for: **RRF –** Recovery and resilience facility; **HORIZONEU** – Horizon Europe; **NDICI –** Neighbourhood, Development and International Cooperation Instrument – Global Europe; **DIGITALEU** – digital Europe programme; **ESF PLUS** – European Social Fund+; **JTM** – Just Transition Mechanism; **SPACE** – EU Space Programme; **CEF** – Connecting Europe Facility; **IPA III** – Instrument for Pre-accession Assistance III; **IBMF** – Integrated Border Management Fund; **ISF** – Internal Security Fund; **CREATIVEEU** – Creative Europe Programme; **CAP** – common agricultural policy; **EMFAF** – European Maritime, Fisheries and Aquaculture Fund; **SECURE CONNECTIVITY** - EU Secure Connectivity Programme; **TSI** – Technical Support Instrument; **ESC** – European Solidarity Corps; **OCT** – Decision on the Overseas Association, including Greenland; **RIGHTS** – Citizens, Equality, Rights and Values Programme; **TCC** – Turkish Cypriot community.

Source: European Commission, based on the 2024 stock-taking.

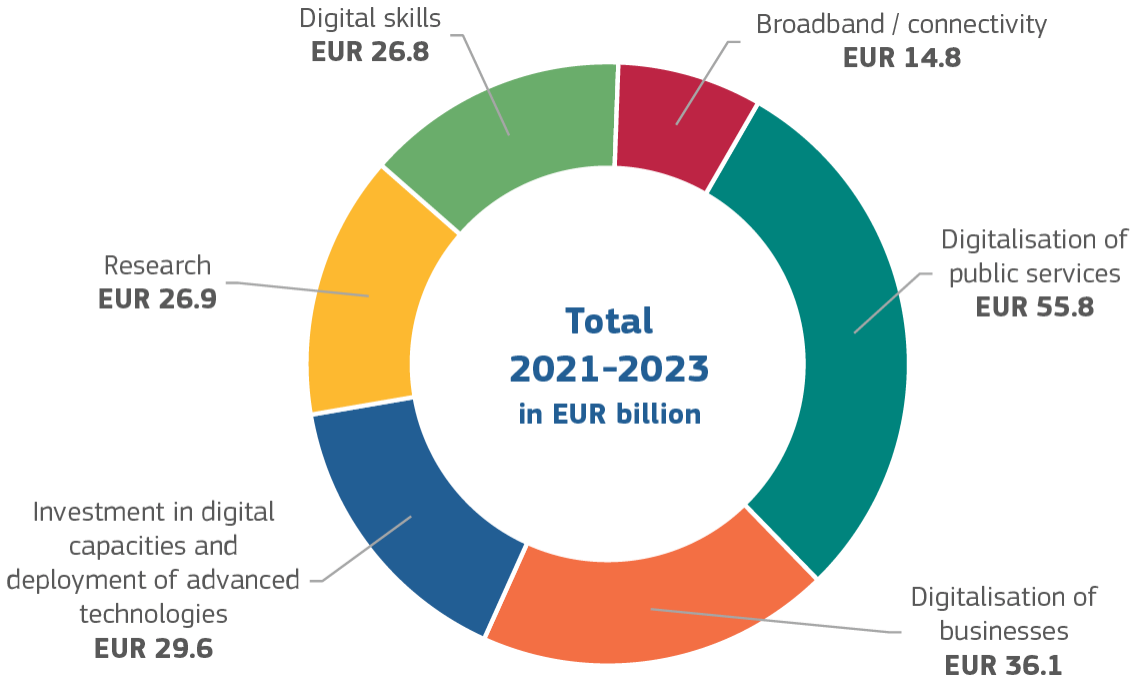
Almost all programmes that are part of the EU budget contribute to the digital transition. Constraints on data availability only allowed digital-relevant expenditure for the 2021-2023 period to be tracked for 30 spending programmes (out of 48 with EU budget implemented in 2023). Among them are programmes that are likely to have substantial contributions, particularly the European Defence Fund and the union secure connectivity programme. Furthermore, the digital contribution of some programmes is likely to be largely underestimated at this stage: this is the case of the common agricultural policy and InvestEU.

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In terms of thematic concentration, the EU budget is primarily supporting government and public bodies in digitalising key sectors, in particular health systems and transport. Significant efforts are also being made to support the digitalisation of businesses, to help the acquisition of digital skills (advanced and basic) and to support research and innovation, along with key advanced digital infrastructure and technologies (such as quantum computing, artificial intelligence and cloud/edge computing). More information is provided in the next section.

For shared management programmes and the Recovery and Resilience Facility, the digital contribution can be calculated for the entire implementation period of the programme, i.e. not at the individual year level. The amount presented for each year is obtained by comparing the total digital contribution over the entire implementation period to the share of the programme envelope committed for that year.

Estimated contributions to the digital transition by key digital dimensions (2021-2023) (*)



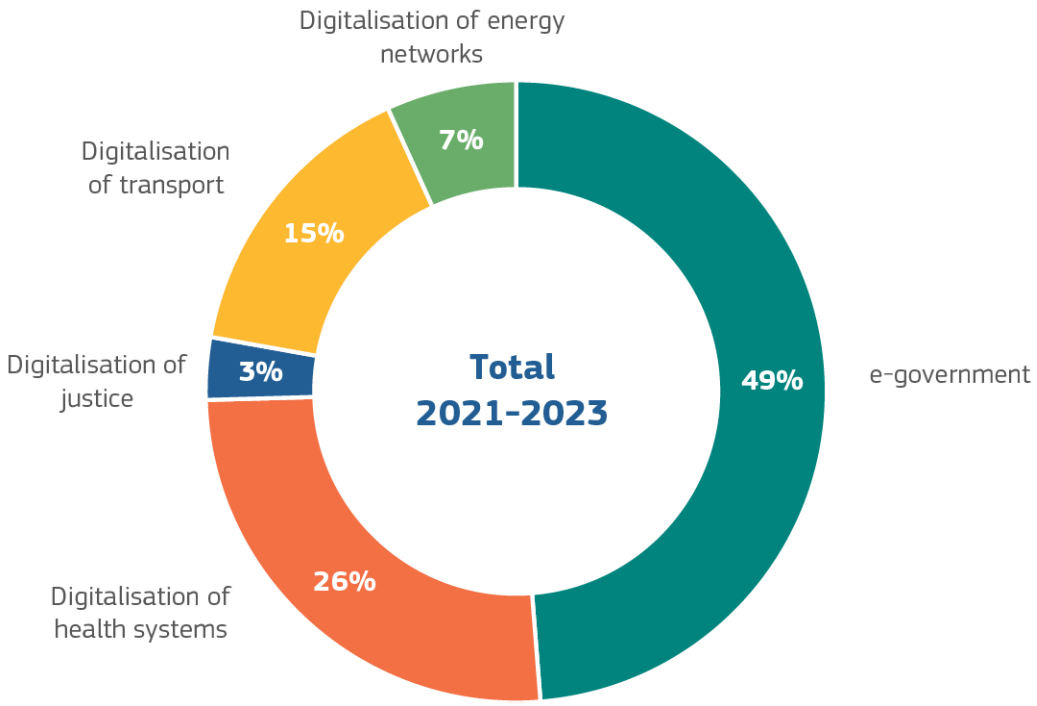
(*) Including NextGenerationEU, in EUR billion.
External actions programmes and the common agricultural policy could not be taken into account due to methodological limitations.
Source: European Commission, based on the 2024 stock-taking exercise.

Digitalisation of businesses and public services

The result of the 2024 stock-taking exercise shows that the EU budget (including NextGenerationEU) is making a significant contribution to the digitalisation of the private and public sectors. Our estimates for the years 2021 to 2023 are EUR 55.8 billion for the support of the EU budget to e-government (including the digitalisation of health and justice systems, or of the transport and energy network) and EUR 36.1 billion for the support to the digitalisation of businesses. The Recovery and Resilience Facility as well as the European Regional Development Fund and the Cohesion Fund are important contributors to these investments. In the years 2021 to 2023, 9% of the EU amounts from the European Regional Development Fund and the Cohesion Fund have been used to finance interventions that advance the digital transition, in particular supporting small and medium-sized companies and public services.

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Estimated contributions of the EU budget to the digitalisation of public services (2021-2023) (*)



(*) Including NextGenerationEU.

These amounts are the result of the first stock-taking exercise conducted for the years 2021 to 2023 and exclude the external action programmes and the common agricultural policy due to methodological limitations.

Source: European Commission, based on the 2024 stock-taking exercise.

Supporting the development and deployment of digital technologies and research

From 2021 to 2023, the estimates indicate that the EU contributed EUR 29.6 billion to investment in digital capacities and deployment of advanced technologies, and EUR 26.9 billion to research, including EUR 14 billion from Horizon Europe. The main contributing programmes are the Recovery and Resilience Facility, Horizon Europe, the space programme, the European Regional Development Fund, the Cohesion Fund, the Just Transition Mechanism and the digital Europe programme.

Investing in digital skills

In the years 2021 to 2023, the EU budget including NextGenerationEU is also making a significant contribution to both basic and advanced digital skills, estimated at EUR 26.8 billion. The main programmes contributing are the Recovery and Resilience Facility (EUR 23.7 billion) and the European Social Fund+ (EUR 2.3 billion). Another important contributor was Erasmus+.

Enhancing digital connectivity

The EU budget including NextGenerationEU is contributing to enhancing digital connectivity, which will give all citizens and businesses new opportunities to benefit fully from the digital single market and accelerate economic growth. Amounts dedicated to connectivity, including investments in very high-capacity broadband network and 5G network coverage, are estimated to have reached EUR 14.8 billion for 2021-2023. The main programmes contributing are the Recovery and Resilience Facility (with EUR 13.6 billion), the cohesion policy funds (EUR 764.2 million) and the Connecting Europe Facility.

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The common agricultural policy is playing a key role to improve broadband access in rural areas, by supporting broadband infrastructure and improved access to e government. Based on the latest rural development programmes, over the course of the current programming period, the common agricultural policy will have helped nearly 13 million people living in rural areas to benefit from improved access to information, communication and technological services and infrastructure.

The European Social Fund+ focuses on investment in digital skills. For example, the 'Renewable energy new electric skills' project addresses the need for new skills by creating training courses for electrotechnical roles. The new skills are acquired through augmented reality, which makes training more engaging and ensures that it remains relevant in a rapidly advancing digital landscape. Another example is 'Línia Dona', which helps disadvantaged women find work in Catalonia. The training complements job placement and includes, among others, digital skills.

Under the Connecting Europe Facility, 3 000 terabits per second of additional capacity were created by deployed backbone networks, including submarine cables. A total of EUR 450 million was awarded to 24 projects to support the digitalisation of the trans-European transport network railway network, through support to the European Railway Traffic Management System technology. The programme also supports smart electricity grids projects and contributes to the inclusiveness of outermost regions and overseas countries and territories by connecting them with up-to-date submarine backbones and ensuring that they can also benefit from advanced wireless and mobile connectivity.

Under the space programme, 3.5 billion Galileo-enabled devices were in use in 2023. The positioning accuracy performance of Galileo is three times better when compared to other global navigation satellite systems, with excellent availability. During the year, 260 000 registered users of the Copernicus climate change service had access to about 108 terabytes of quality-controlled climate data per day. Copernicus provides a wide range of Earth observation data and related model products. These models allow for forecasts and predictions to be made in certain thematic areas and are valuable content for a vast range of commercial applications, both in the professional and consumer domains.

The twin transition: exploiting synergies

The twin green and digital transitions are deeply interconnected, offering the potential to create significant synergies. The EU budget is instrumental in this process, acting as a key enabler in unlocking these synergies. It provides the necessary financial support for initiatives that align with the objectives of both transitions, thereby ensuring that the potential benefits can be fully realised. The table below illustrates some of the synergies that are being achieved with the support of the EU budget.

EU space data is improving the production of renewable energies while providing valuable insights about the energy potential of natural resources like the sun and wind.

The EU Galileo satellite system supports the implementation of smart grids to improve overall energy efficiency through its precise timing synchronisation services that are essential for adjusting demand to distribution across a wide geographical area. In addition, Galileo authentication services trigger the concept of authenticated timing, eliminating the danger of using inaccurate signals in such a critical infrastructure.

Copernicus, the EU's Earth observation system, **supports the implementation and operation of renewable energy infrastructure** by ensuring efficient placement and predicting energy generation through weather forecasting and monitoring. The Copernicus Climate Change Service provides climate indicators of electricity consumption, alongside estimates of the combined production from all renewable sources at the national and sub-national levels in Europe. These two sets of indicators help planners and policymakers identify the pros and cons of different energy mix options and optimise investment decisions accordingly.

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The EU budget and the sustainable development goals

What do we do?

The United Nations' 2030 Agenda for Sustainable Development, with its 17 sustainable development goals and 169 targets, has given new impetus to global efforts to achieve sustainable development. The EU has played an important role in shaping the agenda, through public consultations, dialogue with partners and in-depth research. The EU is committed to playing an active role to maximise progress towards the sustainable development goals, as outlined, for example, in the communication 'Next steps for a sustainable European future', in the Commission staff working document 'Delivering on the UN's sustainable development goals – A comprehensive approach', and recently in the first-ever EU voluntary review on progress in the implementation of the 2030 Agenda for Sustainable Development, adopted on 15 May 2023.

This lasting commitment to the UN sustainable development goals constitutes an overriding political priority for the von der Leyen Commission. Progressing towards the sustainable development goals is an intrinsic part of the President's political programme, and an array of deeply transformative policies had already been presented in 2020, such as the European Green Deal, the Climate Law, a new industrial strategy for Europe, and continue to this day with the Green Deal industrial plan presented in 2023, the 2024 annual sustainable growth survey and the new European skills agenda, among others.

This commitment gained even greater relevance in light of the global COVID-19 pandemic and global turmoil, which provided an impetus and strengthened the need to build back better towards a more inclusive, sustainable, just and resilient future for all, leaving no one behind. Notably, the 2024 annual sustainable growth survey reaffirmed the four priorities under the European semester, namely promoting environmental sustainability, productivity, fairness and macroeconomic stability, with a view to fostering competitive sustainability. This approach is in line with the UN's sustainable development goals, which are an integral part of the European semester and underpin Member State recovery and resilience plans under the Recovery and Resilience Facility. Therefore, the European semester will continue to be a main vehicle for monitoring and promoting progress towards the sustainable development goals, also in a context of increased attention on sustainable and inclusive well-being beyond gross domestic product.

These priorities ensure that the new growth agenda efficiently mobilises resources for the benefit of people and the planet. To this end, a holistic and balanced approach is required, in which the EU works better together with the Member States and across policy fields. Given the division of competences between the Member States and the EU, close coordination is crucial to achieving the sustainable development goals.

Looking at the current multiannual financial framework, in its 2021 communication on better regulation, the Commission adopted further policymaking improvements to ensure that our policies support the recovery and resilience of the EU and its twin green and digital transitions in the best possible way. In this context, the Commission decided to mainstream the sustainable development goals with a view to helping ensure that every legislative proposal contributes to the 2030 sustainable development agenda.

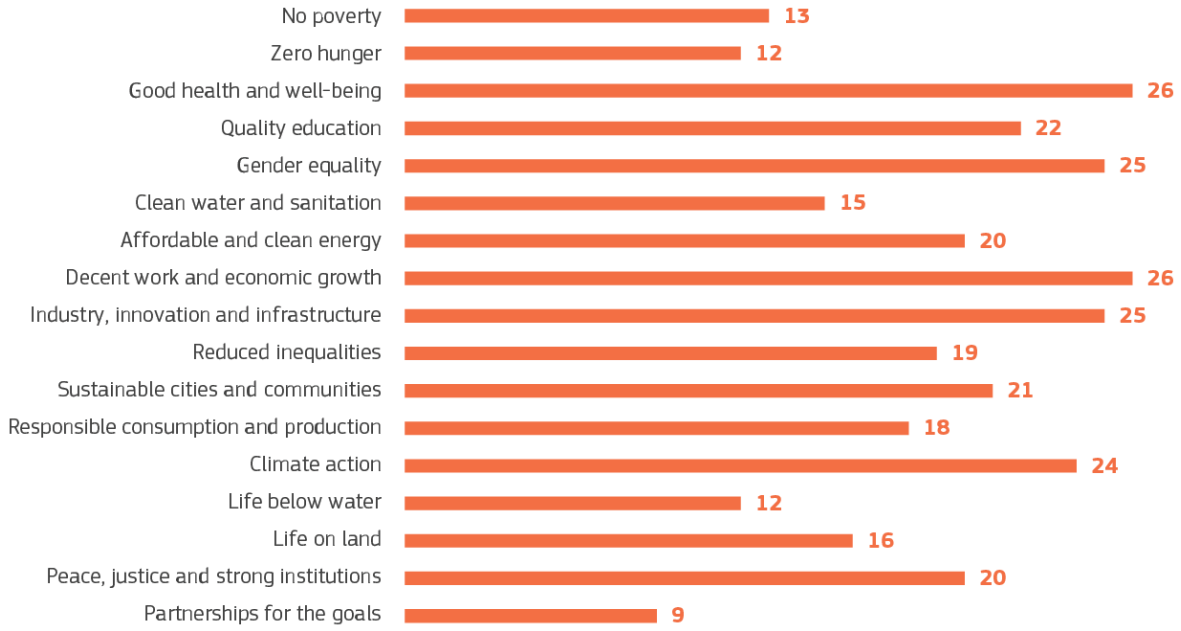
To this end, the Commission now systematically identifies the relevant sustainable development goals for each proposal and examines how the initiative supports their achievement. What is more, links to the sustainable development goals will be included throughout evaluations and impact assessments.

At the EU level, sustainable development challenges are addressed through policies and regulatory instruments. As far as the former are concerned, the EU budget, through its spending programmes, provides a significant contribution to sustainable development by complementing national budgets, in line with the principle of subsidiarity. In doing so, the design and implementation of the EU spending programmes aim to deliver on the objectives in each policy field, while promoting sustainability through the initiatives and

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interventions of the relevant programmes in a connected and consistent way. In particular, 46 out of 50 of the EU spending programmes contributed towards at least one sustainable development goal in 2023.

Number of programmes contributing to individual sustainable development goals



Source: European Commission.

In light of the cross-cutting nature of the sustainable development goals, and in order to ensure a holistic approach in addressing sustainable development, over 99% of the budget of EU spending programmes contribute to sustainable development goals. What is more, the vast majority of the programme (39 programmes) are designed to address multiple sustainable development goals through their policy actions. The Commission presents the sustainable development goals to which each EU programme contributes, along with examples of their contribution. This is with a view to further enhancing the reporting on the performance of its programmes and providing a deeper understanding of EU policy coherence. The infographic illustrates, in a non-exhaustive manner, the many examples of the contribution of EU programmes to the sustainable development goals.

The 2023 EU voluntary review on sustainable development goals reaffirmed that the EU budget is an effective instrument to deliver major progress on the 2030 agenda and, looking ahead, states that the EU will take further the commitment to inform on the implementation of the sustainable development goals in all relevant EU programmes.

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Thanks to the adoption of its Territorial Just Transition Plan, Romania received EUR 2.14 billion from the **Just Transition Fund** to combat and tackle energy poverty and support a just climate transition to a more attractive and greener economy.



EU humanitarian funding for nutrition, which aims at providing life-saving interventions to the most vulnerable populations, has targeted severely malnourished children in Sudan, as well as children under 5 years of age and pregnant and lactating women in many countries including Syria. Moreover, the EU supports World Food Programme initiatives such as a voucher programme for fresh food with high nutritional values in Syria or emergency food distribution and cash in South Sudan.



The **EU4Health** programme delivers actions to implement the 'Healthier together', 'Europe' beating cancer plan' the 'Mental Health' initiatives and addresses selected health risk factors and health determinants. For 2022 and 2023, EUR 69.7 million has been allocated through the EU4Health programme for actions that promote good mental health.



Under the **Neighbourhood, Development and International Cooperation Instrument – Global Europe programme**, EU investments via the Global Partnership for Education from 2021 to 2023 enabled 2.6 million children to access primary education and 1.2 million to access secondary education. The partnership is the largest global education fund for lower-income nations and fosters a unique multi-stakeholder approach. It assists partner countries in addressing education challenges, implementing reforms and aligning stakeholders to drive results. With around 68 partner countries, the partnership prioritises support for the most vulnerable populations, ensuring universal access to education.



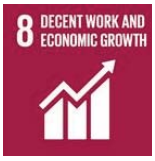
The **citizens, equality, rights and values programme** prioritises equality across all its initiatives. In its 'Daphne' strand, the programme combats gender-based violence and encourages male engagement in advocating for gender equality. In 2023, the strand supported a call aiming to prevent and combat gender-based violence and violence against children with EUR 24.9 million.



Under the **common agricultural policy**, EU Member States have outlined measures in the policy's strategic plans to reduce nutrient losses and pesticide use by 50% by 2030, thereby protecting water resources.



The **Connecting Europe Facility** supports energy infrastructure projects of common interest that have significant socio-economic benefits. An example is the 330-kilovolt interconnector between Tartu, Estonia and Valmiera, Latvia, as an important part of the efforts to synchronise electricity grids of the Baltic countries with the rest of the EU's electricity system. The line was part of Phase 1 of the 'Baltic synchronisation' project, which received a total facility grant of EUR 323 million.



Under the **Instrument for Pre-accession Assistance**, 'SMEs Go Green Digital in the Western Balkans' (EUR 22.5 million) contributes to increasing access to finance to enable higher utilisation of digitalisation, automation and competitiveness technologies, supporting the greening of small and medium-sized enterprises, and increasing innovation, competitiveness, growth and trade potential of the private sector via targeted investments and increased awareness within the enterprises, thus facilitating regional and EU integration.

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Through **Horizon Europe**, 'EIT Manufacturing' empowers companies to foster climate-friendly practices and community impact via its 'Knowledge and innovation community' model. It also fast-tracks the integration of sustainable manufacturing innovations, in line with the aim of fostering inclusive and sustainable industrialisation. Furthermore, EIT Manufacturing prioritises cultivating future workforce skills and promoting inclusivity and sustainability in the manufacturing sector, thus contributing significantly to reshaping Europe's industrial landscape.



The **European Social Fund+** supports the 'YES Forum', a European network dedicated to empowering young people facing challenges. The forum fosters social inclusion and enhances professional skills to improve the prospects of vulnerable young people, addressing poverty and inequalities. Its activities include providing opportunities in rural areas, promoting education professionals, and reducing 'not in education, employment or training' rates through vocational education and training enhancements.



The **LIFE programme** supports the 'LIFE SNEAK' project, which aims at the reduction of noise from roads in the densely populated urban area of Florence, Italy, where traffic noise and vibrations combine to cause severe disturbance to the population. This will be achieved by means of low-noise/vibration surfaces and retrofitting solutions.



By the end of 2023, the **Recovery and Resilience Facility** supported the introduction of climate action contracts to support the introduction of new, cleaner production technologies for energy-intensive industries in Germany.



The **Innovation Fund** is designed to answer this goal and take urgent action to combat climate change and its impacts. The 'Ecoplanta' project aims at reducing carbon dioxide emissions from municipal non-recyclable waste to produce methanol, while the 'ReLieVe project intends to build up a lithium-ion battery recycling facility for the production and refining of black mass.



Regional fisheries management organisations promote the conservation and sustainable use of the oceans, seas, and marine resources by improving management measures adopted following scientific advice and by promoting healthy tuna stocks in the Atlantic and Indian Oceans, and through the governance framework established by sustainable fisheries partnership agreements with a number of non-EU countries.



The **European Regional Development Fund** is helping to save properties and lives threatened by an increasing number of forest fires during the Mediterranean region's hot and dry summer months. The fund-financed 'OFIDIA2' project supports a network of high-definition cameras, sensors and weather stations connected to control rooms covering 100 hectares of forest in Apulia, Italy. In Greece, cameras, drones and two off-road vehicles watch over more than 15 000 km^2 of forest in Epirus.



The new EU mission in Armenia enhances confidence-building between Armenia and Azerbaijan by conducting routine patrols and reporting on ground situations and conflict incidents. It fosters a safe and stable environment in conflict-affected areas of Armenia, promoting human security and fostering the normalization of relations between the two nations. The Commission allocated EUR 16.6 million for the mission in 2023 under the **common foreign and security policy.**



The **International Thermonuclear Experimental Reactor** is a research facility on fusion as a future source of sustainable energy, with the participation of seven international partners (Euratom, China, India, Japan, Russia, South Korea and the United States) representing more than half of the world's population. Euratom provides 45.45% of all components and cash contributions to the facility through the European Joint Undertaking for ITER and the Development of Fusion Energy.

Annex 2 – Internal control and financial management

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1. Strong tools to manage the EU budget in a complex environment

The European Commission must fulfil its crucial role in shaping and implementing the European Union's policies while making the best possible use of taxpayers' money. It is, therefore, essential to ensure that EU spending is effective, efficient and economical while also compliant with the applicable rules. The Commission strives to achieve the highest standards of financial management while striking the right balance between a low level of error, prompt payments and reasonable costs of controls.

1.1. The EU budget: a wide variety of areas, recipients and spending in a complex environment

In 2023, the expenditure managed by the Commission amounted to EUR 170.7 billion ([30]) (see figure that follows). This encompasses the share of the EU budget managed by the Commission, along with the European Development Fund ([31]) and the EU trust funds. This expenditure was done through more than 260 000 payments, ranging from a few hundred euro (for Erasmus+ mobility grants) to hundreds of millions of euro (for large projects such as the International Thermonuclear Experimental Reactor or Galileo and Copernicus, along with budgetary support for partner countries). This shows how the recipients of EU funds are very diverse and numerous. Those expenditure concern both programming periods 2014-2020 and 2021-2027. In 2023, the number of payments related to the latter started to increase and is expected to reach significant levels in the years to come.

Relevant expenditure of the EU budget implemented by the Commission in 2023, by policy area (as percentages and billion EUR)

Single market, innovation and digital	Cohesion, resilience and values	Natural resources and environment	Migration and border management	Security and defence	Neighbourhood and the world	European public administration EUR 8.9 billion (5%)
EUR 19.1 billion (11%)	EUR 67.3 billion (39%)	EUR 58.1 billion (34%)	EUR 3.0 billion (2%)	EUR 0.14 billion (0%)	EUR 14.2 billion (8%)	
More than 5 000 grants were signed under the Horizon Europe research programme by 31 December 2023.	Around 4.4 million enterprises have been supported and almost 63 million people have been covered by improved health services since 2014.	6.2 million beneficiaries were supported with agricultural funds under a variety of different schemes.	19 003 non-EU nationals were resettled under EU schemes in 2023.	The European Defence Fund awarded total EU support of EUR 832 million to 41 defence industrial cooperation projects by December 2023.	Assistance was provided to around 130 non-EU countries on five continents.	

Source: European Commission annual activity reports.

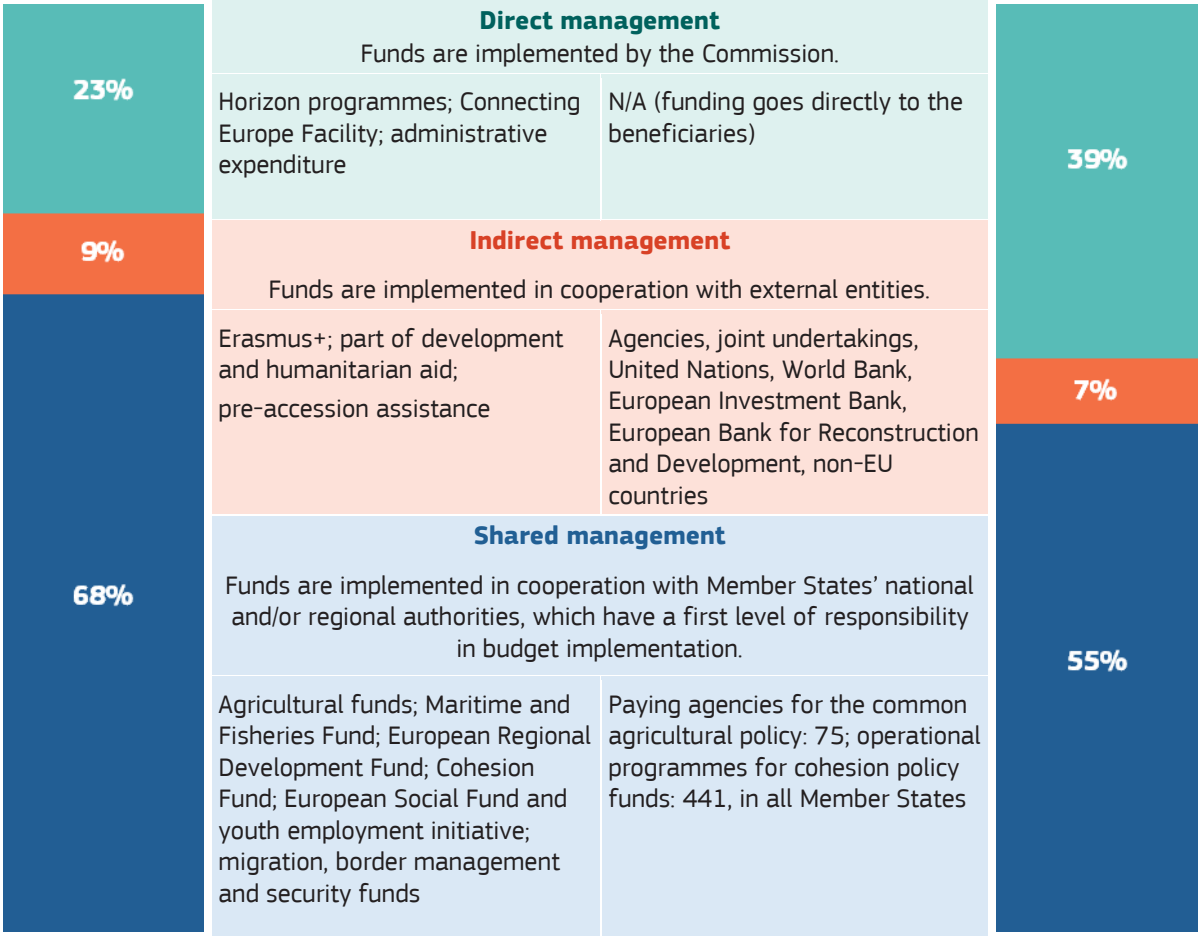
([30]) The amount of the Commission's relevant expenditure corresponds to the payments made in 2023 minus the pre-financing paid out in 2023, plus the pre-financing paid out in previous years and cleared in 2023 (for definitions and more details, see Annex 5). This amount does not include the payments made in the context of the Recovery and Resilience Facility, which are covered in Annex 3.

([31]) It should be noted that the European Development Fund has been incorporated into the EU's general budget for the 2021-2027 multiannual financial framework.

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Similar to previous years, around 70% of the budget ([32]) was implemented under shared management with Member States (especially expenditure on cohesion policy and agriculture), whereby Member States' bodies selected projects, distributed funds and managed expenditure in accordance with EU and national law and reported back to the Commission about the results achieved. By its supervision, the Commission is ensuring that the management and control systems of the Member States function effectively. The rest of the budget was implemented either directly by the Commission or indirectly, in cooperation with entrusted entities like international organisations, the European Investment Bank or national promotional banks. The table that follows describes the three management modes.

2023 expenses by management mode – Recovery Resilience Facility excluded and included



(*) RRF = Recovery and Resilience Facility

Source: European Commission draft annual accounts 2023 – Statement of financial performance.

Russia's war of aggression in Ukraine, the lasting economic consequences of the COVID-19 pandemic (i.e. high inflation, productivity challenges and global trade pressure) and emerging international conflicts continue to add pressure onto the Commission's capacity to deliver and its already scarce resources. More than ever, this requires effective internal control to ensure the strict application of the principles of economy, efficiency and effectiveness when spending the EU budget.

([32]) Not including the Recovery and Resilience Facility.

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1.2. A robust governance system underpinning the College's responsibility

As the authorising officer of the Commission, the College of Commissioners is politically responsible for the management of the EU budget and thus accountable for the work of the Commission's departments. The EU budget's governance is built on a clear division of responsibilities between the political and management levels, an independent internal audit supported by the Audit Progress Committee that includes external experts, an independent accountant, a strong commitment to performance management and compliance with the legal framework, transparency and high ethical standards, and transparent reporting.

The Commission's governance system and chain of accountability are tailored to its unique model of decentralised decision-making in budget implementation. The College of Commissioners delegates the day-to-day operational management to 51 authorising officers by delegation ([33]) who manage and steer their departments to deliver on the objectives in their strategic plans, taking into account available resources. Each authorising officer by delegation is accountable for the share of the EU budget implemented in their department.

In their annual activity reports, the authorising officers by delegation report in a transparent way on the performance and results achieved, on the functioning of their internal control systems and on the financial management of their share of the EU budget – taking account of the assurance provided by Member States under shared management and the implementing partners in indirect management. Each annual activity report contains a declaration of assurance. It may be qualified with a reservation if an authorising officer by delegation identifies weaknesses with a significant impact.

The annual management and performance report syntheses the annual results for the EU budget at the Commission level, based on the assurance and reservations contained in all the annual activity reports. This report is part of the Commission's integrated financial and accountability reporting package ([34]), which is adopted by the College of Commissioners.

The ensuing annual budgetary discharge procedure allows the European Parliament and the Council of the European Union to hold the Commission politically responsible for the implementation of the EU budget. The Parliament's decision takes into consideration the Commission's integrated financial and accountability reporting; the annual and special reports of the European Court of Auditors, along with the latter's statement of assurance on the reliability of the accounts and the legality and regularity of underlying transactions; the hearings of Commissioners and Directors-General; and a recommendation from the Council.

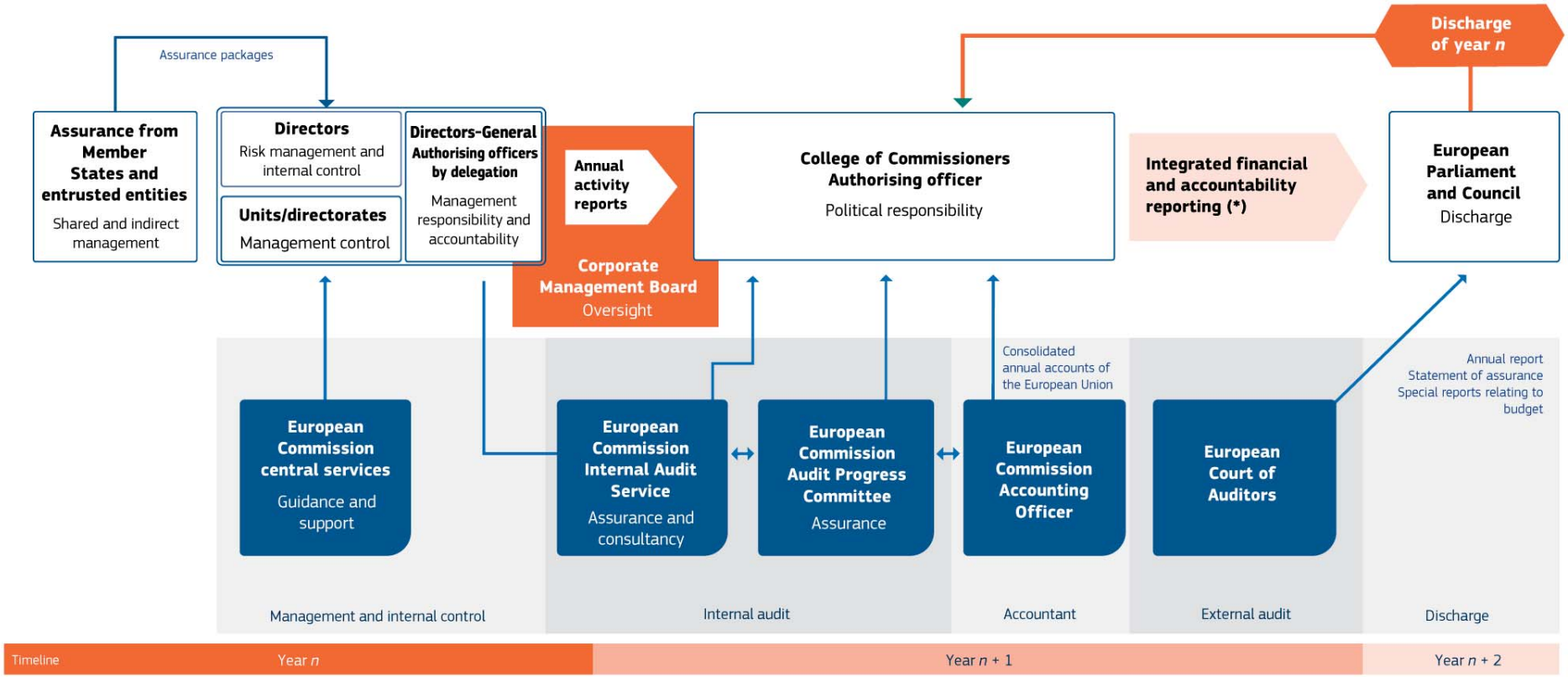
These robust governance arrangements help the College of Commissioners to deliver on the Commission's objectives, to use resources efficiently and effectively and to ensure that the EU budget is implemented in accordance with the principles of sound financial management. An overview is presented in the chart that follows.

([33]) The term 'authorising officers by delegation' covers Directors-General of the Commission, heads of executive agencies, offices, services, task forces, etc. Article 74(1) of Regulation (EU, Euratom) 2018/1046 on the financial rules applicable to the general budget of the Union (financial regulation) states that: 'The authorising officer shall be responsible in the Union institution concerned for implementing revenue and expenditure in accordance with the principle of sound financial management, including through ensuring reporting on performance, and for ensuring compliance with the requirements of legality and regularity and equal treatment of recipients.'

([34]) As required by Article 247 of the financial regulation, the integrated financial and accountability reporting package also includes the consolidated annual accounts of the EU, the report on the follow-up to the budgetary discharge for the previous financial year, the annual report to the discharge authority on internal audits carried out and the long-term forecast of future inflows and outflows of the EU budget.

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Commission's assurance-building and accountability for the EU budget: clear roles and responsibilities



(*) Integrated financial and accountability reporting:
- Consolidated annual accounts of the European Union
- Annual management and performance report
- Long-term forecast of future inflows and outflows
- Annual internal audit report
- Report on the follow-up to the discharge

1.3. A robust internal control framework contributing to the achievement of the Commission's objectives

1.3.1. The internal control framework continued to evolve with its environment

The Commission relies on a strong corporate internal control framework based on the highest international standards ([35]). It also employs a robust risk management policy to identify, assess and manage risks at every level of the organisation, in order to provide assurance about the achievement of its objectives. The Commission ensures that the amounts allocated from the EU budget are invested for their intended purpose, in strict compliance with the financial rules in order to minimise, detect and prevent errors, avoid double funding, prevent fraud, enhance transparency and pave the way to the discharge.

The Commission's Central Financial Service provided continued support to the Commission departments in enhancing, updating and fine-tuning their internal control systems.

- To harmonise and safeguard data related to its internal control environment, the Commission has developed an IT corporate tool called the central register of internal control systems. The tool was rolled out in 2023 and is used by all Commission departments. It registers risks, reservations, internal control monitoring criteria, exceptions and non-compliance events. It contributes to the Commission's digital agenda by streamlining and digitalising the internal control environments and processes. Further functionalities are being developed in 2024 in order to enhance its efficiency and user-friendliness.
- Regarding the implementation of the NextGenerationEU recovery plan, risk management and control mechanisms continued to be streamlined and reinforced based on the experience gained. Since its endorsement in 2020, a particular focus has been put on adapting internal control systems to the needs of the related operations. This is explained in more detail in Annex 3.
- In parallel, the Commission also enhanced the efficiency and effectiveness of the borrowing and lending operations underpinning the financing of policy programmes, like NextGenerationEU, support for Ukraine through the macrofinancial assistance+ programme and ongoing support to other neighbouring countries. The launch of a unified funding approach in January 2023 enabled the Commission to extend the benefits of the more flexible and cost-efficient debt management strategy used for financing NextGenerationEU, the macrofinancial assistance+ programme for Ukraine and other future borrowing and lending programmes. The Commission completed its funding programme for 2023 by the end of November, raising a total of EUR 115.9 billion over the course of the year. The 2023 issuance brought the total outstanding amount of EU bonds to just over EUR 443 billion by year end, with EUR 48.9 billion issued in the form of NextGenerationEU green bonds.

([35]) The Committee of Sponsoring Organizations of the Treadway Commission's *Internal Control–Integrated Framework*, the 'golden standard' for internal control systems.

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- The Commission developed a strong governance and risk management framework centred on an independent Chief Risk Officer supported by a Compliance Officer ([36]) to cope with the increased complexity and the size of borrowing and lending operations resulting from the financing of EU actions in response to COVID-19 (NextGenerationEU and 'Support to mitigate unemployment risks in an emergency') as part of its risk and compliance policy fraud-related risks that could potentially stem from NextGenerationEU operations were reassessed in 2023. The mitigating measures put in place were deemed adequate and appropriate. In a recent special report ([37]), the European Court of Auditors concluded that the Commission had quickly put in place a debt management system, providing the funds required for NextGenerationEU in good time. The Commission also met all key regulatory requirements concerning debt portfolio and risk management.
- On the revenue side, the Commission also applied strong internal control systems and updated its control strategies where necessary. In 2023, beyond the controls on traditional and own resources based on value added tax, which imply close cooperation with Eurostat on verification activities concerning gross-national-income-based resources, the Commission further developed the design of controls of the new own resource based on non-recycled plastic.
- In 2023, the Commission worked on a new strategy for managing debtors ([38]), adopted in February 2024. It introduced four strategic measures aiming to speed up the recovery process: recovery performance standards, transparent compliance monitoring and reporting, reinforced accountability with corporate escalation mechanisms, and synergies and efficiencies brought by partial centralisation (including combined waiver decisions).
- As in past years, the Commission paid particular attention to Article 61 of the financial regulation on conflicts of interest. This was, among others, acknowledged by the European Court of Auditors ([39]). In addition, the Commission delivered targeted awareness-raising measures, guidance, advice and presentations of its 2021 conflicts of interest guidance to Member State authorities and expert networks.

1.3.2. A mature internal control framework adapted to the functioning of the Commission departments

Overall, in 2023, the Commission departments concluded that the internal control principles underlying their internal control systems were present and working as intended. This overall assessment confirmed that the Commission departments have continued their efforts to address deficiencies in their internal control systems identified in 2022. Progress booked in 2023 resulted, among others, from

([36]) At the end of 2021, the Commission issued the NextGenerationEU high-level risk and compliance policy, in line with the Commission's general internal control framework. It provides an appropriate risk management and compliance framework to protect the financial interests of the EU and to ensure the probity, integrity and transparency of NextGenerationEU operations such as borrowing, debt management and lending operations. In 2022, the Commission continued to develop the governance and control frameworks by putting in place processes and control points across all the core borrowing and lending activities, including funding planning, execution of borrowing transactions, liquidity management, cost calculation and allocation. These processes ensured that all aspects of borrowing and lending operations were implemented in accordance with a robust set of risk controls, fully documented and implemented consistently by the responsible teams and subject to rigorous oversight by a second line of defence (an independent Chief Risk Officer).

([37]) European Court of Auditors, *NGEU Debt Management at the Commission – An encouraging start, but further alignment with best practice needed – Special report 16/2023*.

([38]) Communication to the Commission – An enhanced corporate strategy for the management of the Commission's debtors, COM(2024) 588 final of 6 February 2024.

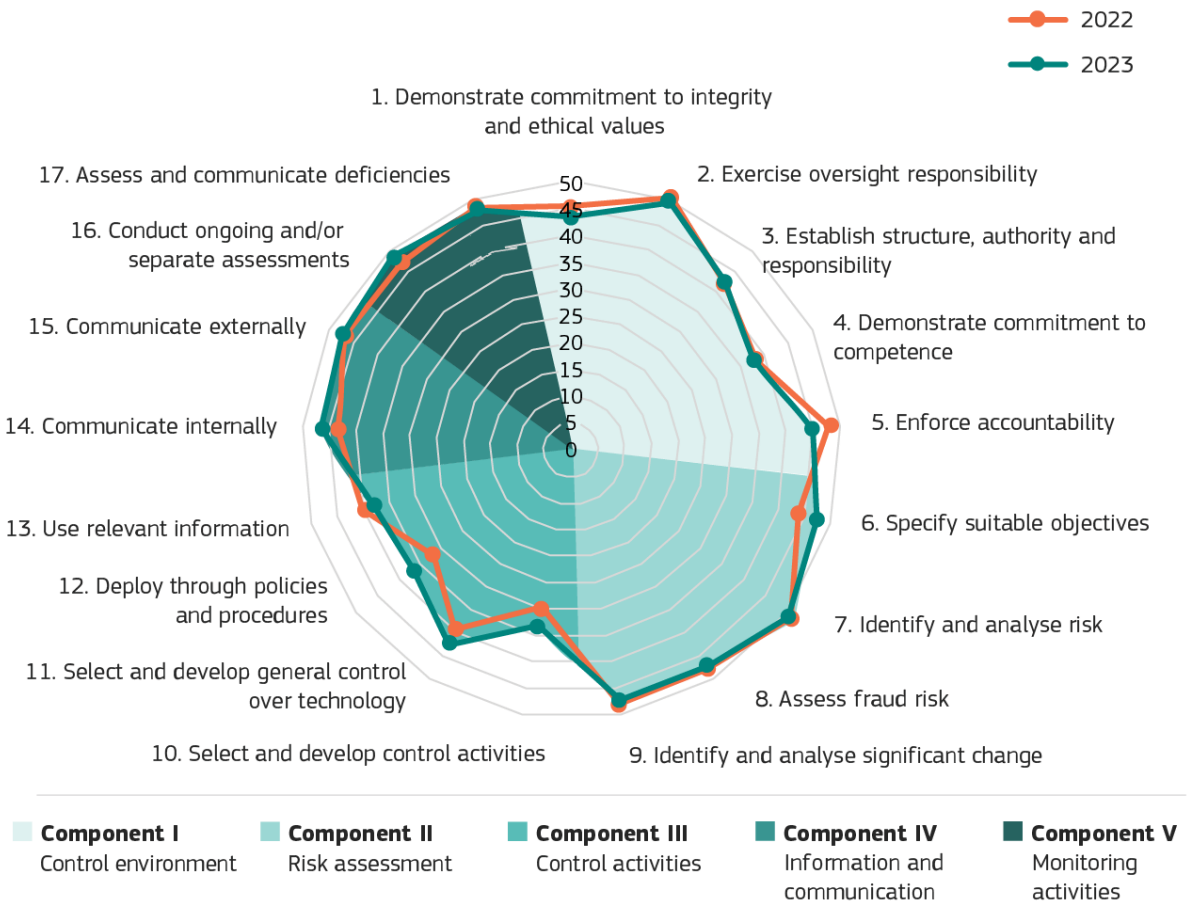
([39]) European Court of Auditors, *Conflict of interest in EU cohesion and agricultural spending – Framework in place but gaps in transparency and detection measures – Special report 06/23*.

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training, awareness raising on certain financial procedures, the development and adoption of a business continuity plan, an anti-fraud strategy, a procedure for reporting exceptions and non-compliance events and an IT security plan for a newly established department collection of statistics, monitoring attendance at mandatory training, compliance with data retention rules.

For some internal control principles, improvements are still needed, corresponding to mostly minor deficiencies that were identified, in part, through a 2023 staff survey and reported in the annual activity reports of the departments. The departments concerned put action plans in place to address the weaknesses identified, including increasing staff engagement (lower than expected according to the staff survey of a department), mitigating potential difficulties with deploying staff to EU delegations in hardship countries and addressing a shortage of specialised professional profiles both in EU delegations and at headquarters. Actions are also currently taken to clarify further the assessment of the audit and control milestones and the protection of sensitive non-classified information in the area of the Recovery and Resilience Facility. Those action plans were supported by corporate services that regularly monitored the progress made. The overall situation is presented in the chart that follows.

Assessment of the functioning of the components and internal control principles(*)



(*) The number of Commission departments that reported that internal control components and principles were upheld and functioned properly in 2022 and 2023.
Source: European Commission annual activity reports.

1.4. Multiannual control strategies to ensure that expenditure is legal and regular

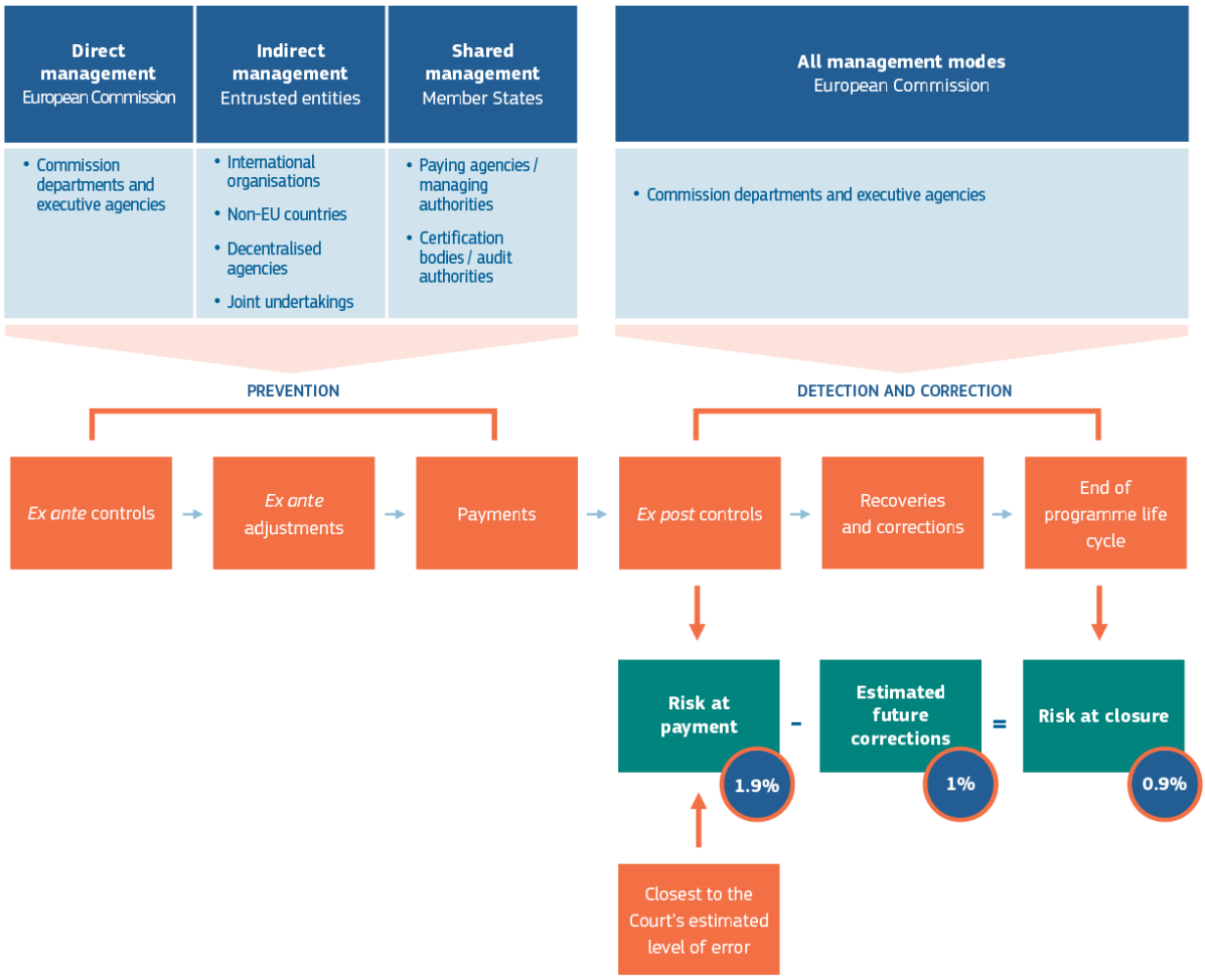
Authorising officers, as managers of the EU budget, put in place multiannual control strategies to prevent, detect and correct errors. In line with their responsibility to carry out individual payments, they need to build their assurance from the bottom up and in detail (i.e. by programme or other relevant segment of expenditure). This allows the Commission to detect weaknesses and errors in a detailed and differentiated manner for each programme or segment of expenditure, to identify the root causes of systemic errors (e.g. the complexity of rules in certain policy areas, such as research or cohesion), to take targeted and proportionate corrective actions and to ensure that lessons learned are used to improve the management and control systems and the design of future financial programmes.

EU spending programmes are multiannual by design, and so are the related control strategies. This implies that the detection and correction of errors may take place continuously, until programme closure. Moreover, the control strategies are risk-differentiated (i.e. they are adjusted to the characteristics and risks associated with different management modes, actors involved, policy areas and/or funding arrangements).

Control strategies usually entail preventive controls (*ex ante* controls) carried out before the Commission payment takes place and corrective controls (*ex post* controls) carried out after the payment has been made. The Commission's key preventive and corrective mechanisms are detailed in Annex 5.

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The European Commission's multiannual control cycle



NB: For additional information regarding the 2023 risk at payment and at closure, see Section 2.1.
Source: European Commission.

With the 2021-2027 funding programmes [40] coming up to speed, the Commission has continued to adjust control strategies to programme specificities. This is, in particular, the case for the research area, for external actions and for agriculture, where performance-based policy has been introduced for the majority of the payments. The Commission's Central Financial Service supported the Commission departments on these aspects.

[40] Except for the new common agricultural policy, where the programming period is 2023-2027.

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1.5. Fight against fraud: the Commission's anti-fraud strategy and further proposals

1.5.1. Revision of the Commission's anti-fraud strategy

The **Commission has zero tolerance for fraud**. Pursuant to Article 325 of the Treaty on the Functioning of the European Union, the Commission and the Member States protect the EU budget from fraud and other illegal activities. The Commission's anti-fraud strategy from 2019 plays a significant role in preventing the possible misuse of EU money. On 11 July 2023, the Commission adopted a **Communication on the revision of the strategy's action plan** ([41]) accompanied by a new action plan ([42]). The revision was a joint effort of Commission services and executive agencies, coordinated by the European Anti-Fraud Office.

The new action plan is more targeted and strategic than the previous one, reflecting some of the overall objectives of the Commission. It includes 44 actions under seven themes that cover the Commission's priorities in fighting fraud. The plan envisages actions to increase the use of IT tools by the Commission and Member States for the prevention, detection and investigation of fraud. Other themes cover the **Recovery and Resilience Facility**, customs fraud, strengthening the EU anti-fraud architecture and the Commission's anti-fraud and ethics culture.

In 2023, the European Anti-Fraud Office further supported **Commission services** in the design of their anti-fraud strategies and ensured coordination and cooperation across services on anti-fraud matters through the Fraud Prevention and Detection Network.

The European Anti-Fraud Office continued its **strategic analytical work**, notably by updating its risk framework for the Recovery and Resilience Facility and deepening its analysis of the detection and reporting of irregularities and fraud in different sectors, along with differences in reporting among Member States. The 2022 annual report on the protection of the EU's financial interests ([43]), adopted on 27 July 2023, integrated for the first time an analysis of the conflicts of interest in the use of EU funds. The Office also continued to cooperate with Member States on anti-fraud matters in the context of the Advisory Committee for the Coordination of Fraud Prevention and with the Anti-Fraud Coordination Services of Member States, EU candidate countries and potential candidate countries.

The European Anti-Fraud Office also continued to perform **investigative activities**, reporting on them in its annual report ([44]).

([41]) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the Court of Auditors – Commission anti-fraud strategy action plan – 2023 revision, COM(2023) 405 final of 11 July 2023.
([42]) Commission staff working document – Action plan – 2023 revision, SWD(2023) 245 final of 11 July 2023.
([43]) European Commission, European Anti-Fraud Office, 34th annual report on the protection of the European Union financial interests and the fight against fraud – 2022, Publications Office of the European Union, 2023, https://data.europa.eu/doi/10.2784/795600.
([44]) European Commission, European Anti-Fraud Office, *OLAF Report 2022*, Publications Office of the European Union, Luxembourg, 2023, https://data.europa.eu/doi/10.2784/846935.

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1.5.2. Other tools to increase the efficiency of the fight against fraud

In December 2023, a regulation of the European Parliament and of the Council laying down measures for a **high common level of cybersecurity at the institutions, bodies, offices and agencies of the EU** ([45]) was adopted and entered into force in January 2024. The regulation lays down measures for the establishment of an internal cybersecurity risk management, governance and control framework for each EU entity, and it sets up a new Interinstitutional Cybersecurity Board to monitor and support its implementation by EU entities. It provides an extended mandate for the Computer Emergency Response Team for the EU institutions, bodies and agencies as a threat intelligence, information exchange and incident response coordination hub, a central advisory body and a service provider.

Pursuing its efforts to respond quickly and effectively to evolving cybersecurity threats, including the threat of cyber-fraud, and minimise their potential impacts, the Commission upgraded its technical capabilities in this area by continuing to promote a strong cybersecurity culture through awareness-raising sessions, training and phishing exercises. The corporate capability to manage cybersecurity incidents was reinforced in order to protect and defend the institution in the area of cybersecurity monitoring, detection and incident response. More detection rules were automated. Automated rules play a bigger role in improving the efficiency of the corporate cyber incident response capability. In the area of threat intelligence, the Commission explored new strategies to exploit the threat intelligence feeds currently provided by the interinstitutional Cybersecurity Service for the Union Institutions, Bodies, Offices and Agencies.

As part of the framework for fraud prevention and the fight against fraud, the early detection and exclusion system allows for the early detection of fraudulent or unreliable economic operators, their exclusion by banning them from obtaining EU funds (for a certain number of years) and the possible imposition of financial penalties. The early detection and exclusion system proceedings are based on information collected through audits and checks carried out by authorising officers by delegation, final judgments or administrative decisions by national authorities, decisions by international organisations and, for the most part, European Anti-Fraud Office investigations. The early detection and exclusion system works based on a strong and fruitful interaction between the authorising officers responsible and an interinstitutional panel responsible for centralising the exclusion requests and safeguarding the rights of the person or entity concerned by the proceeding (e.g. rights of defence). The exclusions registered in the early detection and exclusion system database are also currently made available to all entities entrusted with budget implementation tasks in all management modes.

In 2023, the legislator agreed to several changes to the financial regulation regarding the early detection and exclusion system in order to: (1) promote the use of the early detection and exclusion system; (2) enhance its effectiveness; (3) make the system more efficient. The targeted revision of the financial regulation will also bring other important improvements to the system, such as introducing an expedited procedure, new exclusion grounds like the refusal to cooperate in investigations, and the possibility to exclude affiliated entities and beneficial owners of a primary excluded entity from bidding for public contracts and ultimately from obtaining EU funds for a number of years. Furthermore, the legislator agreed to extend the early detection and exclusion system to beneficiaries under shared management and to future instruments in direct management with Member States, with a proportionate and targeted approach. As from 1 January 2028, Member States will have the obligation to check the early detection and exclusion system database with regard to direct applicants, participants and beneficiaries.

([45]) Regulation (EU, Euratom) 2023/2841 of the European Parliament and of the Council of 13 December 2023 laying down measures for a high common level of cybersecurity at the institutions, bodies, offices and agencies of the Union, OJ L, 2023/2841, 18.12.2023, ELI: http://data.europa.eu/eli/reg/2023/2841/oj.

The Commission also took major steps in the fight against corruption with an anti-corruption package that includes a Commission proposal for a directive to combat corruption ([46]) by means of criminal law and a joint Communication ([47]) proposing a regime of sanctions against serious acts of corruption committed outside the EU. It also features an EU network against corruption, established in September 2023, to bring together relevant stakeholders, including anti-corruption practitioners, experts and researchers, along with representatives of civil-society and international organisations. Its key task is to support EU-wide corruption risk mapping to inform the future EU anti-corruption strategy.

1.6. The conditionality regime is being implemented

The regulation on a general regime of conditionality for the protection of the EU budget ([48]) **(conditionality regulation), adopted in December 2020, protects the budget from breaches of the principles of the rule of law** that affect or seriously risk affecting the financial interests of the EU in a sufficiently direct way. The conditionality regulation came into effect on 1 January 2021 and complements other procedures established by EU legislation for the protection of the EU budget. The validity of the conditionality regulation was fully upheld by the Court of Justice of the European Union in two judgments from 2022 ([49]). Following those judgments, the Commission adopted its guidelines on the application of the conditionality regulation ([50]).

The conditionality regulation is part of the 'rule-of-law toolbox' that includes different instruments aimed at safeguarding the respect of rule-of-law principles in Member States. The common provisions regulation ([51]) allows for measures to protect the EU budget in case of non-respect of the Charter of Fundamental Rights of the European Union. The annual rule-of-law report includes recommendations to Member States to improve the rule of law, irrespective of whether the issues are relevant for the protection of the EU budget (i.e. on recommended legislative steps, for example, to improve the integrity of top executive functions, transparency of information on media ownership). The national recovery and resilience plans adopted in 2021 and 2022 under the Recovery and Resilience Facility regulation ([52]) also reinforce the respect for the rule of law and the protection of the EU budget, insofar as they contain milestones addressing country-specific recommendations linked to rule-of-law issues. For example, in the case of Hungary, the remedial measures submitted by Hungary in the context of the

([46]) Proposal for a directive of the European Parliament and of the Council on combating corruption, replacing Council Framework Decision 2003/568/JHA and the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union and amending Directive (EU) 2017/1371 of the European Parliament and of the Council, COM(2023) 234 final of 3 May 2023.

([47]) Joint communication to the European Parliament, the Council and the European Economic and Social Committee on the fight against corruption, JOIN(2023) 12 of 3 May 2023.

([48]) Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget, OJ L 433, 22.12.2020, p. 1, ELI: http://data.europa.eu/eli/reg/2020/2092/oj (conditionality regulation).

([49]) See judgment of 16 February 2022, *Hungary* v *Parliament and Council*, C-156/21, ECLI:EU:C:2022:97 and *Poland* v *Parliament and Council*, C-157/21, ECLI:EU:C:2022:98.

([50]) Communication from the Commission – Guidelines on the application of the Regulation (EU, Euratom 2020/2092 on a general regime of conditionality for the protection of the Union budget, COM(2022) 1382 of 18 March 2022.

([51]) Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy, OJ L 231, 30.6.2021, ELI: http://data.europa.eu/eli/reg/2021/1060/oj (common provisions regulation).

([52]) Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility, OJ L 57, 18.2.2021, ELI: http://data.europa.eu/eli/reg/2021/241/oj (Recovery and Resilience Facility regulation).

procedure under the conditionality regulation have been transposed into corresponding milestones under the Hungarian recovery and resilience plan.

The Commission has been monitoring the situation across all Member States under the conditionality regulation since January 2021. The Commission will trigger the procedure under the conditionality regulation if all its conditions are fulfilled.

On 15 December 2022, following a proposal from the Commission, the Council adopted measures for the protection of the EU budget under the conditionality regulation in the case of Hungary. The Council decided to suspend 55% of the funds for three programmes ([53]) under the cohesion policy, corresponding to an amount of approximately EUR 6.3 billion in total for the 2021-2027 period, and prohibited entering into new legal commitments with public interest trusts or entities maintained by them (many of which are universities) under any EU programme directly or indirectly managed by the Commission. The Council's implementing decision took into account remedial measures that were proposed by Hungary but not yet completely, adequately or correctly implemented, including the setting up of an independent integrity authority with extensive powers to ensure a level playing field in public procurement procedures and contributing to the prevention, detection and correction of fraud, corruption and conflict of interest. The prohibition regarding public interest trusts and entities maintained by them (universities) has been challenged before the General Court of the European Union (the case is still pending).

Pursuant to the conditionality regulation, Hungary can notify the Commission and request that budgetary measures be lifted or adapted by the Council, following the Commission's assessment, by demonstrating that the situation has been remedied, either in full or in part. In the absence of such written notification from Hungary, the Commission reassessed the situation on 13 December 2023 and decided that Hungary had not adopted new remedial measures that would adequately address the outstanding issues. The Commission, therefore, concluded that the EU budget remained at the same level of risk and that the budgetary measures taken at the end of 2022 by the Council should not be adapted nor lifted. In a parallel process under the rules of the common provisions regulation, the Commission considered that Hungary adequately addressed some of the issues that led to the Commission previously blocking reimbursement of expenditure due to failure to comply with one of its horizontal enabling conditions as regards issues of judicial independence. Therefore, this resulted in the unblocking of a portion of the funds for Hungary under the common provisions regulation.

The Commission reported on the application of the regulation on 12 January 2024. The report focused on: (1) the actions taken by the Commission in the application of the regulation, including the procedure opened in the case of Hungary; (2) the complementarity of the regulation with other relevant instruments like the common provisions regulation; (3) the Commission's evaluation of the effectiveness of the measures adopted so far; and (4) the overall effectiveness of the procedure set by the conditionality regulation. The report preliminarily confirmed the effectiveness and the potential of the protective measures adopted under the Hungarian case.

In 2023, the European Court of Auditors conducted an audit on the rule of law in the EU, focusing on the conditionality regulation, its interplay with the Recovery and Resilience Facility and conditionality under cohesion policy rules. The audit report ([54]), published in January 2024, made positive observations overall on the handling of the conditionality regulation and the proceedings regarding Hungary as the first case that led to a suspension decision. Accepting most of the Court's recommendations, the Commission acknowledged the potential for further improvements and committed to continue to gather and rigorously assess relevant information.

([53]) The environmental and energy efficiency operational programme plus, the integrated transport operational programme plus and the territorial and settlement development operational programme plus.

([54]) European Court of Auditors, *The rule of law in the EU – An improved framework to protect the EU's financial interests, but risks remain – Special report 03/2024*.

1.7. Revision of the financial regulation (recast)

In May 2022, the Commission proposed a targeted revision (recast) of the financial regulation ([55]) to make the budget more agile, transparent and better protected. A political agreement was reached on 7 December 2023. The final text is expected to enter into force in September or October 2024, with a number of provisions that will apply later, in some cases as from 2028.

The recast will achieve necessary alignments with the current multiannual financial framework, will bring improvements in crisis management (lessons learned during the COVID-19 crisis) and in the implementation of EU funds and will enhance the protection of the EU's financial interests, as follows.

- **Adapting the EU's financial rules to a changed world.** The recast will introduce clearer and more flexible rules for procurement in crisis situations. It will also introduce clear rules for in-kind donations and a clear legal basis for the EU to participate in global initiatives. The rules for financial support for third parties in humanitarian aid, emergency support operations, civil protection operations or crisis management aid will be simplified. Additionally, new guidelines for managing distortive foreign subsidies and rules on security and public order will be introduced. These will bring real improvements for better crisis management in the future and strengthen the EU's security and open strategic autonomy.
- **Simplification and streamlining.** Very-low-value grants (under EUR 15 000) will be subject to a significantly smaller bureaucratic burden. The rules for beneficiaries when applying for EU grants will be clarified and simplified, reflecting practical experience. This will ensure that EU funding can be accessed more easily and efficiently to the benefit of final beneficiaries.
- **EU values, gender equality and social rights.** References to the respect for these rights and the environment when implementing the EU budget will be added.
- **Transparency and protection of the EU budget.** A centralised website for transparency on the use of the EU budget and on recipients of EU funding (the improved financial transparency system) will be created. The early detection and exclusion system will be extended to shared management and future instruments in direct management with Member States as from 2028. A modernised data mining and risk-scoring tool, built on the existing Arachne ([56]), will be extended to all management modes; feeding this tool with relevant data will become compulsory as from 2028.

([55]) Proposal for a regulation of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (recast), COM(2022) 223.

([56]) The European Commission has been developing Arachne, an integrated IT tool for data mining and data enrichment, since 2009. It aims to support managing authorities and intermediate bodies in their administrative controls and management checks on projects of the European Regional Development Fund, the Cohesion Fund and the European Social Fund.

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Use of the single data mining and risk-scoring tool – Arachne

In its 2022 proposal for a financial regulation recast, the Commission proposed to reinforce the prevention, detection, correction and follow-up of fraud and irregularities by expanding, to all methods of EU budget implementation (shared, direct and indirect management), the standardised electronic recording and storing of data on the recipients of EU funding, including their beneficial owners. The proposed measures included the use of a single integrated information technology system for data mining and risk scoring (provided by the Commission) to access and analyse data on the recipients of EU funding and allow the identification of contracts and recipients that might be susceptible to risks. The information technology system should facilitate risk assessment for the purposes of selection, award, financial management, monitoring, investigation, control and audit. It should also contribute to the effective prevention, detection, correction and follow-up of fraud, corruption, conflicts of interest, double funding and other irregularities.

Following the political agreement of 7 December 2023, the financial regulation recast requires a modernised data mining and risk-scoring tool, built on the existing tool, to be used in all management modes. The current data mining and risk-scoring tool, Arachne, is used by Commission services and by a number of Member States on a voluntary basis in shared management and for the Recovery and Resilience Facility. Compulsory feeding of the tool with data will be required from all Member States as from the next financial framework. The Commission must assess the readiness of the revised tool by 2027 with respect to interoperability with other IT systems and databases (avoiding duplication of reporting), risk indicators targeted at user needs, artificial intelligence for analysing and interpreting data and data protection. On that basis, the possibility of compulsory use may be rediscussed by the co-legislators.

In 2023, in parallel to the discussions on the proposal for a financial regulation recast, Commission departments worked with the tool's users, including the EU institutions and the solution provider, to discuss further features of the tool, such as technical requirements, data protection, risk indicators and data categories.

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2. Cost-effective controls protecting the EU budget.

To ensure that controls remain cost-effective, the Commission aims to strike the right balance between the following.



- **Effectiveness**. The level of error found, based on the controls carried out, which allows the expenditure to be grouped into different risk categories.
- **Efficiency**. The average time taken to make a payment. Beyond this, the Commission is also constantly looking for and developing new ways to increase efficiency, notably by creating synergies wherever possible.
- **Economy**. The proportionality between the costs of controls and the funds managed.

Cost-effectiveness is obtained with the differentiation of the control: riskier areas trigger a higher level of scrutiny and/or frequency of controls, whereas low-risk areas should lead to controls that are less intensive, less costly and less burdensome. Other ways to ensure the cost-effectiveness of controls include reducing the risk of errors through simplified rules and/or processes, such as simplified cost options (i.e. lump sums, flat rates and unit costs), cross-reliance on existing assessments and/or audits and controls performed by other entities and achieving economies of scale by pooling the control functions.

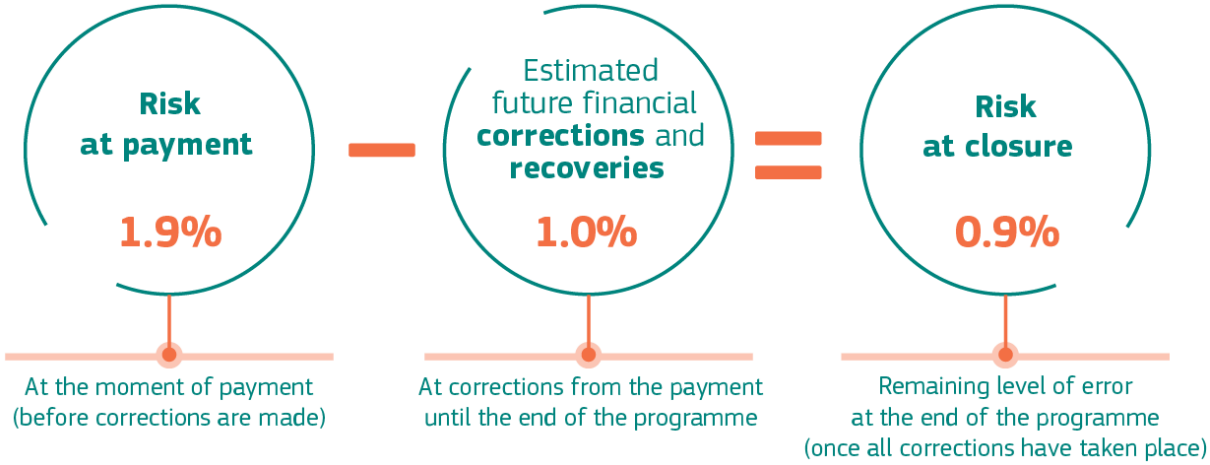
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2.1. The Commission's control results confirm that the EU budget is well protected

2.1.1. Overall results for 2023

The Commission considers that the budget is effectively protected when, by the closure of the programmes at the latest (i.e. when all controls, corrections and recoveries have been implemented), the risk at closure is below 2%. This is the same materiality threshold used by the European Court of Auditors. For more details on these concepts and the methodology used to determine these estimates, along with the control results for each policy area, see Annex 5. Based on the audits and controls carried out, each year the Commission departments estimate the level of risk for the legality and regularity of EU spending at two stages of the multiannual control cycle: at payment and at closure of the programmes.

For 2023, the Commission's overall risk at payment and risk at closure remain in line with 2022, with both being below the materiality threshold of 2%.

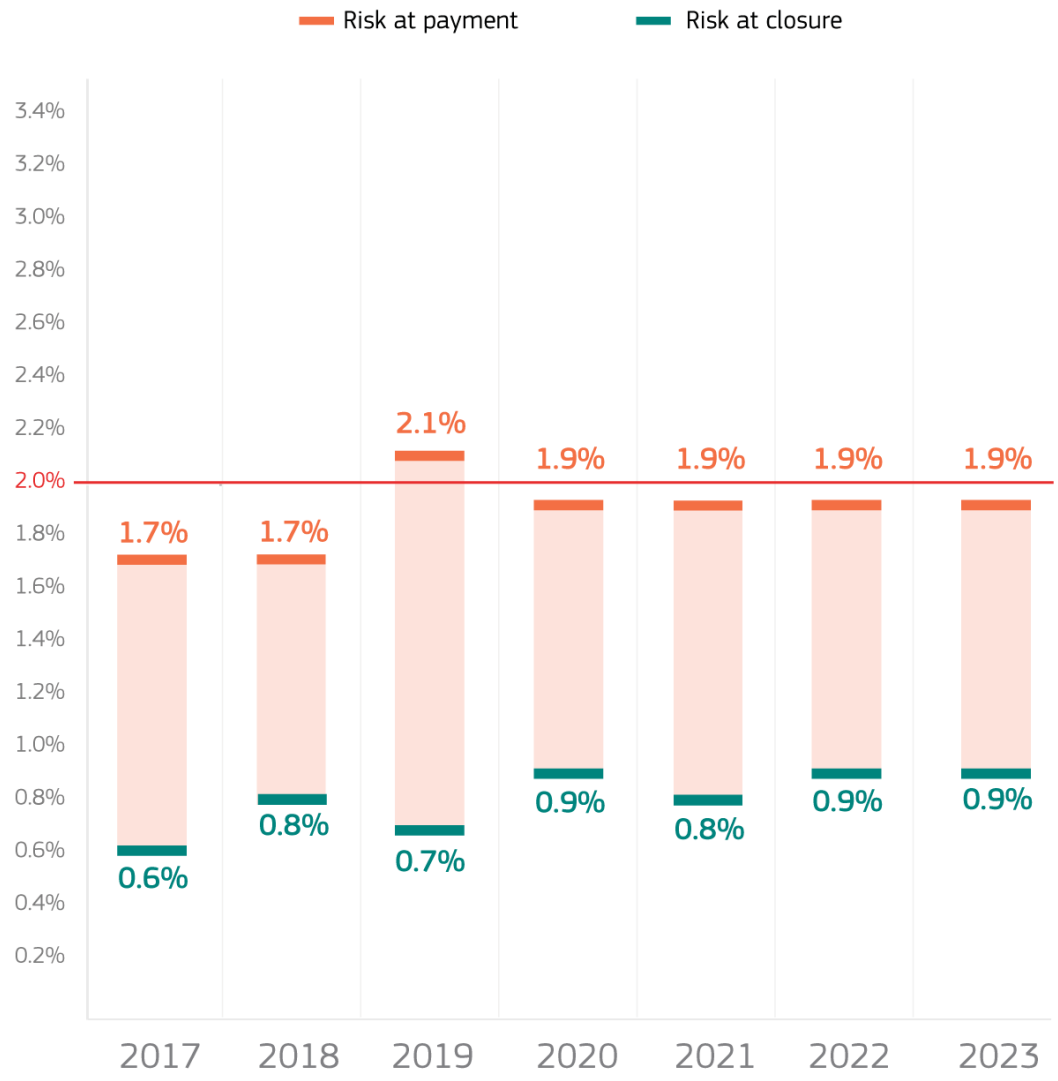


Source: European Commission

Total preventive and corrective measures implemented by the Commission and the Member States: EUR 3.8 billion (2022 – EUR 4.9 billion).

Reservations: 14 (15 in 2022) with a total financial impact of EUR 1 290 million (EUR 877 million in 2022).

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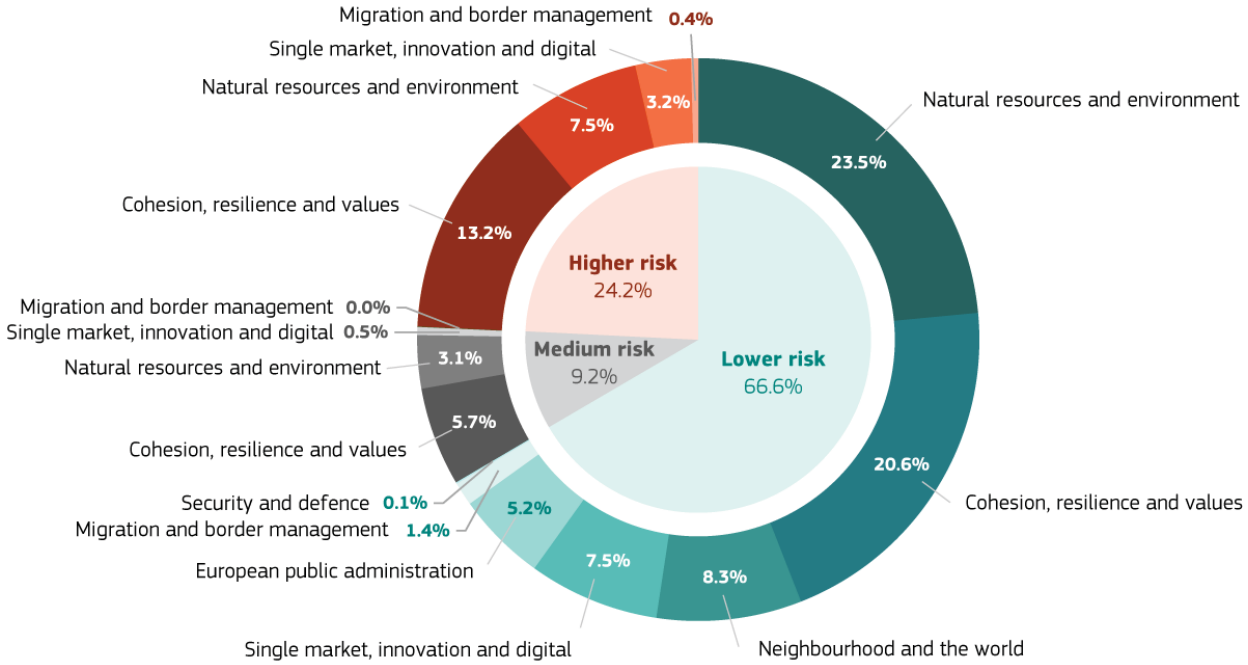
Source: European Commission, the 2017-2023 annual management and performance reports for the EU budget.

The *Annual Management and Performance Report for the EU Budget* is a summary of the annual activity reports of the 51 Commission departments. The spending covered in each of these reports is allocated in full to one of the seven multiannual financial framework headings. Similar to 2022, considering its size, the spending for 'security and defence' of DG Defence Industry and Space was divided between heading 1 and heading 5. The situation for each policy area is described below.

2.1.2. Control results per lower-, medium- and higher-risk programme segments

The Commission has reliable, evidence-based information showing the diversified situation of the funds it manages. It identifies which programmes or segments of expenditure are higher risk, allowing it to efficiently provide its support and address specific weaknesses even for policies that, taken globally, are lower risk, such as the common agricultural policy. Based on the risk at payment (i.e. before any future correction is implemented), the Commission divides the annual expenditure into lower risk at payment (below 2.0%), medium risk at payment (between 2.0% and 2.5%) and higher risk at payment (above 2.5%); see the chart that follows. For natural resources and cohesion, this analysis is also applied at the level of the individual paying agencies and programmes in the Member States, respectively.

The European Commission's categorisation of expenditure into lower-, medium- and higher-risk segments, as percentages of the total of relevant expenditure for 2023



Source: The European Commission's annual activity reports for 2023.

The Commission's expenditure is thus divided as follows.

- **Lower risk.** This segment amounted to EUR 113.6 billion in 2023 (66.6% of expenditure in 2023 compared to 63.1% of expenditure in 2022. This included the expenditure managed by paying agencies under the common agricultural policy (54 out of 66 in direct payments and 45 out of 72 in rural development); expenditure declared by 231 out of 493 programmes under cohesion policy funds ([57]); expenditure relating to the European Research Council grants in Horizon 2020, Connecting Europe Facility – Transport and Connecting Europe Facility – Energy; Erasmus+; the Marie Skłodowska-Curie actions; contributions to some agencies (the European Union Agency for the Space Programme, the European Space Agency, etc.); the Asylum Migration and Integration Fund; the Internal Security Fund; humanitarian aid; Horizon Europe financial instruments; expenditure in the neighbourhood and the world policy area; and administrative expenditure in general.
- **Medium risk.** This segment amounted to EUR 15.7 billion in 2023 (9.2% of expenditure compared to 12.0% in 2022). This included the expenditure managed by paying agencies under the common agricultural policy (five in direct payments and seven in rural development), expenditure declared by 156 out of 493 programmes under cohesion policy funds ([58]); grants in the new 'Connecting Europe Facility – transport' programme for the 2021-2027 period. This also included expenditure directly related to the Horizon Europe programme or indirectly, such as the European Institute of Innovation and Technology.

([57]) 200 programmes out of 441 for the 2014-2020 programming period and 31 programmes out of 52 for the 2021-2027 programming period.
([58]) 138 programmes out of 441 for the 2014-2020 programming period and 18 programmes out of 52 for the 2021-2027 programming period.

- **Higher risk.** This amounted to EUR 41.4 billion in 2023 (24.2% of expenditure, similar to 2022 (24.9%)). This included the expenditure of 7 out of 66 paying agencies in direct payments; 20 out of 72 in rural development under the common agricultural policy; expenditure declared by 106 out of 493 programmes under cohesion policy funds ([59]) with a higher risk at payment or with serious deficiencies ([60]); and some expenditure from the European Maritime and Fisheries Fund (4 out of 27 programmes).

The Commission's detailed analysis confirms that the level of error is closely related to the nature of the funding. Most programmes or segments of expenditure, corresponding to more than 50% of the year's relevant expenditure, have relatively lower risk at payment because they encompass more entitlement-based payments. On the other hand, some programmes or segments of expenditure with complex reimbursement-based rules appear to have relatively higher risk at payment (as is typically the case under the cohesion policy, with many applicable national, regional or programme rules in addition to EU rules). Nevertheless, the control systems in place allow the risks related to some of the more complex programmes to be mitigated and, as a result, the level of risk at payment to be reduced.

The Commission is closely monitoring the risks at payment and at closure for the different programmes and segments of expenditure and is taking further action to reduce them. For the medium- and higher-risk categories in particular, the Commission is continuously looking for ways to further decrease them by raising beneficiaries' and implementing partners' awareness of issues, adjusting the control strategies where necessary, applying the lessons learned to future programmes and simplifying rules wherever possible.

([59]) 103 programmes out of 441 for the 2014-2020 programming period and 3 programmes out of 52 for the 2021-2027 programming period.

([60]) In the case of the European Regional Development Fund, the Cohesion Fund and the European Maritime and Fisheries Fund, the level of risk has also been considered high, irrespective of the risk at payment, when the audit opinion issued in the annual activity reports on the functioning of the management and control system of the programmes was either adverse or qualified.

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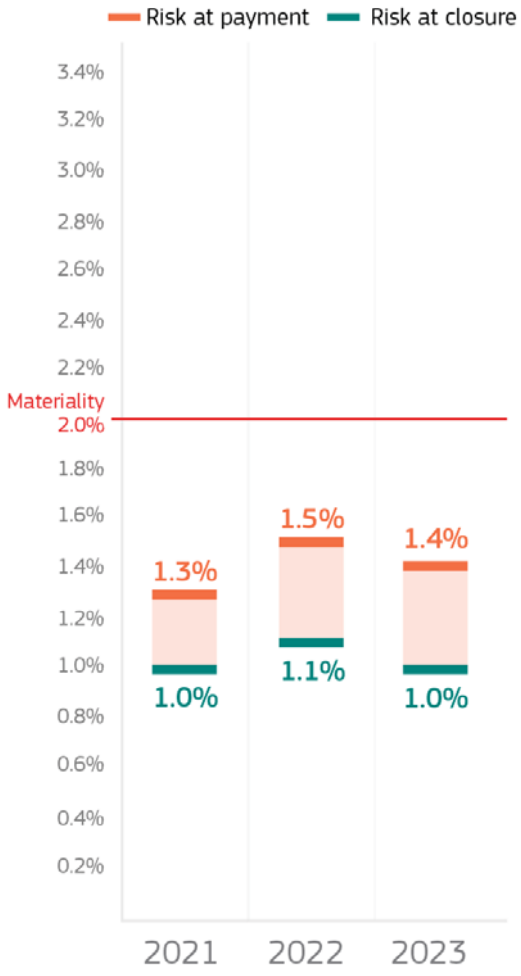
2.1.3. Control results by policy areas

Heading 1 – single market, innovation and digital

Total relevant expenditure: EUR 19.1 billion (2022 – EUR 20.4 billion).
Risk at payment: 1.4% (2022 – 1.5%).
Risk at closure: 1.0% (2022 – 1.1%).
Total preventive and corrective measures: EUR 149.8 million (2022 – EUR 171 million):

- *Preventive measures: EUR 121.1 million (2022 – EUR 144 million);*
- *Corrective measures: EUR 28.6 million (2022 – EUR 27 million).*

Reservation: one reputational reservation without financial impact (2022 – two reservations without financial impact).



In 2023, the risks at payment (1.4%) and at closure (1.0%) decreased in comparison to 2022. This is due to the decrease of the risk at payment for the Horizon 2020 programme, which corresponds to the main payments in 2023. This decrease of the risk at payment from 2.71% to 2.57% may be explained by the increased use of simplified forms of funding, including lump sums and unit costs, along with additional support for types of beneficiaries with higher-than-average error rates (such as small and medium-sized enterprises and newcomers) with focused communication campaigns and training.

As in previous years, and despite continuous efforts and improvements, the risk at payment for Horizon 2020 remained above 2%. This is mainly due to the inherent complexity of the rules, and it is in line with previous years' levels. However, the research departments did not qualify their declarations of assurance with any reservations in relation to the Horizon 2020 programme ([61]).

([61]) Proposal for a Council decision establishing the specific programme implementing Horizon 2020 – The framework programme for research and innovation (2014-2020), COM(2011) 811 final of 30 November 2011. The risk at payment minus corrections implemented remains within the agreed materiality threshold of 2% and 5% envisaged in the legislative financial statement accompanying the Commission's proposal, which states that 'The Commission considers therefore that, for research spending under Horizon 2020, a risk of error, on an annual basis, within a range between 2-5% is a realistic objective taking into account the costs of controls, the simplification measures proposed to reduce the complexity of rules and the related inherent risk associated to the reimbursement of costs of the

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Regarding the other programmes, a small number of segments had a residual error rate above 2%. However, this had no impact on the assurance due to the minor financial impact ([62]). Given that for Horizon Europe, payments were still limited in 2023, and *ex post* controls had not started yet, a conservative estimate for the risk at payment, set at 2%, was used.

The two reputational reservations issued in 2022 by the European Innovation Council and SMEs Executive Agency and DG Research and Innovation regarding the insufficiently defined and implemented governance framework related to the European Innovation Council programme and other internal control weaknesses were lifted due to the implementation of the related action plans in 2023.

In 2023, one reputational reservation was issued by the European Research Executive Agency regarding the high level of known and suspected conflict of interest and underperformance in the multi-beneficiary grants part of the promotion of agricultural products programme. Corrective actions are being implemented, such as the adaptation of the programme's control strategy, specific audits and the suspension of problematic payments. In the future, the objective is to revise the legislation that falls under the competence of the Commission to reinforce the absence of conflicts of interest and improve the performance of the programmes.

research project. The ultimate aim for the residual level of error at the closure of the programmes after the financial impact of all audits, correction and recovery measures will have been taken into account is to achieve a level as close as possible to 2%.'

([62]) As of 2019, a *de minimis* threshold for financial reservations was introduced. Quantified annual activity report reservations relating to residual error rates above the 2% materiality threshold are deemed not to be substantial for segments representing less than 5% of a directorate-general's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed.

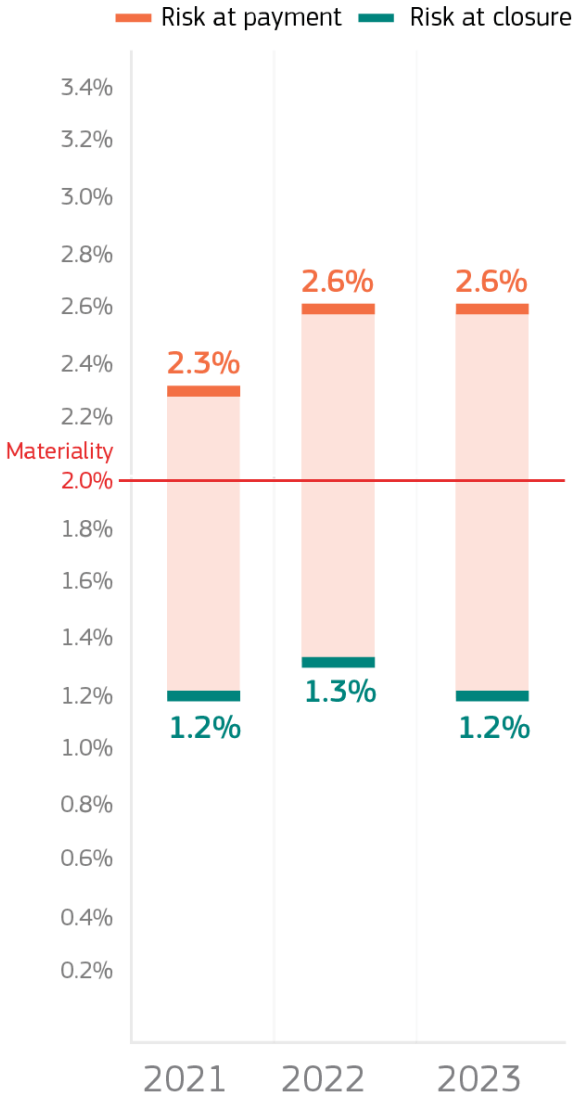
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Heading 2 – cohesion, resilience and values

Total relevant expenditure: EUR 67.3 billion (2022 – EUR 67.5 billion).
Risk at payment: 2.6% (2022 – 2.6%).
Risk at closure: 1.2% (2022 – 1.3%).
Total preventive and corrective measures (Commission and Member States): EUR 2 370.9 million (2022 – EUR 3.1 billion):

- *Preventive measures: EUR 1 643.7 million (2022 – EUR 2.3 billion);*
- *Corrective measures: EUR 727.2 million (2022 – EUR 789 million).*

Reservations: three reservations with a financial impact of EUR 583 million (2022 – four reservations with a financial impact of EUR 310 million).



The risk at payment for this heading remained constant at 2.6% compared to the previous year, while the risk at closure slightly decreased from 1.3% to 1.2%. The risk at payment and risk at closure were mostly driven by the amounts paid for the cohesion policy funds ([63]) managed under shared management, which represented around 92% of the total relevant expenditure for this heading.

The European Regional Development Fund and the Cohesion Fund showed an increase in the risk at payment ([64]) from a range between 1.9% and 2.7% in 2022 to a range between 2.0% and 2.9% in 2023. This increase is mainly due to a significant increase in the confirmed error rates for two operational programmes with an important relative weight in the global error rate due to the high amounts (i.e. 4.4% of total certified expenditure), for which deficiencies in management verifications were observed. The European Social Fund, the youth employment initiative and the Fund for European Aid to the Most Deprived showed a decrease in the risk at payment, from a range between 1.9% and 2.8% in 2022 to a range between 1.7% and 2.6% in 2023.

For all the cohesion policy funds, despite continuous efforts to improve the functioning of the control systems, the risk at payment remained material in the

([63]) These include the European Regional Development Fund, the Cohesion Fund, the European Social Fund, the youth employment initiative and the Fund for European Aid to the Most Deprived.
([64]) This range contains a lower value, calculated as the weighted average of the error rates observed at the level of the operational programmes and an upper, maximal value, taking into account potential additional risks (e.g. based on previous years' audit results) estimated using flat rates for each individual programme, along with conservative

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range of 1.9% to 2.8% ([65]), similar to the range observed in 2022 of 1.9% to 2.7%. The Commission assessed the effectiveness of the management and control systems and the legality and regularity of the expenditure in the accounts at the programme level, which allowed it to report a differentiated situation and individual risk rates, thus identifying the programmes functioning well and those still presenting deficiencies, together with the type of remedial actions needed and the further financial corrections necessary. The Commission applied additional financial corrections for the programmes where it confirmed individual error rates above 2% so that the risk at closure was ultimately below 2% for all the programmes. Estimated future corrections corresponded to a range of 0.6% to 1.5%, leading to an estimated risk at closure of 1.2%. It is expected that the risk at closure will continue to drop until the closure and the final assessment of the legality and regularity of the underlying expenditure of all programmes, once follow-ups to all audit results are completed.

In relation to the cohesion policy funds for the 2014-2020 programming period, Member States implemented preventive measures for an amount of EUR 1 632 million and corrective measures for an amount of EUR 598 million. The latter amount is attributed on the one hand to the Member States' own controls (EUR 566 million) and on the other to the Commission's controls, follow-ups to investigations of the European Anti-Fraud Office and audits of the European Court of Auditors (EUR 32 million). The corrective measures implemented are relatively consistent with the level of corrections implemented last year of EUR 656 million. In addition, for the 2007-2013 programming period, the Commission implemented corrective measures for an amount of EUR 126 million.

One specific feature of the 2021-2027 multiannual financial framework is the need for Member States to comply with a set of thematic and horizontal enabling conditions to allow for the effective implementation of the funds. At the end of 2023, around 86% of the applicable thematic enabling conditions were assessed as fulfilled for the adopted European Regional Development Fund, Cohesion Fund and European Social Fund Plus programmes. Due to the remaining unfulfilled enabling conditions, 17% of the allocation for the jobs and growth goal could not be reimbursed.

Overall, the Commission has reasonable assurance that the management and control systems function sufficiently well for 92.5% of the programmes ([66]). The main categories of irregularities identified by the Member States' audit authorities and the Commission are similar to those identified by the European Court of Auditors: ineligible expenditure, ineligible projects or beneficiaries, errors in public procurement procedures and missing supporting information or documentation. **However, for some programmes, errors continued to remain undetected at the Member State** level due to deficiencies in the functioning of some managing authorities or their intermediate bodies (carrying out the first level of controls) and in some audit authorities (the second level of controls). These programmes are reported in the reservations issued in the annual activity reports of the concerned Commission departments. The different types of audits carried out in 2023 by the Commission for the cohesion funds led to the identification of system and project findings, confirming a residual error rate above 2% for 55 programmes ([67]). These irregularities, either not detected or not sufficiently quantified by the Member States' authorities, demonstrate the need for further improvement in this area. The Commission will continue to work with the programme authorities in 2024 and share with them the types of errors not detected at their level to help improve their audit capabilities.

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estimates when only desk reviews were carried out or when additional work is still required under ongoing contradictory procedures. Therefore, this upper value is considered a worst-case scenario that, in many instances, is not confirmed by further audit work.

([65]) For the first time, the Commission's risk at payment is outside the error-level range of between 4.2% and 9.2%, estimated by the European Court of Auditors in its *Annual reports on the implementation of the EU budget for the 2022 financial year* (p. 227). The higher level of error estimated by the Court can be explained by divergences in the interpretation of breaches of applicable rules that, in some cases, do not constitute irregularities in the sense of the common provisions regulation, for which the Commission has assessed it would not have legal ground to impose financial corrections, and by differences in the methods used to quantify some errors.

([66]) This concerns 408 out of 441 programmes for the 2014-2020 programming period

([67]) 55 out 441 programmes for the 2014-2020 programming period.

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At the end of 2023, three reservations were issued in relation to cohesion policy funds.

- There were two reservations for the 2014-2020 period that included all the operational programmes that, during the year, presented significant weaknesses in their management and control systems or for which the error rate was above the materiality threshold or, less frequently, for which the audit work at the Member State level was deemed insufficient or unsatisfactory. The number of programmes under reservation for the 2014-2020 period (53) was lower than the number of programmes under reservation in 2022 (81). The financial impact increased from EUR 310 million to EUR 583 million. Reservations are only lifted once sufficient corrective measures have been taken. Usually, the reasons for the reservations are not structural, and it takes 1 to 2 years for a reservation to be lifted. For more details on reservations, see Volume III, Annex 5.
- There was one reservation for the 2021-2027 period, in relation to five programmes for which possible serious management and control system deficiencies were identified in the 2014-2020 predecessor programmes, leading to reservations as a matter of prudence.

Therefore, despite continuous efforts and improvements in the functioning of the control systems, the risk at payment for cohesion remained above the 2% materiality threshold. This is mainly due to the inherent complexity of the projects financed by these funds, the variety of actors concerned and the difficulty of tackling some complex rules at both national and EU levels, in particular those related to public procurement and State aid. Weaknesses remain mainly at the level of managing authorities or their intermediate bodies, despite the continuous efforts of programme authorities and the Commission's support to improve the situation.

The Commission continues to take action to support programme authorities in improving their management and control systems and to bring the risk at closure for cohesion below 2%. In 2023, the Commission, in close collaboration with the Member States, took various actions to further improve the effectiveness of the management and control systems and to boost the prevention, detection and correction of errors, including:

- **supporting** the managing and the audit authorities to improve their administrative capacities through guidance, targeted support, continuous training and professional development, transnational networks to simplify procedures and gold-plating avoidance;
- **promoting simplified cost options and financing not linked to costs**, which are less prone to errors and facilitate access to funding for smaller beneficiaries by providing assistance and support to programme authorities to prepare and assess these options for the 2021-2027 programmes and to understand the requirements related to control;
- **providing the data mining tool Arachne to Member States free of charge**, promoting its use among reluctant Member States and developing additional functionalities, thus enhancing the capacity to detect irregularities, fraud suspicions or possible conflicts of interest;
- continuous monitoring and analysis of the **root causes of errors** not detected by managing and/or audit authorities at the Member State level.

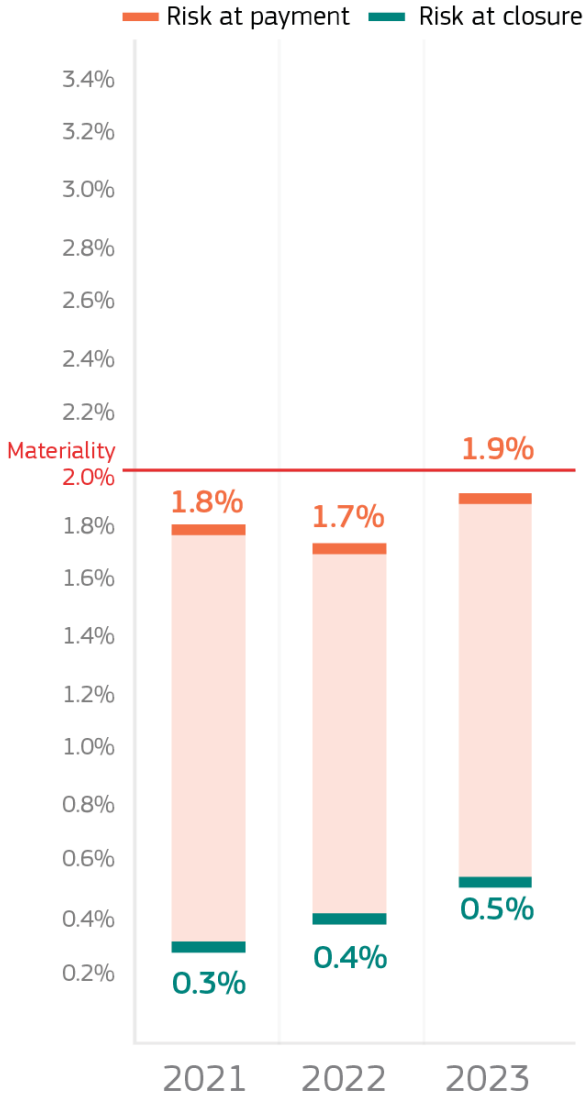
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Heading 3 – natural resources and environment

Total amount of relevant expenditure: EUR 58.1 billion (2022 – EUR 57.7 billion).
Risk at payment: 1.9% (2022 – 1.7%).
Risk at closure: 0.5% (2022 – 0.4%).
Total preventive and corrective measures (Commission and Member States): EUR 1 157.6 million (2022 EUR 1.5 billion):

- *Preventive measures: EUR 490.3 million (2022 – EUR 561 million);*
- *Corrective measures: EUR 667.4 million (2022 – EUR 956 million).*

Reservations: five reservations with a financial impact of EUR 705 million (2022 – five reservations with a financial impact of EUR 556 million).



For natural resources and environment, the risk at payment remained below the materiality threshold of 2%, rounded to 1.9%. The estimated future corrections have also slightly decreased to 1.3% of 2023 expenditure (1.4% in 2022). This also corresponds to the control results for expenditure for agriculture, which represented the bulk of the expenditure in this policy area (98%), the rest being dedicated to maritime and fisheries ([68]), environment and climate expenditure.

For the common agricultural policy, while the risk at payment as a whole was below the materiality level for the fourth year, it slightly increased in 2023 after a continued downward trend was observed over the past several years. This increase corresponds to the increase of the error rates for direct payments under the policy, 1.48% in 2023 from 1.31% in 2022, 1.44% in 2021 and 1.57% in 2020, and rural development (from 2.68% in 2022 to 2.77% in 2023). This is mostly due to higher adjustments made by DG Agriculture and Rural Development based on their audits and the work of the Certification Bodies on the error rates reported by the Member States. For direct payments, the overall result with an error rate below materiality continued to confirm that the Integrated Administration and Control System, when implemented in accordance with applicable rules and guidelines, effectively limits the risk of irregular expenditure.

([68]) European Maritime and Fisheries Fund expenditure, although included under the natural resources heading, follows the same delivery mechanism as cohesion expenditure.

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For market measures, the risk at payment decreased from 2.9% in 2022 to 2.3% in 2023. This is partially explained by Member States reporting lower error rates and Member States also finalising (or at least partially finalising) action plans to address deficiencies in the systems.

Expenditure relating to fisheries, the environment and climate initiatives continued to be inherently low risk. The risk at payment for the European Maritime and Fisheries Fund remained stable in 2023 (1.37% versus 1.38% in 2022), although one programme is under reservation for which corresponding financial corrections and safeguard measures are being implemented.

At the end of 2023, there were five recurrent reservations for segments of expenditure or programmes where control weaknesses and/or error rates above 2% had been identified:

- three reservations for agriculture on:
  - **European Agricultural Guarantee Fund market measures** (comprising three aid schemes in three Member States and one horizontal reservation ([69])),
  - **direct payments** (affecting 12 paying agencies in 11 Member States) and
  - **European Agricultural Fund for Rural Development measures** (affecting 21 paying agencies in 17 Member States and the United Kingdom that (temporarily) experienced control weaknesses and/or high error rates);
- one non-quantified reservation for management and control system weaknesses in one Member State in relation to the **European Maritime and Fisheries Fund**;
- one non-quantified reservation for the **EU emissions trading system registry**.

In all cases where the deficiencies identified have led to reservations, close follow-ups are in place, including conformity clearance procedures to ultimately protect the EU budget, monitoring of the implementation of remedial actions taken by Member States and, where necessary, interruption or reduction/suspension of payments to the Member States. This systematic and precisely targeted approach ultimately enables the protection of the EU budget (for more details, see Volume III, Annex 5).

([69]) For two 2 aid schemes in one Member State.

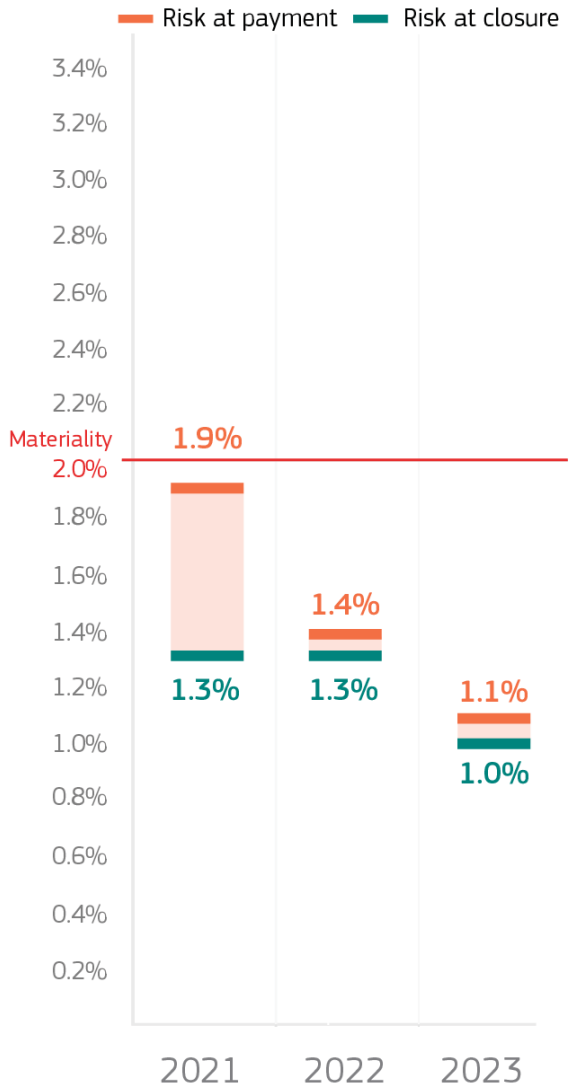
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Heading 4 – migration and border management

Total amount of relevant expenditure: EUR 3.0 billion (2022 – EUR 2.5 billion).
Risk at payment: 1.1% (2022 – 1.4%).
Risk at closure: 1.0% (2022 – 1.3%).
Total corrective and preventive measures: EUR 2.5 million (Commission and Member States) (2022 – EUR 8 million):

- *Preventive measures: EUR 1.3 million (2022 – EUR 5 million);*
- *Corrective measures: EUR 1.1 million (2022 – EUR 3 million).*

Reservations: two reservations with a financial impact of EUR 0.8 million (2022 – two reservations with a financial impact of EUR 9 million).



For migration and border management ([70]), the risk at payment (1.1%) and the risk at closure (1%) decreased compared to 2022, with both remaining below 2%. In 2023, the amount of preventive and corrective measures was lower at EUR 2.5 million (EUR 1.3 million preventive and EUR 1.1 million corrective). The decrease compared to 2022 is explained by the time gap between decision and implementation. The results of six conformity clearance procedures opened in 2023 for the 2014-2020 period will only lead to corrections in subsequent years. Similarly, in the case of preventive measures, some of the actions of the annual clearance decision ([71]) taken in December 2023 were only implemented in early 2024.

This policy area consisted mostly of low-risk segments of expenditure. Payments to decentralised agencies voted by the budgetary authority were considered an error-free type of expenditure and represented 40% of the relevant expenditure for 2023. The implementation of the Internal Security Fund, the Asylum, Migration and Integration Fund and the Border Management and Visa Policy Instrument, under the shared management mode, representing 36% of the relevant expenditure, are also low risk with an overall risk at payment of 1% and 0.3% respectively, for the programmes of the 2014-2020 and 2021-2027 periods.

([70]) Heading 4 also includes the Internal Security Fund of heading 5, since all the funds managed by the Home Affairs department of the Commission are audited and controlled on the basis of management mode and type of payments and the risks thus determined cannot be split between the budget headings.
([71]) Commission Decision C(2023) 3644 of 30 May 2023 and Commission Decision C(2023) 8905 of 11 December 2023.

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The only higher-risk expenditure segment, implemented directly by the Commission, represented 21% of the relevant expenditure for 2023. It corresponded to grants for EU actions and emergency assistance to support Member States in the fields of migration and border management. Although still above the materiality threshold, the risk at payment of this segment significantly decreased to 4% from 6.8% in 2022 as a result of targeted mitigating measures.

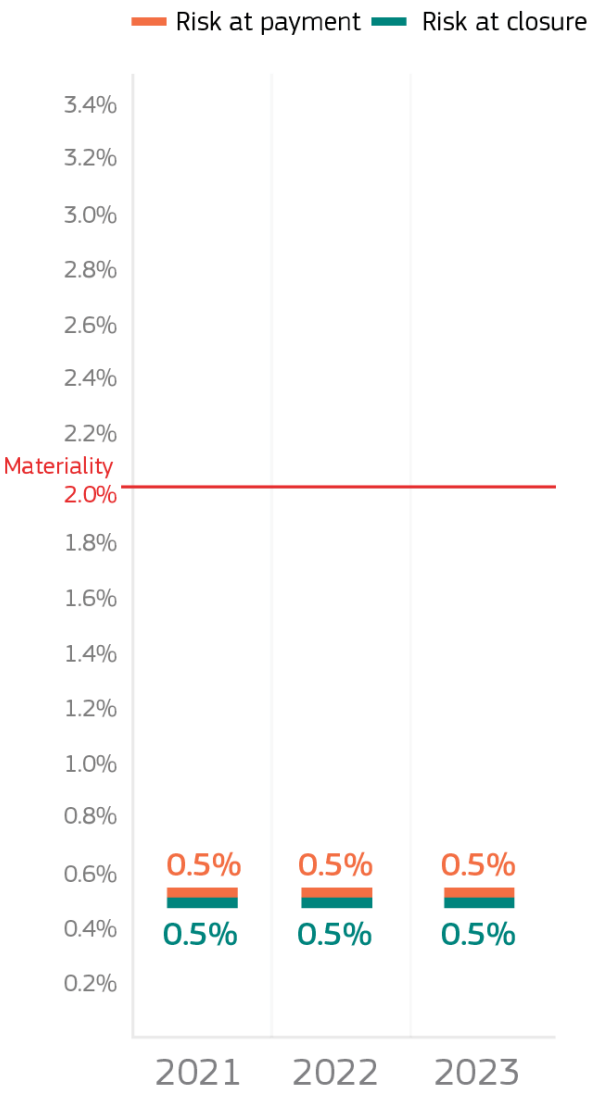
At the end of 2023, two reservations were identified:

- one reservation concerning the Border Management and Visa Policy Instrument (2021-2027 programming period), quantified for one Member State;
- one reservation concerning the Asylum, Migration and Integration Fund and the Internal Security Fund (2014-2020 programming period), quantified for Iceland and non-quantified for six Member States.

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Heading 5 – security and defence

Total amount of relevant expenditure: EUR 136.7 million (2022 – EUR 30.1 million).
Risk at payment: 0.5% (2022 – 0.5%).
Risk at closure: 0.5% (2022 – 0.5%).
Total preventive measures: EUR 1.9 million (2022 – EUR 3 million).
Reservations: none (2022 – none).



Most of the budget linked to defence initiatives (i.e. the European Defence Fund and its precursor programmes, the act of support of ammunition production programme and the European defence industrial development programme) was managed directly by the Commission through procurements and grants, while a smaller portion was managed via regulatory agencies and entrusted entities with contributions to the European Defence Agency and the Organisation for Joint Armament Cooperation.

The risk at payment and the risk at closure were both at 0.5%, well below 2%. This is explained by the low inherent risk profile of the beneficiaries (mostly agencies), the funding modalities of the different programmes and the performance of the related control systems.

As regards the corrections carried out in 2023, the Commission had an effective mechanism in place for correcting errors through *ex ante* and *ex post* controls. *Ex ante* controls (before the payments take place) resulted in the implementation of preventive measures amounting to EUR 1.9 million not paid to the beneficiaries. This represented a decrease of EUR 1.1 million compared to the previous year, which is mostly explained by the long-term effect of continuous audits on cost reporting and internal control mechanisms over the years. No further errors were detected post-payment as a result of the *ex post* controls, and thus, no corrective measures had to be applied.

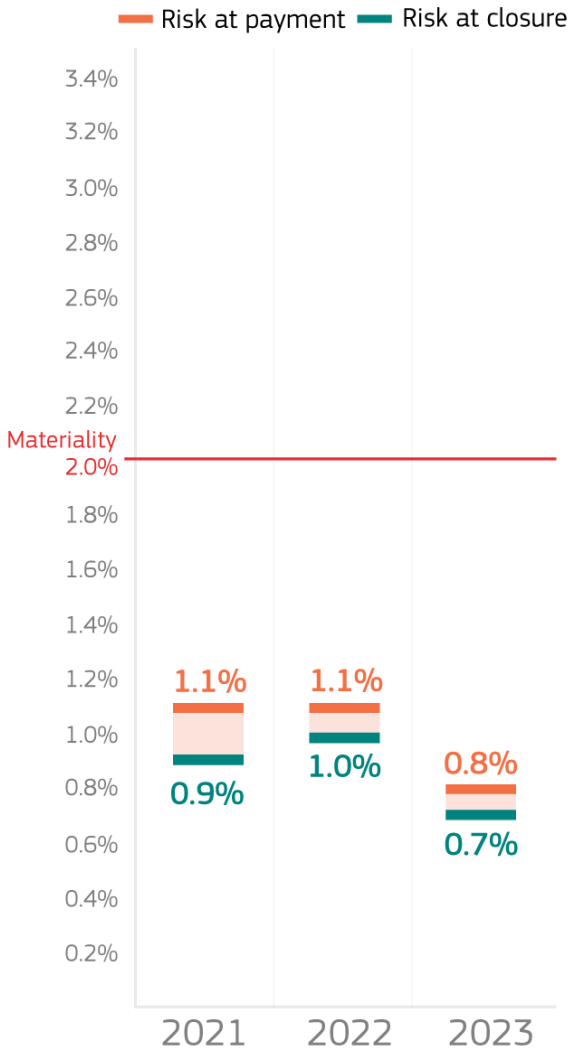
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Heading 6 – neighbourhood and the world

Total amount of relevant expenditure: EUR 14.2 billion (2022 – EUR 13.6 billion).
Risk at payment: 0.8% (2022 – 1.1%).
Risk at closure: 0.7% (2022 – 1.0%).
Total corrective and preventive measures: EUR 150.5 million (2022 – EUR 141 million):

- *Preventive measures: EUR 138.1 million (2022 – EUR 125 million);*
- *Corrective measures: EUR 12.4 million (2022 – EUR 16 million).*

Reservations: one reservation without financial impact (2022 – one reservation).



In 2023, both the risk at payment (0.85%) and the risk at closure (0.73%) decreased compared to 2022 and were well below 2%. The risk profiles of the various departments dealing with the neighbourhood and the world heading indicate a low risk.

Notwithstanding the low level of error rate in most of the expenditure segments, the Commission continued to take measures to further improve its financial management, given the complex operational environment characterised by unpredictability, volatility and insecurity and where some programmes were governed by complex funding modalities. For grant agreements, the focus continued in 2023 with vigilance to address recurrent errors such as expenditure outside the implementation period and not budgeted for, along with insufficient documents or the inclusion of ineligible taxes. With regard to cooperation with international organisations, DG International Partnerships, together with other departments dealing with the neighbourhood and the world, invested in strengthened dialogue and verification processes to increase transparency. Mid-2023 also witnessed the launch of a review of the control strategy of DG International Partnerships with the objective of adapting the control strategy to better respond to risks and challenges in a rapidly changing international environment.

The reservation concerning projects in Libya, Syria and Ukraine was maintained in 2023. In these countries, the EU delegations cannot implement standard monitoring and control activities due to security and political constraints on the ground. Several mitigating measures were maintained in 2023, such as remote monitoring, contracts with independent experts to monitor projects in the field, a risk-based review of the contract portfolio and cross-checking information from different sources. This allowed the monitoring of local dynamics and reduced reaction time to sudden and unexpected changes. However, the countries remain active conflict zones, and the reservation is justified.

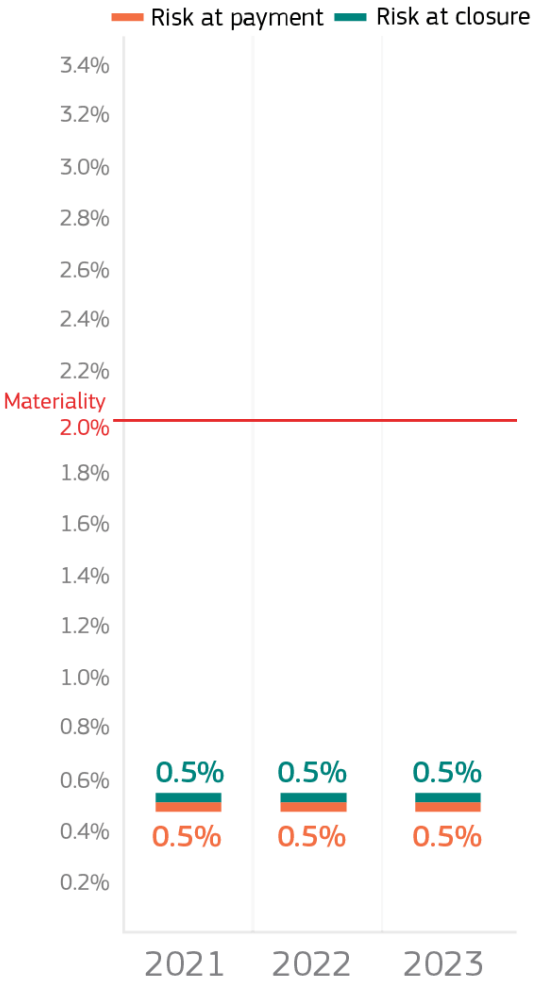
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Heading 7 – European public administration

Total amount of relevant expenditure: EUR 8.9 billion (2022 – EUR 7.7 billion).
Risk at payment: 0.5% (2022 – 0.5%).
Risk at closure: 0.5% (2022 – 0.5%).
Total corrective and preventive measures: EUR 3.5 million (2022 – EUR 3.6 million):

- *Preventive measures: EUR 2.7 million (2022 – EUR 3 million);*
- *Corrective measures: EUR 0.8 million (2022 – 0.6 EUR million).*

Reservations: one reputational reservation (2022 – no reservations).



This heading groups together the services and departments managing the Commission's administrative expenditure under the direct management mode, such as the Office for the Administration and Payment of Individual Entitlements, which represents approximately 74% of the relevant expenditure of this heading. The risk at payment was prudently set at 0.5% for this low-risk type of expenditure. As most of the corresponding control systems involve predominantly *ex ante* controls, the estimated future corrections were often set at a conservative 0.0%. Thus, the risk at closure was equal to the risk at payment and remained very low at 0.5%. In 2023, the Commission's preventive measures amounted to EUR 3.54 million, in line with last year's EUR 3.6 million.

In this policy area, the European Personnel Selection Office issued a new reputational reservation for 2023 on the issues encountered in implementing new selection procedures and competitions. The European Personnel Selection Office is taking mitigating actions to address the situation.

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2.1.4. Efficiency measures have been taken

The Commission is continuously striving to improve the efficiency of its operations in order to deliver on its objectives under tight budgetary constraints and to achieve the objectives set in its digital agenda. Processes are being streamlined to ensure the most efficient use of limited resources.

Against a backdrop of unprecedented challenges, the Commission's digital transformation is moving forward by continuing the development of more efficient corporate information technology tools with a view to increasing the potential efficiency in its business processes and offering increasing data management and reporting capabilities.

SUMMA will be fully rolled out in the Commission in January 2025

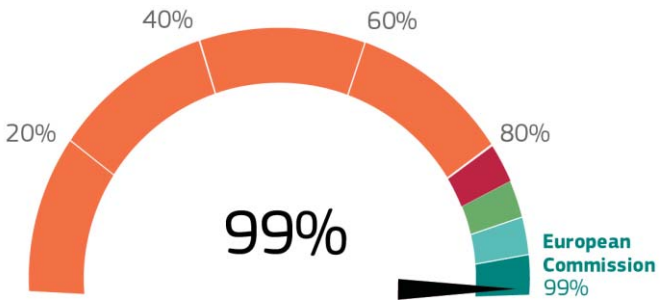
SUMMA is the Commission's next-generation corporate financial system. The system will modernise, harmonise and standardise the EU's financial business processes. By replacing the current central accounting, budgetary and treasury system, SUMMA will contribute to the rationalisation and modernisation of the EU administration and to a sound Commission corporate information technology landscape, in line with the EU's digital strategy, offering a significant increase in business efficiency, flexibility with integrated real-time analytics and decreasing cost of ownership and future maintenance costs.

Three pilot agencies have used SUMMA as their new financial system since January 2022, and in January 2023, it was released to the clean aviation joint undertaking, providing integration with eGrants. From the end of 2023, the SUMMA core solution for the Commission was rolled out to all the pilot agencies.

The use of SUMMA in the first three pilot agencies completed a full yearly cycle, including receipt of a clean opinion from the European Court of Auditors on their 2022 accounts.

As of January 2024, the European Commission also uses SUMMA for financial assets and debt management operations, including NextGenerationEU (lending, borrowing, financial assets, etc.).

Following an overall readiness assessment that highlighted the need for more time to complete the integration of several corporate and local systems with SUMMA, in July 2023, the SUMMA Supervisory Board decided to postpone SUMMA's go-live date in the Commission to January 2025. The rollout will cover all directorates-general and services of the Commission and the executive agencies. EU agencies and entities not included in the Commission release will be on-boarded into SUMMA in 2025 and 2026.



One of the indicator to measure the efficiency is the time-to-pay. In 2023, 99% of payments (in terms of amounts) were made within the legal payment deadline (see graph), despite the fact that the working environment was still strongly impacted by various crises and thanks to the abovementioned initiatives. This is of paramount importance, as many beneficiaries rely on these payments to carry out their activities and projects, which, in turn, contribute to the Commission's objectives.

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Examples of economy and efficiency

One of the measures that may have the widest and longest-term effect is **the increased use of simplified cost options funding, such as lump sums**, in several policy areas. **In the area of research**, the use of lump sums is increasingly important in the implementation of the EU framework programme for research and innovation. After an initial investment in time for preparation, high-efficiency gains are expected for project monitoring. The year 2023 was the time to best fine-tune grant modalities and relevant technical implementation aspects and to ensure the quality of the different grant management processes and future projects. The first significant wave of lump sum funding was launched in more than 100 topics of the work programme in 2023, and major progress has been made in the preparations for lump sum funding of the European Research Council and European Innovation Council grants from 2024 onwards. Based on the assessment of current reporting requirements, this will be a guiding principle for the 10th framework programme and the future of the European research and innovation policy.

In the area of health, after having authorised the use of lump sums in veterinary programmes, lump sums were also authorised for phytosanitary programmes based on a decision of 22 February 2023. They were applied for the first time to the 2023 grants. The lump sums are expected to reduce administrative burden and speed up the payment process, allowing financial support for Member States against results rather than based on eligibility and reducing the error rate.

Another initiative and good practice was **the Joint Audit Directorate for Cohesion**, created in 2021 by merging the audit capabilities of DG Regional and Urban Policy and DG Employment, Social Affairs and Inclusion. It was the first-ever joint directorate with shared resources under the oversight of two Directors-General, resulting in synergies between audit teams and increased efficiencies in audit processes, training, support and tools. As a single audit interlocutor for internal and external stakeholders, the directorate contributes to the assurance of both Commission departments. It is also responsible for auditing increasing funds under the cohesion policy, including new instruments and funding (the coronavirus response investment initiative+, the recovery assistance for cohesion and the territories of Europe initiative, Safe Food Advocacy Europe, the cohesion's action for refugees in Europe), other instruments (the European Union Solidarity Fund, the European Globalisation Adjustment Fund for Displaced Workers, the Brexit Adjustment Reserve) and those under indirect and direct management.

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2.1.5. The costs of controls are proportionate to the associated risks

In 2023, following the combined assessment of their effectiveness, efficiency and economy, all Commission departments reached a positive conclusion on the cost-effectiveness of their controls. The resources allocated to controls are aligned with the risks relating to the nature of the programmes and/or the context in which they are implemented. The cost of controls remains generally stable over time. The variety of spending programmes and their different features do not allow for a meaningful comparison of their control costs. However, some common cost drivers can be identified, as shown in the following text box.

Examples of common cost drivers

The intrinsic complexity of the programmes managed. Grants based on the reimbursement of real costs imply labour-intensive controls as opposed to financing based on lump sums, simplified cost options or financing not linked to costs, such as performance-based instruments.

The complexity of the environment in which programmes are implemented. The cost of controls is likely to be higher in the case of a multi-site organisational structure or when partners and/or beneficiaries are located outside the EU's jurisdiction.

The volumes and amounts to be processed. A high number of low-value payments will generate higher control costs than recurrent mass payments, while the regulatory framework requires certain incompressible controls. This results in diseconomies of scale.

The type of budget implementation mode. Under indirect and shared management mode, the cost of controls is shared between the Commission and its implementing partners, while for direct management mode, the burden is entirely borne by the Commission.

For the sake of transparency and completeness, departments dealing with shared and/or indirect management have also reported on the cost of controls in Member States and entrusted entities separately from the Commission's own cost of controls in their annual activity reports.

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3. Management assurance

As part of the governance system explained above, overall management assurance is ensured through the assurance given by the Directors-General, the Internal Audit Service and the Audit Progress Committee. It is completed with the opinion of the European Court of Auditors and points on the 2022 discharge given by the budgetary authority and the follow-up of the discharge and external audit recommendations.

3.1. Assessments, assurance and reservations declared by authorising officers

In their 2023 declarations of assurance ([72]), all 51 authorising officers by delegation ([73]) declared they had reasonable assurance that: (1) the information contained in their reports presents a 'true and fair view' (i.e. reliable, complete and correct) of the state of affairs in their departments; (2) the resources assigned to their activities were used for their intended purpose and in accordance with the principle of sound financial management; and (3) the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions, taking into account the multiannual character of some programmes and the nature of the payments concerned.

Within their overall assurance-building process and from their management perspective, authorising officers by delegation also perform a more detailed analysis for each programme or segment of their portfolio. They use all available information, especially the results of their controls, to spot any potential significant weakness in quantitative or qualitative terms. At the end of each financial year, they determine whether the financial impact of such a weakness will likely be above the materiality threshold of 2% and/or whether the reputational impact is significant. If so, they qualify their declaration of assurance with a reservation for the specific segment affected.

For 2023, 10 authorising officers issued a qualified declaration of assurance, resulting in a total of 14 reservations, as follows. Likewise, in 2022, 10 authorising officers reported 15 reservations.

- A total of **10 reservations have been maintained** from previous years. These reservations have been maintained mainly because the root causes of the material level of error can be partially mitigated but not fully eradicated under the current programmes' legal frameworks. Most of the recurrent reservations concern programmes under shared management with weaknesses identified at the level of a Member State, paying agency or programme, which rarely persist for more than 1 year thanks to the remedial action plans in place.
- **Four reservations are new**, but only one is quantified, albeit with a limited financial impact of EUR 0.6 million. One, in particular, has been issued on a reputational basis and has rather administrative content, as it refers to the problems encountered with the launch of a new online testing for the recruitment of EU staff. Also, most of them (three out of four) concern the new programming period 2021-2027, and only one relates to the 2014-2020 programme for the promotion of agricultural products, regarding issues of conflict of interest and underperformance in the multi-beneficiary grant part.
- **Five reservations issued in 2022 were lifted in 2023.** In three cases, the underlying issues have been addressed, while in two cases, which were related to the 2007-2013 programming period, the implementation of the programme's multiannual corrective capacity has come to a closure with a residual error rate close to 0%.

([72]) Annual activity reports.
([73]) The term 'authorising officer by delegation' covers Directors-General of Commission departments and heads of executive agencies, offices, services and task forces.

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- **In 11 cases,** a reservation was not issued by virtue of the de minimis rule, whereby cases with a residual error rate above the 2% materiality threshold for segments that represent less than 5% of the department's total payments and have a financial impact of less than EUR 5 million are deemed not substantial for issuing a reservation. The total financial impact of these cases in 2023 was very limited at EUR 6.4 million ([74]), similar to 2022.

The total financial impact of all reservations was EUR 1 291 million for 2023, representing 0.8% of the relevant expenditure, which increased compared to 2022's EUR 877 million. This increase is linked to the higher financial impact estimated for the policy areas of cohesion, resilience and values and natural resources and environment due to a slight increase in error rates.

Annex 5 in Volume III provides a complete list of the reservations for 2023, along with further explanations and details.

3.2. Work of the Internal Audit Service and overall opinion

The Commission's Directorates-General and services also base their assurance on the work done by the Internal Audit Service.

As required by its mission charter, the Internal Audit Service issued an annual overall opinion on the Commission's financial management, based on the audit work it carried out in the area of financial management in the Commission covering the previous three years (2021-2023). The overall opinion also takes into account information from other sources, namely the reports from the European Court of Auditors.

Based on this audit information, the Internal Auditor considers that in 2023 the Commission put into place governance, risk management and internal control procedures which, taken as a whole, are adequate to give reasonable assurance over the achievement of its financial objectives, with the exception of those areas of financial management over which authorising officers by delegation have expressed reservations in their declaration of assurance as listed in the annex.

Without further qualifying her overall opinion on the 2023 year, the Internal Auditor issues an emphasis of matter by drawing the attention of the Commission to the need to build on the lessons from managing its financial resources in a challenging context. This is further detailed in the Annex 6 to this report.

The Internal Audit Service audits the management and control systems within the Commission and the executive agencies, providing independent and objective assurance on their adequacy and effectiveness. The resulting recommendations concern aspects related to performance management, EU policy implementation, legality and regularity in relation to internal control systems, preparedness for and early implementation of the EU budget, cooperation with third parties implementing policies and programmes and information technology. For all accepted recommendations, the auditees drafted action plans that were submitted to the Internal Audit Service, which subsequentially assessed them as being satisfactory or requested a revised action plan. Finally, the Internal Audit Service pursued its strict follow-up policy and assessed the actual implementation of its recommendations by the Commission's departments on a regular basis. The audit work confirmed that almost all of the recommendations issued between 2019 and 2023 and followed up by the Internal Audit Service were adequately and effectively implemented by the auditees. This result indicates that the Commission services are diligent in implementing the recommendations and mitigating the risks identified by the Internal Audit Service.

([74]) It should be noted that the *de minimis* rule for reservations is not applied to cohesion policy funds since reservations are made for individual (parts of) programmes and then aggregated by programming period.

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Annex 6 includes more information on the assurance provided by the Internal Audit Service. In addition, a report on the internal auditor's work is forwarded by the Commission to the discharge authority, in accordance with Article 118(8) of the financial regulation, as part of the integrated financial and accountability reporting package.

3.3. Assurance obtained through the work of the Audit Progress Committee

The **Audit Progress Committee oversees audit matters within the Commission and reports annually to the College of Commissioners**. It ensures the independence of the Internal Audit Service, monitors the quality of internal audit work and ensures that internal and external (i.e. from the European Court of Auditors) audit recommendations are properly taken into account by the Commission's Directorates-General and services and that they receive appropriate follow-up.

During this reporting year, which continued to be affected by the succession of unprecedented challenges impacting the EU since 2020 ([75]), **the committee maintained its important role in enhancing governance, organisational performance and accountability across the entire organisation**. It held four rounds of meetings, focusing on the key objectives set out in the 2023 and 2024 work programmes. The committee also welcomed the convergence between the critical risks identified by management and the high risks identified by the Internal Audit Service, as translated by the audit topics included in the audit plan, which continues to illustrate the robustness of the institution's approach to risk management.

The committee discussed very important audit findings raised by the Internal Audit Service with relevant auditees and urged the completion of mitigating actions as soon as possible. The committee held discussions on important topics such as the Commission's risk at payment and the controls of the Recovery and Resilience Facility, given their importance in ensuring and demonstrating the Commission's capacity to protect the EU budget. It also held discussions on topics related to IT security, especially those relevant to the current cybersecurity environment.

The committee was satisfied with the independence and quality of the internal audit work and welcomed the internal auditor's reassurances that the planning provides sufficient coverage for delivering the overall opinion on the Commission's financial management. The effective implementation rate of the internal auditor's recommendations remained very high (i.e. covering 97% of recommendations issued and followed up during 2019-2023), and only three very important audit recommendations were overdue by more than 6 months as of January 2024.

The committee continued its exchanges with the European Court of Auditors and held a discussion with the external auditor on its annual work programme for 2024. The committee also continued to monitor the progress in implementing the Court of Auditor's recommendations, and was satisfied when, for the 16th time in a row, the European Court of Auditors gave a clean opinion on the reliability of the EU consolidated accounts.

Annex 7 of this annual management and performance report includes more information on the work and conclusions of the committee.

([75]) The consequences of the COVID-19 pandemic and Russia's invasion of Ukraine with the ensuing energy price and cost of living crises.

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3.4. The opinions of the European Court of Auditors on the 2022 accounts and on the legality and regularity of transactions

The European Court of Auditors' *Annual report on the implementation of the EU budget for the 2022 financial year*, published in October 2023, gave a clean opinion on the EU accounts for the 16th year in a row. Revenue also continued to be free from material error.

As regards legality and regularity of expenditure, under the multiannual financial framework, the European Court of Auditors maintained an adverse opinion. The overall estimated level of error for the EU budget (4.2%) increased compared to 2020 (3.0%).

This adverse opinion is mainly explained by both the reported level of error and the fact that material errors remain in what the European Court of Auditors considers to be high-risk expenditure, of which the share in the EU budget has also slightly increased. High-risk expenditure, which is often subject to complex rules and is mainly based on reimbursement of costs, covers, in particular, cohesion, research, rural development, market measures under the European Agricultural Guarantee Fund and some parts of external initiatives. The European Court of Auditors concludes that high-risk expenditure represented 66% of the audited population for 2022 (against 63% in 2021), an increase which is consistent with the increase in cohesion payments at this stage of the 2014-2020 multiannual financial framework cycle.

On the other hand, the European Court of Auditors confirmed again that the risk of error is lower for expenditure subject to simpler rules, mainly the entitlement-based payments (as opposed to reimbursement-based payments). This concerns, for instance, direct payment to farmers but also administrative expenditure (mostly salaries and pensions of EU civil servants). Both continue to be free from material error.

The European Court of Auditors also issued an audit opinion on the Recovery and Resilience Facility for the second time. It concluded that the financial impact of its findings was close to the 2% materiality threshold and, based on these quantitative and other qualitative findings, issued a qualified opinion.

The Commission followed up on the Court of Auditor's recommendations, stemming from both the annual and special reports. It reported on the measures taken in the annual activity reports. Moreover, it reported on a regular basis on the implementation of the Court of Auditor's recommendations to the Commission's Audit Progress Committee, which performed certain monitoring activities in this respect under its updated mandate ([76]).

The European Court of Auditors also monitors the Commission's implementation of its recommendations and provides feedback, helping the Commission to enhance its follow-up activities. In its 2022 annual report, the European Court of Auditors reviewed the extent to which the Commission had pursued the implementation of 175 audit recommendations addressed to it in 28 special reports published in 2019. The European Court of Auditors noted that the Commission had implemented 73% of the recommendations either fully (58%) or in most respects (15%) and another 13% in some respects. In 4% of the cases, the European Court of Auditors was unable to conclude. Of the 17 recommendations (10%) that the European Court of Auditors considered not to have been implemented, the Commission had initially not accepted eight and only partially accepted five. These results are in line with those of previous years.

([76]) Annex to the Communication to the Commission from Commissioner Reynders in agreement with the President – Update of the charter of the Audit Progress Committee of the European Commission, COM(2020) 1165 final of 27 February 2020.

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3.5. Discharge of the budget for 2022

The European Parliament granted the discharge to the Commission for the 2022 financial year on 12 April 2024, after having examined the reports of the European Court of Auditors, the Commission's integrated financial and accountability reporting package and the Council's discharge recommendation. The European Parliament's Committee on Budgetary Control also invited selected Commissioners and Directors-General for exchanges of views during the discharge procedure.

During the procedure, the key stakeholders – the European Parliament, the Council of the European Union and the European Court of Auditors – focused on how to ensure transparency in the use of the EU budget, how to improve its results and how to further reduce the level of error. The Recovery and Resilience Facility, which became operational in 2021, was again one of the key elements of the discharge discussions this year due to its financial firepower and the specific nature of its delivery mode, which is performance-based rather than based on costs incurred.

The discussions on discharge also touched upon issues such as the rule of law and fundamental rights, the importance of the EU budget in achieving the EU's priorities and responding to crises, the smoother implementation and absorption of EU funds, including the simplification of rules and procedures, the repayment of the debt under NextGenerationEU, the anti-fraud architecture and the cooperation between the European Public Prosecutor's Office and the European Anti-Fraud Office, the financing of non-governmental organisations, the review of the funding to Palestine [77], the funding to the United Nations Relief and Works Agency for Palestine Refugees, the mainstreaming of the EU's horizontal priorities throughout the EU budget, the use of information technology tools for the management, control and audit of the funds, the methodologies to estimate the level of error and the level of risk, and cases where the European Court of Auditors and the Commission reached different conclusions on the eligibility of expenditure.

As usual, the Commission is taking appropriate action to address these issues and report on the follow-up in a dedicated report.

[77] This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

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Annex 3 – The Recovery and Resilience Facility

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1. The Recovery and Resilience Facility – an innovative and successful crisis-response tool

The Recovery and Resilience Facility ([78]) is at the heart of the NextGenerationEU recovery plan for the European Union and was established in the midst of the COVID-19 pandemic to help EU Member States recover faster and become more resilient. It provides a powerful tool at the EU level to support an accelerated and ambitious green and digital transition. In 2022, it was expanded to accommodate the REPowerEU plan, the European Commission's response to the economic hardship, high inflation and energy crisis triggered by Russia's unprovoked invasion of Ukraine. The discussions on the revision of the national plans, mostly to integrate the REPowerEU plan but also to take into account further modifications to the initially approved plans, took place in 2023 while the progress of the implementation of the facility continued on the ground.

1.1. Future-proofing through revised plans

The key event in 2023 was the revision of the 27 recovery and resilience plans and their assessment by the Commission. Increased energy prices, high inflation and supply chain disruptions caused by Russia's unprovoked war of aggression against Ukraine, and, in some cases, natural disasters, made it challenging for Member States to implement certain reforms and investments in their resilience and recovery plans. The Commission supported Member States in their efforts to mitigate these external constraints and to revise the relevant measures in their plans using the flexibility embedded in the Recovery and Resilience Facility regulation. This was also the occasion to update the plans to take account of the revised financial allocation to Member States published in June 2022 and to add designated REPowerEU chapters, following the adoption of the corresponding amending regulation in February 2023 ([79]). A total of 31 plan revisions ([80]) were adopted, 23 of which included REPowerEU chapters ([81]).

Through the revisions, an additional amount of EUR 147.2 billion was allocated under the Recovery and Resilience Facility, divided into EUR 21.6 billion in grants and EUR 125.5 billion in loans. The total amount allocated to Member States thus increased from EUR 500.8 billion at the end of 2022 to EUR 648 billion at the end of 2023. From this total increase, EUR 60 billion was related to REPowerEU for reforms and investments that contribute to saving energy, substituting fossil fuels and addressing immediate needs for security of supply while reducing dependency on Russia's fossil fuels.

([78]) Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility, OJ L 57, 18.2.2021, p. 1, ELI: http://data.europa.eu/eli/reg/2021/241/oj (Recovery and Resilience Facility regulation).

([79]) Regulation (EU) 2023/435 of the European Parliament and of the Council of 27 February 2023 amending Regulation (EU) 2021/241 as regards REPowerEU chapters in recovery and resilience plans and amending Regulations (EU) No 1303/2013, (EU) 2021/1060 and (EU) 2021/1755, and Directive 2003/87/EC, OJ L 63, 28.2.2023, p. 1, ELI: http://data.europa.eu/eli/reg/2023/435/oj (RePowerEU regulation).

([80]) Germany, Ireland, Italy and Finland submitted two updates to their plans.

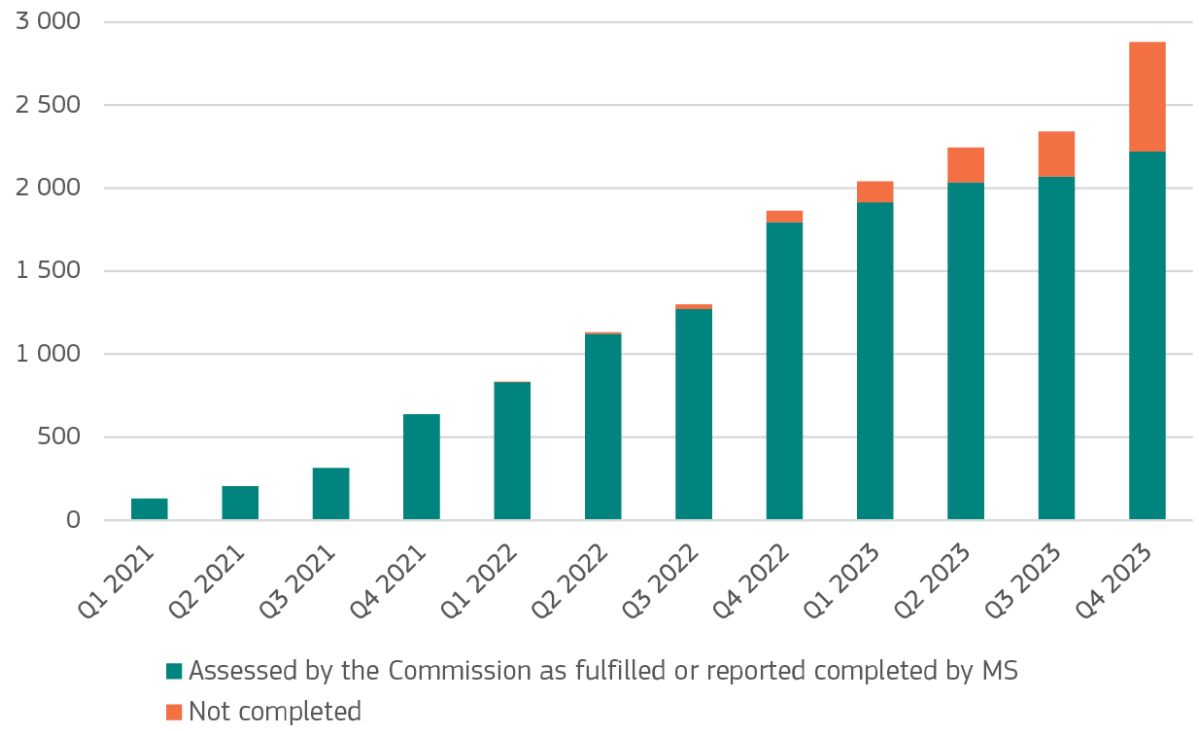
([81]) The revised plans for Bulgaria, Germany, Ireland and Luxembourg did not include REPowerEU chapters.

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1.2. Implementation is on track

The revision of the plans had an impact on the pace of implementation of the existing plans. Still, implementation on the ground continued to progress throughout 2023, with the number of payment requests submitted by the end of 2023 doubling from 27 to 54 and with the achievement of most milestones and targets in line with initial expectations. Almost 80% of the milestones and targets planned to be achieved by the end of 2023 were reported as completed by the Member States, out of which 40% (i.e. 1153 of the 2880 milestones and targets planned for completion by the end of the fourth quarter of 2023) were assessed as fulfilled by the Commission.

Progress on the implementation of the milestones and targets, in absolute values



Source: European Commission

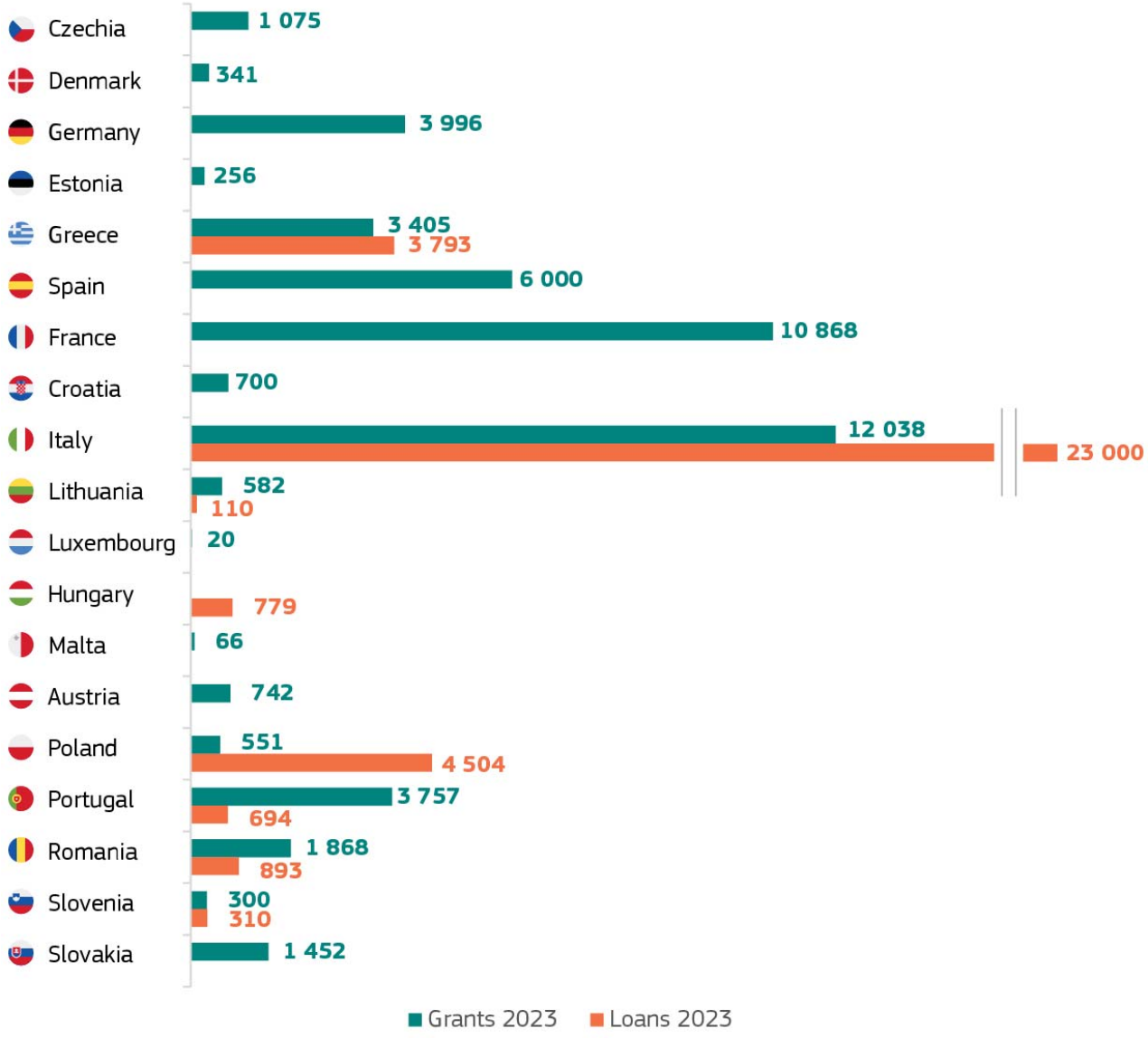
In 2023, the Commission disbursed a total of EUR 75 billion ([82]) **(out of which EUR 28.7 billion was in loans)** and additional pre-financing payments of EUR 7.1 billion. This brought the total disbursements by the end of 2023 to EUR 220.8 billion, divided into EUR 141.6 billion in grants (40% of the total EUR 357 billion ([83]) for grants under the Recovery and Resilience Facility envelope) and EUR 79.2 billion in loans (27% of the total EUR 291 billion for loans under the Recovery and Resilience Facility envelope).

([82]) The total amount disbursed in 2023 corresponds to 23 payments requests from 17 Member States, along with the payment of pre-financing to two Member States. In total, when including pre-financing, payments were made to 19 Member States.

([83]) EUR 338 billion in original Recovery and Resilience Facility grants, EUR 17.3 billion in emissions trading system grants and EUR 1.6 billion in Brexit adjustment reserve grants.

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Disbursements made in 2023 per Member State for grants and loans, including pre-financing



Source: European Commission

1.3. Achieving performance results

Member States use the funds provided by the Recovery and Resilience Facility to implement ambitious reforms and investments that will make their economies and societies more sustainable, resilient and prepared for the green and digital transitions.

The results obtained by the end of 2023 indicate that the facility is making a key difference in the lives of EU citizens. The common indicators that follow show the progress of implementation of the recovery and resilience plans towards common objectives and the overall performance of the facility.

Common indicator	Results by the end of 2023
Savings in annual primary energy consumption	**28 282 262 MWh / year**
Additional operational capacity installed for renewable energy	**54 204 MW**
Alternative fuels infrastructure (refuelling/recharging points)	**531 995**
Population benefiting from protection measures against floods, wildfires and other climate-related natural disasters	**9.0 million**
Additional dwellings with internet access provided via very-high-capacity networks	**5.6 million**
Enterprises supported for developing or adopting digital products, services and application processes	**587 398**
Users of new and upgraded public digital services, products and processes	**308.7 million**
Researchers working in supported research facilities	**17 551**
Enterprises supported (small (including micro), medium and large)	**2.0 million**
Number of participants in education or training	**8.7 million**
Number of people in employment or engaged in job searching activities	**1.3 million**
Capacity of new or modernised health care facilities	**45.8 million**
Classroom capacity of new or modernised childcare and education facilities	**246 037**
Number of young people aged 15–29 receiving support	**5.8 million**

Furthermore, the Recovery and Resilience Facility helped to deliver some key reforms during the first 2 years of implementation, including reforms:

- **digitalising public administration** (Slovakia) and ensuring cybersecurity (Romania);
- making **civil and criminal justice systems** more efficient by reducing the length of proceedings and by improving the organisation of courts (Italy, Spain);
- improving the **quality of the legislative process** (Bulgaria);
- tackling **corruption and ensuring the protection of whistle-blowers** (Cyprus);
- surrounding the **labour market** and modernising active labour market policies (Spain);
- enhancing **employment and social protection** (Croatia);
- fostering **scientific excellence** and improving the performance of universities and public research organisations (Slovakia) and enhancing the predictability and stability of public research funding (Portugal);
- simplifying licensing to boost investment in **offshore renewables** or to create the conditions for introducing **renewable hydrogen** (Greece, Portugal, Spain);
- supporting the roll-out of **renewable energy and sustainable transport** (Croatia, Romania);
- improving **affordable housing** (Latvia).

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In addition, the Recovery and Resilience Facility has contributed to unlocking the full potential of structural reforms by complementing them with key investments. Some of the major investments with key steps already completed include:

- funding for the diversification and shortening of the **supply chain of agricultural and food products** and building the resilience of entities in the supply chain (Poland, for a total estimated cost of EUR 1.3 billion);
- investments to support the **decarbonisation and energy** efficiency of industry (Croatia, for a total estimated cost of EUR 61 million; France, EUR 1.4 billion);
- the purchase of **600 000 new laptops to lend to teachers and pupils** and the selection of digital innovation hubs to support companies in their digitisation efforts (Portugal, EUR 600 million);
- funds to increase the **competitiveness of firms operating in the tourism sector**, including 4 000 small and medium-sized enterprises (Italy, EUR 1.9 billion);
- investments to **support vulnerable people** (Italy, EUR 1 billion);
- the **digitisation of public administration** towards digital, simple, inclusive and secure public services for citizens and businesses (Portugal, EUR 170 million);
- broadband infrastructure development (Latvia, EUR 4 million).

An overview of how the implementation of the Recovery and Resilience Facility and the national recovery and resilience plans are progressing is provided through the recovery and resilience scoreboard.

Each recovery and resilience plan is required to contribute at least 37% and 20%, respectively, to climate and digital objectives. This is reflected in the significant budgetary contribution to both the green and digital transitions of the facility.

- **Climate contribution**: EUR 275.7 billion from 2021 to 2023 (43% of the total budget envelope).
- **Digital contribution**: EUR 157.6 billion from 2021 to 2023 (24% of the total budget envelope).

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2. Control results confirm the satisfactory fulfilment of all milestones and targets for payments made in 2023

2.1. A dedicated control environment to ensure the protection of EU funds

The Recovery and Resilience Facility regulation sets out the respective roles and responsibilities of Member States and of the Commission for protecting the EU budget. The facility is a fully performance-based instrument, and, unlike other EU funding programmes, the Commission does not reimburse Member States based on actual costs incurred for the reforms and investments included in their recovery and resilience plans. Instead, the Commission pays pre-defined instalments solely when agreed milestones and targets are satisfactorily fulfilled. The funds of the Recovery and Resilience Facility, once disbursed, enter each national budget with no direct link to the expenditure incurred to finance the reforms and investments. As per the regulation, Member States are responsible for ensuring that the facility is implemented in compliance with EU and national rules and with the principles of sound financial management. The Commission should be able to receive sufficient assurance from them in that regard.

Member States must put in place suitable monitoring and control systems to protect the financial interests of the EU and to ensure that the use of funds complies with EU and national law. These systems are described in detail in the recovery and resilience plans and were assessed by the Commission before each plan was adopted. During the lifetime of the facility, Member States must ensure the effectiveness of these control systems. Notably, they must undertake systematic work to ensure that the systems prevent, detect and correct irregularities. If a Member State detects any specific irregularities, it must take action to correct them and inform the Commission of them. If a Member State does not undertake the necessary corrections in cases of fraud, corruption or double funding, the Commission will recover the funds from the Member State. Moreover, if a Member State seriously breaches its obligations, the Commission can apply a flat-rate correction of that Member State's facility funds.

The Commission has designed its control strategy to fully comply with its responsibilities stemming from the Recovery and Resilience Facility regulation.

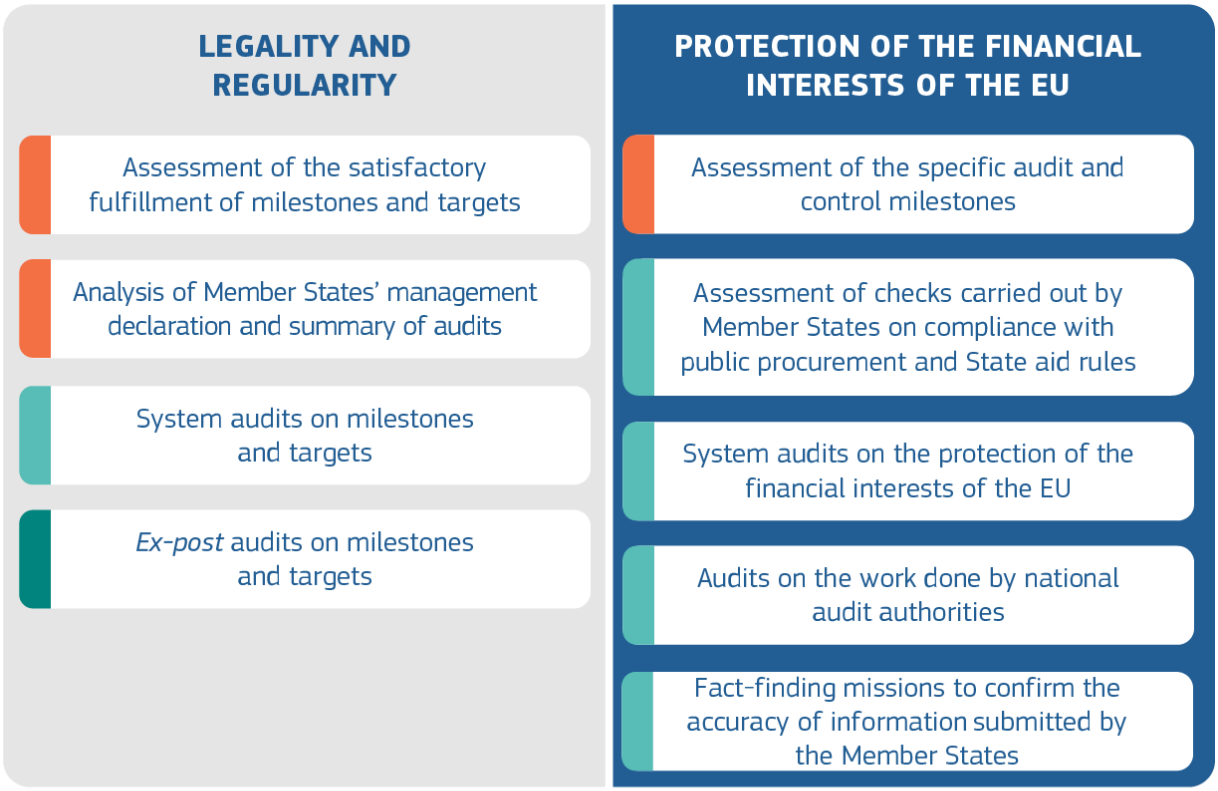
- **The Commission must ensure the legality and regularity of payments to the Member States, which are solely linked to the satisfactory fulfilment of the milestones and targets.** For this purpose, the Commission carries out ***ex ante*** **assessments of all the payment requests** received from the Member States, on-the-spot ***ex post*** **audits** for a selection of payment requests, milestones and targets, **system audits on milestones and targets** and the **analysis of the Member States' management declarations and summaries of audits**.
- **The Commission has the right to reduce and recover any amount, or ask for early repayment of the loan**, in cases of fraud, corruption and conflicts of interest affecting the financial interests of the EU that have not been corrected and recovered by the Member State, or for a serious breach of an obligation resulting from the financial and/or loan agreement signed with the Member State. For this purpose, the Commission makes an **assessment of the control systems described in the plans** (and subsequent revisions) submitted to the Commission before their adoption. In addition, the Commission carries out **system audits on the protection of the**

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financial interests of the EU in the Member States over the entire duration of the facility and **audits on the work done by the national authorities**. It also assesses the checks carried out by the Member States on compliance with public procurement rules and State aid rules.

- The figure below presents an overview of the Commission's control strategy regarding the facility.

Overview of the Recovery and Resilience Facility control environment at the Commission level



- Takes place before the Commission makes the payment to the Member State
- Can take place anytime during the implementation of the plan
- Takes place after the Commission makes the payment to the Member State

Source: European Commission

The Commission makes a qualitative assessment of the control results and the level of risk associated with the operations. Unlike other EU programmes, this assessment cannot be quantified with an error rate. Error rates reflect a quantitative assessment, which is pertinent when the expenditure can be directly attributed to a quantitative criterion. Payments in the context of the Recovery and Resilience Facility are based on a qualitative assessment of the fulfilment of milestones and targets, which is difficult to translate into quantitative terms. Even when milestones and targets have not been satisfactorily fulfilled and a reduction will be made, this reduction cannot correspond to an amount of ineligible expenditure. In addition, the investments and reforms included in the recovery and resilience plans are very diverse, both within a Member State and between Member States, which prevents any statistical extrapolation. In this context, a meaningful error rate cannot be determined.

The Commission's qualitative assessment is based on a combination of results from: (1) the assessment of the payment request; (2) the Member States' management declarations and summaries of audits that must accompany each payment request; (3) the Commission's audits on the achievement of milestones and targets and other checks carried out by the Commission at the Member State level in the context of other funding programmes such as cohesion policy funds; and (4) the European Court of Auditors'

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findings, if deemed acceptable. As a result, the Commission determines a level of risk to the legality and regularity of each payment, which can be low, medium or high.

Following the recommendations from the Internal Audit Service, the European Court of Auditors and the European Parliament, the Commission revised its audit and control strategies in 2023 with a view to making qualitative enhancements, namely by:

- **reinforcing controls on** how Member States' internal control systems ensure **compliance with EU and national rules** through the roll-out of checks on public procurement and State aid in all types of Commission audits;
- **strengthening cooperation among Commission departments** as regards the sharing of audit results;
- **improving controls of the potential risks of reversal** for audited milestones and targets;
- **revising the methodology for the selection of additional audit work** regarding the protection of the financial interests of the EU to ensure that risks are adequately monitored and addressed throughout the lifetime of the Recovery and Resilience Facility;
- **fine-tuning the control objectives** for better coverage of the risks related to the Recovery and Resilience Facility implementation, including better descriptions of the monitoring arrangements to check the effectiveness, efficiency and economy of the controls carried out by the Member States.

In 2023, the Commission continued to bring improvements and clarifications to the way the design of the facility is interpreted through the following.

- A **framework** ([84]) **for assessing the satisfactory fulfilment of the milestones and targets** upon conducting the assessment, published in February 2023. It is based on the experience that the Commission has gained so far in the assessment of milestones and targets under the Recovery and Resilience Facility regulation.
- A **methodology** ([85]) **to determine the amount to be suspended if a milestone or target is not satisfactorily fulfilled**, in full respect of the principles of equal treatment and proportionality. It provides a clear and consistent approach to determining the relevant amounts while retaining a margin of discretion, reflecting the fact that not all measures contribute equally to the realisation of the objectives of a national recovery and resilience plan.
- A **framework for the application of the provision related to the reversal of milestones and targets** under the facility ([86]), which provides legal clarity and transparency on the process to be followed in case of a reversal, ensuring the continued implementation of the Recovery and Resilience Facility.

([84]) Communication from the Commission to the European Parliament and the Council – Recovery and Resilience Facility: Two years on – A unique instrument at the heart of the EU's green and digital transformation, Annex I, COM(2023) 99 final of 21 February 2023.

([85]) Communication from the Commission to the European Parliament and the Council – Recovery and Resilience Facility: Two years on – A unique instrument at the heart of the EU's green and digital transformation, Annex II, COM(2023) 99 final of 21 February 2023.

([86]) Report from the Commission to the European Parliament and the Council on the implementation of the Recovery and Resiliency Facility: Moving forward, Annex II, COM(2023) 545 final of 19 September 2023.

- **Further strengthening transparency** thanks to the REPowerEU regulation, which introduces a requirement for the Member States **to publish information on the 100 final recipients** receiving the highest amounts of Recovery and Resilience Facility funding ([87]). An **updated "Guidance on recovery and resilience plans"** ([88]) following the ECOFIN Council Conclusions of April 2024 on the Facility's mid-term evaluation, inviting the Commission and Member States to identify ways to streamline and improve the implementation of RRPs, whilst ensuring the adequate protection of the EU's financial interests. This guidance introduces several simplification elements for the implementation of the recovery and resilience plans and explains the process for modifying the plans, including the allocation of resources from the facility towards STEP ([89]) objectives. It also brings more clarity regarding the conditions under which a pro-rata combination of support from the facility and other EU funds is possible, while avoiding double funding.

2.2. Control results are predominantly positive

2.2.1. Full approval of the revised plans following their assessment

In the context of the revision of recovery and resilience plans, the audit and control system of the respective Member States were reassessed in 2023, taking into account all the new and additional information obtained since the original assessment took place through the different audits carried out by the Commission. In light of this information, the Commission considered whether the arrangements for the audit and control system put forward by the Member State in the modified recovery and resilience plan were (still) adequate and proposed to add new milestones and targets in this respect (see also section 2.2.4.). All 31 plan revisions submitted in 2023 were adopted.

2.2.2. *Ex ante* controls at the payment stage

Positive assessment before payment of the satisfactory fulfilment of milestones and targets

In 2023, the Commission assessed and paid 23 payment requests submitted by 17 different Member States, corresponding to 748 milestones and targets (598 milestones, 150 targets). Based on these assessments, seven milestones and targets, out of 748 in total, were assessed as not satisfactorily fulfilled. For three of these ([90]), partial payments were decided by the Council in 2023, and a total of EUR 890 million was not paid to the Member States.

In the context of the assessment of milestones and targets, questions have been raised regarding the application of eligibility provisions to some measures. In this respect, the Commission has systematically introduced checks regarding eligibility when approving the plans and, where doubts arise regarding individual

([87]) The Commission has asked Member States to swiftly make this data available and is consolidating it on the recovery and resilience scoreboard, the online portal that tracks progress in the implementation of the Recovery and Resilience Facility as a whole and of each national recovery and resilience plan.
([88]) C(2024)3809
([89]) Regulation (EU) 2024/795 of the European Parliament and of the Council of 29 February 2024 establishing the Strategic Technologies for Europe Platform (STEP)
([90]) The first payment to Lithuania: two milestones; the second payment to Romania: two milestones; the third payment to Portugal: one target and two milestones.

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pieces of evidence submitted by Member States, when assessing payment requests. In order to further clarify the application of the current provisions ([91]), the Commission will issue further guidance on this matter.

Positive assessment of the specific milestones on audit and control for all Member States

In total, 14 of the 23 Member States for which the first payment took place since the beginning of the implementation ([92]) **were concerned with audit and control milestones**, not counting the new wave of milestones and targets added in the revised plans. Examples of such milestones are:

- putting in place and implementing a repository system for monitoring the implementation of the Recovery and Resilience Facility before the first payment was done;
- entry into force of laws or decrees setting out legal mandates or defining audit and control procedures;
- creating and implementing an action plan regarding the prevention of conflict of interest in the context of the Recovery and Resilience Facility and adopting an audit strategy ensuring independent and effective auditing of the Recovery and Resilience Facility implementation.

The Commission assessed the achievement of all these milestones positively, based on desk reviews and in-depth assessments of the evidence provided by each Member State. In addition, commitments were made by seven Member States to ensuring the continuous respect of the audit and control milestones.

Analysis of management and audit summaries confirms the Commission's initial assessment

The Commission reviewed the management declarations and audit summaries accompanying all payment requests for the 23 payments made in 2023. For all except three payment requests received and assessed, the analysis of management declarations and audit opinions supported the Commission's assessment of the satisfactory achievement of milestones and targets.

2.2.3. *Ex post* audits on milestones and targets confirm the satisfactory fulfilment of milestones and targets

In 2023, the Commission carried out 10 audits ([93]) on milestones and targets (some of them were also combined with systems audits). These audits are carried out on a risk basis, usually covering 100% of high-risk milestones and targets, along with some medium-risk milestones and targets. The payment requests not audited contained mainly low-risk milestones. By 15 May 2024, the Commission had audited **50 of the 63 high-risk milestones and targets** included in payment requests paid out in 2023 and **32 out of 147 medium-risk ones**.

Based on its audit work, the Commission found **no evidence that the audited milestones and targets were not satisfactorily fulfilled**. Any other discrepancies identified between the data declared and the

([91]) Commission guidance to Member States of 22 January 2021 (SWD(2021) 12 final) regarding how the Commission would assess measures for compliance with the obligation stemming from the Recovery and Resilience regulation.
([92]) Bulgaria, Czechia, Estonia, Greece, Spain, France, Croatia, Italy, Cyprus, Lithuania, Luxembourg, Romania, Slovenia and Slovakia.
([93]) Audits regarding the first payment requests submitted by Czechia, Denmark, Germany, Luxembourg and Austria, the second payment requests submitted by Greece, Croatia, Italy ([93]), Romania and Slovakia and the third payment requests submitted by Spain, Croatia, Portugal and Italy and fourth payment requests submitted by Italy and Portugal.

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data audited remained within the margin of 5% ([94]) considered by the Commission for its assessment. In case the Commission considers *ex post* that a milestone or a target was not reached, it will initiate financial corrections to recover the undue part of the payment made. This has not happened for the payments done in 2023.

2.2.4. System audits on the protection of the financial interests of the EU confirm adequacy of systems in place

By the end of 2023, all the Member States have undergone a system audit at least once since the start of the Recovery and Resilience Facility. In 2023, the Commission's **system audits** on the protection of the financial interests of the EU covered 13 coordinating bodies and 62 implementing bodies in 13 Member States ([95]), such as ministries or agencies, selected on a risk basis. In the context of these system audits and other audit work, the Commission carried out targeted checks on compliance with State aid and public procurement procedures, covering both the procedures in place to prevent fraud, corruption and conflicts of interest in public procurement procedures and the actual implementation of these procedures.

The Commission identified a varied situation regarding the implementation of internal control systems across the audited bodies. Good practices were identified, such as risk assessments on sensitive staff, procedures for the detection of possible fraud and corruption, the use of data mining tools such as ARACHNE, procedures for the preventive detection of possible conflicts of interest, procedures for the verification of possible double funding before the grant award decision and high-quality programmes to train staff on matters of ethics and integrity.

However, the main issues encountered, for which the Commission is issuing recommendations and agreed deadlines for their implementation, still concern the lack of sufficient coordination/supervision by the coordinating bodies, issues with data collection, aggregation, reporting and access, incomplete anti-fraud strategies for the protection of financial interests of the Union, missing elements in the fraud risk assessments, in the need for improvement of *ex ante* controls carried out to prevent conflicts of interest, the need to improve procedures to verify the absence of double funding, issues with the fulfilment of publicity obligations not well fulfilled, low participation in training organised to raise fraud awareness and deficiencies in the reporting of irregularities to the European Anti-Fraud Office.

Where the deficiencies identified could be remedied by an audit and control milestone, the Commission proposed introducing such milestones into the revised recovery and resilience plans as part of the proposal for a Council implementing decision. These milestones must be fulfilled before the next payment can be made. As a result, 10 new audit and control milestones were included in seven revised plans ([96]) approved by the Council in 2023.

The Commission can give reasonable assurance regarding the protection of the EU's financial interests from fraud, corruption and conflicts of interest ([97]) based on the outcomes of the system audit work carried out in 2023 and considering the results of the analysis of the management declarations and audit summaries mentioned above, with the exception of one Member State, as described in section 2.2.8 but which is deemed not material and thus no reservation is issued.

([94]) A minimal deviation from amounts specified in a milestone/target is defined as around 5% or less.
([95]) Belgium, Germany, France, Croatia, Italy, Luxembourg, Hungary, Netherlands, Austria, Portugal, Romania, Slovakia and Sweden.
([96]) Belgium, Denmark, Ireland, Cyprus, Austria, Portugal and Finland.
([97]) In accordance with Article 22(5) of the Recovery and Resilience Facility regulation, the Commission may reduce proportionately the non-repayable support under the Recovery and Resilience Facility and, where applicable, recover any amount due to the EU budget in cases of fraud, corruption and conflicts of interest affecting the financial interests of the EU that have not been corrected by the Member State, or a serious breach of an obligation resulting from this agreement.

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2.2.5. Other audits and controls

Audits of the national audit authorities

In 2023, the Commission reviewed the audit work carried out by national audit authorities ([98]) to establish the level of assurance that could be drawn from their audit, with mixed results overall. In many instances, findings regarding the work of the audit authorities led to minor but rather desirable improvements, while some of the findings also resulted in critical or very important recommendations. Examples of recommendations included requiring the audit bodies to include deadlines for the implementation of their recommendations, defining follow-up procedures better, improving audit manuals, checklists or documentation, improving verifications on public procurement procedures or State aid rules and addressing staffing issues or issues with the assignment of audit staff.

All the Member States assessed complied with their obligation regarding public procurement and State aid rules

To support its declaration of assurance, the Commission also assesses whether Member States comply with their obligation to regularly check EU and national rules, notably on State aid and public procurement. In accordance with the Recovery and Resilience Facility regulation, Member States shall 'regularly check that the financing provided has been properly used in accordance with all applicable rules and that any measure for the implementation of reforms and investment projects under the recovery and resilience plan has been properly implemented in accordance with all applicable rules regarding the prevention, detection, and correction of fraud, corruption, and conflicts of interests'.

In 2023, this assessment concerned all 17 Member States that received a payment during the reporting period. In doing so, the Commission primarily used the results of its specific audits on the Recovery and Resilience Facility (see above) complemented with audit work related to other instruments (e.g. the cohesion policy). Based on the evidence collected and assessed, and to the best of its knowledge, the Commission considered that all the Member States complied with their obligation to regularly check that the financing provided in the context of the 2023 transactions was properly used and implemented in accordance with all applicable rules, notably for public procurement and State aid.

2.2.6. Annual audit and management opinions

Based on the audit work described above, the Commission issued 17 annual audit opinions ([99]) for the 17 Member States that received payments, following the submission of a payment request, in 2023. These audit opinions were then used in addition to any other available information to issue a management opinion ([100]) for each of the payments made in 2023.

Both audit opinions and management opinions are used to support the conclusion on the overall declaration of assurance. The audit opinions provide an opinion on the level of risk in relation to the legality and regularity

([98]) Three dedicated compliance audits were conducted for Denmark, Slovenia and Slovakia. Additionally, parts of compliance audits were integrated into other audits of Spain, France, Luxembourg, Austria, Romania and Slovakia.

([99]) The audit opinion is a formal assessment by the Commission's responsible audit units on the Commission's internal control systems for the Recovery and Resilience Facility and is supported by detailed assessments per Member State containing a summary of the information accumulated from the Commission's own audits, the audits of other bodies, national audit bodies, the European Court of Auditors and the results of enquiries by the European Anti-Fraud Office.

([100]) The audit opinions are used by the Commission's operational units together with other sources of information at their disposal (such as annual implementation meetings and reports) as a basis for the management opinion, which they are required to provide to the authorising officer by delegation in charge of the Recovery and Resilience Facility.

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of the payment, compliance with Article 22(2)a ([101]) and Article 22(5) ([102]) of the Recovery and Resilience Facility regulation. The management opinions give a level of risk opinion on the legality and regularity of the payments. Detailed information on the level of risk of each payment request is presented in the table of section 2.2.8.

2.2.7. Ongoing work of the European Court of Auditors in the context of the statement of assurance 2023

Commission's assessment of the Court's findings to conclude on the level of risk for the payments made in 2023 is currently ongoing. By 15 May 2024, the Commission had received 26 clearing letters from the European Court of Auditors. Since the European Court of Auditor's findings may be used to determine the level of risk of the payments, the Commission is assessing them to conclude the level of risk for each payment done in 2023.

With respect to twelve clearing letters, the Commission, after careful analysis, maintained its position (based on its ex ante and ex post controls) that the milestones and targets included in the corresponding payment requests have been satisfactorily achieved, which implies a low level of risk. For the other clearing letters, the assessment is still on-going at the time of the publication of the current report.

2.2.8. Qualitative assessment of payments on legality and regularity and on the protection of the financial interest of the Union generally indicates low risk

The Commission's qualitative assessment is based on a combination of results from: (1) the Member States' management declarations and summaries of audits that have to accompany each payment request; (2) the Commission's audits; (3) the assessment of the payment requests; (4) other checks carried out by the Commission at the Member State level in the context of other funding programmes such as cohesion policy funds; and (5) the European Court of Auditors' findings, if deemed acceptable. As a result, the Commission determines a level of risk to the legality and regularity of each payment, which can be low, medium or high. The Commission's conclusions per payment request received are summarised in the following table.

([101]) In accordance with Article 22(2)(a) of the Recovery and Resilience Facility regulation, the Member State shall conduct an effective implementation of proportionate anti-fraud and anti-corruption measures, along with any necessary measure to effectively avoid conflicts of interest.

([102]) In accordance with Article 22(5) of the Recovery and Resilience Facility regulation, the Commission may reduce proportionately the non-repayable support under the Recovery and Resilience Facility and, where applicable, recover any amount due to the EU budget in cases of fraud, corruption and conflicts of interest affecting the financial interests of the EU that have not been corrected by the Member State, or a serious breach of an obligation resulting from this agreement

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Qualitative assessment of the 23 payments made in 2023

		Level of risk				
		Legality and regularity			Compliance with	
					Applicable rules (a)	Obligation to correct (b)
Member State	Payment request	Audit opinion	Manage-ment opinion	Overall	Audit opinion	Audit opinion
Austria	First	Low	Low	Low	Low	Low
Croatia	Third	Low	Low	Low	Low	Low
Czechia	First	Medium	Medium	Medium	Medium	Medium
Denmark	First	Low	Low	Low	Medium	Medium
Estonia	First	Low	Low	Low	Low	Low
France	Second	Low	Low	Low	Low	Low
Germany	First	Low	Low	Low	Low	Low
Greece	Second	Low	Low	Low	Low	Low
Greece	Third	Low	Low	Low	Low	Low
Italy	Third	Low	Low	Low	Medium	Medium
Italy	Fourth	Low	Low	Low	Medium	Medium
Lithuania	First	Low	Low	Low	Low	Low
Luxembourg	First	Low	Low	Low	Medium	Medium
Malta	First	Low	Low	Low	Medium	Low
Portugal	Second	Low	Low	Low	Low	Low
Portugal	Third	Low	Low	Low	Low	Low
Portugal	Fourth	Low	Low	Low	Low	Low
Romania	Second	Low	Low	Low	Low	Low
Slovakia	Second	Low	Low	Low	Medium	High
Slovakia	Third	Low	Low	Low	Medium	High
Slovenia	First	Low	Low	Low	Low	Low
Slovenia	Second	Low	Low	Low	Low	Low
Spain	Third	Low	Low	Low	Medium	Low

Source: European Commission

Notes to the table:

Article 22(2)a of the Recovery and Resilience Facility regulation

Article 22(5) of the Recovery and Resilience Facility regulation

Overall, the Commission concludes that:

- Regarding legality and regularity: the level of risk is mostly low for the payment made with one payment being assessed with a medium level of risk([103]). Based on the audits and controls carried out, and other sources of information if deemed acceptable, none of the milestones and targets included in the payments made were assessed as not satisfactorily fulfilled.
- Regarding compliance with all applicable rules, namely public procurement and state aid ([104]) and the compliance with the obligation to make corrections in cases of fraud, corruption and conflict of interest or a serious breach of obligations resulting from the financing and loan agreements ([105]): level of risk is mostly low or medium except one case for which the level of risk, with respect to compliance with the obligation to make corrections is assessed as high. However, given the amounts at stake, i.e. EUR 1,2 million not recovered at the level of the final recipient in a case of conflict of interest detected by the Member State, this is not considered material and no reservation is issued. In general, Member States are taking the required actions to address the weaknesses identified during systems audits. None of the weaknesses identified put into question the level of protection of the EU's financial interests.

2.3. The authorising officer by delegation for the facility confirmed they had reasonable assurance

In their conclusions on the assurance for the Recovery and Resilience Facility, the officer ([106]) confirmed they had reasonable assurance on:

- the legality and regularity of the payments made in 2023 for the Recovery and Resilience Facility, based on the positive assessment of the evidence of the satisfactory fulfilment of the milestones and targets provided in the payment requests, on *ex post* audit work on the milestones and targets and also considering the outcomes of the audit work carried by the European Court of Auditors in the context of its statement of assurance 2023 (for clearing letters received and assessed by the cut-off date);
- public procurement and State aid, the respect of the obligation of Member States laid down in Article 22(2)(a) of the Recovery and Resilience Facility regulation to regularly check that the financing provided in the context of the underlying transactions has been properly used in accordance with all applicable rules, and that any measure for the implementation of reforms and investment projects under the recovery and resilience plan has been properly implemented in accordance with all applicable rules, in particular regarding the prevention, detection and correction of fraud, corruption and conflicts of interest; and
- the implementation of Article 22(5) of the Recovery and Resilience Facility regulation on the proportionate reduction of the support under the facility and recovery of any amount due to the EU budget or the request for early repayment of the loan, in cases of fraud, corruption and conflicts of interest affecting the financial interests of the EU that have not been corrected by the Member State, or a serious breach of an obligation resulting from the agreements referred to in Articles 15(2) and 23(1) of the Recovery and Resilience Facility regulation, with the exception of one Member State, as described in section 2.2.8 but which is deemed not material and thus no reservation is issued.

([103]) The ex-post audit conducted by the Commission identified a potential legality and regularity issue concerning one target and the contradictory procedure is still ongoing.
([104]) Article 22(2)(a) of the Recovery and Resilience Facility regulation.
([105]) Article 22(5) of the Recovery and Resilience Facility regulation.
([106]) The Director-General for Economic and Financial Affairs has been designated as the authorising officer by delegation for the Recovery and Resilience Facility.

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ANNEX 4 – PART 1/2

ANNEXES

to the

REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE COURT OF AUDITORS

Annual Management and Performance Report for the EU Budget - 2023 financial year

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Annex 4 – Programme Performance Statements

Important: this annex will be published as a website

In line with the European Commission's digital strategy, and with the objective of improving the accessibility of performance information and the user experience, the 'Programme performance statements' annex will be published on the Europa website.

The present annex has been prepared in the current format with the sole objective of allowing its adoption by the College of Commissioners and its publication in the *Official Journal of the European Union*.

The PDF document to be published following the adoption of the Annual Management and Performance Report will feature the links to the web pages as illustrated below. Please note that the current links lead to the web pages from the previous year.

Programme Performance Statements home page

Heading 1: Single Market, Innovation and Digital

Horizon Europe

Euratom Research and Training Programme

ITER

InvestEU

Connecting Europe Facility (CEF)

Digital Europe Programme

Single Market Programme

EU Anti-Fraud Programme

Cooperation in the field of taxation (FISCALIS)

Cooperation in the field of customs (CUSTOMS)

European Space Programme

Secure Connectivity Programme

Heading 2: Cohesion and Values

Regional Policy

Support to the Turkish Cypriot community

Recovery and Resilience Facility

Technical Support Instrument

Protection of the Euro Against Counterfeiting (Pericles IV)

Union Civil Protection Mechanism (rescEU)

EU4Health

Emergency Support within the Union
European Social Fund+
Erasmus+
European Solidarity Corps
Justice Programme
Citizens, Equality, Rights and Values programme
Creative Europe
Communication

Heading 3: Natural Resources & Environment
Common Agricultural Policy
European Maritime, Fisheries and Aquaculture Fund
Fisheries organisations and agreements
Programme for Environment and Climate Action (LIFE)
Just Transition Mechanism

Heading 4: Migration & Border Management
Asylum Migration and Integration Fund
Integrated Border Management Fund

Heading 5: Security & Defence
Internal Security Fund
Nuclear Decommissioning (Lithuania)
Nuclear Safety and Decommissioning
European Defence Fund
Act in Support of Ammunition Production (ASAP)
EU Defence Industry Reinforcement through Common Procurement Act (EDIRPA)

Heading 6: Neighbourhood & the World
Global Europe: Neighbourhood, Development and International Cooperation Instrument
European Instrument for International Nuclear Safety Cooperation
Humanitarian Aid
Common Foreign and Security Policy
Overseas Countries and Territories
Macro-Financial Assistance (MFA)
Pre-Accession Assistance

Special instruments and outside the MFF
European Globalisation Adjustment Fund for Displaced Workers
European Union Solidarity Fund
Innovation Fund

Brexit Adjustment Reserve

Ukraine Facility

Reform and Growth Facility for the Western Balkans

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HORIZON EUROPE

PROGRAMME FOR RESEARCH AND INNOVATION

Programme in a nutshell

Concrete examples of achievements

63 898 Horizon Europe project proposals were evaluated between 2021 and 2023.	47% of all participants in Horizon Europe research support activities between 2021 and 2023 were new.	163 countries participated in Horizon Europe between 2021 and 2023.	17 176 researchers, including PhD students, moved either internationally or between sectors between 2021 and 2023.
35 Nobel Prize winners were supported between 1985 and 2023.	9 Knowledge and Innovation communities were established since 2010.	44 EU Horizon Europe partnerships were launched between 2021 and 2023, out of the 49 identified.	5 EU missions were assessed in 2023 to be on track to meet their 2030 ambition towards a greener and healthier continent.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	**86 027.3**

NextGenerationEU	5 416.2
Decommitments made available again(*)	286.1
Contributions from other countries and entities	2 574.0
Total budget 2021-2027	**94 303.7**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

Horizon Europe is the EU's 7-year research and innovation programme, running from 2021 to 2027. The programme is designed to serve all the political priorities of the EU.

CHALLENGE

Research and innovation contribute to improving people's lives (e.g., through better healthcare) and work (e.g., through better digital services), and to enhancing productivity, competitiveness and job-rich growth. They are also crucial for providing solutions to today and tomorrow's challenges, for example in terms of environment, climate, and society.

It is important, therefore, to further improve the creation and diffusion of high-quality new knowledge and innovation in Europe, reinforce the impact of research and innovation in addressing EU's priorities, ensure the most rapid uptake of innovative solutions and, more generally, strengthen the European research area.

Gearing research towards advancing common EU (and global) goals produces social benefits that exceed any private benefits, and even those that flow to any individual Member State that supports such efforts within its borders or by its researchers. Thus, if left to the individual Member States, such research would be carried out at a suboptimal level. Only through action at the EU level can all the positive spillovers be fully realised. Conversely, to maximise EU added value, it is important that EU action in this area be squarely focused on objectives and activities that cannot be effectively implemented by Member States acting alone, but only through their cooperation.

MISSION

Horizon Europe aims to promote scientific excellence and generate new knowledge and technologies, thus contributing to advancing the EU's general and specific objectives and policies (in particular in terms of boosting sustainable growth and job creation), tackling global challenges and strengthening the European research area.

Horizon Europe has a budget of around EUR 95.5 billion. This includes EUR 5.41 billion from NextGenerationEU to boost the economic recovery and make the EU more resilient in the future. The programme shall be implemented through the specific programme established by Decision (EU) 2021/764 and a financial contribution to the European Institute of Innovation and Technology established by the EIT Regulation as well as the specific programme on defence research established by Regulation (EU) 2021/697 and complemented by the EURATOM research and training programme.

OBJECTIVES

Horizon Europe seeks to deliver research and innovation with maximum impact along the following three dimensions.

Scientific impact. Creating high-quality new knowledge, strengthening human capital in research and innovation and fostering the diffusion of knowledge and open science.

Technological/economic impact. Influencing the creation and growth of companies within the EU, especially small and medium-sized enterprises (including start-ups); creating direct and indirect jobs, especially within the EU; and leveraging investment for research and innovation.

Societal impact. Addressing the EU's policy priorities and global challenges – including the UN sustainable development goals – following the principles of the United Nations' 2030 agenda for sustainable development and the goals of the Paris Agreement, through research and innovation; delivering benefits and impact through research and innovation missions and European partnerships; and strengthening the uptake of innovation in society, ultimately contributing to people's well-being.

Moreover, Horizon Europe is designed to optimise delivery to strengthen the impact and attractiveness of the European research area, to foster excellence-based participation from all Member States, including those performing poorly on research and innovation, and to facilitate collaborative links in European research and innovation.

ACTIONS

Horizon Europe activities include: fuelling the EU's scientific and technological excellence through the European Research Council; funding collaborative research, doctoral and postdoctoral programmes and supporting researchers' careers; supporting world-class research infrastructures; tackling our biggest societal challenges, including the fair green and digital transitions and the sustainable development goals; supporting policymaking with independent scientific evidence and technical support; and boosting the EU's innovation uptake, competitiveness and jobs through the European Innovation Council and the European Institute of Innovation and Technology.

STRUCTURAL SET-UP OF THE PROGRAMME

Horizon Europe is implemented directly by the European Commission, the executive agencies or via designated funding bodies. The programme provides funding for indirect actions in any of the forms laid down in the financial regulation, in particular grants (including operating grants), prizes and procurements. It also supports direct actions undertaken by the Joint Research Centre.

Horizon Europe 'main' work programmes covering the period 2021-2024 follow the first Horizon Europe strategic plan, which was adopted in March 2021 to set the Key Strategic Orientations for 2021-2024. The strategic dimension is complemented by the operational dimension of synergies set in the legislation for 2021-2027. Horizon Europe seeks synergies with other EU programmes, in line with Annex IV to the Horizon Europe Regulation from their design and strategic planning to project selection, management, communication, dissemination and exploitation of results, monitoring, auditing and governance.

Most of the funding is allocated based on competitive calls for proposals, set out in work programmes:

The main Work Programme includes the following parts

- Marie Skłodowska-Curie Actions and research infrastructures under Pillar I - Excellent Science;
- 6 clusters under Pillar II - Global Challenges and European Industrial Competitiveness;
- European innovation ecosystems under Pillar III - Innovative Europe;
- Widening participation and strengthening the European Research Area.;
- Missions.

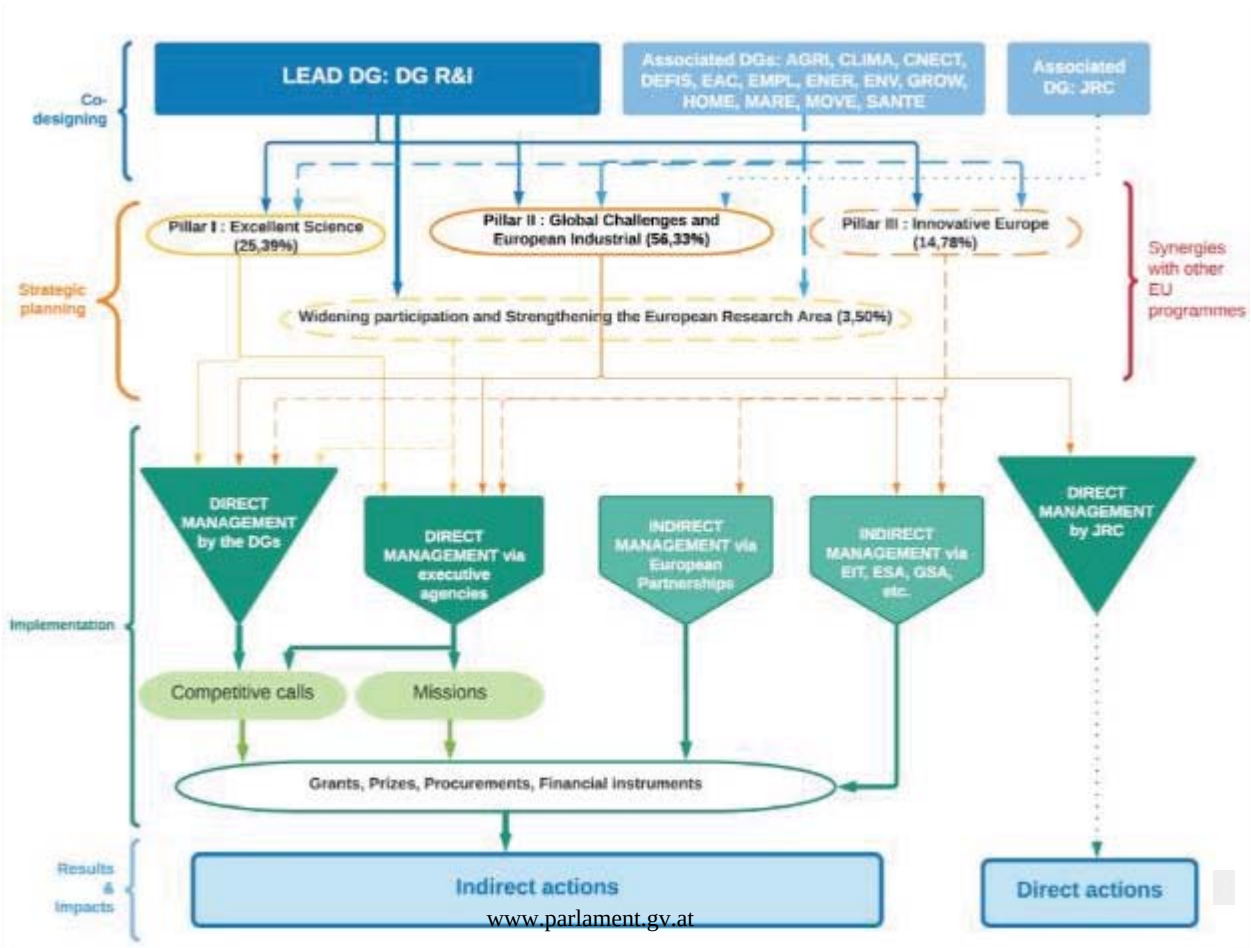
A significant part of Pillar II of Horizon Europe is implemented through European partnerships, including institutionalised ones, particularly in the areas of Mobility, Health, Energy, Digital and Bio-based economy.

Another novelty introduced in Horizon Europe are the EU Missions. They aim to bring concrete solutions to some of our greatest challenges by supporting Europe's transformation into a greener, healthier, more inclusive, and resilient continent. EU Missions are a coordinated effort by the Commission to pool the necessary resources in terms of funding programmes, policies, and regulations, as well as other activities. They also aim to mobilise and activate public and private actors. Missions engage with citizens to boost societal uptake of new solutions and approaches.

Other work programmes cover:

- the European Research Council,
- the European Innovation Council,
- the Joint Research Centre.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



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Remark: as of 2023 the management mode of the investment component of the EIC Accelerator is indirect management (in line with the Implementation of COMMISSION DECISION on the completion of the restructuring of the European Innovation Council (EIC) Fund in the context of the implementation of the EIC Accelerator under Horizon Europe" - C/2023/8183 final)

LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

Horizon Europe builds on the positive results of its predecessor, Horizon 2020. As a result of the interim evaluation of the Horizon 2020 programme, some changes were made that have been maintained under Horizon Europe, for example the European Innovation Council pilot project launched in 2017 to support breakthrough innovation. In addition, novelties have been introduced in Horizon Europe, notably:

- EU missions, to deliver targeted solutions to societal challenges together with citizens;
- a streamlined approach to European partnerships, to rationalise the funding landscape;
- extended association possibilities, to strengthen international cooperation;
- a comprehensive open science policy, to reinforce open sharing and collaboration;
- gender equality strengthened as a crosscutting principle of the programme;
- more comprehensive approach and increased budget to support widening participation and spreading excellence, to decrease the research and innovation gap in the EU;
- synergies with other EU programmes and policies, to increase the research and innovation impact;
- simpler rules, to reduce administrative burdens.

FURTHER INFORMATION

Programme website: Horizon Europe

Impact assessment: The impact assessment of Horizon Europe was carried out in 2018.

Evaluations

The Staff Working Document (SWD) on the Evidence framework for the monitoring and evaluation of Horizon Europe was published in April 2023 - SWD(2023) 132

A series of evaluation studies are under way as part of the interim evaluation of Horizon Europe, while the ex-post evaluation of Horizon 2020 was made public on 29 January 2024 (the last external evaluation studies were published in 2023). The Commission also published the results of the largest public consultation - on the past, present & future of European research and innovation programmes 2014-2027 [1].

Assessment of the influence of ERC funded Research on Patented Inventions (published in January 2023: New study reveals how frontier research spurs patented inventions | ERC (europa.eu)). This analysis

[1] Horizon 2020 programme – final evaluation (europa.eu)

finds that more than 40% of ERC-funded projects generated research that was subsequently cited in patents. The results show how curiosity-driven frontier research enables technological development.

In parallel, an independent panel of experts evaluated the performance of the JRC within Horizon Europe and the Euratom research and training programme for 2021-2025. The assessment underscored the JRC's relevance as provider of scientific evidence for EU policymaking, the high quality of its work, and adaptability in confronting new challenges such as the COVID-19 and energy crisis (published in October 2023: Interim evaluation of the activities of the Joint Research Centre under Horizon Europe and Euratom 2021-2025 - Final report of the evaluation panel).
https://publications.jrc.ec.europa.eu/repository/handle/JRC134811

Studies published since last year:

In 2023, 9 evaluation studies supporting the ex-post evaluation of Horizon 2020 were published:

i. *Evaluation study on the **external coherence and synergies** of Horizon 2020 within the European research and innovation (R&I) support system*, https://data.europa.eu/doi/10.2777/90147
ii. *Evaluation study on the **relevance and internal coherence** of Horizon 2020 and its policy mix*, https://data.europa.eu/doi/10.2777/058655
iii. *Evaluation study on the implementation of **cross-cutting issues** in Horizon 2020*, https://data.europa.eu/doi/10.2777/763665
iv. *Evaluation study of the European framework programmes for R&I for a **resilient Europe***, https://data.europa.eu/doi/10.2777/60819
v. *Evaluation study on the European framework programmes for R&I for addressing global challenges and industrial competitiveness: focus on activities related to the **green transition***, https://data.europa.eu/doi/10.2777/422725
vi. *Evaluation study on the European framework programmes for R&I for addressing global challenges and industrial competitiveness: focus on activities for the **digital and industrial transition***, https://data.europa.eu/doi/10.2777/99438
vii. *Evaluation study of the European framework programmes for R&I for **excellent science***, https://data.europa.eu/doi/10.2777/967813
viii. *Evaluation study of the European framework programmes for R&I for an **innovative Europe***, https://data.europa.eu/doi/10.2777/144504
ix. ***Eurostars-2** final evaluation*, https://data.europa.eu/doi/10.2777/333838

Other reports:

Several publications were released in 2023: a report and a factsheet on the participation of newcomers in EU R&I programmes, a factsheet on Horizon Europe key 2021-2022 implementation data and a report on how the R&I programmes contributed to the IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services) reports. The monitoring flash on the contribution of the framework programmes to IPCC (Intergovernmental Panel on Climate Change) was also updated.

European Court of Auditors reports:

- Annual report on the performance of the EU budget – status at the end of 2021
- Special Report 09/2022: Climate spending in the 2014-2020 EU budget – Not as high as reported
- small and medium sized enterprises internationalisation instruments – A large number of support actions but not fully coherent or coordinated
- Measures to widen participation in Horizon 2020 were well designed but sustainable change will mostly depend on efforts by national authorities

- Synergies between Horizon 2020 and European Structural and Investment Funds – Not yet used to full potential
- Annual reports concerning the financial year 2022
- Special report 24/2023: Smart cities – Tangible solutions, but fragmentation challenges their wider adoption
- Special report 25/2023: EU aquaculture policy – Stagnating production and unclear results despite increased EU funding
- Special report 29/2023: The EU's support for sustainable biofuels in transport – An unclear route ahead

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	11 507.6	12 240.2	12 435.1	12 908.6	12 655.2	12 248.6	12 032.0	86 027.3
NextGenerationEU	1 772.0	1 776.9	1 832.3	13.2	9.7	7.3	4.9	5 416.2
Decommitments made available again (*)	20.0	117.3	148.8					286.1
Contributions from other countries and entities	843.2	796.7	934.0	0.0	0.0	0.0	0.0	2 574.0
Total	**14 142.8**	**14 931.1**	**15 350.2**	**12 921.8**	**12 664.9**	**12 255.9**	**12 036.9**	**94 303.7**

(*) Only Article 15(3) of the financial regulation.

Financial programming:

- EUR 1 990.9 million (- 2%)

compared to the legal basis.*

* Top-ups pursuant to Art. 5 MFF regulation are excluded from financial programming in this comparison.

Non-linear Budget Allocation Over Time: It is expected that the budget allocation may not follow a linear pattern over time. A significant part of Horizon Europe's budget for 2021-2023 corresponds to the European Union Recovery Instrument to support Europe's recovery after the Covid-19 crisis. This has provided an additional EUR 5.3 billion budget programming for the three first years of the Framework Programme. Since the regulation of the European Union Recovery Instrument foresees the concentration of funds over the period 2021-2023, the overall budget programming significantly drops after 2023. Indeed, an overall budget of EUR 12,9 billion is programmed for 2024 (excluding the top ups from decommitments Art 15.3 FR, and contributions from other countries) compared to EUR 15,3 billion for 2023.

Difference Between Financial Programming and Legal Base: During the three first year of Horizon Europe, budget programming was fairly in line with the legal base and differences are rather limited. However, the Mid-Term Revision of the MFF has resulted in a reduction of EUR 2.1 billion for the Horizon Europe programme over years 2025-2027. These funds will be reallocated to benefit other identified programs as per the mid-term revision. Therefore, the budget programming for 2025-2027 will be adjusted accordingly. Nevertheless, Horizon Europe's budget programming for the same period will also be readjusted to take into account additional funding expected to contribute to the budget. According to Article 5 of the MFF Regulation, Horizon Europe's budget programming benefits from a top up of up to EUR 3 billion (in constant 2018 prices) based on fines collected by the Union between 2022 and 2027. This additional budget has not yet been taken into account in the programming for 2025-2027. In addition, Horizon Europe's programming will benefit from the possibility to re-use so-called decommitments made available again as per Article 15(3) of the Financial Regulation. Decommitments correspond to unspent money of running projects. Based on joint statement agreed by the European Parliament, the Council and the Commission during the adoption process of the Horizon Europe Regulation, EUR 500 million in constant 2018 prices can be programmed on this basis. [In addition, as part of the political agreement reached on the MFF Mid-Term Revision, an additional EUR 100 million in constant 2018 prices of decommitments will be made available again to Horizon Europe by 2027.] For the period 2021-2023, decommitments made available again already represent EUR 286 million and the final agreement on the European Chips Act foresees the use of EUR 75 million to be used for this initiative over 2024-2027 (out of the initial EUR 500 million). Hence, the scope for manoeuvre regarding the use of this source of funding is rather limited. As in previous years, the 2024-2027 budget will also benefit from additional contributions linked to the participation of other countries associated to Horizon Europe. This represented approximatively EUR 2,5 billion for 2021-2023 and is expected to increase significantly with additional countries joining the Framework Programme especially the United Kingdome and Canada.

Horizon Europe Strategic Plan 2025-2027: The Horizon Europe Strategic Plan 2025-2027, shaped by a robust analysis and inclusive co-design process, serves as the blueprint for utilising efficiently the Horizon Europe budget in alignment with EU priorities. Informed by extensive consultation and considering key global and societal shifts, the plan addresses pressing challenges such as the COVID-19 pandemic, climate-related events, and geopolitical dynamics. It emphasizes bridging innovation gaps, addressing regional disparities, and fostering significant investments in research and innovation to realize the European Green Deal and ensure strategic autonomy. With active involvement from Member States, stakeholders, and the European Parliament, the plan is expected to be adopted in 2024, defining strategic orientations and research priorities to drive sustainable recovery and advance green and digital transitions, ultimately shaping a climate-neutral and digitally advanced Europe for its citizens.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	44 039.9	94 303.7	46.7%
Payments	22 426.6		23.8%

Voted budget implementation (million EUR)(*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	11 393.6	11 506.5	1 138.1	1 828.7
2022	12 239.1	12 239.2	7 853.7	7 953.8
2023	12 435.0	12 352.9	8 700.7	8 760.9

(*) Voted appropriations (C1) only.

Horizon Europe's budget is implemented in accordance with its legal base to fund different types of research and innovation activities. The resources available for individual funding schemes are based on the ceilings set by the legislations for the seven years of the Framework Programme and implemented through fixed annual budgets. As of the end of 2023, substantial progress has been achieved in the implementation of Horizon Europe. The financial commitment outlined in the Horizon Europe Regulation, including budget allocations for Space or Digital, are being diligently implemented. However, with only 17.26% of the 63 898 proposals submitted by 325 913 applicants being retained for funding, Horizon Europe remains highly competitive. While the overall success rate has improved compared to Horizon 2020, budgetary constraints continue to limit the impact of Horizon Europe, as approximately EUR 54.4 billion would have been needed to fund all high-quality proposals submitted over 2021-2023.

1. Key features of implementation: This section provides an overview of the state of play of the implementation of the budget for the overall Framework Programme.

Progress in Grant Agreements: A total of 10 674 Grant Agreements have been signed, amounting to EUR 30.8 billion in funding, representing a share of 32.25% of the programme's overall budget of EUR 95.5 billion. Notably, in 2023 alone, 5 163 Grant Agreements were signed, totalling EUR 14.36 billion, thus indicating an accelerated implementation.

Grant Sizes: The average grant size has increased to EUR 2.9 million, surpassing the figures from Horizon 2020 (EUR 2.3 million[2]). Notably, collaborative grants receive higher European Union funding, averaging around EUR 4.2 million, compared to mono-beneficiary grants, which average EUR 1.2 million. Collaborative grants involve 11 participants on average [3].

Launch of Research Topics: A total of 284 calls for proposals covering 1,581 research topics have been launched under Horizon Europe's main work programs for 2021-2022 and 2023-2024, among which 123 calls under the main work programme 2023-2024 with 76 having deadlines in 2023. While the main work programme constitutes the bulk of Horizon Europe's budget (EUR 25.6 billion for 2021-2024), significant funding has also been allocated through other funding schemes, particularly the European Research Council (ERC) and the European Innovation Council (EIC). Notably, 4 ERC calls supporting frontier research and opportunities worth over EUR 2.12 billion, as well as calls worth over EUR 1.6 billion from the EIC were opened and evaluated in 2023.

Participation Landscape and SME Participation: The diverse participation landscape of Horizon Europe includes higher education institutions, private sector entities, research organizations, NGOs, and public administrations, with over 163 countries represented. Notably, Small and Medium-sized Enterprises (SMEs) account for 19% of participating organizations, reflecting the programme's inclusivity.

New Participant Dynamics: The number of new participants in the program continues to rise, representing 47% of all participants. However, their participation rate in projects remains lower than that of established participants, with newcomers joining an average of 1.2 projects compared to 5.2 for old-timers. New participants, particularly from the private sector, including SMEs, secured 11.4% of Horizon Europe funds to date.

International Cooperation: Around 28% of Horizon Europe topics promote international cooperation, in line with the EU's commitment to openness. Associated and non-associated third countries collectively submitted 17.8% of all applications, with United Kingdom-based organisations accounting for half of the latter. Following the political agreement with the UK leading to its formal association from the 1st of January 2024, 18 countries have association agreements in force, including New Zealand, the first country outside of Europe's neighbourhood, for which the association agreement has been signed on the 9th of July 2023. A political agreement has also been reached with Canada for an association expected in 2024.

Funding Distribution: entities established in the Member States have received EUR 28.3 billion or 92% of the total funding allocated through Horizon Europe. This allocation remains consistent with previous years. Entities from widening countries received 13.6% of funds, while those from associated and non-associated third countries received 6.6% (over EUR 2 billion) and 1.4% (EUR 444 million), respectively.

2. Focus on the implementation of specific funding schemes: The following section provides more details about the state of play of the implementation of specific funding schemes implemented in Horizon Europe.

European Partnerships: Horizon Europe is implemented through European Partnership when the objectives of the Programme can be more effectively achieved in this way than by the European Union alone. The first Horizon Europe strategic plan (2021-2024) identified 49 partnerships among which 44 were set-up and are actively implemented at the end of year 2023. Among the European Partnerships, 10 are active joint undertakings (institutionalised partnerships based on Art.187 TFEU) under which 345 grants were signed for a total of EUR 2.9 billion corresponding to 9.5% of Horizon Europe funds granted over 2021-2023. Grant Agreements were signed with 8 consortia of beneficiaries to implement co-funded partnerships for a total EU funding of EUR 680 million. In addition to this EU funding, the partners contribute between 50% and 70% of the total funding implemented by the co-funded partnerships. In

[2] This calculation excludes very small grants of 50 000 EUR under SME instrument phase 1, see SWD(2024) 29 final, Part 1/2 page 21

[3] Reference date: December 2023

addition, EUR 3.1 billion (10% of Horizon Europe's funding) supported co-programmed partnerships and an extra EUR 0.5 billion was brought in the projects by the partners.

EU-Missions: With the EU Missions, Horizon Europe has adopted a new instrument for directing R&I efforts toward complex societal challenges. The EU Missions set ambitious goals for 2030, enable new forms of governance and collaboration and engage citizens in their design and implementation. Five missions are implemented under Horizon Europe: Adaptation to Climate Change; Cancer; 100 Climate-Neutral and Smart cities by 2030; Restore our Ocean and Waters by 2030; A Soil Deal for Europe. By the end of 2023, 32 Horizon Europe mission calls had been launched, closed, and fully evaluated. Hence, 173 Horizon Europe grants involving 3 732 participants have already been signed for a total amount of EUR 1.43 billion. In addition, at least 1 041 R&I projects, financed under other instruments of Horizon Europe, have been identified as contributing to the missions' objectives.

European Innovation Council: The EIC is Europe's flagship programme to identify, develop and scale up breakthrough technologies and game changing innovations. The EIC opened in 2023 funding opportunities worth over EUR 1.6 billion through its three main funding schemes: EIC pathfinder (EUR 343 million), EIC transition (EUR 128 million) and EIC accelerator (EUR 1.13 billion). Following the Commission implementing decision of the 7th of December 2022, the EIC is adopting a new management configuration based on indirect management for the EIC Fund ensuring that it can operate on a sustainable basis and in line with its legal base.

European Institute of Innovation and Technology (EIT): The EIT is an EU body fostering the links between business, education, and research. Between 2021 and 2023 a total of EUR 912 million have been allocated to the institution to run its activities, mostly its knowledge and innovation communities.

Joint Research Centre (JRC). By implementing its scientific work programme for 2023-2024, the JRC provides independent, evidence-based knowledge and science, supporting European Union policies to positively impact the society.

European Research Council: the ERC is Europe's funding organisation for excellent frontier research. It launched five 2023 calls under the excellent science pillar for a total budget of EUR 2 170 million.

Marie Sklodowska-Curie Actions (MSCA): the MSCA are the European Union's flagship funding programme for doctoral education and postdoctoral training of researchers. The MSCA also fund the development of excellent doctoral and postdoctoral training programmes and collaborative research projects worldwide. Since the beginning of Horizon Europe, grants for a total of EUR 1 792 million have been signed under the MSCA funding scheme in the excellent science pillar.

3. External factors impacting the financial implementation: The reallocation of budgetary resources, particularly towards initiatives like the European Chips Act, support to Ukraine, the Strategic Technologies European Platform (STEP) (see the performance section), and addressing challenges of inflation and energy crises, may have a significant impact on the performance of the Horizon Europe Programme.

European Chips Act: The regulation establishing the European Chips Act has been adopted on the 13th of September 2023. The initiative will be implemented through the Horizon Europe budget EUR 1 725 billion and the Digital Europe budget EUR 1 575 billion. The European Chips Act foresees the creation of a dedicated institutionalised partnership, the Chips Joint Undertaking, in replacement of the Key Digital Technologies Joint Undertaking, and targeted funding through the EIC. Therefore, the setting of this priority will have an impact on the programming of Horizon Europe.

Support to Ukraine: Specific actions have been initiated to face the consequences of the war in Ukraine. The agreement associating Ukraine with Horizon Europe and the Euratom research and training programme has been in force since 9 June 2022. In addition, a new Horizon Europe Office in Kyiv; a new European Innovation Council (EIC) action to support the Ukrainian deep tech community; the new EUR 25 million (to be topped up by additional EUR 10 million in 2024) MSCA4Ukraine fellowship scheme for displaced researchers for Ukraine to continue their research in Europe funded under the Marie Sklodowska-Curie

Actions; and a new European Institute of Innovation and Technology (EIT) Community Hub have been initiated. This leads in particular to an investment of up to EUR 20 million in Ukrainian deep-tech start-ups through the EIC.

Inflation & Energy crisis: Inflation & Energy Crisis: The looming threat of inflation may pose significant challenges for both activities and participants involved in our program. This economic phenomenon has the potential to disrupt the smooth implementation and outcomes of funded activities. For instance, inflationary pressures on materials and services can significantly impact projects across all stages of execution. Moreover, the degree of inflation's impact may vary depending on the project's phase and its Technology Readiness Level (TRL). In addition to its effects on project dynamics, inflation also constrains the flexibility and capabilities of participants. High inflation rates can limit their ability to adapt and ability effectively within the programme. Furthermore, the recent surge in energy costs across Europe has exacerbated the situation. Although prices have stabilised somewhat, they remain elevated compared to 2021. This inflationary trend has translated into higher operational expenses for research and innovation activities, including those undertaken by the JRC. Consequently, there is mounting pressure on the implementation of Horizon Europe's budget, which is structured on a multiannual basis. Additionally, individual projects are grappling with unexpected cost escalations, further straining their financial sustainability.

In light of these challenges, it is imperative for us to closely monitor and mitigate the impacts of inflation and energy price fluctuations on our program's operations and objectives. By proactively addressing these issues, we can safeguard the integrity and effectiveness of our initiatives amidst volatile economic conditions.

A sustainable recovery from the COVID-19 pandemic: The 2023-2024 work programme has directed investments of more than EUR 1 billion from NextGenerationEU towards Europe's recovery from the economic and social damage caused by the COVID-19 pandemic. Progress is being made and will continue for the European Partnership on Pandemic Preparedness, building notably on and integrating earlier initiatives like the Trial Coordination Board (TCB) and the Cohort Coordination Board (CCB). In addition, following the June meeting on “Paving the way towards coordinated clinical trials in public health emergencies in the EU”, a clinical trial coordination mechanism is being established jointly by HERA, DG SANTE, DG RTD and EMA 4 The mechanism will be a sub-group of the HERA board. The Partnership will contribute to this mechanism by ensuring the appropriate clinical trial networks readiness and response.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	4 602.6	4 926.2	5 206.2	4 604.0	4 302.6	4 392.5	4 682.5	32 716.7	35%
Biodiversity mainstreaming	1 050.8	1 050.8	1 284.5	862.4	884.0	902.0	920.0	6 954.4	8%

[4] https://www.ema.europa.eu/en/news/paving-way-towards-coordinated-clinical-trials-public-health-emergencies-eu

Clean air	1217.8	1217.8	689.1	638.3		3 762.9	4%

Research and innovation are pivotal drivers in facilitating the green transition, offering pathways to accelerate and navigate the necessary transitions while deploying, demonstrating and engaging citizens in innovative solutions. The Horizon Europe regulation states that actions under this programme must contribute at least 35% of expenditure to climate objectives. This underscores the programme's commitment to addressing climate change and advancing sustainability goals.

Monitoring figures Mainstreaming climate has been seamlessly integrated into all actions funded by Horizon Europe and reported in the Commission's financial system. However, as commitments for 2023 are ongoing, it is not currently possible to provide reliable monitoring data for the year. Additionally, the stable monitoring figures for 2021-2022 will only be known after the verification of the current monitoring data is completed and any necessary corrections are made. The 2023 figures will be checked to ensure the reliability of climate information encoded in the Commission financial system, once all commitments for the year 2023 will be completed, i.e., at the end of the year 2024. Europe.

Estimate figures: For the years 2024-2027, these are based on draft and foreseen work programs and strategic plans. The estimated climate contribution for 2025-2027 reflects the minimum target of 35% as per the Horizon Europe legal basis as no work programmes are available yet. Should corrective measures be necessary, they will be proposed to ensure that Horizon Europe's overall contribution to climate aligns with regulatory requirements.

Among the numerous activities funded under Horizon Europe, the four EU 'green' missions actively drive Europe towards a greener and healthier future, as evidenced by their progress in 2 years[5]. These missions are promising approach to supporting the European Green Deal and accelerating transformative change at both local and regional levels. For instance, the 'Adaptation to climate change' mission is empowering European regions to become climate-resilient by 2030. With over 300 regional and local authorities committed to the cause, and 50 actively engaged in developing risk assessments, this mission is laying the groundwork for resilient communities in the face of climate challenges. The 'Climate-neutral and smart cities' mission is spearheading efforts to achieve 100 climate-neutral and smart cities by 2030. With nearly 400 cities expressing interest, this initiative is fostering innovation and collaboration, creating a powerful network of cities committed to climate action. Meanwhile, the 'Restore our ocean and waters' mission is leading the charge in protecting and restoring marine and freshwater ecosystems. Through the establishment of lighthouse sites and the pledge of over 480 actions, this mission is driving tangible solutions to preserve aquatic resources for generations to come. Lastly, the 'Soil' mission is working for climate change mitigation and adaptation. By creating 100 living labs and lighthouses (more than 1 000 real-life experimentation sites across Europe), the mission is leading the transition towards healthy soils by 2030.

Horizon Europe supports the Green Deal and plays a pivotal role in advancing the objectives set forth by EU nature legislation, including the birds and habitat directives and invasive alien species regulation, along with the EU biodiversity strategy 2030 and international commitments such as the Kunming-Montreal Global Biodiversity Framework. Through funded projects, Horizon Europe focuses on biodiversity protection, restoration and sustainable use, addressing key issues relating to biodiversity such as climate, food security, public health, water management and energy sustainability. The programme also emphasises the promotion of transformative change and nature-positive actions, particularly through nature-based solutions.

The overarching target of the multiannual financial framework is to allocate 10% of spending to biodiversity by 2026-2027. Mainstreaming biodiversity considerations has been integrated across all areas and topics funded by Horizon Europe. Preliminary ex post estimations reveal that spending on biodiversity within the

[5] EU Missions two years on: assessment of progress and way forward SWD(2023) 260SWD(2023) 260.

programme has increased from 7.9% in 2021 to 8.7% in 2023. However, to achieve the Horizon Europe ambition of 10% of spending on biodiversity by 2026-2027, further efforts will be required. In this regard, cluster 6 of pillar II already contributes significantly to biodiversity objectives through the calls that support biodiversity protection, nature restoration, transformative change and ensuring that the EU is meeting the global biodiversity targets. Additional measures and initiatives will be necessary to ensure that Horizon Europe effectively contributes to biodiversity conservation and restoration in the years ahead. Therefore, increasing the contribution to biodiversity of other clusters of pillar II – along with pillars I and III – is being investigated, in order to meet the aforementioned 10% spending target on biodiversity.

Based on the preliminary estimations, 4.1% of Horizon Europe spending has been allocated to address clean air for the 2021-2024 period.

The Horizon Europe programme plays a crucial role in promoting environmental sustainability and addressing major societal challenges. Horizon Europe aims to make a significant contribution to environmental protection, resource efficiency and sustainable development. A significant portion of the programme's initiatives align with the EU taxonomy criteria for sustainable investments. Specifically, funded activities such as 'Circular economy and bioeconomy sectors', the 'Clean hydrogen partnership' or the 'Climate neutral and smart cities' mission have been identified as sustainable investments, reflecting their alignment with the EU's environmental objectives, including the transition to a carbon-neutral economy by 2050.

To ensure coherence and alignment with the **EU taxonomy**, a comprehensive alignment analysis was conducted for the intervention fields within the Horizon Europe programme. This analysis categorises intervention fields into three groups based on their alignment with the taxonomy criteria: 'fully aligned', 'partially aligned', or 'not covered'. This approach provides a comprehensive overview of the programme's environmental impact and facilitates targeted actions for improvement. Large parts of Horizon Europe are not directly relevant to the taxonomy, such as activities in the health, security or digital sectors, which we have assessed as 'not covered'. Another set of actions, including the actions European Research Council, Marie Skłodowska-Curie Actions, 'Widening participation and strengthening the European research area' and INFRASTRUCTURES, primarily support scientific excellence and research and innovation stakeholders. While these supported projects may indirectly contribute to economic activities covered by the taxonomy, they are considered 'not covered' as they primarily target stakeholders that not covered by the taxonomy. Conversely, other programme areas such as destinations in clusters, partnerships/joint undertakings, missions, and the Knowledge and Innovation Communities and instruments of the European Institute of Innovation and Technology, generally support applied research and innovation activities that directly benefit industrial actors in developing innovative products and services. These efforts either exceed current technical performance requirements outlined in the taxonomy regulation or aim to create an environment conducive to the adoption of high-performing products and services. Without delving into project-level distinctions, these programme areas or instruments are assigned a percentage share of taxonomy relevance based on information and experience gathered from programme implementation until 2023, including quality control measures regarding climate action relevance. This alignment analysis has been used as an alternative to project-based assessments, recognising the complexity and scale of our initiatives. This streamlined approach enables efficient decision-making and ensures effective resource allocation to support sustainable development goals.

Based on the budget implemented and our taxonomy perspective, approximately EUR 8 685 million have been evaluated as fully or partially aligned, while EUR 16 443 million were identified as not covered. Additionally, an ex- ante estimate for 2023 indicates that approximately EUR 3 962 million are evaluated as covered. Through its commitment to environmental sustainability and innovation, the Horizon Europe programme promotes positive change and make a significant contribution to the broader environmental goals of the EU.

Contribution to gender equality (million EUR)(*):

Gender score	2021	2022	2023	Total
2	77.1	87.8	50.4	215.3
1	1 176.1	1 985.8	1 679.5	4 841.4
0*	9 782.1	9 770.5	10 315.1	29 867.7
0	358.3	395.0	390.0	1 143.3

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions whose principal objective is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Under the Horizon Europe programme, a broad array of actions has been taken to promote gender equality in research and innovation, aligning with the broader goals outlined in the European Commission gender equality strategy 2020-2025. Horizon Europe emphasises gender equality as a cross-cutting priority, integrating strengthened provisions to foster gender-equal and inclusive research environments, promote gender balance and ensure the integration of the gender dimension in projects.

Provisions for gender equality have been significantly strengthened under Horizon Europe compared to Horizon 2020. They include the requirement for applying legal entities to have a gender equality plan in place in order to be eligible for funding. Additionally, the integration of the gender dimension into research and innovation content is now a default requirement unless specified otherwise in the topic description. Efforts are also underway to achieve gender balance among research teams and within program-related boards and committees. To support organisations in meeting the gender equality plan eligibility criterion, the Commission has developed detailed guidance documents and offered online training sessions targeting specific regions. A recent addition is the EU Award for Gender Equality Champions, which recognises academic and research organisations' outstanding results obtained through gender equality plan in implementation. Moreover, dedicated funding is allocated to promoting gender studies and intersectional research, particularly under cluster 2 of the programme focusing on culture, creativity, and inclusive society. Horizon Europe also has dedicated measures and funding schemes to empower women innovators through Pillar III, Innovative Europe, and the European Innovation Council.

Furthermore, gender mainstreaming efforts extend beyond Horizon Europe to the broader European research area policy, where initiatives focus on fostering gender equality in research careers, leadership, decision-making and the integration of the gender dimension into research content. The European research area policy agenda 2022-2024 outlines specific actions to promote gender equality and inclusiveness, including the development of policy coordination mechanisms on inclusive gender equality opening to intersectional approaches, and strategies to counteract gender-based violence in research and innovation. These objectives are also supported through funding under the 'Widening participation and strengthening the European research area' work programme of Horizon Europe.

In addition, Horizon Europe aims to foster women's participation in science, technology, engineering and mathematics (STEM), where they remain under-represented. Efforts include supporting the

implementation of a manifesto for gender-inclusive STEM education and careers, supported by other activities such as the EU Prize for Women Innovators and various projects aimed at strengthening gender equality including through a science, technology, engineering, the arts and mathematics (STEAM) approach integrating the arts and social science and humanities in STEM education.

Gender mainstreaming will continue and be further reinforced in the 2025-2027 Work Horizon Europe work programme, in support of EU political priorities, including regarding combating gender-based violence including sexual harassment in the EU research and innovation system, in line with the upcoming directive on combating violence against women and domestic violence.

Gender disaggregated information:

At the cut-off date of 31 December 2023, out of 54 411 researchers(1) involved in upskilling activities (training, mentoring/coaching, mobility and access to R&I infrastructures) in projects funded by the programme(2), 44.5% were woman researchers, 55.4% male researchers, and 0.1% non-binary researchers.

(1) It covers only category C and category D researchers.
(2) *Excluding the EIT Cascading grants and JRC direct activities*

Gender equality is a crosscutting priority in Horizon Europe and the integration of the gender dimension in research and innovation content is a requirement by default. Until there are project reviews that allow to determine whether projects have actually integrated a gender dimension and to what extent, we attribute a 0* score by default to all of Horizon Europe, except for topics and actions whose principal objective is explicitly to improve gender equality (score 2), or which explicitly mention gender equality as one of their objectives or indirectly contribute to it (score 1) or which we already know will have no significant impact (score 0).

For 2021 and 2022, we have updated amounts compared to the previous programme performance statements, with the precise budgets allocated to actions, instead of relying solely on the indicative budget envelopes defined in the work programmes ex ante. In addition, we have implemented a more rigorous screening process to identify projects having a gender dimension, under Pillar 1 (European Research Council and Marie Skłodowska-Curie actions), as under Missions within Pillar 2. This increased scrutiny has resulted in the identification of a significantly larger number of projects actively contributing to gender equality. As a result, the combination of updated budgets for 2021 and 2022 and a more comprehensive project examination process has resulted in an increase in expenditure figures contributing to gender equality, particularly under score 2.

Score 2

If the principal objective of the project is explicitly to improve gender equality, a score of 2 is attributed. A selection of some examples:

Under Marie Skłodowska-Curie Actions :

- 2021: EUR 7.2 million (score 2)
- 2022: EUR 7.0 million (score 2)

Under the European Institute of Innovation and Technology:

- 2022: EUR 3.7 million (score 2) including the cross-KIC strategic synergies Supernovas project for women entrepreneurship
- 2023: the European Institute of Innovation and Technology expects to have consolidated figures at the end of June 2024. At this stage, the only 2023 estimated figures available amount to EUR 3.6 million (score 2).

Under the European Innovation Council:

- 2023: EUR 390 600 (score 2) for the Women Leadership Programme (EUR 70 600) and the EU Prize for Women Innovators (EUR 320 000).

Under pillar 2, cluster 3 – Civil Security for Society:

- 2021: EUR 7.4 million (score 2) for topics on preventing domestic and sexual violence and child sexual exploitation.

A Gender Marker Score 1 is attributed to projects that will contribute in some way to gender equality, but not significantly. A selection of some examples:

Under EU Missions:

- 2022: EUR 193 million (score 1) for 9 projects under the Cancer mission, the Ocean and Waters mission, and the Soil mission.

- 2023: EUR 243.5 million (score 1) for 10 projects under the Cancer mission, the Ocean and Waters mission, the Cities mission, the Soil mission, and the Joint-calls mission.

Under Marie Skłodowska-Curie actions :

This bottom-up work package encourages gender equality in research teams, funds a substantial number of women researchers and asks that gender be integrated into the contents of funded projects.

Building on a keyword search in the titles and abstracts and further scrutiny, the following has been identified:

- 2021: EUR 41.1 million (score 1)

- 2022: EUR 40.8 million (score 1).

- 2023: it is too early to provide figures for 2023 as most calls are yet to be evaluated.

Under Research Infrastructures (INFRA):

- 2023: EUR 3.7 million (score 1) for a topic on cooperation with Latin America paying special attention to women and young researchers.

Score 0*

If the projects are not properly implementing activities, the project reviews that allow to determine whether they have actually integrated a gender dimension and to what extent cannot take place. Therefore, we attributed a 0* score by default to all of Horizon Europe, except for topics and actions for which gender relevance is mentioned or is clearly not present.

Score 0

A score of 0 is attributed to projects that are not expected to contribute noticeably to gender equality.

Contribution to digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 20212021-2023
Digital contribution	4 534.6	4 534.6	4 984.0	14 053.2	34%

– Horizon Europe investments in the digital transformation for 2021-2023 are up to EUR 14053.2 million, which represents around 40% of the Horizon Europe budget for these years. As the Horizon Europe estimates refer to biannual 2021-2022 work programmes, the figures indicated in the table correspond to the split of half of the value to get a reference per year. The figures shown in the table include contributions to developing digital solutions/applications in different economic sectors. The contribution to core digital (general-purpose) technologies amounts to EUR 6250.3million for 2021-2023.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress	Target	Results (***)	Assessment
Horizon Europe peer-reviewed scientific publications	0	**2% (*)**	179 000 in 2030	2 843 compared to a target of 179 000	Moderate progress
Researchers involved in upskilling activities in framework programme projects	0	**12% (*)**	107 000 in 2030	12 507 compared to a target of 107 000	On track
Research outputs (open data, publication, software, etc.) shared through open knowledge infrastructure	0%	**85% (*)**	95% in 2030	81% compared to a target of 95%	Moderate progress
Innovative products, processes or methods from framework programme (by type	0	**20% (*)**	88 900 in 2030	1 804 compared to a target of 88 900	On track

of innovation) and intellectual property rights applications					
Full-time equivalent jobs created, and jobs maintained in beneficiary entities for the framework programme project (by type of job)	0	**0% (*)**	626 470 in 2030	1 457 compared to a target of 626 470	On track
Public and private investment mobilised with the initial framework programme investment (EUR billion)	0	**39% (*)**	20.0 in 2027	7.81 compared to a target of 20 .0	On track
Outputs aimed at addressing identified EU policy priorities and global challenges (including sustainable development goals) (multidimensional: for each identified priority)	0%	**43% (**)**	100% annually until 2027	Milestones achieved for 2021, 2022 and 2023	On track
Outputs in specific research and innovation missions (multidimensional: for each identified mission)	0	**43% (**)**	6 outputs annually from 2022 until 2027	Milestones achieved for 2021, 2022 and 2023	On track
Framework programme projects where EU citizens and end users contribute to the co-creation of research and innovation content	0%	**NA**	NA	36% in 2023	NA

(*) % of target achieved by the end of 20233.

(**) % of years for which the results are higher or equal to the annual milestone.

(***) Note that for indicators with figures coming from project reporting (indirect actions encoded in CordaCORDA – the e-grant Common Research Data Warehouse), out of 10 672 signed projects until December 2023, only 107 have submitted a final report (accounting for just 1% of the total) and only 679 have submitted at least one periodic report (accounting for only 6% of the total).

– The Horizon Europe programme aims to deliver impactful research and innovation across various dimensions, including scientific, technological/economic, societal impact and strengthening the European research area. The Horizon Europe programme demonstrates progress across its specific objectives, with efforts underway to address challenges, exploit synergies and mitigate external factors

impacting its performance. Continuous implementation monitoring and performance monitoring allow to ensure the programme's effectiveness and to maximise its impact.

- The performance of the Horizon Europe programme is assessed using a set of 27 indicators, as set in Annex V of the Horizon Europe regulation. These 27 indicators cover the entire lifecycle of the programme and are classified into three categories: for the short- term, 9 for the medium-term and 9 for the long- term. At this stage, 3 years after the launch of the programme, performance analysis relies on the 9 short-term indicators. Based on these 9 indicators, the Horizon Europe programme is progressing well towards its targets, with no major deviations observed. However, there are delays in the number of scientific publications. This could be explained by the delayed adoption of the Horizon Europe regulation and consequently, calls for proposals. Furthermore, it should be noted that complete data will only become available once they have been recorded through the periodic reports of the projects. This process typically takes place 18 months after the start of the project. Once these data are encoded, they can be accurately accounted for, and the results will subsequently be updated accordingly. Therefore, the results for some indicators, such as the 'Researchers involved in upskilling activities' indicator are currently incomplete, as they cover only the parts of the programme already encoded. Nonetheless, the results of the 9 indicators show that the progress in the specific objectives of the framework programme (Article 3 of the Horizon Europe regulation) are on track. As for the indicator on the co-creation of research and innovation content, a revision of the milestone and the target is under consideration, due to a change of methodology.
- The European Union has faced significant challenges in recent years, including the COVID-19 pandemic, geopolitical tensions such as the Russian invasion of Ukraine and climate-related extreme events. These crises have underscored the need for joint and just responses, with Europe rallying to address them collectively. However, ongoing geopolitical challenges continue to pose uncertainties for economic and social developments. The war in Ukraine, in particular, has had far-reaching consequences, impacting various sectors including research and innovation. Despite these challenges, the Horizon Europe programme has shown agility in supporting Ukrainian researchers and innovators, with initiatives like the European Innovation Council's EUR20million action, which provides direct funding to support the Ukrainian innovation community. Additionally, the Marie Skłodowska-Curie actions have launched a dedicated EUR 25 million scheme to support displaced doctoral candidates and post-doctoral researchers from Ukraine, allowing them to continue their research activities in Europe. The European Research Council has also appealed to its grantees to provide temporary employment to refugee researchers and support staff from Ukraine. These funding actions demonstrate the EU's commitment to supporting research and innovation efforts in times of crisis and highlight the crucial role of innovation in addressing complex challenges. Looking ahead, continued investment in research and innovation will be essential for fostering resilience and driving sustainable solutions to global issues.
- In addition to addressing immediate crises, the EU's research and innovation efforts are crucial for advancing the green and digital transitions. Funding actions under programs like Horizon Europe play a significant role in accelerating progress towards these transitions. For example, research and innovation funded activities focused on renewable energy, sustainable agriculture and circular economy practices contribute to the green transition by reducing carbon emissions and promoting environmental sustainability. Similarly, investments in digital technologies, such as artificial intelligence, cybersecurity and digital infrastructure, support the digital transition by enhancing connectivity, efficiency, and innovation across various sectors. By funding initiatives that drive innovation in both green and digital domains, Horizon Europe is paving the way for a more sustainable and technologically advanced future. The Horizon Europe programme plays a crucial role in advancing the green transition by addressing key environmental challenges such as climate change, biodiversity loss and pollution. One significant focus area is the preservation and restoration of ocean ecosystems, which are vital for the planet's resilience. Through Horizon Europe, research is conducted to restore degraded ecosystems, reverse biodiversity loss and enhance climate change adaptation. Innovations in blue bioeconomy and biotechnology are explored, offering promising solutions for marine ecosystem regeneration. Moreover, Horizon Europe

supports sustainable fisheries and aquaculture through digital technologies, contributing to the UN Decade of Ocean Science for Sustainable Development and global biodiversity frameworks.

– Furthermore, farmers and foresters, who manage a significant portion of the EU's land, are pivotal in the green transition. Horizon Europe engages these stakeholders to develop sustainable land management practices aligned with the EU's climate ambitions. Research efforts focus on tools and solutions to adapt to changing environmental conditions and promote sustainable agriculture and forestry. By integrating projects funded by Horizon Europe with the common agricultural policy network, impactful solutions are deployed to support the transition to greener practices.

– In addition, the global food system faces numerous challenges, exacerbated by climate change and recent crises. Horizon Europe drives research to accelerate the transition to sustainable food systems, addressing issues such as food waste prevention, alternative proteins and microbiome research. By aligning with the EU Green Deal and the farm-to-fork strategy, Horizon Europe targets sustainable food consumption and production from farm to fork. Investments in research foster systemic approaches to transform food systems, promoting fairness, health , sustainable agriculture practices and environmental sustainability.

– Moreover, Horizon Europe contributes to the green transformation of health and care systems, ensuring they remain resilient amid environmental and health challenges. Biomedical research supported by Horizon Europe explores therapeutic approaches for post-COVID-19 health conditions and strengthens healthcare systems' resilience and quality. Initiatives like the co-funded partnership on transforming health and care systems address these challenges, enhancing the competitiveness and resilience of the EU's economy and industry while addressing strategic dependencies. Through these concerted efforts, Horizon Europe drives innovation and research to foster a sustainable and resilient future for Europe and the world.

– The Strategic Technologies for Europe Platform initiative, adopted by the Commission on 20June 2023, aims to bolster Europe's technological leadership and resilience by supporting investments in critical technologies in the sectors of digital technologies and deep tech innovation, clean and resource efficient technologies and biotechnologies. Horizon Europe, particularly through the European Innovation Council, plays a significant role in supporting the goals of Strategic Technologies for Europe Platform and plays an important role in its implementation.

– One of the main challenges identified by European scale-up companies and investors is the later-stage financing gap in Europe in critical sectors, particularly for high-risk, deep technologies. The European Innovation Council Fund addresses this gap, but evidence shows that the European Innovation Council instrument is highly oversubscribed, with a low overall success rate close to 5%. To meet the needs of companies requiring larger investment amounts for developing breakthrough technologies, the Strategic Technologies for Europe Platform proposed a new compartment of the European Innovation Council Fund providing unprecedented equity investments ranging from EUR 15 to 50 million, which would have been supported through a budgetary reinforcement of EUR 2.63 billion (including EUR 2.13 billion from redeployments and de-commitments). The Council and Parliament did not approve the budgetary reinforcement for the European Innovation Council, but have agreed to increased flexibility in providing equity-only support for companies: the amendments made in February 2024 in the context of the revision of the multiannual financial framework will expand equity-only support for all European Innovation Council projects beyond the Strategic Technologies for Europe Platform, and clarify equity terms to attract other investors. Furthermore, the co-legislators have agreed on the possibility to award Sovereignty Seals as quality labels for projects contributing to Strategic Technologies for Europe Platform objectives, including via proposals assessed through European Innovation Council calls, to facilitate access to EU funding and investment opportunities.

– By enhancing the European Innovation Council's flexibility to provide equity investments and strengthening funding opportunities via the Sovereignty Seal, Strategic Technologies for Europe Platform strengthens synergies among existing funding instruments, fostering the development of

critical technologies in the fields of digital technologies and deep tech innovation, clean and resource - efficient technologies, and biotechnologies. It thereby contributes to Europe's efforts to maintain and enhance its technological leadership and resilience in strategic sectors.

Horizon Europe is striving to foster synergies with other EU programmes by the following methods:

- Combining Horizon Europe funding with other EU, national or regional funding instruments in the same operation, project or initiative in order to achieve greater impact and efficiency (cumulative/ complementary funding).
- Funding collaboration where projects/initiatives build on each other's results/resources (sequential synergies). This takes place in the form of upstream synergy, where regional/national initiatives pave the way for joint efforts to apply for Horizon Europe and downstream synergy aiming to enhance the take-up of Horizon Europe and other research results towards the market and concrete deployment.
- Funding parallel projects that complement each other (complementary parallel projects), which also includes funding to improve the research and innovation capacity to provide the necessary basis for Horizon Europe projects.
- Securing alternative funding for proposals that have been submitted to a competitive call for proposals under an EU programme and evaluated as complying with all quality requirements of that programme, but which could not be funded due to budgetary constraints. The most prominent example is the Seal of Excellence.
- Funding excellent Horizon Europe project proposals from Member States by way of transfers from the European Regional Development Fund to Horizon Europe, where budgetary constraints would otherwise prevent them from being selected for support.

Partnerships and missions are instruments intrinsically set up to create synergies by bringing together EU and associated countries, the private sector, foundations and other stakeholders. Both instruments have a strong commitment to collaborate and build synergies from the start in a proactive manner. Initial examples include cooperation between the EU 'Carbon-neutral and smart cities' mission and the partnerships on driving urban transitions, connected and automated driving or Built4People or the 'Cancer', 'Oceans' and 'Soil' missions and the partnership for the risk assessment of chemicals.

Seal of Excellence: there is no comprehensive overview of the update of the Seal of Excellence due to the lack of a requirement to report to the Commission but according to voluntary reporting more than 30 Seal of Excellence support schemes at both regional and/or national level are implemented in 18 countries.

Horizon Europe aims to foster collaboration across various research and innovation domains. For instance, initiatives that combine digital technologies (such as data analytics, artificial intelligence or cybersecurity) with sustainable practices (such as renewable energy, circular economy or eco-friendly manufacturing) exemplifies **synergies between these horizontal priorities**. For instance, the EU 'Restore our ocean and waters' mission aims to protect and bring back the health of our ocean and waters by 2030 through research and innovation, stakeholder (including with citizens) and investment in the blue economy. Under the mission, the EU is developing the European digital twin of the ocean, a digital replica to help scientists understand and predict the impact of human activities and climate change. This powerful tool collates data from EU assets like the (EMODnet) and the Copernicus Marine Environment Monitoring Service programmes and feeds it state-of-the-art computer models to simulate the ocean under different scenarios. By building a digital replica, researchers can study the ocean's past, present and future, which can help inform EU policy and foster new connections between science, business and society. As for specific examples from the 2023-2024 work programme, a call for project relating to cross-sectoral solutions for the climate transition has been issued. This call aims to support research and innovation addressing climate challenges, including climate sciences, mitigation adaptation and more.

To address the need for further simplification and accessibility within the Horizon Europe programme, a series of actions has been initiated. These measures aim to enhance the user experience and increase the accessibility of Horizon Europe, particularly for newcomers. Some of the key actions include:

- revamping information and dissemination channels, especially through the EU Funding & Tenders Portal, to provide clearer and more accessible guidance on Horizon Europe;
- implementing simplified cost options, such as lump sum and unit costs, to streamline financial grant management and make the programme more user-friendly;
- pilot actions to open the programme to new actors, fostering broader participation and innovation;
- targeted actions to strengthen the participation of widening countries across all areas of Horizon Europe;
- restructuring of the European Innovation Council Fund to consolidate its position as the largest technology investor in Europe.

Additionally, the client centricity project aims to enhance the user experience of the EU Funding & Tenders Portal. Through this project, the portal will undergo a comprehensive revamp, focusing on meeting the needs of its users. Key improvements include artificial-intelligence-powered functionalities for search and recommendations, the introduction of the EU Grants mobile application and the establishment of a centralised newsroom for improved client-centric outreach activities.

Furthermore, efforts are underway to implement a robust data governance and data quality framework to enhance the reporting of framework programme data and indicators. This includes the implementation of a risk-based data control framework to improve the quality of data on key impact pathways, including the performance indicators.

2014-2020 multiannual financial framework – Horizon 2020

Horizon 2020 – the eighth framework programme funding research, technological development, and innovation – was established as a means of putting the EU at the heart of world-class science and innovation, making it more competitive and creating economic growth and new jobs.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	75 616.3	75 623.6	99.9%
Payments	69 269.6		91.6%

As regards the payment appropriations implemented in 2021, the available appropriations were mainly used to cover the legal obligations of initiatives selected in 2014-2020, including 2 971 final payments allowing the level of payment appropriations still to be implemented to be decreased.

To mitigate the risk of the under-implementation of research and innovation projects due to the COVID-19 pandemic, the Commission has continued to allow maximum flexibility in relation to the implementation of initiatives. This also means that the full implementation of payment appropriations will take longer following the end of the programme.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress	Target (***)	Results	Assessment
Publications in peer-reviewed high-impact journals per EUR 10 million of funding for future and emerging technologies	0	**> 100% (*)**	25.0 in 2025	29.8 compared to a target of 25.0	On track
Patent applications in the different enabling and industrial technologies per EUR 10 million of funding	0	**21% (*)**	3.00 in 2025	0.63 compared to a target of 3.00	Moderate progress
Share of participating small and medium-sized enterprises introducing innovations new to the company or the market (covering the period of the project plus 3 years)	0	**> 100% (**)**	50% in 2025	56.65% compared to a target of 50%	Achieved
Publications in peer-reviewed high-impact journals for all societal challenges	0	**39% (*)**	20 in 2025	7.66 compared to a target of 20	Moderate progress
Patent applications and patents awarded for all societal challenges	0	**13% (*)**	3.0 in 2025	0.38 compared to a target of 3.0	Moderate progress

(*) % of target achieved by the end of 2023.

(**) % of target achieved by the end of 2021.

(***) Nearly all targets are set for the year when the last actions financed under Horizon 2020 will be finished. The final figures will be collected after all of the projects are closed and the results are reported, i.e. several years after the formal end of the programme in 2020.

(****) Cut-off dates for the results: 20/02/2024; for the "share of participating small and medium-sized enterprises introducing innovations new to the company or the market" indicator: 6/03/2024

Many Horizon 2020 projects are still ongoing, as reflected by the payment rate (9191,6%), which explains why some targets have a deadline after 2020. The Horizon 2020 performance is measured until the last initiatives financed under Horizon 2020 are finished, i.e., several years after the formal end of the programme in 2020. Overall, Horizon 2020 has made good progress towards achieving scientific impacts by improving research and innovation capacity, scientific excellence, and reputation and by integrating research and innovation efforts. The results indicate that, in most areas, Horizon 2020 has achieved its targets or even exceeded them.

The initiatives under the programme as far as the 'Excellent science' pillar is concerned are very satisfactory. From 2014 to 2020, the share of publications from European Research Council-funded projects among the top 1% most cited has remained high, at about 7%, considerably exceeding the target of 1.8%. Future and emerging technologies have already generated more than 29 publications in peer-reviewed journals per EUR 10 million of funding[6], and one patent per EUR 10 million of funding[7], (targets achieved). The Marie Skłodowska-Curie Actions scheme has exceeded its target of 65 000 researchers, including 25 000 PhD students. From 2014 to 2020, 115 053 supported researchers have had access to research infrastructures, including e-infrastructures, both remotely and physically, thus far exceeding the target.

The initiatives under the 'Industrial leadership' pillar have progressed well. In this respect, projects on leadership in enabling and industrial technologies have produced more than 9 000 public–private publications. 197% of participating firms have introduced innovations 'new to the company or the market' with the potential to generate scientific breakthroughs, which almost meets the target of 200% (including private companies beyond the beneficiaries involved in the project). 56.65% of SMEs[8] participating to the pillar "Industrial leadership" have introduced innovations new to the company or the market exceeding the target of 50%. As regards patents, the result of 0.63 patent applications per EUR 10 million of funding[9] shows that it is progressing slowly towards the target of 3. This is normal since patents are generally filed at the end of projects. The SME instruments have generated around 2 545 jobs at the end of 2020.

On the other hand, the 'Societal challenges' pillar shows moderate progress. So far, the initiatives under this pillar have generated about 9 910 public–private publications[10] and 83 900 innovations[11], including prototypes and testing activities. However, the number of peer-reviewed publications in high-impact journals per EUR 10 million of funding and the number of patent applications per EUR 10 million of funding are lower than the respective targets. Nevertheless, we expect to see better performance results following the final reporting, when publications and patents generally start to appear.

Overall, the results to date show that 82% of the indicators have achieved their target. However, 18% of the indicators indicate that the progression is not as foreseen. It concerns the productivity of patents and publications peer-reviewed in high-impact journals in the Societal challenges' and the patents in the 'Leadership in enabling and industrial technologies' priorities. There are many factors that can lead to underperformance, and it is important to identify and address these factors to improve research outcomes, where necessary. However, considering that Horizon 2020 is finished, and calls are no longer published, the

[6] Reference date: February 2024

[7] Patent application, reference date: March 2024

[8] Reference date: March 2024

[9] Reference date: February 2024

[10] Reference date: December 2021

[11] Reference date: December 2021

margin of manoeuvre to make adjustments is very limited, if not impossible. However, the conclusions should be used to steer the performance of the next programme. Some possible explanations for underperformance of the programme are described below.

The COVID-19 pandemic has had a significant impact on research around the world, leading to delays and disruptions in many researchers' works. There are several key factors that can help to contextualise and explain the situation.
Limited access to research facilities and equipment: Many researchers have been unable to access laboratories, libraries, and other research facilities due to COVID-19-related closures and restrictions. This has made it difficult to carry out experiments, collect data and conduct other research activities, leading to delays and disruptions in research projects.
Changes in research priorities: The pandemic has led to changes in research priorities, with many research projects being postponed, cancelled, or redirected to focus on COVID-19-related research. This has affected researchers in all fields, including those who were working on projects that were not directly related to the pandemic. For instance, in the field of health, some Horizon 2020 projects have been reoriented to deal with the emergency. The pandemic-caused disruptions impacted the projects in different ways: for example, a clinical trial cannot be interrupted without serious consequences for the project. On the other hand, a technological development project can be resumed once the crisis has passed, without the need to repeat some research activities. Therefore, significant delays and failures are expected. These factors are beyond the control of individual researchers.

Inappropriate targets: It is important to set targets that are challenging but attainable, and to review them regularly to ensure that they remain relevant and achievable. The Horizon 2020 targets for the 'Leadership in enabling and industrial technologies' and 'Societal challenges' priorities were set in 2011 (1) in the context of the Commission proposal for the Horizon 2020 regulation as mentioned in the 2014 EU draft budget, with reference to the previous performance of the EU's Seventh Framework Programme. At that time, less than 10% of Seventh Framework Programme projects had started to produce results as the programme was still running (2007-2013). As the full data were not available when the targets for Horizon 2020 were set, the level of performance of the Seventh Framework Programme was not representative, therefore this made difficult to set realistic targets for Horizon 2020. Moreover, as regards the indicator 'Publications in peer-reviewed high impact', at that time, the target was estimated based on data collected on peer-reviewed publications but not restricted to the 'high-impact' ones.

As mentioned in the ex-post evaluation of Horizon 2020 12, another element to be considered is the inherent nature of R&I investments, which often require a lengthy period to yield exploitable results. As shown by the analysis of the long-term effectiveness of FP7, R&I programmes need a longer cycle to demonstrate their impacts. This lesson was identified in the interim evaluation, so the ex-post evaluation follows up on FP7 outputs. Notably, IPR performance can only be fully assessed up to ten years after project completion.

Design of Horizon 2020: Another aspect to be considered is the design of Horizon 2020 in comparison to the Seventh Framework Programme. In Horizon 2020, a large part of basic research is covered by the pillar 'Excellence', aiming to reinforce and extend the excellence of the EU's science base. The part focused on societal challenges has therefore moved away from basic/frontier research towards applied research. Moreover, it is not uncommon for grants under the pillar 'Excellence', like the European Research Council grants, to produce more scientific publications than in applied research. Basic research often involves the development of new concepts, theories, and models that can have wide-ranging implications for a particular field. This can lead to a greater number of publications, as researchers seek to build on and refine these ideas. Applied research, on the other hand, often involves the testing and application of existing theories and concepts to real-world problems. While this can lead to important discoveries and advancements, it may not always result in as many publications as basic research. This hypothesis is supported by the fact

[12] Section on data limitations of SWD(2024) 29 final, Annex II (p. 33 to 35)

that the overall performance in terms of publication peer reviewed per EUR 10 million funded by Horizon 2020 is higher than that of the Seventh Framework Programme.

As a result, on one hand the pandemic has affected the research projects, such as causing delays in data collection or changes to funding priorities. On the other hand, the timing of target-setting for Horizon 2020 lead to inappropriate targets for Horizon 2020. Therefore, these specific factors contribute to explain the perceived underperformance.

Following the recommendations by the Internal Audit Service on the performance framework and to ensure the quality of data, a deep analysis on the Horizon 2020 data was initiated for the performance indicators. After internal investigations, we noticed that the methodology to extract the data needed to be revised to ensure accuracy and reliability. The data collection method has been revised to be more accurate. However, to allow the possibility to compare with past performance figures for Horizon 2020 and to ensure alignment with the methodology used in the ex-post evaluation of Horizon 2020 and, it has been decided to keep using the same methodology for the indicators reported in the above table.

For Horizon Europe, the new methodology which provides more reliable information data is being implemented to report on the performance. To set the target of Horizon Europe indicators the new methodology has been used to extract Horizon 2020 data, as described in the metadata of the relevant Horizon Europe indicators.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	Incorporating a 'missing minority' to re-examine the profile, drivers and depth of poverty across Europe	By addressing errors in official EU statistics, the Whocounts project aims to improve our understanding of poverty in Europe. By analysing data from eight European countries, including demographics, low-income dynamics, and policy interventions, the project seeks to provide more accurate estimates of poverty levels and nuanced explanations of extreme poverty. Whocounts will correct for noncoverage error in official EU statistics, ensuring that the changing profile, drivers, and depth of poverty across Europe are accurately represented. Through novel analysis techniques and qualitative comparative analysis, Whocounts will shed light on social groups often rendered invisible through official statistics, promising a significant advancement in our understanding of poverty and offering valuable insights for informed policy interventions.

SDG2	Paving the way for sustainable food systems	The Partnership Agroecology "European partnership on accelerating farming systems transition – agroecology living labs and research infrastructures" anticipates to team-up and unlock the transition to agroecology so that farming systems are resilient, productive and prosperous, place-sensitive, as well as climate, environment, ecosystem, biodiversity and people-friendly by 2050. The European Partnership on "Sustainable Food Systems for People, Planet, and Climate" aims to ensure the availability of safe, healthy, and sustainable food for all. Through joint research and innovation programs, it addresses key challenges in food production, processing, distribution, and consumption, ultimately enhancing food security and access to nutritious food across Europe. By pooling resources and promoting collaboration among stakeholders from diverse sectors, including policymakers, businesses, researchers, and civil society, the Partnership empowers transformative solutions that address hunger and promote sustainable food systems. Through strategic initiatives, such as establishing a Food Systems Knowledge Hub and providing place-based solutions in transformative research labs, the Partnership works towards a future where zero hunger is a reality for all.
SDG3	Improving future healthcare for all citizens	The European Partnership for Personalised Medicine (EP PerMed) is a pivotal initiative aimed at advancing healthcare for all by promoting personalised therapy, diagnosis, and prevention. With substantial funding exceeding €375 million from the EU and over 50 international partners, EP PerMed is ready to drive the development and integration of personalised medicine practices into clinical settings over the next decade. By fostering research, innovation, and implementation of personalised medicine approaches, EP PerMed seeks to enhance health outcomes and contribute to sustainable healthcare systems, benefiting patients, citizens, and society at large. Building on previous European initiatives and collaborations, EP PerMed aims to fund transnational projects, align strategic activities, and serve as a global platform for scientific dialogue and alignment in personalised medicine. Furthermore, Horizon Europe supports research efforts in fieldillnesses from air pollution, such as the K-HEALTHinAIR project. This project focuses on assessing Indoor Air Quality's (IAQ) impact on healthdelivering practical solutionsmonitorIAQ,contributing to science-based regulations and healthier living environments.

SDG4	Advancing Quality Education: Impact of the MTSS on European Kindergarten Systems	By adapting, implementing, and assessing the effectiveness of the Multi-Tiered System of Support (MTSS) in kindergarten settings across five European countries, the MTSS-K project aims to reduce inequalities in education. This approach focuses on training teachers to improve socio-emotional, literacy, and numeracy skills for all students, particularly the most vulnerable. By implementing evidence-based teaching practices and monitoring student progress through tiered interventions, MTSS has the potential to enhance equal opportunities for school success and inclusion. However, comprehensive data on the model's implementation, efficacy in kindergarten, applicability in European education systems, and cost-benefit analysis are currently lacking. The MTSS-K project seeks to fill these gaps by providing evidence-based syntheses, intervention tools, and assessment instruments to stakeholders and policymakers, fostering open science practices, and making policy recommendations for EU and national authorities to enhance education quality.
SDG5	Promoting and ensuring gender-equal and safe working environments	The EU Award for Gender Equality champions is the EU gender equality prize, awarded for the first time in March 2023. This prestigious award, established under Horizon Europe, serves multiple purposes, including complementing and reinforcing the requirement for higher education and research organizations participating in Horizon Europe to implement Gender Equality Plans (GEPs). By incentivizing the adoption and implementation of GEPs, the award acts as a catalyst for promoting inclusive gender equality plans and policies within the framework of the new European Research Area (ERA) policy agenda. Moreover, the award aligns with the objectives of the new European Strategy for Universities, serving as a vital tool in advancing the transformation agenda for universities. Through its recognition of gender equality champions, the prize aims to elevate awareness of the critical importance of institutional change in addressing gender disparities. Furthermore, it underscores the significance of a strong commitment to implementing inclusive GEPs effectively. One of the key objectives of the EU Award for Gender Equality Champions is to cultivate a community of champions who can inspire and encourage other academic and research organizations to embark on their journey toward becoming gender equality champions. By showcasing exemplary efforts and achievements in gender equality, the award sets a benchmark for excellence and encourages replication of best practices across institutions.

SDG6	Contributing to sustainable water management	The CleanWaterPathfinder project is dedicated to revolutionizing the water industry by introducing an innovative robotic inspection system. This system offers a comprehensive range of functionalities, enabling water utilities to gain profound insights into the condition of their water pipelines. By autonomously navigating inside the pipeline, our system conducts detailed assessments of structural integrity, identifies leaks, and analyses the quality of drinking water. Through the development of the Digital Twin of water networks, this technology empowers water utilities to make informed decisions and take proactive measures to ensure the reliability, efficiency, and safety of their water networks. At the heart of the business model lies Robotics as a Service (RaaS), providing a flexible and cost-effective solution for water utilities. From 2025 to 2029, the system is projected to preserve 143 million cubic meters of drinking water, equivalent to the annual consumption of 2.6 million EU citizens, thus aligning with global efforts for sustainable water management and environmental preservation.
SDG7	Empowering Sustainable Energy Innovation	By bringing together people and resources, the EIT InnoEnergy aims to catalyse and accelerate the energy transition, fostering the development of new ideas, products, and solutions. Through tailored support and collaboration, it connects industry stakeholders with innovators and entrepreneurs, facilitating the commercialization of commercially attractive technologies across the energy value chain. Additionally, EIT InnoEnergy empowers startups, scale-ups, and innovators, providing them with the necessary support to accelerate business cases and expedite time to market. Moreover, through its educational programs, EIT InnoEnergy equips students and professionals with the skills needed to contribute to a sustainable economy, thus promoting access to clean and affordable energy solutions worldwide. Through its impactful initiatives, EIT InnoEnergy has built the largest sustainable energy innovation ecosystem globally, supporting over 500 sustainable energy innovations and investing in more than 200 companies, all intended to generate significant revenue and contribute to substantial CO_2 savings by 2030.

SDG8	Increasing employment opportunities and reducing labour market inequalities	In addition to the numerous existing financial instruments and synergies between programs that foster economic growth in Europe, the European Social Innovation Competition aims to ignite the potential of social innovation to address societal challenges and foster sustainable and inclusive growth. It serves as a platform for engaging people, businesses, start-ups, universities, engineering schools, and civil society organizations, thereby creating new connections and sources of sustainable growth. The competition attracts a significant number of applicants each year, acting as a beacon for social innovators across Europe and incentivizing and rewarding early-stage ideas that shape society for the better. Recognizing that what benefits the economy may not always align with social inclusion and environmental preservation, the SPES project aims to understand the pillars of sustainable human development—productivity, equality, environmental sustainability, and participation—and assess their performance across regions. Through comprehensive analysis and stakeholder engagement, SPES will identify synergies and trade-offs among these pillars, informing strategies for a sustainable transition. With its focus on holistic development and inclusive growth, SPES seeks to advance the goal of promoting sustained, inclusive, and sustainable economic growth, along with full and productive employment for all.
SDG9	Fostering innovation and promoting sustainable industrialisation	By empowering companies to make positive impacts on climate and communities through its Knowledge and Innovation Community model, EIT Manufacturing contributes to building resilient infrastructure. Additionally, it accelerates the adoption of sustainable innovations in manufacturing technology, aligning with the goal of promoting inclusive and sustainable industrialization. Furthermore, EIT Manufacturing focuses on developing the skills of the future workforce, ensuring inclusivity and sustainability in the manufacturing sector. Through these efforts, EIT Manufacturing is actively working towards driving positive change in Europe's industrial landscape.

SDG10	Bosting EU-Africa cooperation	The EU-Africa Initiative II plays a crucial role in reducing inequality. Through its strategic cooperation with Africa, the EU focuses on enhancing cooperation to address global challenges that disproportionately affect Africa. With dedicated actions in the Horizon Europe Work Programme, the initiative promotes finding locally adapted solutions to these challenges. The Initiative allocates substantial funding, with budgets of approximately €350 million in the 2021-2022 Work Programme and €300 million in the 2023-2024 Work Programme, to support collaborative projects between EU and African entities. By fostering research and innovation cooperation, the EU-Africa Initiative II will address the EU-AU joint priorities on Public health; green transition; innovation & technology; capacities for science. Synergies with other partnerships and programmes between the EU and Africa are proposed, such as the Global Health European and Developing Countries Clinical Trials Partnership (EDCTP3) to deliver new solutions for reducing the burden infectious diseases in Sub-Saharan Africa.

SDG11	Enhancing inclusive and sustainable urbanisation	Through its ambitious aim to deliver 100 climate-neutral and smart cities by 2030, the EU mission actively promotes urban sustainability and resilience. By ensuring that these cities serve as experimentation and innovation hubs, it facilitates the replication of successful models across all European cities by 2050. Additionally, the mission's cross-sectoral and demand-led approach fosters collaboration between various stakeholders, including local authorities, citizens, businesses, investors, and regional and national authorities, to address the specific needs of cities effectively. Through initiatives like Climate City Contracts, which involve developing comprehensive plans for climate neutrality across sectors like energy, buildings, waste management, and transport, the mission empowers cities to engage with stakeholders and take concrete steps toward achieving their climate neutrality goals. The 2Zero Emission Partnership aims to accelerate the development of zero tailpipe-emission road transport in Europe, contributing to improved air quality and mobility safety for both people and goods. By fostering innovation, production, and services in the field of road transport, the partnership ensures future European leadership in this critical area. Building upon the successes of previous initiatives like the European Green Cars Initiative and the European Green Vehicles Initiative, the 2Zero partnership brings together stakeholders to implement an integrated system approach covering Battery Electric Vehicles (BEV) and Fuel Cell Electric Vehicles (FCEV). Through collaboration with various European Technology Platforms, the partnership extends its scope to cover the integration of zero tailpipe emission vehicles into their ecosystem, thereby boosting EU competitiveness and technological leadership.

SDG12	Assessing risk posed by hazardous chemicals to health and the environment	The European Partnership for Risk Assessment of chemicals (PARC), is dedicated to addressing current, emerging, and novel chemical safety challenges to better protect human health and the environment. PARC facilitates the transition to next-generation risk assessment methodologies, thereby reducing the adverse effects of hazardous chemicals on human health and the environment. Through its sustainable cross-disciplinary network and joint research and innovation activities, PARC fosters collaboration among EU Member States, research organizations, academia, and relevant EU agencies. By promoting European cooperation and advancing research in chemical risk assessment, PARC contributes to launching effective strategies at both European and national levels to mitigate risks posed by hazardous chemicals. Additionally, PARC's emphasis on reducing animal testing and implementing next-generation risk assessment strategies underscores its commitment to promoting well-being and environmental sustainability. With its comprehensive approach involving nearly 200 institutions from 28 countries, including EU authorities and relevant ministries, PARC represents an unprecedented effort to elevate chemical risk assessment to new heights. By supporting the EU's Chemicals Strategy for Sustainability and the European Green Deal's "Zero pollution" ambition, PARC is instrumental in safeguarding human health and the environment for present and future generations.
SDG13	Taking action at regional level to combat climate change	The EU Mission on Adaptation to Climate Change plays a pivotal role in addressing the urgent need to combat climate change and its impacts. Focused on supporting EU regions, cities, and local authorities, the Mission aims to build resilience against the effects of climate change. By assisting regions in understanding climate risks, developing pathways for resilience, and deploying innovative solutions, the Mission seeks to accompany at least 150 European regions and communities towards climate resilience by 2030. Through collaboration with EU countries, regions, and cities, the Mission facilitates the implementation of adaptation strategies tailored to regional and local needs. Signatories to the Mission Charter benefit from guidance, funding opportunities, support networks, and participation in events, contributing to the collective effort to combat climate change and build a more resilient future.

SDG14	Promoting sustainable management of ocean bio-resources and food, as well as supporting innovative production processes	The EU Mission 'Restore our Ocean and Waters' aims to protect and restore the health of our ocean and waters by 2030 through research and innovation, citizen engagement and investments in the blue economy. The Mission addresses the ocean and waters as one and plays a key role in achieving climate neutrality and restoring nature. The Mission supports regional engagement and cooperation through area-based 'Lighthouses' in major sea and river basins: Atlantic-Arctic, Mediterranean Sea, Baltic-North Sea, and Danube-Black Sea. Mission lighthouses are sites to pilot, demonstrate, develop and deploy the Mission activities across EU seas and river basins. In 2023, about 40 new projects with a budget over €230 million were selected to contribute to the EU Mission 'Restore our Ocean and Waters'. The projects gather over 370 beneficiaries from 39 countries, including SMEs, research institutions, local authorities, schools and businesses. They will play a key role in achieving climate neutrality and restoring nature by protecting and restoring biodiversity in waters, cutting pollution, supporting a sustainable blue economy and developing the European Digital Twin of the Ocean. All EU Member States are involved in the projects, with actions from the Baltic and North Sea, through the Danube River, Mediterranean Sea, and across to the Atlantic.
SDG15	Tackling biodiversity losses; mitigating global change and desertification impacts.	The project BIOSHIFT aims at understanding the link of biodiversity, abrupt ecosystem shifts and restoration to sustain drylands under global change. It will combine global-scale experimentation and temporal field surveys with state-of-the-art Earth observation, mathematical modelling, -omics approaches, and statistical analyses to tackle these key knowledge gaps. This project will make a major leap forward in our understanding of abrupt ecosystem shifts and provide unprecedent insights on how to monitor and manage them. It will also provide the ecological underpinning to high profile international initiatives aimed at tackling biodiversity losses, mitigating global change and desertification impacts, and restoring degraded ecosystems across global drylands.

SDG16	Co-designing solutions for inclusive citizenship	By addressing pressing issues related to ecological crises, media developments, and digital divides, the project INCITE-DEM aims to alleviate pressures on democracies and foster a more inclusive and participatory democratic process. Through a combination of research methods and design thinking, INCITE-DEM establishes Democracy Labs where stakeholders collaboratively develop innovative solutions to enhance democratic engagement and participation. These solutions are designed to address complex societal challenges and promote inclusivity within representative democracies. The experienced Consortium behind INCITE-DEM is dedicated to expanding democratic innovation and fostering dynamic feedback mechanisms between citizens and institutional actors. By leveraging historical, quantitative, and qualitative social science research, as well as advanced analytical methods, the project aims to fuel democratic innovation and enhance civic engagement. INCITE-DEM's implementation of Democracy Labs in six countries provides a platform for citizens, policymakers, and other stakeholders to co-create inclusive democratic innovations. Through validation processes, including choice experiment surveys and interactive fora with policymakers, the project ensures the feasibility and potential for implementation of these innovations. (INCITE-DEM | Inclusive Citizenship in a world in Transformation: Co-Designing for Democracy)
SDG17	Exploring market access for developing countries	Most of the research conducted to date on the optimal conditions for economic advancement in low-income nations, such as job creation, has predominantly focused on the "supply-side" drivers of productivity. However, an additional dimension to be considered is the potential limitations on business growth within these countries imposed by external forces, thereby impeding market entry. Examples of such constraints include inadequate infrastructure and trade barriers within countries. The ACCESS project aims to investigate a broader spectrum of economic, political, and social impediments to market entry – encompassing legal constraints on individual entrepreneurship – and their impact on local economies. ACCESS will utilise microeconomic data gathered from developing nations such as Colombia, Liberia, the Philippines, and Uganda.

EURATOM RESEARCH AND TRAINING

RESEARCH AND TRAINING PROGRAMME OF THE EUROPEAN ATOMIC ENERGY COMMUNITY

Programme in a nutshell

Concrete examples of achievements (*)

118	200	8 996	1 164
training courses for students and professionals from Member States and Commission services were provided by the Joint Research Centre since 2021 in the areas of nuclear safety, nuclear security, safeguards, nuclear waste and decommissioning and non-power applications.	key nuclear research infrastructures in Europe are open for researchers through the European User Facility Network of the European platform for accessing nuclear R & D facilities.	researchers and students have benefited from Euratom support for training, mobility and access to infrastructure since 2021.	scientific publications in nuclear research have been published by Euratom-funded scientists in peer-reviewed journals since 2021.

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10	3	100	241
new databases have been released to improve key nuclear data for the safe use of radioactive materials since 2021.	represents the third and final deuterium-tritium experimental campaign at the Joint European Torus, which was successfully achieved in 2023 by EUROfusion, the Euratom co-funded European partnership for fusion energy research.	experiments were carried out on actinide materials, codes and standards for components and materials, along with radioactivity measurements, at the Joint Research Centre by external users from 17 Member States since 2021.	million euro was available in two calls for research in nuclear safety, radiation protection and waste management launched by Euratom during 2021-2023. Until the end of 2023, grants for EUR 117 million were awarded, with the remaining grants expected to be signed in 2024.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual lifecycle of EU programmes and the projects they finance, where results often materialise only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	**1 987.9**
NextGenerationEU	0.0
Decommitments made available again (*)	0.0
Contributions from other countries and entities	24.5
Total budget 2021-2027	**2 012.4**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The Euratom Research and Training Programme (2021-2025) is a nuclear research and training programme with an emphasis on the continuous improvement of nuclear safety, security and radiation protection. It

complements the achievement of Horizon Europe's objectives, including in the context of the energy transition as well as contributing to the implementation of the European fusion roadmap.

CHALLENGE

Nuclear research contributes to social well-being and economic prosperity by improving nuclear safety, security and radiation protection. Research and innovation in the nuclear field play a key role in maintaining the highest safety standards and EU competences in the nuclear domain. Radiation protection research leads to improvements in medical technologies as well as in other sectors (such as industry and the environment), from which many citizens benefit. Nuclear research also supports the EU's efforts in the transition to a climate-neutral energy system.

Public and private research at the national level has a significant role to play in this effort. Euratom's task is to complement Member States' contributions by means of an EU-based research and training programme.

MISSION

The general objective of the Euratom Programme is to pursue nuclear research and training activities, with an emphasis on the continuous improvement of nuclear safety, security and radiation protection, as well as to complement the achievement of Horizon Europe's objectives inter alia in the context of the energy transition. The programme also focuses on the development of fusion energy – a long term option for large-scale, low-carbon electricity production.

Its European added value is made explicit in the Euratom Treaty and the Commission has an obligation to put forward a research and development programme to complement those in Member States. The justification for Euratom intervention is based on the need to ensure high and uniform levels of nuclear safety in Europe. Moreover, the Treaty also establishes the obligation for Member States to establish provisions on basic safety standards and to monitor the level of radioactivity in the environment on their territory. Through the Joint Research Centre, the Commission provides standards and technical means to ensure that Member States fulfil their obligations properly. The Commission must fulfil its safeguarding obligations, in particular safeguarding the existing radioactive materials in the EU and the obligations assumed under the non-proliferation treaty. Under the Euratom research and training programme, the Joint Research Centre develops methods, standards and techniques and provides scientific and technical support to other Commission departments.

OBJECTIVES

Euratom pursues the following specific objectives:

- to improve and support nuclear safety, security, safeguards, radiation protection, safe spent fuel and radioactive waste management and decommissioning, including the safe and secure use of nuclear power and of non-power applications of ionising radiation;
- to maintain and further develop expertise and competence in the nuclear field within the EU;
- to foster the development of fusion energy as a potential future energy source for electricity production and contribute to the implementation of the European fusion roadmap;
- to support the EU policy on continuous improvement of nuclear safety, safeguards and security.

ACTIONS

During 2021-2025, the Euratom programme will continue to give top priority to direct and indirect actions for maintaining nuclear expertise and for supporting research for nuclear safety, with particular emphasis on ageing nuclear plants, long-term operation strategies and accident management. The additional safety requirements introduced by the nuclear safety directive require increased efforts in developing an understanding of degradation mechanisms of safety-relevant components and the impact on safety overall. This would support a science-based assessment of the safety margins and allow for timely implementation of safety improvements. The predictive tools and assessment methods developed by the Euratom programme would benefit the periodic safety reviews of existing nuclear installations. They would also help regulators in assessing new designs.

Besides research in nuclear fields, direct actions, implemented by the Joint Research Centre, will also focus on nuclear security and nuclear safeguards by developing techniques and methods aiming at reducing nuclear security risks and supporting nuclear non-proliferation efforts. In addition, the Joint Research Centre will develop nuclear standards and support the implementation of Euratom policies in these areas.

For the development of fusion energy during 2021-2025, the co-funded European partnership in fusion research will build on the progress made by the EUROfusion consortium (2014-2020), providing support for the efficient commencement of the international thermonuclear experimental reactor's operations and working hand in hand with industry, to increase the efforts on the conceptual design and technologies for a fusion power plant.

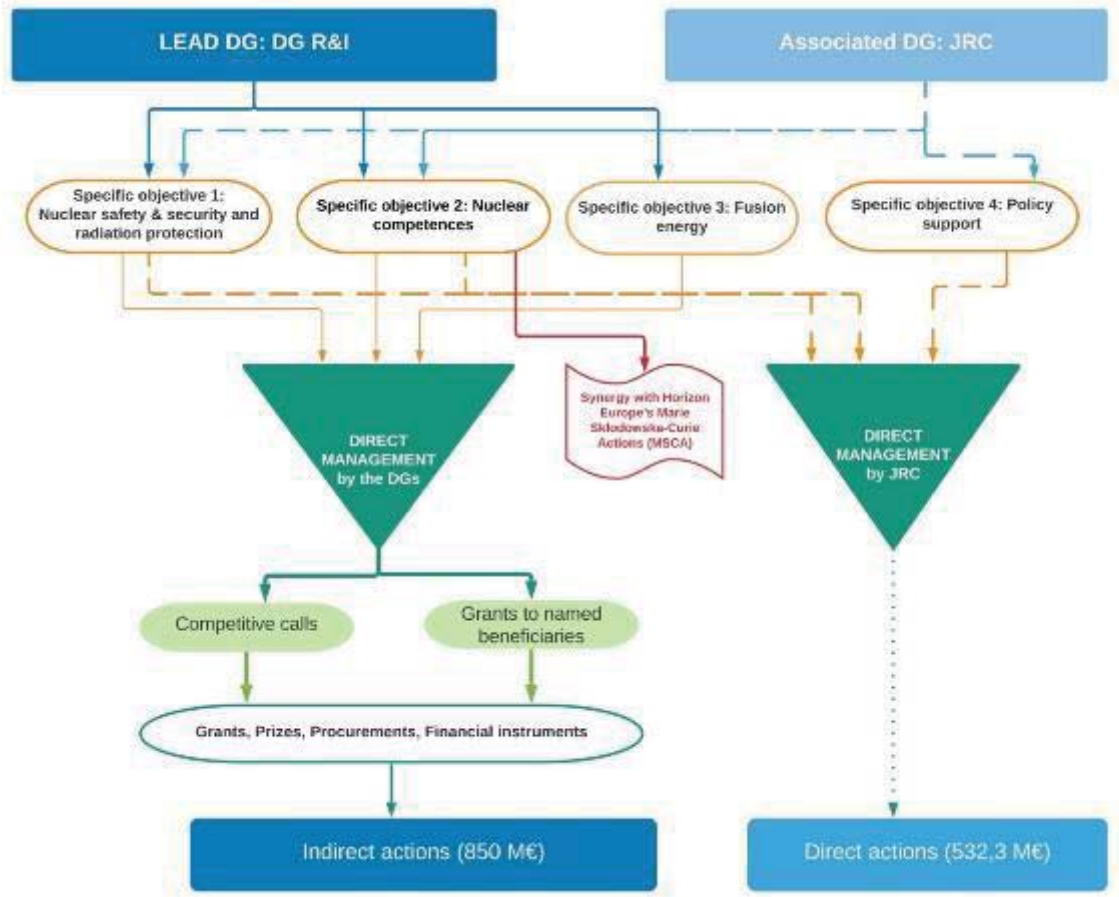
STRUCTURAL SET-UP OF THE PROGRAMME

The Euratom Programme 2021-2025 is implemented in direct management by the European Commission. The Programme uses the instruments and rules of participation of the Horizon Europe Framework Programme for Research and Innovation. The Programme provides research grants to labs and universities through competitive calls for proposals and to named beneficiaries. It also provides financing in the form of prizes and procurement. The Programme funds research carried out by the European Commission's Joint Research Centre through direct actions, subject to a separate work programme.

Euratom funded research supports Member States', safety authorities' and industry's efforts to ensure that EU nuclear installations are designed, constructed, operated and decommissioned applying the highest standards of safety, security, radioactive waste management and non-proliferation. For the future nuclear technologies, the programme aims to ensure that they meet the highest safety standards and that safety implications of future deployment are fully understood. Euratom actions provide just incentives for such safety research and the Euratom funding would in no way be able to support major work or the development of new systems and demonstrators. For the development of fusion energy, the Euratom Programme funds implementation of fusion roadmap, a comprehensive research programme to support the International Thermonuclear Experimental Reactor exploitation and development of design and technologies for fusion power plant.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP

Euratom



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The 2021-2025 Euratom programme builds on its predecessor, the 2014-2020 Euratom programme. Compared to its predecessor, the new programme has a single set of objectives for both direct and indirect actions, seeking to enhance synergies with Horizon Europe in particular in education and training by opening Marie Skłodowska-Curie Actions to nuclear researchers. Under the 2021-2025 programme, most of the research, particularly research and innovation in fusion energy, nuclear materials, radioactive waste management and radiation protection, will be carried out through co-funded European Partnerships. A new generation of co-funded European Partnerships should achieve a greater impact, involving a wide range of research partners. This new approach capitalises on a decade of Commission, Member State and stakeholder efforts in ensuring more sustainable and inclusive research, creating stronger links between EU and national policies.

FURTHER INFORMATION

– Programme website: Euratom Research and Training Programme https://research-and-innovation.ec.europa.eu/funding/funding-opportunities/funding-programmes-and-open-calls/horizon-europe/euratom-research-and-training-programme_en

– Impact assessment: Commission Staff Working Document SWD(2018) 307 final https://eur-lex.europa.eu/resource.html?uri=cellar:d17282ba-6a2f-11e8-9483-01aa75ed71a1.0001.03/DOC_3&format=PDF

– Relevant regulation: Council Regulation (Euratom) 2021/765 of 10 May 2021 establishing the Research and Training Programme of the European Atomic Energy Community for the period 2021-2025 complementing Horizon Europe – the Framework Programme for Research and Innovation and repealing Regulation (Euratom) 2018/1563.

– Evaluations: interim evaluation https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017DC0697

– Ex-post evaluation of the activities of the Joint Research Centre (2014-2020), ISBN 978-92-76-55600-8

– Interim evaluation of the activities of the Joint Research Centre under Horizon Europe and Euratom (2021-2027), ISBN 978-92-68-07092-5:

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	264.7	269.7	286.0	281.2	287.8	293.8	304.5	1 987.9
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	0.0	0.0	0.0					0.0
Contributions from other countries and entities	15.1	8.9	0.5	0.0	0.0	0.0	0.0	24.5
Total	**279.8**	**278.6**	**286.5**	**281.2**	**287.8**	**293.8**	**304.5**	**2 012.4**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

+ EUR 7.6 million (+1%)

compared to the legal basis.*

* Top-ups pursuant to Art. 5 MFF regulation are excluded from financial programming in this comparison, as the legal basis covers only years 2021-2025 the financial programming for this comparison also covers only 2021 - 2025

In 2023, the Euratom Programme received a EUR 10 million contribution from ITER Programme to provide additional funding for a call for proposals for safety analyses for VVER nuclear fuel manufactured by suppliers outside Russia (call HORIZON-EURATOM-2022-NRT-01-01 with total budget EUR 20 Million Euro). To implement additional funding, the Commission decision C(2023) 6422 provided for the transfer, within Title 01 of the 2023 Commission budget, of EUR 10 million from the budget for the ITER Programme to the Euratom Programme according to the procedure of Article 30(1)(c) of the Financial Regulation (transfer appropriations between chapters within the same title up to a maximum of 10 % of the appropriations for the financial year).

For Euratom indirect actions, appropriations requested for fission research in the context of the draft budget 2025 are necessary to fund a triennial, 2023-2025, call for proposals. This call was open in 2023 and grants will be awarded in 2024. For fusion research, all appropriations proposed for 2025 will be committed to EUROfusion co-funded European Partnership in line with the 2021-2025 financing decision. For both fission and fusion research, 2025 payments appropriations will be used for payments for on-going projects

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	840.4	2 012.4	41.8%
Payments	624.9		31.1%

Voted budget implementation (million EUR) (1):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	264.7	265.7	193.0	207.9

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2022	269.7	270.7	198.4	267.8
2023	286.0	276.5	189.0	222.2

(*) Voted appropriations (C1) only.

– The Euratom budget is distributed as follows:

Indirect actions in fusion research and development

Indirect actions in nuclear fission (i.e. nuclear safety, radiation protection, waste management)

Direct Actions undertaken by the Joint Research Centre (JRC)

In fusion energy research, 2021-2025 appropriations, EUR 549 million, were committed in 2021 to the grant for co-funded European Partnership EUROfusion in accordance with the Commission multiannual financing decision (C(2021)4201) and in line with the Article 4(5) of the Council regulation 2021/765 establishing the Programme, which allows budgetary commitments in annual instalments over several years. The payments started in 2021 with prefinacing for EUROfusion and followed in 2022 and 2023 in line with reimbursement requests in the annual reports from the Partnership. Commission signed in 2023, a grant for the preparatory phase of IFMIF-DONES (EUR 1.25 Million), a neutron-irradiation facility for the study of fusion materials and systems under conditions that are similar to those in a fusion power plant.

For grants in nuclear fission research, appropriations for the year 2023 were committed to a triennial call (2023-2025) for proposals launched in March 2023. In accordance with the Commission multiannual financing decision (C(2023)1650) and in line with the Article 4(5) of the Council regulation 2021/765 establishing the Programme, allowing budgetary commitments in annual instalments over several years, this call is funded in instalments from 2023, 2024 and 2025 budgets. Following an evaluation by independent experts, it is expected that grants for more than 20 projects will be signed in 2024, increasing the total number of projects in nuclear research and training under 2021-2025 Programme to more than 50.

The Commission awarded in 2023 a grant for EUR 10 million, to launch an action to carry out necessary safety analyses and tests and establish procedures needed for the licensing of VVER nuclear fuel manufactured by suppliers outside Russia. Additional funding of EUR 10 million provided in 2023 from unspent ITER funds will allow the Commission to launch a second research project in this area in 2024.

In 2024, all appropriations for grants in fission research (i.e. nuclear safety, radiation protection and radioactive waste management) will be committed to 2023-2025 call for proposals. For fusion research, all appropriations are already committed to EUROfusion co-funded European Partnership in line with the 2021-2025 financing decision. For both fission and fusion research, 2024 payments appropriations will be used for payments for on-going projects.

Some Euratom indirect actions from the 2021-2022 call still face delays related to the limited availability of research infrastructures mainly due to supply issues and inflation. Lack of the 3rd party income from associated countries (UK, CH) compounded financial issues of the Euratom programme which resulted from the Council 2021 decision to reduce the 2021-2025 Budget compared to 2014-2020 predecessor. As a consequence, the available funding does not allow to cover all research priorities in nuclear safety, radioactive waste management and radiation protection, as well as in non-power applications of ionizing radiation.

The separate Joint Research Centre 2023-2024 Work Programme for the direct actions was adopted in January 2023 and has been developed based on a new approach grounded in prioritisation and focus on collaboration and core strengths of the JRC for better anticipation, integration and impact on EU policies. The programme has thus been built in portfolios to enhance synergies across scientific and policy domains, in particular between nuclear and non-nuclear research. Amongst the 33 portfolios defined, 3 exclusively address nuclear research in the areas of safety of nuclear technology, Small Modular Reactors and support to nuclear legislation compliance. Other topics such as nuclear security, safeguards, non-proliferation, non-power applications and environmental radiation protection are integrated into 5 mixed portfolios alongside non-nuclear research. The breakdown of activities remains the same with 33% of direct actions dedicated to nuclear safety research (including waste management, decommissioning and environmental radioprotection); 32% to research on nuclear security, safeguards and non-proliferation; 16% to research on standardisation and non-power applications of ionising radiation; 11% to knowledge management, education and training activities; and 8% to support provided to Euratom policies.

Several factors have put a strain on the JRC's activities under the direct actions. Due to the war in Ukraine and ensuing energy crisis, energy costs (electricity and gas) have increased substantially in all JRC sites in 2022 and in 2023 and, although prices have since stabilised, they have settled at a high level compared to 2021. The resulting inflation has led to higher operational costs associated with security contracts and radio protection expenses. In addition there is a critical need to maintain and renovate the nuclear installations of the Joint Research Centre. This upward trend in costs has been observed across all research centres of the JRC. Against a budget that has not been readjusted, this has put pressure on the JRC's research activities and required adaptation to maintain the performance under the direct actions.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	121.3	125.2	170.9	137.9	143.1			698.4	35%
Biodiversity mainstreaming									
Clean air									

The Euratom 2021-2025 research and training programme contributes to climate mainstreaming, as the programme's general objective provides for complementing the achievement of Horizon Europe's objectives, inter alia, in the context of the energy transition. In this context, it is considered that 100% of the expenditure for fusion energy research contributes to the climate effort of the EU budget. Research and innovation in fusion technology are pivotal to advancing the global climate transition. Fusion offers a promising alternative to traditional energy sources by providing stable source of carbon-free electricity and reliable and sustainable power generation. Research activities on fusion, such as supporting the ITER project and its successor DEMO, aim to significantly reduce greenhouse gas emissions and mitigate climate change. Investment in fusion technology supports the development of reliable, carbon-free energy solutions that can help meet the world's growing energy demands while minimising environmental impact. By driving

advancements in fusion research, we are paving the way for a cleaner and more sustainable future for generations to come.

– 40% of the fission-research-related expenditure contribute to the climate effort of the EU budget.

Research and innovation in fission technology plays a crucial role in supporting the global climate transition. For instance, the 'Small modular reactor for a European safe and decarbonised energy mix' project provides an analysis of the nuclear capacities, small modular reactor deployment and trends of evolution in energy production and consumption for the next decades. This analysis enables to emphasise the role of small modular reactors to deal with these trends and to propose energy scenarios, including small modular reactors providing power, heat and hydrogen at two time frames, 2035 and 2050. The main approaches that underpin these scenarios aim to set the techno-economical frameworks for the analysis of the selected hybrid energy system configurations for a 2035 and 2050 energy mix perspective aligned with the relevant EU and Member State policies. Another example is that small modular reactors offer a scalable and efficient solution for generating low-carbon electricity, providing a reliable source of power with a reduced environmental footprint. By leveraging innovative designs and advanced safety features, small modular reactors offer the potential to significantly decrease greenhouse gas emissions compared to conventional fossil fuel-based power plants. Investment in small modular reactor technology accelerates the deployment of clean energy infrastructure, helping to meet the world's energy needs while combating climate change. Through ongoing research and development, small modular reactors contribute to a sustainable energy future by offering a viable pathway towards decarbonisation and environmental stewardship.

Furthermore, regarding 'taxonomy relevant expenditures', this is not relevant for the programme.

Contribution to gender equality (million EUR) (*)**:**

Gender Score	2021	2022	2023	Total
2				
1				
0*				
0	264.7	269.7	286	820.4

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information

The gender dimension is integrated in research and innovation and followed through all stages of the research cycle. However, actions under the Euratom 2021-2025 research and training programme are classified as non-targeted interventions, i.e. interventions that are expected to

have no significant bearing on gender equality or with a likely but not yet clear positive impact on gender equality.

– Gender equality is a cross-cutting priority in the Euratom programme, as stated in recital 2 of the Council regulation. The integration of the gender dimension into research and innovation content is a requirement by default. Furthermore, the Euratom programme is promoting gender equality through sustainable institutional change by requesting that applicants (public bodies, research organisations and higher education establishments) have in place a gender equality plan as an eligibility criterion for research proposals (requirement shared with Horizon Europe).
– In its 2030 strategy, the Joint Research Centre declares itself as an equal opportunity employer committed to the objective of being fully gender balanced; this has been further developed by issuing a gender balance strategy. In 2022, the Joint Research Centre adopted its human resources pathways, which started to be implemented in 2023 and notably focused on specific priorities such as promoting geographical diversity and gender balance in recruitment. The Joint Research Centre's recruitment and communication plans address, specifically for nuclear research, acquiring a skilled workforce with a view to improve the gender balance.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution					

– The Commission puts a strong emphasis on digital transition in the Euratom calls for research proposals. Specific call topics for actions (7 out of 11 topics under the 2023-2025 call, i.e. 64%) in nuclear safety, radiation protection and waste management include requirements, as appropriate, for digitalisation and deployment of artificial intelligence, robotics, the internet of things and big data.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress	Target	Results	Assessment
Number of Euratom-funded peer-reviewed scientific publications	0	**29%** (*)	4 000 in 2025	1 164 compared to a target of 4 000	On track
Reference materials delivered and reference data incorporated to a library	0	**62%** (*)	42 in 2025	26 compared to a target of 42	On track
Number of outputs contributing to modify international standards	0	**30%** (*)	20 in 2025	6 compared to a target of 20	Moderate progress
Number of technical systems provided and in use	0	**49%** (*)	65 in 2025	32 compared to a target of 65	Moderate progress
Number of people having benefited from upskilling activities of the Euratom programme (through training, mobility and access to infrastructure)	0	**> 100%** (*)	6 000 in 2025	8 996 compared to a target of 6 000	On track
Number and share of Euratom projects producing policy-relevant findings	0	**40%**(**)	50% from 2023 to 2025	Milestones achieved for 2022 and 2023. Milestone not achieved for 2021.	On track
Amount of public and private investment mobilised with the initial Euratom investment	0	**36%** (*)	EUR 500 million in 2025	EUR 179 million compared to a target of EUR 500 million	On track

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Number of full-time equivalent jobs created, and jobs maintained in beneficiary entities for the Euratom project (by type of job)	0	**NA**	11 000 in 2025	NA	No data
Progress in the implementation of the fusion roadmap – percentage of the fusion roadmap's milestones established for the period 2021-2025 reached by the Euratom programme	0	**29%** (***)	95% in 2025	28% compared to a target of 95%	On track

(*) % of target achieved by the end of 2023.

(**) % of years for which the milestones or target have been achieved during the 2021-2025 period.

(***) % of target achieved by the end of 2022.

The actions launched and managed in 2023 by the Commission under the Euratom 2021-2025 research and training programme play a pivotal role in maintaining strong European competencies in nuclear research and innovation. This helps ensure the highest standards of safety for existing and future nuclear installations. It is also crucial for developing fusion energy, along with medical and other applications of ionising radiation. The Euratom programme achieved substantial progress in its main areas of research (for both direct and indirect actions), as shown by indicators for peer-reviewed publications (1 158 in 2023), the number of people benefiting from Euratom-funded education, training and access to infrastructure (1 098 in 2023) and mobilisation of investment (EUR 121 million in 2022) from research stakeholders with Euratom funding.

Nonetheless, the Euratom programme has encountered challenges since 2021, with impacts on its performance.

Following the COVID-19 period, delays have been experienced due to limited availability of research infrastructures, influenced by supply chain issues and inflation. The programme has faced a reduction in budget caused by the absence of third-party income from associated countries (such as Switzerland and the United Kingdom) compared with the previous programme. Consequently, the available funding falls short of covering all research priorities in nuclear safety, radioactive waste management, radiation protection and non-power application of ionising radiation.

It has to be pointed out that the cost structure of the Joint Research Centre, with high fixed costs for the operation and compliance of its nuclear research infrastructure, implies that any external factors such as high inflation or energy costs have potential implications on resources, and could affect the ability to achieve the performance targets. Nevertheless, it is expected that in the medium term, the resource optimisation efforts generated by the implementation of the new nuclear strategy inside the Joint Research Centre will compensate for these adverse effects and strengthen the centre's research capacities to guarantee continuous high performance under the Euratom programme.

- Objective 1: to improve and support nuclear safety, security, safeguards, radiation protection, safe spent fuel and radioactive waste management and decommissioning, including the safe and secure use of nuclear power and of non-power applications of ionising radiation.

The monitoring of the indicators of this objective shows substantial progress in enhancing nuclear safety, security and in radiation protection.

In nuclear fission research, in March 2023 the Commission launched a call for research proposals which made available EUR 132 million for research to increase the EU's security of energy supply while ensuring the highest standards of safety. The call for proposals offered research grants enabling long-term operation of existing nuclear power plants and deployment of small and modular reactors, along with the development of nuclear materials and the safe management and disposal of radioactive waste. The call also aimed to further develop the EU's open strategic autonomy in other applications of ionising radiation, including in the medical field, critical raw materials and the circular economy. The call deadline was set in November 2023. Following an evaluation by independent experts, it is expected that grants for more than 20 projects will be signed in 2024, increasing the total number of projects in nuclear research and training under the 2021-2025 programme to more than 50.

The main Euratom call was supplemented in 2023 by a call launched by the European partnership for radiation protection research (https://pianoforte-partnership.eu), aimed at improving knowledge and promoting innovation in the field of radiation protection. Following an evaluation, nine projects were selected in three areas (genesis of radiation-induced cancer, medical diagnostic and therapeutic use of radiation, emergency preparedness), including five projects in medical radiation protection.

In August 2023, the Euratom-funded 'rocc-n-roll' project of the European Alliance for Medical Radiation Protection Research presented a strategic research agenda and roadmap for medical application of ionising radiation. The agenda and roadmap aim for better and individualised healthcare to improve patients' lives (https://roccnroll.euramed.eu/euramed-rocc-n-roll-unveils-sra-and-roadmap), one of the cornerstones of the strategic agenda for medical ionising radiation applications action plan (https://energy.ec.europa.eu/topics/nuclear-energy/radiological-and-nuclear-technology-health/samira-action-plan_en), Horizon Europe activities and Commission initiatives (Europe's Beating Cancer Plan (https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/promoting-our-european-way-life/european-health-union/cancer-plan-europe_en) and the 'Cancer' mission (https://research-and-innovation.ec.europa.eu/funding/funding-opportunities/funding-programmes-and-open-calls/horizon-europe/eu-missions-horizon-europe/eu-mission-cancer_en).

Following an ad hoc call launched in 2022, in 2023 the Commission awarded a grant for EUR 10 million to launch an action to carry out necessary safety analyses and tests and establish procedures needed for the licensing of water-water energy reactor nuclear fuel manufactured by suppliers outside Russia. The 'Accelerated program for implementation of secure VVER fuel supply' project will address the issue of security of supply of fuel for Russian-designed water-water energy reactors in the EU and Ukraine. The operation of these reactors currently depends mainly on Russian-produced nuclear fuel. The sanctions following Russia's invasion of Ukraine have made it necessary to strengthen the security of supply situation for these reactors. Additional funding provided in 2023 from unspent ITER funds will allow the Commission to launch a second project from this ad hoc call in 2024.

In 2023, the direct actions of the Euratom programme implemented by the Joint Research Centre resulted in the publication of 111 scientific articles in peer-reviewed journals, while one doctoral thesis was published during the period. The technical outputs delivered include seven sets of reference materials and reference methods, two outputs which contributed to the modification of international standards, five technical systems (all for safeguards) and two scientific datasets and databases.

- Objective 2: to maintain and further develop expertise and competence in the nuclear field within the community.

One of the indicators for this objective surpassed its targets, reflecting the success of the programme in maintaining and developing expertise within the community, contributing to a highly skilled workforce in the nuclear field.

The Joint Research Centre also implements nuclear education and training initiatives which support EU policy priorities and contribute to maintaining and developing the EU's nuclear competence and expertise. These education and training initiatives include training schools, courses, workshops and lectures in live, online or hybrid formats. In 2023, the Joint Research Centre delivered 13 training courses in the field of nuclear safety, nine in nuclear security, eight in nuclear safeguards, including for 60 safeguards inspectors, one in strategic trade control, 10 in nuclear decommissioning and waste management and 17 in nuclear non-power applications.

In 2023, the direct actions performance has remained consistent in relation to some indicators and caught up with the delays of the first 2 years regarding others. This was, for instance, enabled by the re-opening of Joint Research Centre infrastructures to external researchers or the full resumption of training sessions for participants from Member States and other Commission services.

- Objective 3: to foster the development of fusion energy as a potential future energy source for electricity production and contribute to the implementation of the European fusion roadmap.

The Euratom programme plays a pivotal role in fostering the development of fusion energy in Europe. In 2023, substantial achievements were reached. In 2023, the Euratom co-funded partnership, EUROfusion, successfully achieved the research goals of its third deuterium-tritium experimental campaign at the Joint European Torus device (https://euro-fusion.org/eurofusion-news/dte3-results). The experiments explored fusion processes and control techniques under similar conditions to and in preparation of future fusion power plants. This marks an important leap ahead in our understanding of fusion plasmas. This effort has a pivotal role in the pursuit of a net-zero plan for Europe through the development of fusion as a reliable and sustainable power source. In October 2023, the Commission launched in Granada (Spain) a project for the preparatory phase of the International Fusion Materials Irradiation Facility – Demo Oriented Neutron Source (https://ifmif-dones.es/), a unique neutron-irradiation facility for the study of fusion materials and systems under conditions that are similar to those in a fusion power plant.

- Objective 4: to support the policy of the EU and its members on continuous improvement of nuclear safety, safeguards and security.

The Joint Research Centre direct actions supported Commission services in the implementation of the relevant directives on nuclear safety, radioactive waste and spent fuel management, and shipment of radioactive waste and spent fuel through expert review and assessment of Member States reports, or through the participation in topical peer reviews.

More specifically, during 2023 the Joint Research Centre contributed to the fourth report from the Commission to the European Parliament, the Council and the European Economic and Social Committee on Member States implementation of the Council Directive 2006/117/EURATOM on the supervision and control of shipments of radioactive waste and spent fuel. The Joint Research Centre also participated on behalf of the European Commission in the International Atomic Energy Agency's 'Integrated Regulatory Review Service' and 'Integrated Review Service for Radioactive Waste and Spent Fuel Management, Decommissioning and Remediation' missions to Member States.

The Joint Research Centre has provided technical and scientific support to the implementation of the relevant projects under the European Instrument for International Nuclear Safety Cooperation, and the Foreign Policy Instrument.

In policy support to Euratom safeguards, the Joint Research Centre has carried out essential tasks, such as research, development of concepts and approaches for safeguards and non-proliferation, technology, equipment and tools for safeguards verification, measurement of samples and supply of nuclear reference materials, along with education, training and building capacity. As described in the Report from the

Commission, Euratom Safeguards Report 2020-2021 (C(2023) 7844 final) published in 2023, the Joint Research Centre performed the analysis of samples in the on-site laboratory at La Hague (France), the in-field analysis of samples taken during physical inventory verification campaigns at selected uranium fuel fabrication plants, along with the destructive analysis of samples taken in nuclear installations and sent to the Joint Research Centre.

Relevant reference materials were also continuously provided by the Joint Research Centre to ensure traceable and credible measurements. These analytical results form a vital part of the safeguards conclusions. The Joint Research Centre further conducted relevant training for 24 Euratom inspectors and front-line officers in 2023 (indicator on track).

SYNERGIES

The Euratom programme seeks and explores synergies with other programmes to maximise collective impact. The strong synergies with the ITER programme amplify the impact of nuclear fusion research. They collectively contribute to the realisation of fusion energy as a viable and sustainable source of energy. Collaboration initiatives with Horizon Europe health activities and Europe's Beating Cancer Plan or with other areas (e.g. artificial intelligence and robotics) reinforce a commune strategy for tackling wider societal challenges. Strong synergies are implemented with Horizon Europe: Euratom funding was provided to the Marie Skłodowska-Curie actions, to make researchers in the nuclear field eligible for postdoctoral Marie Skłodowska-Curie actions fellowships, resulting in 13 grants awarded in 2021-2023 for a total amount of EUR 2.35 million.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3		
SDG4		
SDG5		
SDG6		
SDG7		
SDG8		

SDG9
SDG10
SDG11
SDG12
SDG13
SDG14
SDG15
SDG16
SDG17

ITER

EUROPEAN JOINT UNDERTAKING FOR ITER AND THE DEVELOPMENT OF FUSION ENERGY

Programme in a nutshell

Concrete examples of achievements (*)

29 500 annual jobs were directly or indirectly created by ITER between 2007 and 2019.	EUR 6 164 million was paid to European companies involved in ITER between 2014 and 2022.	559 operational contracts were signed by the Fusion for Energy joint undertaking (F4E) between 2014 and 2023.	EUR 513 million was paid to European companies by F4E in 2023.
1st **j**oint EU–Japan Tokamak **was inaugurated in 2023.** The JT-60SA is the biggest and most advanced tokamak fusion reactor in the world. It has been built and will be operated jointly by the EU and Japan under the Broader Approach Agreement.	100% is the target reached by Europe in fulfilling its commitment to deliver magnets for ITER. These powerful magnets can confine the super-hot plasma that will reach 150 million °C.		

(*) Key achievements in the table state which period they relate to. Many come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	**4 556.6**
NextGenerationEU	0.0
Decommitments made available again (*)	0.0
Contributions from other countries and entities	0.6
Total budget 2021-2027	**4 557.2**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The ITER-related EU action supports the construction and future operation of ITER, which will be the first experimental device to test the feasibility of fusion as a future source of energy.

CHALLENGE

ITER is being built in Saint-Paul-lès-Durance (France) to prove the scientific and technological feasibility of fusion as a future source of sustainable energy, which would be a major contribution to the EU's long-term goal of decarbonising the energy system.

The risk, costs, and long-term nature of a large research project such as ITER put it beyond the reach of individual EU Member States and call for action at the EU level and beyond. A global framework has been established among seven international partners (Euratom, China, India, Japan, South Korea, Russia, and the United States – representing more than half of the world's population) to support ITER's construction, which started in 2007. Euratom provides 45% of all components and cash contributions to ITER through its Joint Undertaking, Fusion for Energy (F4E) .

MISSION

The general objective of the ITER-related EU action in the 2021-2027 multiannual financial framework is to fully support the continuation of ITER's construction to reach the first experimental operations and to lay grounds for a successful full-power operation by 2035.

Europe's support to ITER and to other activities related to ITER, such as the 'Broader Approach' activities with Japan, contributes to the strategic agenda of the EU for clean and secure energy. ITER is stimulating the European industrial investment in new advanced technologies for the components of the facility and in advanced civil engineering for its construction.

OBJECTIVES

The EU's participation to ITER pursues five specific objectives:

- to provide sufficient performance-based funding to ITER for its operations, particularly the assembly of the installation from the components arriving from individual ITER members;
- To ensure the delivery of EU components by the Fusion for Energy (F4E) Joint Undertaking in line with the project's schedule and strategies, in particular its construction and assembly strategies;
- to offer European high-tech industries and small and medium-sized enterprises a valuable opportunity to innovate and develop 'spin-off' products for exploitation outside fusion;
- to secure continued EU leadership in the project by ensuring the timely delivery of EU components and active participation in ITER governance processes;
- to continue activities with Japan ('Broader Approach') on the satellite tokamak JT-60SA operation and on the development of a full-scale material testing facility (International Fusion Materials Irradiation Facility / DEMO Oriented Neutron Source) to ensure that all technical and scientific elements needed for the design of a fusion-based power generation device for demonstration are in place.

ACTIONS

The programme covers the EU's contribution to ITER, both in cash and in kind, for the construction of the ITER facility, which includes the procurement of equipment, installation, general, technical, and administrative support for the construction phase and participation in commissioning and operations.

The programme also covers other ITER-related activities, such as the 'Broader Approach' activities with Japan.

These contributions are delivered through the Fusion for Energy (F4E) Joint Undertaking, the European domestic agency for ITER, located in Barcelona (Spain).

STRUCTURAL SET-UP OF THE PROGRAMME

Indirect management is entrusted to the Joint Undertaking for ITER and the Development of Fusion Energy. The lead Directorate General (DG) of the European Commission is DG Energy.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP

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SPECIFIC OBJECTIVES

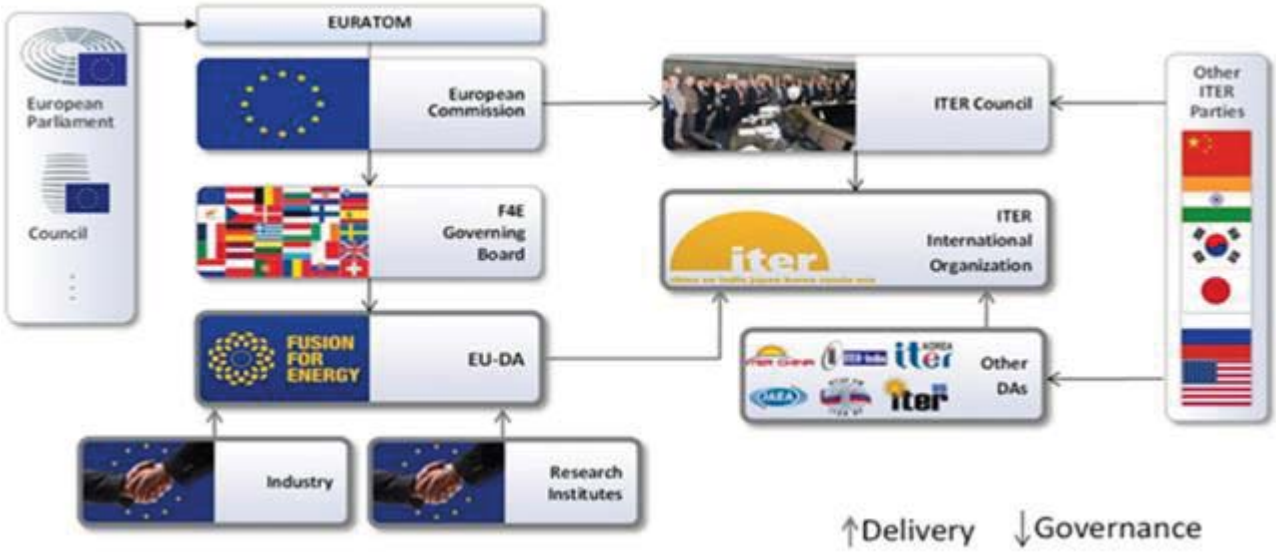
Provide sufficient performance-based funding to the ITER Organization for its operations, particularly the assembly of the installation from the components arriving from individual ITER members

Ensure the delivery of EU components by the Fusion for Energy Joint Undertaking in line with the project's schedule and strategies, in particular its construction and assembly strategies

Offer European high-tech industries and small and medium-sized enterprises a valuable opportunity to innovate and develop 'spin-off' products for exploitation outside fusion

Secure continued EU leadership in the project by ensuring the timely delivery of EU components and active participation in ITER governance processes

Continue activities with Japan on the satellite tokamak JT 60SA operation and on the development of a full-scale material testing facility to ensure that all technical and scientific elements needed for the design of a fusion-based power generation device for demonstration are in place



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The programme is a continuation of its 2014-2020 multiannual financial framework predecessor. In line with the Commission Communication COM(2017)319 on the 'EU contribution to a reformed ITER project', that specified the resources needed for the ITER construction after 2020, the budget of the programme for the 2021-2027 period has almost doubled. The increase is related to the delays in the execution of the project, additional works required for the planned scope of the project, in particular for the erection of the project buildings and other civil engineering construction, the complexities in the procurement of the first of the

kind equipment for the fusion plant and its installation inside the machine, and the increased regulatory and nuclear safety requirements.

FURTHER INFORMATION

- Programme websites:
    - The Europa site on F4E and ITER (https://ec.europa.eu/energy/topics/technology-and-innovation/fusion-energy-and-iter_en) is a valuable source of information of the ITER project and fusion energy in general.
    - The site of the Joint Undertaking F4E (https://fusionforenergy.europa.eu/) presents the activities of the European Union's organisation (Domestic Agency) managing Europe's contribution to ITER.
    - The website of the ITER organisation (https://www.iter.org/) provides updated information on the project addressing the needs of the public, the press, scientists and the industry.
    - The EUROfusion roadmap (https://www.euro-fusion.org/eurofusion/roadmap/) forms the basis for the programmes of EUROfusion and F4E and provides a structured way forward to commercial electricity from fusion.
- Impact assessment: The *ex ante* evaluation of ITER was adopted on 7 June 2018: SWD(2018) 325.
- Relevant regulation: The legal basis is Council Decision (Euratom) 2021/281 of 22 February 2021 amending Decision 2007/198/Euratom establishing the European Joint Undertaking for ITER and the Development of Fusion Energy and conferring advantages upon it.
- Evaluations: The mid-term progress report in accordance with Article 5b of the Council Decision 2013/791/Euratom has been adopted on 21 March 2019 [13].
- Eight external studies related to ITER/fusion were conducted between 2018 and 2023. They are available at: https://energy.ec.europa.eu/studies/final-studies_en?f%5B0%5D=topics_topics%3A72).

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	864.0	710.1	549.8	436.3	480.9	852.4	663.0	4 556.6
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

[13] COM(2019)147 final, https://ec.europa.eu/transparency/regdoc/rep/1/2019/EN/COM-2019-147-F1-EN-MAIN-PART-1.PDF.

	2021	2022	2023	2024	2025	2026	2027	Total
Decommitments made available again (*)	0.0	0.0	0.0					0.0
Contributions from other countries and entities	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.6
Total	**864.6**	**710.1**	**549.8**	**436.3**	**480.9**	**852.4**	**663.0**	**4 557.2**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

- EUR 1 058.1 million (-19 %)

compared to the legal basis.*

* Top-ups pursuant to Art. 5 MFF regulation are excluded from financial programming in this comparison.

– The commitment profile over the 2021–2027 period, which amounted to EUR 5.179 million up to last year, has been significantly revised in 2023 to be aligned on a more actual assessment of the project needs known at this date. The original commitments for the period were based on too optimistic project progress planning defined in the 2016 baseline[14] estimates. As ITER is an industrial research project under construction, the budgetary needs have not been linear.

– After years of steady progress, challenges have contributed to slow-down the implementation of the project like Covid-19 pandemic, quality issues of some key components delivered by non EU-Members and difficulties to comply with the regulatory environment. The ITER Council asked the ITER Organisation to redefine a New Baseline. The revised baseline is expected end of 2024.

– In 2023, additional uncertainties in the project schedule and technical difficulties further reduced the ability of Fusion for Energy to place contracts as expected and this explains the reduced budget request compared to the legal basis.

– The objective of the Governing Board of F4E was to bring F4E's annual budgets closer to the expected execution levels at the end of each budgetary year and to limit the level of unused

([14]) A 'Baseline' refers to the inter-related elements of scope (specifications of the machine to build), schedule (timetable for construction) and projected costs.

appropriations at the end of the current MFF, while preserving the financing capacity of F4E on the long-term.

– Euratom has decided to return to the European budget additional EUR 400 million in 2023 and transfer to other budget lines EUR 16.9 million. This decision reduced the available budget of F4E for year 2023 to 2027 (EUR 290 million for 2023, EUR 120 million for 2024 and EUR 2.3 million for the 3 following years). This completes adjustments of EUR 435 million made previously. Additional budget decrease could be decided for the remaining years of this MFF

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	2 123.7	**4 557.2**	46.6%
Payments	691.7		15.2%

Voted budget implementation (million EUR)*:

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	864.0	864.0	262.6	263.9
2022	710.0	710.1	172.6	280.6
2023	549.8	839.8	255.0	521.2

(*) Voted appropriations (C1) only

– The ITER Organization and the domestic agencies of all ITER Parties have continued the implementation of the revised construction strategy agreed by the ITER Council.

– 89.1% of the total budget of Euratom participation funded from the EU budget has been allocated to operational lines in 2022, the remainder being allocated to support expenditure. In 2023, the corresponding percentage is 87.9%.

– In 2023, the payment budget was reduced by EUR 264 million in relation to the slowdown of the project, leading to a decrease of the amount of the Euratom cash contribution to the ITER organisation, and delays in the deliveries of some major contracts.

– The main actions funded from the EU budget in 2021 - 2023 focused on procurement activities by F4E included in the work programmes as adopted by the Governing Board of F4E. Up to now, the financial implementation of the programme has been impacted by delays in procuring the components, from all the domestic agencies of ITER Parties, including F4E. These delays have

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been due to the lingering effects of COVID-19 as well as the technological complexity and first-of-a-kind nature of many components and of the assembly activities on the project site.

– Due to the global slowdown of the project at the level of the ITER Organization and F4E, the 2023 EU in-cash contribution was reduced by EUR 180 million in commitments and EUR 50 million in payments in the adopted 2023 budget compared to the draft budget submitted in May 2022.

– The work programme for 2023 (with the reduced EU contribution) was approved by the Governing Board meeting of December 2022. The three activities with the highest budget included 'Buildings and Power supplies', 'Main Vessel', and 'Heating and current drive' together with the cash contribution to the ITER Organization. These four activities represented approximatively 72% of the annual operational budget.

– The budget was amended in the course of 2023 as additional delays incurred during the year due to the quality of the components, which required repairs, and instability of designs for placing the contracts.

– Significant amendments of the 2023 budget and of the work programme have been adopted. This has led to the reduction of Euratom's contribution to operational expenditure commitment and payment appropriations, respectively EUR 290 million and EUR 264 million. To the exception of EUR 10 million in commitments transferred to another research activity, these amounts have been given back to the general budget in September.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	857.1	703.0	548.5	436.3	480.9	852.4	663.0	4 541.2	100%
Biodiversity mainstreaming									
Clean air									

– The Commission considers that 100% of the ITER-related expenditure for the 2021-2027 period contributes to the climate effort of the EU budget. The project does not, however, contribute to the biodiversity mainstreaming or the clean air budgeting priorities.

Contribution to gender equality (million EUR) (*)**:**

Gender score	2021	2022	2023	Total
2				
1				

0*				
0	864.0	710.0	549.8	2 123.8

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information

- The ITER agreement does not include any objectives or reporting in terms of gender equality because it is a project of a technical nature. However, F4E has set targets to improve gender balance internally, particularly in managerial positions. The representation of female managers has progressed from 10% to 21% between 2018 and 2023.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution					

The ITER agreement does not include any objectives or reporting in terms of the digital transition.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Percentage of completion of the obligations of all partners to the construction of ITER	48.81%	20%	100% in 2029	59.02%	Deserves attention

Percentage of completion of the EU obligations to the construction of ITER	43.20%	19%	100% in 2029	53.83%	Deserves attention

(*) % of target achieved by the end of 2023.

- In 2023, the ITER project reported some noticeable progress. As a major achievement of the year, F4E delivered to ITER all the magnets that Europe had committed to deliver. These powerful magnets, which will confine the super-hot plasma (150 million °C), are the most complex magnets to date. This achievement results from 15 years of work and required the coordination of at least 40 companies by F4E. This programme is now in its closing phase.
- F4E also succeeded in completing the construction of the main building works in 2023.
- As at the end of December 2023, 24% of all ITER plants had been installed. The manufacturing of the main components progressed, but further delays have been reported in the manufacturing and pre-assembly of vacuum vessel sectors and the design and procurement of electron cyclotron heating components. Solutions have been elaborated to speed up the delivery of these components and limit their cost overruns. In particular, Euratom has actively promoted a better integration of the ITER Organization and F4E activities to develop synergies and common working methods as far as the design of the main comments and timelines are concerned.
- Work towards achieving first plasma continues to advance, but it has become clear that the milestone of reaching it by 2025 can no longer be achieved. Both the completion of ITER's construction and Euratom's in-kind contribution were below their 2023 targets. Various steps of the project have been rescheduled to establish a more realistic planning. The baseline revision exercise has been accordingly started by the ITER Organization, which is expected to present an initial revised baseline in June 2024. The new baseline will have to be approved by the ITER Council and will serve as a basis for the Commission to establish the programme budgetary needs for the next multiannual financial framework.
- Due to its international nature, whereby Russia is one of the project partners, the ITER project is also impacted by the Russian war of aggression against Ukraine. In particular, some parts and tools that were destined to Russia for manufacturing the components have had difficulties in entering Russia, due to the sanctions imposed by the EU (while civil nuclear equipment is exempt from the sanctions, it takes time to obtain clearance from national authorities) and due to the unwillingness and refusal of the Member States to trade with Russia. However, many key components were already delivered to the project site or are in Europe, and the missing components are not on the project critical path.
- ITER is an international organisation and the ITER International Agreement does not foresee the possibility of excluding or suspending the participation of any member. Nevertheless, the EU continued to chair the ITER Council as of 1 January 2024, even if it was Russia's turn.
- In December 2023, the JT-60SA reactor was inaugurated. It was built and will be operated jointly by the EU and Japan under the Broader Approach Agreement, and is the biggest and most advanced tokamak fusion reactor in the world. It has been active since December 2023 and its exploitation will be instrumental for ITER.
- Fusion can be a clean and virtually limitless energy source. Nowadays, the general potential of fusion is more widely recognised thanks to the strong advance of fusion science in recent years. ITER will be the world's biggest and most intensive fusion research project when it is constructed. There are more than a dozen additional fusion research initiatives underway (e.g. a collaboration

between the Massachusetts Institute of Technology and the Commonwealth Fusion Systems start-up, and other initiatives in Canada, the United Kingdom and the United States). The fusion foresight study carried out by DG Energy ([15]) mapped all the initiatives and drew scenarios for future fusion development. In all scenarios the ITER experiment is central for further fusion research and initiatives.

– The EU's funding of ITER is an investment in a more sustainable, climate-friendly society. The preamble of the ITER agreement emphasises the long-term potential of fusion energy as a virtually limitless, environmentally acceptable and economically competitive source of energy. The European Commission considers ITER expenditure as 100% relevant to the achievement of the 30% climate spending target of the 2021-2027 multiannual financial framework. The climate contribution from the 2023 commitments was EUR 543.0 million.

– F4E is also acting as an innovation facilitator to support the industry, mainly small and medium-sized enterprises. Success stories of companies that have increased their competitiveness thanks to the commercial use of F4E's technology package are published on its marketplace of technologies ([16]). To achieve new success stories each year, F4E is actively doing the following.

    - **Promoting a portfolio of technologies.** A total of 33 technology packages are currently being offered ([17]) for use in non-fusion markets. F4E's network of brokers is supporting its industrial partners, mainly small and medium-sized enterprises, to present business-oriented sales pitches of the technologies at events organised or attended by F4E (the F4E Technology Transfer Day, the Big Science Business Forum, a series of brokerage webinars, Hannover Messe, Automatica).
    - **Funding projects to bring the technologies to the market.** In 2023, F4E launched the third edition of the Technology Transfer Award and the second edition of the 'Demonstrator' project. F4E is rewarding the commercial use of technologies and is funding the gap between the technology readiness level in the ITER project and the readiness level of the technology needed for its use in the market.
    - **Promoting a marketplace of technologies.** This is an opportunity for small and medium-sized enterprises to showcase the new skills they have acquired thanks to their participation in the ITER project.

([15]) Foresight study on the worldwide developments in advancing fusion energy, including the small-scale private initiatives, available at: https://op.europa.eu/s/x03h.

([16]) https://techtransfer.f4e.europa.eu/index.php/success-stories-nouvelle-version/.

([17]) https://techtransfer.f4e.europa.eu/index.php/join-the-fusion-tech/.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	-	
SDG2	-	
SDG3	-	
SDG4	-	
SDG5	-	
SDG6	-	
SDG7	Yes	ITER is a key project for developing fusion energy, which has the potential to provide a virtually limitless source of clean energy
SDG8	Yes	A big number of direct and indirect jobs are created through ITER. The project supports the development of a skilled workforce.
SDG9	Yes	ITER falls under the category of Research and Innovation, both of which underpin the implementation of SDG9. Furthermore, ITER involves a significant investment in innovation and infrastructure development.
SDG10	-	
SDG11	-	
SDG12	-	
SDG13	Yes	ITER contributes to a clean energy transition while boosting jobs and growth in the area of energy and climate.
SDG14	-	
SDG15	-	
SDG16	-	

SDG17	Yes	ITER is an example of a global partnership involving seven international partners (Euratom, China, India, Japan, South Korea, Russia, and the United States) representing more than half of the world's population.

INVESTEU

INVESTEU PROGRAMME

Programme in a nutshell

Concrete examples of achievements

EUR 42.9 billion for InvestEU operations was approved by implementing partners (of which EUR 19.2 billion signed) between 2022 and 2023.	2.9 million jobs were created and supported between 2022 and 2023.	3.5 million additional households and public or commercial premises have improved their energy consumption through investments in energy generation between 2022 and 2023.	EUR 59.8 million was invested by the programme to support water resources between 2022 and 2023.
1.4 million additional households, enterprises or public facilities obtained access to high-speed internet between 2022 and 2023.	2.9 million people were covered by improved healthcare infrastructure between 2022 and 2023.	844 new engagements for advisory support to public and private counterparts were carried out via the InvestEU Advisory Hub between 2022 and 2023.	902 new investment project proposals were published on the InvestEU Portal between 2021 and 2023.

Budget for 2021-2027

(million EUR)

Financial programming(*)	3 820.5
NextGenerationEU	6 074.0

Decommitments made available again (**)	N/A
Contributions from other countries and entities (***)	294.4
Total budget 2021-2027	**10 188.9**
Complementary budget (****)	**2 470.6**
Common provisioning fund – blending operations	1 391.0
Common provisioning fund – Member State compartments	970.2
Advisory Hub – top-up from other programmes	109.4

(*) Amounts stemming from the Cohesion contributions for MS compartment and reflows from predecessor legacy instruments included.

(**) Only Article 15(3) of the financial regulation.

(***) Amount stemming from EFTA and Member State contributions for the 2021-2023 period.

(****) The following amounts are not included in the total budget of InvestEU above. They represent amounts delegated from other programmes for blending operations for 2021-2027 and Member States compartments from signed agreements for the 2024-2027 period.

Rationale and design of the programme

The InvestEU programme aims to ensure an additional boost to investments fostering recovery, resilience, green growth and employment in the EU over the 2021-2027 period. This goal is achieved by mobilising public and private financing sources, in order to provide long-term funding and support to companies and projects in line with the EU priorities in the current challenging economic and social context.

Furthermore, InvestEU will be an important vehicle to implement the REPowerEU Plan as well as the Green Deal Industrial Plan, aiming to accelerate clean tech and industrial innovation to reach the EU's 2030 clean energy targets.

CHALLENGE

The unprecedented domestic and global challenges that the world is currently facing have a significant impact on the EU economy. In order to pave the way to sustained and inclusive growth – while raising our global competitiveness, enhancing socioeconomic convergence and the cohesion of the EU, and advancing the digital and green transitions – the EU needs increased investment, including in innovation, digitisation, the efficient use of resources and upgrading of skills and infrastructure. This, in turn, requires expanding the supply and diversifying the sources of external funding for EU businesses.

The EU intervention can add value by addressing market failures or sub-optimal investment situations (e.g. when, because of its public good nature, the full benefits of given investments cannot be captured by private agents, or the investment produces additional advantages beyond those flowing to the investing

company or operator). The EU intervention can also help to reduce the investment gap in targeted sectors (e.g. in investments with a significant cross-border dimension or in sectors, countries, or regions where risk exceeds levels that private financial actors are able or willing to accept). Finally, an EU-level intervention can ensure that a critical mass of resources can be leveraged to maximise the impact of investment on the ground.

By supporting projects that provide EU added value, InvestEU is complementary to Member State investments. In addition, InvestEU provides for economies of scale in the use of innovative financial products by catalysing private investment across the EU.

MISSION

The mission of InvestEU is to support the EU's policy objectives through financing and investment operations that contribute to:

- competitiveness, including research, innovation and digitisation;
- employment and growth, its sustainability and its environmental and climate dimension contributing to the achievement of the United Nations sustainable development goals, the objectives of the Paris climate agreement and the creation of high-quality jobs;
- social resilience, inclusiveness and innovation;
- the promotion of scientific and technological advances in culture, education and training;
- the integration of the EU's capital markets and the strengthening of the single market, including solutions addressing capital market fragmentation, diversifying sources of financing for EU enterprises and promoting sustainable finance;
- the promotion of economic, social and territorial cohesion;
- a sustainable and inclusive recovery after the crisis caused by the COVID-19 pandemic, upholding and strengthening the EU's strategic value chains and maintaining and reinforcing activities of strategic importance to the EU;
- achieving the EU policy objectives in areas included in the REPowerEU and Green Deal industrial plan.

OBJECTIVES

InvestEU has the following specific objectives:

1. supporting financing and investment operations related to sustainable infrastructure;
2. supporting financing and investment operations related to research, innovation and digitisation;
3. increasing access to and the availability of finance for small and medium-sized enterprises (SMEs) and for small mid-cap companies and enhancing their global competitiveness;
4. increasing access to and the availability of microfinance and finance for social enterprises, to support financing and investment operations related to social investment, competences and skills, and to develop and consolidate social investment markets.

ACTIONS

The InvestEU Fund provides EU guarantees to support eligible financing and investment operations carried out by the implementing partners. In addition, through the InvestEU Advisory Hub, InvestEU provides advisory support for the development of viable projects, access to financing and related capacity-building assistance. Moreover, the InvestEU Portal increases the visibility of investment projects to a large network of investors worldwide.

STRUCTURAL SET-UP OF THE PROGRAMME

InvestEU is implemented in indirect management through the European Investment Bank (EIB) Group and other implementing and advisory partners. DG Economic and Financial Affairs is in the lead for the Commission. The programme is bringing together under one roof the multitude of EU financial instruments, budgetary guarantees and advisory services available to support investment in the EU. By providing a budgetary guarantee, InvestEU aims to make EU funding for investment projects in Europe simpler, more efficient and more flexible.

The InvestEU programme consists of:

– the InvestEU Fund, the successor of the European Fund for Strategic Investments (EFSI) and other 13 centrally-managed financial instruments. It operates through four policy windows that address market failures or sub-optimal investment situations within their specific scope;

– the InvestEU Advisory Hub, the successor of the European Investment Advisory Hub (EIAH) and other 12 centrally-managed advisory programmes/initiatives; and

– the InvestEU Portal, the successor of the European Investment Project Portal (EIPP).

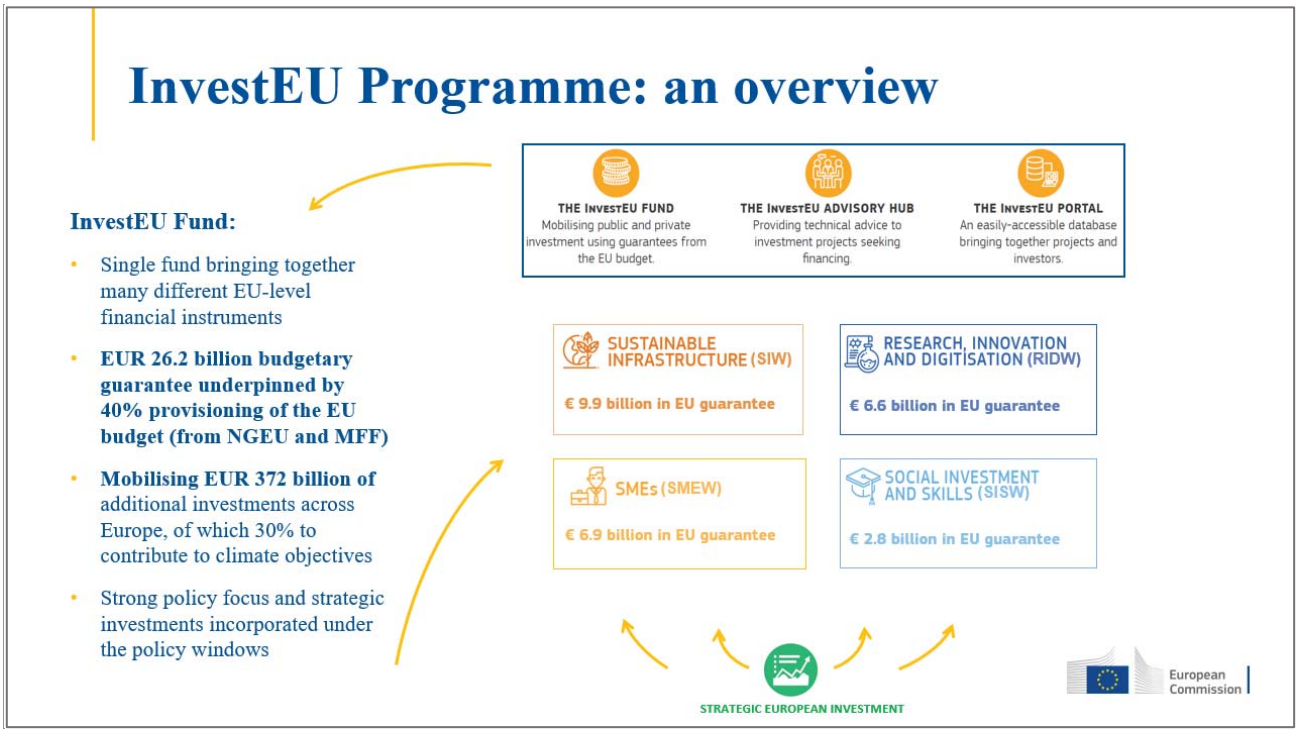
The InvestEU programme, including the InvestEU Fund, is a demand-driven instrument, responding to the investment and finance needs of public and private market participants. Finance supported by the InvestEU Fund should support financing and investment operations with a higher risk profile that require risk-sharing through the EU budget, in order to unlock additional private and public finance. The programme aims at contributing to the necessary conditions for the competitiveness of the EU economy and industry (in accordance with Article 173 of the Treaty on the Functioning of the European Union). This is done by providing financial products designed to address EU-wide and Member State specific market failures and suboptimal investment situations, which cannot be sufficiently achieved by the Member States, but can rather be better realised at EU level.

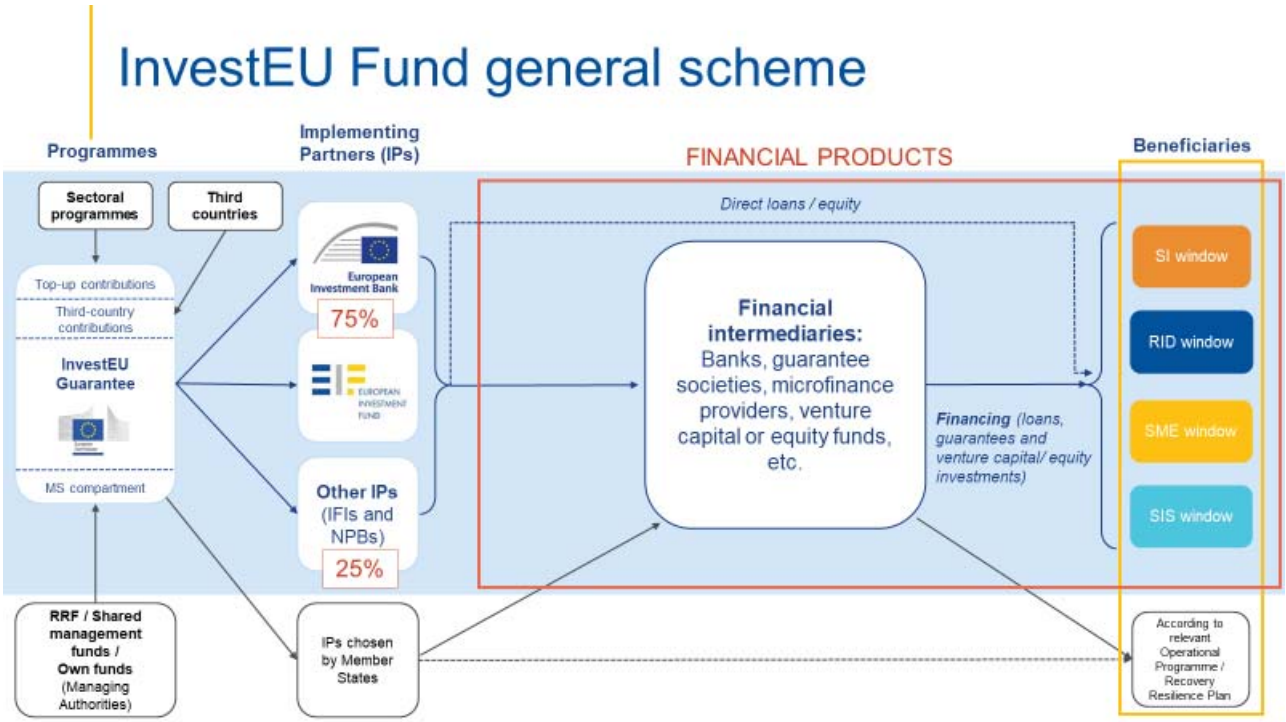
In the context of the InvestEU programme, the Commission may implement blending operations (referred to in Article 6 of the InvestEU regulation) supported by different EU programmes and funds.

In accordance with Article 10 of the InvestEU regulation, Member States can also contribute on a voluntary basis to the InvestEU Member State compartment with Recovery and Resilience Facility funds, structural and cohesion funds as well as Member State own contributions.

The provisioning amounts for the InvestEU Fund are gradually allocated to the InvestEU specific compartments of the Common Provisioning Fund (CPF) referred to in Article 212 of the Financial Regulation. The CPF constitutes a liquidity cushion from which calls on the EU guarantee are to be paid. The resources of the CPF are directly managed by the Commission. For the receipt of the relevant amounts needed for the provisioning of the EU guarantee implemented under the blending operations and also for the ones related to the InvestEU Member State compartments, separate compartments were added under the InvestEU programme in the CPF.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP





LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The InvestEU programme is the successor of the Investment Plan for Europe. It consolidates nearly 30 financial instruments, budgetary guarantees and advisory initiatives deployed under the 2014-2020 multiannual financial framework in various policy areas, in particular in infrastructure, research and innovation, SMEs and social policy.

FURTHER INFORMATION

- Programme website: https://investeu.europa.eu/index_en.
- Impact assessment: the impact assessment accompanying the proposal for a regulation of the European Parliament and of the Council establishing the InvestEU can be consulted through this link.
- Relevant regulation: Regulation (EU) No 2021/523 of the European Parliament and of the Council.

  Evaluations[18]: Ex-post evaluation of the European Fund for Strategic Investments (EFSI), the European Investment Advisory Hub (EIAH) and the European Investment Project Portal (EIPP) (europa.eu) concluded in December 2022. Last evaluation of the ELENA Facility was concluded in June 2019. Since 2022, ELENA Facility is integrated in the InvestEU Advisory Hub.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	692.8	1 430.2	504.5	363.6	394.4	215.8	219.2	3 820.5.
NextGenerationEU	1 745.5	1 852.4	2 474.1	0.5	0.5	0.5	0.5	6 074.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.8	35.9	257.7	-	-	-	-	294.4
Total	**2 439.2**	**3 318.5**	**3 236.3**	**364.1**	**394.9**	**216.3**	**219.7**	**10 188.9**

(*) Only Article 15(3) of the financial regulation.

[18] The evaluation report on the InvestEU Programme is on-going and shall be submitted by 30 September 2024 to the European Parliament and to the Council.



Financial programming:

+ EUR 380.1 million (+12%)

compared to the legal basis.*

* Top-ups pursuant to Art. 5 MFF regulation are excluded from financial programming in this comparison.

- Compared to the reference amount from the legal basis (EUR 3 067.71 million), the InvestEU appropriations include the amounts for 2021 and 2023 stemming from (i) the Cohesion and other additional Member State contributions to the InvestEU Fund under the Member State compartments and to the InvestEU Advisory Hub, (ii) the EFTA contributions as well as (iii) the assigned revenues (reflows) from the predecessor legacy instruments for the InvestEU Fund. In addition, InvestEU contributed about EUR 372 million for the European Investment Fund (EIF) capital increase, in 2021, as planned under the InvestEU regulation.
- The frontloading of the financial programming of the InvestEU programme is mainly related to the strict deadlines applicable to the Next Generation EU (NGEU) funds, under which implementing partners need to approve financing and investment operations corresponding to 60% of the NGEU budget by the end of 2022 and to 100% of the NGEU budget by the end of 2023. Also, overall considering the narrow ceilings over the whole multiannual financial framework period, it was necessary to start building up the provisioning in the first 3 years to spread this over the whole period while respecting the annual ceilings of the multiannual financial framework.
- On top of the 7 guarantee agreements signed with implementing partners in 2022 amounting to EUR 21 billion, the Commission has signed guarantee agreements under EU Compartment with seven new implementing partners in 2023 for a total guarantee amount of more than EUR 1.9 billion. Moreover, eight amendments of guarantee agreements were signed with existing implementing partners in 2023.
- An amount of EUR 257.7 million were transferred to InvestEU in 2023 including: (i) EUR 201 million under the InvestEU Guarantee – Greece, Finland, Bulgaria, Malta and Romania compartments of the CPF, (ii) EUR 2.93 million under the InvestEU Advisory Hub as external assigned revenues from Greece for the Member State compartment, and (iii) EUR 53.77 million in commitment appropriations from the EFTA countries (Norway and Iceland) for the InvestEU Fund, the Portal and ancillary measures and the support expenditure budget.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	8 870.4	10 188.9	87.1%
Payments	3 553.9		34.9%

Voted budget implementation (million EUR)(*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	692.8	653.6	114.1	107.0
2022	1 430.2	1 196.6	209.4	72.8
2023	504.5	340.7	224.8	113.8

(*) Voted appropriations (C1) only.

- The regulation establishing the InvestEU programme was adopted on 24 March 2021.
- Under the InvestEU Fund, the EU provides funding support through an EU budgetary guarantee of EUR 26.2 billion covering potential losses to the implementation partners.
- The budgetary guarantee is underpinned by an EU budget of EUR 10.46 billion, applying a guarantee provisioning rate of 40%. Starting with 2023, the complementary contributions received from two EFTA countries (Norway and Iceland) increased the EU guarantee and the provisioning for the InvestEU Fund. These contributions are part of the EU compartment of the Common Provisioning Fund (CPF).
- In total, as of end-2023, 90% of the EUR 26.2 billion EU Guarantee has already been signed with Implementing Partners through Guarantee Agreements. The guarantee agreement with the EIB and the EIF (representing a 75% share of the EU budget guarantee, i.e. EUR 19.6 billion) was signed in March 2022. In total 12 guarantee agreements with other implementing partners under the EU-compartment were signed as of end-2023 (under which EUR 3,61 billion of EU Guarantee was allocated). In 2023, guarantee agreements were signed with: Instituto de Crédito Oficial (ICO, Spain) Cassa Depositi e Prestiti CDP SpA (Italy), Bpifrance (France), Bank Gospodarstwa Krajowego (BGK, Poland), Invest-NL (Netherlands), Garantiqa (Hungary) and PMV (Belgium) as well as several amendments to the already existing guarantee agreements. Two more guarantee agreements were signed under the MS-compartment in 2023 with the Bulgarian Development Bank (BDB) and Národní rozvojová banka (NRB) under which EUR 205 million were made available to guarantee InvestEU operations.
- As of end-2023, the volume of approved operations by Implementing partners was EUR 42.9 billion corresponding to 600 InvestEU operations[19]. The volume of operations signed amounted to EUR 19.2 billion, of which EUR 7.6 billion corresponding to the EU guarantee.

([19]) This also includes sub-projects of framework operations approved by the Investment Committee.

– In 2023 the EUR 2.96 billion commitments included the provisioning of the Common Provisioning Fund under the EU compartment, from which future calls on the EU guarantee are to be paid. This amount includes EUR 339.7 million from the EU general budget, EUR 2.42 billion from Next Generation EU and EUR 147.9 million internal assigned revenue from predecessor financial instruments and the InvestEU Fund. Furthermore, EUR 53.6 million was committed as external assigned revenues from the EFTA contribution to the InvestEU Fund, in particular EUR 50.6 million from Norway's contribution and EUR 3 million from Iceland's contribution.

– In 2023, EUR 249.4 million commitments were carried out under the blending operations that combine InvestEU support with support provided under other EU programmes (including Digital Europe Programme, European Space Programme, European Maritime Fisheries and Aquaculture Fund, Creative Europe Programme, EU4Health Programme and European Defence Fund), allocated to the EIB and the EIF for top-up operations. In addition, EUR 50 million were allocated from Horizon Europe to the EIB for non-repayable transactions under the 'green premium agreement'.

– Negotiations with several Member States concerning contributions to the Member State compartment of InvestEU were also successfully concluded in 2022 and 2023. Six contribution agreements were signed with Romania, Bulgaria, Greece, Czechia, Finland and Malta. For the receipt of the relevant amounts needed for the provisioning of the EU guarantee implemented under the InvestEU Member State compartment, in 2022 and 2023 CPF compartments for were also set up for the six Member States. The Member State compartment was included in the Guarantee Agreements signed with EBRD and EIF. Moreover, separate Guarantee Agreements were signed in 2023 with BDB (Bulgaria) and NRB (Czechia) to implement Financial Products under the Member State Compartment.

– Under the InvestEU Guarantee (Member State compartments of the CPF), EUR 201 million was transferred as external assigned revenue from five Member States (Romania, Greece, Finland, Bulgaria and Malta), according to the schedules laid down in the signed contribution agreements. Also, as set out in the adopted partnership agreements and signed contribution agreements, the following appropriations were transferred in 2023 as contributions to the InvestEU Fund: EUR 15.8 million from the European Regional Development Fund for two Member States (Czechia and Malta).

– In 2023, the following commitments (including resources from Next Generation EU) were made: EUR 53.4 million for the InvestEU Advisory Hub, the InvestEU Portal and accompanying measures, and EUR 1.7 million for support expenditure. In addition, under the advisory agreement with the EIB, funds from several EU programmes were committed for a total envelope of EUR 35.4 million.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	733.0	985.7	898.4	116.8	115.8	119.9	195.0	3 164.5	33%
Biodiversity mainstreaming (*)			5.9					5.9	0%

Clean air (*)	0.0	83.0	539.1		622.1	6%

(*) The InvestEU contribution to clean air and biodiversity is estimated by dividing the financing amounts supporting clean air and biodiversity by the InvestEU leverage and taking into account the InvestEU provisioning rate.

- InvestEU places significant emphasis on investments that have a positive impact on the climate and the environment. The programme aims to allocate 30% of its overall financial envelope to climate objectives, while 60% of investments from the sustainable infrastructure window will support the EU objectives on climate and the environment. These targets provide strong incentives for financial institutions to develop financial products, in line with the climate ambition of the programme.
- Overall, InvestEU is expected to help mobilise more than EUR 110 billion to meet EU climate goals. For example, at present, the European Investment Bank is already deploying a dedicated 'green transition product'. The Nordic Investment Bank will provide loan financing to several renewable energy projects (notably wind power) in the Nordic and Baltic countries.
- To guide the implementation of the InvestEU financial products, the Commission has published sustainability proofing guidance ([20]) and climate- and environment-tracking guidance ([21]). Investments above EUR 10 million will be subject to sustainability proofing to identify, assess and mitigate climate, environmental or social risks. All InvestEU-supported investment will be tracked in terms of environmental and climate impact against the methodology issued by the Commission. Both guidance documents integrate, where possible, the EU taxonomy framework. InvestEU implementing partners have a choice to track the achievement of the climate and environmental targets under the sustainable infrastructure window using the EU-taxonomy-aligned criteria or the InvestEU climate and environmental markers. As of 31 December 2023, 36% of the aggregate InvestEU signed financing was tracked using EU-taxonomy-aligned criteria for the purpose of the determination of the climate and environmental objectives ([22]). The EU-taxonomy-compliant financing for the implementing partners who use the EU-taxonomy-aligned criteria amounts to 80% of their volume of signed InvestEU operations.
- For the purpose of clean air tracking, InvestEU assigns a 40% coefficient to the amounts reported on climate mitigation and pollution interventions, which amounts to EUR 8 554.72 million of signed InvestEU financing supporting these specific objectives. Therefore, the estimated EU contribution to clean air stands at EUR 539.14 million.
- The reported investment on biodiversity (amounting to EUR 37.6 million) results in an estimated EU contribution of EUR 5.92 million.
- In addition to these ambitious climate targets, the InvestEU Fund set up a dedicated scheme to generate additional investment for the benefit of just transition territories – those territories that will be the most affected by the socioeconomic consequences of the green transition – as a complement to the Just Transition Fund and the public sector loan facility. The investments supporting just transition backed by InvestEU amount to EUR 1.5 billion as of the end of 2023.

Contribution to gender equality (million EUR) (*):

([20]) https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021XC0713(02).

([21]) https://investeu.europa.eu/system/files/2022-06/InvestEU%20C%26E%20T%20C_2021_3316_Main%20%26%20Annexes_EN.pdf.

([22]) InvestEU implementation is currently in a ramp-up phase, and the InvestEU climate and environmental targets apply at the end of the signature period. Any results are therefore preliminary indications of the progress made so far.

Gender score	2021	2022	2023	Total
2				
1				
0*	692.8	1 430.2	504.5	2 627.5
0				

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

– In 2023, the InvestEU programme as a whole obtained a score of 0*.

– Specific parts of the programme could have received a higher score based on their contribution to gender equality, however the EU budget allocated to these initiatives is not available. These initiatives include the following.

  • The gender smart advisory initiative, which aims to provide tailored advice and capacity-building to improve access to financing for female-founded and female-led companies. Its key objectives include increasing female representation in the investment community (notably by identifying barriers, strengthening women's capacity, challenging unconscious biases, etc.), and increasing awareness of the funding gap and of missed opportunities. This will be achieved through the organisation of workshops or networking events and through collaboration with existing initiatives of the Commission, the European Investment Bank Group or the wider entrepreneurship and investment community.

  • European Investment Fund equity financing, where gender smart financing is one of the horizontal topics implemented across the different thematic policy areas supported by the fund's equity products:

    - the infrastructure and climate funds product of the sustainable infrastructure window / social investment and skills window;
    - the intermediated equity product of the joint 'Small and medium-sized enterprises / research, innovation and digitalisation' window;
    - the social impact equity product of the social investment and skills window.

    The Commission and the European Investment Fund defined gender criteria with respect to equity intermediaries, focusing on leadership aspects captured at different levels. If an intermediary complies with these criteria, InvestEU can finance up to 50% of the total commitments of the fund (as opposed to 25%).

In addition, the indicative goal of the joint 'Small and medium-sized enterprises / research, innovation and digitalisation' window intermediated equity product (under which the European Investment Fund is expected to build a portfolio of investments of around EUR 5.5 billion) is for 25% of all its intermediaries to follow InvestEU's leadership gender criteria, including (1) a management team composed of at least one third of female partners, (2) 40% female representation in the senior investment team, and (3) at least 40% female representation in the investment committee.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution (*)	0.0	37.6	185.3	222.9	3%

(*) The digital contribution of InvestEU is estimated by dividing the mobilised amount of investment supporting digitalisation by the overall InvestEU multiplier (i.e., the ratio between expected investment mobilised and the total amount of the EU guarantee under InvestEU) and by multiplying the result by the average InvestEU provisioning rate of 40%.

- As of the end of 2023, InvestEU had mobilised EUR 6.58 billion worth of operations supporting digitalisation.
- The EUR 3.64 billion allocated to the 'Innovation and digitalisation guarantee' financial product of the SMEs window will support innovation- and digitalisation-driven SMEs and small mid-caps. The EU guarantee will support, among other things, innovative business models, supply chain management, the acquisition of digital skills and support to service providers that enable and support companies in the digitalisation of value chains, as long as these service providers focus predominantly on the provision and adoption of digital products and services.
- Moreover, the joint 'Small and medium-sized enterprises / research, innovation and digitalisation' window equity product to be implemented by the European Investment Fund includes a sub-product that supports investments fostering the development of digital, cultural and creative industry solutions.
- Almost all financial products of implementing partners supported by the InvestEU Fund address several policy goals allowing for synergies between them. Implementing partners notably provide finance for investments that target research and climate action, social infrastructure and energy efficiency, SMEs and research/ innovation or infrastructure and digitalisation. Gender equality is applied as a horizontal priority throughout the intermediated equity products, combined for example with climate or social infrastructure goals of investment funds.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Investment mobilised	0	**58%**	EUR 372 billion in 2027	EUR 217 billion compared to a target of EUR 372 billion	On track
Multiplier effect achieved	0	**> 100%**	14.2 in 2027	14.8 compared to a target of 14.2	On track
Investment supporting climate objectives (based	0	**> 100%**	30% in 2027	53% compared to a target of 30%	On track

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on volume of signed operations)					
Number of households and public and commercial premises with an improved energy consumption classification	N/A	**N/A**	N/A	3.5 million	N/A
Additional households, enterprises or public buildings with broadband access of at least 100 megabits per second upgradeable to gigabit speed, or the number of Wi-Fi hotspots created	0	**N/A**	N/A	1.4 million	N/A
Number of enterprises supported under the SME policy window	0	**N/A**	N/A	5 997	N/A
Number of engagements of the InvestEU Advisory Hub	0	**N/A**	N/A	844	N/A
Number of projects published on the InvestEU Portal	0	**47%**	1 000 in 2027	463 compared to a target of 1 000	On track

(*) % of target achieved by the end of 2023.

– The performance of the InvestEU programme must be measured against the fact that the InvestEU regulation was adopted with some delay in March 2021. Based on this and due to other circumstances, most of the guarantee agreements with implementing partners under the InvestEU Fund were only signed in late 2022 and during 2023. Therefore, financing for investments supported by the EU guarantee has progressed, but the impact of supported investments and their concrete contribution to InvestEU objectives, as captured by the key performance indicators, will only be visible at a later stage.

– Implementing partners other than the European Investment Bank Group have been selected through a public call for expression of interest, followed by negotiations of individual guarantee agreements. Opening up the InvestEU programme to other implementing partners than the European Investment Bank Group widens the geographical coverage of the InvestEU programme, expands the pipeline of projects seeking financing and diversifies the risk at both the portfolio and the programme levels.

- In 2023, the Investment Committee of the InvestEU Fund held 12 operational meetings, approving an EU guarantee amount of EUR 9.7 billion for 120 operations (including framework operations) coming from all the implementing partners, with a majority from the European Investment Bank Group. Furthermore, in 2023 10 operations under the InvestEU Member State compartment were approved (from Bulgaria, Greece, Romania and Finland).
- By the end of 2023, the InvestEU programme had enabled the implementing partners to approve EUR 42.9 billion for investment operations (including framework operations), of which EUR 19.2 billion have already been signed. Financing provided by the InvestEU implementing partners included investments in key policy areas of the InvestEU programme under all four policy windows, supporting financing for renewable energy, research, development and innovation, and production of low-carbon technologies, support for SMEs as well as social infrastructure and social impact investments. Those investments financed with InvestEU support directly contribute to the EU's policy objectives in the area of low-carbon energy, energy security and accelerating the green transition, thus helping to reach the policy goals stipulated in the repowerEU plan.
- In addition to the climate-related results of the InvestEU programme (i.e. a 53.47% InvestEU contribution to climate objectives as of the end of 2023 based on the volume of signed operations), the implementing partners will also report on the estimated reduction of greenhouse gas emissions and energy savings. At the end of 2023, implementing partners estimated that the operations funded with the support of InvestEU will avoid 20.8 million tonnes of carbon dioxide emissions, while generating an estimated 230.7 million kilowatt-hours of energy savings ([23]). An illustrative example of a climate related project supported under InvestEU which contributes to the reduction of greenhouse gas emissions is 'H2Battery', which focused on a technology that provides a fully flexible, efficient and scalable integrated battery and electrolyser solution.
- As part of the planned roll-out of InvestEU, a number of financial products established under InvestEU would allow specific support for investments in the digital transition. At the end of 2023, an estimated EUR 6.58 billion of investment had been mobilised to support digitalisation. Projects include network expansion to provide fibre connectivity, like 'Odyssey Network Expansion' in Ireland and 'Fibre Optic Network Expansion Poland', along with investments in funds targeting the digital economy or financing schemes to support medium-sized enterprises and small mid-caps to help with their digital and environmental changeover.
- Measures have been taken to accelerate the financing of investments by implementing partners. These include the 'warehousing' of eligible financing and investment operations signed by the European Investment Bank Group and other implementing partners before the signature of the guarantee agreement, along with the use of framework operations for projects that have similar characteristics.
- The Commission supports the implementation of InvestEU through a number of communication activities, particularly those shown below.
    - Press releases, memos and replies to journalists.
    - Social media posts and the dedicated InvestEU website (https://investeu.europa.eu/index_en).
    - InvestEU 'roadshow' events organised virtually and/or physically in each Member State, in collaboration with the European Investment Bank Group and other implementing partners. There were 23 roadshow events in 2022 and another nine in 2023, and these events also included Iceland and Norway.

([23]) Implementing partners will report on the actual realised results over time, when the related projects are completed and the financing is repaid.

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- The first InvestEU success story video was produced in 2023, covering case studies from the fund and the advisory hub across different sectors and Member States.
- A bi-monthly InvestEU newsletter has been circulated since 2023, informing readers about newly approved and signed projects, programme implementation updates and InvestEU-related events.

– A dedicated high-level event, 'InvestEU: Financing Europe's Future', took place on 23 January 2024 in Brussels, Belgium. After the launch of the InvestEU programme in March 2021, the event in January 2024 showcased the first achievements and early impacts of the programme, based on feedback from implementing partners, beneficiaries and stakeholder organisations.

– Concerning the InvestEU Advisory Hub, the advisory agreement with the European Investment Bank was signed in March 2022. Advisory agreements with Cassa Depositi e Prestiti (Italian National Promotional Institution), Bpifrance and the Caisse des Depôts et Consignations (France) were signed between July and November 2022. Additional agreements with the Council of Europe Development Bank and the European Bank for Reconstruction and Development were signed in early 2023. Also in 2023, the hub dealt with more than 1 300 requests coming directly from the central entry point for advisory requests or sourced by the advisory partners themselves. More than 800 of them have already been turned into ongoing or completed advisory assignments.

– The InvestEU Portal website was launched in April 2021. In 2023, 643 new projects were received, out of which 468 projects were published. By the end of 2023, the portal had provided access to 1 518 investment opportunities and more than 140 projects had received financing after being published on the portal. The portal co-organised two major events with the European Business Angels Network, which brought together more than 600 business leaders, early-stage investors, business angels, venture capitalists, entrepreneurs, accelerators, seed funds and start-ups. In addition, four virtual e-pitching events were held in cooperation with EuroQuity on the following subjects: digital economy and technologies, climate technology solutions, women entrepreneurs in health technology and the circular economy, energy and sustainable solutions. Communication efforts and promotional activities are ongoing to improve the visibility of the portal, such as the participation and co-organisation of matchmaking events and other campaigns.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	Y	The InvestEU programme supports the economic progress through micro-entrepreneurship that contribute to alleviating the poverty. Moreover, 3167 social or affordable housing units were built or renovated through InvestEU support since the start of the implementation of the programme in 2022.
SDG2		
SDG3	Y	InvestEU aims to contribute to better healthcare through investments in rehabilitation and expansion of health infrastructure and through financial support dedicated to medical research. For example, InvestEU finances a project that covers construction of 12 new long-term care centres, three rehabilitation hospitals and four assisted living facilities in Spain.
SDG4	Y	The InvestEU support for inclusive and equitable education and lifelong learning opportunities is channelled via social investments for educational purposes including education supported infrastructure. As of end-2023, 9 732 individuals have benefitted from educational programmes financed under InvestEU.
SDG5	Y	InvestEU aims to provide tailored advisory support and capacity building to improve access to finance for female-founded and female-led companies. The Programme has backed total investments of EUR 2.4 billion supporting gender equality as of end-2023.
SDG6	Y	The InvestEU operations contribute to the sustainable management of water resources by helping projects in the fields of water supply and wastewater treatment. As of 31 December 2023, implementing partners signed around EUR 60 million of operations supporting water resources.

SDG7	Y	Through the energy efficiency measures of the InvestEU supported projects, the programme has contributed to the production of over 27 269 MW of electricity from renewable energy sources.
SDG8	Y	The InvestEU projects can support meaningful advancements towards promoting sustained, inclusive and sustainable economic growth and full and productive employment and decent work for all.
SDG9	Y	Several implementing partners (for instance the EIB Group, EBRD, NIB and CEB, among others) under the InvestEU Fund will finance innovative projects and companies as well as sustainable infrastructure investments, thus building resilient infrastructure, promoting sustainable industrialization and fostering innovation.
SDG10	Y	The InvestEU Advisory Hub is providing advisory support for investment project especially in countries where the financing via the capital market is the less developed.
SDG11	Y	The dedicated investments in economic and social infrastructure projects under InvestEU support advancement towards promoting resilient and inclusive infrastructure, and further efforts to support service-rich integrated infrastructure projects would contribute to inclusive and sustainable cities.
SDG12	Y	The InvestEU support to inclusive business practices and SME growth and development could also contribute to promoting sustainable production and consumption practices.
SDG13	Y	Several implementing partners (for instance EIB Group, EBRD, NIB and CDC, among others) will finance clean energy investments with low or zero emissions, thus combating climate change and its impacts.
SDG14	Y	InvestEU is providing support to activities related to the sustainable use of marine resources, aquaculture and other elements of the wider bioeconomy.
SDG15	Y	InvestEU will contribute to sustainable forest management in line with the biodiversity-related priority areas which are to be supported under various financial products deployed under the InvestEU programme.
SDG16		
SDG17		

CEF

CONNECTING EUROPE FACILITY

Programme in a nutshell

Concrete examples of achievements (*)

497	200	1 000	7 000
alternative fuel supply points supported by the 2021-2027 programme were in operation along the trans-European transport network by the end of 2023 in 14 Member States. Under the 2014-2020 CEF programme, around 2 000 alternative fuel supply points were in operation by the end of 2023 in 19 Member States. They contribute to the greening of road transport, in line with the fit for 55 package.	electric locomotives were equipped with European Railway Traffic Management System on-board equipment and certified for commissioning in five Member States. Additionally, 326 kilometres of European Rail Traffic Management System track-side infrastructure were deployed in four Member States. These figures refer to the end of 2023 and the actions were supported under the 2014-2020 programme.	kilometres of railway lines were addressed through closed studies and works by the end of 2023, in the framework of the 2014-2020 programme investments in France, Croatia, Poland and Romania.	megawatts of electricity transmission capacity were added to interconnect electricity networks and to facilitate the integration of renewable energy in 2023.

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45.7	3 613	55	5 387	3 000
billion cubic metres per year of additional transmission capacity through gas pipelines were installed across the EU thanks to the 2014-2020 programme.	kilometres of electricity lines were added to the EU's energy system for the interconnection between Member States, supported under the 2014-2020 programme.	new connections to very high-capacity networks were made in 2023, for socioeconomic drivers and very high-quality connections for local communities.	kilometres of CEF-funded transport corridors covered by 5G connectivity infrastructure (passive and/or active network elements) were added in 2023 at the EU level, for roads, rail and inland waterways.	terabits per second of additional capacity were created in 2023 by deployed backbone networks, including submarine cables.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	31 724.1
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0
Total budget 2021-2027	**31 724.1**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The Connecting Europe Facility programme is a key EU funding instrument for boosting investments across the EU in transport, energy and digital infrastructure projects aiming at greater connectivity between EU Member States.

CHALLENGE

To achieve smart, sustainable and inclusive growth, stimulate job creation and respect its long-term decarbonisation commitments, the EU needs to build an up-to-date, multimodal high-performance infrastructure to help connect and integrate the EU and all its regions in the transport, energy, and digital sectors. In order to complete the trans-European networks, support is needed – in particular to facilitate cross-border connections.

MISSION

The acceleration of these investments benefits not only the countries directly affected, but the entire EU, as it enhances the single market as a whole and brings the whole EU closer to its sustainability objectives. For this reason, action at the EU level is warranted and can provide significant added value.

OBJECTIVES

The Connecting Europe Facility (CEF) aims at building, developing, modernising and completing the trans-European networks in the transport, energy and digital sectors, also facilitating cross-border cooperation in the field of renewable energy. The programme takes into account the long-term decarbonisation commitments and the goals of increasing European competitiveness; smart, sustainable and inclusive growth; territorial, social and economic cohesion; and the access to and integration of the internal market, with an emphasis on facilitating the synergies among the transport, energy and digital sectors.

The CEF has the following specific objectives.

In the transport sector:

- to contribute to the development of an efficient, interconnected and multimodal trans-European transport network and of infrastructure for smart, interoperable, sustainable, inclusive, accessible, safe and secure mobility;
- to adapt parts of the trans-European transport network infrastructure for dual use, improving both civilian and military mobility.

In the energy sector:

- to contribute to the further integration of an efficient and competitive internal energy market;
- to support the interoperability of networks across borders and sectors, and cross-border cooperation;
- to facilitate the decarbonisation of the economy by promoting energy efficiency and ensuring security of supply; and
- to facilitate cross-border cooperation in the area of renewable energy.

In the digital sector:

- to contribute to the deployment of safe and secure very high capacity digital networks and 5G systems;
- to support an increased resilience and capacity of the digital backbone networks on EU territories by linking them to neighbouring territories; and
- to foster the digitalisation of transport and energy networks.

ACTIONS

The CEF has the general objective to build, develop, modernise and complete the trans-European networks, to contribute to the achievement of the 2030 climate and energy targets and to fulfil the EU's long-term decarbonisation commitments on the European Green Deal, and thus contribute to smart, sustainable and inclusive growth and enhance territorial, social and economic cohesion.

For the transport sector, it plays a part in the development of projects of common interest related to the completion of the trans-European transport network and its modernisation (e.g. digitalisation and alternative fuel infrastructure). It contributes to the sustainability of the transport sector through the creation of new and the upgrade of existing infrastructure, including telematics application, new technologies and innovation (namely alternative fuels), interoperability, road safety, infrastructure resilience, accessibility and security of transport., thus reflecting the priorities set in the sustainable and smart mobility strategy, mirroring the Commission political engagement included in the European Green Deal and further emphasised in the 'Fit for 55' initiatives . Moreover, it aims at contributing to the Military Mobility action plan , fostering the adaptation of the Trans-European transport network to the dual-use military-civilian requirements, representing one of the main gateways for the EU financial support for the 'Solidarity Lanes' initiative , taken in the aftermath of the unprovoked Russian war of aggression against Ukraine.

For the energy sector, the CEF contributes to the implementation of projects of common interest, highlighting the enabling role of cross-border energy infrastructure in the transition to climate neutrality, the integration of European energy markets and the interoperability of networks. Furthermore, the new category of cross-border projects in the field of renewable energy specifically contributes to a cost-effective target achievement for renewables by 2030 and is an integral element of the enabling framework for cooperation on renewables.

For the digital sector, CEF focuses on projects of common interest ensuring uninterrupted coverage with 5G systems along major transport paths, the deployment of new or significant upgrade of existing communication backbone networks, and the deployment of and access to very high-capacity networks, including 5G.

STRUCTURAL SET-UP OF THE PROGRAMME

The programme is organised along three strands, transport, energy and digital, contributing to key EU policies and sharing the common objective of completing the trans-European networks. In this context, synergies among the different strands are encouraged so to enable robust and interconnected networks.

For the transport sector, it plays a part in the development of projects of common interest related to the completion of the trans-European transport network and its modernisation (e.g. digitalisation and alternative fuel infrastructure). It contributes to the sustainability of the transport sector through the creation of new and the upgrade of existing infrastructure, including telematics application, new technologies and innovation (namely alternative fuels), interoperability, road safety, infrastructure resilience, accessibility and security of transport., thus reflecting the priorities set in the sustainable and smart mobility strategy, mirroring the Commission political engagement included in the European Green Deal and further emphasised in the 'Fit for 55' initiatives . Moreover, it aims at contributing to the Military Mobility action plan, fostering the adaptation of the Trans-European transport network to the dual-use military-civilian requirements, representing one of the main gateways for the EU financial support for the 'Solidarity Lanes' initiative, taken in the aftermath of the unprovoked Russian war of aggression against Ukraine.

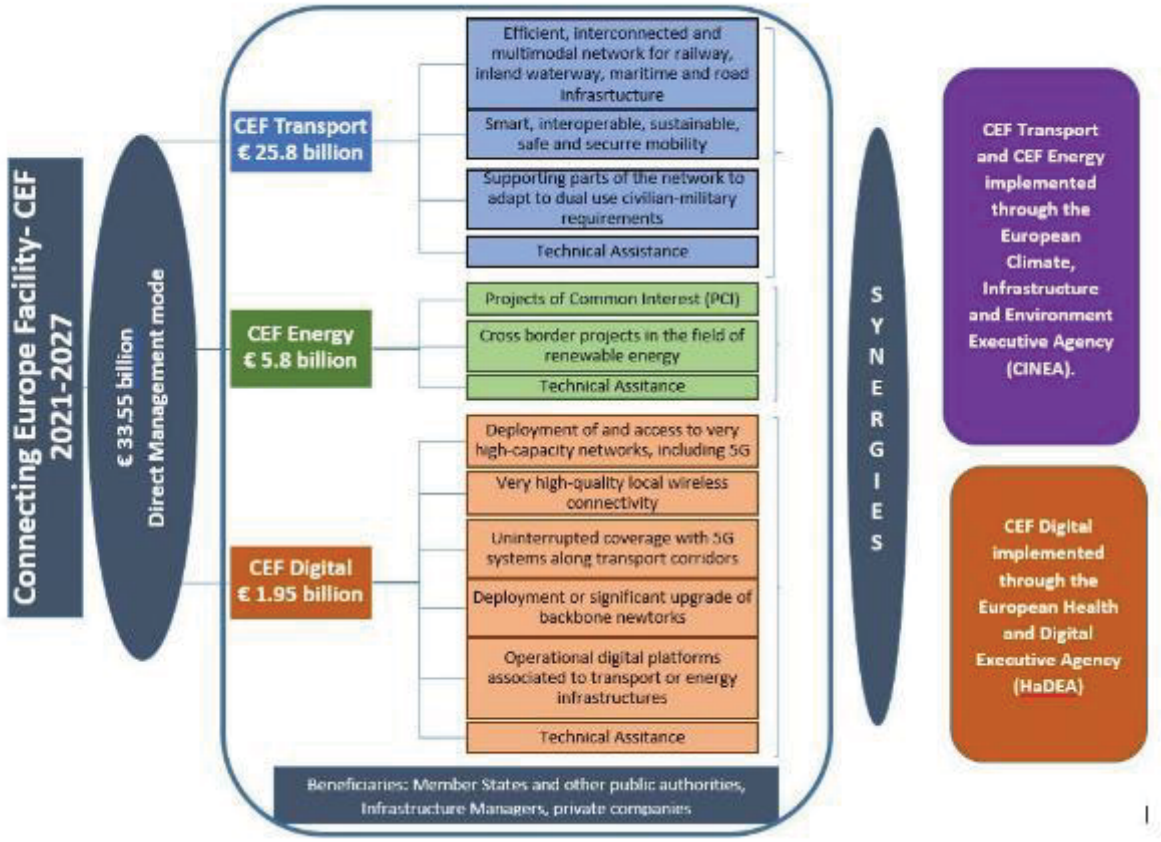
CEF Energy, with an envelope of EUR 5.8 billion, is an integral part of the trans-European networks for energy strategy. The trans-European networks for energy policy framework is focused on linking the energy

infrastructure of Member States. The policy identifies priority corridors and thematic areas in the field of cross-border energy infrastructure and establishes a biennial list of projects of common interest (PCIs) and, since 2023, of projects of mutual interest with third countries (PMIs). The programme mainly supports projects that are chosen for their significant expected impact on energy markets and market integration (covering at least two Member States) and expected contribution to the EU's energy security. They aim at diversifying sources, increasing competition in energy markets, and contributing to the EU's climate and energy goals by integrating renewables.

CEF Energy also includes a window for cross-border cooperation in the field of renewables. This window contributes directly to the enabling framework for cooperation on renewables as called for under Article 3(d) of Directive 2018/2001/EC (renewable energy directive) which is based on the four cooperation mechanisms: statistical transfers, joint projects between Member States, joint projects with non-EU countries and joint support schemes. The programme is implemented by DG ENER and by the European Climate, Infrastructure and Environment Executive Agency (CINEA).

Consistent deployment of fixed gigabit/terabit and mobile 5G infrastructures is needed to meet the increasing demand for the secure transfer and processing of massive amounts of geographically distributed data. By their nature, trans-European, gigabit and terabit networks, including submarine backbones, enable data to flow and people to collaborate wherever they are. By addressing projects of common interest and focusing on cross-border interconnections, CEF Digital, with an allocation of around EUR 2 billion, will contribute to cross-fertilise these investments and act as a catalyst for the EU-wide digital connectivity ecosystem. The underlying goal is to bring together, in an effective manner, public support and private investment. CEF Digital will thus contribute to bridging the investment gap and accelerate the achievement of EU's connectivity targets, contribute to EU's strategic autonomy, and support an EU-wide digital ecosystem.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

For the transport and energy sectors, the CEF continues the successful work of its 2014-2020 multiannual financial framework predecessor, with a focus on new priority actions, such as dual-use civilian-military infrastructure requirements, new energy infrastructure categories and cross-border projects in the field of renewable energy. For the digital strand, the CEF departs from the 2014-2020 CEF Telecom by being fully dedicated to supporting the deployment of high-performance digital communication infrastructures. While building on the experience gained with the previous programme, CEF Digital represents a step forward in terms of the scope, volume and intensity of the proposed EU support, in particular concerning new critical infrastructures like 5G corridors and secure backbone networks.

FURTHER INFORMATION

– Programme website:
  - For transport and energy – CINEA website: https://cinea.ec.europa.eu/programmes/connecting-europe-facility/energy-infrastructure-connecting-europe-facility-0_en
  - for transport: Connecting Europe Facility (europa.eu)

- for energy: Project websites in the field of CEF Energy: Key cross border infrastructure projects (europa.eu) and Financing cross border cooperation (europa.eu).
- For digital: Connecting Europe Facility - CEF Digital | Shaping Europe's digital future (europa.eu)

– Impact assessment: the CEF impact assessment was carried out on 6 June 2018: SWD(2018) 312.

– Relevant regulation: Regulation (EU) No 2021/1153 of the European Parliament and of the Council.

– Evaluations: CEF 2014-2020 Mid-term evaluation SWD(2018) 44 final/2

– CEF 2014-2020 ex-post evaluation and CEF 2021-2027 interim evaluation are planned to start in 2024.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	4 511.0	4 564.3	4 832.2	4 580.7	3 074.3	4 994.4	5 166.5	31 724.1
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**4 511.0**	**4 564.3**	**4 832.2**	**4 580.7**	**3 074.3**	**4 994.4**	**5 166.5**	**31 724.1**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

+ EUR 9 300.0 million (+ 45%)

compared to the legal basis.*

* Top-ups pursuant to Art. 5 MFF regulation are excluded from financial programming in this comparison. Contribution from the Cohesion Fund to the Connecting Europe Facility is excluded from financial programming in this comparison.

- The implementation of the CEF Transport strand is mostly in line with the financial programming included above. Nevertheless, it is to be noted that the CEF Transport has contributed with EUR 250 million to the Chips Act Initiative launched by the Commission and also supported additional needs for administrative expenditure resulting from the initiatives tabled by the Commission in the framework of the 'Fit for 55' package, in particular Fuel EU Maritime and ReFuel EU Aviation.
- For CEF Energy, there is no variation in the financial programming's total. However, the programme was backloaded with the reprogramming of EUR 430 million toward the end of this MFF period, instrumented by a temporary transfer of 2023 CEF Energy commitment appropriations to CEF Transport.
- For CEF Digital, compared to the reference amounts in the legal base, EUR 150 million have been transferred to the Chips Act and EUR 110 million to the Infrastructure for Resilience, Interconnectivity and Security by Satellite (IRIS^2) initiative (for the 2024-2026 period).

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	13 906.4	31 724.1	43.8%
Payments	5 285.0		16.7 %

Voted budget implementation (million EUR)(*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	4 510.1	4 510.7	18.5	182.7
2022	4 564.1	4 561.1	2 260.2	2 257.6
2023	4 832.2	4 837.2	2 999.9	2 506.3

(*) Voted appropriations (C1) only.

– The CEF Transport work programme, adopted in 2021 and amended in 2023, covers the annual calls in 2021-2024, allocating the total budget foreseen for CEF transport general, cohesion and military mobility envelopes. The annual calls have a budget between EUR 6-7 billion, with a smaller budget for the calls in 2024. The dedicated Alternative Fuels Infrastructure Facility (AFIF), blended with financial instruments provided by national promotional banks and other commercial banks, has been implemented through a rolling-call with five cut-off dates. The indicative budget planned for AFIF in 2021-2023 was EUR 1.6 billion.

– Already during the first CEF Transport calls in 2021 and 2022, the strong interest of project promoters in CEF Transport funding opportunities became evident, with oversubscription rates going up to 300%-400% of the originally estimated budget. Moreover, the unprovoked Russian war of aggression against Ukraine also underlined the need to support the development of civilian-military dual-use transport infrastructure. In the final CEF military mobility call in 2023, project applicants requested financing for their projects that was more than four times the available budget for the call. Furthermore, the impact of increased price of energy and raw materials, and lack of labour force further increased the funding needs, as identified in the analysis of the applications received under the 2022 CEF Transport calls for proposals. For the 2023 call (currently under evaluation), applicants are requesting three times more funding than the budget available.

– In this scenario, the Commission, in agreement with the CEF Committee, made use of the flexibility foreseen within the multiannual work programme (MAP) for the 2021 and 2022 calls, awarding additional funds up to 20% of the amount indicated in the initial 2021-2027 MAP. Moreover, the CEF 2021-2027 MAP was amended in 2023 to frontload to the CEF Transport 2023 and 2024 calls all the available budget under the current MFF. Consequently, the military mobility envelope has been absorbed in the calls 2021-2023, and both general and cohesion envelopes will be absorbed in the final call to be launched in 2024.

– Regarding CEF Energy, calls for proposals for energy infrastructure PCIs have been launched on a yearly basis. The 2021 call allocated a higher amount than initially envisioned (EUR 1 billion), due to substantial funding needs from strategic electricity infrastructure projects (the EuroAsia interconnector between Crete and Cyprus, the Phase 2 of the Baltic Synchronisation, and the Aurora Line between Finland and Sweden). While the subsequent calls for proposals in 2022 and 2023 were oversubscribed, the Commission allocated lower amounts (approx. EUR 600 million each) than the initial call budgets. This rested on considerations notably linked to project maturity, relevance of proposals submitted with regard to the award criteria, justification of funding needs, and the rationale that CEF funding is a last-resort option normally not necessary for all PCIs. It also reflected the objective to preserve a sufficient share of the limited CEF Energy budget for 2024 and later years, when new infrastructure categories essential for decarbonisation such as hybrid offshore as well as

hydrogen infrastructure projects become eligible (once the new project list adopted in November 2023 has entered into force).

– Under the 2022 and 2023 CEF Energy calls for PCIs, grants were notably awarded to the ELMED electricity interconnector between Sicily and Tunisia (also a Global Gateway project), to cross-border smart electricity grid projects GreenSwitch and Gabreta and to natural gas storages in Romania (in Bilciuresti and Depomures) considered as essential in the REPowerEU Plan. In addition, in line with the Commission's new Industrial Carbon Management Strategy, an unprecedented amount of CEF Energy funding for construction works (more than EUR 600 million) will support the first building blocks of a future Europe-wide CO2 value chain in Europe in Antwerp, Dunkirk, Rotterdam and Øygarden in Norway. Regarding cross-border renewable energy projects, three calls for proposals were launched between 2022 and 2023, where the magnitude of the spending (EUR 22.5 million) reflects the novelty of the cross-border RES window under CEF Energy, which is in the process of constituting a pipeline of viable projects and of providing funding for preparatory studies and for technical studies and works. Overall, CEF-2 calls so far have resulted in a lower number of grants compared with CEF-1, albeit with higher grant volumes. This trend reflects a shift from studies to works financing as projects progress towards maturity. For this reason and considering the pace of budget absorption as well as future needs, a share of CEF Energy 2023 commitment appropriations (EUR 430 million) has been temporarily transferred from CEF Energy to CEF Transport. The same amount will be returned to CEF Energy in 2025-2027.

– 2024 and 2025 budgets' needs reflect two considerations. First, the drastic increase in prices of infrastructure components, caused by the Russian war of aggression against Ukraine, and by the volatility in the financial markets, has impacted the costs and in some cases affordability of large energy infrastructure projects. Second, with the adoption of a new list of 166 projects in November 2023 (entry into force expected in April 2024), new infrastructure categories (notably offshore grids and hydrogen) will be eligible to apply for CEF as of 2024. For this reason, EUR 50 million have already been transferred from the ITER programme to reinforce the 2024 commitment appropriations. 2025 will also see the first instalment of the return of commitment appropriations from CEF Transport to CEF Energy. Commitment appropriations in the period 2024-2027 will also be used for calls for cross-border projects in the field of renewable energy, where an increased number of the eligible projects with a status is expected.

– In general, cross-border infrastructure projects supported by CEF Energy are characterised by long implementation periods, with payment instalments over several years (potentially even beyond the multiannual financial framework period). This entails a slower expenditure rate, with the current level of effective payments being at 49.5%. CEF Energy is also characterised by variations in call participation from one year to another and thus in non-linear spending.

– The CEF-Digital multiannual work programme was adopted late in December 2021 and the 2021 budget appropriations were globally committed. The grant agreements corresponding to the first call for proposals (2021 budget) were signed by the end of 2022 with nearly EUR 150 million allocated. The commitment appropriations for 2022 were globally committed to 2023 and have been individually committed by the end of 2023, following the second call for proposals launched in October 2022 (significantly oversubscribed). The grant agreements for the projects following the third call (closed on 20 February 2024) are expected to be signed in autumn 2024 (2023 budget allocation). Notwithstanding the initial late start, the three calls under the 2021-23 work programme followed the yearly planning schedule, with good budget absorption, in particular for certain topics (such as submarine cables). The three calls sum up to nearly 40% of the total EUR 1.6 billion budget for CEF Digital (for the 2023 call, where evaluation is ongoing and expected to be finalised in spring 2024, this includes the maximum budget available for the call).

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	3 191.1	3 567.9	3 516.3	3 532.0	3 421.0	3 552.0	3 661.0	24 441.3	73%
Biodiversity mainstreaming									
Clean air	1 468.1	1 525.9	342.4					3 336.4	10%

– The first CEF Transport calls for proposals were launched in September 2021 and 2022 and the Commission selected projects respectively amounting to more than EUR 5.4 billion and EUR 6.9 billion, including for military mobility. The projects mainly aimed at completing the railway and inland waterway infrastructure along the trans-European transport network and support the take-up of alternative fuels through the co-funding of charging infrastructure, hence contributing to the Green Deal agenda for the decarbonisation of the transport sector. As a result, appropriations committed to the co-funding of these projects correspond to around 75% of the overall Transport strand allocation. Considering the similar nature of the ongoing 2023 Transport call and future 2024 calls, the same share of climate-related commitment appropriations is estimated for the years to come in the transport sector.

– Moreover, the programme contributes to clean-air objectives through investments in sustainable transport infrastructure relating to railways, inland waterways and maritime ports, through the contribution to the deployment of alternative fuels infrastructure for all transport modes and through support to multimodal passenger hubs in urban areas. Overall, 35% of the transport strand budget contributed to clean-air related projects in 2023, which is comparable to previous years. As mentioned above, more than 70% of CEF II (the current programme phase) Transport funding is dedicated to the development of the railway infrastructure (more than EUR 9.5 billion) and the deployment of the alternative fuels infrastructure (more than EUR 900 million) on the trans-European transport network. Similarly, under CEF I (the previous programme phase), around 70% of the total budget was allocated to improve the railway infrastructure. The development of electrified railway infrastructure, including associated signalling subsystems, along with the deployment of infrastructure for zero-emission vehicles, like electric charging points, and the installation of shore-side electricity for ships at berth are all taxonomy-aligned activities.

– The programme's Energy strand contributes to climate performance by supporting electricity, smart grid and carbon dioxide transport infrastructure and cross-border projects in the field of renewable energy, which account for a 100% climate-tracking coefficient. The programme's Energy work programme for 2021-2027 is expected to contribute to the achievement of at least 60% of the overall financial envelope of the programme supporting climate objectives.

– Based on the climate-tracking contribution of the Energy strand under CEF I, the estimated contribution of CEF II until 2024 is at least 68% for the CEF projects of common interest budget and 100% for the new cross-border renewables window. It is important to note that the 68% is based on a cautious approach: under the last trans-European networks for energy projects of common interest call of the CEF I regulation (in 2020), the climate contribution was 84%. Under the first trans-

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European networks for energy projects of common interest calls of CEF II (in 2021, 2022 and 2023), the climate contribution was consistently above 90%. Similar shares are expected under future calls.

– Besides this, the Energy strand contributes to clean air policy by promoting cross-border infrastructure and renewable energy projects that enable the electrification and decarbonisation of the energy sector. Overall, 36% of the energy strand budget contributed to clean-air related projects by 2023.

– Moreover, most of the investments funded under the Energy strand make a substantial contribution to climate mitigation and adaptation, according to the criteria set in the relevant EU taxonomy delegated acts. The Energy strand therefore significantly contributes (EUR 1.26 billion under the first two calls of CEF II) to taxonomy-aligned activities, including projects relating to electricity transmission, storage and smart grids.

– Because of their nature, the programme's Digital strand projects will contribute to the digitalisation of other infrastructures and services, reducing their carbon footprint and making them energy-efficient.

Contribution to gender equality (million EUR) (*)**:**

Gender score	2021	2022	2023	Total
2				
1				
0*	4 510.1	4 564.1	4 832.2	13 906.4
0				

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

– The programme has a 0*-score for its contribution to gender equality.

– The programme, which supports basic infrastructural investments, does not have gender equality as a deliberate objective. Also, at the present time and based on CEF I and CEF II-related regulations, the collection of gender-balance disaggregated data is not feasible for any of the three strands In the CEF Transport sector, the investments mainly concern the development of railway infrastructure, port infrastructure, digitalisation of transport, deployment of alternative fuels infrastructure, etc. This infrastructure is not gender-specific and it is not possible to disaggregate the data concerning gender. Similarly, the Energy strand of CEF has supported investments for large infrastructure such as electricity interconnectors, electricity storages, smart electricity grids, gas pipelines, liquid natural gas terminals, underground gas storage and cross-border carbon dioxide networks, for which it is not possible to have disaggregation gender-specific data.

  As for the Digital strand, it will support only the deployment of physical connectivity infrastructures. However, the actual applications and services which will run on top of them, or the end-users benefiting from them, will ensure the digital inclusiveness of the targeted geographical areas and typologies of connected entities (households, schools, hospitals, etc.). It is not possible to have disaggregated gender-specific data on the use of connectivity infrastructures. However, it can be

assumed that state-of-the-art digital connectivity, along with the innovative applications enabled, will create new opportunities across genders, thus contributing to fill in the gender digital gap.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	366.4	371.1	337.6	1 075.0	8%

– In 2021 and 2022, the digital contribution of the programme was calculated based on the grants signed following the calls for proposals launched in 2021 and 2022. It is foreseen that this contribution will remain stable in 2023. The 2023 CEF transport calls closed in January 2024 and the grant agreements will be signed by the end of the year.

– The support to the digitalisation of the transport sector is one of the main pillars of the sustainable and smart mobility strategy adopted by the Commission at the end of 2020 ([24]). In this framework, the Transport strand aims at modernising the trans-European transport network with the deployment of the necessary digital infrastructure that will enable improved, safer, smarter and greener mobility for all transport modes. As a result of the first Transport calls for proposals for 'Actions related to smart and interoperable mobility' launched in September 2021, 31 actions with programme co-funding of more than EUR 500 million have been awarded. The second call for proposals for the same actions was launched in September 2022. As a result, a total of EUR 450 million was awarded to 24 projects which were selected for co-financing. In particular, support has been provided to the digitalisation of the trans-European transport network railway network, through the support to the European Railway Traffic Management System technology.

– The Energy strand contributes to digitalisation of the energy system and further integration of renewable electricity, notably by reducing bottlenecks in connection requests, improving grid controllability and enabling innovative market solutions, as one of the main objectives of the trans-European networks for energy priority thematic area of smart electricity grids. These projects aim to modernise the grids so that consumers are empowered to become more active players in the market, producing much of their own energy needs while offering a cost-effective solution to balancing energy supply and demand. Under the current multiannual financial framework, a limited number of smart grids projects have been eligible under CEF II (5 out of a total of 98 projects included in the 5th list of energy projects of common interest) and one of these projects has received support for works equivalent to 12% of the second call for proposals of CEF II (EUR 73 million).

– Through its specific support to the deployment of digital connectivity infrastructure, the Digital strand will contribute in its entirety to the digital transition policy goals, specifically to achieve the targets set in the Digital Decade policy programme in terms of digitalisation of businesses, public services and citizens. By supporting projects of common interest relating to the deployment of safe, secure, sustainable and very high-capacity digital networks, including 5G systems, the programme's Digital

([24]) COM/2020/789 final – Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Sustainable and Smart Mobility Strategy – putting European transport on track for the future.

actions contribute to the transformation and modernisation of vertical sectors such as health, education and training, tourism, manufacturing, transport or logistics.

- Enhanced digital connectivity will contribute to the digital readiness and competitiveness of the EU's businesses and the industrial and public services ecosystem. It will give all citizens and businesses new opportunities to benefit fully from the digital single market and accelerate economic recovery and growth.
- The Digital strand will contribute to the inclusiveness of outermost regions and oversea countries and territories by connecting them with up-to-date submarine backbones and ensuring that they can also benefit from advanced wireless and mobile connectivity (5G, Wi-Fi).
- The Digital strand is financing coordination and support actions to promote the best practice projects addressing the deployment and take-up of 5G systems to support services of general interest in local, rural communities, contributing to the digital and green transitions of public services and businesses in such domains as agriculture, healthcare, mobility and tourism.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Number of cross-border and missing links addressed with the support of the programme	0	74%	77 in 2029	57 cross-border and missing links out of 77	On track
Number of programme-supported actions contributing to the digitalisation of transport, in particular through the deployment of the European Rail Traffic Management System, the river information services, the intelligent transport systems, the vessel traffic management information system / e-maritime services and the single European sky air traffic management research programme	0	27%	200 in 2029	54 actions out of 200	On track
Number of alternative fuel supply points built or upgraded with the support of the programme	0	1%	38 000 in 2029	497 alternative fuel supply points out of 38 000	On track
Number of transport infrastructure components adapted to civilian–military dual-use requirements	0	3%	140 in 2029	4 components out of 140	On track
Number of programme actions contributing to projects interconnecting Member State	0	9%	95 in 2030	9 actions out of 95	On track

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networks and removing internal constraints					
Number of programme actions contributing to the improvement and digitalisation of grids and increasing energy storage capacity	0	16%	25 in 2030	4 actions out of 25	On track
Number of programme actions contributing to the cost-efficient reaching of the target for EU shared renewable energy sources on the basis of cross-border cooperation in the area of renewables	0	10%	48 in 2030	5 actions out of 48	On track
Number of programme actions enabling 5G connectivity along transport paths	0	48%	46 in 2028	22 actions out of 46	On track
Number of actions enabling new connections to very high capacity networks	0	68%	50 in 2028	34 actions out of 50	On track

(*) % of target achieved by the end of 2023.

- The programme's 2021-2027 legal basis was adopted on 7 July 2021, i.e. later than expected. Despite the preparatory work initiated by the programme's parent DGs, the first multiannual work programmes could only be adopted in August 2021, and the 2021 calls for proposals (for the Transport and Energy strands) were only launched in September 2021.
- Considering the above, the first outcomes of the programme calls were materialised in 2022 with the signature of grant agreements for the three strands.
- For the Transport strand, only the results of the first calls for proposals launched in September 2021 and September 2022 can contribute to this report. Taking into consideration the new design of the programme, with dedicated amounts allocated to the completion of the trans-European transport network, Member States and infrastructure managers targeted their applications to the core network, which shall be achieved by 2030, as per the trans-European transport network regulation.
- In this framework, many more projects than initially foreseen have been awarded to address cross-border and missing links along the trans-European transport network, following the list included in Annex III of the programme regulation.
- At the same time, contrary to the original assumptions, fewer projects contributing to the modernisation of the trans-European transport network have been selected, in particular relating to the digitalisation of all transport modes (with the exception of the European Railway Traffic

Management System for railways). This could be explained by the enhanced focus on the completion of the network more than on its modernisation, and by the absence of a fully-fledged air traffic management topic (only demonstrators), pending the adoption of the single European sky air traffic management research deployment, that took place only in August 2022.

– The Transport strand has been instrumental to the EU's response to Russia's war of aggression against Ukraine. Under the 2022 CEF calls, CEF has supported nine projects with funding of EUR 250 million, aiming at implementation of the EU–Ukraine Solidarity Lanes. The objective of these actions is to develop the transport infrastructure at the border crossing areas between the Member States and Ukraine and Moldova, aiming at facilitating the transport flows to/from the EU. The implementation of the projects is on track, with the projects due to finish in 2025 and 2026.

– Furthermore, also as part of the EU's response to Russia's war of aggression, the Commission anticipated the evaluation of the Military Mobility call for proposals and launched the 2022 Military Mobility call before the summer of 2022. The call, closed during the third quarter of the year, already included the selection of relevant dual-use infrastructure projects to better connect Ukraine and the EU. Moreover, under the 2023 Military Mobility call, which was launched in May 2023 and closed in September, all of the remaining budget for this envelope (EUR 808 million) will be allocated to the projects improving the relevant trans-European transport network infrastructure.

– With reference to the progress achieved for the specific key performance indicators listed above, it should be noted that for the indicators 'Number of alternative fuel supply points built or upgraded with the support of the programme' and 'Number of transport infrastructure components adapted to civilian–military dual-use requirements', the methodology developed by DG Mobility and Transport and the European Climate, Infrastructure and Environment Executive Agency aims at considering only project outputs as relevant data for the reporting exercise. For this reason, only closed actions (or actions expected to be closed) within the reference year will be considered.

– In 2021, 2022 and 2023, CEF has supported the deployment of 497 alternative fuels supply points. For instance, CEF contributed to the deployment of almost 300 interoperable ultrafast chargers for electric vehicles on trans-European transport network roads in Italy.

– Most of the currently signed 57 Military Mobility actions are ongoing and more detailed information will be presented in future reporting. In 2023, two projects aimed at enhancing civilian–military mobility were completed. For instance, an action in Częstochowa (Poland) was finalised. As a result, three new road engineering structures were constructed along National Road 91, classified with the highest load-bearing capacity of 'A' and also facilitating the transportation of military vehicles.

– CEF interventions contribute to the EU's climate objectives, dedicating at least 60% of its budget for actions delivering for this purpose. Concerning the synergies between the horizontal priorities, the CEF Transport strand contributes to the climate, clean air and digital priorities, as indicated above. The majority of the support goes to the sustainable transport modes such as railways and waterborne transport. The Transport strand also supports the digitalisation of transport by the deployment of the European Rail Traffic Management System, Intelligent Transport Systems, the 'Single European Sky ATM Research' project, etc.

– For the energy sector, only the results of the first two trans-European networks for energy projects of common interest calls for proposals (2021 and 2022) have been included in this programme statement. Considering the usual calendar of the calls, results are not reported in the call year, as the signature of the related grant agreements occurs in the following year (e.g. grant agreement signature in 2024 for the 2023 CEF call for projects of common interest).

– The programme's Energy-funded actions significantly contribute to security of supply, notably through the smartening of grids and increasing energy storage capacity. In particular, the 2022 call contributes to the EU aim of increasing the resilience of the EU-wide energy system in order to phase out our dependency on fossil fuels from Russia well before 2030, as foreseen in the repowerEU plan.

Complementarities between the programme's Energy strand and the Recovery and Resilience Facility will be exploited. If a common interest project promoter applies to the programme and the same project is also put forward (as an investment-type measure) under the new repowerEU chapter of a Member State's recovery and resilience plan, a clear explanation should be provided on how the two funding sources are complementary, whether they apply to separate project components and how, in the absence of recovery and resilience plan funding, the project timeline would be impacted. Examples of projects supported through the 2021 and 2022 calls include the underground gas storage facilities in Chiren (Bulgaria) and Bilciurești (Romania) that will benefit the larger region by increasing storage capacity and its overall flexibility, and the smart electricity project GreenSwitch between Croatia, Austria and Slovenia, which aims to increase security of supply, quality of service and flexibility.

– The Energy strand also supports interconnecting Member State networks and removing internal constraints. Examples include the EuroAsia and ELMED subsea interconnectors (between Crete and Cyprus and between Sicily and Tunisia, respectively), the Aurora Line interconnection (between Finland and Sweden), or the additional support awarded to phase II of the Baltic synchronisation project that will increase the security of supply in the region. Such electricity projects also contribute to increasing renewable energy source penetration and thus to reaching the related targets. In addition, the Energy strand is a strong catalyst in bringing together project promoters, national regulatory authorities and government representatives to solve issues so that cross-border infrastructure projects can be realised. Its Grants component is making the difference in promoting cooperation between countries to develop and implement energy interconnection projects of common interest that otherwise would not happen. This is especially the case for cross-border projects located in countries with smaller population sizes or in a more remote location, where energy tariffs would need to be increased substantially to cover the investment needs. The EuroAsia Interconnector for electricity between Greece and Cyprus and the Chiren underground gas storage site in Bulgaria are examples of projects that could not have been funded in a purely national context.
– While CEF Energy calls in 2021 and 2022 have been oversubscribed, the monitoring of results is difficult, due to the long implementation time of the grants for works for large and technically complex energy infrastructure projects, and also due to the calendar shift between the awarded actions and the signature of the grant agreements.
– Besides, the trans-European networks for energy regulation was recently revised in line with the European Green Deal objectives, broadening its scope to new energy infrastructure categories, such as offshore grids and hydrogen infrastructure, which will be eligible under CEF II. Hence, as of 2024 the programme's Energy actions will be focused on the projects included in the list of projects of common interest and projects of mutual interest that was adopted in November 2023 and is expected to enter into force in 2024.
– Two considerations have to be borne in mind:
    - the first 2 years of CEF II have led to a lower number of grant agreements with higher grants (e.g. works instead of studies) than what we saw in the first 2 years of CEF I;
    - the current economic environment, with important cost increases for material and components, means that CEF II may finance fewer actions than initially expected.
– One challenge for the first calls had been the state of readiness of some of the novel topics, such as large-scale 5G corridors or cloud interconnections, which require additional time for preparation. One of the main reasons is that the Digital strand is a new programme with new constituencies and settings and new eligibility requirements (notably the security restrictions). On the other hand, demand exceeded the initial planning for topics such as global gateways / submarine cables, which allowed us to transfer budget between topics using the 20% flexibility given in the financing decision.
– To mitigate the risk of under-subscription, the stakeholders have been informed as early as possible about future funding opportunities for digital networks, through targeted communication campaigns

and/or informal contacts. Besides, giving the applicants a reasonable amount time to prepare and submit proposals (ideally 4 months from call launch to closure) would mitigate the challenges experienced and improve efficiency of the programme performance, especially considering that several potential applicants in the digital areas covered under the programme are not used to addressing some of the requirements of EU calls for proposals (ownership control, security requirements, etc.).

- On the other hand, the 'Digital global gateways' calls attracted more proposals than expected, revealing a strong interest and demand of an established constituency, where the technology is very mature. Thanks to the redeployment of the funds, the selected projects could cover a very broad geographic area, including outermost regions and overseas countries and territories.
- The CEF Digital programme, and particularly the Digital Global Gateways topic, has so far also increased the resilience and capacity of the digital backbone networks in EU territories by financing studies or deployment of backbone networks, with more than 30 projects deploying infrastructures in the EU or between the EU and non-EU countries (connecting 17 Members States, Overseas Countries and Territories). As examples:
    - the CEF Digital strand supports the submarine cable CAM Ring (Continent–Azores–Madeira), as the current one is becoming obsolescent and its replacement is an essential priority for the EU;
    - the 'Pisces' project addresses the shortfall of digital connectivity between Ireland and the rest of the EU, with direct (post-Brexit), high-capacity, open access, scalable dark fibre availability directly to France, with a provision for additional subsea branches to Spain and Portugal (approximately 2 100 kilometres);
    - the 'ViaTunisia' project will build a submarine cable between Marseilles (France) and Bizerte (Tunisia).
    - The CEF Digital programme is also supporting several projects: Tussas Connect 1 and 2, Far North Fiber 1, North Pole Fiber 1 and the Northern Gateways study (cost EUR 89.5 million, grant EUR 37.6 million); Arctic connectivity, where there is strategic geopolitical interest in an alternative route to Asia (particularly Japan) via the Arctic as tensions in the Middle East rise; and the Suez Canal chokepoint, with the Red Sea becoming an unstable area and thus endangering critical submarine cable infrastructures. At the same time, connectivity in the Arctic is serving Greenland (a self-governing territory of Denmark) and areas that have remote and isolated populations at risk of connectivity failure, as the investments are not per se economically viable. With the use of 'smart cables' (i.e. cables that have sensors or are used as sensors), there is also an impact on multiple policy areas of the EU (environmental monitoring of the Arctic is useful for evidence-based policies with regards to climate change, seismic/tsunami detection, submarine fauna monitoring, etc.).
    - The project Subsea French Guiana (cost EUR 61.1 million, grant EUR 30 million) is building on top of the existing infrastructure of Elallink, which links Portugal to Brazil. EllaLink is planning to build a 2 145-kilometre branch on the main system to connect the city of Cayenne in French Guiana. While French Guiana currently only relies on infrastructures going through North America, this new cable will connect this EU outermost region directly to continental Europe with no dependency on any non-EU territory, thereby reinforcing the sovereignty of the digital development of the entire Caribbean region. It will also improve the security and resilience of the highly strategic European Spaceport in Kourou.

- Furthermore, while the '5G for Smart Communities' project started with a modest number of proposals (7) in Call 1, these have since increased to 18 in Call 2. Currently, there are a total of 32 proposals under evaluation in Call 3. The total number of projects under implementation is 17 and most of them are cross-sectoral in nature. The use cases correspond to specific local needs, creating impact on the ground, but at the same time providing replicable solutions to be multiplied throughout Europe.

– To name an example, CONNECTOW is a smart city project in implementation in the city of Wavre (Belgium) which enables four different use-cases with the use of 5G technology. The first one is in public safety with the use of drones for delivering real-time data to emergency responders at the scene. The second is in smart metering for energy management systems and energy awareness of the building inhabitants. In addition, there is a use-case in deploying 5G-based wireless sensor network for air quality monitoring in residential areas to improve quality of life of residents and visitors.
– Security considerations are embedded in the CEF Digital programme by default. These are reflected in the conditions for eligibility, which in principle reserve funding for backbone projects only to EU-controlled undertakings and, as regards 5G infrastructures, require security guarantees approved by the Member State of establishment. Moreover, all participants must submit security-related declarations.

2014-2020 multiannual financial framework – CEF

The CEF is a key EU funding instrument to promote jobs, growth and competitiveness through targeted infrastructure investment at the EU level. It supports the development of high-performance, sustainable and efficiently interconnected trans-European networks in the fields of transport, energy and digital services.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	29 860.5	29 875.9	99.9%
Payments	17 663.5		59.1%

– The overall cumulative implementation rate in payment appropriations (59%) mirrors the specificity of the programme, where investments are mainly channelled towards complex infrastructure projects implemented over a considerably long time.

Transport:

– Regarding the transport sector, the overall reported financial progress by the end of 2023 is around 72% and is the result of delays experienced during the projects' implementation. Under the three specific objectives supported through the transport strand, the following issues were identified: public procurement issues, legal and environmental issues, technical and technological issues, project coordination issues and interdependency with other CEF or EU-funded projects. Furthermore, based on exchanges with the project promoters in 2022 and 2023, the consequence of the COVID-19 pandemic, the inflation and the effect on markets and prices for both raw materials and energy have further affected the implementation of some CEF-supported actions.

– In addition, the related actions are usually characterised by long implementation periods, as they mostly refer to works for large and technically complex transport infrastructure projects. In this framework, and to reduce risks, payments are disbursed during the entire project life cycle and only upon acceptance of eligible costs incurred by the beneficiaries during the project's reporting period.

– The European Climate, Infrastructure and Environment Executive Agency continues to implement its monitoring tools through the assessment of reports, site visits and follow-up meetings with CEF beneficiaries, ensuring a thorough assessment and identifying the actions for which amendments are needed.

Energy:

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– The implementation rate of 49.5% for CEF Energy is lower compared to the overall CEF implementation. This is due to several large multiannual actions with long lead times due to their very complex nature and delays linked notably to the need to secure sufficient co-funding (national or other sources), public procurement issues (e.g. complaints/appeals during tender procedures) and legal and environmental issues (e.g. permitting, spatial planning, other authorisations and land acquisition). The COVID-19 sanitary crisis and the post-COVID cost inflation have also led to additional delays for some actions. Some of these projects may only be completed by 2028.

– The Commission can closely monitor the progress of the projects of common interest and the implementation of the projects of common interest, first through a provision in the grant agreements that requires project promoters to regularly submit an action status report to the European Climate, Infrastructure and Environment Executive Agency. These action status reports provide an overview of the technical and financial progress of the action. In addition, projects of common interest are subject to yearly monitoring by national competent authorities and the Agency for the Cooperation of Energy Regulators pursuant to Article 5 of the trans-European networks for energy regulation.

Telecom:

– Regarding CEF Telecom, the implementation rate of 82% is above the average of the overall CEF implementation.

– Also in 2021, through the CEF debt instrument, the European Investment Bank signed a loan agreement with a project promoter for fibre rollout for a total amount of EUR 100 million, of which EUR 70 million is guaranteed by the Commission. The project costs are estimated at EUR 241 million and the European Investment Bank has estimated that, upon completion of the project in Slovenia in 2023, an additional 225 000 households (about 25% of the country) will have access to very high capacity networks.

– CEF Telecom also invested in the equity financial instrument Connecting Europe Broadband Fund, together with the European Investment Bank, three national promotional and institutional banks and private investors. In June 2021, the fund has attracted EUR 165 million private equity investments, for a total fundraising of EUR 555 million, well above the minimum capital of EUR 500 million set at creation time for the fund.

– From 2014 to 2020, CEF Telecom supported the deployment of an ecosystem of trusted cross-border digital service infrastructures (*) that are essential to triggering the digital transformation of public sector services in the Member States, all for the benefit of citizens and businesses.

– With an overall investment of just under EUR 280 million in the core service platforms, the Commission enabled the EU-wide interoperability of specific digital services such as eHealth, public open data, e identification and cybersecurity. With an EU contribution of almost EUR 365 million in generic services and an overall leveraged amount of more than EUR 528 million, the uptake of these services with CEF support reached a portfolio of 735 projects in the Member States and participating countries in the European Economic Area by the end of 2021. The last grant agreements under CEF Telecom were signed in 2021. Nearly half of the total portfolio of projects are under implementation due to the duration of the actions funded by the programme, which go up to 4 years. CEF digital services support EU citizens, businesses and public administrations in interconnecting and adapting their systems to become interoperable across borders.

(*) European, e-identification, e-signature, e-delivery, e-invoicing, e-archiving, public open data, eTranslation, cybersecurity, eProcurement, business registers interconnection system, eHealth, electronic exchange of social security information, the European e-Justice portal, European digital media observatory, European platform on digital skills and jobs, online dispute resolution, safer internet, EU student e-card and blockchain.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
CEF Transport – lines in service equipped with the European railway traffic management system	0	Actual results: 6%	5 491 in 2024	326 km out of 5 491 km	Moderate progress
CEF Transport – number of supply points for alternative fuels	0	Actual results: 9%	21 272 in 2024	1 904 out of 21 272	Moderate progress
CEF Energy – system resilience – number of Member States	3	91%	22 in 2020	20 out of 22	On track
Number of Wi-Fi hotspots supported by CEF	0	> 100% (**)	90 700 in 2023	92 570 out of 90 700	Achieved

(*) % of target achieved by the end of 2023.
(**) % of target achieved by the end of 2022.

NB: Estimated values represent project results to be completed by 2022 based on the contractual delivery dates in the signed grant agreement – see explanation below under 'Performance assessment'.

Transport

– The more than 1 000 actions signed within the programme's 2014-2020 Transport strand have been supported with an EU contribution of more than EUR 23 billion, triggering around EUR 50 billion of private and public investments. These have strongly contributed to paving the way for the achievement of the key trans-European transport network and wider EU policy objectives addressing the removal of bottlenecks and enhancing interoperability, ensuring sustainable and efficient transport systems and optimising the integration and interconnection of transport modes.

– In particular, the programme has been one of the front-running EU spending programmes supporting the sustainable and digital transitions. In line with the European Green Deal, transport investments for infrastructures strongly contributed to climate objectives, feeding the EU long-term decarbonisation commitments. Around 80% of the programme's support has been allocated to the rail and inland waterways sectors and to the acceleration of the deployment of alternative fuels infrastructure, fostering a new mobility paradigm. As an example, in 2023 a CEF I project contributing to the construction of the multimodal logistic platform and a rail-road terminal in Extremadura (Spain) was closed. Being located on the high-speed Sines–Lisbon–Madrid railway line at the border crossing point

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between Spain and Portugal, the new infrastructure improves cross-border freight transport and the modal shift from road to rail. With the aim to shift traffic from the highly saturated road network in Italy, another CEF I project improved the navigability of the Po river by removing bottlenecks such as underbridge clearances and allowing for a better regulation of the river flow throughout the year.

– Furthermore, data and digital infrastructure have received targeted support, enhancing the deployment of digital solutions for all transport modes. As an example, in 2023 a dedicated action contributed to equip 1 400 freight train wagons with sensors and digital communication tools to exchange real-time data. The sensors installed on the wagons will optimise the interoperability for seamless cross-border rail.

– Nevertheless, the implementation of the programme's 2014-2020 actions has also been directly impacted by the geopolitical crisis in Ukraine. In particular, as fallout of the war context, some programme beneficiaries have reported delays linked to increased energy costs, lack or increased prices of raw materials for construction, the impacts of inflation and lack of workforce in some of the Member States bordering Ukraine. While no specific issue at the strand level could be generalised, the Commission services and the European Climate, Infrastructure and Environment Executive Agency are closely monitoring the implementation of all actions and will take informed decisions on possible mitigating measures on a case-by-case basis. In particular, similarly to the actions taken in the aftermath of the pandemic crisis, the Commission might decide to review the duration of some actions, allowing for additional time for their finalisation.

– Taking into consideration the above information and recalling that there is a time lag of approximately 1.5 years between the actual completion of a project and the registration of results, corresponding to the time required to close the projects, it can be concluded that there was overall moderate progress of the implementation of the 2014-2020 programme in the last 12 months.

– As per the current situation, the expected maximum duration of the programme's Transport actions should not go beyond the end of 2024. Their results (outputs triggering performance data) can be achieved by the of 2024 and related information for financial closure can be received until mid-2026. In this framework it is considered that the potential for the achievement of the indicated targets is still there.

Energy

– During the 2014-2020 period, Energy co-funding of a total of EUR 4.59 billion was allocated to 149 actions contributing to 107 projects of common interest. By the end of 2023, 120 actions that received programme support were completed in total: 58 on electricity and storage, 55 on gas, 3 on smart grids and 4 on carbon dioxide networks.

– Under CEF I, 77% of the actions were studies, accounting for 10% of the total commitments under the 2014-2020 multiannual financial framework, as preparatory studies are normally much less budget-intensive than project construction. This means that the largest share of CEF I funding goes to works (90%), representing 23% of the total actions. Compared to CEF I, the proportion of studies versus works is expected to shift for the first calls under CEF II, as a number of key infrastructure projects that had received CEF support for studies under the previous (2014-2020) multiannual financial framework have become mature for support for construction at the onset of the current multiannual financial framework. This means that under the first two calls of CEF II, 38% of the actions have been studies and 62% have been works, with the latter absorbing 97.5% of the total grants awarded.

– In general, the Energy core performance indicators for 2014-2020 reflect different angles of the achievements of the EU energy policy, such as the end of Member States' isolation, the interconnection target levels, the increase of system resilience and the diversification of gas supply

sources, which are of the utmost relevance in minimising the effect of the unprovoked Russian aggression to Ukraine on the energy markets.

– The positive impact of the Energy strand should be measured in the long term, considering the lengthy implementation periods of large-scale energy infrastructure projects. In 2023, no progress was registered in terms of commissioned projects reducing Member States' energy isolation (six projects of common interest to target) and system resilience (two Member States to target), while two more Member States have reached the percentage of electricity cross-border transmission power relating to the installed electricity generation capacity expected by the EU policy (19 Member States complying with the 15% interconnection target). Progress has been achieved in terms of projects allowing the diversification of supply sources, as one additional project of common interest supporting the EU's security of supply has been completed in 2023, setting the level of pending projects of common interest to be commissioned under this particular indicator from eight to seven.
– The success of the numerous actions of the projects of common interest and their contribution to the policy objectives of the trans-European networks for energy strategy is not yet fully reflected in the indicators, due to the long implementation time of the grants for large and technically complex energy infrastructure projects. In addition, delays have occurred because of external factors such as the COVID-19 sanitary crisis and cost inflation, the need to secure sufficient co-funding (national or other sources), public procurement issues (e.g. complaints/appeals during tender procedures) and legal and environmental issues (e.g. permitting, spatial planning, other authorisations and land acquisition). The revised trans-European transport network regulation, the policy framework for the infrastructure projects of common interest that are eligible for the Energy strand which entered into force in June 2022, includes strengthened planning and permitting provisions to address project implementation issues.
– Nevertheless, the programme's Energy-funded actions have significantly contributed to the integration of the EU energy market through the strengthening of cross-border connections aiming to end energy isolation and eliminate bottlenecks. The Energy strand also supports projects that increase security of supply in Member States where this issue is most pressing.

Telecom

– Regarding WiFi4EU for the 2018-2020 period, more than 8 800 vouchers were awarded through the programme. The network installations steadily increased and exceeded the expected target of 8 900 by reaching 9 169 in the last quarter of 2023.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		

SDG3		
SDG4		
SDG5		
SDG6		
SDG7	Yes	CEF Energy supports SDG7 by promoting investments contributing to the further integration of the internal energy market and to sustainable development, by the integration of energy from renewable sources into the transmission network and by the development of smart energy grids. In particular, CEF-Energy supports energy infrastructure projects of common interest that have significant socio-economic benefits and ensure greater solidarity among Member States, but which do not receive adequate financing from the market. An example is the 330 kV interconnector between Tartu, Estonia and Valmiera, Latvia, as an important part of the efforts to synchronise electricity grids of the Baltic countries of Estonia, Latvia and Lithuania with the rest of the EU's electricity system. The line was part of Phase 1 of the Baltic Synchronisation project, which received a total CEF grant of EUR 323 million.
SDG8		

SDG9	Yes	CEF Transport supports SDG 9 through investments for resilient infrastructure, including the necessary technology to ensure proper monitoring of the infrastructure. As an example under CEF 2014-2020, a system for monitoring the behaviour of rail wagons brakes has been developed that would increase rail safety by reducing the probability of accidents. Real time information of damage also allows for more efficient maintenance. As regards the energy strand, CEF-Energy supports SDG 9 through the investments aiming to increase the interoperability of electricity and gas networks across the borders. In this respect, the completion of the Interconnector Bulgaria-Serbia (IBS) project ensures bi-directional interconnection of the gas transmission networks of the Republic of Bulgaria and the Republic of Serbia, increasing the security and diversification of gas supplies and routes and the interconnectivity between both national systems. - The CEF Digital strand supports the SDG 9 through funding of actions enabling uninterrupted connectivity along transport corridors and high-capacity networks for digital global gateways. As an example, under Call 1, funded actions are already deploying 5G (passive/active) infrastructure along the major TEN-T corridors that prospectively would enable seamless 5G connectivity in highways and/or railways fostering the adoption of Connected and Automated Mobility. Another example is the deployment of submarine cables connecting remote areas with the European Union and increasing networks' capacity, resilience and security.
SDG10		
SDG11	Yes	CEF Transport supports sustainable cities and communities (SDG11). It finances for example the connection of airports with the rail network which should help passengers shifting from road to rail. In 2021, CEF has contributed amongst others to the improvement of the rail connection to the airport Helsinki - Vantaa resulting in public transport connections running more smoothly for travellers and commuters to/from the Helsinki airport. The action also provided better and safer access to the rail line by building a new tunnel to the train station.
SDG12	No	

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SDG13	Yes	The CEF programme contributes to the climate related goals of the EU, as indicated in the European Green Deal Communication and the European Climate law adopted in 2021. The transport strand strongly supports climate related investments, with a particular focus on the deployment of alternative fuels charging infrastructure. For example since 2021, 497 supply points for alternative fuels have been put into operation along the trans-European transport network. CEF 2 is financing electric charging points for cars and trucks as well as electricity supply for vessels at berth in ports. CEF Energy support SDG13 by financing actions that contribute to the decarbonisation of the energy system, inter alia through the integration of renewable energy into the grid and the transmission of renewable generation to major consumption centres and storage. An example is the electricity interconnection between Greece and Bulgaria, comprising the construction of an AC 400kV cross-border link which improves the transfer capacity between both Member States and increases RES integration.
SDG14		
SDG15		
SDG16		
SDG17		

DEP

DIGITAL EUROPE PROGRAMME

Programme in a nutshell

Concrete examples of achievements (*)

3	151	4	> 200 000
supercomputers procured by the European High Performance Computing Joint Undertaking (EuroHPC Joint Undertaking) and made fully operational in 2023 ranked among the world's top 10 in November 2023. They are among the most powerful and most energy-efficient supercomputers in the world (**).	European digital innovation hubs were established in all EU Member States and in Iceland, Liechtenstein and Norway in 2022 and 2023. By the end of 2023, hub services were available in 90% of European regions, serving public and private organisations, particularly small and medium-sized enterprises.	specialised and large-scale testing and experimentation facilities for artificial intelligence were established in 2023 in four sectors/areas (agrifood, healthcare, manufacturing and smart cities and communities). These facilities support AI innovators in bringing trustworthy artificial intelligence to the market.	image series of about 20 000 individuals are available on the Cancer Image Europe platform, which linked up 36 datasets of images of nine cancer types by the end of 2023.

27	2 517	250	> 12 000
National Cybersecurity Coordination Centres were established in the EU in 2023, providing access to research and technological expertise in cybersecurity at the national/regional levels and ensuring cross-border cooperation.	students and participants enrolled in the first digital master's programmes (e.g. in digital health and civil engineering) and in short-term training courses (in artificial intelligence, cybersecurity, the internet of things, blockchain, quantum and robotics) by the end of 2023.	public authorities and private entities across the EU started piloting in 2023 the European Digital Identity Wallet across 11 use cases, including mobile driving licence, travel credentials, e-prescriptions, educational / professional credentials and identification for accessing public services.	school visits were made by the Safer Internet Centres in 2023 to provide safety information, educational resources, public awareness tools and counselling and reporting services for young people, teachers, and parents. The Member States now benefit from the services of 25 Safer Internet Centres.

(*) Key achievements in the table state which period they relate to.

(**) The three supercomputers were procured by the EuroHPC Joint Undertaking using funds from the 2014-2020 multiannual financial framework.

Budget for 2021-2027

(million EUR)(**)

Financial programming	8 076.8
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	101.9
Total budget 2021-2027	**8 178.7**

(*) Only Article 15(3) of the financial regulation.

(**) The Chips Act is included.

Rationale and design of the programme

The Digital Europe programme (DEP) is a new EU funding programme focused on bringing digital technology to businesses, citizens and public administrations. It provides strategic funding to face challenges in the area of digital technology and infrastructure, supporting projects in six key capacity areas: supercomputing, artificial intelligence, cybersecurity, advanced digital skills and the wide use of digital technologies across the economy and society, including through digital innovation hubs. A new specific objective was integrated into the Digital Europe Programme with the adoption of the Chips Act Regulation, which promotes Europe's leadership in semiconductor technologies and applications.

CHALLENGE

Europe faces many challenges in the digital area, namely the following:

- The increasing global competition to control digital technologies will shape the world of tomorrow. Today European businesses, the public sector and researchers often have to look outside the EU to access the computing, data or artificial intelligence resources they need.
- Meanwhile, hundreds of thousands of jobs in crucial digital areas go unfilled, hampering investment and innovation.
- Moreover, unless the EU improves its cybersecurity capabilities, its vital infrastructure and data are at risk.
- The uptake of digital technologies by European businesses, small and medium-sized enterprises and public administrations is very uneven. Unless the EU develops key digital capabilities, industries and skills, its open strategic autonomy and competitiveness are at stake.
- Given the network effects of digitalisation (e.g. the need to promote EU interoperability and to reach critical mass in building state-of-the-art capacities), decisive action at the EU level is needed, with co-investments from Member States and the private sector.

MISSION

The Digital Europe programme supports the EU in the digital transformation of the economy and society and brings its benefits to all citizens and businesses. It focuses on:

– building essential capacities and advanced skills in key digital technologies, contributing to the EU's open strategic autonomy;

– accelerating their deployment and making the best use of them in areas of public interest and the private sector.

OBJECTIVES

Specific objective 1: high-performance computing

Specific objective 2: artificial intelligence

Specific objective 3: cybersecurity and trust

Specific objective 4: advanced digital skills

Specific objective 5: deployment and best use of digital capacities and interoperability

Specific objective 6: semiconductors

ACTIONS

- **High-performance computing.** Deploy world-class exascale, post-exascale supercomputing and quantum computing capacities to ensure the widest access to and use of these capacities.
- **Artificial intelligence**. Deploy EU-wide common data spaces based on a cloud-to-edge federated infrastructure and promote the testing and adoption of artificial intelligence technologies with a European AI platform and world-class testing and experimentation facilities.
- **Cybersecurity** and trust. Build up advanced cybersecurity capabilities (equipment, tools and data infrastructures), including a quantum secure communication infrastructure for Europe. Promoting the sharing of best practices and ensuring a wide deployment of the state-of-the-art cybersecurity solutions across the European economy.
- **Advanced digital skills.** Boost academic excellence by increasing the education and training offer in key digital technologies, such as high-performance computing, cybersecurity and artificial intelligence. Training in these areas will be implemented through cooperation among tertiary education institutions, world-class research centres and innovative businesses.
- **Adoption and best use of key digital technologies**. Deploy a network of European digital innovation hubs supporting the digital transformation of European public and private organisations, addressing key societal challenges (e.g. environment and climate change) via high-impact deployments and reinforcing the European blockchain capacities and the digital transformation of public administrations and services through interoperability solutions while promoting an inclusive and trustworthy digital space**.**
- **Semiconductors:** A new specific objective was integrated into the Digital Europe Programme with the adoption of the Chips Act Regulation[25], which promotes Europe's leadership in semiconductor technologies and applications with the following operational objectives:
    - building up advanced design capacities for integrated semiconductor technologies;
    - enhancing existing and developing new advanced pilot lines across the EU to enable development and deployment of cutting-edge and next-generation semiconductor technologies;
    - building advanced technology and engineering capacities for accelerating the innovative development of cutting-edge quantum chips and associated semiconductor technologies;
    - establishing a network of competence centres across the Union; undertaking activities to facilitate access to debt financing and equity.

STRUCTURAL SET-UP OF THE PROGRAMME

The legal bases of the Regulation establishing the DEP are the following provisions of the Treaty on the Functioning of the European Union (TFEU): Article 173(3) TFEU, focused on the EU's industrial competitiveness, with regard to most of activities undertaken under this programme, and Article 172 TFEU, notably with regard to the digital transformation of areas of public interest. The COVID-19 crisis has highlighted the critical role of digital technologies and infrastructures. In light of the exponential development of digital technologies, the constant geopolitical shifts and the large public investments of global competitors in key digital technologies, such as artificial intelligence, supercomputing and cybersecurity, and in digital skills, no Member State acting alone can make critical investments in digital capacities at the scale required. Given the challenges ahead and the level of investments needed, the

[25] Regulation (EU) 2023/1781 of the European Parliament and of the Council of 13 September 2023 establishing a framework of measures for strengthening Europe's semiconductor ecosystem and amending Regulation (EU) 2021/694 (Chips Act): EUR-Lex - 32023R1781 - EN - EUR-Lex (europa.eu).

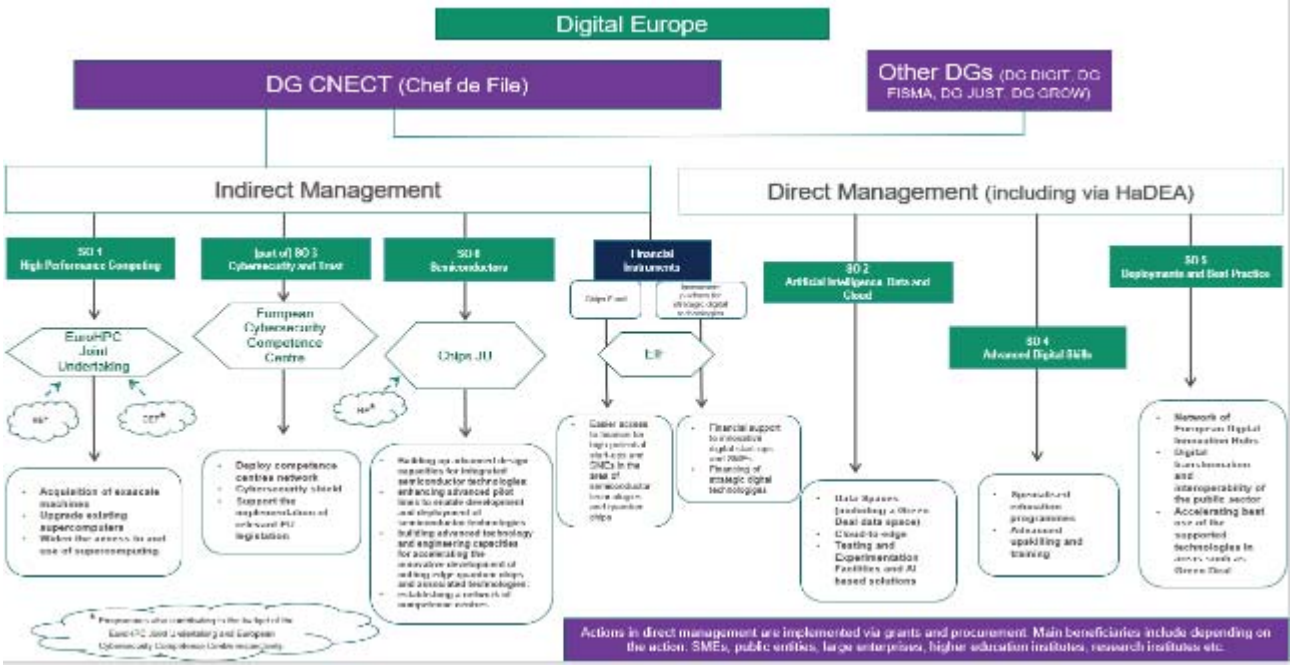
intervention at EU level is necessary in order to improve the competitiveness of Europe in the digital economy and reinforce its strategic autonomy.

The DEP's actions are complemented by an array of regulatory measures aiming to eliminate barriers in several critical technological areas, for instance, to incentivise business-to-business and business-to-government data sharing in across the EU (Data Governance Act, Data Act), the creation of a safer and fairer online environment for users and businesses (Digital Services Act, Digital Markets Act), the improvement of the level of security of network and information systems across the Union (NIS2 directive), to strengthen public sector interoperability (Interoperable Europe Act) and to ensure artificial intelligence in the EU is safe, respects fundamental rights and democracy (AI Act).

In terms of management mode, for the specific objectives 2 – 'artificial intelligence', 4 – 'advanced digital skills' and 5 – 'deployment and best use of digital capacities and interoperability', the Commission directly manages the programme, with the support in some of these areas from the Executive Agency for Health and Digitalisation. The specific objective 1- 'high-performance computing' is implemented primarily through the EuroHPC joint undertaking and the specific objective 3 'Cybersecurity and Trust' is implemented primarily through the European Cybersecurity Industrial, Technology and Research Competence Centre and the Cybersecurity Competence Network. Some activities related to the Cybersecurity Emergency Mechanism will be carried out by the European Union Agency for Cybersecurity (ENISA) via Contribution Agreements. The new SO6 – semiconductors– will be implemented by the Chips Joint Undertaking. Also through indirect management, Destination Earth is implemented by the European Space Agency, the European Centre for Medium-Range Weather Forecasts and the European Organisation for the Exploitation of Meteorological Satellites. The Investment Platform for Strategic Digital Technologies and the Chips Fund are implemented through indirect management with the European Investment Fund under InvestEU.

The lead DG is DG Communications Networks, Content and Technology, with other DGs also involved.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

Although Digital Europe is a new programme, some of its activities target the sustainability and continuation of actions deployed under the previous multiannual financial framework.

In particular, the deployment of digital service infrastructures facilitating cross-border interoperability and exchanges between public administrations, businesses and citizens was funded under the Connecting Europe Facility (CEF) Telecom programme, while the actions in the ISA^2 programme focussed on interoperability in public administration applications. Part of these solutions are now integrated within the scope of the DEP.

The programme also builds on results from successful projects funded under the Horizon 2020 programme, making it possible to move technologies such as HPC and Artificial Intelligence into large-scale deployments. The European high-performance computing strategy was implemented using funding from both Horizon 2020 and CEF programmes. Horizon 2020 supported artificial intelligence but focused on research and innovation and not on large-scale deployments. Against this background, the DEP closes the loop by building essential capacities, accelerating the deployment of key technologies and advanced digital skills.

FURTHER INFORMATION

- Programme website: dDigital Europe programme
- Impact assessment: The impact assessment for the DEP was carried out in 2018. For further information please consult: https://europa.eu/!BJ66th
- Relevant regulation: Regulation (EU) 2021/694 of the European Parliament and of the Council
- Regulation (EU) 2023/1781 of the European Parliament and of the Council of 13 September 2023 establishing a framework of measures for strengthening Europe's semiconductor ecosystem and amending Regulation (EU) 2021/694 (Chips Act)
- Regulation (EU) 2024/903 of the European Parliament and of the Council of 13 March 2024 laying down measures for a high level of public sector interoperability across the Union (Interoperable Europe Act)https://eurohpc-ju.europa.eu
- https://cybersecurity-centre.europa.eu/index_en
- https://www.chips-ju.europa.eu
- https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/programmes/digital

Budget implementation and performance

Budget programming

Budget programming (million EUR)(**):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	1 130.5	1 232.8	1 340.8	1 249.3	1 088.1	985.6	1 049.8	8 076.8
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	30.5	31.3	40.1					101.9
Total	**1 161.0**	**1 264.1**	**1 380.9**	**1 249.3**	**1 088.1**	**985.6**	**1 049.8**	**8 076.8**

(*) Only Article 15(3) of the financial regulation.

(**) Chips Act is included



Financial programming:

+ EUR 488.8 million (+ 6%)

compared to the legal basis.*

* Top-ups pursuant to Art. 5 MFF regulation are excluded from financial programming in this comparison. Chips Act is included

The Digital Europe programme's original budget was EUR 7.588 billion covering five specific objectives over the 2021-2027 period. For the implementation of the new specific objective 6 (semiconductors), EUR 800 million were transferred to Digital Europe programme. On the other hand, EUR 270 million were transferred from the Digital Europe programme to the Secure Connectivity Programme. Several cuts (for instance, to ENISA to respond to a growing cybersecurity threat in light of the changed political situation) and small top-ups amount in total to an additional cut of EUR 265 million. These changes and the adoption of the Chips Act made the programme's total budget to increase by six percent compared to the initial programming.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR)(*):

	Implementation	Budget	Implementation rate
Commitments	3 802.1	8 178.7	46.5%
Payments	1 684.0		20.6%

(*) Chips Act is included.

Voted budget implementation (million EUR)(*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	1 129.1	1 129.6	23.8	104.8
2022	1 232.5	1 247.8	748.3	844.3
2023	1 339.8	1 306.9	838.0	1 284.5

(*) Voted appropriations (C1) only, Chips Act is included

The first set of work programmes of the DEP was adopted in November 2021. The first projects, stemming from the calls for proposals covered in the first set of work programmes, started the implementation phase in late 2022 / early 2023, when the first payments were performed as part of the pre-financing. The first projects will be finalised and evaluated in early 2024.

Three sets of calls for proposals were published after the adoption of the first set of work programmes. The calls covered topics in all work strands of the programme including the first steps towards the deployment of common data spaces, the promotion of testing of trustful artificial intelligence technologies in testing and experimentation facilities, investments in the area of cybersecurity, education and training opportunities for future ICT experts, the establishment of a network of digital innovation hubs, the deployment of the European blockchain service infrastructure, support to the implementation of the European digital identity framework, the continuation of the investments in the previous financial framework for the safer internet network and the European digital media observatory and its network of hubs.

The 2023-2024 work programmes (Main Work Programme and Cybersecurity Work Programme) adopted in March 2023 (and amended in December 2023) aim to ensure continuity and sustainability of actions already started in 2021 and 2022. At the same time, the work programmes respond to recent developments and societal challenges. Novel elements include:

- support of new high-impact activities, such as the establishment of an Exploitation Office for the broad dissemination of results stemming from forthcoming Important Project of Common European Interest on Next Generation Cloud and Edge Infrastructure and Services and the development of a cloud-based collaborative platform for the management of industrial programmes in the aeronautics and security sector;

- building on the smart communities data infrastructure, the development of virtual reality/ augmented reality worlds and metaverse technologies for communities and interconnected local digital twins in the EU;
- support to AI in the healthcare sector through a platform for advanced virtual human twin, pathways for AI in healthcare and AI in support of Quantum-Enhanced Metabolic Magnetic Resonance Imaging Systems;
- support for the preparation and compliance with the AI Act[26];
- support to build an EU wide digital infrastructure for the AI foundation models for language technologies;
- support to encourage young people and in particular girls to pursue digital studies and careers and to address the gender gap in ICT;
- developing a reference framework addressing urgent needs in energy consumption;
- funding for the Chips Fund, planned in the new European Chips Act;
- support to large-scale projects facilitating the achievement of the targets for digital transformation and industrial recovery in EU (multi-country projects);
- building the capacity of Member States' public administrations to implement the Interoperable Europe Act and enable the joint development of cross-border digital public services in the future.

The 2023-2024 cybersecurity work programme (specific objective 3) will continue to support joint actions in order to create an advanced threat detection and cyber incident analysis ecosystem by building capacities of national and cross-border Security Operation Centres. It will continue to foster cross-border collaboration via National Coordination Centers and provide support to industry, in particular SMEs and start-ups to comply with regulatory requirements, in particular NIS2 and the Cyber Resilience Act. The Programme will contribute to improving the preparedness and cross-border cooperation to tackle large-scale cybersecurity incidents via the new Cybersecurity Emergency Mechanism, develop and deploy cybersecurity systems and tools based on enabling technologies, such as AI and also support post quantum cryptography to respond to the emergence of quantum computers and the associated security threats.

Three set of calls were launched between May and December 2023 covering several initiatives in the main and cybersecurity work programmes (supporting, for instance, advanced digital skills, AI and data spaces, novel AI applications for SOCs and support for the implementation of cybersecurity legislation).

At the end of 2023, the amended Work Programme of the Key Digital Technologies JU renamed Chips Joint Undertaking, published calls for four pilot lines to enable development and deployment of cutting-edge semiconductor technologies and next-generation semiconductor technologies.

Similarly, the implementation of procurement actions in the Main Work Programme 2021-22 has progressed, for instance, within the work strand to increase confidence in digital technologies (platform to support the European Digital Media Observatory and a Better Internet for Kids platform), the procurement of a marketplace for verified cloud services (to be operational in 2024) and the setting up of sectorial data spaces. Procurement actions to promote the digitalisation of public services are well on track and several results were achieved (e.g. concerning the work strands European Digital Identity, eDelivery, Once Only Technical System and digitalisation of justice and consumer protection).

In the area of interoperability, under the Main Work Programme 2021-2022, several activities have been carried out to support, for instance, the development of solutions, tools, specifications and reference architectures for public sector interoperability, the monitoring on digital public administrations, actions on semantic interoperability, the enhancing of digital skills, particularly in the interoperability domain, through the Interoperable Europe Academy, as well as the promotion of interoperability initiatives via the Joinup platform. For the current Main Work Programme, a few procurement actions have been launched already

[26] Proposal for a Regulation of the European Parliament and of the Council laying down harmonised rules on Artificial Intelligence (Artificial Intelligence Act) and amending certain Union legislative acts COM/2021/206 final

for activities supporting semantic interoperability, digital-ready policy-making and the promotion of interoperability solutions, specifications and tools.

Numerous procurements have been launched within the HPC work strands. Since 2022, six large procurements have been implemented to upgrade two existing supercomputers, and to acquire a precursor-to-exascale supercomputer, the first exascale supercomputer and two hybrid HPC/quantum computers.

The DEP is also contributing to the 'Destination Earth' initiative, aimed to develop a highly accurate digital model of the Earth in order to monitor, simulate and predict the interaction between natural phenomena and human activities. After a year of highly visible user engagement events and the procurement of all major components of Phase I (core platform, data lake and first two digital twins), the services of Destination Earth will be made available in mid-2024.

The Digital Europe budget is also being implemented via financial instruments. The Investment Platform for Strategic Digital Technologies (IP-SDT) and the Chips Fund provide financial support to eligible projects through equity and quasi-equity. Both instruments are implemented in indirect management by the European Investment Fund (EIF) that matches 1:1 the available funding under DIGITAL with EIF InvestEU resources.

The IP-SDT started its implementation in March 2022, including a set of advisory services with funding from DEP to the EIB Advisory Hub. 2 transactions for total commitments of EUR 19.8 million have been signed already and 4 more operations are approved for EUR 41 million, covering software investments, early stages digital companies, cybersecurity, AI and DLT.

The Chips Fund deployment was launched late 2023. 1 operation is already signed and 1 approved for a total of EUR 50 million; 5 other deals amounting to EUR 60 million are expected to be signed in 2024. Its deployment is also accompanied by EIF market development & awareness building activities.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	88.9	154.5	70.0	22.8	0.0	0.0	0.0	336.3	4%
Biodiversity mainstreaming									
Clean air									

Several actions in the first work programmes are expected to make a contribution to climate change mitigation or adaptation. This is mainly the case of the 'Destination Earth' initiative, which will develop a very high-precision digital model of the Earth to enable the visualisation, monitoring and forecasting of natural and human activity on the planet. This will allow us to be better prepared to respond to major natural disasters, adapt to climate change and predict its socioeconomic impact. A small number of other actions – such as the Digital Product Passport, an information system that provides data on a product's sustainability and environmental impact throughout its lifecycle, from design to disposal, currently under

development and financed by DEP – are expected to have a non-marginal positive contribution to climate change mitigation or adaptation objectives.

In the 2023/2024 work programmes, Destination Earth and the Digital Product Passport will continue to be funded. A small number of other actions are expected to make a positive contribution to climate change mitigation. For instance, a new action 'EU Energy Saving Reference Framework' will help conserve electricity when there is a shortage of energy supply. This framework for energy-saving applications will support consumers and businesses in enhancing energy efficiency, for example through recommendations on when to increase or decrease energy usage based on regional demand and usage patterns, and personalised guidance for eco-friendly consumption, integrating data from smart metres. The Green Deal data space will offer access to a variety of data relating to the environment and the EU's climate objectives, for instance by providing detailed data on geospatial systems, localised water, soil and air pollution, and energy supply and consumption. The Agricultural data space will enable the agriculture sector to transparently share and access data promoting its economic and environmental performance. Similarly, the Energy data space will provide access to data to foster the development of innovative energy services to optimise the electricity grids and improve energy efficiency. It will play a key role in increasing the integration of intermittent renewable energy sources. The climate contributions after 2024 will depend on the actions to be funded in subsequent work programmes.

In terms of results, the procurements of all major components under Destination Earth have been completed ('core platform, 'data lake' and the first two 'digital twins') and the whole infrastructure will be deployed. The first range of services, including the first two digital twins on climate-change adaptation and extreme weather events, will be made available in mid-2024.

The programme will deliver digital solutions and contribute to closing the digital skills gap, but is not expected to make a direct contribution to biodiversity or clean air. During the implementation of the programme, this *ex ante* assessment will be revised should specific projects make a tangible contribution to these horizontal priorities that could not be anticipated at the start of the implementation.

Contribution to gender equality (million EUR) (*)**:**

Gender Score	2021	2022	2023	Total
2				
1				
0*	1 129.1	1 232.5	1 339.8	3 701.4
0				

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information

– Gender disaggregated information is available for the training courses funded under the 'advanced digital skills' specific objective. In 2023, 2 517 participants were enrolled in specialised training

programmes and short-term training sessions, involving 1 640 male participants, 876 female participants and one non-binary participant. The educational programmes and training initiatives cover diverse key digital areas, including artificial intelligence, data science, cybersecurity, the internet of things, cloud computing, high-performance computing, quantum technologies, blockchain, microelectronics and robotics.

– In line with the Commission's methodology to track gender-equality-related expenditure, the programme has been attributed a score of 0*, which means that the programme's impact on gender will be determined *ex post*, once sufficient information from the programming and implementation phase is available. The contribution from DEP to gender equality in the first set of work programmes may be relevant for the training initiatives to promote advanced digital skills organised under the 'advanced digital skills' specific objective, in line with Article 7 of the Digital Europe regulation, according to which gender balance should be taken into account. The 2021-2022 work programme states that the specialised education programmes, while mainly focusing on excellence, should also address the gender gap. The 2023-2024 work programme introduces two new actions (EUR 8 million in total) to boost the development of digital skills from an early age, particularly for girls, and to promote gender convergence in information and communications technologies. Should the implementation of the abovementioned actions in specific objective 4 entail a contribution, this will be reflected in the respective programme performance statement.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	1 129.1	1 232.5	1 339.8	3 701.4	100%

The full envelope of the DEP contributes to the digital transition. The contribution is thus 100% of the budget committed in a given year.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
High-performance computing infrastructures jointly procured	7	**43%**	21 in 2026	13 compared to a target of 21	Moderate progress
Co-investment in sites for experimentation and testing	0	**71%**	EUR 180 million in 2027	EUR 127 million compared to a target of EUR 180 million	On track
Usage of common European libraries or interfaces to libraries of algorithms, usage of common European data spaces and usage of sites for experimentation and testing related to activities under this regulation	0	**0%**	1 600 in 2030	0 compared to a target of 1 600	On track
Users and communities getting access to European cybersecurity facilities	0	**0%**	400 in 2028	0 compared to a target of 400	On track

People who have received training to acquire advanced digital skills	0	**4%**	65 000 in 2027	2 517 compared to a target of 65 000	On track
People reporting an improved employment situation after the end of the training supported by the programme	0	**0%**	26 200 in 2027	0 compared to a target of 26 200	On track
Extent of alignment of the national interoperability framework with the European interoperability framework	3.750	**>100%**	3.775 in 2025	3.798 compared to a target of 3.775	On track
Businesses and public sector entities that have used the European digital innovation hub services	0	**5%**	191 400 in 2027	8 739 compared to a target of 191 400	On track

(*) % of target achieved by the end of 2023.

- The implementation of the DEP programme is on track to achieve its objectives, the procedures to achieve the milestones for the upcoming years are being implemented and first results have been achieved.
- Regarding the 'high-performance computing' specific objective, the procurement of high-performance computing infrastructures is ongoing to ensure that the supercomputers are available to stakeholders.
    - In 2023, the third precursor-to-exascale supercomputer, MARENOSTRUM V, was inaugurated in the Barcelona Supercomputing Center. This EuroHPC Joint Undertaking system, with a peak performance of 314 petaflops (314 million billion calculations per second), has entered the Top500 list of the most powerful supercomputers in the world at 8th place. It also ranks at 6th place of the most energy-efficient systems. This supercomputer is specially tailored to strengthen European medical research through drug research, the development of vaccines, virus spread simulations and artificial intelligence and big data processing applications. Currently three of these systems are in the top 10 of the world's most powerful computers. They are also among the most energy-efficient supercomputers.
    - In October 2023, the EuroHPC Joint Undertaking awarded the procurement of JUPITER – the first system in Europe to achieve exascale performance, i.e. the ability to execute over 1 billion calculations per second. The system will place the EU as a world leader in supercomputing and be operational by late 2024, and is expected to have a major impact on European scientific excellence and industrial innovation.
- Concerning the 'artificial intelligence' specific objective, the first calls that will enable the usage of data spaces, testing and experimentation facilities, the cloud-to-edge marketplace and an artificial-intelligence-on-demand platform were published and evaluated, and the actual

implementation of the projects started in Q4 2022 and Q1 2023. The initial data on usage of these platforms will be available as of 2024, when the infrastructures become operational. Considerable progress has already been achieved.

- The Simpl Programme, an open-source large-scale, modular, secure, energy-efficient and interoperable European cloud-to-edge smart middleware to support the data spaces (EUR 46 million) was launched in December 2023 and is expected to deliver its initial results by the end of 2024.

- Four sectorial testing and experimentation facilities in the sectors/areas of agrifood, healthcare, manufacturing and smart cities and communities started their work in January 2023. As of 2024, these facilities will offer highly specialised testing and validation services to artificial intelligence innovators, helping them to speed up cutting-edge solutions and bring them to the market. Co-funded with EUR 220 million over 5 years, they bring together 128 partners from 16 countries.

- 21 grants to fund data spaces have been launched so far, with total EU funding of EUR 115 million and involving around 410 beneficiaries. These cover the sectors/areas of tourism, skills, manufacturing, health, mobility, smart communities, the Green Deal and agriculture.

    - These efforts have already yielded results. The 'European cancer imaging' initiative, launched in September 2023, has linked up 36 datasets of images of nine cancer types, for a total of over 200 000 image series of about 20 000 individuals. The 'European genomic data infrastructure' project, through a starter kit, gives all countries the technical capability to access more than 2 500 synthetic genomics and phenotypic data (including cancer, rare diseases and population genomics) across borders.

    - The deployment of the Manufacturing data space has been launched: two large-scale projects are currently ongoing, focusing on predictive maintenance and on the deployment of a data infrastructure for energy management.

    - The preparatory action for the common European agricultural data space has identified over 400 data-sharing initiatives already active in the sector in Europe. It has developed proposals for building blocks, governance structures and business models, and opened up interim results for consultation, with the aim to ensure wide acceptance and use of the data space. To lay the foundation for tailored feedback, webinars (including for Member State representatives) and outreach activities have been organised. Moreover, results of actions programmed under Horizon Europe to inform the development of the data space have been taken into account, and exchanges with the the agri-food part of the DEP 'Testing & Experimenting Trustworthy AI Facilities' programme and the evolving 'Agriculture of data' Horizon Europe partnership have been organised.

    - The preparatory activities for the common European mobility data space identified over 270 data ecosystems in the mobility and transport sector in Europe and recommended common building blocks for the creation of the data space. It helped create a community of key stakeholders and strengthened the momentum to align and collaborate at the EU level. The deployment action for the European mobility data space, which started in November 2023, will deploy real-life implementation projects in nine cities and regions across Europe to help improve the travel experience for commuters and travellers, and assist public authorities in policymaking and traffic management.The Digital Finance platform has recently made available a data hub to facilitate the exchange of data between national

competent authorities and innovative financial firms. It provides synthetic supervisory data for the purpose of testing new solutions and training artificial intelligence / machine learning models.

- In 2023, the open data platform offered access to over 1.6 million open datasets held by public sector bodies. It provides a number of services to promote access and reuse of public sector information, in agreement with the open data directive.

– On the 'cybersecurity and trust' specific objective, the procedures required to launch the actions that will procure cybersecurity infrastructures and tools are on track. Most of the projects implemented via grants or joint procurement will start implementation in early 2024. As it takes approximately 3 years to develop such advanced infrastructures, the target can only be expected to be fully met when the projects are completed.

  - As a first result, a network of National Coordination Centres, comprising one centre in each Member State, has been established. Their mission is to provide access to research and technological expertise in cybersecurity at the national/regional levels and ensure cross-border cooperation.

– On the 'advanced digital skills' specific objective, the first calls that launched the implementation of training for advanced digital skills in 2021 and early 2022 were concluded, evaluated and 20 grant agreements have been signed and projects started to be implemented at the end of 2022 or the beginning of 2023. The call published in late 2022 has also been closed: 12 grant agreements were signed, and the projects started at the end of 2023 or the beginning of 2024. One call from 2023 was already concluded and evaluated, while the indicative start date of the projects is Q2 2024.

  - In 2023, over 2 500 students enrolled in training activities of the specialised education programmes or in the first set of short-term training courses delivered to small and medium-sized enterprises and employees from various industry sectors and the public sector. The specialised programmes and training sessions varied from the designed master's programmes for the acquisition of advanced digital skills for specific sectors, such as health and civil engineering, to training courses, workshops and bootcamps in areas such as artificial intelligence, cybersecurity, the internet of things, blockchain, quantum computing or robotics. New master's courses have been developed and will start to be taught in fall 2024. For example, in the project ManagiDiTH, eight consortium partners from four European countries developed a new master's degree programme, 'Master of Managing Digital Transformation in the Health Sector', which is designed to contribute to the digitisation of healthcare services by teaching data science and information system resources to improve processes and clinical approaches. The programme is a joint degree master and the individual modules will be delivered online in English by the participating higher educational institutions.

– To support public and private organisations in their digital transition, DEP set up a network of European digital innovation hubs in all EU Member States and in Iceland, Liechtenstein and Norway, which comprises 151 hubs. Hub services are available in nearly 90% of the European regions, serving public and private organisations, particularly small and medium-sized enterprises, for instance with facilities allowing them to test before investing in digital solutions and technologies, financing advice or training and skills development. Their strong regional presence leaves them well placed to provide the services local companies need.

– On the work strand 'confidence in digital transformation', two main milestones have been achieved.

- 25 Safer Internet Centres were established, providing safety information, educational resources, public awareness tools and counselling and reporting services to young people, teachers, and parents. Helplines offer advice and support to young users, while hotlines analyse and process reports of suspected online child sexual abuse material from the public, leading to its removal.
- The European Digital Media Observatory, a network of 14 national and multinational hubs covering all Member States, has been established, supporting and coordinating fact-checkers, researchers and media practitioners. By using the hub's specific knowledge of local information environments, the observatory strengthens the detection and analysis of disinformation campaigns, improving public awareness, and designs effective responses for national audiences across the EU, such as targeted actions on the war in Ukraine, the Israel–Hamas conflict or the 2024 EU elections.

– The work strand to digitalise public services is well on track and initial results have been achieved.
  - Large-scale pilot projects involving over 250 public authorities and private entities across almost all Member States, along with Iceland, Norway and Ukraine, have begun piloting the European Digital Identity Wallet across 11 important use-cases, including mobile driving licences, payments, travel credentials, organisational digital identity, e-prescriptions, educational/professional credentials, social security documents and identification for accessing public services, opening a bank account and registering for a mobile phone SIM card.
  - The Once-Only Technical System allows both citizens and businesses to carry out all their administrative procedures across the EU faster, as it enables the automated exchange of evidence (in the form of documents) between cross-border competent authorities. All Member States have started to connect their national infrastructures to the system and are currently onboarding their competent authorities.
  - Authorities in 24 countries already use eLab to screen e-shops and platforms for consumer rights violations and investigate malpractices online. For example, 16 000 products were screened in November 2022 and 2 000 misleading price announcements were detected over the 2022 Black Friday sales. In 2023 the tool's capacity doubled, as over 30 000 products were screened in November, leading to concrete enforcement actions in several countries.

– The Interoperable Europe work strand is on track and main milestones have been achieved. For instance, the Interoperability Test Bed, a Commission solution offering services and components for conformance testing and validation, has so far been actively used by 37 projects, having recorded over 118 000 validations and 66 000 test sessions. In 2023, 2 870 digital solutions were available to governments on the 'Joinup' platform funded by the DEP, which received 1 million visits per year.

– Geographical balance must be ensured by aiming to provide wide access across the EU to infrastructures, tools and services funded by the Digital Europe programme. Data spaces, for instance, will allow businesses and the public sector across the whole EU to share data in strategic economic areas in a safe and trustworthy manner. In SO 3, a network of National Coordination Centres has already been established in all Member States to build capacities at the national level, establish synergies among cybersecurity initiatives and ensure wide participation of relevant stakeholders in cybersecurity projects. In specific objective 4, all Member States except Malta are already involved in training initiatives. Several master's programmes are to be offered online and as a joint degree programme with other universities.

– The services of the 14 national and multinational hubs of the European Digital Media Observatory cover all Member States. By using the hubs' specific knowledge of local information environments,

the observatory strengthens the detection and analysis of disinformation campaigns and designs effective responses across the whole EU, such as targeted actions on the war in Ukraine, the Israel–Hamas conflict or the 2024 EU elections. Similarly, Safer Internet Centres have been established in most Member States, offering advice and support to young users, teachers and parents, and supporting the removal of online child sexual abuse material.

- In terms of their geographical outreach, the European digital innovation hub services are available to companies and public sector organisations in 223 regions or nearly 90% of European regions. As companies can reach out to hubs outside their region, the entire EU is covered by the services of the network, which clearly helps in bridging the digital geographical divide.
- Most of the abovementioned results are also relevant in the context of the new 'Strategic technologies for Europe platform' initiative, as they are deployments in the area of deep and digital technologies or related services, or address the skills gaps in critical technologies aimed at decreasing the strategic dependencies of the EU.
- The Digital Europe programme complements several other funding programmes, in particular Horizon Europe and the digital part of the Connecting Europe Facility. These three programmes are contributing to the Digital Decade targets for 2030 at different levels (prepare, deploy, connect). Horizon Europe supports research, technological development, demonstration, piloting, proof-of-concept, testing and innovation – including pre-commercial deployment – for innovative digital technologies. The Digital Europe programme focuses on large-scale digital capacity and infrastructure building to support the uptake and deployment of critical existing or tested innovative digital solutions across the EU. The Connecting Europe Facility supports the high-capacity broadband and 5G corridors necessary to deploy digital services and technologies across the EU. Synergies among the three programmes are anchored in the design of the 2021/2022 and 2023/2024 work programmes, for instance in the areas of European Common data infrastructure and services, along with supercomputing/quantum computing. The DEP-funded sectorial data spaces benefit from Horizon-Europe-funded projects that, for instance, support digital technologies, methods, architectures and processes for user-friendly, safe, trustworthy, transparent and environmentally sustainable collection, storage and processing of data. A concrete example is the Horizon-2020-funded 'Beyond one million genomes' project, which prepared the groundwork for the DEP-funded 'European genomic data infrastructure' project, by defining the legal, technological and data-related requirements and guiding Member States' agreement on respective recommendations. In the area of supercomputing, the EuroHPC Joint Undertaking draws funds from the DEP, Horizon Europe and the Connecting Europe Facility. Synergies between these three programmes are being exploited to be complementary and mutually reinforcing.
- With regard to synergies across different horizontal priorities, the entire DEP budget envelope contributes to the digital transformation, while some actions also contribute to climate change mitigation and adaptation. This is particularly the case for Destination Earth, and some contributions can also be expected from other topics, such as the Digital Product Passport, the EU energy saving reference framework, the Agricultural data space, the Energy data space and the Green Deal data space.
- The Digital Europe programme, while ensuring continuity of activities, has also proven to be flexible in responding to new societal and economic challenges and a changing geopolitical landscape. As a result, the programme has introduced new initiatives as shown below.

- The COVID-19 pandemic exacerbated the major supply shortage of semiconductors. DEP reacted swiftly with the integration of a new specific objective to promote leadership in semiconductor technologies with the adoption of the Chips Act ([27])
- Russia's war of aggression against Ukraine and the ensuing heightened risk of large-scale cybersecurity threats led to the support for the EU Cyber Solidarity Act, which introduced the Cyber Emergency Mechanism into DEP to increase preparedness and response to large-scale cybersecurity incidents.

– An expected challenge for DEP, as a new programme that often supports large-scale and complex deployments to serve the entire EU, is that the establishment of communities of targeted stakeholders to respond to funding opportunities takes time, and an increased effort to raise awareness is necessary. To remedy the lack of awareness and support at the national level, a network of specific National Contact Points for DEP was set up in early 2023 to support applicants and the implementation of DEP, which in early 2024 comprises 130 established contact points.

– Due to the delay in the publication of the first work programmes (published in November 2021), the first calls were launched only in early 2022 and except for some procurement actions, the actual implementation of projects started in late 2022 or early 2023. Subsequent work programmes were launched in early March 2023 and measures have been taken to accelerate and simplify the implementation process (e.g. better guidance on security restrictions and a simplified application process).

– Participation restrictions brought about by Article 12.5 and Article 12.6, while being key to protecting the EU in key security areas, have also been a hurdle in the implementation, leading to delays and changes in grant agreements. Since the start of the programme, the awareness surrounding security restrictions has significantly increased due to wider outreach activities, training session and information sharing via Programme Committees, National Contact Points and information days.

– As the DEP is a co-funding programme, the investments from the EU budget need to be matched by Member States. The unprovoked Russian invasion of Ukraine and inflation have affected national plans for public spending, which needed to reprioritise investments and support to other areas. This slightly impacted some activities, especially where the contribution needed from Member States was more considerable. Such is the case, for instance, for the joint procurement for high-performance computing infrastructure in the 'high-performance computing' specific objective, in which there were delays in the procurement of supercomputers in 2023. Given the success of the procurement and deployment of EuroHPC supercomputers – which are now among the best in the world (three EuroHPC systems are in the top 10 of the world's most powerful computers) – in the previous multiannual financial framework by the EuroHPC Joint Undertaking, this activity strand is expected to continue to deploy a world-leading data infrastructure and related services.

- The widely used 'simple grant', with a 50% co-financing rate, is an important tool to leverage digital solutions across the EU, but has represented a challenge for some types of stakeholders. The low funding rate also leads beneficiaries, including Member States, to look for other complementary funding, which has proven to be cumbersome and challenging to implement in practice.

([27]) Regulation (EU) 2023/1781.

2014-2020 multiannual financial framework – CEF Telecom

CEF Telecom supported from 2014 to 2020 the deployment of an ecosystem of trusted cross-border digital service infrastructures ([28]) that are essential to triggering the digital transformation of public sector services in the Member States, all for the benefit of citizens and businesses.

Budget implementation

– With an overall investment of almost EUR 280 million in the core service platforms, the Commission enabled the EU-wide interoperability of specific digital services such as eHealth, public open data, e identification or cybersecurity. With an EU contribution of almost EUR 365 million in generic services and an overall leveraged amount of more than EUR 526 million, the uptake of these services with CEF support reached a portfolio of 735 projects in the Member States and participating countries in the European Economic Area by the end of 2021. The last grant agreements under CEF Telecom were signed in 2021. Nearly one third of the total portfolio of projects are under implementation due to the duration of the actions funded by the programme, which go up to 4 years. CEF digital services support EU citizens, businesses and public administrations in interconnecting and adapting their systems to become interoperable across borders.

– The cumulative implementation table for CEF Telecom can be found in the CEF programme performance statement.

Performance assessment

– The deployment of the digital service infrastructures has been marked by a considerable expansion of the ecosystem, going from eight digital service infrastructures in the first working programme to 20 in the latest one. As a matter of fact, the programme started supporting interoperability in a limited set of areas such as e-government, cybersecurity and the cultural sector. Over the years, the programme started enabling, through various solutions, interoperability in other areas such as health, justice, social security, education and skills, to name a few.

– The digital service infrastructures implemented under the telecommunications part of the Connecting Europe Facility contribute to the EU's preparedness to deal with cyberthreats and incidents, encompassing the need for well-resourced Member State computer security incident response teams and swift and effective operational cooperation between them. Their operational cooperation is facilitated by interacting with the core service platform cooperation mechanism of the cybersecurity digital service infrastructures, MeliCERTes, which supports information sharing, facilitates a shared understanding of artefacts, threats and incidents, provides secure communications and enhances the

([28]) Europeana, e-identification, e-signature, e-delivery, e-invoicing, e-archiving, public open data, eTranslation, cybersecurity, eProcurement, business registers interconnection system, eHealth, electronic exchange of social security information, the European e-Justice portal, European digital media observatory, European platform on digital skills and jobs, online dispute resolution, safer internet, EU student e-card and blockchain.

exchange of data between them. As from 2019, an additional cooperation mechanism to facilitate the creation of European-level information sharing and analysis centres has been set up.

– Another example is the e-health digital service infrastructure, which facilitates the movement of health data across national borders, ensuring the continuity of care and the safety of citizens seeking healthcare outside their home country, and enabling the pooling of EU-wide medical expertise to treat rare diseases. To date, 117 projects for e-health have been deployed in all Member States, with overall funding of EUR 29 million.

– An overview of the performance of the actions deployed with the support of the telecommunications part of the Connecting Europe Facility is available here. This data will feed into the *ex post* evaluation of the programme.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	No	
SDG2	No	
SDG3	Yes	The DEP is expected to contribute to this SDG through the support provided for the digitalisation of the health sector, in particular through the uptake of digital health solutions and services. Several actions in the first work programme are expected to contribute directly to this goal. Such is the case of the Data spaces for Health (with over 100 beneficiaries in the first and second calls) or the Testing and Experimentation Facility for Health (with 37 beneficiaries in the second call), which together are meant to constitute an investment from 2021 and 2022 EU budget of up to EUR 68 million. In the Work Programme 2023-24 further EUR 41, 1 million are invested in the increase of health data available for research, innovation, public health policy and healthcare delivery and in the wide access to interoperable health datasets across the EU. Other topics might also marginally contribute with positive externalities although healthcare is not their main objective. Such is the case for support to specialised education programmes in key digital technologies for professionals in various areas, including the health sector.

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SDG4	Yes	The DEP promotes learning opportunities in advanced digital skills in key capacity areas like data and artificial intelligence, cybersecurity, quantum and HPC. The support targets training opportunities for the future experts as well as upskilling of the existing workforce through short trainings reflecting the latest developments in the abovementioned key capacity areas. An example of such investment would be the 'Specialised educational programmes in key capacity areas' with a total support from EU 2021 and 2022 budget of EUR 122 million. In the first calls 20 beneficiaries were selected to design and deliver higher education programme at ISCED LEVEL 7 to promote advanced digital skills. Specialised educational programmes in key capacity areas continue to be supported with EUR 87 million in the Work Programme 2023-24.
SDG5	No	
SDG6	No	
SDG7	No	
SDG8	Yes	The DEP is expected to contribute to bridging the investment gap in Europe and to generate jobs and economic growth. The programme will support the promotion of the advanced digital skills needed for the deployment of the technologies funded by the programme. An example of such investment would be the 'Short-term training courses in key capacity areas' with a total support from EU 2021 and 2022 budget of EUR 25 million. In the second call, 12 beneficiaries have been selected to organise short term training courses for up to 6 months. In the Work Programme 2023-2024, highly specialised training activities in the areas of semiconductors and cybersecurity are supported with a budget of EUR 20 million.

SDG9	Yes	The DEP is contributing to the broader digital transformation of areas of public interest and of industry. The acquisition and deployment of advanced supercomputing capabilities aim to enhance Europe's industrial competitiveness. Moreover, the established network of European digital innovation hubs contributes to the digitisation of industry and address issues of technological accessibility, ensuring that businesses, including small and medium-sized enterprises, have access to cutting-edge technologies and finance for adapting to digital change. The deployment of cross-border interoperable digital solutions will enhance collaboration between European Public administrations. An example of such investment is the setup of the network of digital innovation hubs with a total support from EU 2021-2023 budget of EUR 321 million. 151 beneficiaries have received funding in the first and second calls to establish a network of digital innovation hubs.
SDG10	No	
SDG11	No	
SDG12	No	
SDG13	Yes	A small number of actions under the DEP will contribute to climate mitigation or adaptation. Destination Earth will contribute through the development of a very high precision digital model of the Earth to enable visualising, monitoring and forecasting natural and human activity on the planet in support of sustainable development. The investment from the Digital Europe Programme (Work Programmes 2021/2022 and 2023/2024) for the first two phases exceeds EUR 300 million. The Destination Earth initiative is being implemented via Contribution Agreements by the European Space Agency, the European Centre for Medium Range Weather Forecasts and the European Operational Satellite Agency for Monitoring Weather, Climate and the Environment from Space.
SDG14	No	
SDG15	No	

SDG16	Yes	Selected actions under the DEP as well as the legacy solutions deployed in the context of CEF Telecommunications Programmes aim to enlarge and maximise the benefits of the digital transformation for citizens and businesses. Contribution to this SDG is expected from selected topics that aim to support the digitalization and interoperability of public administrations, piloting of AI applications in law enforcement domain, as well as the digital transformation of Justice and consumer protection. The digital transformation of public administrations shall foster trust in online services, improve the service delivery and the convenience of services for European businesses and citizens, and reduce digital administrative barriers. An example of such investment would be in the work strands supporting the digitalisation of justice and consumer protection implemented via procurement under the first work programme, which sum up to a support from EU 2021 and 2022 budget of EUR 17 million and of EUR 17, 4 million from EU 2023 and 2024 budget.
SDG17	No	

SINGLE MARKET PROGRAMME

PROGRAMME FOR SINGLE MARKET, COMPETITIVENESS OF ENTERPRISES, INCLUDING SMALL AND MEDIUM-SIZED ENTERPRISES, AND EUROPEAN STATISTICS

Programme in a nutshell

Concrete examples of achievements (*)

98.4% of the international financial reporting standards standards were endorsed in the EU in 2023.	60 position papers and responses to public consultations in the field of financial services were produced in 2023.	3 412 alerts were received in 2023 through Safety Gate – the rapid alert system for dangerous non-food products.	0 cases of lumpy skin disease have been reported since 2017, thanks to the vaccination programmes implemented for this disease.
900 000 small and medium-sized enterprises (SMEs) in 35 countries have received financing from the Loan Guarantee Facility in 2014- 2023.	> 2 000 online offers of dangerous products are detected every week by the eSurveillance webcrawler.	22 500 consumers recovered more than EUR 9 million after European Consumer Centres Network interventions with non-compliant traders.	195 training sessions were organised in 2023 under the better training for safer food programme, with 5 866 total participants. In addition, 2 863 people participated in e-learning courses.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	4 **354.7**
NextGenerationEU	0.0

Decommitments made available again (*)	N/A
Contributions from other countries and entities	74.4
Total budget 2021-2027	**4 429.0**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The single market is at the heart of the European project. Since its inception, it has proved a major contributor to growth, competitiveness and employment. It is one of Europe's major achievements and its best asset in an increasingly global world. It is also an engine for building a stronger, more balanced and fairer EU economy. Thanks to the single market, people, goods, services and money can move around the EU almost as freely as within a single country. EU citizens can study, live, shop, work and retire in any EU Member State, and enjoy products from all over Europe. A properly functioning single market is not a given, however. It has yet to materialise in a number of areas, and in others the benefits could be more substantial.

The single market programme (SMP) improves the functioning of the internal market and helps protect and empower citizens, consumers and businesses, including small and medium-sized enterprises (SMEs). The programme supports the design, implementation and enforcement of EU legislation underpinning the proper functioning of the single market for goods and services. It assists the digitalisation of services and business operations and facilitates market access and international cooperation, especially in the areas of company law, contract and extra-contractual law, anti-money laundering, free movement of capital, financial services and competition, consumer protection and product safety. It also contributes to a high level of health and safety for humans, animals and plants, and supports the improvement of animal welfare, the fight against antimicrobial resistance and the development of sustainable food production and consumption. Overarching and contributing to all areas, the programme supports the development, production and dissemination of European statistics on all EU policies.

CHALLENGE

Although the achievements of the single market are well recognised, they are not irreversible. In view of the increasing pressure from global competitors, and in the absence of appropriate financing, there is a risk that the effectiveness of the single market could be undermined with fragmentation and increasing protectionist tendencies within the EU. This could in turn impact the way citizens perceive the benefits of European integration.

A properly functioning single market is even more crucial nowadays to help the green and digital transitions of Europe's industrial ecosystems and to help the EU economy recover from the pandemic and from the impact of the Russian war of aggression against Ukraine.

It is therefore essential to continue to develop EU legislation and standards and to ensure that these are duly enforced, to the benefit of the EU economy and citizens. Moreover, in a context of budgetary constraints, the EU needs to seek synergies and prevent duplication and fragmentation in its support of the single market. It also needs to ensure the greater visibility and coherence of the action it takes, as single

market users may in particular find the proliferation of tools and support programmes confusing. Therefore, through the SMP, the European Commission will continue to address the challenges faced by the single market and help it reach its full potential.

MISSION

The single market has been at the heart of the EU for nearly three decades. It has enabled people, goods, services and money to move around the EU almost as freely as within a single country. EU citizens can study, live, shop, work and retire in any Member State, and enjoy products from all over Europe while their consumers rights are protected and a greater choice of high-quality products and services is available at lower prices. The single market has provided better legal certainty, and made it easier for enterprises (including SMEs) to access new markets across the EU. It has also ensured better access to financial services, investment opportunities and funding. However, the single market is yet to materialise in a number of areas and can improve in others. A well-functioning single market is crucial for the resilience of our economy, including our SMEs. The SMP therefore aims to:

(1) ensure a properly functioning single market for goods and services, with fit-for-purpose legislation, including in the areas of financial services, anti-money laundering, free movement of capital, protection of consumers, product safety, and animal and plant health;

(2) provide high-quality statistics on all EU policies;

(3) coordinate capacity building for joint action between the Commission and Member States;

(4) Support the competitiveness and sustainability of SMEs.

OBJECTIVES

The programme has the following specific objectives:

1. making the internal market work better through improved product market surveillance, in order to continue providing protection to consumers and to EU businesses playing by the rules;
2. improving the competitiveness and sustainability of businesses, especially SMEs;
3. increasing standardisation, including by supporting the development of high-quality financial and non-financial reporting and auditing standards;
4. ensuring the effective functioning of the internal market through the financing of European standardisation and the participation of all relevant stakeholders in setting up European standards;
5. ensuring a high level of consumer protection and product safety and promoting the interests of consumers, including in financial services;
6. contributing to a high level of health for humans, animals and plants throughout the food chain;
7. improving the welfare of animals, the fight against antimicrobial resistance and the development of sustainable food production and consumption;
8. developing, producing and disseminating high-quality statistics on Europe.

ACTIONS

The programme supports activities such as:

- data gathering and analysis in support of the effective enforcement and modernisation of the EU's legal framework;
- studies, surveys, analyses, statistics and evaluations;
- capacity-building activities and the facilitation of joint action between Member States, their competent authorities, key European-level networks, the Commission and the decentralised EU agencies;
- developing information and communications technology tools and supporting Member States in exchanging information;
- financing mechanisms allowing individuals, consumers and business representatives to contribute to decision-making processes;
- advisory and information services, mentoring, training, education, mobility projects, cross-border cooperation;
- strengthening mutual learning through the exchange of good practices and the dissemination of expertise and knowledge;
- awareness-raising activities and discussion forums.

The programme will particularly support, through targeted action, improved competitiveness and sustainability (notably of SMEs); financial stability and the free movement of capital; EU standards for goods and services; the development and monitoring of financial and non-financial reporting; the development, production and dissemination of EU statistics; and several measures concerning the food chain, the protection of human, animal and plant health and the improvement of animal welfare.

STRUCTURAL SET-UP OF THE PROGRAMME

The SMP is mainly implemented under direct management, in particular, but not exclusively, using grants and procurement. The participating directorates-general are DG Internal Market, Industry, Entrepreneurship and SMEs, DG Competition, DG Financial Stability, Financial Services and Capital Markets Union, DG Taxation and Customs Union, DG Health and Food Safety, DG Justice and Consumers and Eurostat. The programme is coordinated in accordance with the memorandum of understanding signed by the seven participating directorates-general, with the support of a coordination team based in DG Internal Market, Industry, Entrepreneurship and SMEs.

The ambition of the SMP is to provide a broad range of targeted tools facilitating the functioning of the single market, from support to EU policymaking and ensuring that the interests of the consumers are well protected. This is enacted through the following objectives/strands.

Internal market objective. Making the internal market more effective, especially in the light of the digital transformation, by supporting the development, implementation and enforcement of EU law covering the internal market in goods and services, including the free movement of capital and financial services, and effective market surveillance throughout the EU. This should ensure that citizens and businesses enjoy the benefits of the internal market and, through a range of tools, ensure they are aware of and can exercise their rights. Through this pillar, the SMP will implement, enforce and develop rules in areas including company and contract law, anti-money laundering, the free movement of capital and financial services. This pillar will support effective market surveillance to ensure that only safe and compliant products are made

available on the EU market. The SMP will ensure financial services meet the needs of consumers, civil society and end users and will enhance the tools and expertise of the Commission so it can effectively enforce competition rules in the digital economy.

SME objective. The measures under this objective have the ambition of helping the EU's businesses and industrial ecosystems become more competitive and sustainable. It supports measures with EU-level added value for this purpose. This includes measures to boost resilience and to support recovery, the digital transition, industry modernisation, market access in the single market and beyond, entrepreneurship and the acquisition of entrepreneurial skills, growth, the scaling-up and creation of SMEs, access to finance, an enhanced business environment and the reduction of administrative burdens.

Effective standards objective. The programme provides financial support to organisations that develop Europe-wide standards to ensure that products and services meet an agreed level of quality and safety. The EU financially supports the European standardisation organisations: the european committee for electrotechnical standardization covers standardisation in the electrotechnical field, the European Telecommunications Standards Institute covers information technology standardisation and the European Committee for Standardization covers all other sectors. In European standardisation, financial support also goes to organisations representing SMEs, social and societal interests (currently ANEC, the Environmental Coalition on Standards, the European Trade Union Confederation and Small Business Standards). In particular, it provides financial support for the development of international financial reporting and auditing standards. These international standards underpin the EU's own legal framework on financial reporting (accounting and auditing) and are essential for the functioning of the EU's capital markets. The SMP also contributes to the development of European and, thereby, global standards on sustainability reporting, which are fundamental for the achievement of the Commission's priorities set out in the European Green Deal.

Consumer objective. Through the initiatives financed under this objective, the programme supports the enforcement of consumer rights and product safety rules ensuring a high level of consumer protection. It empowers consumers and puts them at the heart of the internal market by supporting and complementing states' policies in seeking to ensure that consumers can fully reap the benefits of the internal market and that their safety, legal and economic interests are properly protected. It also supports a coordinated approach to market surveillance rules across the EU. The SMP boosts trust on the part of consumers and traders by giving them access to more efficient and cost-effective means of out-of-court redress. The activities under the consumer strand implement the priorities of the *''New Consumer Agenda for 2020-2025'*, addressing consumers' needs and rights, in particular those of the most vulnerable, and promoting a greener, more digital and fairer single market. The SMP also enhances the participation of consumers, other end users of financial services and civil society in financial-services policymaking and promotes better understanding of the financial sector by providing continuous support to designated organisations. By doing so the Single Market programme (SMP) contributes to the Commission's political priority on 'An economy that works for people' and helps the Commission shape an economy that can fully respond to the needs of the EU's citizens.

Food objective. Through the food strand, the programme will prevent, control and eradicate animal diseases and plant pests; support sustainable food production and consumption and the improvement of animal welfare; and improve the effectiveness, efficiency and reliability of official controls. The SMP will cover veterinary and phytosanitary programmes, emergency measures and activities relating to official controls. Since 2021, under the new multiannual financial framework regulation and the SMP, the EU has been able to financially support measures and initiatives relating to animal welfare, the prevention of food waste and fraudulent practices, the fight against antimicrobial resistance and the promotion of sustainable food production and consumption.

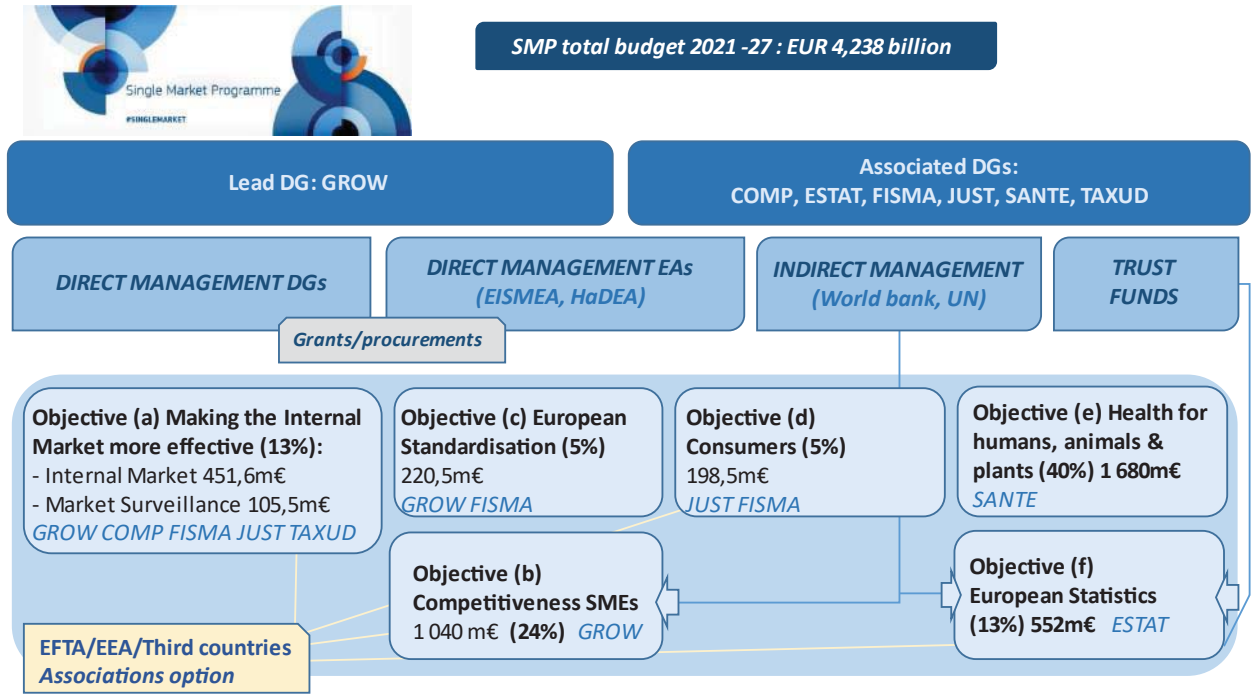
European statistics objective. Under this objective, the programme will provide funding to national statistical institutes and other national authorities for the development, production and dissemination of

high-quality statistics. This allows the provision of information on and the monitoring of the economic, social, environmental and territorial situation, thereby providing for evidence-based decision-making in the EU, supporting policy design and measuring the impact of EU initiatives. This will be done in a timely, impartial and cost-efficient manner, through a strengthened European Statistical System and enhanced partnerships within that system and with all relevant external parties. Multiple data sources, advanced data analytics methods, smart systems and digital technologies will be used, and a national breakdown, and where possible a regional one, will be provided.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP

The SMP is structured into six programme pillars supporting activities in several policy areas.

The budget structure is set out in line with the specific objectives of the SMP regulation (Regulation (EU) 2021/690).



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The SMP brings together six predecessor programmes from various policy areas, notably the grants and contracts part of the former programme for the competitiveness of enterprises and small and medium-sized enterprises (COSME); programmes on consumer protection; consumers and end users in financial services; specific activities in the field of developing financial reporting and auditing standards; measures to contribute to a high level of health for humans, animals and plants throughout the food chain and in related areas; and European statistics. It also integrates a number of former prerogative budget lines. Drawing from the lessons of the impact assessment, this integrated set-up is expected to constitute a more flexible and agile financing framework, which will allow the exploitation of synergies, the prevention of duplication and fragmentation, and prioritisation to be improved across all 14 industrial ecosystems.

An important change in the support provided to SMEs with the introduction of the SMP is the establishment of multiannual initiatives to provide medium-term continuity to flagship initiatives that had already demonstrated their impact upon SMEs, such as the Enterprise Europe Network, actions for clusters and Erasmus for young entrepreneurs. In addition, the financial instruments for SMEs that were previously included in the COSME programme are now part of the InvestEU framework.

FURTHER INFORMATION

Programme website: Single market programme – Performance (europa.eu)

Impact assessment: the impact assessment of the SMP was carried out in June 2018 (SWD(2018) 320 final, 7 June 2018.

Relevant regulation: Regulation (EU) 2021/690 of the European Parliament and of the Council of 28 April2021 establishing a programme for the internal market, competitiveness of enterprises, including small and medium-sized enterprises, the area of plants, animals, food and feed, and European statistics (single market programme) and repealing Regulations (EU) No 99/2013, (EU) No 1287/2013, (EU) No 254/2014 and (EU) No 652/2014 (OJ L 153, 3.5.2021, p. 1).

Final evaluation of the COSME programme ([29]) and *ex post* evaluation of the entrepreneurship and innovation programme: Approval of the Commission's final evaluation report is planned for May 2024.

The final *ex post* evaluation of Regulation (EU) No 652/2014 is ongoing.

The *final* evaluation of the 2014-2020 consumer programme is ongoing and completion is planned for end of 2024.

The interim evaluation of the single market programme will analyse the performance of the SMP from 2021-2023 in conformity with the Article 18 of the regulation (EU) 2021/690. A support study that will build on the evaluation & monitoring framework created for the SMP during the spring 2023 will be carried out by an independent external contractor following a call for tender published in the summer 2023. Work started in October 2023 and the interim evaluation has been chosen for Regulatory Scrutiny Board (RSB) scrutiny. Approval of the final interim evaluation report and completion of the mid-term evaluation is planned for end of 2024.

The final evaluation of the single market programme shall take place in any event no later than four years after the end of the programme, 31 December 2027.

Commission delegated regulation (EU)2023/2445 adopted on 28/7/2023 (C(2023)4993) supplements Regulation (EU)2021/690 of the European Parliament and of the Council as regards the establishment of a monitoring and evaluation framework for the SMP. Accompanying staff working document SWD(2023)271 provides more detailed and technical supporting information on the full set of second level indicators and data reporting requirements and includes the Intervention logic of the SMP.

([29]) The interim evaluation of the COSME programme was published in 2019: Report from the Commission to the Council and the European Parliament for the interim evaluation of the programme for the competitiveness of enterprises and small and medium-sized enterprises (COM(2019) 468).

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	583.1	687.6	633.8	602.3	609.8	618.6	619.5	4 354.7
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	35.1	14.4	24.9	0.0	0.0	0.0	0.0	74.4
Total	**618.2**	**702.0**	**658.8**	**602.3**	**609.8**	**618.6**	**619.5**	**4 429.0**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

+ EUR 146.6 million (+ 3%)

compared to the legal basis.*

* Top-ups pursuant to Art. 5 MFF regulation are excluded from financial programming in this comparison.

The 2023 EU budget for the SME pillar was increased by EUR 10 million following a decision of the budgetary authority..

Negotiations with several non-EU countries ([30]) have been completed or are in the final stages and their contributions are included in the budget once the agreements are ratified. Most countries do not participate in all strands of the SMP; this is discussed during the negotiation process.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	1 959.8	4 429.0	44.2%
Payments	1 149.4		26.0%

Voted budget implementation (million EUR)(*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	582.5	575.0	83.8	131.6
2022	687.5	613.5	391.7	399.6
2023	633.8	602.8	636.5	531.8

(*) Voted appropriations (C1) only.

The legal basis of the SMP was adopted by the European Parliament and the Council of the EU in April 2021. The work programme for the full SMP and the 2021 financing decision were adopted in May 2021. The 2022 and 2023 work programmes were adopted respectively in February 2022 and February 2023.

The EU budget allocated to **market surveillance** under the SMP is around EUR 15 million annually. The main expenses relate to supporting EU joint actions in the area of product inspection, supporting capacity building (e.g. enhancing testing facilities, developing IT tools for the benefit of market surveillance authorities), commissioning expertise in different areas and operational expenses relating to the functioning of the EU product compliance network.

As regards joint actions in the area of product inspection, which take up about one third of the market surveillance budget, 12 inspection campaigns were financed in 2021 and eight in 2022. The remaining budget under the 2022 SMP will be executed in 2023 due to a switch from grants to procurement and the setting-up of a joint framework contract between DG Justice and Consumers and DG Internal Market, Industry, Entrepreneurship and SMEs, which caused a delay.

At the end of 2023, EUR 430 million had been committed to the SMEs objective.

([30]) Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia, Türkiye (enlargement countries); Armenia, Georgia, Moldova, Ukraine (Eastern Partnership countries).

In the first three years of the programme key calls were launched for the multiannual initiatives (enterprise europe network, the joint cluster initiative and the erasmus for young entrepreneurs mobility programme), and calls for projects and calls for tenders covering tourism, social economy, SME internationalisation and SME policy development.

The enterprise europe network (EEN) progressed well. By the end of 2023 a total of 85 EEN grant agreements had been signed for a total maximum grant amount of EUR 180,656,576.40. These cover the provision of EEN services to SMEs across the EU, European Economic Area Member States, and six associated countries. In 2023 five newly associated countries joined the network [31].

An international consortium of EEN members is also involved in the ongoing "EEN energy efficiency Action [32]" under which direct financial support is being distributed to SMEs for investments into energy efficiency projects.

For tourism, a total of EUR 32 million of support is being provided to 16 projects (10 projects under a call published in 2021 to support resilience and recovery after the Covid-19 crisis and 6 projects under the 2022 call to support sustainable growth in this sector). Both sets of projects will also provide direct financial support to approximately 1 405 SMEs to cover capacity building costs such as training, certification, networking and matchmaking, and it is estimated that both generations of projects combined will provide financial or non-financial support to approximately 4360 SMEs.

The 30 ongoing joint clusters initiative projects from the 2021 multiannual call are benefiting from EUR 39 million in EU funding from 2021-2023 budget and will receive a further EUR 3 million for 2024. At this halfway stage, all 30 projects have published at least one of the calls for providing direct support to SMEs and 12 out of 30 projects have completed these call procedures and awarded funding to SMEs.

There are 11 ongoing projects under the 2021 Erasmus for young entrepreneurs call for intermediary organisations to recruit the new and experienced entrepreneurs and support their participation in Erasmus for young entrepreneurs (EYE) exchanges. The amount committed to these projects for 2021-2023 is EUR 28 004 751 and an additional amount of EUR 10 050 000 will be committed in 2024 and 2025.

In 2023, calls for proposals were published for tourism projects (see above), social economy missions, boosting the digital transition of social economy businesses, agri-food clusters, the EEN energy efficiency action mentioned above and actions to support Ukrainian enterprises for integrating the single market and participating in Erasmus for young entrepreneurs.

The 2024 SME pillar work programme includes the budget for continuing EEN, the joint cluster initiatives, and EYE, and a new clusters action for Ukraine. Support to ecosystems and sectors in 2024 will focus on social-economy, textiles, agrifood and retail, life-style industries and tourism[33]. Funding will also be provided to the solar academy and a new raw materials academy to tackle skills gaps by providing training to businesses in these sectors.

In relation to standards, three operating grants were concluded with the **European standardisation** organisations in 2021 for a total amount of EUR 4 052 243 and a global commitment of EUR 10 250 609, EUR 8 898 790 of which was used for the conclusion in 2022 of three pending proposals for action grants. Also in 2021, four grants were concluded with organisations representing SMEs, consumers and social and

[31] Ukraine joined EEN in 2022 and Turkey, North Macedonia, Bosnia Herzegovina, Montenegro and Serbia joined the network in 2023.

[32] This is funded under work programme 2022 with an EU grant of EUR 10 million

[33] In particular, organisational and entrepreneurial capacity-building in the social economy sector, digital up-/re-skilling for textiles, agrifood and retail renewable energy communities, a new WORTH accelerator project for lifestyle industries and promotion of trans-European tourism products in third countries.

environmental interests in standardisation for an amount of EUR 4 673 384. In 2022, three operating grants amounting to EUR 3 423 629 and six action grants amounting to EUR 2 955 342 were concluded with the European standardisation organisations. A global commitment for EUR 10 318 313 was made in 2022. Of this, EUR 9 136 385 is expected to be consumed by the 24 action grant proposals under evaluation, while the remaining amount will be spent on new call for action grants. In relation to organisations representing SMEs, consumers and social and environmental interests in standardisation, four grants were concluded in 2022 for an amount of EUR 44 907 151 with EUR 1 218 654 coming from the 2021 appropriations through a global commitment and the rest EUR 3 688 497 from the 2022 budget.

In 2023, the budget was allocated to support the functioning of European standardisation organisations and organisations meeting the criteria outlined in Annex III to Regulation (EU) No 1025/2012. European standardisation organisations received three operating grants totalling EUR 3,119,975. Additionally, organisations representing SMEs, consumers, and social and environmental interests in standardisation received four grants totalling EUR 5,734,539, with EUR 4,717,840 coming from 2022 appropriations through a global commitment and the remaining EUR 1,016,699 from the 2023 budget.

Furthermore, 23 action grants totalling EUR 7,485,723 were awarded to European standardisation organisations for the implementation of standardisation priorities, with EUR 5,600,473 coming from 2022 appropriations through a global commitment and the remaining EUR 1,885,250 from the 2023 budget. As of the end of 2023, eight grant agreements for actions with European standardisation organisations totalling EUR 5,305,190 were in preparation. Additionally, a call for six proposals for grants totalling EUR 4,460,000 was issued, resulting in a global commitment of EUR 14,810,050 to support pending proposals and future calls in 2024.

For the **financial and non-financial reporting and auditing standards** objective, grants totalling EUR 8 078 058 in 2021, EUR 8 427 095 in 2022, and EUR 9 654 000 in 2023 in commitment appropriations, were awarded to the three beneficiaries – identified in the regulation – supporting the development of high-quality financial and non-financial reporting and auditing standards. Commitment appropriations not needed for 2021 and 2022 have been reprogrammed for later years. In addition, just over EUR 337 000 was decommitted in 2022, as one beneficiary did not fully use the maximum grant awarded to it for 2021. For 2024, grants for a total amount of just over EUR 10 004 000 are expected to be awarded.

For the objective of **enhancing consumers' involvement in EU policymaking in the field of financial services**, grants totalling EUR 1 496 375 in 2021, EUR 1 497 691 in 2022, and EUR 1 497 841 in 2023 in commitment appropriations, were awarded to the two beneficiaries – identified in the regulation establishing the single market – for their initiatives supporting consumers and other end users of financial services. For 2024, grants for a total amount of just under EUR 1 500 000 are expected to be awarded.

For the **consumer protection** objective, a total budget of around EUR 73 million in commitment appropriations was implemented under grants and procurements in 2021-2023. Around 50% of the budget was consumed for grants to support activities offering assistance to consumers in Member States in the form of alternative dispute resolution; promote stable debt advice services; support joint action by the European Consumer Centres; support cooperation between national authorities responsible for the enforcement of consumer protection law; support the activities of Member State authorities participating in EU consumer policy; and support the activities of the consumer organisation at the EU level (*the European Consumer Organisation BEUC*). In total, 182 proposals were submitted from 29 countries, including EU Member States, Iceland and Norway. The other activities financed under the SMP were procurement procedures supporting market surveillance and enforcement actions; capacity building, awareness raising and consumer education initiatives; studies, evaluations and surveys; events and communication campaigns; IT systems and information support structures.

A total budget of around EUR 303 million in commitment appropriations was implemented under the **food strand** in 2022, with a great focus on veterinary and phytosanitary programmes (38% of the budget). An increase of EUR 74 million was received in 2022 to honour outstanding obligations under signed grant decisions for emergency measures in line with Article 4(5) of the SMP regulation. The overall committed amount for emergency measures in 2022 was thus EUR 105 million. The other initiatives financed under the SMP in 2022 were direct grants to the EU reference laboratories (EUR 20 million), grants in the domain of antimicrobial resistance, better training for safer food, information technology initiatives, initiatives implemented under indirect management and others.

In 2023, under the food strand pillar a total budget of approximately EUR 265 million in commitment appropriations was implemented. The primary focus of spending shifted towards the veterinary and phytosanitary emergency measures, which accounted for 50% of the implemented budget. Given the significant outbreaks in the field of Animal Health during the years 2020-2022, particularly related to African Swine Fever and Highly Pathogenic Avian Influenza, an additional EUR 31 million in commitment appropriations was allocated. This reinforcement aimed to honour signed grants for emergency measures. The total amount committed for emergency measures from the 2023 budget reached EUR 133.4 million. As in 2022, other actions financed under the SMP in 2023 included direct grants to the EU reference laboratories and EU reference centres, grants in domains such as antimicrobial resistance, food waste, food information. The Food chain strand also financed actions under the better training for safer food initiative, many information technology projects as well as actions implemented under indirect management.

In the domain of **European statistics**, the voted budget for the period of 2021-2023, totalling of 224.7 million in commitment appropriations were fully implemented, supporting calls for proposals, tenders, etc. Besides supporting the operations of the European Statistical System, activities also focused on the response to the Russian war of aggression against Ukraine and the related energy and cost of living crisis, the recovery from the COVID-19 pandemic, monitoring the progress towards the sustainable development goals (SDGs) in the EU context and modernising the production of European statistics by building capacity within the European statistical system regarding the use of new data and new production techniques in line with the digital transformation.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	47.4	62.6	74.8					184.9	4%
Biodiversity mainstreaming									
Clean air									

Overall, activities financed by the SMP contribute mainly indirectly to the mainstreaming priorities with the programme's objective to support resilience of the single market for recovery and ensure restoration after

COVID-19 and fulfil the green and digital transition of Europe's industrial ecosystems. The ongoing midterm evaluation of the SMP also aims to assess the programme's progress towards the achievements of its objectives and to assess how it contributes to the Commission's horizontal priorities. The transition towards a greener and more digital internal market is sought through the funding of activities, new technologies and creation of opportunities and business-cases allowing the fostering of sustainable competitiveness while ensuring the protection of consumers and citizens in the EU. The objectives of the SMP are inherently linked to the success of the twin transitions for their achievement. Reciprocally, progress towards these objectives, thus creating a thriving environment for businesses and citizens (consumers), provide the necessary means and incentives needed for the transitions.

Within the **SME pillar**, the Enterprise Europe Network uses the full range of its innovation and business advisory services to support SMEs with the transition towards more sustainable business models and more climate-friendly products and processes. For example, EEN's innovation management advisory services, which help companies manage change processes, can support the transition towards more sustainable business models, whereas its innovation and technology transfer services support the introduction of cleaner, less waste-producing and more energy-efficient production lines in SMEs. A dedicated group of sustainability experts within the network acts as a focal point and community of practice within EEN. The Enterprise Europe Network energy-efficiency action is now fully operational (see the point on SDG 7). Supporting the green transition is also one of the key objectives of the Euroclusters projects. Approximately 40% of the budget of this action supports climate goals. This is achieved mainly by providing direct financial support to SMEs (via cascading calls) to assist their adoption of new technologies leading to higher sustainability. Examples of Euroclusters projects with a specific focus on climate goals are the INGENIOUS project for energy intensive industries, and the B-Resilient project to build up the biomass resilience of food-producing and processing SMEs through green and digitised value chains. All projects under the local green deals strand of the social economy and local green deals action (work programme 2021) led to the conclusion of local green deals that serve as a basis for work to implement more climate-friendly practices within their local communities.

The sustainable procurement hubs action (work programme 2024) with EU funding of EUR 4 500 000 will support living labs with strong links between innovators and public administration in areas like mobility, the green and digital transitions, health and education. These will allow public authorities and SMEs to interact to define challenges and possible innovative solutions, with a view to creating new opportunities for SMEs to participate in innovation procurement contracts for boosting sustainability.

There are many other projects and actions that contribute to climate goals, while also focusing on other objectives (for example the 2021 projects on sustainable growth in tourism). It is therefore difficult to estimate the total expenditure on climate across the SME pillar.

A number of **SME pillar** initiatives contribute to biodiversity goals. Protection of plant variety rights is one objective of the SME Fund intellectual property voucher scheme that reimburses certain types of expenses incurred by SMEs for protecting their intellectual property rights. In 2023, the fund awarded a total of EUR 1 575 to 167 SMEs (funded by a contribution of EUR 100 000 from the SME Pillar budget, and additional funds from the European Union Intellectual Property Office.

EUIPO ([34]) to support them with the start of the registration process of certain new plant varieties in the EU and encourage them to invest in innovations in plant breeding. The average amount awarded per SME was EUR 225. A number of changes were also made to encourage a higher number of SME applications in

([34]) The total EU budget for the SME Fund in 2023 was EUR 2 100 000, of which EUR 100 000 was specifically allocated to plant variety rights. In accordance with the SME Pillar work programme, the additional funding for this scheme comes from the European Union Intellectual Property Office's legacy surplus outside its operational budget.

2024 for plant variety rights protection ([35]). The European agrifood sustainability cluster partnerships action (two projects with a total maximum EU grant of EUR 1.6 million under the 2023 work programme) will support the establishment and development of cluster partnerships to mobilise and support SMEs from this sector to engage in resource efficiency and sustainability improvements, including improvements relating to biodiversity.

Grants to the **European financial reporting advisory group** support the development of European sustainability reporting standards as provided for by the corporate sustainability reporting directive, adopted on 14 December 2022. The directive is a key instrument to support the EU sustainable finance agenda and important to meet the objectives of the European Green Deal. The European financial reporting advisory group submitted the first set of 12 final draft European sustainability reporting standards on 22 November 2022 covering 10 topical sustainability matters including climate change, pollution, own work force and affected communities. The Commission adopted the standards on 31 July 2023 and they apply as of 1 January 2024. The European financial reporting advisory group has continued developing further draft standards and implementation guidance during 2023.

The action grants to the European **standardisation** organisations reflect the priorities of the annual EU work programme for European standardisation, of which the green transition is one of the main dimensions. The first three action grants under the SMP concern ambient air, plastic fishing gear and organic fertilisers.

Within the **consumer pillar**, one of the key priorities in the **New Consumer Agenda** for 2020-2025 is to support the green transition by promoting more sustainable production and consumption of goods and services. In this context, several procurement initiatives were concluded in 2021-2023 to support measures that empower and assist consumers to make sustainable and informed choices, by raising consumers' awareness of the environmental performance of products, such as their durability, reparability and eco-design features. The initiatives also aimed at protecting consumers from harmful practices, such as greenwashing, early obsolescence of goods and better information at the point of sale. To promote sustainable production, the consumer pillar launched the **sustainable consumption pledge**, which calls upon businesses in various sectors of the economy to undertake specific, public and verifiable commitments to reduce their overall environmental footprint, to produce and market more sustainable products and to change their business practices towards a more circular model.

Contribution to gender equality (million EUR) (*)**:**

Gender score	2021	2022	2023	Total
2				
1				
0*	582.5	687.6	633.8	1 903.9
0				

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);

([35]) An increase in the maximum reimbursable amount to EUR 1 500 and the extension of types of eligible fees which now also include examination fees.

- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information:
Eurostat, in addition to domain-specific databases, is disseminating gender equality statistics via the dedicated section on equality: https://ec.europa.eu/eurostat/web/equality-non-discrimination/overview.

Measures supported under this programme respect gender equality principles and take the gender dimension into account.

Under the SME pillar, 59% of the operational coordinators of Enterprise Europe Network consortia are female and 41% are male. The network also has a dedicated group that supports women entrepreneurs and provides partnership and advisory services specifically tailored to their needs. In 2023 ([36]), 58% of the total financial support provided for Erasmus for young entrepreneurs exchanges went to female new entrepreneurs (297 female new entrepreneurs benefited from the programme and received a total of EUR 951 733 to support the costs of their stay). The SME pillar has also created opportunities for businesses in sectors such as the social economy, which are known to attract a high percentage of women entrepreneurs. A total of 19 projects to support local green deals and boost resilience in the social economy sector started in May 2022 (with a total budget of EUR 4 million). Ten of the 19 coordinators are women, and 63 women (50%) are registered as contact persons out of the 125 partners in these projects. The evaluation procedures for the 2023 social economy call ([37]) are in their final stages. The action for helping Ukrainian companies to integrate into the single market (work programme 2023, total EU funding EUR 4 500 000) gives specific priority to women entrepreneurs and social economy companies ([38]). This project is in its early stages and will run until October 2025. The 2023 work programme also includes a dedicated action with a budget of EUR 400 000 to collect data on women's entrepreneurship and organise a media campaign on promoting female role models for girls and women ([39]).

Eurostat pays special attention to the gender perspective in its programme by systematically collecting, providing and disseminating sex-disaggregated data in a wide range of domains, including health, employment, income and living conditions, education and training, participation in society, discrimination and gender-based violence. A stocktaking of the availability of equality data in different statistical domains at Eurostat was carried out, and detailed discussions with users were carried out to discover their data needs. To support the improvement of equality and non-discrimination statistics in the EU, Eurostat has set up an 'equality and non-discrimination statistics task force' as a sub-group to the European directors of social statistics expert group to which it will report. This sub-group is expected to complete its tasks by the end of 2026.

([36]) This data covers exchanges which started and finished in 2023, but not exchanges which started in 2023 and will finish in 2024.

([37]) This focuses on digital transition of social economy SMEs and entrepreneurs (total EU budget EUR 8 000 000).

([38]) This project aims to provide 1 500 Ukrainian SMEs with direct support of up to EUR 2 500 to enter the single market, participate in trade fairs and develop their business and/or online services. The first call for third-party financing is currently in progress.

([39]) Call for tenders published on 22 December 2023 – deadline 28 February 2024.

The agreed initiatives aim at improving data availability and quality by:

- developing guidelines and recommendations for improved comparability of the statistical terminology and taxonomies in the EU context;
- supporting the coordination between the Commission, Member States and other stakeholders;
- making proposals for better coverage of equality and non-discrimination statistics at the EU level based on the six grounds of discrimination (sex, racial or ethnic origin, religion or belief, disability, age and sexual orientation).

In 2023, Eurostat disseminated gender pay gap data for 2021, along with many detailed sex-disaggregated socioeconomic indicators and discrimination statistics. The EU gender-based violence survey data collection in 18 Member States coordinated by Eurostat is finalised and the indicators providing information on the prevalence and dynamics of violence were disseminated by the end of November 2023.

Under the **consumer pillar**, a panel discussion, entitled 'Safe for all? Gender and product safety' was organised during International Product Safety Week in 2022. Although product safety has long been considered a gender-neutral field, in recent years increasing attention has been paid to how gender differences affect health and safety. For example, product-safety panellists pointed out that products are not always modelled on women during their design process. Consequently, this may result in the creation of unsafe products for them. There are also gender differences in consumption patterns, and thus in the type of risks women face. In addition, women drive most household purchases, which means that they can play a key role in consumer safety. The session concluded with good practices on how to involve the gender dimension in policymaking, product design and education campaigns.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	2.4	10.2	8.0	20.6	1%

The general objective of the SMP as a funding programme is to enhance the single market, so that it can reach its full potential, and does not have the specific scope of digital contribution. However, the programme does include financing of activities that contribute to the goals of the digital and green transition in some parts.

The 2023 SME pillar work programme includes an initiative with a budget of EUR 8 000 000 that is entirely dedicated to boosting the digital transition of social economy enterprises. Many of the Euroclusters projects provide support to businesses for the digital transition (together with sustainability and resilience building). There is no clear breakdown of the percentage of the Euroclusters budget allocated to digitalisation. One relevant project example is the AIBC Euroclusters project, which focuses on artificial intelligence and blockchain technologies. The ongoing work seeks to boost the capacities/skills of clusters to allow them to provide stronger support to European SMEs that develop artificial intelligence and blockchain solutions and to support the uptake of related applications by different industrial ecosystems. There are also a number of Euroclusters projects with multiple goals that have published calls for third-party finance specifically dedicated to the digital transition ([40]).

The Enterprise Europe Network's service package includes advice to help SMEs prepare for and implement the digital transition by adapting their processes, using digital technologies and developing new products and services using new digital means. These services are provided in collaboration with other relevant European networks such as the European digital innovation hubs. As the Enterprise Europe Network grant agreement does not break down personnel costs by topic, it is not possible to specify the percentage of the network's budget that supports this goal.

The 2022 tourism call covers both digital and sustainability transitions for tourism ([41]), offering training, networking and capacity-building support. Support for digitalisation and sustainability is also provided to the construction and renovation sector to facilitate SMEs' participation in lighthouse renovation projects for affordable housing and a project for digitalisation of the built environment, public procurement and construction SMEs is ongoing until June 2024 (budget EUR 750 000 under the 2021 work programme). One of the new second-level indicators for the SME pillar approved in mid-2023 measures the number of SMEs supported which undertook business process innovation tied to technological adoption leading to higher digitalisation. Reporting data on the new indicators will be available in future reporting periods.

The action grants to the **European standardisation organisations** reflect the priorities of the annual EU work programme for European standardisation, in which the digital transition is one of the main dimensions. Several action grants concern e-invoicing, the internet of things and interoperability activities.

Under the **consumer pillar**, one of the top priorities in the **New Consumer Agenda** for 2020-2025 is to ensure that consumers derive full benefit from the digital transformation which is radically changing consumers' lives, offering new opportunities while addressing digitalisation challenges for vulnerable consumers. In this context, in 2021-2023 the SMP supported several initiatives aimed at ensuring digital fairness and protecting consumer's rights when buying online (including in digital finance), addressing the new challenges to the safety of products brought by new technologies and online sales, along with tackling unfair online practices and manipulations such as dark pattern models and hidden influencer marketing. In 2023, the programme financed a supporting study that provides the evidence basis for the fitness check of EU consumer law on digital fairness. The latter evaluates whether EU consumer law is still adequate in the digital environment or whether any targeted changes are necessary. It examines issues such as dark patterns, addictive design, emotional manipulation, commercial personalisation (advertising, pricing etc.), marketing activities by social media influencers, digital subscription cancellations and renewals, unfair contract terms and use of artificial intelligence chatbots in customer service.

([40]) For example, the 2021 Euroclusters 'Supporting The Recovery And Business Transformation Of Lighting & Furniture SMEs' project recently published a second call for business digital transformation projects (total call budget EUR 135 000).

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Number of cases of non-compliance in the area of goods, including online sales	9 606	**NA**	NA	16 245	NA
Number of entrepreneurs benefiting from mentoring and mobility schemes, including young, new and female entrepreneurs, along with other specific target groups (**)	0	**9%**	22 000 in 2027	2 086 compared to a target of 22 000	Moderate progress
Percentage of international financial reporting and auditing standards endorsed by the EU	100%	**98%**	100% in 2027	98.4% compared to a target of 100%	On track
Number of position papers and responses to public consultations in the field of financial services from beneficiaries	0	**43%**	371 in 2027	161 compared to a target of 371	On track
Number of successfully implemented national veterinary programmes	90%	**> 100%** (***)	> 90% in 2027	94% compared to a target of > 90%	On track
Number of successfully implemented national phytosanitary programmes	0	**> 100%** (***)	95% in 2027	100% compared to a target of 95%	On track
Number of web mentions and positive/negative opinions	480 000	**> 100%**	499 539 in 2028	931 300 (****) compared to a target of 499 539	On track

(*) % of target achieved by the end of 2023.
(**) No single market programme reporting data is envisaged for the mentoring and mobility actions in 2021, as the actions during this period are funded under the previous programme for the competitiveness of enterprises and small and medium-sized enterprises.
(***) % of target achieved by the end of 2022.
(****) See text below for an explanation of why the result for 2023 is above tha target.

With implementation in the third year of this new programme, a midterm evaluation has been launched to assess the performance of the SMP as a whole during the first 3 years of implementation. A tailored

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monitoring and evaluation framework was developed in 2023, whose purpose is to ensure the effective assessment of the SMP's progress towards the achievements of its objectives. Additional second-level indicators (design and content level) for the pillars and the programme as a whole have been adopted via a delegated act (Commission Delegated Regulation 2023/2445 of 28 July 2023) and supplement the core performance indicators already established in the legal basis (annex IV to the SMP regulation). While certain interventions throughout the programme to some extent contribute to several horizontal priorities at the same time, there is a need to further align and explore more and deeper synergies. The results of the first midterm evaluation will serve as a substantial source of information to feed into this reflection, enhancing synergies in the context of the horizontal priorities.

Making the internal market more effective by supporting the development, implementation and enforcement of EU law in the areas of the internal market for financial services

- In 2023, the single market programme continued to support the Commission's policy work fostering stable and globally competitive financial markets in the interest of businesses and consumers and promoting growth and job creation. To that end, the Commission continued its work to also advance competitiveness with its actions to promote a European capital markets union. That resulted in the Commission adopting legislative initiatives that alleviate the administrative burden on businesses including SMEs.

- To enhance retail investors' trust and confidence to safely invest in their future and take full advantage of the EU's capital markets union, in May 2023 the Commission adopted its **retail investment strategy.** The strategy aims to foster participation in EU capital markets, which are an essential means to channel private funding into the economy and to fund the green and digital transitions. To ensure the EU's financial sector can adapt to the ongoing digital transformation, in June 2023 the Commission put forward a proposal to amend and modernise the **current payment services directive (PSD2)**, which will **become PSD3**, and also establish a **payment services regulation (PSR)**. These will ensure that consumers can continue to safely and securely make electronic payments and transactions in the EU, domestically or cross-border, in euro and other currencies. To ensure that consumers and small businesses can continue to access and pay with euro banknotes and coins across the euro area, and to set out a framework for a possible new digital form of the euro, in June 2023 the Commission adopted its 'single currency package'. The package includes a legislative proposal establishing the legal framework for a possible **digital euro** and a legislative proposal on the **legal tender of euro cash**, which ensures that cash remains easily accessible for people and businesses across the euro area.

- In April 2023, the Commission adopted a proposal further strengthening the existing EU bank crisis management and deposit insurance framework. This will enable authorities to organise an orderly market exit for failing banks of any size and business model, including smaller banks. Through this proposal, the EU will further protect taxpayers and depositors, and increase the efficiency of the crisis management framework for the economy.

- To address the need to improve levels of financial literacy in the EU, in September 2023 the Commission published a joint EU–Organisation for Economic Co-operation and Development **financial competence framework for children and young people**, which was then supported by a capital markets union **social media campaign**.

- To support the green transition, in June 2023 the Commission put forward a new package of measures to strengthen the foundations of the EU sustainable finance framework. The package aims to ensure that the framework continues to support companies and the financial sector, while

encouraging the private funding of transition projects and technologies. In this respect, the Commission added additional activities to the EU taxonomy and proposed new rules for **environmental, social and governance rating** providers, which will increase transparency on the market for sustainable investments.

Product market surveillance

- The EU product compliance network, composed of Member State representatives in the area of market surveillance and officials of the Commission, continued working on the implementation of Regulation (EU) 2019/1020 on market surveillance, which entered into force in July 2021. The implementation of the regulation includes initiatives financed by the EU budget.
- Under the SMP, the Commission provides yearly financial support for joint actions between the market surveillance authorities of different Member States, to undertake joint product inspection campaigns. The purpose of the cooperation is to harmonise the ways of working at the EU level, especially in terms of risk assessment of the products tested. When a campaign is finalised, the market surveillance authority coordinating the action presents the results to the EU product compliance network, and follow-up action is undertaken to remedy any issues identified. This is a way to share best practices, and is much appreciated by the members of the network. Two campaigns were finalised in 2022 (portable heaters and recreational crafts). Thirty product campaigns are currently ongoing.
- The Commission supports the market surveillance authorities with the development of three information technology pilot projects meant to facilitate and automate the work of market surveillance inspectors. A special focus is put on e-commerce surveillance. The development of the tools is ongoing. The purpose of this initiative is to provide the Member States with effective tools, especially for less digitally advanced market surveillance authorities.
- The Commission continues to offer Member States a platform for the exchange of information between market surveillance authorities, namely the information and communication system for market surveillance. The platform is continuously maintained and developed to meet the needs of market surveillance authorities.
- Various cooperation agreements have been set up under the SMP in the form of administrative arrangements. The purpose of these activities is to collect relevant information in order to implement evidence-based policy. DG Internal Market, Industry, Entrepreneurship and SMEs cooperates with the Joint Research Centre for the collection of national market surveillance indicators and peer reviews between market surveillance authorities. The first results were delivered in 2022. DG Internal Market, Industry, Entrepreneurship and SMEs also has a cooperation agreement in place with DG Taxation and Customs Union for the development of a system for exchanging data between customs authorities and market surveillance authorities, under which the first data was delivered in 2022.

Consumer protection pillar – Ensuring high levels of consumer protection and product safety

- One of the top priorities of the consumer policy, outlined in the New Consumer Agenda for 2020-2025, is to empower consumers to take an active role in the twin green and digital transitions. The Consumer pillar supports the convergence of digital and green thinking: reducing the environmental impact of digital technology and using digital tools to foster sustainable production and consumption. European consumers rightly expect to benefit fully from the single market and to live in a fair market – online and offline – where the sustainable choice is the easy and affordable choice, and digitalisation works to the benefit of all. To help consumers in this transition, the Commission has adopted a new law granting consumers the right to repair common household

appliances and established new rules to ensure consumers are better informed and better protected, for example against early obsolescence, greenwashing or misleading environmental claims. The digital transformation offers to consumers opportunity to make comparisons between products, to check their environmental impacts and reliability of information. To ensure that consumers derive full benefit from the digital transformation which is radically changing consumers' lives by offering opportunities while addressing new challenges, the SMP supported initiatives aimed at tackling dark patterns, ensuring digital fairness and protecting consumer's rights when buying online. The Commission also adopted new EU-wide rules on product safety that cover new digital technologies and online sales. Consumers are now also better protected regarding financial services contracts concluded at a distance.

- Under the consumer protection pillar, the programme continued to finance Safety Gate, the EU's rapid alert system for the dissemination of information on dangerous non-food products, so the national authorities in the single market can take effective action. In 2023, Safety Gate enabled the circulation of 3 412 alerts, or 55% more than the annual average observed over the last 5 years. This increase can be explained by the constant improvement of the system and wider use of the e-surveillance web crawler, launched by the Commission in 2022 to enhance authorities' capacity to trace dangerous products. This powerful tool traces whether dangerous products banned from sale are removed from all online listings. It is now used by more than 500 surveillance authorities in 29 EU/EEA countries and detects on average 2 000 online offers of reported dangerous products every week.
- The consumer pillar also facilitated cooperation among EU/EEA market surveillance authorities to reinforce the safety of products placed in the single market by financing the joint testing of products, the analysis of the outcomes, assessing the risks, taking the measures on dangerous products, along with sharing of knowledge and best practices.
- In 2021-2023, the programme provided EUR 24 million to the European Consumer Centres network, which helps consumers with cross-border purchases and educates them about their rights when shopping on the single market. Since the outbreak of COVID-19, the European Consumer Centres have been at the forefront of helping consumers confronted with cancellations of flights and package travel, problems related to online shopping and the increase in the number of scams. In 2023, the network received 125 000 requests for assistance. In 22 500 cases it acted as an intermediary with the trader in obtaining redress, which resulted in the recovery of over EUR 9 million.
- The consumer budget continues to support the operational capacities of the national consumer protection cooperation authorities responsible for the enforcement of EU consumer protection laws. The action grants were awarded to consumer protection cooperation authorities to assist them in, for example, exchanging good practices, creating online investigation tools, training staff, developing artificial intelligence tools to detect online infringements and creating a new database of consumer complaints to allow similar market issues to be detected in several Member States. The grants also support EU authorities' networking activities with non-EU enforcement bodies as part of the international consumer protection and enforcement network. In 2023, on Member States' request, the support scheme was changed from grants to public procurements that facilitated organisation of workshop on dual quality and peer-to peer meetings.
- The programme provides financial contributions to Alternative Dispute Resolution (ADR) entities aimed at providing redress to consumers without them having to go to court. The action grants support activities including training for practitioners, customised assistance for vulnerable consumers, the creation of an online case-handling tool and exchanging of best practices. Sectoral seminars and workshops organised in 2021-2023 brought together more than 300 practitioners to attempt to strengthen the effectiveness of ADR bodies and to address challenges relating to the energy crisis and the shift towards digitalisation. As digital markets require quick and simple redress mechanisms, the SMP facilitated to gather evidence-based information from alternative dispute resolution practitioners and other stakeholders to feed the Commission's proposal to revise the

Alternative Dispute Resolution directive. In 2021-2023 the consumer pillar funded several initiatives to help over-indebted consumers to remedy their economic wealth by facilitating exchange of best practices and capacity building to debt advisors, and by offering action grants to support creation of stable debt-advice services and the networks of experts.

- In 2023, the programme financed a supporting study that provides the evidence basis for the fitness check of EU consumer law on digital fairness, and which evaluates whether EU consumer law is still adequate in the digital environment.
- The programme has supported several capacity-building, awareness-raising and education activities, for example: (1) Consumer-Law Rady project providing training courses dedicated to SMEs; (2) Consumer Pro training programme addressed to consumer organisations and other actors in consumer protection; (3) Enforcement Academy aiming to improve the digital investigation and enforcement capacities of national consumer protection authorities and consumer safety networks; (4) Influencer Legal Hub, an online library providing guidelines for social media influencers; and (5) 'Better Internet for Kids', ensuring that children are protected, respected and empowered online.
- The programme also provides an operating grant of EUR 2.4 million per year to The European Consumer Organisation (Bureau européen des unions de consommateurs (BEUC)) to support various activities aimed at defending the interests of European consumers and providing support to the consumer organisations.

Enhancing the participation of consumers in financial services

- In 2023, the programme provided action grants to two organisations (Better Finance and Finance Watch) for their actions contributing to the SMP's specific objectives on enhancing the participation of consumers, other end users of financial services and representatives of civil society in financial services policymaking; promoting a better understanding of the financial sector and of the different categories of commercialised financial products; and ensuring that the interests of consumers in the area of retail financial services are protected. Since the launch of the SMP, the two beneficiaries have been working successfully towards the achievement of the programme's objectives, including by producing a number of position papers, research reports and replies to public consultations informing EU policymaking in the field of financial services.

SME pillar

- The SME pillar of the SMP continues to implement the SME strategy and the SME components of the updated industrial strategy, along with supporting the work of the SME relief package. It has a strong focus on supporting SMEs' growth and recovery and the green and digital transitions, while helping the former to achieve success in an increasingly competitive and fast-moving environment.
- The 2023 SME pillar work programme included the budget contribution for multiannual initiatives launched in 2021 (the Enterprise Europe Network, the joint cluster initiative, Erasmus for young entrepreneurs and the intellectual property voucher for post-COVID-19 recovery and the green and digital transitions). There were also calls for proposals for the tourism and social economy sectors.
- The first results of the calls launched in 2021 and 2022 are now available. The later launch of the Erasmus for young entrepreneurs call, due to the ongoing previous project, means that the full 2023 picture is not yet available. However the data so far (2 086 matches from a target of 3 000) is encouraging. The other two key indicators are on track. The Enterprise Europe Network and Joint Cluster Initiative calls were launched in 2021 and the numbers of SMEs, clusters and business network organisations, and business support organisations supported is 266 448, with a midterm target of 320 000 expected by 2025. Business partnerships are measured at 1 724, with the target of 2 700 to be achieved by 2024.
- Enterprise Europe Network advisory services are now available in Ukraine (an Enterprise Europe Network Ukraine grant agreement was signed in October 2022), and Ukrainian businesses are also

active participants in Erasmus for young entrepreneurs exchanges. EUR 10 million was allocated in 2023 to launch the Enterprise Europe Network energy advisors call following the inflation rise combined with the energy prices. This call responds to the needs of SMEs that are seeking to improve their energy performance.

- An additional call of EUR 4.5 million was launched to facilitate the integration of Ukrainian SMEs into the single market (both businesses based in Ukraine and displaced Ukrainian-registered companies currently operating from the EU. The action complements successful initiatives undertaken by the existing and consolidated networks – including their Ukrainian members – of the Enterprise Europe Network, the European Cluster Collaboration Platform, the Ukrainian Cluster Alliance and the Erasmus for young entrepreneurs intermediary organisations.
- The preliminary findings of the ongoing evaluation of the programme for the competitiveness of enterprises and small and medium-sized enterprises (2014-2020) are encouraging for the work which continues for many of the SME pillar actions, but in particular for the work of the Enterprise Europe Network, covering over 40% of the operational budget.
- **Standardisation pillar**
- The 2022 indicator shows that most European standards are available in all Member States, and this supports the smooth implementation of EU legislation and policies in the single market. Financing focuses on projects that support the strategic priorities for European standardisation and ensures the effective participation of all relevant stakeholders in the standardisation processes. The high implementation rate is additional proof of the quality and wide acceptance of European standards in the single market.
- In 2023, the programme provided grants to three organisations (the European financial reporting advisory group, the international financial reporting standards foundation and the public interest oversight board) for their work on the development of international financial reporting and auditing standards.
- In addition to continuing its financial reporting advisory activities, the European financial reporting advisory group received a new mandate from the corporate sustainability reporting directive, adopted on 14 December 2022, to develop European sustainability reporting standards. The directive is a key instrument to support the EU sustainable finance agenda and important to meet the objectives of the European Green Deal. The European financial reporting advisory group submitted the first set of 12 final draft European sustainability reporting standards on 22 November 2022 covering 10 topical sustainability matters including climate change, pollution, own work force and affected communities. The Commission adopted the standards on 31 July 2023, they entered into force at the end of 2023; first application is for the financial year 2024. The European financial reporting advisory group, with the Commission's mandate, has continued developing further drafts for additional standards and guidance pertaining to directive matters, for example specific draft standards for small and medium-sized companies, implementation guidance on two key concepts under the directive (value chain of companies, materiality assessment) and drafts on a digital classification system required by the directive.
- In July 2022, the international accounting standards board published its feedback statement on the third agenda consultation, outlining its priorities and work activities for the 2022-2026 period. The three main strategic priorities are to maintain the strategic direction and balance of the international accounting standards board's activities while increasing slightly efforts to develop digital financial reporting and improving the understandability and accessibility of international financial reporting standards; to progress current projects; and to add intangibles, statement of cash flows and climate-related risk in financial statements to the work plan. These priorities also have a direct impact on the work plans of the European financial reporting advisory group and the public interest oversight board.

Food pillar

- Among the important achievements in the area of food and feed (a high level of health for humans, animals and plants), despite the sizeable decrease of the budget available, it is worth noting the dramatic reduction of both food-borne salmonellosis in humans (due to programmes implemented in poultry flocks for many years) and classical bovine spongiform encephalopathy (mad cow disease, with no cases for several years). Lumpy skin disease, an emerging cattle disease, has also been controlled effectively (vaccination campaigns), with no outbreaks in south-eastern Europe since 2017. In the area of plant health, the co-funding, although significantly decreased, has helped Member States effectively survey their territories and take early actions in case of findings. Several outbreaks of longhorn beetles have been declared eradicated in 2021-2023.
- The better training for safer food programme has contributed to increase knowledge of Member State staff involved in official controls. In 2023, 195 training sessions were organised with a total of 5 866 participants, and 2 863 staff participated in e-learning courses.
- In order to achieve objectives laid down in SMP, different activities were financed, such as support to EU reference laboratories and EU reference centres, actions to fight antimicrobial resistance, actions to reduce food waste, food information campaigns and information technology initiatives.
- In 2019, the Commission's Internal Audit Service requested that DG Health and Food Safety further improve and simplify the financial management of the veterinary and phytosanitary programmes. In the light of this process, the DG signed an administrative arrangement with the Joint Research Centre to develop new methodologies for the calculation of unit costs in both areas. In the final report, the Joint Research Centre suggested the use of lump sum as a matter of simplification, as the payment is based on the technical results achieved and no invoices or financial checks are needed anymore before the payment. After the adoption of the decision of 23 March 2022, authorising the use of lump sum contributions for annual and multiannual veterinary and phytosanitary programmes under the single market programme, lump sums have been used for 2021-2022 grant agreements.

Statistics pillar

- Eurostat continued to provide high-quality European statistics to support the Commission's six headline ambitions. Moreover, it provided European statistics specifically supporting EU policymaking in response to the Russian war of aggression against Ukraine and the related energy crisis, along with the management and recovery from the COVID-19 pandemic.
- The key performance indicator, measuring Eurostat's impact on the internet, shows that the programme has performed well. The number of times that Eurostat is mentioned on the internet has increased and has overcome the target, also due to a change in the behaviour of Talkwalker, the information technology tool used to measure it. According to Talkwalker, the application programming interface used to retrieve X (formerly Twitter) mentions provides more numerous results than in the past. This is due to the fact that X had changed their policy and give access to more data. The percentage of negative opinions continues to be extremely low, showing trust in and satisfaction with the data produced.

2014-2020 multiannual financial framework – Programme for the competitiveness of enterprises and small and medium-sized enterprises

COSME supports measures to strengthen the competitiveness and sustainability of SMEs, which also achieve additionality at the EU level. This encompasses measures to foster growth; scale up and create SMEs; improve access to markets (including through internationalisation); improve access to finance for SMEs in the form of equity and debt; promote entrepreneurship, entrepreneurial skills, the business environment and digital transformation; create new business opportunities for SMEs (including those with innovative business models); improve the competitiveness of industrial ecosystems and sectors; develop industrial value chains; modernise industry; and contribute to a green, digital and resilient economy.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	2 358.7	2 359.0	100.0%
Payments	1 972.5		83.6%

As of 31 December 2021, the programme had committed the whole of its available envelope.

In terms of payments, the loan guarantee facility has an implementation ratio of 95% (payments vis-à-vis commitments), while the equity facility for growth has an implementation ratio of 63% due to the specificities in the implementation of this instrument (see below).

In the case of the loan guarantee facility, payment appropriations are needed to allow the implementation partner (the European Investment Fund) to honour guarantee calls from financial intermediaries for defaulting loans and to pay implementation fees. The Loan Guarantee Facility has also been reinforced by the SME window of the European Fund for Strategic Investments since 2015. This has added additional risk-taking capacity and has doubled the available resources in terms of commitment appropriations.

In the case of the equity facility for growth, payment appropriations are needed to allow the implementation partner (the European Investment Fund) to honour cash calls from fund managers, who will use the cash to invest in portfolio companies and for implementation fees. Since it is standard in the industry that venture capital fund managers have up to 5 years to make the first initial investments in SMEs following the creation of the venture fund, there is a significant delay between the time of signature of a fund agreement by the European investment fund and the respective cash calls by the fund managers. Furthermore, following the initial investment by the fund manager, funds can hold on to their portfolio companies for up to 10 years, during which time they can undertake follow-on investments to

grow the companies. This pattern of activity explains why there is a time delay between commitment and payment appropriations in the case of venture capital investments.

Both financial instruments are expected to last until 31 December 2034.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Loan Guarantee Facility – volume of debt financing mobilised	0	> 100%	EUR 14.3 billion in 2020	EUR 53.0 billion compared to a target of EUR 14.3 billion	Achieved
Loan Guarantee Facility – number of firms benefiting from debt financing	312 000	> 100%	220 000 in 2020	873 751 compared to a target of 220 000	Achieved
Enterprise European Network – number of partnership agreements signed	2 295	> 100% (**)	2 500 in 2020	2 701 compared to a target of 2 500	Achieved

(*) % of target achieved as of September 2022.

(**) % of target achieved as of September 2021.

In 2019, SMEs accounted for over 60% of the increase in EU-27 added value, and 70% of the increase in EU-27 employment. In both cases, SMEs' contribution was driven by micro-SMEs, which accounted for 31% and 56% of the total growth in value added and employment respectively ([42]).

However, in 2020 the COVID-19 crisis brought to an abrupt halt or even reversed the gains made by the EU SME sector over the past decade. Many industries, especially in the SME-intensive services sector, experienced large declines in sales as a result of the various lockdowns and other measures introduced by Member States, while some other industries saw their sales increase. The various business support measures implemented by Member States during the pandemic limited the employment impact of the decline in economic activity.

Since 2020, a recovery has taken place but new challenges have arisen, such as historically high inflation and high energy prices. The 2023 SME performance review shows that across the EU, the number of SMEs has recovered from the COVID-19 pandemic and increased by 2.7% in 2022. Employment in SMEs rose by

([42]) SME performance review.

2.4% in 2022. SME employment took until 2022 to reach 2019 levels. In the high inflation environment of 2022, SME added value, when adjusted for inflation, declined by 2.5%.

Up to September 2023, the loan guarantee facility had enabled more than 900 000 SMEs to receive more than EUR 56 billion in financial support over the 2014-2023 period. In reaction to the COVID-19 crisis, EUR 714 million from the European fund for strategic investments was redirected (since 2020) to the programme for the competitiveness of enterprises and small and medium-sized enterprises loan guarantee facility to allow the European investment fund to incentivise banks to provide liquidity to SMEs affected by the crisis. More flexibility was given to users of the facility, and the guarantee rate was increased from 50% to 80%. Up to September 2023 this helped more than 110 000 European SMEs to access more than EUR 10 billion in liquidity finance under the COVID-19 measure of the programme for the competitiveness of enterprises and small and medium-sized enterprises within the loan guarantee facility.

By September 2023, the funds supported by the equity facility for growth had invested more than EUR 8 billion in more than 1 000 companies. Of this amount, more than EUR 5 billion was invested in more than 700 SMEs in their growth and expansion stage.

2014-2020 multiannual financial framework – Food and feed

The food and feed programme aims to prevent, control and eradicate animal diseases and plant pests, support sustainable food production and consumption and improve animal welfare and the effectiveness, efficiency and reliability of official controls.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	1 827.2	1 827.3	100.0%
Payments	1 567.9		85.8%

Payment appropriations are still needed under the previous food programme for the completion of initiatives that were agreed upon in the last years of the previous multiannual financial framework regulation. The majority of these payments will be done until end of 2025 and the need for decommitments will be assessed as projects are completed.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Coverage of EU territory by surveys for pests not known to occur within that territory	5%	80%	100% in 2020	90% compared to a target of 100%	On track

(*) % of target achieved by the end of 2020.

Among the important achievements in the area of food and feed (a high level of health for humans, animals and plants), it is worth noting the dramatic reduction of both food-borne salmonellosis in humans and classical bovine spongiform encephalopathy (mad cow disease, which has almost disappeared). Lumpy skin disease, an emerging cattle disease, has also been controlled effectively (vaccination campaigns), with no outbreaks in south-eastern Europe since 2017. In the area of plant health, the co-funding, although significantly decreased, has helped Member States effectively survey their territories and take early actions in case of findings.

In 2014-2020, the European Court of Auditors published several reports assessing the implementation of the food and feed programme. In chemical hazards in our food – special report 02/2019, the Court emphasised that the EU's food safety model in respect of chemicals is considered a point of reference, and that it is soundly based and respected. On 26 April 2016, the Court published dealing with serious cross-border threats to health in the EU – Special report 28/2016 on a performance audit on animal disease eradication programmes, and drew positive conclusions on DG Health and Food Safety's

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management of the programmes. All of the Court's recommendations referred to initiatives that were already ongoing, and all of them have already been finalised.

The food and feed programme has contributed to the improvement of animal welfare through its financial support for courses (better training for safer food programme) in this area in several countries. This has led to improvements in this sector, as stated by the Court of Auditors, which emphasised in Animal Welfare in the EU – Special report 31/2018 that EU action on animal welfare has improved compliance with the EU's requirements and has supported higher standards, with a clear positive impact on animal welfare.

In 2019, the Internal Audit Service requested that DG Health and Food Safety further improve and simplify the financial management of the veterinary and phytosanitary programmes. In light of this process, DG Health and Food Safety signed an administrative arrangement with the Joint Research Centre to develop new methodologies for the calculation of unit costs in both areas. The work suffered slight delays because of the COVID-19 situation, but the final report on the review of the methodology for unit costs in the veterinary area was submitted by the Joint Research Centre to DG Health and Food Safety in March 2021. At the same time, the report for phase 1 concerning a new methodology for the calculation of unit costs for sampling activities in the phytosanitary area (where no such approach existed) was also submitted by the Joint Research Centre. The Joint Research Centre final report suggested the use of lump sum as a matter of simplification, as the payment is based on the technical results achieved and no invoices or financial checks are needed anymore before the payment.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	NO	
SDG2	NO	
SDG3	NO	
SDG4	NO	
SDG5	NO	
SDG6	NO	

SDG7	YES	The European solar academy (budget EUR 2.5 million in SME pillar work programme 2023 and EUR 5 million in work programme 2024) will provide training for SMEs across the solar photovoltaics value chain. It will contribute to the availability of affordable and clean energy by supporting training of SME staff which in turn will ensure better availability of competitive domestically produced solar photovoltaics components. Reporting data will be made available on the number of SMEs trained. The "EEN energy efficiency action" run by an international consortium of EEN members is providing direct financial support to SMEs for investments into energy efficiency projects. This is funded under SME Pillar work programme 2023 with an EU grant of EUR 10 million.
SDG8	YES	Relevant measures under the SME pillar include the Erasmus for young entrepreneurs exchange scheme, which supports enriching and sustainable business exchanges that allow new and experienced entrepreneurs to learn from each other's experience ([43]). The Enterprise Europe Network's sustainability advisor services also contribute to this goal (see SDG 9). The SME pillar also supported initiatives to help tourism businesses to developing their skills and capacities in sustainable tourism (total budget of EUR 30 850 000 for 2021-2022, and an additional EUR 7 500 000 in 2023. Under the SME pillar action for local green deals and resilience boosting in the social economy sector (2021 work programme) 19 projects with a total budget of EUR 4 million are currently ongoing until April 2024.
SDG9	YES	Various initiatives support industry and innovation, notably EEN's advisory, innovation and sustainability advisor services and its sector groups, the Euroclusters and the intelligent cities challenge. In addition the 2021 action for monitoring the performance of EU industry and industrial ecosystems contributes to the work of the industry forum that is playing a key role in the transition pathways to drive the green and digital transition in business. The reports on specific ecosystems and country reports also contribute to policy making to support innovation in industry.
SDG10	no	

([43]) As part of the ongoing work on a draft delegated act to clarify further details of the SMP monitoring and evaluation framework, the possibility of adding a new second level indicator on 'the number of businesses created following an Erasmus for young entrepreneurs exchange or number of entrepreneurs with formal plans for setting up a business as a result of an Erasmus for young entrepreneurs exchange' is under consideration.

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SDG11	YES	The intelligent cities challenge under the SME pillar (mentioned also under SDG9) contributes to achieving this goal by supporting cities to achieve sustainable growth by means of advanced technologies. It also prepares the local workforces for the green and digital twin transition and the jobs of the future.
SDG12	YES	Several euroclusters projects focus on responsible production and consumption. For example; the Resist project is supporting SMEs from the automotive-transport-mobility and manufacturing ecosystems with personalised and targeted services to become more sustainable and resilient and succeed their digital transition, including access to co-funding for innovation projects, coaching and mentoring services, networking, training and internationalisation services. The project is ongoing until February 2025 and will support more than 100 SMEs.

SDG13	YES	Within the SME pillar, the Enterprise Europe Network helps SMEs to make use of innovation to become more resource efficient. The network also has sector and thematic groups for sustainable construction, intelligent energy, the environment and the circular economy. Over 200 expert Enterprise Europe Network business advisers specialise in climate-related issues. The Enterprise Europe Network's annual client survey ([44]) will include a question on whether/how the Network's services have helped SMEs put in place a more sustainable business model (reduction in emissions, better energy efficiency, better waste management, etc.) but no quantitative information will be available on the reductions in emissions or waste. The enterprise europe network is also implementing an energy-efficiency action with a total budget of EUR 10 000 000 (see SDG 7). The intelligent cities challenge (EUR 7 435 915 – 2022 SME pillar work programme) helps cities to coordinate measures for delivering comprehensive business models, governance structures and networks to boost the transition to circular business models and a sustainable economy. It will provide guidance and support to cities for putting in place local green deals, which address the green transformation in local industry and business. There is also an SME pillar action to support local industrial partnerships involving SMEs and social enterprises, to pilot lighthouse renovation districts for the affordable housing initiative. At least 33 SMEs active in the construction and social housing sectors will receive support to help them to upskill, reskill and integrate the latest digital, environmental and socially innovative solutions needed to participate in this type of renovation work, and to identify technology needs and developments. The budget for the ongoing projects under the 2022 work programme is EUR 1 2 million. A further EUR 1 million will be available under the 2023 work programme. The circinwater euroclusters project focuses on supporting European SMEs to develop and implement water-smart solutions for the agrifood and energy-intensive industries (mining, pulp and paper, steel and chemical industry).
SDG14	no	
SDG15	NO	

([44]) The first results of this are expected to be available in the second quarter of 2023 and then on an annual basis.

SDG16	YES	Under the European statistics objective, Eurostat is called to regularly monitor progress towards the UN SDGs in an EU context. For this purpose, it coordinated the development of the EU SDG indicator set, which consists of around 100 indicators. The indicator set is reviewed every year to ensure the highest quality and that the most policy relevant indicators are included. About two thirds of these indicators are produced by the European statistical system. Based on the EU SDG indicator set, Eurostat produces an annual monitoring report (https://ec.europa.eu/eurostat/web/sdi) assessing the progress of the EU towards the UN SDGs. The report is complemented by various communication products (website, data tables, interactive visualisation tools, country profiles) to target different user groups. Eurostat also analyses spillover effects on countries outside the EU. The 2023 edition included a special chapter on short-term progress towards the SDGs in the face of multiple crises. Furthermore, the SDG indicators are integrated in the European semester. Eurostat provides a graphical overview of status and progress of each Member State towards the SDGs, which is included in the country reports. In 2023, Eurostat also prepared the statistical annex to the EU Voluntary Review on the implementation of the 2030 Agenda for Sustainable Development, which was presented to the UN High-Level Political Forum on Sustainable Development. Eurostat also provides training to the national statistical institutes to produce harmonised and comparable social statistics, environmental statistics, national accounts, etc. Moreover, it offers courses to explain indicator frameworks and the monitoring of the UN agenda 2030 for sustainable development.
SDG17	NO	

ANTI-FRAUD

THE UNION ANTI-FRAUD PROGRAMME

Programme in a nutshell

Concrete examples of achievements (*)

5 699 000 illegal cigarettes were detected in a single day by an X-ray scanner acquired with European Anti-Fraud Office (OLAF) funds and put in operation between 2021 and 2023.	**110** law enforcement officials from the 27 EU Member States and candidate countries participated in the specialised digital forensic and analyst training procured by OLAF in 2023.	**9** high-level events focused on the protection of the EU's financial interests were organised by OLAF in 2023, including a workshop of beneficiaries of the training component of the programme.	**3** Information technology tools were financed for use by the Member States in 2023, including customs data-analysis tools and tobacco product identification tools. .
EUR 703.4 million is the value of the assets seized during the implementation of a single project between 2021 and 2023 funded by the programme.	**1** remotely piloted aircraft system (drones) was purchased by Italy, financed by the programme and aimed at better combating the phenomena of tobacco smuggling and counterfeiting.	**4** multiple accesses to commercial databases were provided to Member State authorities, financed by the programme, such as access keys to company data and trade statistics databases.	**13** joint customs operations were supported in 2023 through the programme, targeting the protection of EU financial interests, combating counterfeit medicines, illegal pesticides, waste and wildlife trafficking.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the

multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	181.2
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0
Total budget 2021-2027	**181.2**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The programme supports the prevention of and the combat against fraud, corruption and any other illegal activities affecting the financial interests of the EU.

Through its three strands, related to the three specific objectives, it helps Member States and beneficiaries fight fraud through financial support and by organising mutual administrative assistance and cooperation in customs and agricultural matters, notably via the Anti-Fraud Information System (AFIS) and the Irregularity Management System (IMS).

CHALLENGE

The EU's financial interests are threatened by fraudulent activities and financial irregularities – both on revenues and expenditure – as shown every year by the Commission's annual report on the protection of the EU's financial interests.

Tackling these threats requires continuous and enhanced action by the EU. Irregularities and fraud are by definition an EU-wide phenomenon, which is not limited to any individual Member State. Intervention at the EU level on the protection of EU financial interests is justified in terms of subsidiarity, where it facilitates cooperation between the EU and the Member States or between Member States, without impinging on Member States' responsibilities. Examples of such interventions include the necessary coordination of Member States' antifraud activities and the provision of financial, technical and information support to Member States in their efforts and actions to protect the EU's financial interests. The importance and value of this coordination and support role by the EU are particularly obvious when the fraud or irregularity has a cross-border dimension or affects several Member States.

The main challenges for the programme are, on the one hand, keeping track with the changing fraud landscape and techniques, by promoting the use of the most advanced technological items. On the other

hand, creating appropriate opportunities for Member States' authorities to cooperate and exchange best practices in relation to the common goal of fighting fraud affecting the EU's financial interests.

MISSION

The general objectives of the Programme are to:

(a) protect the financial interests of the EU;

(b) support mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs and agricultural matters.

The programme supports and complements the Member States' (financial) efforts to prevent and fight fraud and corruption, affecting the financial interests of the EU and provides mutual assistance in customs and agricultural matters. In this way, the programme provided added value by allowing the beneficiaries to acquire new equipment, including its maintenance and/or upgrades (e.g. soft- and hardware). The programme helps to diminish the potential differences between Member States in budgetary capacity and supports those Member States that have special needs because of their size or bordering with non-EU or candidate countries, such as for example Ukraine.

OBJECTIVES

The programme has three components, each with its specific objective:

- preventing and combating fraud, corruption and any other illegal activities affecting the financial interests of the EU;
- supporting the reporting of irregularities, including fraud, with regard to the shared management and pre-accession funds of the EU budget;
- providing tools for information exchange and support for operational activities in the field of mutual administrative assistance in customs and agricultural matters.

ACTIONS

The first component of the programme provides Member States with targeted assistance in achieving their obligations to protect the EU's financial interests by supporting the purchase of specific anti-fraud equipment, specific trainings, targeted conferences and studies.

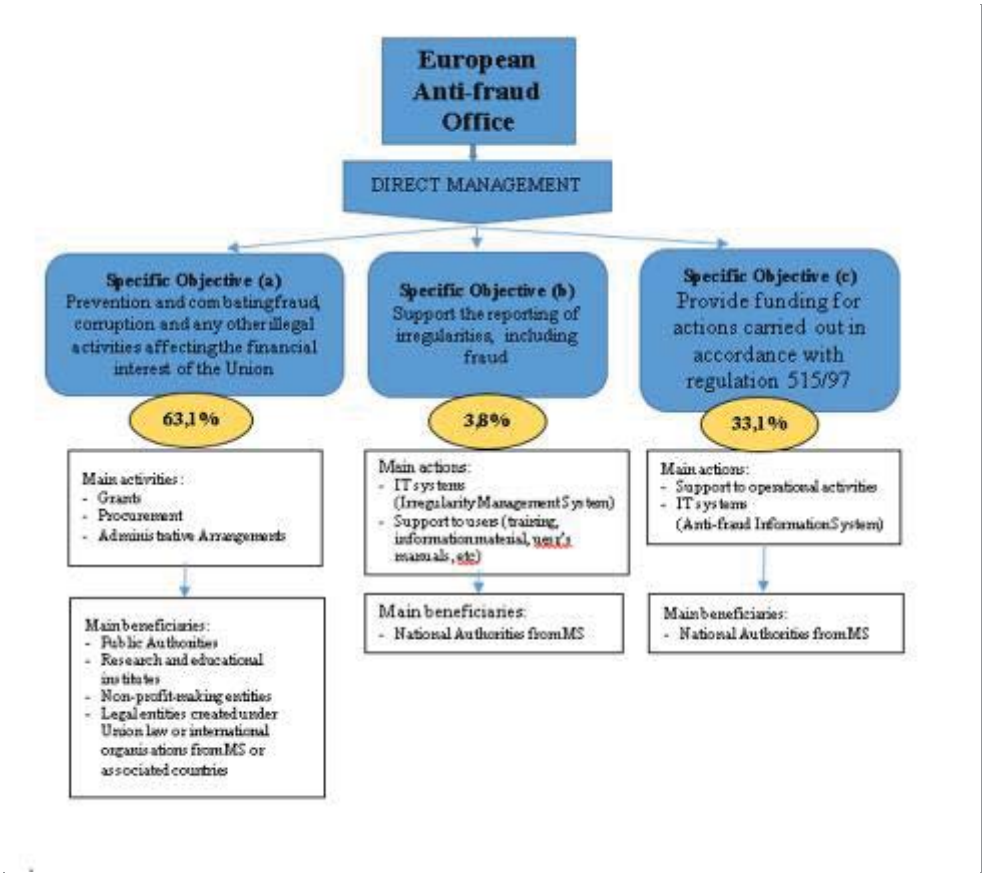
For the second component, the Commission puts at Member States' disposal and maintains the Irregularity Management System to facilitate Member States' and candidate countries' compliance with their obligation (laid down in various sectorial pieces of legislation) to report detected irregularities – including fraud – in cases related to shared management and pre-accession assistance funds.

The third component encompasses the operation and maintenance of AFIS (supporting Member States' mutual assistance in customs and agricultural matters) and other supported activities, such as joint customs operations, training courses and preparatory or evaluation meetings for operational actions.

STRUCTURAL SET-UP OF THE PROGRAMME

The programme is implemented through direct management. The European Anti-Fraud Office (OLAF) is the lead service for the programme implementation.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The programme merges three instruments that were implemented separately in the 2014-2020 multiannual financial framework, namely the former Hercule III programme and the financing bases of both the Anti-Fraud Information System (AFIS) and the Irregularity Management System (IMS).

FURTHER INFORMATION

- Programme website: UAFP
- Impact assessment
    - The *ex ante* evaluation of the programme was carried out in 2018. For further information please consult: https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52018SC0294
- Relevant regulation
    - Regulation (EU) 2021/785 of 29.4.2021 of the European Parliament and of the Council.
- Evaluation:

    https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12435-Fraud-prevention-final-evaluation-of-the-Hercule-III-programme-2014-20-_en (link to the Report from the Commission on the final evaluation of the Hercule III programme, December 2021)

An external study contract has been ordered in early 2023 to conduct an interim evaluation study on the Union anti-fraud programme. The study is ongoing and due to be finalised in May 2024. The study should serve as a basis for a Report from the Commission to the Institutions by end December 2024, accompanied by a staff working document on the findings, conclusions, recommendations and way forward.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	24.1	24.4	24.9	25.5	26.4	27.4	28.7	181.2
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**24.1**	**24.4**	**24.9**	**25.5**	**26.4**	**27.4**	**28.7**	**181.2**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

+ EUR 0.0 million (+ 0%)

compared to the legal basis.*

* Top-ups pursuant to Art. 5 MFF regulation are excluded from financial programming in this comparison.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	73.3	181.2	40.4%
Payments	44.4		24.5%

Voted budget implementation (million EUR)(*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	24.0	24.1	2.5	8.7
2022	24.4	24.4	19.0	21.3
2023	24.8	24.9	22.9	24.9

(*) Voted appropriations (C1) only.

– In 2023, the programme committed 100% and paid 99.79% of the available appropriations. The prolongation of a number of grant agreements awarded in 2021 and 2022 led to delayed final payments, partially due to the aftermath effects of the COVID-19 period. Also, some of the grants awarded in 2023 were only signed (and the pre-financing paid) in the beginning of 2024.

– For the first strand (Hercule actions), commitment appropriations were used to conclude the majority of awarded grants under the 2023 calls for proposals (30 grants awarded in total under the two calls). In addition to the annual granting cycle, the 2023 commitment appropriations were also used for establishing specific contracts (procurement) and administrative arrangements for the provision of access to commercial databases, specialised information technology tools and specific anti-fraud related training and conference events. Two calls for proposals under the 2023 budget were published early March 2023 (total indicative budget of EUR 10.55 million, technical assistance and training calls).

– The available commitment appropriations in 2023 for the second (Irregularity Management System) and third (AFIS) strands were exclusively used to conclude specific contracts (procurement) for the provision of information technology services, hardware and software. Payment appropriations for these two strands were used to pay invoices related to specific contracts that were concluded in the current and the previous year.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming									
Biodiversity mainstreaming									
Clean air									

Not applicable.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1				
0*				
0	24.0	24.4	24.8	73.2

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information:

The programme falls under the gender score of 0. This is because around 80% of the programme's yearly budget is used to finance the purchase of specialised technical equipment, including information technology tools. Overall, the programme has no significant bearing on the promotion of gender equality. However, with regard to the procured training events, and more specifically the ones directly organised by the Commission (OLAF), with financial support from the programme, OLAF encouraged the Member State authorities to aspire to a better gender balance in their selection of training participants to these events.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	11.6	11.9	16.4	39.9	55%

– The programme is considered to contribute to the Commission's priority of digital transition through its three components, as described below. The 'technical assistance activities' part of the first component is considered to contribute by funding those projects that are related (only) to the purchase and implementation of hardware and software, including updates and maintenance of the related information technology material to run such hardware or software. The second and third components (the Irregularity Management System and the Automated Fingerprint Identification System) are considered to contribute in full to the digital transition (of authorities in beneficiary countries), since they are information technology platforms that allow the partners and the Commission to receive and share data and information. In that sense, these two systems contribute to a more efficient and more user-friendly management of data and information in all 27 participating Member States, by improving the digital transition of their administrations.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Satisfaction rate of activities organised and (co-)financed through the programme	0%	**43%** (*)	95% in 2027	Milestones achieved in 2021, 2022 and 2023	On track
Percentage of Member States receiving support each year of the programme	0%	**43%** (*)	87% in 2027	Milestones achieved in 2021, 2022 and 2023	On track
User satisfaction rate for the use of the Irregularity Management System	0%	**75%** (**)	72% annually until 2024	Milestones achieved in 2021, 2022 and 2023	On track
Number of mutual assistance information items made available and number of	18 639	**67%** (**)	24 000 in 2024	Milestones achieved in 2022 and 2023	On track

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supported mutual assistance-related activities	

(*) % of years for which the milestones or target have been achieved during the 2021-2027 period.

(**) % of years for which the milestones or target have been achieved during the 2021-2024 period.

- As shown by the key performance indicators reported above, the programme is being successfully implemented and is achieving its general and specific objectives for the three strands.
- Concerning the programme's first strand (Hercule), two calls for proposals were published at the beginning of March 2023, covering the following topics: (1) technical assistance and (2) training, conferences, staff exchanges and studies. Overall, the two calls registered 104 applications from 17 Member States. 13 Member States received financial support through grants awarded under the 2023 call for proposals. However, all Member States receive financial support from the programme through procured activities such as the digital forensic analysts' training sessions and access to commercial databases and specialised information technology tools.
- From the 104 applications, 30 projects have been selected for grant funding. Regarding the procurement aspects, specific contracts and administrative arrangements were made to provide the Member States with the necessary support and tools in their fight against fraud and illegal activities. These include access to three commercial databases, a renewed administrative arrangement with the Joint Research Centre and specialised forensics and analyst training in 2023.
- In relation to the implementation of the technical assistance activities financed by the programme, the creation of the Customs Control Equipment Instrument allowed the programme to shift its focus to advanced tools and technologies (including data analysis) and generated valuable synergies and complementarity across the two programmes, while avoiding any overlap.
- In 2023, the interim evaluation of the programme was launched, supported by an external study. The results of this evaluation will feed the future programme for a better and more efficient implementation.
- Concerning the programme's second strand (the Irregularity Management System), the committed amount for 2023 was EUR 959 770.31, of which EUR 1 285 052.83 was spent in 2023 (covering contracts from 2022 and 2021).
- With regard to the programme's third strand (AFIS), one platform release (consisting of several combined application releases), 44 releases for the new Import, Export and Transit directory and several other releases and hotfixes were developed in 2023, totalling more than 110 releases.
- Among these several major releases were: (1) a new version of the Import, Export and Transit directory, which integrates all features previously available in the legacy Anti-Fraud Transit Information System and provides additional features, such as improved search capabilities, the possibility to define alarms and export data in different formats; (2) two new versions of the Container Status Message directory, with visual analytics capabilities and the new container origin signal module, which signals potential origin fraud; (3) two new versions of the automated monitoring tool, with historical data from the Comext database on international trade in goods and new visualisations; and (4) a completely redeveloped version of the tobacco seizures management application.
- Additional data sources and analytical tools were implemented for the fraud analytical platform and its computing resources extended. In 2023, AFIS also supported 13 joint customs operations.

2014-2020 multiannual financial framework – Programme Anti-Fraud Information System

AFIS is an umbrella term for a set of anti-fraud information technology applications operated by OLAF under a common technical infrastructure. The aim of these applications is to exchange fraud-related information between the competent national and EU administrations in a timely and secure manner. AFIS also helps to store and analyse relevant data.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR)(*):

	Implementation	Budget	Implementation rate
Commitments	132.4	133.4	99.3%
Payments	117.8		88.3%

(*) Cumulative implementation rate of AFIS and Hercule.

– With regard to the implementation of the IMS budget for 2023, a 100% of the budget for IMS was committed in 2023.

– As for the payment appropriations, the 2023 existing credit amounts were exhausted 97.5% for IMS and 100% for AFIS.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Mutual assistance – information exchange: number of active customs fraud cases	8 000	**70%**	24 000 in 2020	19 125 out of 24 000 cases	Moderate progress

(*) % of target achieved by the end of 2020.

– The programme has achieved all but one of the targets of its indicators. Its target – 24 000 active customs fraud cases by 2020 – was based on the main assumption that relevant intellectual property rights infringements, which are reported via the DG Taxation and Customs Union anti-counterfeit and piracy system, would significantly contribute to the number of cases. However, at the end of 2020, such infringements represented only 971 cases (5%) of all reported cases. The indicator continues to be monitored and is expected to meet its target in 2024.

– Following Member State recommendations in previous years, OLAF has strengthened in the reporting period the involvement of Member States during all stages of development of new or updated AFIS applications, aiming at improving their usage and user satisfaction. Special workshops were organised for the new versions of the anti-fraud systems managed by the programme, which attracted a large number of participants from the Member States. As a result, Member State acceptance and usage of the applications has significantly improved, as shown by usage statistics and satisfaction reports. The number of AFIS users increased from 8 000 users in 1 200 services in 2015 to 8 500 users in 1 400 services at the end of 2020.

2014-2020 multiannual financial framework – Hercule III

Hercule III helped Member States to fight fraud, corruption and other illegal activities though financing of practical projects, such as the purchase by national authorities of sniffer dogs, X-ray scanners and other technical equipment, to stamp out smuggling and other criminal activities that are against the EU's financial interests.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR)(*):

	Implementation	Budget	Implementation rate
Commitments	132.4	133.4	99.3%
Payments	117.8		88.3%

(*) Cumulative implementation rate of AFIS and Hercule.

– Note: Due to the intertwined budgetary nature of the previous programmes, this section presents a combined cumulative implementation rate of both predecessor 2014-2020 programmes, AFIS and Hercule III.

– AFIS and Hercule III jointly consumed 99% of the available commitment appropriations and 82% of the available payment appropriations. The remaining payment appropriations are planned to be used for cost claims of ongoing grants.

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Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress	Target	Results	Assessment
Percentage of users who felt that the use of Hercule III-funded equipment added value to their activities	0%	> 100% (*)	75%	97% of beneficiaries compared to a target of 75%	Achieved
Satisfaction rate for training activities funded, including specialised training events	60%	> 100% (**)	75%	94% of beneficiaries compared to a target of 75%	Achieved

(*) % of target achieved by the end of 2021.

(**) % of target achieved by the end of 2020.

– The exceptional pandemic circumstances of 2020-2021 had an important impact on the general implementation of the programme, especially in terms of training and conferences activities. The beneficiaries of grants were, in most cases, unable to continue with the implementation of their projects as planned (both the purchase of technical equipment and the training, conferences and staff exchanges were in many cases delayed). OLAF offered its support in postponing the project's implementation and amending the contracts.

– The programme performed above expectations with regard to the added value and effective use of co-financed technical equipment, expressed by the number of direct users of the equipment in their final technical reports. The final reports received in 2021 show an overall satisfaction rate of 97%, significantly above the target.

– In parallel, the satisfaction rate of the number and type of trainings activities funded under the programme reached 94%, thus also significantly exceeding the target. In 2020, the programme awarded 24 grants for training-related activities. Due to the pandemic, most of the trainings and conferences initially planned for 2020 (both grant and procurement contracts) were postponed to 2021. 15 trainings and conferences were organised, mostly in a virtual or hybrid mode. Two of them took place with physical presence.

– Following the successful publication and evaluation of the 2020 calls for proposals, unused amounts earmarked for procured activities in the 2020 budget were transferred to grants. EUR 2 million were transferred from procured activities to grants, representing approximately 12% of the total budget for the year. This ensured an efficient implementation of available operational funds and allowed grant awards to the best-ranked applications across the three calls. These grant contracts are currently being implemented, covering 2021-2022.

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– The access to commercial databases (such as company data, trade data and vessel and maritime movement) and analytical information technology tools continued to be provided to Member State authorities, by signing specific contracts under the existing framework contracts with suppliers.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3		
SDG4		
SDG5		
SDG6		
SDG7		
SDG8		
SDG9		
SDG10	Y	The financial support provided by technical assistance (TA) grants indirectly assists in harmonising differentiated levels of (financial) resources and (budgetary) capability, helping to reduce as such inequality within and among Member States (administrations). EUR 9.52 million is the total proposed amount to grant 23 selected projects in 2023, which will continue to run in 2024. .
SDG11		
SDG12		
SDG13		
SDG14		
SDG15		

SDG16	Y	The programme indirectly helps building effective, accountable and inclusive institutions in the Member States at various levels of national and/or local administrations (law enforcement agencies), in particular through support given leading to an enhanced digital transition. EUR 16.4 million has been allocated in 2023 to run and manage IMS and AFIS, including grants for TA projects in the field of IT and digitalisation of law enforcement agencies. The latter projects will run in 2023 and continue beyond, in 2024 and 2025.
SDG17		

FISCALIS

ACTION PROGRAMME FOR COOPERATION IN THE FIELD OF TAXATION IN THE EUROPEAN UNION

Programme in a nutshell

Concrete examples of achievements (*)

2 452 million messages were exchanged on the key European electronic systems and their components in 2023.	**298** e-learning tax modules were in use in 2023.	**29** European electronic systems were in operation in 2023.	**5** expert teams in the taxation area were operational at the end of 2023.
99.67% is the average amount of time that the European electronic systems were available for use in 2023.	**5 562 participants took part in the 369** virtual and physical meetings organised in 2023 under the general collaboration actions grant.	**206** online collaboration groups were supported by the programme in 2023.	

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	267.8
NextGenerationEU	0.0

Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.2
Total budget 2021-2027	**268.0**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The Fiscalis programme is an EU cooperation programme that enables national tax administrations to create and exchange information and expertise. It helps Member States to develop and run major trans-European information technology tax systems, as well as establishing networks of officials across the EU.

CHALLENGE

Tax fraud, tax evasion and tax avoidance, combined with digitalisation and new business models, present continued challenges to both the EU and the functioning and performance of national tax administrations. The latter need to provide quick and joint responses, while at the same time avoiding unnecessary administrative burden for citizens and businesses engaging in cross-border transactions. Individual Member States cannot adequately address these problems on their own. Rather, these challenges, both within the EU and with non-EU countries, require action at the EU level.

MISSION

The Fiscalis programme has the general objective of supporting tax authorities and taxation in order to enhance the functioning of the internal market, foster the competitiveness of the EU and fair competition in the EU and protect the financial and economic interests of the EU and its Member States. This includes protecting these interests from tax fraud, tax evasion and tax avoidance and improving tax collection. It offers Member States a framework to develop activities through cooperation among national taxation officials on the one hand, and information technology and human capacity building on the other.

OBJECTIVES

The programme has the specific objectives of supporting tax policy and implementing Union law relating to the field of taxation; fostering cooperation between tax authorities, including the exchange of tax related information; and supporting administrative capacity building, including human competency and the development and operation of the European electronic systems .

ACTIONS

The Fiscalis programme provides financial support for information technology capacity-building actions – in particular the development and operation of European electronic systems for taxation – and fosters cooperation among national tax authorities via meetings and project-based structured collaboration, such as project groups and expert teams. The programme also provides financial support for human competency and other capacity-building actions, including training and exchange of best practices, as well as other actions such as studies, communication and innovation activities.

STRUCTURAL SET-UP OF THE PROGRAMME

The Fiscalis programme was established by Regulation (EU) 2021/847. The legal bases of this regulation are articles 114 and 197 TFEU.

In addition, the multi annual work programmes (MAWPs) constitutes the operational and financial framework for the programme implementation, stipulating the priorities for a specific period. The latter are defined on the basis of the Programme's objectives and DG Taxation and Customs policy priorities, as established in the multi-annual strategic plan for taxation (MASP-T) for information technology projects and other strategic documents (e.g. TAXUD Strategic Plans, Communication strategy, action plan for fair and simple taxation supporting the recovery strategy, the European Green Deal etc.). MAWPs are established via comitology, in consultation with the Fiscalis programme committee.

Tax policies, being part of the EU policies, play an instrumental role in implementing the Commission's political objectives, particularly in supporting green and digital transition, promoting social fairness and prosperity, reinforcing social justice and rule of law while promoting economic growth.

Collecting taxes and combating tax fraud and evasion are competences of the EU Member States. Nevertheless, in an increasingly globalised world, the EU provides a common framework as well as instruments to effectively handle cross-border tax issues. Through information technology and other means, the EU allows for cooperation and the exchange of information among its Member States. EU legislation enables collaboration between national tax authorities in various ways.

The Fiscalis Programme supports European electronic systems and related applications in operation for taxation. These systems allow information to be exchanged rapidly and in a common format that can be recognized by all Member States. The Fiscalis Programme also funds activities to support the automatic exchange of information. Furthermore, the Programme supports collaborative actions such as meetings, workshops as well as other events and capacity-building actions for tax officials to strengthen their capacity of tackling tax fraud, tax evasion and aggressive tax planning.

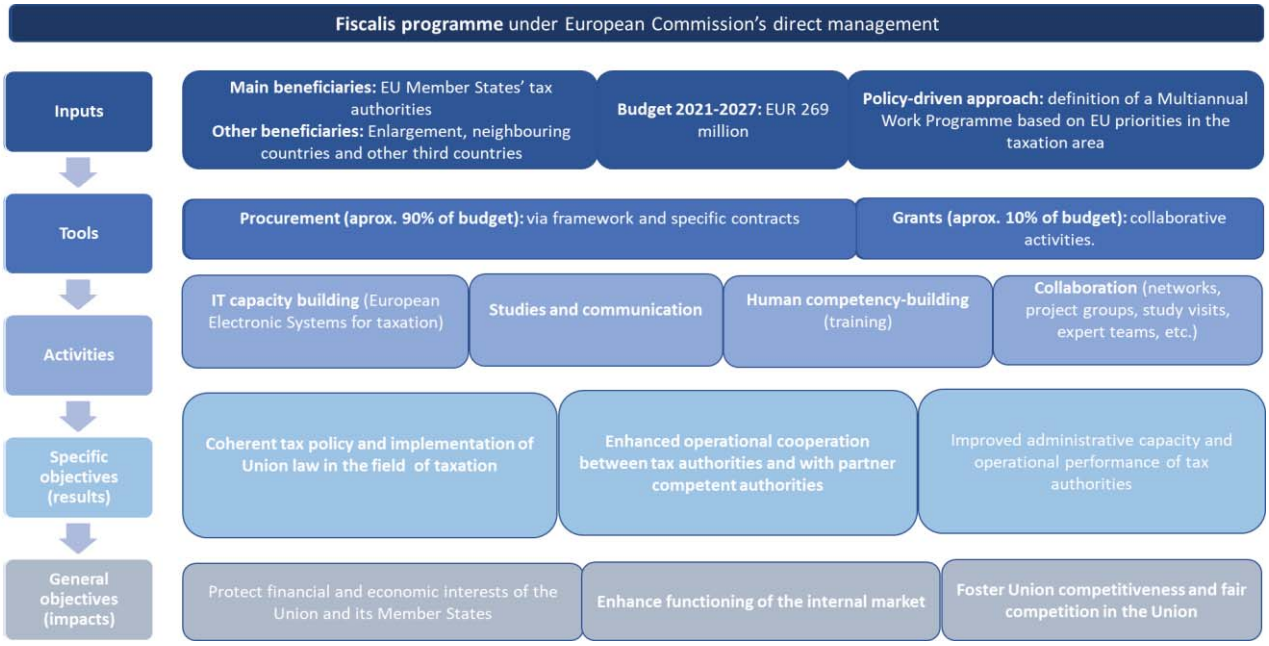
Thanks to its financial support, the programme contributes – directly and indirectly - to the EU agenda for economic recovery and long-term growth, fair taxation while advancing in the digital transition.

To achieve this, the Fiscalis programme budget (EUR 269 million) is implemented in direct management by the Commission (DG Taxation and Customs union) through:

- Procurement contracts: for the European electronic systems expenditure, training activities, studies and other actions (e.g. communication and studies). These contracts are initiated, managed and implemented by the Commission. In 2023, around 89% of the financial capacity of the Programme[45] was devoted to procurement for information technology capacity-building actions (e.g. development and operation of the European electronic systems for taxation, including their design, specification, conformance testing, deployment, maintenance, evolution, modernisation, security, quality assurance and quality control).
- Grant with the participating countries regarding collaborative actions, including expert teams, workshops, project groups and similar activities. These are initiated and managed by the Commission, and implemented by the grant beneficiaries (being the participating countries' tax administrations). These activities provide forums for collaboration among the beneficiaries' tax authorities, in order to allow them to share knowledge, experience, and set guidelines and common working practices through programme activities. Besides, the programme is open to the participation of non-EU countries on condition that specific agreements are in place.

[45] Compared to the total committed expenses for 2023.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The Fiscalis programme is a continuation of its predecessor in the 2014-2020 multiannual financial framework, with more intensive cooperation and a larger number of electronic systems.

FURTHER INFORMATION

– Programme website: Fiscalis programme

– Impact assessment:

– Relevant regulation: Regulation (EU) 2021/847 of the European Parliament and of the Council.

– Evaluation:

- The *final* evaluation of the Fiscalis 2020 programme was completed in 2022. For further information please consult:

  The external study.

  Commission staff working document on the Final evaluation of Regulation (EU) No 1286/2013 of the European Parliament and of the Council of 11 December 2013 establishing an action programme to improve the operation of taxation systems in the European Union for the period 2014-2020 (Fiscalis 2020) and repealing Decision No 1482/2007/EC.

  The report from the Commission to the European Parliament and the Council on the final evaluation of the Fiscalis 2020 programme.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	34.8	36.9	37.7	38.4	39.2	40.0	40.8	267.8
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.2
Total	**34.8**	**37.0**	**37.8**	**38.4**	**39.2**	**40.0**	**40.8**	**268.0**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

- EUR 1.4 million (- 1%)

compared to the legal basis.*

* Top-ups pursuant to Art. 5 MFF regulation are excluded from financial programming in this comparison.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	107.9	268.0	40.3%
Payments	65.9		24.6%

Voted budget implementation (million EUR):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	34.8	36.2	10.1	8.8
2022	36.9	36.9	21.3	27.7
2023	36.2	37.8	33.9	34.7

(*) Voted appropriations (C1) only.

– The delayed adoption of the 2021-2027 multiannual financial framework resulted in the late adoption and launch of the Fiscalis programme. Consequently the signature of the new grant agreements and the implementation of general collaboration activities and expert team grants was affected, starting only from December 2021.

– Despite the late adoption of the Fiscalis regulation and the 2021-2023 financing decision, almost 100% of the total envelope devoted to 2023 was committed.

– In 2023, DG Taxation and Customs Union has fully implemented the commitment appropriations with the below breakdown:

  - European electronic systems EUR 31.3 million
  - Collaboration activities grants (including Expert Teams) EUR 1 million
  - Other service contracts (communication, trainings, studies, etc.) EUR 3.9 million

– In 2023, two new expert team grant agreements in the field of administrative cooperation, and in the fight against tax fraud were signed.

– The COVID-19 pandemic, the late adoption of the regulation and financing decision, the level of online collaboration and the streamlining exercise of the number of groups, impacted the financial programming of the new programme. While the impact was very limited for the expenditure on procurement – largely related to the maintenance and development of the information technology systems – it was more significant for expenditure on grants on collaborative actions, due a lower number of face-to-face meetings. While in 2023 COVID-19 related travel restrictions are no longer limiting physical meetings, the online collaboration remains strong, with nearly half of the meetings

taking place online, in line with greening objectives. In addition, a streamlining exercise took place in the DG in relation to the number of groups, also affecting the number of project groups under the Fiscalis programme.

– These conditions led to under consumption of some grants under the new programme which were extended. For these reasons, some of the planned grants have been postponed and will be launched in 2024.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	0.0	4.1	0.0					4.1	2%
Biodiversity mainstreaming									
Clean air									

– In accordance with the above table, during 2023 there were no actions that specifically contributed to green budgeting priorities.

– However, the programme continued indirectly supporting the green deal by means of reinforced digitalisation of information technology taxation systems and related cooperation actions.

Contribution to gender equality (million EUR) (*)**:**

Gender score	2021	2022	2023	Total
2				
1				
0*	12.6	2.3	4.9	19.8
0	22.2	34.7	31.3	88.1

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Figures on female and male participants in 2023 can be provided only for a specific type of programme actions under the score 0*, namely general collaborative activities (one grant that represents 7.4% of the programme's total implemented budget):

- 2 626 participants identified themselves as female, and
- 3 029 as male ([46]).

The Fiscalis programme's interventions are split relating to gender equality score as follows:

- Score 0: relates to information technology expenditure, in particular on the development and operation of European electronic systems, which does not target the promotion of gender equality.

- Score 0*: relates to the remaining types of expenditure, i.e. collaboration activities, training, studies and communication, for which a potential to promote gender equality has been identified.

At the policy level, the programme's objective is to support tax cooperation across the EU. DG Taxation and Customs Union takes note of the potential relevance of gender equality in the taxation domain in light of, inter alia, taxation redistribution and multiplier effects.

At the same time, the programme has implemented an internal tracking mechanism in its activity reporting tool, which enables the identification of collaborative activities with a direct link to gender equality.

Based on this tracking mechanism, it can be confirmed that no collaborative programme activities took place in either 2021, 2022 or 2023 regarding gender equality. For the time being, no interventions have been planned or identified for 2024.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	22.2	34.7	31.6	88.5	81%

([46]) The main beneficiaries of the programme are the tax authorities in the participating countries. In particular for the collaborative activities grant, tax authorities decide at their own discretion to whom they delegate the specific programme events, according to the activity's agenda and objectives. The figures relate to a specific type of the 0* activities in 2023, even if none of them were identified as having gender equality impact. The data reflects the information available in the activity reporting tool as of 3 February 2024.

– The programme allocates the majority of the budget to information technology capacity-building actions, defined as a top priority in the programme's regulation (recital 12). Among the information technology capacity-building actions supported by the programme, priority is given to the European electronic systems that are necessary for the implementation of the general and specific objectives of the programme.

– In 2023, the committed expenses for the development and maintenance of European electronic systems were EUR 31.3 million. This volume is in line with the committed budget to information technology procurement under the programme in 2022. The cumulative commitment appropriations devoted to the European electronic system represents 81.7% of the total envelope of the Fiscalis programme for the 2021-2023 period.

– The high inflation levels registered since the start of the current multiannual financial framework require close monitoring of the scheduled budget for 2023 and the remaining years, especially in terms of costs linked with ensuring the development and functioning of the European electronic systems for taxation. In this context, the Commission assesses the actual information technology spending against initial information technology budget allocations.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
EU law and policy application and implementation index – number of actions under the programme organised in this area	0	**43%** (*)	23 annually in 2027	25 compared to a target of 23	On track
Learning index – number of tax officials trained by using common training material	0	**62%** (*)	96 400 in 2027	60 124 compared to a target of 96 400	On track
Availability of European electronic systems	0%	**43%** (**)	99.50% annually from 2021 to 2027	Milestones achieved for 2021, 2022 and 2023	On track
Availability of the common communication networks	0%	**29%** (**)	99.80% annually from 2021 to 2027	Milestones achieved for 2021 and 2023. Milestone not achieved for 2022	On track
Information technology simplified procedures for the national administrations and	0	**33%** (*)	41.4 million in 2027	13.6 million compared to a target of 41.4 million	On track

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economic operators – number of economic operators registered					
Information technology simplified procedures for the national administrations and economic operators – number of applications	0	**37%** (*)	5.6 million in 2027	2.1 million compared to a target of 5.6 million	On track
Collaboration robustness index – number of online collaboration groups	0	**43%** (***)	206 annually from 2021 to 2027	Milestones achieved in 2021, 2022 and 2023	On track

(*) % of target achieved by the end of 2023: latest result compared to target.

(**) % of target achieved by the end of 2023: proportion of years for which the results are equal or higher than the annual milestone.

(***) % of years for which the results are within 10% of the target.

– The year 2023 was the second full year of implementation of the Fiscalis programme following the adoption of the programme regulation in May 2021. In 2023, the programme activities were implemented under the 2021-2023 multiannual work programme, contributing to the overall EU priorities to support economic recovery and the digital transition. Throughout the year, the programme continued to support tax authorities and taxation, in order to enhance the functioning of the internal market.

– The programme's collaborative activities provided forums to exchange expertise and best practices among the participating countries and between them and the Commission on various aspects of taxation and policy measures and their operational implementation.

– The overall progress of the performance indicators is on track. Some of the milestones and indicators were based on an extrapolation of the previous iteration of the programme or on the first month of implementation (December 2021) of the current programme. It has shown that this has not always been representative, for example for the number of actions under the programme organised in area of EU law, policy application and implementation and the number of online collaboration groups. Hence the milestones and targets were reviewed in 2024, based on the results of the first 2 full years of implementation of the programme, as anticipated for these indicators in the 2021 programme statements. The revision ensured that the milestones and targets are adapted to the new programme realities.

– In 2023, the support to the development of the European electronic systems for taxation remained a focal point of the programme. In 2023, 89% of the Fiscalis programme budget was devoted to the development and operation of the common components of the European electronic systems, which are considered as a key element in the digitalisation and simplification process of public services in the area of taxation, thus reinforcing synergies with the Commission's horizontal priorities on digital transition. In addition, procurement activities relevant to the Fiscalis programme in the digital (information technology) area take into account Commission horizontal policies relating to greening and gender equality to the extent possible.

– In all, 29 European electronic systems funded by the programme were operational in 2023. The programme was instrumental in guaranteeing business continuity of the European electronic systems for taxation, which is confirmed by the fact that the availability of the European electronic systems supported by the programme remained close to 100%, in line with the set milestone of 99.5%.

– With 99.99% the availability of the common communication networks was above the milestone of 99.8%, guaranteeing business continuity for information technology standards. This is supported by the use of the systems that continued to grow in terms of both the number of messages exchanged and the number of consultations carried out.

– More physical meetings took place in 2023, while online collaboration remained strong. The increasing proportion of physical meetings allowed for closer human interaction and networking. Physical meetings are considered essential by many participants to guarantee the networking opportunities created by the programme: nearly 80% of the participants reported strong satisfaction with the networking possibilities offered through the programme. With the programme in full swing, the collaboration activities bore a high number of outputs/recommendations that were reported as useful and well used in the administrations.

– In terms of training, a substantial increase was observed in the number of tax officials trained, from 8 830 in 2022 to 34 981 in 2023. This includes the number of professionals who followed the courses with support of the EU portal (33 355) ([47]), together with the number of tax officials who participated

([47]) The figure on the number of officials trained includes the number of officials completing a course directly in the EU central training portal and the number of officials, as declared on the EU central portal by national

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in common learning event programme events (575) and information technology training sessions supported by the Fiscalis programme (1 051). Overall, 103 502 professionals (including tax officials and other tax professionals) benefited from the training opportunities offered by the programme. As expected, in 2023 the quality score of e-learnings also remained slightly below the target, which can be explained by the fact that the majority of courses is over 8 years old. An update of the tax courses in the portfolio was foreseen for 2023 but has been postponed to 2024 for some of the modules.

– Concerning the participation of non-EU countries in the Fiscalis programme, there are currently nine candidate and potential candidate countries that take part in the Fiscalis programme. The programme offers enlargement countries the possibility to cooperate with EU Member States and their peer tax authorities, and to learn the sector-specific EU legislation and operational good practices, which should help both the *acquis* harmonisation and its implementation.

– The Fiscalis programme is an important source of assistance for Ukraine's tax administration, as the country became part of the programme at the end of 2022 and started participating in the activities funded by the programme in 2023. The programme supports Ukrainian work towards harmonisation with EU *acquis* in tax policy, which became more relevant after the Council of the European Union provided for opening the accession negotiations with Ukraine in 2023.

administrations, to whom the downloaded courses are made available via the national distribution systems (e.g. national intranets, portals of the national training institutes). The number of tax officials may also include officials of other public institutions.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3		
SDG4		
SDG5		
SDG6		
SDG7		
SDG8	Yes (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all)	The Fiscalis programme supports tax authorities to enhance the functioning of the internal market, foster competitiveness, fight tax fraud, tax evasion and tax avoidance and improve tax collection. These are important elements for compliant businesses to reap the benefits of the internal market and sustain the union economic growth. The Programme secures this contribution through the support to digitalisation, efficiency of the EU tax administrations, as well as to the development of human competency and training for tax officials. As an example, in 2023, 103 502 professionals (including tax officials and other tax professionals) benefitted from the training opportunities offered in the customs & tax EU learning portal developed with the support of the programme.

SDG9	Yes (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation)	89% of the Fiscalis programme budget in 2023 was devoted to the development and operation of the common components of the european electronic systems, a key element in the digitalisation and in the simplification process of public services in the area of taxation. The programme funded in 2023 the launch of excise movement and control system (EMCS 4.0), following the update of the Directive on general arrangements for excise duty[48]. EMCS Phase 4.0 consists mostly in the automation of the procedure for the movement of excise goods which have been released for consumption in the territory of one member state and moved to the territory of another for commercial purposes, also known as 'duty paid business to business (B2B) movements'. This makes the taxation of alcohol, tobacco and energy products fully paperless. Moreover, in 2023, the Fiscalis programme funded projects in the area of taxation on best practices in dealing with data, digital security, the use of chatbots and the use of artificial intelligence for tax purposes.
SDG10		
SDG11		
SDG12		
SDG13		
SDG14		
SDG15		
SDG16		
SDG17		

[48] Council Directive (EU) 2020/262 of 19 December 2019 laying down the general arrangements for excise duty (recast) (OJ L 58, 27.2.2020, p. 4).

CUSTOMS

ACTION PROGRAMME FOR COOPERATION IN THE FIELD OF CUSTOMS IN THE EUROPEAN UNION

Programme in a nutshell

Concrete examples of achievements (*)

5.6 billion messages were exchanged on the key customs European electronic systems and their components in 2023.	248 527 officials reported having been trained by using EU common training material in 2023.	91.45% of the Union customs code information technology systems were completed by the end of 2023.	99.86% is the percentage of time during which the key European electronic systems for customs were available for use in 2023.
1 801 recommendations and guidelines were developed in 2023 by collaborative programme actions, contributing to the preparation and uniform implementation of customs legislation and policy.		280 virtual and physical meetings were organised under the programme in 2023 under the general collaboration actions grant.	191 online collaboration groups were active within the programme in 2023.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	937.1
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	3.6
Total budget 2021-2027	**940.8**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The Customs programme supports the essential cooperation between customs authorities across the EU and protects the financial and economic interests of the EU and its Member States. It helps to build a modern and innovative customs union that ensures the safety and security of all EU citizens, all while facilitating growing global trade.

CHALLENGE

Safeguarding the financial interests of the EU and of member states and protecting the integrity of the single market in terms of goods (including health, environmental and other threats) requires an effective management of the EU's customs.

This in turn requires intense operational cooperation between member state customs administrations and between them and other authorities of trading partners and other non-EU countries. As many activities in the customs area are of a cross-border nature, they cannot be effectively and efficiently carried out by individual national administrations on their own: action at the EU level is warranted.

MISSION

The Customs programme has the general objective of supporting the EU customs union and customs authorities working together and acting as one to protect the financial and economic interests of the EU and its Member States, to ensure security and safety within the EU and to protect the EU from unfair and illegal trade while facilitating legitimate business activity.

OBJECTIVES

The Programme has the specific objectives of supporting the preparation and uniform implementation of customs legislation and policy, customs cooperation and administrative and information technology capacity-building. This includes human competency building and training, along with the development and operation of European electronic systems and innovation in the area of customs policy.

ACTIONS

The Customs programme provides financial support for information technology capacity-building actions, in particular the development and operation of European electronic systems for customs. It also fosters cooperation among national customs authorities via meetings and project-based structured collaboration, such as project groups and expert teams.

The Programme also provides financial support for human competency and capacity building actions, including training and exchange of best practices, along with other actions such as studies, communication and innovation activities.

STRUCTURAL SET-UP OF THE PROGRAMME

The legal bases of the regulation establishing the programme are article 33 TFEU (customs cooperation) article 114 TFEU (internal market) and article 207 TFEU (common commercial policy). The Customs programme, as a Union-level action (rather than national level action), is necessary for the following reasons:

- The customs union is an exclusive competence of the Union with a high degree of harmonised EU legislation. However, the implementation of this legislation remains with the individual Member States. Strong cooperation is thus essential to reach a deeper operational integration of customs authorities and to act as if they were one.

- Many of the activities in the customs area are of a cross-border nature, involving and affecting all member states, and therefore they cannot be effectively and efficiently delivered by individual member states. Union action is needed to underpin the European dimension of customs work, to avoid internal market distortions and to support the effective protection of the Union's external borders.

In this regard, union action is justified to ensure the proper functioning and further development of the customs union and its common regulatory framework, as it has been shown to be the most efficient and effective response to shortcomings and challenges in implementing the customs union and customs cooperation. Against this backdrop, the Customs programme for cooperation in the field of customs has the general objective to support the customs union and customs authorities to work together and act as one to protect the financial and economic interests of the Union and its member states, ensure the security and safety of the Union, and facilitate legitimate business activity. To attain these general objectives, the Programme's actions aim at supporting the following specific objectives or results: a) preparation and uniform implementation of customs legislation and policy; b) promotion of customs cooperation; c) support of administrative capacity building, including human competency and the development and operation of European electronic systems and; d) support to innovation in customs policy.

To achieve this, the Customs programme budget (EUR 950 million) is implemented in direct management by the Commission (DG Taxation and Customs Union) through:

1. Procurement: regarding the European electronic systems expenditure; training activities; studies and other actions (e.g. communication activities, innovation activities such as proof-of-concepts and pilot

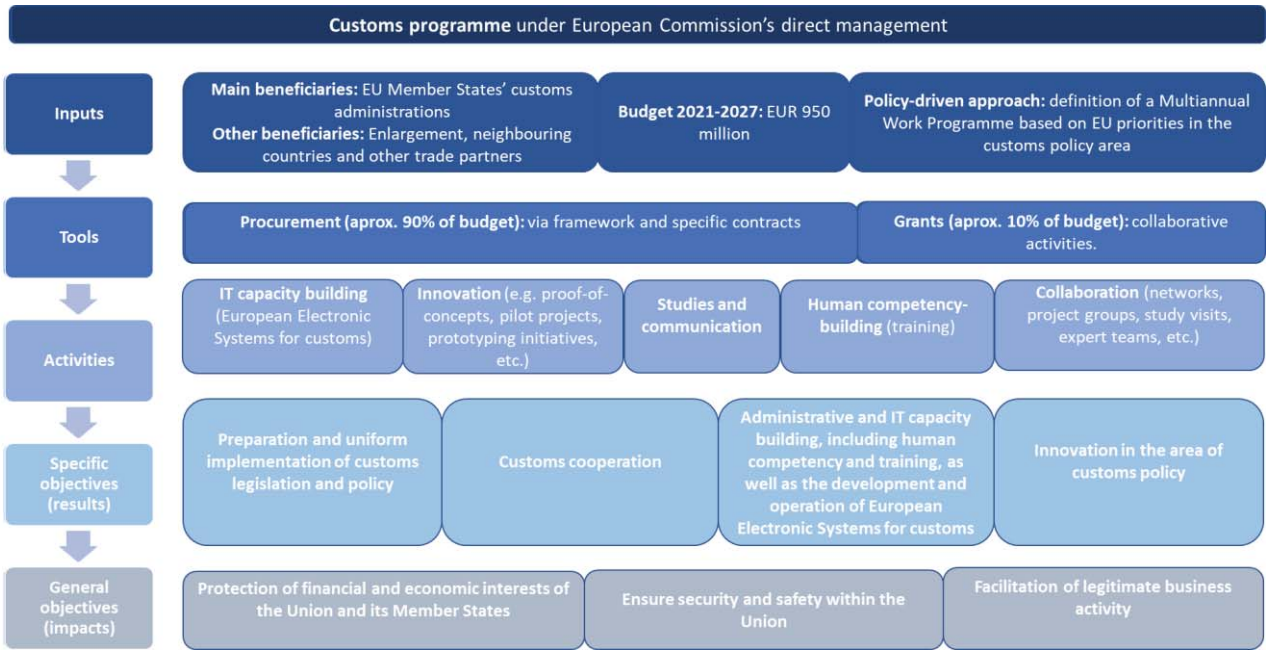
projects). The procurement is initiated, managed and implemented by the Commission. Over 90% of the financial capacity of the Programme is devoted to procurement for information technology capacity-building (e.g. development and operation of the European electronic systems for customs, including their design, specification, conformance testing, deployment, maintenance, evolution, modernisation, security, quality assurance and quality control). In 2023, this amounted to 94% of the Programme's budget commitments.

2. Grants with the participating countries: regarding collaborative actions including expert teams, workshops, project groups and similar activities. These are initiated and managed by the Commission and implemented by the grant beneficiaries being the participating countries' customs administrations. These activities provide fora for collaboration among the beneficiaries' customs authorities, in order to allow them to share knowledge, experience, and set guidelines and common working practices through programme activities. Besides, the Programme also facilitates collaboration with the Commission and with the key trade partners of the Union in the interest of the functioning of the customs union, including close cooperation with enlargement countries and key trade partners.

The legal base of the Customs programme is the regulation (EU) 2021/444 of the European Parliament and of the Council establishing the Customs programme for cooperation in the field of customs and repealing regulation (EU) No 1294/2013. The main beneficiaries of the Programme are the customs authorities of EU member states and other countries associated to the programme.

The multiannual work programmes (MAWP) constitute the implementing acts of the programme. These are defined on the basis of the Programme's objectives and DG Taxation and Cudtoms union policy priorities, as established in the multi-annual strategic plan for customs (MASP-C) for information technology projects and other strategic documents (e.g. strategic plans, communication on "Taking the customs union to the next level: a plan for action, etc.). MAWPs are established via comitology, in consultation with the customs programme committee.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The Customs programme is a continuation of its predecessor programme under the 2014-2020 multiannual financial framework, with more intensive cooperation, a larger number of electronic systems and greater openness to innovation.

FURTHER INFORMATION

Programme website: Customs programme

Impact assessment: The impact assessment of the Customs programme was carried out in 2018. For further information please consult: https://europa.eu/!pH79WJ

Relevant regulation: Regulation (EU) 2021/444 of the European Parliament and of the Council of 11 March 2021.

Evaluations

Customs 2020 final evaluation: Final Evaluation of Regulation (EU) No 1294/2013 of the European Parliament and of the Council of 11 December 2013 establishing an action programme for customs in the EU for the period 2014-2020 (Customs 2020) and repealing Decision No 624/2007/EC. Accompanying the document Report from the Commission to the European Parliament and the Council on the final evaluation of the Customs 2020 Programme (SWD/2022/363 final)

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	125.5	130.4	121.6	135.7	138.4	141.2	144.3	937.1
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities		0.1	3.5					3.6
Total	**125.5**	**130.5**	**125.1**	**135.7**	**138.4**	**141.2**	**144.3**	**940.8**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

- EUR 12.9 million (- 1%)

compared to the legal basis.*

* Top-ups pursuant to Art. 5 MFF regulation are excluded from financial programming in this comparison.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	377.0	940.8	40.1%
Payments	229.7		24.4%

Voted budget implementation (million EUR)(*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	125.5	126.9	21.9	25.3
2022	130.2	130.4	95.3	88.8
2023	121.2	133.1	112.4	115.2

(*) Voted appropriations (C1) only.

– The delayed adoption of the 2021-2027 multiannual financial framework resulted in the late adoption and launch of the Customs programme. Consequently, the signature of the new grant agreements and the implementation of general collaboration activities and expert team grants only started in December 2021.

– In 2023 there was no new grant agreement signed, but extensions of some ongoing grants.

– In 2023, there was a surplus of commitment appropriations of 11,5 million, returned to Commission's general budget, due to delays in import control system 2 (ICS2) projects.

– Below breakdown of commitment appropriations in 2023:

  - European electronic systems EUR 113.4 million
  - Collaboration activities grants (including expert teams) EUR 0 million
  - Other service contracts EUR 7.8 million

– The COVID-19 pandemic, the late adoption of the regulation and financing decision, the level of online collaboration and the streamlining exercise of the number of groups, impacted the financial programming of the new programme. While the impact is likely to be very limited for the expenditure on procurement – largely related to the maintenance and development of the information technology systems – it was more significant for expenditure on grants on collaborative actions, due to a lower number of face-to-face meetings. While in 2023 COVID-19 related travel restrictions are no longer limiting physical meetings, the online collaboration remains strong, with nearly half of the meetings taking place online, in line with greening objectives. In addition, a streamlining exercise took place in the DG in relation to the number of groups, also affecting the number of project groups under the Customs programme.

– These conditions led to under consumption of some grants under the new programme which were extended. For these reasons, some of the planned grants have been postponed and will be launched in 2024.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	0.1	4.1	0.1					4.2	0%
Biodiversity mainstreaming									
Clean air									

– In 2023, one action contributed directly to climate neutrality: EUR 0.055 million ([49]) was committed to support the implementation of the Carbon Border Adjustment Mechanism, whose aim is to promote climate carbon neutrality by 2050, avoiding carbon leakage and ensuring that EU companies can compete on a level playing field.

([49]) This amount reflects DG Taxation and Customs Union's commitments linked to the Carbon Border Adjustment Mechanism under the Customs programme's budget line. In addition, in 2023 various commitments were done under the specific Carbon Border Adjustment Mechanism budget line, i.e. independently from the Customs programme.

– On 13 December 2022, the European Parliament and the Council reached a political agreement on the implementation of the new Carbon Border Adjustment Mechanism. Under the political agreement, the mechanism entered into force in its transitional phase on 1 October 2023 and its implementation is centralised at the Commission level, as opposed to implementation by the individual Member States. In addition, the programme continued supporting the contribution of customs to the Green Deal through the reinforced digitalisation of customs procedures, based on the union customs code legal package, cooperation actions and guidance documents playing a part in the EU's sustainability objectives ([50]).

– Following the entry into force of Regulation (EU) 2022/2399 establishing the **EU single window environment for customs** in December 2022, the related digital system financed by the Customs programme (the EU Customs single window certificates exchange system) directly contributed in 2023 to trade facilitation and customs greening, by allowing customs and non-customs authorities to automatically exchange and verify information on EU non-customs formalities accompanying customs declarations in the area of prohibitions and restrictions related to sustainability.

– In parallel, in 2023 the programme supported the development of a series of e-learning activities which contributed to green priorities:

    • One nanolearning session as an introduction to CBAM.

    • Seven e-learning modules on the Carbon Border Adjustment Mechanism: one on the general aspects of the mechanism, with an emphasis on its customs perspective, together with six sector-specific modules that explain the criteria for calculating Carbon Border Adjustment Mechanism emissions to mitigate greenhouse gas emissions and carbon leakage in each of the relevant sectors (fertilisers, aluminium, iron–steel, electricity, hydrogen and cement).

    • Ten Carbon Border Adjustment Mechanism webinars: six for each specific Carbon Border Adjustment Mechanism sector, one for national competent authorities and three for the declarant portal usage.

    • Two e-learning modules (one for customs officers and another for economic operators) on the use of the EU Customs single window certificates exchange system for controls of fluorinated greenhouse gases formalities. In particular, the training sessions described how these formalities and measures are integrated into TARIC (the integrated tariff of the EU, a multilingual database integrating all measures relating to EU customs tariffs and commercial and agricultural legislation), and how this integration impacts the process of filling in the customs declaration.

Contribution to gender equality (million EUR) (*)**:**

Gender score	2021	2022	2023	Total
2				
1				
0*	9.5	4.9	7.8	22.2
0	116.0	125.3	113.4	354.7

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

([50]) Commitments for these actions are not included in the table, as they were not tracked in accrual-based accounting. They are part of a cluster of activities, such as framework contracts or grants, that in its majority does not contribute to climate mainstreaming.

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Figures on female and male participants in 2023 can be provided only for a specific type of programme action under the score 0*: the 'general collaborative activities' (one grant that represents 1.1% of the total programme's implemented budget):

- 2 696 participants identified themselves as female and 2 950 as male ([51]).

The Customs programme's interventions are split relating to the gender equality score as follows:

- score 0 relates to information technology expenditure, in particular on the development and operation of European electronic systems, which does not target the promotion of gender equality;
- score 0* relates to the remaining types of expenditure, i.e. collaboration activities, training sessions, studies and communication, for which a potential to promote gender equality has been identified.

At the policy level, the programme's aim is to support customs cooperation across the EU and within the customs union. DG Taxation and Customs Union takes note of the potential relevance of gender equality in the customs policy domain, among others, in light of the different impacts, challenges and opportunities that customs and trade policies can have on people, and of the importance of diversity and inclusion regarding the performance and quality of service within customs administrations.

At the same time, the programme has implemented an internal tracking mechanism in its activity reporting tool, which enables the identification of collaborative activities with a link to gender equality.

Based on this tracking, it can be confirmed that no programme interventions took place in 2021, 2022 or 2023 regarding gender equality. For the time being, no interventions have been planned or identified for 2024.

Contribution to the digital transition (million EUR):

([51]) The main beneficiaries of the programme are the customs authorities in the participating countries. In particular for the collaborative activities grant, customs authorities decide at their own discretion to whom they delegate the specific programme events according to the activity's agenda and objectives. The figures relate to a specific type of the 0* activities in 2023, even if none of them were identified as having gender equality impact. The data reflects the information available in the activity reporting tool as of 3 February 2024.

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	116.6	125.3	113.4	355.3	94%

The programme allocates the majority of the budget to digital administration, defined as the top priority in the programme's regulation (recital 16). Among the information technology capacity-building actions supported by the programme, the top priority is given to the European electronic systems that are necessary for the implementation of the customs union and for customs authorities to carry out their mission. In that respect, the programme has strong synergies with the European Commission's horizontal priority on digital transition.

The amount above covers information technology procurement only, excluding collaborative activities on e-Customs given their minimal budget use.

In 2023, EUR 113.4 million was committed to information technology procurement from the Customs programme. This represents a decrease of roughly 9.5% in overall committed budget to information technology procurement under the programme compared to 2022, due to delays in planned Import Control System 2 projects.

The high inflation levels registered since the start of the current multiannual financial framework require close monitoring of the scheduled budget for 2023 and the remaining years, especially in terms of costs linked with ensuring the development and functioning of the European electronic systems for customs. In this context, the Commission assesses the actual information technology spending against initial information technology budget allocations.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress	Target	Results	Assessment
Union law and policy application and implementation index – number of actions under the programme in this area	0	**14%** (***)	20 annually from 2022 to 2027	17 compared to a target of 20	Moderate progress
Learning index – number of customs officials trained by using common training material	0	> **100%** (**)	186 140 in 2027	248 527 compared to a target of 186 140	Moderate progress
Use of key European electronic systems – number	0	**60%** (**)	20 billion in 2027	12 billion compared to a target of 20 billion	On track

of messages exchanged on the key European electronic systems/system components					
Use of key European electronic systems aimed at increasing interconnectivity and moving to a paper-free customs union – number of records consulted in key databases	0	**34%** (**)	1.2 billion by 2027	404 million compared to a target of 1.2 billion	On track
Union Customs Code completion rate	75%	**66 %** (*)	100% in 2025	91.45% compared to a target of 100%	On track
Best practices and guideline index – percentage of participants that made use of a working practice/guideline developed with the support of the programme	0%	**33%** (***)	75% annually from 2022 to 2027	Milestones achieved for 2022 and 2023	On track

(*) % of target achieved by the end of 2023: latest result compared to target.
(**) % of target achieved by the end of 2023: sum of results compared to target.
(***) % of target achieved by the end of 2023: proportion of years for which the results are higher or equal to the target.

– Throughout 2023, the programme continued supporting the customs union and customs authorities to work together as one. It also provided a platform for Member States and the Commission to discuss customs policy and its operational implementation on several fronts, such as the Russian war of aggression against Ukraine, the withdrawal of the United Kingdom from the EU, the Carbon Border Adjustment Mechanism, etc.

– Security remained a priority, with significant resources devoted to relevant information technology systems and the organisation of collaborative activities on risk management. In addition, through the accession of several countries to the programme, it could contribute to the EU enlargement process.

– Overall, experience with the programme has now resulted in updates to the targets for some performance indicators. For example, the number of actions in the area of EU law and policy is lower than the initial milestone set. This is because these targets were established based on the experience of the previous programme. The new programme's approach has changed and, compared to micro actions in the previous programme, the new approach favours more inclusive macro actions. Hence, fewer actions are established, while the actual volume of activity behind these actions is at a stable high level. A review of the milestones and targets has thus resulted in new figures reflective of a leaner, more efficient approach towards the rationalisation of resources. A similar exercise took place for online collaboration groups.

– Just as in 2022, the number of recommendations and guidelines continued to increase, indicating the clear benefit associated with the actions. Action managers providing feedback explained their difficulties to quantify the number of working practices/guidelines and recommendations, given the wide range of activities supported by the programme and their specificities. The numbers reported can thus be explained given the broad interpretation of the indicator.

– Following the easing of COVID-19 pandemic restrictions, an increased number of physical meetings took place in 2023, while online collaboration remained strong. The increasing proportion of physical meetings allowed closer human interaction and networking. This had a positive impact on the networking opportunities created by the programme: close to 80% of the participants in the various activities reported strong satisfaction with this aspect. With the programme in full swing, the collaboration activities bore a high number of outputs/recommendations that were reported as useful for national administrations.

– In 2023, support to the development of the European digital customs environment remained a focal point of the programme (67 systems supported), as well as a top priority in the customs union. In this respect, the availability of the operational European electronic systems supported by the programme remained close to 100%, thus ensuring the uninterrupted functioning of customs throughout the EU. In addition, the availability of the common communication networks (CCN and CCN2), serving as a platform for the digital systems for customs, remained exceptionally high in 2023 and even reaching 100% for CCN2.

– The high demand for the use of these networks and systems is confirmed by the number of messages and number of consultations handled by these applications. The number of messages increased in 2023, following several administrations opting for a more nuanced approach towards handling customs declarations and hence increasing the number of entries (primarily impacting the surveillance system). Equally, the number of consultations increased and reached beyond the estimated target, showing the high demand for these systems and their intensive use.

– The revision of the union customs code work programme in 2023 (52) led to an update in the milestones for the work remaining towards its completion. Progress on the development of the information technology systems relevant for the union customs code has slowed down since 2021,

(52) Commission Implementing Decision (EU) 2023/2879 of 15 December 2023 establishing the Work Programme relating to the development and deployment for the electronic systems provided for in the Union Customs Code.

which translated to a union customs code completion level of 5 percentage points under the 2022 scheduled values. Since most of the work remaining for the union customs code is for transitioning the systems into operations with national administrations, a linear progression is expected here. Based on these assumptions, the current planning to reach the final (legal) target of 100% delivery of the 17 union customs code systems by the end of 2025 is still within reach.

– In 2023, the programme continued to contribute to the Commission's overall communication efforts to reach out to the public at large and to economic operators impacted by new developments in customs law and policy, supporting business activities and facilitating legitimate trade. This notably included (i) disseminating information about the EU Customs Reform package, (ii) preparing the entry into force of the requirements related to the Carbon Border Adjustment Mechanism transitional application, and (iii) supporting the ongoing Import Control System 2 communication campaign, with the objective of informing economic operators involved in air transportation on adapting their digital systems to the Import Control System 2 release 2. Moreover, synergies between customs and taxation were actively fostered regarding value-added tax on import and the import of excisable goods (53).
– 248 527 customs officials were reported as having been trained in 2023. The figure includes the number of officials completing a course directly in the EU central training portal and the number of officials, as declared on the EU central portal by national administrations, to whom the downloaded courses are made available via the national distribution systems (e.g. national intranets, portals of the national training institutes, etc.) (54).
– The programme continued building synergies with and contributing to the European Commission's horizontal priorities.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3		
SDG4		

(53) Such cross-cutting topics were addressed, for example, in the High-level Seminar on e-commerce, a specific meeting of the Risk Management Group targeting financial risk criteria, a working visit on special customs procedures applied to oil fuels in ports at the external border of the EU and another working visit on cooperation between tax and customs authorities and invalidation of the value-added tax number.

(54) These figures depend heavily on estimates provided by the end users at the time of download regarding the potential number of officials using the courses. For example, some administrations estimate fewer officials who will use individual training courses, others estimate higher numbers. The actual number of officers trained by the downloaded courses is not available. Obtaining this figure would require additional and disproportionate administrative burden, directly in contradiction with the Commission's effort to rationalise reporting obligations.

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SDG5		
SDG6		
SDG7		
SDG8	YES (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all)	The Programme's contribution to the development of efficient, modern customs is an essential element to ensure a proper balance between effective controls and safety within the Single Market, and the facilitation of legitimate trade through paperless, efficient customs processes, a cornerstone for the economic prosperity of the EU. The programme secures this contribution through the support to digitalisation, efficiency of the EU customs union and operations, as well as at developing human competency and training for customs officials. As an example, 718 learning modules were used in 2023, 80 in English, and 638 in different languages. Extending the global reach of the training offered undoubtedly contributes towards the objectives of the programme, and ultimately, to the customs union's performance.
SDG9	YES (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation)	94% of the Customs programme budget in 2023 was devoted to the development and operation of the common components of the European electronic systems, a key element in the digitalisation of public services in the area of customs to ensure the customs union can respond to 21st century challenges and protect the Single Market in a context of growing and complex international trade. Another example for 2023 is the contribution of the Programme to the development of the single window environment for customs, a framework whose objective is to facilitate trade by supporting quicker and more efficient sharing of electronic data between national customs administrations and EU regulatory authorities across policy domains (e.g. animal and plant health, product safety, protection of endangered species, dual-use goods, fluorinated greenhouse gases, times licenses, organic products, etc.).
SDG10		
SDG11		
SDG12		
SDG13		
SDG14		
SDG15		
SDG16		
SDG17		

EU SPACE

EU SPACE PROGRAMME

Programme in a nutshell

Concrete examples of achievements

3.5 billion Galileo-enabled devices were in use in 2023, and this number is growing.	3 times better positioning accuracy performance has been achieved by Galileo compared to other global navigation satellite systems, combined with excellent availability.	2 new and innovative services entered into service worldwide in 2023 – the pioneering Galileo High Accuracy Service – or updated – the Galileo Open Service.	84 activations of the on-demand Copernicus rapid mapping and risk and recovery mapping services were reported in 2022.
260 000 registered users of the Copernicus climate change service had access to about 108 terabytes of quality-controlled climate data per day in 2023.	400 or more EU spacecraft were protected thanks to EU Space and Surveillance Tracking activities in 2023 (*).	EUR 1.1 billion was the total combined funding raised by Cassini-backed start-ups, with more than 200 start-ups participating in Cassini matchmaking events.	EUR 45 million in Copernicus contributing missions contracts was awarded to nine New Space companies.

(*) *Source:* STM_factsheet.

Budget for 2021-2027

(million EUR)

Financial programming	14 **390.0**
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	342.3
Total budget 2021-2027	**14 732.3**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The European Space Programme implements space activities in the fields of Earth Observation, Satellite Navigation, Connectivity, Space Research and Innovation. It encourages and supports innovation and competitiveness through investments in critical infrastructures and disruptive technologies.

While striving to strengthen European space assets and services, it also drives space entrepreneurship and innovative solutions based on space technologies, data and services with targeted investments towards European start-ups and SMEs via the development of initiatives such as CASSINI.

The EU Space Programme is backing the European space industry and research by bringing together existing stakeholders and contributing to the emergence of a European 'New Space' eco-system.

Furthermore, EU action for space research under Horizon Europe supports technological development, innovation and the competitiveness of European upstream and downstream space sectors, including support for space entrepreneurship.

CHALLENGE

Space technology, data and services are indispensable in the daily lives of Europeans, and key for Europe to reinforce autonomy in areas of strategic importance and for implementing the EU's political priorities such as the Green Deal and the digital strategies to tackle climate change, sustainability, safety and security. Thanks to major investment, the EU has a strong edge in space activities and the European space industry is one of the most competitive on the global stage. However, there are many new challenges and actors across the world.

The EU space programme brings together the financial and technical capacities of Member States and yields economies of scale for the public spending involved. Furthermore, the provision of data and services throughout the Member States requires coordination at the EU level. Given the requirements in terms of security, all Member States must be involved.

MISSION

The EU space programme provides, maintains and promotes the use of space data, information and services to support the EU's political priorities. It also fosters the development of European space industry, enhances the security of the EU and its Member States, reinforces autonomy in areas of strategic importance and promotes the role of the EU as a strong global space actor.

OBJECTIVES

The EU space programme pursues the following objectives:

– to provide state-of-the-art, robust and secure positioning, navigation and timing services;

– to deliver accurate and reliable Earth observation data, information and services;

– to enhance space surveillance and tracking (SST) capabilities for purposes such as monitoring space objects and space debris and providing space weather services;

– to ensure the long-term availability of reliable, secure and cost-effective satellite communications services;

– to support an autonomous, secure and cost-efficient capability to access space;

to foster the development of a strong EU space economy by reinforcing competitiveness, innovation, entrepreneurship, skills and capacity building in all Member States, and in particular for small and medium-sized enterprises and start-ups.

ACTIONS

The EU space programme brings all existing and new space activities together under a single programme. The existing flagship programmes – Galileo, the EU's state-of-the-art global navigation satellite system, and the European Geostationary Navigation Overlay Service (EGNOS) for satellite navigation and Copernicus for Earth observation – are fully operational and deliver free and open data and services that benefit EU citizens, businesses and public authorities.

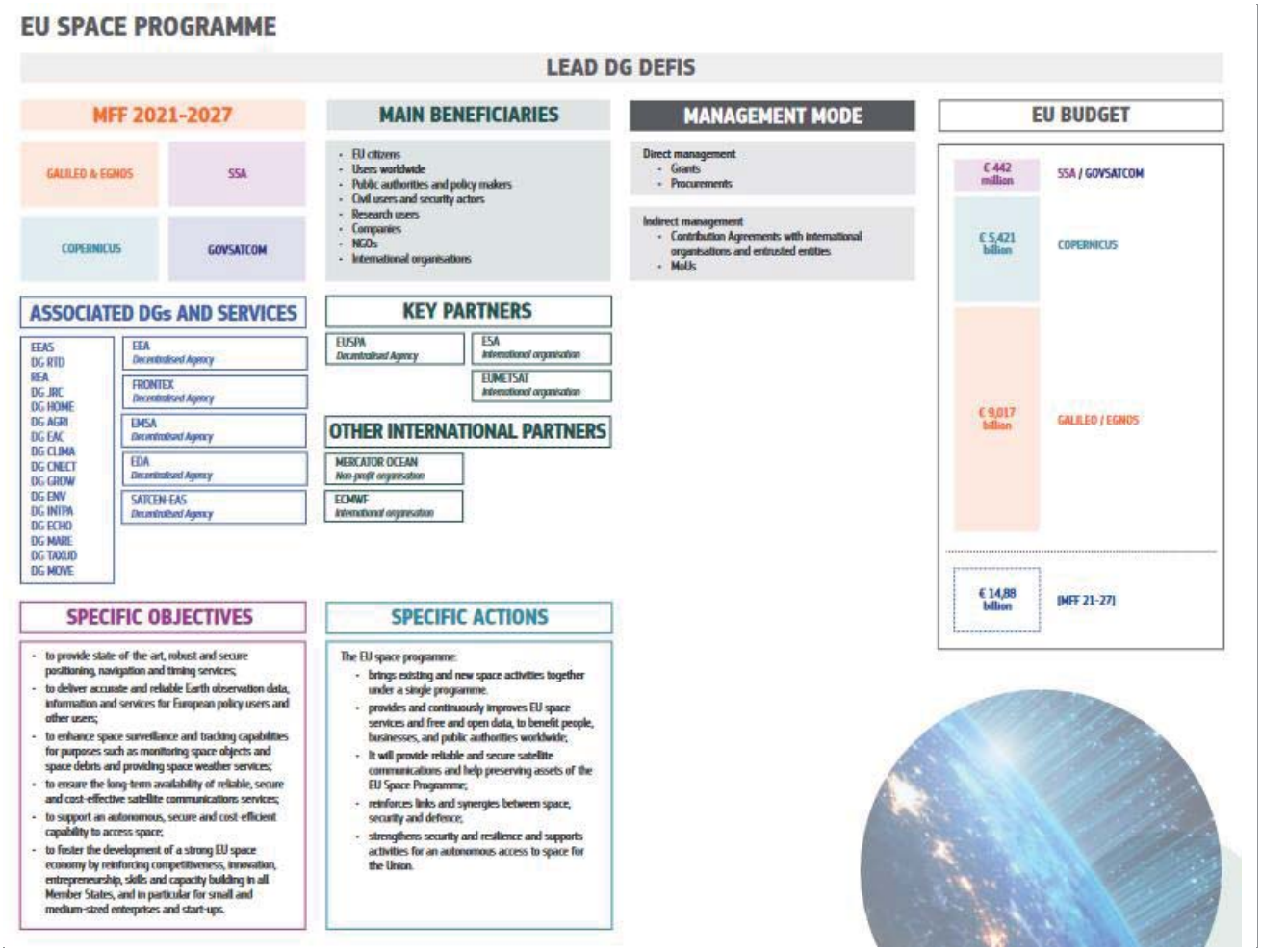
The new initiatives include the governmental satellite communications component (GOVSATCOM), which will provide reliable and secure satellite communication and the space situational awareness component (SSA) that will help to preserve assets of the EU space programme and to reinforce links and synergies between space, security and defence.

STRUCTURAL SET-UP OF THE PROGRAMME

DG Defence Industry and Space is the lead DG for the programme, which is implemented mainly through indirect management with the European Union Agency for the Space Programme, the European Space Agency and the European Organisation for the Exploitation of Meteorological Satellites as well as other entrusted entities. A small part of the budget is implemented through direct management by the Commission.

The legal basis of the Regulation establishing the EU Space Programme is Article 189 of the Treaty on the Functioning of the European Union. The EU space programme can support and transform many areas of EU legislation, including in the fields of environment, civil protection, security, climate change, internal market, transport, energy, agriculture, cooperation with non-EU countries and humanitarian aid.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The EU space programme builds on the success of its predecessor programmes, namely Copernicus and EGNOS- Galileo, which will all continue with a greater focus on synergies with other EU policy areas. The EU space programme for 2021-2027 introduces a number of new features, including a strong emphasis on fostering a strong and innovative space industry in Europe and on maintaining Europe's autonomous access to space as well as a unified system of governance.

FURTHER INFORMATION

– Programme website: The EU space programme (europa.eu)

– Impact assessment:

  • The impact assessment of the EU space programme and the European Union Agency for the Space Programme was adopted in 2018. For further information please consult: SWD(2018)327

– Relevant regulation:

  • Regulation (EU) 2021/696 of the European Parliament and of the Council: https://eur-lex.europa.eu/eli/reg/2021/696/oj

– Evaluation:

- The interim evaluation of Copernicus was carried out in 2017. For further information please consult: http://europa.eu/!GJ34Xr
- The assessment of Copernicus's *ex ante* benefits was adopted in 2017. Please consult: https://www.copernicus.eu/sites/default/files/2018-10/Copernicus-Ex-Ante-Final-Report_0_0.pdf
- The EGNOS and Galileo midterm review was carried out in 2017. For further information please consult: http://europa.eu/!KF39Uq

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	1 977.3	2 008.2	2 045.1	2 088.3	2 051.2	2 095.1	2 124.7	14 390.0
NextGenerationEU	0	0	0	0	0	0	0	0
Decommitments made available again (*)	N/A	N/A	N/A					0
Contributions from other countries and entities	123.4	103	115.9	0	0	0	0	342.3
Total	**2 100.8**	**2 111.3**	**2 161.0**	**2 088.3**	**2 051.2**	**2 095.1**	**2 124.7**	**14 732.3**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

- EUR 490.0 million (- 3%)

compared to the legal basis.*

* Top-ups pursuant to Art. 5 MFF regulation are excluded from financial programming in this comparison.

– The linearity of the financial programming of the space programme was defined when establishing the objectives of the space regulation. It is in accordance with the status of the two flagship programmes (Galileo and EGNOS for Space Navigation and Copernicus for Earth Observation) and with the planned enhancement of the capabilities of the new programmes SSA and Govsatcom. This linearity is key to provide a constant, state-of-the art quality of services together with the fostering of a strong union Space economy.

– The decrease of EUR 490 million compared to the legal basis is the result of two different factors. On the one hand, the global navigation satellite system programme contributed EUR 260 million to the new proposal of the IRIS^2 (secure connectivity) programme. The financial programming of IRIS^2 is not included in the above table figures. On the other hand, the space programme also contributed EUR 230 million to the European Union Agency for the Space Programme (EUSPA) in order to support and finance the additional tasks delegated to the agency in the frame of the new multiannual financial framework.

– The above financial programming includes also amounts received from third party countries (Norway, Iceland, United Kingdom, and Switzerland) in the form of assigned revenues.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	6 337.5	14 732.3	43.0%
Payments	5 238.2		35.6%

Voted budget implementation (million EUR)(*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	1 977.3	1 997.4	1 518.4	806.5
2022	2 008.2	2 008.2	1 614.6	1 618.1
2023	2 045.1	2 045.1	1 930.8	1 870.0

(*) Voted appropriations (C1) only.

– The adoption of the EU space programme regulation in April 2021 was followed by a financial framework partnership agreement and contribution agreements concluded in June between the Commission, the European Space Agency and the European Union Agency for the Space Programme.

Based on these agreements the Commission delegated the implementation of a wide range of tasks under the programme's components to these agencies and other entrusted entities.

- All of the components of the EU space programme are expected to fully consume the 2023 commitment appropriations.
- **EU satellite navigation component – Galileo and EGNOS.** In 2023, key priorities were 1) to ensure the continuity of Galileo and EGNOS services, 2) to continue preparations for the full operational capability of Galileo services, 3) to develop and test new innovative Galileo services, and 4) to promote the market uptake of Galileo and EGNOS services. Good progress was made on all these key priorities and services are being provided with excellent quality and continuity, despite the delays in the infrastructure deployment. The budget execution in terms of commitment and payment appropriations was excellent and close to 100%.
- **Galileo.** Activities focused on ensuring the continuity of provision of the Open Service, Public Regulated Service, Search and Rescue and High Accuracy Service and their related operations, while developing and testing new innovative services, such as the Galileo Emergency Warning Satellite Service, the Galileo Authentication Services (for the Navigation Message Data and the Signal encryption), the remote beacon activation and two-way communication functionalities of the Search and Rescue and the Galileo Timing Service. The Galileo High Accuracy Service was declared in January 2023 and excellent performance has been provided in 2023. New and improved features of the Galileo Open Service 'Signal in Space' were completed in 2023 with an update of the service commitments in November 2023. The Russian invasion of Ukraine led to severe disruptions in the planned launch schedule resulting in delays of key milestones, such as the Open Service's full operational capability and the improved Public Regulated Service's initial operational capability. In 2023, two alternative launches for 2024 were prepared. Notwithstanding these constraints, Galileo remains on track as the existing key services are being delivered according to expectations and measures have been identified to mitigate the impact of the delays on the end users.
- **EGNOS.** To guarantee the continuity of services, the EGNOS services were provided seamlessly, first with V2.4.2-A and then from November 2023 with the new evolution EGNOS V2.4.2-B which includes a station in Kuusamo (Finland) and adds robustness to the current demanding ionosphere conditions, improving the overall performance of EGNOS services, notably in the North of Europe. The development of a new EGNOS V3 generation continued with a Critical Design Review for the performance part of V3.1. EGNOS V3.1 will extend the current EGNOS services to all EU territories, have built-in security from the design phase and include the latest hardware and software technologies. An important contract change was signed in December 2023 to significantly reduce the EGNOS V3 risks.
- **EU Earth observation component – Copernicus.** Key priorities of the Copernicus programme components (space, services, in situ) were 1) to ensure the continuity of Copernicus satellite data and information services, 2) to continue the timely development of the additional satellite missions and 3) to promote the market uptake of Copernicus data and service information. Overall operations and service continued throughout 2023. All contribution agreements between the European Union and the various partners are in place and signed in 2023. The use of a new Dynamic Purchasing System has proven to successfully increase the agility of the contribution missions' scheme and reduce possible barriers for new European market entrants, in particular new space companies. To further increase the uptake of Copernicus data and products and their use in machine learning and artificial intelligence applications the Copernicus Data Space Ecosystem was rolled out in 2023 bringing data access and exploitation to a new level. In 2023 we have concluded cooperation arrangements with Argentina, Japan and the Philippines. In 2024, the use of cooperation arrangements will be intensified for the benefit of the programme, such as with the UN Food and Agriculture Organization and the World Meteorological Organization.

– **Space situational awareness component.** This new component of the EU space programme adopts a holistic approach, including comprehensive knowledge and understanding of the main space hazards, such as collision between space objects and fragmentation and re-entry of space objects into the Earth's atmosphere. It covers three subcomponents: 1) space surveillance and tracking (SST), 2) space weather events, 3) near-Earth objects.

– The implementation of the EU approach on space traffic management (STM) ([55]) is actively pursued along ten actions in four areas : 1) specifying STM requirements of civil and military space operators; 2) enhancing STM operational capabilities, in particular SST services and assets in particular through the **'EU industry and start-ups forum on STM'** bringing together big players, small and medium-sized enterprises and start-ups; 3) developing regulatory aspects (such as standards, rules, and best practices, minimum legal requirements and a legislative proposal); and 4) enhancing the international dimension of STM to foster a common STM approach with regional and global partners.

– **Governmental satellite communications component.** The implementation of the GOVSATCOM component is conducted through: 1) a timely and appropriate level of adoption of the GOVSATCOM services, and 2) procurement of the GOVSATCOM ground segment infrastructure. These objectives are implemented through own resources and actions in direct and indirect management. The provision of initial GOVSATCOM services is expected by end 2024, following the deployment of the GOVSATCOM ground segment. These services will complement and become an integral part of the EU's new secure connectivity programme, IRIS^2.

– **Cassini.** Continuing its efforts to bolster the competitiveness of the EU's space sector, all Cassini actions were fully deployed in 2023. 1) Cassini Investment Facility: the European Investment Fund expanded its support by signing agreements with three new venture capital funds, bringing the total number of Cassini-backed funds to nine. 2) Eight Cassini matchmaking events were organized by the Commission, attracting over 200 start-ups, corporates, and investors. 3) The winners of the Cassini Maritime Prize were announced in November, with each of the winning projects receiving EUR 0.95 million. 4) Two Cassini hackathons were held in 2023, focusing on 'Space for Defence and Security', and 'International Development and Humanitarian Aid'. These events drew participation from over 600 individuals across 17 countries, with Ukraine serving as a guest local organiser for the final edition of the Cassini hackathons. 5) The Cassini Business Accelerator service was launched with the goal of boosting the commercial growth of space start-ups and scale-ups, and has already supported 40 companies. 6) The Commission continued to enable space technologies to be tested in orbit for free through the In Orbit Demonstration and Validation (IOD/IOV) programme. Notably, on October 9th, 2023, seven IOD/IOV experiments were successfully launched aboard a Vega VV23 rocket from the European Space Port in Kourou. 7) The Commission stepped up its role as an anchor customer. On the one hand, it launched the Flight Ticket Initiative together with ESA with the objective of stimulating new European launchers systems through open competition and access to procurement of launch services for European missions. On the other, it awarded contracts of EUR 5 million each to 9 New Space companies to act as suppliers of Earth Observation data for Copernicus contributing missions.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

([55]) JOIN(2022) 4.

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	224.4	296.0	325.0	319.1	321.8	333.1	338.8	2 158.1	15%
Biodiversity mainstreaming	120.0	120.0	120.0	120.0	120.0	165.0	165.0	930.0	6%
Clean air									

- The EU space programme (and the EU secure connectivity programme) place great emphasis on the green transition and have a key role to play. On one hand, EU space data and services enable other sectors to achieve the ambitious Green Deal objectives and the green transition; on the other hand, the EU space industry sector itself must transform and adapt to comply with the Green Deal policies and legislation and hence improve its practices throughout its full value chain.
- Copernicus contributes significantly to the conception, implementation and monitoring of the EU's climate policy, both in terms of climate mitigation and climate adaptation. This includes the support of DG Climate Action in honouring the EU's international obligations, such as those under the United Nations Framework Convention on Climate Change. Copernicus' land monitoring, marine environment monitoring and atmosphere monitoring services notably contribute to this, and the climate change service is fully dedicated to supporting climate change policies and the transition to a carbon neutral society and economy.
- Remote sensing and the services offered by the Copernicus programme, in particular the land monitoring service, the climate change service and the marine environment monitoring service, have come to play an increasingly important role in supporting biodiversity conservation and restoration. Today, products and tools offered by these services contribute to monitoring changes in ecosystems and biodiversity loss, and are used in the context of the EU biodiversity strategy, the Convention on Biological Diversity and reporting on sustainable development goals.
- The ambient air directive encourages Member States to exploit, for monitoring purposes, information products and supplementary tools (e.g. regular evaluation and quality assessment reports, policy online applications) provided by the Earth observation component of the EU space programme, in particular the Copernicus atmosphere monitoring service.

Contribution to gender equality (million EUR) (*)**:**

Gender score	2021	2022	2023	Total
2				
1				
0*	0.3	2 008.2	2 045.1	4 053.6
0	1 977.1	0.0	0.0	1 977.1

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;

- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information:

- The European space industry is quite specific in terms of age and qualification structures. The industry maintains a rather stable age structure. About a fifth of space industry employees are women.
- Women accounted for roughly 23% of employment in the upstream segment in Europe in 2021, a share that has remained stable over the last decade.

Source: Eurospace, 2022 ([56]).

On gender equality, no dedicated budget expenditure occurred in 2023. The activities that were relevant to the promotion of gender equality were the following.

- Barriers to women's equal participation exist in the space sector, where women remain a minority. As part of the Pact for Skills, in April 2023 a large-scale skills partnership for the space sector was launched. The partnership will also pursue equal and inclusive access to training, in order to attract more people to the space sector labour market, in particular women and young people.
- In 2023, the Cassini space entrepreneurship programme, continued addressing gender equality and diversity in space by implementing various strategies such as inclusive communication, partnering with diverse stakeholders and ensuring balanced representation in events. Data from 2023 show that in its first year of activities with Cassini matchmaking, 18% of participants were female, a figure that will hopefully improve in the following years.
- In January 2023, middle and senior management at DG Defence Industry and Space signed the 'DEFIS ED&I Charter'.
- The participation of DG Defence Industry and Space in the UNOOSA Space 4 Women Expert Meeting in Montreal, Canada, co-organised with the Canadian Space Agency. This event aimed at addressing gender bias and uplifting women and girls in the space sector and science, technology, engineering and mathematics.
- At the EU Space Week held in Seville, Spain in early November, a special session on 'EU Space for Skills and Inclusion' gathered relevant figures from many EU organisations, businesses and academic entities to encourage strategic initiatives shaping a skilled but more gender diverse and inclusive EU workforce within the space sector.

Contribution to the digital transition (million EUR):

([56]) https://eurospace.org/wp-content/uploads/2023/07/facts-figures-report-2022-web-release.pdf.

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	334.3	487.5	369.6	1 191.5	20%

– Copernicus provides a wide range of Earth observation data and related model products, 'reanalyses', that generate a seamless data product without gaps in spatial or temporal coverage. These models also allow for forecasts and predictions in certain thematic areas. These data are valuable content for a vast range of commercial applications, both in the professional and the consumer domains. The integrated data management of Copernicus covers, inter alia, harmonisation and interoperability with other EU programmes such as Digital Europe or other international organisations such as the European Space Agency and the European Organisation for the Exploitation of Meteorological Satellites. Some initial activities on complementing numerical modelling with artificial intelligence have been undertaken.

– The services that will be provided under the governmental satellite communications component of the EU space programme are expected to boost the digital transition in Europe and worldwide. Programme activities are aimed to facilitate the further development of high-speed broadband and seamless connectivity and secure and cost-effective satellite communications services for governmental satellite communications users.

– The programme's contribution to the digital transition was estimated on the basis of the Recovery and Resilience Facility's intervention fields methodology.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Number of EGNOS procedures published (both APV-I(1) and LPV-200(2))	690	**47%**	1 150 in 2027	935 compared to a target of 1 150	On track
EU user satisfaction with respect to Galileo services	80%	**30%**	90% in 2027	83% compared to a target of 90%	On track
EU user satisfaction with respect to EGNOS services	85%	**80%**	90% in 2027	89% compared to a target of 90%	On track
Share of Galileo-enabled receivers worldwide	64%	**50%**	70% in 2027	67% compared to a target of 70%	On track
Share of EGNOS-enabled receivers worldwide	63%	**< 0%**	65% in 2027	62% compared to a target of 65%	On track

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EU user satisfaction with respect to Copernicus services and data and information access services	90%	**0%** (**)	98% in 2029	90% compared to a target of 98%	On track

(*) % of target achieved by the end of 2023.

(**) % of target achieved by the end of 2021.

EU satellite navigation component

– **Galileo.** No Galileo service disruptions occurred in 2023. The positioning and timing performance of the Galileo services is better than that of any other global navigation satellite system. The services are fully interoperable with the US Global Positioning System, and their combined use provides more accurate and reliable positioning for end users. The Galileo open service commitments have been updated in 2023 to improve the quality and availability of the service. Galileo also delivered excellent 'search and rescue' services, including the 'Return link' service. The Galileo High Accuracy Service was declared operational in 2023 and is delivering excellent performance, while the Galileo Open Service Navigation Message Authentication Initial Operational Capability was also declared operational in 2023. Galileo faces delays on key milestones relating to 1) the full operational capability of the Open Service, and 2) the improved Public Regulated Service. This is mainly due to the Russian invasion of Ukraine and the subsequent non-availability of two launch services with Soyuz launchers (two satellites per launch). The four satellites concerned are now planned to be launched in 2024. Nevertheless, Galileo continues to deliver high-quality services and very accurate signals through its operational satellites in orbit. In view of the improved Public Regulated Service milestone set for 2024, the Commission continued leading the dedicated work force with the institutional and industrial actors concerned to closely monitor and control the execution of the workplan, and is engaging with Member States on possible risks. The manufacturing of additional satellites to complete the constellation and provide spares continued. The production of Galileo-enabled receivers has further increased to ensure the provision of long-term, state-of-the-art and secure positioning, navigation and timing services. In 2023, Galileo adoption by receiver models worldwide continued to increase, with the key market segment being consumer devices (smartphones and tablets) continuing the rapid market uptake since 2016. The estimated number of Galileo-enabled devices in use worldwide was around 3.5 billion by the end of 2023.

– **EGNOS.** EGNOS is fully operational to monitor and correct open signals emitted by the Global Positioning System and, in the future, Galileo. By improving the accuracy to around 1 metre and the reliability of the Global Positioning System signal over Europe, EGNOS allows users in Europe to use Global Positioning System signals for safety-critical applications such as aircraft operations. EGNOS system evolutions are being prepared to solve major obsolescence issues and improve the coverage of Member State territories. EGNOS is used by an ever-increasing number of airports in Europe (more than 930 procedures in 2023 compared to 373 in 2019), also due to the introduction of the mandatory publication of EGNOS procedures in all instrument runway ends before January 2024 (Regulation (EU) 2018/1048). EGNOS' market share has stabilised at around 63% of the total number of receiver models worldwide, because consumer solutions (e.g. mobile phones) are far less likely to be enabled for satellite-based augmentation systems, as such systems consume more energy due to continuous signal-in-space data reception. However, the low adoption rate in consumer solutions is compensated for by an almost 100% uptake in high-precision applications (such as agriculture and geomatics), while newer technologies such as drones also have a high level of uptake of satellite-based augmentation systems. Safety-of-life applications benefit the most from EGNOS implementation in other segments, such as the aviation, maritime, rail and road markets.

EU Earth observation component

– In 2021, a European Court of Auditors special report assessed the measures taken by the Commission since 2014 to promote the uptake of services derived from Galileo and Copernicus, aimed at achieving the expected economic and societal benefits. The Commission is working towards delivering on the court's four recommendations within the set timeline – the first one by 2023 and the rest by 2024.

– **Copernicus.** In 2023, Copernicus continued to successfully deliver on its general and specific objectives. Robust and reliable Earth observation and monitoring data and information were provided on a full, free and open basis. The lack of radar data, due to the unavailability of a launch service for the Sentinel-1C satellite, was partly compensated by adjusting the observation plan for Sentinel-1A and reinforcing the use of contributing missions, including from our international partners. The six Copernicus services (land, marine, atmosphere, climate change, emergency and security) continued their activities to provide continuous and reliable geo-information, as demonstrated by the respective key performance indicators. Copernicus reaches more than 1 200 000 registered users and achieves a high level of user satisfaction. The total amount of Copernicus Sentinel data products available by the end of Q3 2023 was 8 petabytes. Users can choose from a service portfolio of over 500 information products. Copernicus successfully embraced the big-data revolution by setting up the Copernicus data space ecosystem for data and information access, making Copernicus data and information available online, ready to be processed on demand, enabling machine learning or artificial intelligence. EUSPA's 2022 Earth observation and global navigation satellite system market report estimates that over the next decade, revenue is set to double from roughly EUR 2.8 billion to over EUR 5.5 billion, as the market for Earth observation applications is boosted by a large pool of added-value services. DG Defence Industry and Space worked closely with the Joint Research Centre to set up the knowledge centre for Earth observation. Both the centre and EUSPA ensure Copernicus' uptake by policy users within 17 Commission user services, cross-sectoral policy areas and the commercial markets, and by other users.

– Copernicus plays an important role in advancing both the green and digital priorities of the European Union. By harnessing satellite technology and Earth observation data, Copernicus contributes to environmental sustainability efforts by monitoring climate change, deforestation, air quality and natural disasters. Furthermore, Copernicus fosters digital innovation by providing access to vast datasets, empowering businesses, researchers and policymakers to develop digital solutions for a wide range of societal challenges, driving forward the EU's digital agenda.

Space situational awareness component

– In 2023, the Commission continued the implementation of actions to support the EU approach to STM in all four areas under this strategy. The **STM stakeholder mechanism** pursued the development of a comprehensive set of STM requirements, the development and promotion of STM standards, rules and best practices, all while seeking to enable an exchange of ideas on a common STM approach on the regional and global levels. The STM stakeholder mechanism (the main group and its four subgroups) met on a regular basis to gather input, ideas and contributions. A feasibility study on an EU safe space label from 2022 progressed well, with final results expected in the first quarter of 2024.

– **SST subcomponent.** In 2023, the **EU SST partnership** was created, setting in place a new governance structure and organisational framework. The EU SST partnership includes 15 Member States that joined forces and networked their national assets in the EU SST capability to improve EU SST's performance and autonomy in the SSA domain and to deliver operational public SST services to users. The first activities started on 1 July 2023 when the EU SST Partnership took over the provision of SST services from its forerunner, the EU SST consortium (whose grant was extended until 30 June 2023). At the same time, the operation of the SST Front Desk, managing the SST Portal and acting as the user interface for the provision of EU SST services, was formally transferred from the European Union Satellite Centre to EUSPA. The initial data on the related performance indicators were made available. More specifically, data on the number of users were set out for each of the three services which are

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provided, i.e. collision avoidance, re-entry and fragmentation services, along with data on the availability of these services, showing excellent services performance in line with technical expectations.

– **Space weather subcomponent.** To deliver an EU operational space weather service by 2025, preparatory activities focused on assessing space-weather user needs. In 2023, a socioeconomic study was continued to provide an analysis on the impacts of the potential services and their technological readiness.

– **Near-Earth objects subcomponent.** Member States' capacities to detect and monitor near-Earth objects were mapped. To increase preparedness and responsiveness, the most likely deflection missions are being studied. A European catalogue for the physical properties of near-Earth objects is being prepared and should be ready in 2024.

Governmental satellite communications component.

In 2023, the priority for consolidating the programmatic framework for governmental satellite communications was largely completed through the adoption of implementing acts, notably to define the governmental satellite communications service portfolio and the operational and general security requirements. Work was also initiated to determine the location of the ground segment infrastructure, subject to the final adoption of a Commission decision in 2024. The second priority involved the supervision of the public procurement of the governmental satellite communications hubs, run by EUSPA and finalised by the end of 2023. The provision of initial governmental satellite communications services is expected by the end of 2024, as planned, and will complement the EU secure connectivity programme. Data for the performance on the number and type of governmental satellite communications users, and on the availability of services should be available in 2024. In parallel, downstream research for governmental satellite communications service uptake and upstream technology continue to be carried out by EUSPA and the European Space Agency.

Cassini

All Cassini actions were successfully launched in accordance with the plans and budgetary limits. A review of the qualitative impact on the space industry and the ecosystem shows that the Cassini initiative's contributions exceeded expectations in 2021, 2022 and 2023. This can be explained by a positive reception by many stakeholders and a very good coordination of activities between the Commission, the European Investment Bank, the European Investment Fund, the European Union Agency for the Space Programme, the European Space Agency and national authorities. The collaborative efforts have not only facilitated the smooth execution of Cassini initiatives, but also fostered a synergistic environment conducive to innovation and growth within the European space sector, with significant growth in private space investment and a record number of deals.

Green budgeting priorities

– To reduce the environmental impact of space activities, DG Defence Industry and Space worked on the preparation of a European Parliament-backed pilot project that will be rolled out in 2024, aimed at developing a sector-specific life cycle assessment method – product environmental footprint category rules – for the space sector. Also, preparations for launching a call for tender were undertaken in 2023, which is expected to be launched in 2024. The contract will support the formulation of environmental strategic and policy aspects for the future development of the EU space programmes and the greenhouse gas emission reporting activities.

– Under Cassini, all four Cassini hackathons so far have partially focused on green technology and green solutions. The Cassini Maritime Challenge aims at solving plastic pollution, in line with the green deal. Many start-ups in Cassini Matchmaking have products aimed at improving sustainability or reducing the consumption of raw materials, although the ratio is hard to measure due to methodological challenges. The Cassini Investment Facility (implemented by the European Investment Fund) also considers sustainability when selecting venture capital funds.

Digital transition

– All Cassini actions are fully in line with the objectives of the digital transition and will support companies, institutions and citizens to adopt new digital solutions.

Equality, diversity and inclusion

– Efforts are continuously made to seize all relevant opportunities identified. For instance, by organising side events/workshops or including gender equality aspects in communication activities and events on various matters related to the EU space components, when promoting the competitiveness and innovation of the EU space industry or when promoting the market uptake of relevant space-based applications.

– One major event, the EU Space Week ([57]), which took place in Seville, Spain during the first week of November 2023, had a dedicated session covering skills and diversity in the space sector. This session attracted many participants.

– Cassini is actively promoting gender equality and diversity of backgrounds and skills. All Cassini activities aim at increasing female participation in entrepreneurship and investments, which historically has been very low in this sector. For the first year of activities with Cassini Matchmaking, 18% of entrepreneur participants were females, a figure that will hopefully improve in the following years. The Cassini Investment Facility (implemented by the European Investment Fund) will feature metrics on gender when the *ex post* reporting is delivered in 2023-2027.

([57]) https://www.euspaceweek.eu/.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2	YES	The EU space programme is providing innovative solutions with huge potential of making agriculture more productive and sustainable. For example, Earth Observation data provided by the Copernicus Land Monitoring Service (CLMS) help national institutions in monitoring crop conditions, providing early warnings on failing crops and predicting crop yields. This enables a considerable improvement in the use of fertilizers, fuel and pesticides resulting in healthier food and a reduced environmental impact. Galileo and EGNOS, in turn link data to specific geographical coordinates and provide geolocation, tracking and positioning.

SDG3	YES	EU space services provided by Galileo and Copernicus are key for the development of smart health apps benefiting users worldwide. For example, there are numerous consumer apps for checking daily sport and fitness activity and performance levels, encouraging a healthy lifestyle. There are apps used for patients monitoring like for instance for localising patients with Alzheimer's disease, to oversee patients with cardiac conditions and help with issuing emergency call warnings if needed, or apps used for guidance to support for instance the visually impaired. The Copernicus Atmosphere Monitoring Service issues daily air quality forecasts at global scale accounting for pollutants' emissions or the consequences of events such as large wildfires or volcanic eruptions. This is valuable and reliable information for assessing health impacts. The eCall initiative helps to save lifes by speeding up the emergency response times in case of a road accident. This initiative requires all new car types sold in the European Union to be fitted with eCall devices that are using space data from Galileo and EGNOS. eCall devices automatically dial the European emergency number 112 to alert rescue services in the event of an accident while also communicating their accurate and exact location. It is estimated that eCall, in its first 10 years of operation, will save more than 2 000 lives in Europe, avoid almost 20 000 severe injuries and significantly reduce the severity of injuries in 15% of all accidents involving damage to health.
SDG4		
SDG5	YES	During the EU Space Week in Seville (November 2023), a dedicate session on skills & diversity in the space sector was organised, which attracted a lot of attention.
SDG6	YES	EU space technologies play a crucial role in optimising potable water processing operations to achieve higher quality. For example, the Copernicus Land Monitoring Service (CLMS) systematically provides real time information on the state of global inland water bodies and their seasonal replenishment, lake and river water levels, temperature, turbidity and trophic state, including potential water availability from snow and ice cover. Better information and forecasts help a broad range of water managers adapt their strategies when dealing with water allocation, flood management, ecological status and industrial water use to mitigate the effects of climate change.

SDG7	YES	EU space data is improving the production of renewable energies while providing valuable insights about the energy potential of natural resources like sun and wind. Galileo supports the implementation of smart grids to improve overall energy efficiency through its precise timing synchronization services that are essential for adjusting demand to distribution across a wide geographical area. In addition, Galileo authentication services trigger the concept of authenticated timing, eliminating the danger of using inaccurate signals in such critical infrastructure. Copernicus, the EU's Earth observation system, supports the implementation and operation of renewable energy infrastructure by ensuring efficient placement and predicting energy generation through weather forecasting and monitoring. The Copernicus Climate Change Service provides climate indicators of electricity consumption, alongside estimates of the combined production from all renewable sources at national and sub-national level in Europe. These two sets of indicators help planners and policy makers identify the pros and cons of different energy mix options and optimise investment decisions accordingly. Copernicus supports the International M ethane Emissions Observatory (IMEO) in order to curb methane emissions of the energy sector and make it cleaner.
SDG8		
SDG9	YES	The EU space-based technologies are key enablers for smart and sustainable transport and, in particular, for the connected and autonomous driving. In road transport, using navigation and positioning services by Galileo lead to a range of innovative applications that enable smart mobility and multi-mode transport digitalisation with optimised travel routes, in turn allowing for a reduction of CO_2 emissions. In air transport, using EGNOS for efficient definition of flight routes permits reduced fuel burn and reduced CO_2 emissions. Copernicus data and information will be used to assess the energy efficiency of residential areas and to monitor the impact of the energy efficiency policies.
SDG10		

SDG11	YES	EU space services provided under the EU space programme are key enablers for smart cities, making urban planning more efficient. By using Galileo and EGNOS for navigation, positioning and timing, city services that are essential for instance for operating and managing public transportation, power supply, connectivity, waste management, and much more, can be considerably improved and at a lower cost. Copernicus provides valuable satellite images and insights about urban areas. These include information about land use and land cover classification, urban growth and urban green areas that policymakers use to improve life in cities. The Copernicus Climate Change Service provides information on city-scale climate helping city planners to mitigate the effect of heat waves for their citizens. The Copernicus Emergency Management Service (CEMS) provides information for emergency response in relation to different types of disasters, including floods, as well as related prevention, preparedness, response and recovery activities.
SDG12		
SDG13	YES	The Copernicus Climate Change Service routinely monitors the Earth's climate and its evolution. It provides routine access to key indicators on a number of Essential Climate Variables (temperature, sea-ice, CO_2, etc.) and is therefore a powerful tool to monitor the success of the implementation of the Paris Agreement. The Copernicus Atmosphere Service provides already today information on greenhouse gas concentrations and on sources. Both services contributed to the preparation of UN Framework Convention on Climate Change first global stocktake in 2023.
SDG14	YES	Copernicus is helping governments in identifying the sources of oil pollution. It is also a powerful tool used by fisheries control administrations from across the EU, for making maritime surveillance more effective. The combined use of Copernicus satellite images with vessel positioning information provided by Galileo reinforce the monitoring activities and help authorities to detect and track movement and activity in restricted fishing grounds. The Copernicus Marine Service reported to EUROSTAT on Sustainable Development Goal 14 ('Life below water') on the impact of climate on waters acidification and eutrophication of direct impact on marine ecosystems.

SDG15	YES	The EU space programme provides reliable services and reports supporting the formulation, implementation and monitoring of policies to protect natural environments and biodiversity (EU biodiversity strategy for 2030). Benefiting users worldwide, the Copernicus Climate Change Service develops tailored information products on key indicators such as temperature, sea ice and CO_2 levels. In addition, the Copernicus Atmosphere Monitoring Service uses near-real-time observations of the location and intensity of active wildfires to estimate the emissions of pollutants that may impact biodiversity in the affected areas.
SDG16		
SDG17	YES	The EU space programme provides reliable services and reports supporting the formulation, implementation and monitoring of policies to protect biodiversity (EU biodiversity strategy for 2030). Benefiting users worldwide, the Copernicus Climate Change Service develops tailored information products on key indicators such as temperature, sea ice and CO_2 levels. In addition, the Copernicus Atmosphere Monitoring Service uses near-real-time observations of the location and intensity of active wildfires to estimate the emissions of pollutants that may impact biodiversity in the affected areas.

SECURE CONNECTIVITY

EU SECURE CONNECTIVITY PROGRAMME

Programme in a nutshell

Concrete examples of achievements

The EU secure connectivity programme was in its first year of implementation in 2023, with no data available for presenting key achievements.

3	**1**	**1**	**1**
implementing acts were adopted to clarify the services portfolio and to set out the general security requirements and the 2023-2027 work programme of the Infrastructure for Resilience, Interconnectivity and Security by Satellite (IRIS^2).	call for tender for a main concession contract for the implementation of the programme was published on 16 March 2023.	contribution agreement was signed on 21 September 2023 with the European Space Agency, supporting the Commission in developing and validating the IRIS^2 system.	call of expression of interest to Member States for the hosting of the IRIS^2 control centres was launched on 24 April 2023.

Budget for 2021-2027

(million EUR)

Financial programming	1 367.9
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0
Total budget 2021-2027	**1 367.9**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The Union secure connectivity programme will provide enhanced satellite communication capacities to governmental users, businesses and citizens. It aims to deploy an EU satellite constellation – IRIS² (infrastructure for resilience, interconnectivity and security by satellite) – to support a wide variety of governmental applications, mainly in the domains of situational awareness (e.g. border surveillance), crisis management (e.g. humanitarian aid) and the connection and protection of key infrastructures (e.g. secure communications for EU embassies).

On the commercial side, it will enable mass-market applications, including mobile and fixed broadband satellite access, satellite access for transportation, reinforced networks by satellite, and satellite broadband and cloud-based services.

CHALLENGE

The functioning of our economy and our security are increasingly dependent on secure and resilient connectivity. Digital hyperconnectivity and technological transformation are prompting an unprecedented increase in the demand for services that depend on edge technologies. At the same time, there is a growing demand by EU governmental actors for secure and reliable satellite communication services, particularly because they are the only viable option in situations where ground-based communication systems are non-existent, disrupted or unreliable. Affordable and cost-effective access to satellite-based communication is also indispensable in remote regions, on the high seas and in airspace.

The EU's sovereignty and security must be safeguarded by providing resilient, global, guaranteed and flexible satellite communication solutions built on an EU technological and industrial base. To that end, on 15 March 2023, the European Parliament and the Council of the European Union adopted Regulation (EU) 2023/588 establishing the Union secure connectivity programme.

MISSION

The Union secure connectivity programme aims to provide for an EU satellite-based, multi-orbital communication infrastructure for governmental use, while integrating and complementing existing and future national and European capacities within the framework of the European Union governmental satellite communications component of the Union space programme. The programme will also further develop and gradually integrate the European quantum communication infrastructure initiative to allow for the quantum distribution of cryptographic keys.

The general objectives of the Union secure connectivity programme are as follows.

- To ensure the provision and long-term availability, within the EU's territory and worldwide, of uninterrupted access to secure, autonomous, high-quality, reliable and-cost effective satellite governmental communication services to government-authorised users. This will be done by establishing a multi-orbital, secure connectivity system under civil control.
- To enable the provision of commercial services, or services offered to government-authorised users based on commercial infrastructure at market conditions, which is entirely financed by the private sector in accordance with the EU's applicable competition law. The aims are to facilitate, where and as necessary, the further development through private investment of

worldwide high-speed broadband and seamless connectivity; to remove communication dead zones; and to increase cohesion across the territories of the Member States.

OBJECTIVES

The specific objectives of the Union secure connectivity programme are to:

1. complement and integrate the existing and future capacities of the governmental satellite communications component into the secure connectivity system;
2. improve the resilience, security and autonomy of the EU's and Member States' communication services;
3. further develop and gradually integrate the European quantum communication infrastructure into the secure connectivity system;
4. ensure the right of use of orbital slots and relevant frequencies;
5. increase the robustness of the EU's and Member States' communication services and the cyber resilience of the EU by developing redundancy, developing passive, proactive and reactive cyber protection and operational cybersecurity, and implementing protective measures against cyber threats and other measures against electromagnetic threats;
6. enable, where possible, the development of communication and additional non-communication services, in particular by improving the components of the Union space programme to create synergies between them and expand their capabilities and services, and to enable the development of non-communication services to be provided to Member States by hosting additional satellite subsystems, including payloads;
7. encourage innovation, efficiency and the development and use of disruptive technologies and innovative business models throughout the European space ecosystem, including new space actors, new entrants, start-ups and small- and medium-sized enterprises, in order to strengthen the competitiveness of the EU space sector;
8. improve secure connectivity over geographical areas of strategic interest, such as Africa, the Arctic, the Baltic, the Black Sea, Mediterranean regions and the Atlantic;
9. enhance the safety and sustainability of outer-space activities by implementing appropriate measures to ensure and to promote responsible behaviour in space when implementing the programme, including by seeking to prevent the proliferation of space debris.

ACTIONS

The main activities of the Union secure connectivity programme include actions on the definition, design, development and validation of the programme. These actions will be implemented in direct management by the Commission. The Commission intends to procure, award and sign contracts for deploying and operating the space and ground infrastructure to provide secure governmental services.

The Commission, working closely with the Member States, other EU institutions, the European Union Agency for the Space Programme and the European Space Agency, will gradually roll out exploitation activities to ensure the operation, maintenance, continuous improvement and protection of space and ground infrastructure, including replenishment and obsolescence management and the future evolution of governmental services.

In line with Article 22 of the regulation establishing the Union secure connectivity programme, eligibility and participation conditions will apply to the award procedures where necessary and appropriate in order to preserve the security, integrity and resilience of the operational EU systems.

Provided that the interests of the EU are protected, the Commission will entrust the European Space Agency with tasks relating to the supervision of the development, the validation and the related deployment activities for the construction of the space and ground infrastructure required to provide governmental services. Furthermore, provided that the interests of the EU are protected, the Commission will pursue the development and deployment of the European quantum communication infrastructure for gradual integration into the secure connectivity system, and will entrust to the European Space Agency tasks relating to the space and related ground segment of the European quantum communication infrastructure.

The activities of the Commission financed under the Union secure connectivity programme will be complemented by additional financing from Horizon Europe for development and validation activities and from the European Space Agency programme relating to secure connectivity.

STRUCTURAL SET-UP OF THE PROGRAMME

The Directorate-General for Defence Industry and Space is the lead DG for the programme. The programme is implemented mainly through direct management by the Commission and will be complemented, provided that the interests of the EU are protected, by actions implemented under indirect management by the European Space Agency mainly relating to supervision of development and validation and to the European quantum communication infrastructure.

In the future, some of the activities relating to operational management of the governmental infrastructure of the programme may be entrusted to the European Union Agency for the Space Programme subject to its operational readiness.

The legal basis of the regulation establishing the programme i Article 189 of the Treaty on the Functioning of the European Union.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP

EU SECURE CONNECTIVITY PROGRAMME

LEAD DG DEFIS

MFF 2021-2027

IRIS²

MAIN BENEFICIARIES

- Governmental users
- Public authorities and policy makers
- Civil users and security actors
- Companies
- International organisations
- EU citizens
- Users worldwide

EU BUDGET

€ 1,387,90 million	EU Secure Connectivity
€ 380 million	Horizon Europe
€ 222,10 million	EU Space
€ 170 million	DEP
€ 150 million	NDICI
€ 90 million	CEF Digital
€ 2.4 billion	[MFF 21-27]

ASSOCIATED DGs

EEAS, DG INTPA, DG RTD, DG JRC, DG CNECT, DG NEAR

KEY PARTNERS

EUSPA *Decentralised Agency*

ESA *International organisation*

MANAGEMENT MODE

Direct management
- Procurements

Indirect management
- Contribution Agreement with European Space Agency

SPECIFIC OBJECTIVES

The provision of the **governmental services** shall be ensured through the following phased activities, which shall complement and integrate the GOVSATCOM component into the secure connectivity system:

- the definition, design, development, validation and related deployment activities of the space and ground infrastructure to provide first governmental services by 2024;
- gradual deployment activities to complete the space and ground infrastructure required to provide advanced governmental services to meet as soon as possible the needs of the governmental users, leading to full operational capability aimed by 2027;
- the development and deployment of EuroQCI for gradual integration into the secure connectivity system;
- deployment activities to complete the space and ground infrastructure required to provide governmental services;
- exploitation activities for the provision of governmental services, comprising the operation, maintenance, continuous improvement and protection of the space and ground infrastructure, including replenishment and obsolescence management;
- development of future generations of the space and ground infrastructure and the evolution of the governmental services.

The provision **of commercial services** are a viable business opportunity for the private sector to provide worldwide high-speed broadband and seamless connectivity. These services will be ensured by the private sector.

SPECIFIC ACTIONS

- Development and validation activities, comprising the construction and launch of the initial space and ground infrastructure required to provide governmental services;
- development and integration of the space and related ground segment of the European Quantum Communication Infrastructure into the space and ground infrastructure of the secure connectivity system;
- deployment activities to complete the space and ground infrastructure required to provide governmental services;
- exploitation activities for the provision of governmental services, comprising the operation, maintenance, continuous improvement and protection of the space and ground infrastructure, including replenishment and obsolescence management;
- development of future generations of the space and ground infrastructure and the evolution of the governmental services.



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

Not applicable

FURTHER INFORMATION

– Programme website:

- IRIS²: the new EU secure satellite constellation.

Impact assessment:

the impact assessment of the EU secure connectivity programme was adopted in 2020. For further information please consult: SWD(2022) 30 final (impact assessment).

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	0.0	0.0	186.3	213.4	357.4	320.7	290.2	1 367.9
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**186.3**	**213.4**	**357.4**	**320.7**	**290.2**	**1 367.9**

(*) Only Article 15(3) of the financial regulation.

Union secure connectivity programme								
	2021	2022	2023	2024	2025	2026	2027	Total
Union secure connecivity H1 (04.0101 and 04.0301)			158,3	120,2	200,2	155,2	104,1	737,9
Union secure connecivity H5 (13.0501)			30,0	96,0	111,0	121,0	142,0	500,0
Union secure connecivity H6 (14.0801)					50,0	50,0	50,0	150,0
Grant Total implementation Union secure connectivity programme			**188,3**	**216,2**	**361,2**	**326,2**	**296,1**	**1387,9**

Operational appropriations reallocated within other programmes								
	2021	2022	2023	2024	2025	2026	2027	Total
CEF-Digital		90						90,0
DEP	154	16						170,0
Space (04.0203)	20,7	25,2	39,8	42,1	40,7	27,0	26,6	222,1
Horizon Europe (01.020240)			86,0	86,0	86,0	86,0	36,0	380,0
NDICI Global Europe (14.02)					50,0	50,0	50,0	150,0
Grant Total earmarking	**174,7**	**131,2**	**125,8**	**128,1**	**176,7**	**163,0**	**112,6**	**1012,1**

Total initiative secure connectivity	**174,7**	**131,2**	**314,0**	**344,3**	**537,9**	**489,2**	**408,6**	**2400,0**

The financial envelope for the implementation of the programme until 31 December 2027 is EUR 2.4 billion in current prices. This relates to the implementation of the programme and the associated risks covering the technical, security, programmatic, financial, contractual and governance aspects.

The total budget is composed of the programme budget (EUR 1 387.9 million), and it is complemented by the budgets of other EU programmes (EUR 1 012.1 million), the objectives of which are consistent with and complementary to the objectives of the programme. The following should be noted in particular.

- Horizon Europe, established by Regulation (EU) 2021/695 of the European Parliament and of the Council and Council Decision (EU) 2021/7649, will allocate a dedicated share of the components of its 'Digital, industry and space' cluster to research and innovation activities relating to developing and validating the secure connectivity system, including the potential technologies that would be developed under the space ecosystem, including new space.
- The Neighbourhood, Development and International Cooperation Instrument – Global Europe, established by Regulation (EU) 2021/947 of the European Parliament and of the Council, will allocate a dedicated share of its Global Europe funds to activities relating to the operation of the secure connectivity system and the worldwide provision of services that will make it possible to offer an array of services to international partners.
- The Union space programme, established by Regulation (EU) 2021/696 of the European Parliament and of the Council, will allocate a dedicated share of its governmental satellite communications component to activities relating to the development of the EU Governmental Satellite Communications Hub, which will form part of the ground infrastructure of the secure connectivity system.

The funding stemming from these programmes will be implemented in accordance with the rules of these programmes.

In addition, in 2021 and 2022, the Commission brought forward the implementation of some of the activities linked to secure connectivity, in particular relating to the European quantum communication infrastructure, which could be sustained under the existing legal acts and which require an intensive development phase, in particular under the Connecting Europe Facility and the digital Europe programme.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	186.3	1 367.9	13.6%
Payments	0.0		0.0%

Voted budget implementation (million EUR)(*):

	Commitments		Payments	
	Voted budget implementation	Initial voted budget	Voted budget implementation	Initial voted budget
2021	0.0	0.0	0.0	0.0
2022	0.0	0.0	0.0	0.0
2023	186.3	136.3	0.0	128.6

(*) Voted appropriations (C1) only.

The programme activities were rolled out in March 2023, when the Commission published an invitation to tender to procure a concession contract ([58]). The public–private partnership between the Commission and the private sector will ensure common investment in the design, development, deployment and operation of governmental and commercial infrastructure, its use and exploitation.

At the time of the report, the procurement process for the concession contract was still on-going. The tight working schedule was respected, as planned, in view of signing the main contract for the implementation of the Union Secure Connectivity Programme in 2024, subject to a positive outcome of the ongoing procurement.

Governmental services will be provided using a phased approach. Initial services will be provided by 2024, followed by gradual deployment activities to complete the space and ground infrastructure, aiming to meet the needs of governmental users and to achieve full operational capability by 2027.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	N/A	N/A	N/A					N/A	
Biodiversity mainstreaming	N/A	N/A	N/A					N/A	
Clean air	N/A	N/A	N/A					N/A	

The EU secure connectivity programme (and the EU space programme) place great emphasis on the green transition and have a key role to play. On one hand, EU space data and services enable other sectors to achieve the ambitious Green Deal objectives and the green transition; on the other hand, the EU space

([58]) European Commission, Tenders Electronic Daily – Services – 173193-2023.

industry sector itself must transform and adapt to comply with the Green Deal policies and legislation and hence improve its practices throughout its full value chain.

Contribution to gender equality (million EUR) (*)**:**

Gender Score	2021	2022	2023	Total
0*	0	0	186.3	186.3

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

The regulation establishing the programme states that the programme should contribute to the development of advanced skills in space-related fields and support education and training activities, along with promoting equal opportunities, gender equality and women's empowerment, in order to realise the full potential of EU citizens in that area. In this respect, following the roll-out of the activities in March 2023, the Commission will promote and encourage increased participation of women and establish equality and inclusion goals in the tender documentation. The Commission will also support initiatives to raise awareness of gender equality in the area of space. The gender score for 2023 should be 0*.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	0	0	186.3	186.3	100%

The services that will be provided under the programme are expected to boost the digital transition in Europe and worldwide. The programme was adopted in 2023 and the first activities were rolled out in March 2023, with the publication of an invitation to tender to procure a concession contract. A contract is expected to be signed in the first half of 2024 to support and facilitate the further development of worldwide high-speed broadband and seamless connectivity under the IRIS² programme.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Member State governments and EU institutions, bodies, offices and agencies can access a set of first governmental services in 2024	N/A	**N/A**	N/A	N/A	N/A
Member State governments and EU institutions, bodies, offices and agencies can access full operational capability that meets the user needs and demand determined in the service portfolio in 2027	N/A	**N/A**	N/A	N/A	N/A
Percentage of geographical availability of all deployed governmental services within Member State territories	N/A	**N/A**	N/A	N/A	N/A
Programme participants and number of non-EU countries and international organisations participating in the programme in accordance with Article 39	N/A	**N/A**	N/A	N/A	N/A
Programme participants participating in the programme in accordance with Article 11	N/A	**N/A**	N/A	N/A	N/A
Number of non-EU countries and international	N/A	**N/A**	N/A	N/A	N/A

organisations participating in the programme in accordance with Article 39					
Number of in-orbit and functional satellites needed for the functioning of the European quantum communication infrastructure	N/A	**N/A**	N/A	N/A	N/A
Ensure the right of use of orbital slots and relevant frequencies	N/A	**N/A**	N/A	N/A	N/A

(*) % of target achieved by the end of 2023.

- The programme will be monitored closely on the basis of a set of indicators intended to measure the extent to which the specific objectives of the programme have been achieved and with a view to minimising administrative burdens and costs. To that end, the annex to Regulation (EU) 2023/588 establishes a set of key performance indicators. In addition, the service definition document applicable to the programme will define more detailed key performance indicators with minimum performance levels, once available. The programme has yet to be implemented, as the regulation only entered into force on 20 March 2023.
- In 2023 and, following the adoption of the regulation establishing the programme, the focus was on further specifying the legislative framework of the programme. Several implementing acts were adopted i.e., on the operational requirements for the governmental services provided under the programme and its service portfolio, on the general security requirements of the programme and on the setting out of the rules on the sharing and prioritisation of satellite communication capacities, services and user equipment. In addition, a Commission implementing act was adopted, entrusting budget implementation tasks to the European Space Agency, with a contribution agreement signed on 21 September 2023.
- To ensure close cooperation with Members States and field experts, two working groups were set up under the competent committee of the programme – the governmental satellite communications configuration of the EU space programme committee – which also serves as the programme committee of the EU Secure Connectivity Programme/IRIS^2: the working group to support the development and deployment of the European quantum communication infrastructure within IRIS^2 and to provide recommendations, and the working group to advise on technical matters and aspects relating to the use of governmental satellite communication services, the needs and requirements of governmental users and the satellite communication user technology.
- With regard to the ground infrastructure, a call for expression of interest to determine the location of the IRIS^2 sites and the sites of the EU governmental satellite communications hubs was launched in 2023. A commission decision is expected in 2024.
- Initial governmental services are expected by the end of 2024, building on the governmental satellite communications component of the EU space programme, which constitutes the first building block of IRIS^2.
- As regards the market uptake activities, initial works for starting a preparatory action to develop innovative user terminals for European secure satellite communication services were explored, enabling production and market penetration with the use of open standards.
- Negotiations with third parties were pursued, with formal requests received from Iceland and Norway to open negotiations for their participation to the governmental satellite communications and IRIS^2 programmes. A negotiation mandate for the approval of the Council in view of establishing an international agreement is to be proposed in the first half of 2024.

Green budgeting priorities

- To reduce the environmental impact of space activities, DG Defence Industry and Space worked on the preparation of a European Parliament-backed pilot project that will be rolled out in 2024, aimed at developing a sector-specific life cycle assessment method – product environmental footprint category rules – for the space sector. Also, preparations for launching a call for tender in 2024 were undertaken in 2023. The contract will support the formulation of environmental strategic and policy aspects for the future development of the EU space programmes and the greenhouse gas emissions reporting activities.

– The activities were rolled out in March 2023 and, in line with the objectives of the European Green Deal, the programme should minimise its environmental impact as far as possible. While the space-based assets do not themselves emit greenhouse gases while in use, their manufacturing and associated ground facilities do have an environmental impact.

– To that end, the procurement procedures and contracts should include principles and measures on environmental and space sustainability. These should include provisions to minimise and offset the greenhouse gas emissions generated by the development, production and deployment of the infrastructure and provisions establishing a scheme to offset the remaining greenhouse gas emissions. Carbon offsetting should be preferably done via carbon removal, applying consensus methods on accounting for greenhouse gas removal as soon as they are available (preferably the EU regulatory framework, if available at the start of the activities). The contracts should also include provisions on measures to prevent light pollution, the use of appropriate collision-avoidance technologies for spacecraft and the submission and implementation of a comprehensive debris mitigation plan to ensure the avoidance of debris by the satellites of the constellation.

Sustainable development goals

Contribution to the sustainable development goals

The services that will be provided under the EU secure connectivity programme (once operational) are expected to contribute to several goals of sustainable development by connecting remote areas and areas with limited terrestrial connectivity infrastructure.

Green procurement principles will be pursued to set in place the infrastructure that will be providing communication through space and avoiding the deployment of ground networks, submarine cables, high power cables or fibres (buried in the ground or above the ground). No significant harm will therefore be done to the sustainable use and protection of water and marine resources.

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3		
SDG4		
SDG5	X	The Commission will promote and encourage increased participation of women and establish equality and inclusion goals in the tender documentation.
SDG6		
SDG7		

SDG8		
SDG9	X	The services that will be provided under the EU secure connectivity programme are expected to contribute to several goals of sustainable development by connecting remote areas and areas with limited terrestrial connectivity infrastructure. A major programme objective is to improve secure connectivity over geographical areas of strategic interest of the EU, in particular Africa and the Arctic, and support the sustainable development and social cohesion in these regions. Ensuring environmental and space sustainability is another key programmatic focus where the new European constellation will satisfy space sustainability criteria and be an example of good practices in space traffic management and in space surveillance and tracking promoting responsible behaviour in space.
SDG10		
SDG11		
SDG12		
SDG13		
SDG14		
SDG15		
SDG16		
SDG17		

REGIONAL POLICY

COHESION FUND AND EUROPEAN REGIONAL DEVELOPMENT FUND

Programme in a nutshell

Concrete examples of achievements (*)

2.5 million businesses received support through grants, equity, loans, guarantees and advice between 2014 and 2022.	**7.9 million** additional households had broadband access of at least 30 megabits per second between 2014 and 2022.	**370 000** jobs were directly created in supported enterprises between 2014 and 2022.	**68 million** people benefited from new or modernised health services between 2014 and 2022.
643 000 additional energy users connected to smart electricity grids between 2014 and 2022.	**29 million** citizens benefited from flood protection between 2014 and 2022.	**31.7 million people** lived in areas that developed integrated urban development strategies between 2014 and 2022.	

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

www.parlament.gv.at

Budget for 2021-2027

(million EUR)

Financial programming	**264 185.4**
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	234.7
Total budget 2021-2027	**264 420.1**

(*) Only Article 15(3) of the financial regulation.

Recovery Assistance for Cohesion and the Territories of Europe initiative (REACT-EU) (million EUR):

(million EUR)

Financial programming	0.0
NextGenerationEU	30 006.6
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0
Total budget 2021-2027	**30 006.6**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

Cohesion policy programmes contribute to strengthening the economic, social and territorial cohesion in the EU. They aim to correct imbalances between countries and regions and deliver on the EU's political priorities, especially the green and digital transition.

CHALLENGE

Disparities show a generally decreasing trend among EU regions. Since 2001, there has been a substantial reduction of the GDP per capita gap. High growth rates have been fuelled by structural transformation, notably a shift to higher value-added sectors. However, the consequences of COVID-19 pandemic and the Russian war of aggression against Ukraine may exacerbate disparities which jeopardise cohesion, the

long-term sustainability of the EU and hinder the deployment of its full potential. To avoid a development trap in the future, REGIO will boost education and training, increase investments in research and innovation and improve the quality of institutions in many regions.

Tackling these challenges at the EU level is more effective than leaving it to the sole responsibility of Member States. First, EU-level action supports EU-wide priorities, such as ensuring that the recovery is geared to the green and digital transitions. Second, it incentivises closer application of EU legislation and critical structural reforms by Member States, in line with the country-specific recommendations stemming from the EU's economic surveillance (European semester). Through its multiannual programming framework, the EU also provides stability, certainty and sustainability for investment plans, reducing their vulnerability across economic and political cycles and improving prospects for implementation on the ground. The EU can also support more intensive investments in less-developed and transition regions – which would otherwise not happen – generating spillovers to the rest of Europe, notably via increased connectivity and trade, thus supporting the development of the single market. Finally, EU action feeds on and promotes interregional cooperation and the exchange of experience both across borders and across the EU.

MISSION

The Cohesion Fund (CF) and the European Regional Development Fund (ERDF), along with the Just Transition Fund, constitute the EU's regional policy. Together with the European Social Fund Plus (ESF+), they constitute the EU's cohesion policy. The CF and the ERDF aim to strengthen the economic, social, and territorial cohesion of the EU by promoting sustainable development, particularly in less-developed regions.

The CF provides support to Member States with a gross national income per inhabitant below 90% of the EU average, notably by contributing to projects in the fields of environment and trans-European transport infrastructure networks.

The place-based approach of the ERDF allows for the identification of specific development needs and, as a consequence, the definition of appropriate investment strategies aligned with both EU priorities and regional conditions.

The funds channelled by the policy are a primary source of public investment in many Member States. The policy also operates as a catalyst for public and private funding.

OBJECTIVES

The programmes have five EU high-level policy objectives:

1. A more competitive and smarter Europe, by promoting innovative and smart economic transformation and regional information and communications technology connectivity.
2. A greener, low-carbon transition towards a net zero carbon economy and resilient Europe, by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation, risk prevention and management and sustainable urban mobility.
3. A more connected Europe by enhancing mobility.
4. A more social and inclusive Europe, by implementing the European Pillar of Social Rights.
5. A Europe closer to citizens, by fostering the sustainable and integrated development of all types of territories and local initiatives.

All five policy objectives are applicable to the ERDF, while for the CF only policy objectives 2 and 3 are applicable

STRUCTURAL SET-UP OF THE PROGRAMME

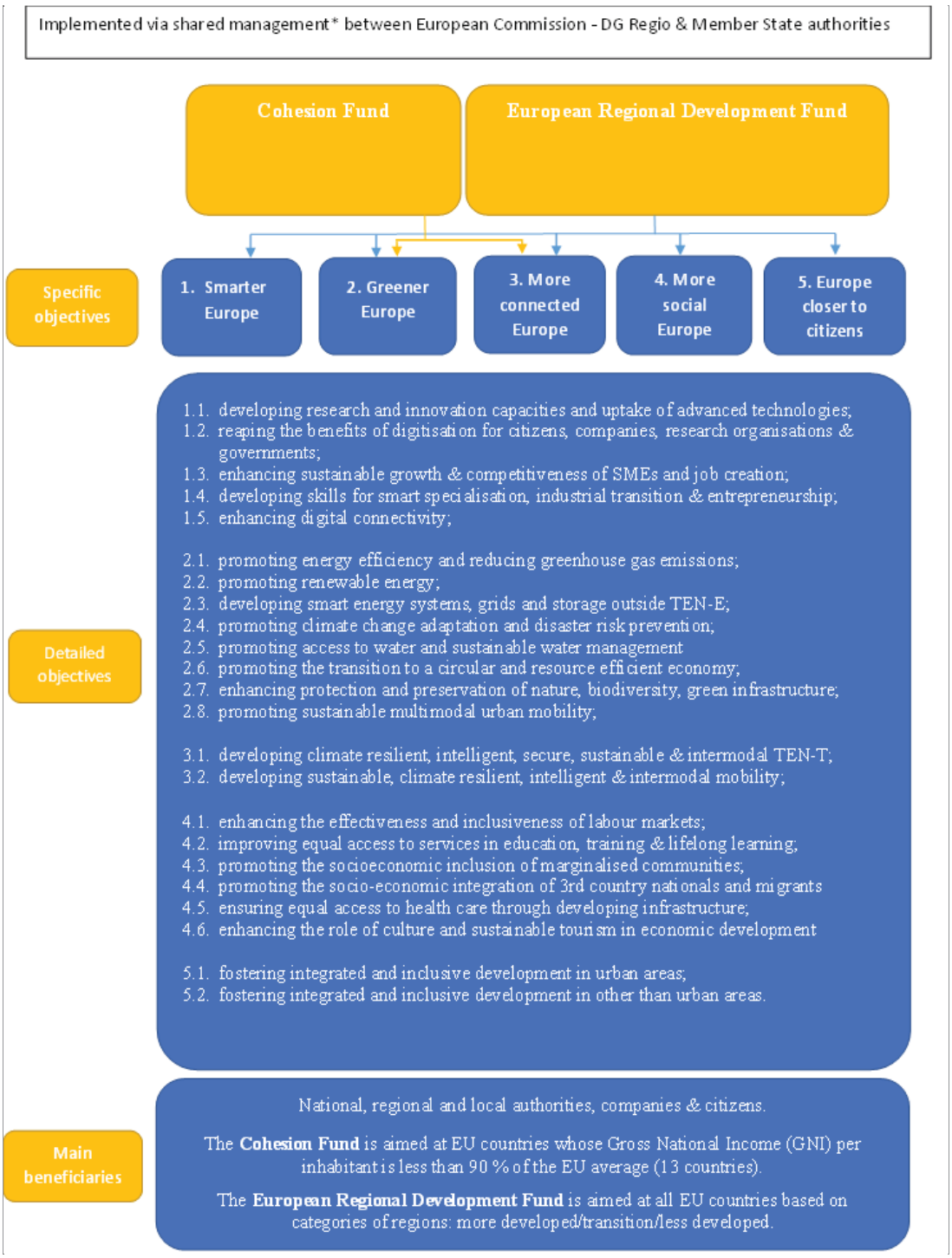
Cohesion policy funds are delivered through shared management. Under this mode, the co-legislators fix the legal framework and the overall funding and determine the allocations by Member States and category of region. The Commission adopts the programmes. As regards implementation, the Commission cooperates with Member States' administrations (at national and regional level), which are in charge of the operational implementation. DG Regional and Urban Policy leads on the Commission's side.

The ERDF is supporting all Member States and is implemented through national, regional and interregional (Interreg) programmes. The CF covers 15 Member States - those with a gross national income per inhabitant below 90% of the EU average.

The ERDF and CF, together with the JTF and the ESF+, are the budgetary instruments of the EU's cohesion policy. Article 174 of the Treaty on the Functioning of the European Union establishes cohesion policy and describes its objectives.

According to Article 175 of the Treaty on the Functioning of the European Union, the formulation and implementation of the EU's policies and actions and the implementation of the internal market shall consider the objectives of cohesion policy and shall contribute to their achievement.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

For 2021-2027, the general approach of the 2014-2020 multiannual financial framework was maintained, however, with simplifications aimed at facilitating implementation. New and more ambitious objectives and features include: adjusted policy priorities, increased climate targets, increased flexibility during reprogramming and midterm review, and updated co-financing rates, stratified along the different types of regions (from 40% in more developed regions to 85% in the less developed regions).

FURTHER INFORMATION

– Programme website:

    - ERDF
    - Cohesion Fund
    - Cohesion Open Data Platform
- Impact assessment:
    - The impact assessment of the CF and the ERDF was carried out in 2018.
    - For further information, please consult: https://europa.eu/!nG34XX.
- Relevant regulation: Regulation (EU) 2021/1060 of the European Parliament and of the Council.
- Evaluations: The Commission is currently carrying out the ex-post evaluation of the ERDF and CF for the period 2014-2020. More information on the process is available here.

ACTIONS

The ERDF, delivers through approximately 280 national, regional and interregional programmes, supports investments in infrastructure, productive investments in enterprises and public policies across a range of themes.

The CF which is delivered in 15 Member States, mainly funds capital-intensive environmental and transport investments, predominantly through grants.

Cohesion policy provides stable and predictable support to Member State investments while retaining the appropriate flexibility. This was e.g. demonstrated during the COVID-19 crisis, where the instruments were adapted via the coronavirus response investment initiatives CRII(+) mobilising much-needed support to the worst-affected sectors with unprecedented speed and flexibility, but also the ensuing migratory and energy challenges following the Russian aggression against Ukraine with the Cohesion's Action for Refugees in Europe (CARE), Flexible Assistance to Territories (FAST CARE) and Supporting Affordable Energy (SAFE).

Budget implementation and performance

Budget programming

Budget programming of regional policy (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	255.2	43 571.6	44 863.5	46 093.4	47 404.4	40 300.7	41 696.6	264 185.4
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	2021	2022	2023	2024	2025	2026	2027	Total
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	234.7	0.0	0.0	0.0	0.0	234.7
Total	**255.2**	**43 571.6**	**45 098.2**	**46 093.4**	**47 404.4**	**40 300.7**	**41 696.6**	**264 420.1**

(*) Only Article 15(3) of the financial regulation.

Budget programming of REACT-EU (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NextGenerationEU (**)	24 038.4	5 968.2	38.4					30 006.6
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**24 038.4**	**5 968.2**	**38.4**	**0.0**	**0.0**	**0.0**	**0.0**	**30 006.6**

(*) Only Article 15(3) of the financial regulation.

(**) The total amount of Recovery Assistance for Cohesion and the Territories of Europe initiative (REACT-EU) represents an estimate.

– When kick-starting the implementation of 2021-2027, the Member States faced delays due to challenges linked to COVID-19, the war of aggression against Ukraine, the energy crisis and the final stages of implementation of 2014-2020 programmes as well as the need to deliver on RRF. Administrative capacity was an issue as a result as the Member States had to spread their resources, under difficult circumstances.



Financial programming:

- EUR 9 635.5 million (- 4%)

compared to the legal basis.*

* Top-ups pursuant to Art. 5 MFF regulation are excluded from financial programming in this comparison.

Budget implementation

Cumulative implementation rate of Regional Policy at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	87 002.3	264 420.1	33.6%
Payments	8 934.8		3.4%

Multiannual cumulative implementation rate of REACT-EU under regional policy at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	29 981.5	30 006.6	99.9%
Payments	20 946.3		69.8%

Voted budget implementation (million EUR)(*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	255.2	33 942.5	37.6	1 483.9
2022	43 571.6	35 044.8	4 149.8	2 693.7

	Commitments		Payments	
	Voted budget implementation	Initial voted budget	Voted budget implementation	Initial voted budget
2023	44 863.5	44 457.2	4 712.3	4 553.7

(*) Voted appropriations (C1) only.

– In view of the eligibility end dates of REACT-EU and RRF coming up sooner (2023 and 2026), the Member States' efforts were diverted towards the implementation of these two instruments. However, in comparison with 2014-2020 programmes and based on comparison of the selection and payment rates for ERDF and CF between the two periods, the delay is about half a year for the former and three months for the latter.

– The whole 2021 allocation (EUR 34.9 billion) was reprogrammed in four equal tranches for the years 2022-2025.

– In the 2023 budget, the allocation for ERDF and CF together was EUR 44.7 billion[59] for mainstream programmes (EUR 38.1 billion for ERDF, EUR 6.6 billion for CF) in commitment appropriations. Out of this amount, EUR 43.7 billion have been committed representing 98.2% of the total allocation. The remaining amount corresponded to the decommitments made on the HU programmes (EUR 1 billion).

– As of end 2023, Member States have selected operations[60] amounting to 9.6% of their ERDF and CF allocation (including Interreg), EUR 30.8 bn under ERDF and EUR 5.4 bn under CF. As of 8 February 2024, total net payments (including pre-financing) of EUR 8.6 bn were paid out (3.3% of the ERDF and CF allocation).

– The REACT-EU NextGenerationEU commitments in 2021 and 2022 were allocated to the 2014-2020 programmes and those commitments are reported along with the 2014-2020 programmes. Following the carry-over of commitment appropriations, an amount of EUR 17 million was committed in 2023.

– As regards REACT EU payments, in 2023 EUR 7.3 billion were paid for mainstream programmes (NGEU credits). At the end of 2023 ERDF/REACT-EU reached an implementation rate of 69,9% (up from 46% at the end of 2022).

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

Implementation			Estimates					
2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope

(59) This amount refers to operational expenditure, administrative and technical expenditure is not included.

(60) Based on data submitted by the Member States in January 2024. Some programmes are still missing and the plausibility has not yet been checked.

Climate mainstreaming	38.7	15 092.2	15 448.3	16 524.6	16 993.1	14 444.0	14 943.7	93 484.5	31%
Climate mainstreaming ReactEU	5 035.4	1 274.8	107.9	0.0	0.0	0.0	0.0	6 418.1	21%
Biodiversity mainstreaming	0.0	2 644.8	2 737.5	2 797.9	2 877.4	2 446.3	2 531.0	16 034.8	5%
Biodiversity mainstreaming ReactEU	0.9	37.7		0.0	0.0	0.0	0.0	38.5	0.1%
Clean air	0.0	6 923.5	7 166.1	7 324.2	7 532.6	6 403.8	6 625.6	41 975.8	14%

- Cohesion policy uses a 'categorisation' to capture the information of the thematic content of the 2021-2027 programmes. These multiannual thematic allocations are used to calculate the indicative share of investments under each annual commitment as set above. There are several tracking tools (e.g. climate, biodiversity, clean air, gender, digital).
- The legislation set up minimum thresholds for two of the tracking mechanisms: the climate and the biodiversity mainstreaming.
- For climate mainstreaming, the European Regional Development Fund (ERDF) and the Cohesion Fund (CF) shall contribute 30% and 37% respectively of the EU contribution. Based on the adopted 2021-2027 programmes, the planned targets have been largely exceeded, reaching 33% for the ERDF and 56% for the CF.
- For biodiversity, the ambition is to provide 7.5% of annual spending under the multiannual financial framework to the funds governed by the common provisions regulation. Based on the adopted programmes, 6% has been earmarked so far for activities tackling the loss of biodiversity. For the 2021-2027 period, the biodiversity tracking data story available on the Cohesion Open Data Platform presents in more detail the cohesion policy investments benefiting biodiversity.
- For clean air, based on the adopted 2021-2027 programmes, close to 16% of the planned EU amounts will be used to support interventions with as main objective improving air quality, or with a substantial co-benefit for improving air quality..
- The calculation of the climate mainstreaming amounts is based on coefficients set out in the table on intervention fields in Annex 1 to the common provisions regulation; the amounts calculated for the other horizontal priorities are based on the assessment by Commission services of the relevance of planned thematic allocations.
- The allocations to the different green budgeting objectives overlap to some extent. The amounts for each priority should not be directly aggregated, as that would result in double counting. Data stories on the Cohesion Open Data platform present the data and the methods for tracking in more detail; see for example the climate tracking tool 2014-2020 or the biodiversity tracking tool 2014-2020.
- For the 2021-2027 period, the climate tracking data story available on the Cohesion Open Data Platform presents in more detail the cohesion policy support to climate action.
- In relation to the taxonomy for sustainable activities, the cohesion policy funds system of 182 intervention fields, referred to above, have undergone an alignment analysis with the taxonomy in the context of NextGenerationEU green bond reporting. Resulting from that analysis, groups of intervention fields were assessed as 'fully aligned', 'substantially aligned', 'partially aligned' or 'not covered'. This system is used under cohesion policy shared management as an alternative to project-based analysis, not least because of the burden of assessing more than 600 000 projects during a programming period.

– According to the planned values from the adopted cohesion policy programmes and from the taxonomy perspective, around EUR 79.6 billion was assessed as being fully aligned, EUR 37 4 billion as partially aligned and substantially aligned, while EUR 147 billion was assessed as not covered.

– Under the climate tracking methodology, both mitigation and adaptation measures are supported. Mitigation measures include significant investments in renewable energies, energy efficiency and clean urban transport measures. Adaptation includes risk prevention linked to adjusting to the current and future effects of climate change. However, no explicit assignment of the different intervention fields to mitigation or adaptation has been made and there is some overlapping. Finally, there is likely to be an under-reporting of adaptation measures where they are linked to infrastructures that bear a 0% climate coefficient.

– In addition to climate tracking, the 'do no significant harm' principle was also applied by the national authorities in the assessment of the investment priorities contained in the programmes before adoption. Member States are responsible for the implementation of this principle throughout the programming period. As part of programme implementation, managing authorities can define specific criteria for selecting operations to ensure compliance with the principle.

– As concerns REACT-EU and its climate contribution, according to Regulation (EU) 2020/2221 and its amendment Regulation (EU) 2022/613, the climate target of 25% was not binding for REACT-EU programmes but rather a political ambition. Even though programmes have allocated significant amounts to climate targeted action, in the post-COVID context other thematic investments have been prioritised, such as actions to support Member State health care systems and the development of small and medium-sized enterprises. For these reasons, ERDF/REACT-EU-funded programmes will not reach the target of 25% mentioned in the regulation. More information is available in the REACT-EU data story on the Cohesion Open Data Platform.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2	0.0	3 938.1	4 076.0	8 014.1
1	0.0	348.9	361.2	710.1
0*				
0	0.0	39 284.6	40 661.0	79 945.6

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information: there is no information available, as the data is not disaggregated by gender. The gender tracking data story on the Open Data Platform can be seen here.

– Cohesion policy uses a 'categorisation' information system, which specifically focuses on the gender equality dimension to capture information on the gender contribution of the 2021-2027 programmes. These multiannual thematic allocations are used to calculate the indicative share of investments under each annual commitment as set above.

– Based on the adopted programmes, close to 10% of the planned EU amounts will be used to support interventions the principal objective of which is to improve gender equality or interventions that have gender equality as an objective.

– For the 2021-2027 period, the gender tracking data story available on the Cohesion Open Data Platform presents in more detail the cohesion policy support to gender equality.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	0.0	5 117.5	5 296.8	10 414.4	12%

– Based on the adopted programmes, close to 12% of the planned EU amounts will be used to finance interventions that support the digital transition.

– The calculation of the amount for the digital transition is based on coefficients applied to the intervention fields in Annex 1 to the common provisions regulation. In the case of digital tracking, the amounts calculated are based on the assessment by Commission services of the relevance of planned thematic allocations.

– For the 2021-2027 period, the digital tracking data story available on the Cohesion Open Data Platform presents in more detail the cohesion policy support to the digital transition.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Enterprises supported to innovate	0	Actual results: 0% Selected operations: 17%	148 094 in 2029	0 (Selected operations: 24 544 enterprises) compared to a target of 148 094	No data
Small and medium-sized enterprises supported to enhance growth and competitiveness	0	Actual results: 0% Selected operations: 20%	450 822 in 2029	0 (Selected operations: 90 363 small and medium-sized enterprises) compared to a target of 450 822	No data
Additional dwellings and enterprises with broadband access of very high capacity	0	Actual results: 0% Selected operations: 31%	3.5 million dwellings in 2029	0 (Selected operations: 1.07 million dwellings)	No data

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				compared to a target of 3.5 million	
Savings in annual primary energy consumption	0	0%	345 million MWh/year in 2029	No results	No data
Additional production capacity for renewable energy	0	Actual results: 0% Selected operations: 61%	9 555 MW in 2029	0 (Selected operations: 6 098 MW) compared to a target of 9 555 MW	No data
New, upgraded, reconstructed or modernised railways	0	0%	5 856 Km in 2029	No results	No data
New or modernised capacity for health care facilities	0	0%	60.3 million people per year in 2029	No results	No data
Population covered by strategies for integrated territorial development	0	Actual results: 0% Selected operations: 12%	111.4 million people in 2029	0 (Selected operations: 13.4 million people) compared to a target of 111.4 million people	No data

(*) % of target achieved by the end of 2023.

– It is too early to comment on the established targets for cohesion policy by the end of 2023. However, at this point in the implementation cycle, since there is enough time to catch up, there is no reason to expect that the targets will not be met.

– The midterm review in early 2025 will be an occasion for the programmes to re-examine the allocations and targets..

– The indicators listed above are a selection of the corporate output indicators (Annex 2 of the ERDF/CF regulation) across the five policy objectives. Corporate result indicators will be reported after 2025, when values are expected to be achieved. All common indicator values are published on the Cohesion Open data Platform.

– The 2021-2027 programmes have faced delays in negotiation and implementation. Due to this, performance information on targets will be provided in 2024 for the first time.

– In addition to disruptions due to the pandemic, Russia's unprovoked war against Ukraine and the energy crisis and the need to implement the crisis and recovery instruments, and the stretched administrative capacity of the Member States, several factors played into the programmes' delays.

  • The expenditure period under the 2014-2020 ERDF/CF programmes ran until the end of 2023 (*n* + 3 rule). The rule will also apply to most of the 2021-2027 period. It reduces pressure on national and regional programmes to implement promptly and leads to a long overlap in programme periods.

  • The delayed agreement on the 2021-2027 multiannual financial framework and resulting delayed adoption of the legislative proposals for ERDF/CF meant that the Member State partnership agreements and programmes could only be officially submitted as from mid-2021.

  • Recovery instruments supported by NextGenerationEU – in particular the most prominent financial instrument, the Recovery and Resilience Facility and the 2021-2022 REACT-EU allocations under 2014-2020 cohesion policy – and their shorter spending horizons have often led to decisions at the national level to prioritise these resources over the 2021-2027 cohesion policy programmes (including ERDF/CF).

- These extra resources for 2014-2020, the short negotiation window and the ambitious implementation timeline have had an impact on the preparation of the new 2021-2027 cohesion policy programmes. While the Commission provides guidance and support for the coherent implementation of the two instruments, it will be mainly up to the Member States to ensure that both the NextGenerationEU resources and the cohesion policy funds are deployed in a timely and effective way.
- While the RRF supported National Reform Plans continue to be implemented as a priority in 2024 and 2025, the 2021-2027 cohesion policy programmes are expected to see accelerating levels of implementation from 2024 onwards.

– When setting up the targets for performance indicators for the 2021-2027 programmes, a series of assumptions were made, and risks were taken into consideration. As the targets for performance indicators are mostly based on past implementation experience, managing authorities took a view on inflation and included an assumed rate of inflation in the calculations of indicator targets. As increased energy prices are a significant part of the inflation index, they have been implicitly considered when setting up the targets at the beginning of the programming period. However, the scale and duration of high inflation is uncertain and could be taken into consideration again during the midterm review planned for 2025. The 2021-2027 programmes were adopted by the end of 2022 (except for a few in carry over and the new Hungary–Croatia Interreg programme, which was submitted in 2023). The Member States will report on the first full year of activity in early 2024.

– DG Regional and Urban Policy systematically follows up the accepted (14) recommendations issued by the European Court of Auditors since 2020. For example, as REACT-EU adds a significant resources to be used in a relatively short period of time and overlaps with the implementation of the RRF, REGIO will monitor closely the progression of REACT-EU absorption to identify programmes encountering spending difficulties. It will provide targeted support so that the co-financed operations effectively contribute to the achievement of objectives and performance targets.

2014-2020 multiannual financial framework – Regional Policy

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	262 530.3	262 533.4	100.0%
Payments	243 839.4		92.9%

– At the end of December 2023, the overall implementation of the EU budget for the 2014-2020 period stood at 97% for CF and 90% for the ERDF. The speed of investment was influenced by the following factors:

- the nature of cohesion policy investments, which have a long start-up phase (planning, programming, authorisations) without significant financial execution;
- the regulatory provisions of the 2014-2020 period (e.g. the level of pre-financing, the *n + 3* decommitment rule), which did not provide incentives for a fast implementation in Member States.

– In addition to the CRII(+) measures, the Commission proposed additional financing under REACT-EU. Over 2021-2023, the original 2014-2020 EU financing was topped up with EUR 50.6 billion under REACT-EU to finance crisis repair measures. This contributes to a green, digital and resilient recovery of the economy by adding fresh additional resources to existing cohesion policy programmes.

– In 2023, the economic impact of the COVID-19 pandemic and the parallel implementation of other instruments (e.g. REACT-EU and the start of the 2021-2027 period) have continued to affect implementation. The addition of the REACT-EU resources during 2021 and 2022, in the ongoing 2014-2020 programmes, has had a dilution effect on the relative pace of financial implementation due to the increased total amount.

– The Russian aggression against Ukraine in 2022 has further affected the implementation of the programmes. Supported by the Commission, Member States have been adapting their programmes to adjust to the fast-changing environment and to tackle the emerging challenges. The Cohesion's Action for Refugees in Europe initiative (CARE) proposed by the Commission in March 2022 and adopted in April 2022, provided additional flexibility in cohesion policy funding to support Member States hosting people fleeing the war. The most common measures under CARE are the inclusion of war refugees in mainstream social integration programmes, provision of healthcare, food, basic assistance and guidance for the job market. Such measures often also include language courses, education, social services and childcare. Similar support will continue from the 2021-2027 programmes, which also encourage integration actions.

In addition, the Commission also contributed to tackle the ongoing energy crisis through the SAFE instrument (Supporting Affordable Energy). SAFE addresses the consequences of high energy prices. It allows further redirection of unspent funds so that they can be used to support SMEs and vulnerable households particularly affected by the high energy prices and to finance short-time work schemes to keep people in jobs. Since its entry into force on 28 February 2023, SAFE triggered the release of around EUR 4 billion of cohesion policy funds in 11 Member States.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Researchers working in improved research infrastructure facilities	0	69% Estimated: > 100%	105 327 in 2023	72 956 (estimated result: 125 133) compared to a target of 105 327	On track
Enterprises receiving support	0	> 100%	2.2 million in 2023	2.5 million (estimated result: 2.9 million) compared to a	Achieved

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				target of 2.2 million	
Additional employment (jobs created) in supported enterprises	0	98% Estimated: > 100%	376 537 in 2023	370 674 (estimated result: 533 463) compared to a target of 376 537	On track
Population covered by improved health services	0	75% Estimated: > 100%	91.9 million in 2023	68.5 million (estimated result: 140.7 million) compared to a target of 91.9 million	On track
Additional capacity of renewable energy production (ERDF + CF)	0	67% Estimated: > 100%	8 944 in 2023	6 012 (estimated result: 12 817) compared to a target of 8 944	On track
Population benefiting from forest fire protection measures (ERDF + CF)	0	62% Estimated: 88%	38.1 million in 2023	23.8 million (estimated result: 33.6 million) compared to a target of 38.1 million	Moderate progress
Households with an improved energy consumption classification (ERDF + CF)	0	90% Estimated: > 100%	626 249 in 2023	562 306 (estimated result: 772 716) compared to a target of 626 249	On track
Trans-European transport networks – total length of new and reconstructed railway lines (ERDF + CF)	0	46% Estimated: > 100%	3 236 in 2023	1 495 km (estimated result: 4 711) compared to a target of 3 236	On track
Total length of new or improved tram and metro lines (ERDF + CF)	0	47% Estimated: > 100%	543 in 2023	257 (estimated result: 625) compared to a target of 543	On track

(*) % of target achieved by the end of 2022.

Generally, the reported values show a strong upward trend in 2014-2020 implementation by the end of 2022 and a plausible relationship between the indicator targets and values from selected projects. This means that most indicator targets set for 2023 will likely be met, thanks to projects that are already in the pipeline.

Two indicators have already been achieved or are very close to the target, respectivley the one relating to the number of enterprises supported and the one relating to job creation.

Two indicators on which there was moderate progress are those linked to large infrastructure projects in trans-European transport networks and new or improved tram and metro lines. The implementation of the 2014-2020 period lasts until 2023, so the 2022 achievement values refer to the situation at the eight year of a 10-year implementation cycle. Experience from 2007-2013 shows that many infrastructure investments are fully implemented only by the end of the period.

Some large infrastructure projects normally take significant time to be finalised (such as building a new metro line), sometimes more than the duration of a funding cycle. In some sectors, public institutions are challenged to design and deliver complex projects. In these cases, managing authorities can phase certain large projects over two funding periods and adapt their targets accordingly, thus ensuring that they can be finalised successfully and that the objectives are met.

For some indicators with more important gaps between the decided and implemented values, the forecast indicator values from selected projects are close to or exceed the target values, raising the prospect that the targets could still be achieved. In many of these cases, the high level of project selection is expected to translate into achieved outputs only late in the period. This phenomenon of late achievement of indicator values was demonstrated by the previous programming period. The 2022 reporting exercise suggested that many of the 2023 targets for those indicators could still be achieved. The final data will only become available once the programmes are closed in 2025.

EU legislation allows for programme amendments during the implementation period. Target values are mainly driven by changes in national or regional needs, changing economic conditions, variability in demand for different supports and the reallocation of funding within and across themes.

In response to the COVID-19 pandemic, the EU has adopted the largest recovery package to date, to emerge more resilient from the crisis and to support Europe's digital and green transformation, including the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) as well as the Recovery and Resilience Facility, as the largest funding element under NextGenerationEU. In 2022, the second tranche of REACT-EU, worth EUR 11 billion, was made available. By the end of 2022, the full amount of EUR 50.6 billion had been programmed through the ERDF and the ESF. By the end of September 2023, EUR 26.2 billion had been paid out through the programmes.

Financing has gone to medical institutions, researchers, business owners, employees and vulnerable people, enabling the purchase of 3.7 billion items of personal protective equipment and around 12 500 ventilators, along with supporting more than 920 000 enterprises (this information is available on the COVID-19 dashboard on the Cohesion Open Data Platform).

As of September 2023, EUR 8.7 billion was allocated to green investments under REACT-EU (of which EUR 6.6 billion to climate actions) and EUR 3.1 billion to the digital economy; EUR 8.7 billion was allocated to enterprises and business support; EUR 8.8 billion to the health sector and EUR 12.7 billion to labour market measures.

The indicators used for the ERDF and CF performance assessment provide a subset of the indicators used by the programmes. For more in-depth information, the cohesion policy programmes report on their results through the Open Data Platform at https://cohesiondata.ec.europa.eu/.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	Yes	In Spain, EU funding has helped the Valencian Institute of Finance create a line of credit through which participative loans are offered to support the growth and development of start-ups in the Spanish autonomous community of Valencia. Priority is given to companies that demonstrate a high degree of innovation. One example of a company supported through loans is FoodRation4All, which is dedicated to actions with a social impact in the food sector. The company's main project is called 'Nadie sin su ración diaria' (No-one without their daily ration). It consists of an app that makes donations to food banks easier and thus supports the social inclusion of people who rely on them. Total amount planned for this SDG: EUR 25.2 billion
SDG2	No	
SDG3	Yes	The regional Italian ERDF-Sicily programme has contributed EUR 7.5 million to supporting the research infrastructure for the Mediterranean Institute for Transplantation and Advanced Specialised Therapies (ISMETT). A transplant centre of excellence and a reference hospital for the entire Mediterranean area, ISMETT is involved in important research projects to provide patients with the most advanced therapies for end-stage vital organ failure. Total amount planned for this SDG: EUR 24.5 billion
SDG4	Yes	The Pelgulinna state gymnasium in Tallinn was opened in September 2023. The building followed the principles of sustainable architecture (New European Bauhaus) and the main building material used was local wood. The school has a modern and innovative learning environment and has capacity for around 330 pupils. The ERDF provided EUR 28 million in funding (the total budget was EUR 33 million). Total amount planned for this SDG: EUR 37.2 billion

SDG5	Yes	An ERDF-funded project supported women in Northern Ireland and the Republic of Ireland's border counties to address gender inequality by developing ideas, building communities and entering politics. The Next Chapter project set up 10 local hubs, or chapters, to tackle gender inequality and limited opportunities for minority communities. In total, around 400 women met on a monthly basis to influence social policy development and to work on community projects. Equality, cohesion and inclusivity are improving through their contribution in a region that has experienced conflict and is becoming ever more diverse thanks to immigration. No amount available as no mapping for SDG 5
SDG6	Yes	The DESAL+ project was implemented in the Canary Islands as well as in Madeira and the Azores islands. Its aim was to increase excellence in R&D in water desalination and in knowledge of the desalinated water-energy nexus. The ERDF co-financed the ERDF as part of the Interreg Madeira-Azores-Canary Islands Territorial Cooperation Programme. Total amount planned for this SDG: EUR 14.6 billion
SDG7	Yes	The biggest geothermal heating system in the EU was inaugurated in Szeged in southern Hungary in 2023. The EU has contributed with EUR 23 million to provide clean, renewable and affordable energy to over 28 000 households and over 400 public buildings in the area. This will reduce energy costs and the city's greenhouse gas emissions by 60%. The fact that more than 25% of the EU's population lives in areas with sufficient geothermal resource means that many other EU regions can use renewable energy to transition away from dependency on Russian gas. Total amount planned for this SDG: EUR 27.4 billion
SDG8	Yes	The ERDF has provided support to the CYENS Centre of Excellence in Nicosia. The Centre is an integrator of academic research and industrial innovation with the aim of promoting sustainable scientific, technological and economic growth. It facilitates the exploitation of research outcomes and supports innovative start-ups in fields such as interactive media, intelligent systems, emerging technologies (e.g. artificial intelligence and 5G) and art and technology. The Centre promotes measures that benefit both Greek and Turkish Cypriots. Total amount planned for this SDG: EUR 105.5 billion

SDG9	Yes	The renovated railway network in South Moravia was one of the biggest cohesion policy investments in Czechia. The renovation of this line also involved the acquisition of 37 new electric trains. It will contribute to the decongestion of traffic during peak hours in the busy South Moravian railway, which carries approximately 22 million passengers every year. This project benefited from EUR 223 million of cohesion policy funding (the total project budget was EUR 265 million).Total amount planned for this SDG: EUR 107.8 billion
SDG10	No	
SDG11	Yes	The previously abandoned Wintercircus in Ghent has been transformed into a hub for culture, entrepreneurship and innovation by an ERDF-funded project. With total floor space of over 6 000 m^2, it houses an underground concert hall with 500 seats and 4 300 m^2 of co-working and office facilities for creative and technology start-ups and scale-ups. The 1 200 m^2 former circus arena is the centrepiece of the structure, which also contains a cafe, a restaurant, a terrace bar and a shop. Total amount planned for this SDG: EUR 5.7 billion
SDG12	Yes	The Sustainable Bottom Line 2.0 project received EUR 1.8 million from the ERDF to help SMEs in the capital region of Denmark with green and circular business development. Around 100 enterprises received a circular potential assessment and around 80 enterprises developed green and circular business models that led to energy and resource efficiency, improved competitiveness and enhanced growth potential. This led to a reduction of almost 7 000 tonnes in greenhouse gas emissions (GHG), almost 100 000 gigajoules (GJ) reduction in energy consumption and a reduction of almost 2 000 tonnes in material consumption. Total amount planned for this SDG: EUR 6.5 billion
SDG13	Yes	The French Réunion Island has set up a system of vouchers to enable the setting-up of photovoltaic solar installations in private households connected to the public electricity distribution system. The ERDF contributed EUR 5.7 million to the implementation of this project (almost 85% of the project's total budget). The project is helping to reduce the carbon footprint and develop a local model of green electricity generation, and meets the needs of individuals, encouraging them to take an active role in Réunion's energy transition. Total amount planned for this SDG: EUR 7.2 billion
SDG14	No	

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SDG15	Yes	Early detection of forest fires in the regions of Apulia in Italy and Epirus in Greece is now possible thanks to a network of cameras, sensors and weather stations. The ERDF-financed OFIDIA2 project is helping to save property and lives threatened by an increasing number of forest fires in the Mediterranean region's hot and dry summer months. A network of high-definition cameras, sensors and weather stations connected to control rooms covers 100 hectares of forest in Apulia. In Greece, cameras, drones and two off-road vehicles watch over more than 15 000 km2 of forest in Epirus. Total amount planned for this SDG: EUR 7.3 billion
SDG16	No	
SDG17	No	

TURKISH CYPRIOT COMMUNITY

EU AID PROGRAMME FOR THE TURKISH CYPRIOT COMMUNITY

Programme in a nutshell

Concrete examples of achievements

263	2 966	2 150	104
kilometres of water supply distribution networks had been renovated by 2023.	Small and medium-sized enterprises, agricultural businesses and educational entities had received grants by 2023.	Turkish Cypriots had been given educational opportunities in Member States through EU scholarships by 2023.	Turkish Cypriot and bi-communal civil society organisations had received grants by 2023.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	241.0
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0

Total budget 2021-2027	**241.0**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The programme aims to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community.

CHALLENGE

The application of the *acquis* is suspended in those areas of the Republic of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control.

The programme aims to facilitate the reunification of Cyprus through socioeconomic and confidence-building measures. It supports economic integration, improved living standards and the preparation of the Turkish Cypriot community to introduce and implement the EU *acquis* in the eventual lifting of this suspension.

Due to legal and political difficulties in dealing with the *de facto* divided island, individual EU Member States can only provide very limited support to Turkish Cypriots, who are EU citizens. Hence the importance of EU action in this area. Consistent with the special circumstances on the ground, this assistance programme is of an exceptional, transitional and temporary nature. The programme can only be revised if reunification is achieved during the multiannual financial framework period. The appointment of the Personal Envoy of the UN Secretary-General on Cyprus in January 2024 brought a new momentum to the settlement process, however the practical implications of this development are still to be assessed in the upcoming period.

MISSION

The programme is the only EU fund for the Turkish Cypriots, who are EU citizens. Provision of any other assistance is challenging, due to the unique legal and political circumstances in the *de facto* divided island.

The programme supports reunification efforts and prepares the Turkish Cypriots for the lifting of the suspension of the application of the *acquis* in those areas of the Republic of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control.

The EU contribution in supporting the political process, economic integration and improved living standards is vital, including the economic development of the Turkish Cypriot community in order to facilitate the reunification of Cyprus.

OBJECTIVES

The programme has the following specific objectives set out in the Council Regulation (EC) No 389/2006:

- developing and restructuring of infrastructure (objective 1);
- promoting social and economic development (objective 2);
- fostering reconciliation, confidence-building measures and support to civil society (objective 3);
- bringing the Turkish Cypriot community closer to the EU (objective 4);

- preparing the Turkish Cypriot community to introduce and implement the *acquis*, in view of lifting its suspension in accordance with Article 1 of Protocol No 10 to the act of accession (objectives 5 and 6).

ACTIONS

The actions implemented by the programme are directly linked to the six objectives. Below we provide a non-exhaustive list of examples.

The actions under objective 1 – 'developing and restructuring of infrastructure' include the 'Local Infrastructure Facility' implemented through indirect management by the United Nations Development Programme, activities under the action-heading 'Capacity-building for the environment' including supplies and services, and a flagship action related to the transition to digital broadcasting.

Objective 2 comprises of a multitude of actions promoting social and economic development, such as the pivotal package of support measures for Hellim/Halloumi cheese, actions aiming at improving the food safety standards, the 'Curriculum development in vocational education' project, as well as the economic monitoring studies implemented by the World Bank.

Under objective 3, the programme aims at fostering reconciliation, confidence-building measures and support to civil society through the support to the bi-communal Technical Committees, the Committee on Missing Persons, and the Committee on Cultural Heritage. In addition, the United World Colleges receive a grant for the Cyprus peace education programme. Under this objective, the Commission also manages calls for proposals to support civil society.

The actions related to objective 4 – 'Bringing the Turkish Cypriot community closer to the EU' include the EU Info-point project, the renowned EU Scholarship programme, managed by Goethe Institute, allowing Turkish Cypriots to receive university education or training in other EU Member States, as well as a scholarship programme for exceptional Turkish Cypriots to study at College of Europe.

Finally, support on the Technical Assistance and Information Exchange instrument is mobilised for the implementation of objectives 5/6: preparing the Turkish Cypriot community to introduce and implement the *acquis* and provides continuous support for trade across the Green Line. Support under the instrument also assists with the creation of relevant synergies with EU funded projects under the aid programme, thus maximising their practical impact for local beneficiaries in the Turkish Cypriot community.

All actions under the programme are for the benefit of the Turkish Cypriot community

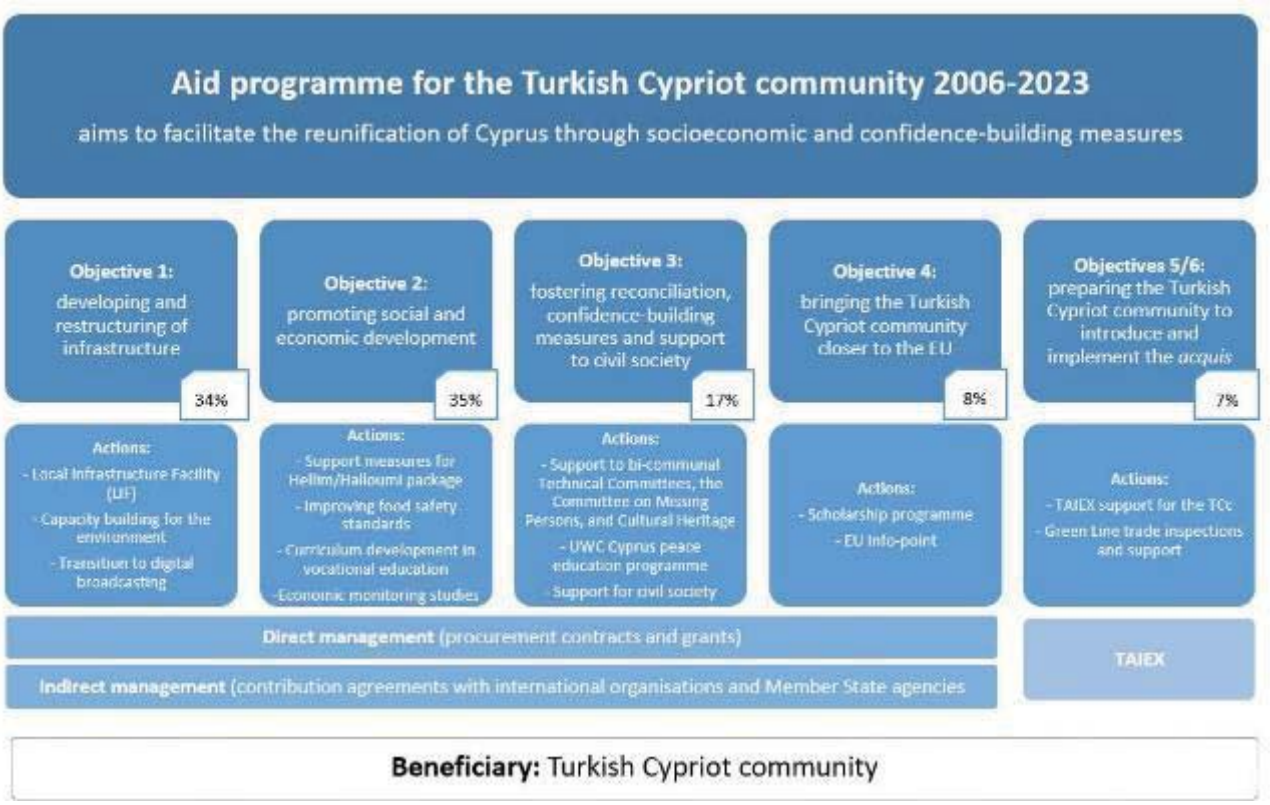
STRUCTURAL SET-UP OF THE PROGRAMME

The aid programme for the Turkish Cypriot community is implemented through direct management (procurement contracts and grants) and indirect management (contribution agreements with international organisations and Member State agencies). The actions contribute to the six objectives set out in Council Regulation (EC) No 389/2006, which forms the legal base for the programme.

DG Structural Reform Support is in the lead for the programme implementation. Objectives 1, 2, 3 and 4, related to the socio-economic development of the Turkish Cypriot community and confidence-building measures, are implemented through a mix of service contracts, supply contracts, grants and contribution agreements. Objectives 5 and 6 of the aid programme are implemented through the Technical Assistance and Information Exchange instrument. While the operational aspects of the latter are managed within DG Structural Reform Support, the financial and logistical arrangements are managed by DG Neighbourhood and Enlargement Negotiations via a service-level agreement.

Amidst major difficulties due to the unique diplomatic, legal and political context, the programme remains ready to accommodate developments in the settlement process and to finance confidence-building measures resulting from this process.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The programme is based on Council Regulation (EC) No 389/2006, the objectives of which remain unchanged.

FURTHER INFORMATION

– Programme website:
  - Turkish Cypriot community.
– Impact assessment: N/A.
– Relevant regulation:
  - Council Regulation (EC) No 389/2006 (aid regulation);
  - Council Regulation (EC) No 866/2004 (Green Line regulation).

Relevant reports:

Annual report for 2022 on the implementation of the aid regulation for the Turkish Cypriot community.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	32.0	34.3	33.6	34.3	35.0	35.7	36.2	241.0
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**32.0**	**34.3**	**33.6**	**34.3**	**35.0**	**35.7**	**36.2**	**241.0**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

+ EUR 48.0 million (+ 25%)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	99.8	241.0	41.4%
Payments	25.8		10.7%

Voted budget implementation (million EUR) ([1]):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	32.0	32.0	3.9	4.9
2022	34.2	34.3	6.8	6.9
2023	33.6	33.6	14.4	11.9

([1]) Voted appropriations (C1) only.

– The assistance programme is of an exceptional, transitional and temporary nature, aiming to facilitate the reunification of Cyprus. The aid regulation reflects this particularity: it was adopted in 2006 and remains in force until a comprehensive settlement of the Cyprus problem has been achieved.

– The programming of financial assistance under the Aid programme is based on a number of established criteria such as project maturity, policy relevance and track record of past implementation. The underlying aim is to bring more tangible and visible impact in the priority areas through an annual programming that results in a streamlined and compact set of actions. It also helps ensure that projects selected for funding are in line with the Commission's priorities and that they are successfully tendered, implemented and maintained.

– Under the programming approach, the beneficiary is involved at an early stage, which includes the submission of 1-page project outlines and a series of direct exchanges with the beneficiary community. Continuing efforts are being made to instil more ownership in the process from the beneficiary coordinating body, the EU coordination centre, which has taken a more active role in prioritisation and self-assessment of projects.

– The 2021-2027 multiannual financial framework sets the funding at EUR 241 million. The 2023 annual action programme was adopted on 12 September 2023 and the Commission has already contracted over EUR 7.5 million out of the total envelope of EUR 31.7 million ([61]). This shows very positive progress, provided the *n* + 3 principle which means that the funds for the annual programme should be committed within 3 years following the date of validation of the budgetary commitment. The commitments signed in the calendar year 2023 across active annual programmes were over EUR 35 million, exceeding the set target.

– The programme's context often hinders proper implementation due to the difficult political and social situation on the ground. Throughout the previous multiannual financial framework, successful strategies were developed to address this issue, which helps with more effective implementation during the 2021-2027 multiannual financial framework

([61]) As of 9 February 2023.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	0.0	0.7	0.0					0.7	0%
Biodiversity mainstreaming	0.0	0.0	1.7					1.7	1%
Clean air	0.4	0.4	0.0					0.8	0%

The aid programme, governed by Council Regulation (EC) No 389/2006, is strictly related to the reunification of Cyprus and operates in relation to six fixed objectives. Green priorities are not covered by these objectives and the legal basis does not have green-specific indicators. The programme does not operate on the basis of multiannual programmes due to its temporary nature; the programmes are annual. Therefore, the programme does not have a logframe with the indicators enumerated above for the multiannual financial framework.

Even so, the programme has contributed to green priorities through the following initiatives, which were mainly committed during the 2014-2020 multiannual financial framework and implemented up to 2023.

– The installation of 13.5 kilometres of sewage networks in Nicosia to replace septic tanks that often leaked and contaminated groundwater.

– The replacement of 45 kilometres of sewage networks in Famagusta to correct all the defects in the system that led to the city being plagued with foul smells for years, thus preventing contamination of groundwater and of the wetlands surrounding the city;

– The extension of the Morphou wastewater treatment plant to meet needs beyond 2030, when the estimated population would reach 28 000 people.

– The provision of 10 air quality monitoring network stations, which form an integrated network measuring air quality across the Turkish Cypriot community, with the aim of monitoring air pollution and taking measures to improve air quality. Based on the results, measures were taken to reduce sulphur levels near two oil-fired power plants and dust from construction works. Water sampling equipment was also provided.

– The rehabilitation of the Koukla water reservoir and wetlands was completed in 2023. This will increase the water supply for irrigation and better protect the natural environment and biodiversity;.

– The Koutsoventis/Güngör landfill – the only sanitary landfill in the Turkish Cypriot community – was expanded with the completion of the second waste disposal cell and the establishment of a gas collection system with energy recovery and a leachate treatment facility. These facilities are still very poorly managed and operated by the Turkish Cypriot community, resulting in damage to the assets, but remedial actions are underway.

– The Lapithos/Lapta composting facility , the first in the Turkish Cypriot community, was completed. It aims to compost green waste.

The Agios Epiktitos/Çatalköy transfer station for municipal solid waste was completed, serving local communities in the area.

Various actions promoted the use of renewable energy, including the introduction of energy-efficiency measures in Lefka/Lefke and in Kyrenia, both designed in 2023 and partially contracted.

Finally, a pre-feasibility study for the development of a bi-communal solar power plant was completed.

– Grants were made to civil-society organisations, including the following.

    - 'Sustainable Vasileia/Karşiyaka' is a project that started in 2021 and aims to contribute to the socioeconomic development of Vasileia/Karşiyaka by achieving zero-waste carbon neutrality by 2030 through increased lobbying and advocacy to persuade the local community to modify their garbage collection practices and a policy to accommodate a recycling programme for Vasileia/Karşiyaka; the reduction of solid waste from Vasileia/Karşiyaka village by 50% within 2 years while reducing municipal costs and generating income from recycling practices; and the integration of an environmental education programme with a focus on climate change and recycling at the village school.
    - 'Environmental education: a path to sustainable development' is an ongoing project that started in 2021 and aims to improve the environmental literacy level of students and teachers in the Famagusta region by contributing to their environmental education. This includes creating and piloting sustainable environmental education models and mechanisms and increasing the number of volunteers and individuals engaged in environmental activism in the Famagusta region.

    'Impact of terrestrial-used pesticides on the marine environment' is an ongoing project that started in 2023 and aims to reduce the use of pesticides by improving knowledge of pesticide pollution in the Cyprus marine environment, strengthening the regulatory framework and improving public perceptions and attitudes.

– The 'Capacity-building on environment' project was contracted in 2023 with a budget of almost EUR 1.5 million. It aims to improve and strengthen the capacity of the Turkish Cypriot community to manage environmental projects throughout their life cycle, with the purpose of protecting the environment and building a green economy. Similarly, the 'Capacity-building on air quality' project, contracted in January 2023, aims to improve and strengthen the capacity of the Turkish Cypriot community to manage and monitor air quality in accordance with EU standards.

The aid programme for the Turkish Cypriot community has as its first objective the development and restructuring of infrastructure, in particular in the areas of energy and transport, the environment, telecommunications and water supply. This means that the infrastructure investments of the aid programme are limited to those sectors, which is due in part to political sensitivities around the Cyprus question. The development and restructuring of infrastructure has been the major component of the aid programme, with a third of total resources allocated to this objective in the instrument's lifetime.

The most visible projects that the Commission has funded in the Turkish Cypriot community are the wastewater treatment plants in Nicosia, Famagusta and Morphou, along with the sewerage network in Famagusta and the various phases of the landfill in Koutsoventis/Güngör. One important aspect of these investments is the production of studies and the provision of capacity-building services to local stakeholders.

The investments that have been made by the European Commission since the establishment of the taxonomy, which are aligned with the specific objectives of Regulation (EC) No 389/2006, are listed in the table below (for 2022 and 2023).

Climate change mitigation	EUR 857 855.00
Climate change adaptation	EUR 0.00

Sustainable use and protection of water and marine resources	EUR 461 800.00
Transition to a circular economy	EUR 241 300.40
Pollution prevention and control	EUR 1 690 601.80
Protection of biodiversity and ecosystems	EUR 627 700.00

The amounts in the table above come from different apportionment levels to the specific objectives of the total investment values. The apportionment factors for these projects were assigned when projects make a substantial contribution to the specific objectives, do not harm others and comply with the minimum safeguards and technical criteria.

The projects funded in 2022 were the establishment of a capacity-building programme on the environment and air quality, environmental inspection and monitoring supplies, the production of a geochemical agent map in the western part of Cyprus and measures to increase energy efficiency in local communities. In 2023 an additional investment was made to bolster local energy-efficiency strategies and energy communities. In total, five projects were screened for the 2022 programme and two projects for the 2023 programme.

The principles established in the taxonomy are taken into account at the following stages in the project management cycle.

1. At the time of programming and drafting for the financing decision.
2. At the time of commitment (when certain amendments are inevitable, or more specificity is needed in terms of objective and targets).
3. When catering for all reporting needs (before, during and after project implementation).

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1	0.5	0.3	0.3	1.1
0*	31.5	34.0	33.3	98.8
0				

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender-disaggregated information.

- In view of the nature and specifics of the aid programme, along with the envisaged outcomes and overall scope of EU assistance provided in the context of Cyprus settlement process, the projects do not target gender-specific indicators, thus it is not feasible to provide gender-disaggregated data.

The aid programme, governed by Council Regulation (EC) No 389/2006, is strictly related to the reunification of Cyprus and operates in relation to six fixed objectives. Gender priorities are not covered by the objectives and the legal basis does not have gender-specific indicators. The programme does not operate on the basis of multiannual programmes due to its temporary nature; the programmes are annual. Therefore, the programme does not have a logframe with the indicators enumerated above for the multiannual financial framework.

However, the programme contributes to gender equality in the following ways:

– promoting the inclusion of women in social and economic life;

– promoting EU values and inclusiveness, particularly in schools;

– promoting the sustainable development goals;

– supporting the development of rural/remote areas;

– supporting the drafting of legal texts on equality issues (lesbian, gay, bisexual, transgender and intersex issues, anti-trafficking, domestic violence, patients' rights);

– providing direct support (via grants) to civil-society organisations addressing equality issues (including women, young people, older people, people with disabilities, lesbian, gay, bisexual, transgender and intersex people, vulnerable groups);

– promoting gender equality education, prevention of domestic violence and sexual health education in schools.

Gender equality is considered for aid programme interventions, particularly for the civil-society projects, which include a number of specific actions to achieve this goal and various activities where this fundamental human right is mainstreamed. Some examples are as follows: 'Equal rights for all: improving employee rights', where the capacity-building activities and assistance also focus on women's associations and female employees; the Human Rights Platform, focusing on several thematic areas that also have a gender equality dimension, such as anti-human trafficking, refugee rights and LGBTI+ rights; and 'Girl scouts leading the future', which focuses on women's personal development. With the project 'Girl scouts leading the future', implemented between October 2021 and October 2023, 177 women were involved in community activities and 47 trained during the leadership programme.

Furthermore, civil-society grants signed in 2023 cover two grants with a particular focus on gender equality: 'Partnership for improving women's access to productive resources' and 'Increasing women economic inclusion and women economic partnership across the Green Line', pursuing the economic empowerment of women.

Despite these undertakings, because of the mandate and the nature of the aid programme, the short- and medium-term impact of these projects in producing positive and irreversible structural changes at the societal level is not measured. Therefore, the score for the programme would be 0*.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	1.0	2.9	0.0	3.9	4%

The aid programme, governed by Council Regulation (EC) No 389/2006, is strictly related to the reunification of Cyprus and operates in relation to six fixed objectives. Digital priorities are not covered by the objectives and the legal basis does not have digital-specific indicators. The programme does not operate on the basis of multiannual programmes due to its temporary nature; the programmes are annual. Therefore, the programme does not have a logframe with the indicators enumerated above for the multiannual financial framework.

Even so, the programme contributes to digital transition through the following projects.

– The Commission is funding the digitisation and online accessibility of the cultural heritage of Cyprus within the framework of 'Support to cultural heritage monuments of great importance for Cyprus', a project implemented by the United Nations Development Programme. This includes a three-dimensional point cloud, 360° virtual tours, a multiplayer game, virtual tours of the Othello Tower and virtual tours of a further 15 sites. An online platform has been developed to host this work, which is publicly accessible at www.cyprusdigitalheritage.org. The total value of this digital work is EUR 174 232. An additional nine virtual tours and three-dimensional reconstructions of cultural sites are planned to be completed by May 2024.

– Information technology infrastructure for the Statistics Institute in the Turkish Cypriot community (a supply contract for EUR 552 056.00 coupled with a service contract for technical assistance amounting to EUR 299 579, signed in 2021). This investment by the EU in building the information technology infrastructure of the Statistics Institute included supplying the required computing and server infrastructure, including 31 personal computers, 31 monitors, specialised software, firewalls, cables, printers, cabinets and switches. To complement this infrastructure support, the technical assistance aimed to develop an information technology system and, through this, to improve the management, coordination and systematic digital transmission of administrative data to be used for statistical purposes.

– Transition to digital broadcasting and freeing the 700 megahertz frequency band in Cyprus – technical assistance of EUR 207 740 to facilitate the transition and a supply contract for EUR 2 383 878.91 (signed in 2022). The project upgraded the digital terrestrial television infrastructure of the main public television channel in the Turkish Cypriot community. This included the procurement and installation of television transmission and broadcasting supplies. The project contributed to the increased digitalisation of television in the Turkish Cypriot community, bringing improvements in the efficient use of the bandwidth, the quality of the image and audio, capacity for more channels and compatibility with computers and the internet, among other things.

– Technical assistance for deploying an island-wide animal identification and registration database in Cyprus (EUR 186 400.00) signed in 2022. The objective of this contract is to provide the European Commission with assistance in the preparation of tender documents to procure the necessary supplies and ancillary services that will allow the deployment of an animal identification and registration system that is compatible across communities.

– The EU innovative entrepreneurship project, funded from the 2017-2020 annual programmes, contributed to the digital transition by promoting the use of digital technology at the level of individual companies and entrepreneurs, institutional stakeholders and secondary school students. A total of 111 training activities focusing on digital marketing, the use of state-of-the art software and website

development were carried out at the level of individual companies. Additionally, the EU funded the development of a comprehensive digital member management system for business-support organisations. Lastly, secondary school students were targeted with an education initiative (EU CodeWeek) to teach them coding skills and encourage their use in practice in their own projects (i.e. developing a digital application). A total of 370 students were trained by the end of 2023. The digital transition was further supported by the Into Digital Forum in May 2023, which brought together a total of 333 attendees, 20 booth exhibitors and 18 speakers (businesses, industry experts and civil-society organisations) to share companies' success stories on the latest trends in digital transformation.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress	Target	Results	Assessment
Cross-Green Line trade volume in process of progressive increase	0	**33% (**)**	EUR 9.0 million in 2029	Milestones achieved in 2021, 2022 and 2023	On track
Number of civil-society organisations having received EU support in the form of a grant	0	**58% (*)**	52 in 2029	30 organisations compared to a target of 52	On track
Number of individuals having benefited from a scholarship	0	**33% (**)**	145 annually from 2027	Milestones achieved in 2021, 2022 and 2023	On track

(*) % of target achieved by the end of 2023.

(**) % of years for which the milestone or target has been achieved during the 2021-2029 period.

– The aid programme is implemented in a territory whose existence is not recognised internationally (with the exception of Türkiye) and whose 'institutions' should therefore not be strengthened. This means that the Commission is operating with perennially weak partners, and this negatively affects the efficiency and effectiveness of its intervention.

– The paradox is that such 'institutions' often have an important role in implementing the policies required for closer integration with the EU *acquis*, particularly in areas such as animal health and food safety. This unique situation has a certain number of consequences when it comes to programme implementation, including the following.

    • Property rights have to be respected when it comes to works contracts. This limits the scope of our intervention in terms of geographic areas. In addition, the procedure for property clearance (via the Ministry of Foreign Affairs of Cyprus) is long and cumbersome, and is delaying the implementation of our works contracts.

    • For almost 10 years, the EU has supported the Turkish Cypriot community with a number of projects relating to improving solid waste management, with an overall investment amount exceeding EUR 30 million. However, major problems remain. The sector is poorly managed and is still not socially, financially and environmentally sustainable. Accordingly, the Commission is conducting an overall independent and critical assessment of the past performance of all EU-funded interventions in the waste sector in the Turkish Cypriot community. Depending on the results of this evaluation, the Commission may decide to adopt a more conservative approach with regard to financing future interventions in the field of waste.

    • In the animal health and food safety policy area, progress in the practical implementation of EU standards relies on the prior enforcement of relevant legal texts. These, however, are not prioritised in the adoption plan of legal texts by the Turkish Cypriot community, hindering progress and resulting in long delays. Via relevant support tools, including expertise in the Technical Assistance and Information Exchange instrument, significant assistance has been provided to local bodies in the Turkish Cypriot community in this respect.

– In an attempt to overcome the challenges explained above, the programme choices reflect a renewed approach to ensuring a more tangible and visible impact in the priority areas. The overarching aim is that the proposals that are presented follow a strategic approach based on the key programming principles. The programming discussions for the 2024 aid programme have shown the effectiveness of this approach, being more targeted and tailored towards addressing the priority needs of the community.

– The modifications will address an improvement in political priority and ownership, finalising projects (i.e. project maturity) through good track records on implementation, and sequencing and streamlining the project pipeline appropriately.

– Since the first projects under the 2021-2027 multiannual financial framework for the programme began to be implemented only in 2022, it is too early to make a meaningful performance assessment. The majority of funds committed from the 2021-2022 annual programmes were allocated for the continuation of projects where a positive impact has been established. The Commission's staff working document on the results of the evaluation of the aid programme was published in 2022 ([62]). This evaluation provided an independent assessment and evidence of the progress made during 2013-2018 towards the objectives set out in the underlying aid regulation (Council Regulation (EC) No 389/2006). The evaluation concluded that the aid programme is highly relevant and that overall, given the specific circumstances of the Turkish Cypriot community context, it is a successful initiative and of high added value.

([62]) Commission staff working document – Evaluation of the aid programme for the Turkish Cypriot community (2013-2018).

– The key monitoring indicators have been amended for the 2021-2027 period to better target the achievements of the programme, notably in order to render them as tangible and concrete as possible.

Key performance indicators

– The programme is on track in all areas of intervention. However, its ultimate success will depend on the will of both communities in the Cyprus dispute to arrive at a settlement. This is an essential condition for success. The programme assumes that such a willingness to arrive at a solution exists and is building the capacity of the Turkish Cypriot community to integrate in a bi-communal and bi-zonal federation, with the adoption of the EU *acquis*.

– As a particular achievement, the programme succeeded in its efforts to register 'Χαλλούμι (Halloumi)/Hellim' as a product of protected designation of origin (PDO) and laying down the conditions for the movement of this product over the Green Line through two measures adopted in April 2021. Considering that the *acquis* is suspended in the Turkish Cypriot community, the assistance is being directed through a comprehensive package of various interventions supporting the setting up and functioning of the food safety system in the Turkish Cypriot community. It includes, among other items:

    - technical assistance to Turkish Cypriot community local bodies to set up and improve food-safety-related standards implementation, with its focus on the dairy sector and milk quality, especially regarding hygiene;
    - technical assistance and supplies to enable the control of animal diseases, including the eradication activities and provision of veterinary medicinal products approved by the European Medicines Agency;
    - grant support for farmers and food business operators in upgrading their production practices to meet EU standards;
    - expert assistance in drafting local legal texts in accordance with EU legislation;
    - supplies and technical assistance for setting up / upgrading laboratory capacity and an animal identification and registration system.

– Within this context, dedicated technical experts supported farmers, food business operators and local bodies in charge of controls throughout the food production chain to help them meet the requirements of the PDO scheme.

– As a result, in March 2023, the first Halloumi/Hellim produced in the Turkish Cypriot community was certified as PDO compliant. By the end of 2023, three Halloumi/Hellim cheese producers and 15 farms in the Turkish Cypriot community had respectively been certified and attested under the PDO scheme. Targeted support will continue to help Turkish Cypriots in the implementation of upgrades to meet EU sanitary and phytosanitary standards in the food production value chain and in animal health, including with a view to enabling the Green Line trade of PDO-compliant Turkish Cypriot community-produced Halloumi/Hellim. The implementation of the PDO scheme continued to be accompanied by meetings of the bi-communal EU Informal Working Group on Halloumi/Hellim, which held four meetings in 2023.

– The Commission's financial support for the implementation of the Halloumi/Hellim package in the Turkish Cypriot community entails an allocation of up to EUR 40 million over the 2021-2024 financial years, with EUR 7.5 million already allocated under the 2021 programme, EUR 7.7 million under the 2022 programme and EUR 10 million under the 2023 programme. This funding is on top of the EUR 35 million spent by 2020 to improve food safety and animal health in the dairy sector, including by ameliorating milk quality and milk collection, registering all farmed ruminants (mainly cattle, sheep and goats), eradicating animal diseases, strengthening the veterinary service, setting up a laboratory, improving farming operations and adapting legal texts to comply with the relevant EU *acquis* and standards.

– The Halloumi/Hellim package is a confidence-building measure that requires a massive technical upgrade of the Turkish Cypriot community animal health and food safety capacity, from legal texts, to animal testing and sampling, to inspections and the implementation of standards at farms and the food business operator level. The end target of the confidence-building measure is access (and continued access) by Turkish Cypriot Hellim producers to EU market, which has not been yet achieved. The scope is first to create a system whereby access is possible and, once available, to assess how to maintain the system without the implementation of key tasks by the Commission. The aid programme is about bringing the communities together, thus specifically for the Halloumi)/Hellim package this is a continuous process that includes evolving elements, due in part to the sensitive political climate.

– For objective 1, 'Developing and restructuring of infrastructure', 263 kilometres of new water supply networks have been financed through the programme, providing high-quality drinking water without traces of rust or asbestos fibres, and 125 kilometres of sewerage pipes were laid to replace septic tanks that often leaked and contaminated groundwater. The new 52-kilometre sewage network in Morphou has protected a large groundwater reserve that serves most of the Cypriot population. Three wastewater treatment plants were constructed at a cost of almost EUR 20 million for Nicosia, Famagusta and Morphou, and the remedial works for the Famagusta sewerage network have been finalised. The replacement of the 45-kilometre sewage network in Famagusta has helped correct all the defects in the system, which had led to the city being plagued with foul smells for years, thereby preventing contamination of groundwater and of the wetlands surrounding the city. Ten air quality monitoring network stations were provided, which form an integrated network measuring air quality across the Turkish Cypriot community. A shelter for survivors of domestic violence was constructed in Nicosia and handed over in 2022, providing a safe space for up to 12 women and their children. A community centre worth EUR 1 million was constructed in the Maronite village of Kormakitis to serve as a multicultural event venue for all Cypriot communities. Opened in March 2023, it hosts educational and youth activities, conferences, meetings and cultural events. The centre offers basic accommodation facilities and catering for around 70 people.

Furthermore, a pre-feasibility study for a bi-communal solar power plant in the buffer zone was near delivery by the end of 2023.

As part of objective 2, 'Promoting social and economic development', the programme assisted the Turkish Cypriot community in implementing upgrades to meet EU standards in the areas of food safety and animal health, and in the prevention, detection and elimination of animal diseases. The prevalence of brucellosis among cattle, sheep and goats reduced through animal disease eradication projects from over 10% in 2016 to below 1% in the 2023 testing campaign. Tuberculosis and foot-and-mouth disease have already been eradicated. The Turkish Cypriot community is supported in its activities relating to the prevention, monitoring, reporting and eradication of animal diseases under the aid programme. Given its economic importance, support for the Turkish Cypriot community agricultural sector continued with the implementation of farm advisory services targeting farmers and farmer organisations. Also, 53 rural development grants were successfully finalised, producing visible results in modernising agricultural practices. Technical assistance in the form of tailored advisory services and training has been granted to farmers and rural people, resulting in the development of a robust network of committed stakeholders, an overall improvement in agricultural practices and the greater awareness of the challenges faced by the sector both locally and globally. More than 350 people received vocational education and training on issues ranging from farm management and organic agriculture to dairy cattle and beekeeping practices, among other areas. Support has been mobilised under the Technical Assistance and Information Exchange instrument to adapt legal texts in line with EU standards. This combination of financial, technical and regulatory support has helped create a support network for the sector, which results in improved living conditions for a specific rural population.

– The Commission continued to implement economic support packages for small and medium-sized enterprises. Grants worth EUR 10 million were disbursed during 2020-2022 to help 2 400 businesses

cope with the economic repercussions of the COVID-19 crisis. This includes 2 300 micro and small businesses – from cafes and hairdressers to small and medium-sized enterprises active in business-to-business services, manufacturing and industry – which received grants of EUR 1 500–2 000 to stay afloat. In addition, nearly 100 businesses received grants, resulting in the creation of more than 200 new jobs, the introduction of EU quality standards and support for the digital transformation. The EU into business programme reached more than 1 150 entrepreneurs, culminating in the creation of 36 new businesses. The EU Incubator Hive was launched, driving high-value start-ups.

– Overall, EUR 55 million has been invested since 2006 to support small and medium-sized enterprises, which dominate the Turkish Cypriot economy. More than 160 grants worth EUR 18 million have been disbursed since 2008 to small and medium-sized enterprises and start-ups to support innovation and competitiveness, the green and digital transitions and compliance with EU standards, with recent grants amounting to an average of EUR 185 000.

– Under objective 3, 'Fostering reconciliation, confidence-building measures and support to civil society', more than 150 cultural heritage sites have been conserved, structurally supported, physically protected or restored across the island with EU funding. The programme supports strengthening civil society as a key factor in developing a culture of dialogue, participation in community life and promotion of the values of tolerance, peace and active citizenship – along with reconciliation, a closer relationship and trust between the Turkish Cypriot and Greek Cypriot communities. Close to EUR 38.5 million was provided during 2006-2023 to the bi-communal Committee on Missing Persons and more than EUR 27.5 million in support was given in 2011-2023 to the bi-communal Technical Committee on Cultural Heritage (representing around 80% of its budget).

– Under objective 4, the programme supported a significant number of researchers and students with grants and scholarships to attend universities in EU Member States, and the second Turkish Cypriot with an EU scholarship was admitted to the College of Europe in 2022/2023. By the end of 2023, more than 2 150 scholarships for Turkish Cypriots had been financed to the amount of over EUR 38 million, allowing them to study at university or do an internship in a Member State. Alumni Connect Digital, an online platform, was also launched for the enhanced engagement of scholarship alumni. The EU scholarship programme for Cypriot youth with the United World Colleges was launched in 2019. It has so far provided 46 young Turkish Cypriots and Greek Cypriots with scholarships to complete a 2-year International Baccalaureate course at one of the United World Colleges, which aim to unite people for peace and a sustainable future. More than 210 other young Turkish Cypriots and Greek Cypriots have participated in online and residential United World Colleges courses, youth engagement activities and short courses in Cyprus aimed at developing leadership and interpersonal skills. To date, the United World Colleges programme for young Cypriots has reached over 1 000 young Cypriot and international people, along with an extended community of parents, educators and other collaborators on the island.

– Under objectives 5 and 6, the Technical Assistance and Information Exchange instrument continues to provide an important contribution to the aid programme, with more than 250 experts from Member States mobilised to support Turkish Cypriot beneficiaries in drafting legal texts in line with EU standards, provide assessments and produce studies, raise awareness about the EU *acquis* and steer the organisation of study visits for Turkish Cypriots to Member States. This support was provided through a combination of online and on-site missions and study visits across 12 thematic areas or sectors of the EU *acquis*, to facilitate the reunification of Cyprus. The EU also provided assistance for the short-term needs of the beneficiaries to address requirements in various sectors (health, free movement of goods, energy, etc). Experts in the Technical Assistance and Information Exchange instrument have a crucial role in Green Line trade, as they certify products from the Turkish Cypriot community intended to be traded across the Green Line and ensure they are in line with EU standards.

– In 2023, the value of Green Line trade amounted to EUR 16 million, up from EUR 14.6 million the previous year. In addition to the six types of processed foods of non-animal origin that were permitted for Green Line trade for the first time in 2022 (namely olive oil, tahini, halva, carob syrup, jams and

fruit juice), materials that come in contact with food and two new processed food products of non-animal origin were admitted for trade, namely table olives and various fruit juices. Experts in the Technical Assistance and Information Exchange instrument continued to ensure that EU standards for the traded food products were met, including by providing phytosanitary inspections and certificates for all traded fruits and vegetables. As a result, there was a high level of interest in the business community in support to increase compliance with EU standards. To further facilitate Green Line trade, DG Structural Reform Support launched the EU One-Stop Shop, which provides knowledge, support and networking opportunities to businesses and traders interested or engaged in such trade.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	No	

SDG2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Yes	Through objective 2 of the aid programme, technical assistance projects of total value of EUR 29.5 million supported between 2021 and 2023: - animal disease eradication (animal testing and sampling through mobilised private veterinarians); - animal identification and registration (preparation of technical specifications for AIR database); - veterinary services (to improve prevention, surveillance, control and eradication of animal diseases); - food safety (upgrading food safety standards); - farm advisory services (preparing and implementation of a farm advisory services strategy and increasing local capacity for the provision of advice for farmers); - more efficient agricultural production via supplies in view of supporting the quality of seedlings and plant breeding materials. The support has had a positive impact on food safety and public health; it has reduced animal diseases prevalence and improved the quality of dairy farms. In addition, grants to farmers amounting to EUR 13.6 million contributed to introducing new technologies in farm management and improving farm hygiene and animal welfare. The Commission has also played a crucial role in facilitating trade of fresh fish, fruits, and vegetables, notably potatoes, tomatoes, strawberries, kolokasi, watermelon, citrus fruits and other crops between the Greek Cypriot and Turkish Cypriot communities, through Green Line trade. Since 2022 the Commission has been implementing a pilot scheme to inspect food business operators producing processed food products and food contact materials against hazard analysis and critical control point (hygiene standards and traceability) and EU rules**.** If the product is admitted, the compliant companies can trade across the Green Line. Besides facilitating Green Line trade, this measure is also supporting food safety standards in the local market in the Turkish Cypriot community as the companies are improving their practices, based on the experts' feedback, in line with EU rules. Since 2022, 10 expert missions have been conducted and there are 5 olive oil producers, 1 tahini producer and 2 food contact material producers who are compliant and eligible for Green Line trade. There are also three companies producing beer, coffee and table water which are compliant, however, not yet admitted for Green Line trade. All inspected and re-inspected companies (including the non-compliant ones) have made major improvements regarding the food safety standards of their products, thanks to the experts' feedback and advice.

SDG3 Ensure healthy lives and promote well-being for all at all ages	Yes	A series of grants promoting health and well-being funded under the aid programme were completed, including: - 'The elderly rights movement' (EU budget EUR 59 983.24) which prepared a new legal text on nursing homes, delivered specialised training to their staff to improve their care services, carried out an awareness-raising campaign, advocacy, and fund-raising activities. - 'Think positive' (EU budget EUR 56 893.84) which prepared a legal text on abolishing discrimination based on HIV/AIDS status, advocated for the creation of an anonymous test centre in Famagusta hospital and obtaining the relevant medication for distribution, and delivered trainings to persons infected with HIV/AIDS. - Currently there are also on-going grants to promote patient rights, health and wellness of children, empower people with disabilities, research on dysmenorrhea effect on women's quality of life in Cyprus. A series of activities funded under the Technical Assistance and Information Exchange instrument were organised to continue the support in the area of Communicable Diseases, whose outcomes included: - The Turkish Cypriot community is better protected against any possible outbreak, similar to Covid-19. - Experts presented the EC Council Recommendations for combating antimicrobial resistance, shared EU recommendations for the surveillance of respiratory infections, introduced a basic protocol for the surveillance of acute respiratory infection (ARI) and severe acute respiratory infection (SARI), and brought primary and secondary legal texts in line with EU regulations. - Recently, support on tobacco and non-communicable diseases started, bringing their legal text and implementation in line with EU regulations.
SDG4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Yes	The aid programme has provided support for curriculum reform, continuous professional development of teachers and for the modernisation of vocational education and training, as well as improved labour market practices. It has also provided equipment for schools, including science laboratories and a mobile laboratory in the form of a science lab bus. In addition, since 2007, the aid programme has provided more than 2150 scholarships (with a total investment of EUR 38 million) for scholars to study, train, and intern in EU Member States through the EU Scholarship programme for the Turkish Cypriot community. Educational opportunities also include the bi-communal EU scholarship programme for the Cypriot youth to study at UWC at high school level. This programme started in 2019 and 46 young Cypriots have been awarded this scholarship, with a total investment of EUR 5.3 million.

SDG5 Achieve gender equality and empower all women and girls	Yes	All the actions that the technical assistance for civil society (Civic Space) supports, including via its active citizenship component, promote gender equality and encourage gender mainstreaming. The project 'Girl scouts leading the future' implemented between October 2021-October 2023 focused on increasing the number of women in leadership roles, with 177 of women involved in community activities and 47 trained during the leadership programme. Furthermore, there are two on-going grant projects (signed in 2023), with a particular focus on gender equality; 'Partnership for Improving Women's Access to Productive Resources' and 'Increasing women economic inclusion and women economic partnership across the Green Line' pursuing the economic empowerment of women.
SDG6 Ensure availability and sustainable management of water and sanitation for all	Yes	Through objective 1 of the aid programme, the upgrade of water treatment, distribution and sanitation infrastructure has been a priority. Between 2014 and 2020, the European Commission has allocated approximately EUR 38.6 million for water-related project, accounting for approximately 19% of the total investment of the aid programme in that period. The most relevant projects in this field are the construction of the North Nicosia Trunk Sewerage pipe and the Famagusta Sewerage Remedial Works, which were further funded in 2023 for completion. In addition, the extension works of the wastewater treatment plant of Morphou, worth about EUR 3.4 million, started in 2022 and were completed in 2023. Two other contracts were signed in the 2021-2022 period, a supply of water sampling and monitoring equipment for the Turkish Cypriot community for EUR 15 400.00 and Technical Assistance and Supervision of the new northern Nicosia trunk sewer for EUR 105 695.00.
SDG7 Ensure access to affordable, reliable, sustainable and modern energy for all	Yes	The aid programme has supported an increased uptake of renewable energies by local businesses, farmers and solid-waste facilities for up to 1.6 MW of installed solar power. New energy efficiency measures regarding water and wastewater pumping in Lefka/Lefke and Kyrenia were also designed and the implementation started in 2023. Finally, a pre-feasibility study for the development of a bi-communal solar power plant started in 2023.

SDG8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Yes	In terms of economic development, the aid programme continued its cooperation with the World Bank on macroeconomic monitoring and integration of risk management practices for the facilitation of trade across the Green Line. Additionally, it provided technical support in the statistics area to improve collection and analysis of data as well as development of analytical tools with special focus on formation of input/output tables. In relation to private sector development, the safeguarding and creating employment small and medium-sized enterprise grant scheme was delivered targeting sectors including industry and manufacturing, business to business and services sectors. In Phase I around 800 small and medium-sized enterprises were granted EUR 1 500 each as an immediate response for relief from COVID-19 pandemic. For phase II, 96 businesses received grants worth EUR 4.6 million, resulting in the creation of more than 200 new jobs, introduction of EU quality standards, and support to digital transformation. The EU Into Business project reached more than 1 150 entrepreneurs, culminating in the creation of 36 new businesses. The EU Incubator Hive was launched in 2023, driving the creation and development of high value start-ups. Given its relevance in terms of sustainable economic growth, support to the Turkish Cypriot community agricultural sector continued with the implementation of farm advisory services targeting farmers and farmer organisations. To the moment, more than 350 persons received vocational education training on issues ranging from farm management and organic agriculture to dairy cattle and beekeeping practices, among others. A pilot research and demonstration programme in agriculture was launched to overcome the gap between science, needs and practice in identified four pilot themes, including the Halloumi/Hellim PDO scheme. A network of agricultural and rural development practitioners was developed and supported several awareness raising activities implemented, including the publishing of a farm advisory service magazine and educational videos. In addition, 53 rural development grants proceeded to the final stage of implementation. The grant scheme produced visible results in modernising agricultural practices and achieving results such as decrease in water consumption, reduction of farm production costs (fuel, feed, electricity, labour), and increase in overall levels of farm yields.

SDG9 Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	Yes	The aid programme has assisted through objective 1 in providing solid waste disposal sites compliant with EU standards as well as tackling the problem of disposal of animal by-products. In addition, the European Commission has supported local communities with the provision of up to 23 waste collection trucks and increased the capacity of the landfill in Koutsoventis/Güngör to 2.3 million cubic metres. The EU innovative entrepreneurship programme (IE) contributed to the development of an entrepreneurship ecosystem and improved innovation culture in the Turkish Cypriot community conducive to the establishment and growth of more innovative, young businesses by strengthening business support organisations. During the course of 4 years, four sessions of a start-up competition were organised which were accompanied by a series of workshops with 10-20 start-ups participating each year, from both Turkish Cypriot and Greek Cypriot communities. The IE programme enhanced linkages between the research and business communities, allowing the Turkish Cypriot community to benefit from and link up to complementary projects in Nicosia and the EU, such as CYENS Centre of Excellence in Nicosia. The total contracted value is EUR 16.6 million and will continue until March 2024.
SDG10	No	

SDG11 Make cities and human settlements inclusive, safe, resilient and sustainable	Yes	The aid programme has supported projects to monitor, check and control environmental quality in urban environments with the objective to improve living conditions. Through the annual activity programmes of 2017 and 2018, the air quality monitoring network has been expanded and strengthened. This was further supported with a supply contract of EUR 361 200 contracted in January 2023 to contribute to the improvement in the air quality sector, In addition, further monitoring capabilities have been provided to the relevant control bodies to check on the quality of fuels being sold for residential combustion and transport, as well as to better manage the quality of water. The bi-communal Technical Committee on Cultural Heritage which contributes specifically to SDG 11.4 'Strengthen efforts to protect and safeguard the world's cultural and natural heritage', has received EUR 27.5 million in support in the 2011-2023 period (representing around 80% of their budget). The Local Infrastructure Facility funded under the aid programme is undertaking a feasibility study to assess the current public services within the boundaries of the Nicosia Walled City and prepare actions for improvement. The aim is to make the walled city of Nicosia more resilient and sustainable benefitting the entire population of Nicosia (200 000 people). The value of the action is about EUR 410 000; and started in September 2022. 'Environmental education: a path to sustainable development' (EU budget EUR 319 093.3) is an on-going project started in November 2021 which aims to improve the environmental literacy level of students and teachers of Famagusta region via contributing to their environmental education by creating and piloting sustainable environmental education models and mechanisms and to increase the number of volunteers and individuals engaged in environmental activism in Famagusta region. In the first year of the project, an Environmental Literacy Curriculum has been developed and 32 trainings were delivered for 240 students aged between 9-11 years old from two schools.
SDG12 Ensure sustainable consumption and production patterns	Yes	The small and medium-sized enterprise 4 grant scheme permitted companies to benefit from EU support, enabling them to improve their competitiveness and to upgrade and improve their production patterns. More than 160 grants worth EUR 18 million have been disbursed since 2008 to small and medium-sized enterprises and start-ups to support innovation and competitiveness, digital and green transition, sustainable practices and EU standards, with the scheme providing grants amounting to EUR 185 000 on average. Following up on the small and medium-sized enterprise 4 scheme, the safeguarding and creating employment scheme delivered grants to 40 beneficiaries, helping them obtain ISO certificates comprising environmental management, quality, hygiene, health and safety and/or further standards. These grants amounted to a total of EUR 259 000.
SDG13	No	

SDG14 Conserve and sustainably use the oceans, seas and marine resources	Yes	In line with the interventions described under SDG 11, the Commission has supported in 2020 a project intended to procure water sampling and monitoring equipment for the relevant control body in the Turkish Cypriot community. The equipment allowed the control body to gauge the quality parameters of waters of coastal waters with the objective to take corrective action in the presence of pollution.
SDG15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Yes	The Commission financed a grant in 2014 aimed at strengthening conservation of bird species nesting in the Koukla water reservoir, increasing awareness amongst locals, and registering relevant environmental conditions. In 2023, works for about EUR 1.7 million were also completed to repair the Koukla water reservoir and protect the nearby wetland, aiming at an improved conservation of bird species nesting in the area.

SDG16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Yes	The aid programme is supporting bi-communal projects which promote confidence building and reconciliation between the two communities on the island. It aims at contributing to developing a more just, equitable, democratic, and inclusive society in the Turkish Cypriot community. It also supports grants that help address discrimination against LGBTIQ and immigrants, combat racism and hate crime, hate speech, violence and harmful practices. Under the March 2022 EU grant scheme Cypriot Civil Society in Action VIII, 17 projects were selected for funding (EUR 2.46 million), out of which 11 are bi-communal (EUR 1.44 million). The projects started in February/March 2023 and support bi-communal dialogue and civic engagement in the area of confidence building, human rights protection, and anti-discrimination, fighting human trafficking, health, environment, culture and sports. The aid programme has specifically targeted the problem of human trafficking and awarded grants to organisations working on both awareness-raising and legal changes. Thanks to the support, human trafficking has been categorised as crime in the local legal text, a first conviction was issued, and potential victims have received assistance. The 'Human Rights Platform' grant (EU contribution EUR 700 000) implemented until December 2023 was focused on five thematic areas: anti-human trafficking, refugee rights, LGBTI+ rights, democratic participation in decision-making, detention conditions and freedom from torture. 14 capacity-building sessions for 23 CSOs and 5 for local bodies were delivered to 344 participants. 53 lobbying activities were carried out, 5 legal recommendations were drafted in the field of human rights and 5 litigation cases were filed. 175 complaints were received, legal aid was provided to 65 people for human rights violations which led to 23 registered investigations. As a result, there was a first conviction in a human trafficking case and the 'court' released from custody a transgender person on the grounds of discriminatory treatment. 220 000 people were reached through public awareness raising activities related to the above-mentioned topics. A new direct grant for another 27 months was signed in December 2023 (EU contribution EUR 700 000). In addition, the aid programme provides support to a series of confidence building measures that support reconciliation, peacebuilding and intercommunal dialogue: the support to the Technical Committee on Cultural Heritage, the support to the Committee on Missing Persons and the Facility to support the work of the bicommunal Technical Committees.
SDG17	No	

RRF

RECOVERY AND RESILIENCE FACILITY

Programme in a nutshell

Concrete examples of achievements (*)

28 282 262 MWh/year of reduction in annual energy consumption was achieved with RRF support by mid-2023.	8 976 469 people benefited from protection measures against floods, wildfires and other climate-related natural disasters thanks to the RRF by mid-2023.	5 605 735 dwellings gained access to very high-capacity internet networks, including 5G networks and gigabit speeds, through measures under the RRF by mid-2023.	308 728 697 users were using new and improved public digital services, products and processes thanks to RRF support by mid-2023 ([63]).
1 959 338 enterprises had received support – whether monetary or in kind – under the RRF by mid-2023.	8 701 973 people had participated in education and training due to support received through RRF measures by mid-2023.	45 788 233 patients was the annual capacity of new or modernised health care facilities supported by the RRF by mid-2023.	5 779 581 young people aged 15–29 had received support, whether monetary or in kind (i.e. education, training and employment support), through the RRF by mid-2023.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

([63]) The same person can use the service multiple times, in which case they would be counted multiple times.

Budget for 2021-2027

(million EUR)

Financial programming	0.0
NextGenerationEU grants	339 046.6
NextGenerationEU loans	290 900.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities (additional grants)	20 000.0
Total budget 2021-2027	**649 946.6**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The Recovery and Resilience Facility is a funding programme with the objective to promote cohesion by mitigating the economic and social impact of the COVID-19 crisis and make EU economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions.

In addition, following the Russian aggression against Ukraine and the consecutive energy crisis, on 18 May 2022 the European Commission proposed the REPowerEU package which inter alia modifies the Recovery and Resilience Facility regulation and other legislative acts. The legislative change allows Member States to add a REPowerEU chapter to their national recovery and resilience plans (RRPs) to finance key investments and reforms to diversify energy supplies and reduce dependence on Russian fossil fuels. A political agreement was reached between the Council and the European Parliament in December 2022, and the legal text entered into force on 1 March 2023.In 2023, Member States amended their recovery and resilience plans to adjust to the updated maximum financial contribution, request additional loan support, take into account the impact of objective circumstances and to add a new REPowerEU chapter.

CHALLENGE

The COVID-19 pandemic necessitated an urgent and coordinated response both at the EU level and the national level, in order to respond to the enormous economic and social consequences (as well as asymmetrical effects) for the Member States, which would have led to higher divergences and inequalities in the EU.

NextGenerationEU, the EU recovery instrument, supports the EU's recovery from the COVID-19 crisis and strengthens resilience against future shocks. The Recovery and Resilience Facility is its centrepiece as an

unprecedented EU programme for an unprecedented time. The Recovery and Resilience Facility provides a mid- to long-term response to help the recovery and build institutional capacity through reforms and investments to be implemented by the Member States until 2026, with an impact lasting well beyond this period.

The crisis is likely to have different long-term effects on Member States, depending on their starting position, the severity of their pandemic situations, their economic resilience and their ability to take adequate measures on their own. The medium- and long-term consequences of the COVID-19 crisis critically depend on how quickly Member State economies and societies recover from the COVID-19 crisis, which in turn depends on the available fiscal space of Member States to take measures to mitigate the social and economic impact of the crisis – and on the resilience of their economies and social structures.

Sustainable and growth-enhancing reforms and investments are essential to set the Member State economies back on track and reduce inequalities and divergences in the EU.

An initiative of the scale of the Recovery and Resilience Facility must be forward looking: the Recovery and Resilience Facility aims not just to rebuild the EU economy and strengthen resilience, but also to ensure a sustainable recovery that mitigates the economic and social impact of the crisis and advances the green and digital transitions, all while fostering economic convergence and resilience.

In response to recent events such as high energy prices, disruption of supply chains, or the socioeconomic consequences of Russia's aggression against Ukraine, the Commission proposed a REPowerEU plan with the objective to rapidly reduce the EU's dependence on Russian fossil fuels by fast forwarding the clean energy transition and joining forces to achieve a more resilient energy system and a true Energy Union.

The RRF plays an important role in the funding of this plan. The Facility supports Member States in putting forward additional reforms and investments or in scaling up existing measures.

MISSION

As the centrepiece of the NextGenerationEU, the Recovery and Resilience Facility promotes economic, social and territorial cohesion,job creation and sustainable growth, as well as resilience and preparedness for the future. It offers large-scale financial support for public investments and reforms across the fields of public policy signified by the six pillars of article 3 of the Recovery and Resilience Facility regulation: green transition; digital transformation; smart, sustainable and inclusive growth; social and territorial cohesion;health, and economic, social and institutional resilience; and policies for the next generation, children and youth. Indirectly, the Recovery and Resilience Facility also provides funding for private investments, channelled through public schemes.

Crucially, at least 37% and 20% of the financial allocation of each Member State should respectively support climate and digital investment and reforms.

The Recovery and Resilience Facility is financed through EU borrowing as set out in Regulation (EU) 2020/2094 (the 'EURI regulation'). Payments to Member States can take place up to 31 December 2026 for both non-repayable financial support and loan support. Budgetary commitments are made upon approval of the plans by the Council and the signature of the financing and (where relevant) loan agreements, as well as an operational arrangement detailing monitoring mechanisms, with the respective Member State. Payments will be made once the Member State satisfactorily fulfils the related milestones and targets and can be disbursed up to twice per year.

OBJECTIVES

The general objective of the Facility is to promote the EU's economic, social and territorial cohesion byimproving the resilience, crisis preparedness, adjustment capacity and growth potential of the Member

States. To this end, the Facility aims at mitigating the social and economic impact of the COVID-19 crisis, in particular on women, by contributing to the implementation of the European Pillar of Social Rights, by supporting the green and digital transition, thereby contributing to the upward economic and social convergence, restoring and promoting sustainable growth and the integration of the economies of the EU, fostering high quality employment creation, and contributing to the strategic autonomy of the EU alongside an open economy and generating European added value.

The specific objective of the Recovery and Resilience Facility is to provide Member States with financial support with a view to achieving the milestones and targets of reforms and investments set out in recovery and resilience plans.

Each Member State submitted a recovery and resilience plan detailing reforms and investments it plans to implement. Each disbursement is subject to the Member State's satisfactory fulfilment of a set of milestones and targets, which in turn capture the progress made in the implementation of the specific reforms and investments set out in the recovery and resilience plan.

With the REPowerEU plan, the amending Regulation COM(2022)231 final introduced six additional objectives for the RRF. Through the addition of REPowerEU chapters to their national recovery and resilience plans, Member States put forward additional reforms and investments or scaled up existing measures to meet the objectives of the REPowerEU plan.

REPowerEU reforms and investments contribute to i) improving energy infrastructure and facilities, ii) boosting energy efficiency, iii) addressing energy poverty, iv) incentivising the reduction of energy demand, v) addressing internal and cross-border energy transmission and distribution bottlenecks, and vi) supporting an accelerated requalification of the workforce towards green and related digital skills.

In 2023, 23 Member States included a REPowerEU chapter in their revised RRPs. Bulgaria, Germany, Ireland and Luxembourg did not submit a REPowerEU chapter in 2023.

ACTIONS

The Recovery and Resilience Facility provides non-repayable financial support (grants) as well as repayable financial support (loans) to Member States to support the public investments and reforms set out in the national recovery and resilience plans.

STRUCTURAL SET-UP OF THE PROGRAMME

The Facility allows the Commission to disburse funds to support the Member States to implement reforms and investments which contribute to the COVID-19 recovery, and build resilience. These must be in line with the EU's priorities and address the challenges identified in country-specific recommendations under the European Semester framework of economic and social policy coordination. The structural set-up consists in the provision of grants and loans to Member States. More precisely, the Facility makes available EUR 723.8 billion (in 2022 prices) in loans (EUR 385.8 billion) and grants (EUR 338 billion). In terms of funds committed, RRPs initially amounted to EUR 500.5 billion. Following the 2023 revisions, EUR 647.7 billion have been committed. The revised recovery and resilience plans include EUR 356.8 bilion in grant and EUR 290.9 billion in loan support.

Additionally, the amended RRF Regulation made available EUR 20 billion in Emissions Trading System (ETS) auctioning revenues and up to EUR 5.4 billion in voluntary transfers from the Brexit Adjustment Reserve (BAR) to fund the measures included in the new REPowerEU chapters. By the end of 2023, 23 REPowerEU chapters were approved (excluding Bulgaria, Germany, Ireland and Luxembourg). The total allocation of ETS auctioning revenues and voluntary BAR transfers to REPowerEU chapters committed by the end of 2023 amounts to EUR 17 284 865 135 in ETS auctioning revenues and EUR 1 585 231 692 in BAR transfers. Once

the outstanding REPowerEU chapters are adopted, the remaining funds from ETS auctions and the BAR will be committed.

The Recovery and Resilience Facility is implemented by the Commission in direct management in accordance with the financial regulation. DG Economic and Financial Affairs and the Recovery and Resilience Task Force (SG-RECOVER) work in close cooperation to steer the design and implementation of the Recovery and Resilience Facility.

While coordinating the implementation of the Facility jointly with SG-RECOVER, DG Economic and Financial Affairs is also the Authorising Officer for paying out loans and grants within the Facility. Therefore, DG Economic and Financial Affairs has to give reasonable assurance on the Recovery and Resilience Facility funds paid to the Member States and is responsible for applying any financial corrections if necessary, following ex post audit work.

Moreover, the Commission decision of July 2020 set up the Steering Board chaired by the President and composed of the three Executive Vice-Presidents, the Member of the Commission responsible for the Economy, the Secretary-General, and representatives of the Legal Services, DG Economic and Financial Affairs and SG RECOVER. This Steering Board has been involved in the validation of the assessment of all recovery and resilience plans, prior to the adoption of the proposals for Council Implementing Decisions by the Commission.

All payment requests are subject to two Commission-wide interservice consultations, underpinning the collegiality of this process, one on the preliminary assessment, a second on the Commission decision on payment. The Economic and Financial Committee (EFC) expresses an opinion on the Commission's preliminary assessment. Furthermore, as provided under Article 35 of the regulation establishing the Recovery and Resilience Facility, a Recovery and Resilience Facility Committee (composed of representatives of all Member States) was established, to discuss the draft Commission implementing decisions concerning Member States' payment requests. The Parliament is thoroughly informed and kept abreast of the implementation of the Recovery and Resilience Facility, notably through regular Recovery and Resilience Dialogues as established by the RRF regulation, and a dedicated RRF Working Group established by the Parliament. Documentation is transmitted on equal terms to Parliament and Council and all key documents are also published.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



Source: European Commission

The intervention logic (see figure below), comprises the following elements:

1) **Needs** as described in the RRF Regulation (e.g. recital 6). The extent to which the RRF is addressing the needs is assessed under the **relevance** criterion.

2) **Objectives** as stated in Article 4 of the RRF Regulation. The extent of the RRF's contribution to these objectives is assessed under the **effectiveness** criterion, while the relation of the RRF objectives/measures to other instruments (e.g. Cohesion Policy financing and national instruments) is reviewed under the **coherence** criterion.

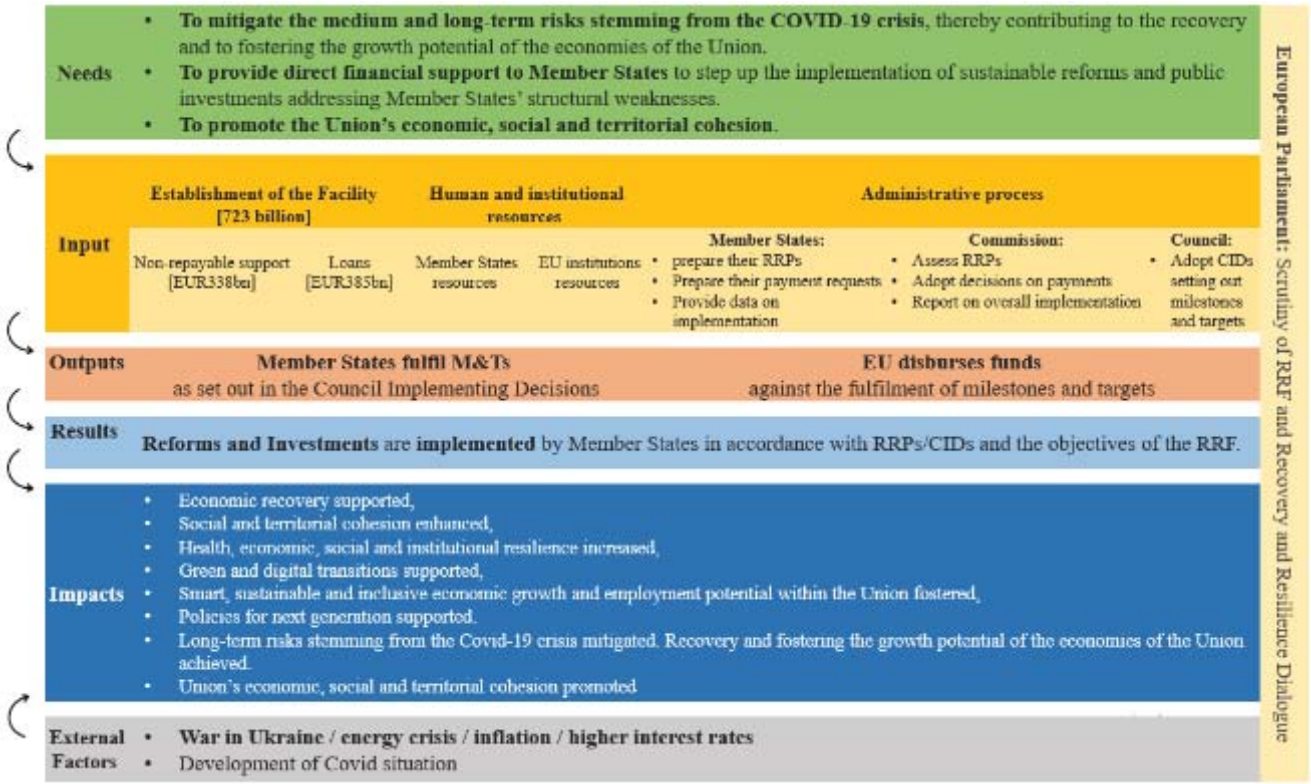
3) **Inputs** refer to the financial inputs (non-repayable financial support and loans) as well as the human resources and administrative processed needed to manage and implement the RRF. Issues related to the disbursements are included in the **effectiveness** analysis, while cost and administrative issues are covered in the **efficiency** analysis.

4) **Outputs** are defined as the disbursements performed and the achievements of milestones and targets. These are the first elements that are assessed under **effectiveness**.

5) **Results** are emanating from the reforms and investments implemented by Member States, in accordance with the plans and the objectives of the RRF. They are discussed in the analysis of **effectiveness** and **coherence** (e.g. on the reinforcement of investments and reforms).

6) **Impacts** of the RRF are expected to be as wide as the identified objectives and needs. Given that this mid-term evaluation is performed early in the implementation of the RRF, impacts cannot be expected to have significantly materialised yet. The analysis on **effectiveness** includes considerations on the contribution of the RRF to the expected impacts.

7) **External factors** have also affected the implementation of the RRF and are captured in this mid-term evaluation.



Source: European Commission

LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The Recovery and Resilience Facility is a novel instrument – indeed, a historic one. There are no precursors for it in the 2014-2020 multiannual financial framework.

FURTHER INFORMATION

– Programme website:
  - RRF
  - Recovery and Resilience Scoreboard
– Relevant regulation:
  - Regulation (EU) 2021/241 of the European Parliament and of the Council.
  - Commission Delegated Regulations (EU) 2021/2105 and (EU) 2021/2106 supplementing Regulation (EU) 2021/241.
  - COM(2022) 231 final, 18 May 2022: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2021/241 as regards REPowerEU chapters in RRPs and amending Regulation (EU) 2021/1060, Regulation (EU) 2021/2115, Directive 2003/87/EC and Decision (EU) 2015/1814]

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NextGenerationEU grants	98 034.0	136 389.6	104 552.6	34 171.5	14 235.3	11 500	10 350	339 046.6
NextGenerationEU loans (*)	153 876.2	12 211.9	123 911.9	0.0	0.0	0.0	0.0	290 900.0
Decommitments made available again (**)	N/A	N/A	N/A					0.0
Contributions from other countries and entities (additional grants)	0.0	0.0	20 000.0	0.0	0.0	0.0	0.0	20 000.0
Total (***)	**251 910.2**	**148 601.5**	**248 464.5**	**34 171.5**	**14 235.3**	**11 500**	**10 350**	**649 946.6**

(*) Only Article 15(3) of the financial regulation.

(**)Only Article 15(3) of the financial regulation.

(***) The total available budget for 2021-2027 includes loans committed in 2021 and 2022 for adopted plans. This total will be updated yearly if loans are committed in subsequent years.

– The Recovery and Resilience Facility (RRF) is the centrepiece of NextGeneration EU, the EU's recovery plan. It supports the way out of the COVID-19 crisis and aims at making Europe more resilient and better prepared for the challenges and opportunities of the green and digital transitions. The Facility is therefore a temporary recovery instrument to finance reforms and investments to be implemented by 2026. To finance NextGenerationEU and the RRF, the European Commission borrows funds on behalf of the EU on the capital markets.

– As set out in Article 23 of Regulation 2021/241, the Commission commits the financial contribution allocated to each recovery and resilience plan upon its adoption by the Council. Beyond the twenty-

two plans adopted in 2021, in 2022, the remaining five plans were adopted, namely of Sweden, Bulgaria, Poland, The Netherlands, and Hungary.

– In line with Article 11(2) of Regulation 2021/241, the maximum financial contribution was updated in June 2022 for each Member State, taking into account the actual outturns in relation to the real GDP change 2020 and the aggregate change in real GDP for the period 2020-2021. All 27 plans were revised by the end of 2023 to take into account this change in maximum financial contribution.

Budget implementation

Cumulative implementation rate for RRF grants (*) at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	337 880.8	339 046.6	99.7%
Payments	139 887.3		41.3%

(*) RRF loans are not included

Cumulative implementation rate for additional grants (*) at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	17 286.4	20 000.0	86.4%
Payments	946.1		4.7%

(*) contributions from other countries and entities

- The Facility is an innovative, performance-based instrument. Member States develop national RRPs which are assessed by the Commission and ultimately Council Implementing Decisions on these Plans adopted by the Council. Payments are made to Member States, as beneficiaries, upon delivering reforms and investments pre-agreed in their plans. The funds are therefore disbursed solely on the basis of the progress in the achievement of the reforms and investments that Member States committed to implement.
- By end 2023, all 27 recovery and resilience plans were revised in accordance with Article 11(2) of Regulation 2021/241 to reflect the updated maximum financial contribution in each plan.
- In line with the requirements of Article 14(2) of Regulation 2021/241, Member States were requested to submit loan requests until 31 August 2023. In total, EUR 385.8 billion in loan support was made available under the RRF. Loan support amounting to around EUR 165.4 billion had been allocated to seven Member States by end-2022. In 2023, as part of the revisions of the RRPs, ten Member States have requested additional loan support or requested loan support for the first time
- These additional loan requests were positively assessed by the Commission and approved by the Council. In total, around EUR 290.9 billion in current prices of loan support is committed under the RRF. Therefore, around EUR 94,9 billion in loan support was not requested by Member States, which results in an uptake of RRF loans close to 76%.
- The Commission disbursed 22 payments in 2023for a total of EUR 75 billion to 17 Member States (Austria, Croatia, Germany, Greece, Italy, Portugal, Slovakia, Slovenia, France, Estonia, Romania, Luxembourg, Lithuania, Denmark, Spain, Czechia and Malta). The Commission also disbursed pre-financing for REPowerEU in 2023, for a total of EUR 7 billion. An additional EUR 3.4 billion in REPowerEU pre-financing was disbursed by end-February 2024. In addition to the EUR 138 billion disbursed in 2021 and 2022 (including pre-financing), this means the RRF disbursed a total of EUR 220 billion from its inception to the end of 2023.

– The Commission has continued monitoring the implementation of the Facility through the payment request reporting (data are regularly updated in the Recovery and Resilience Scoreboard), bi-annual reporting by Member States on the progress made in the achievement of their plans and frequent exchanges, including missions to the Member States.

– For each disbursement a specific set of milestones and targets must be fulfilled. In case one or more milestones or targets are not satisfactorily fulfilled, the Commission suspends all or part of the related disbursement. However, in line with the methodology for payment suspensions presented by the Commission in February 2023 ([64]), the implementation of the plan can continue and payments are made for all milestones and targets that have been satisfactorily fulfilled. The concerned Member State has six months from the date of suspension to take the necessary actions to fulfil the milestones and targets that have not been satisfactorily fulfilled. Over the course of 2023, payment suspension decisions were taken by the Commission following the non-fulfillment or the partial fulfillment of a limited number of M/Ts in the Lithuanian, Romanian and Portuguese plans. The Commission has generally encouraged Member States to submit payment requests only when all milestones and targets are fulfilled. Nevertheless, as the Commission stressed in its communication on the RRF in February 2023 (quoted above), Member States should make their best efforts to deliver the investment and reforms within the indicative timelines envisaged in the Council Implementing Decisions and the operational arrangements. This is increasingly important as the RRF enters the second half of its lifetime and it is necessary to ensure the efficient planning of the Commission's funding operations on the capital markets, timely disbursements and a full implementation of the investments and reforms as envisaged in Member States plans.

– Some Member States are facing challenges in administering funds, due in part to limited administrative capacity or investment bottlenecks. The process of revising the RRPs in 2023 represented an opportunity to address these issues and increase the absorption capacity of RRF funds. At the same time, the revisions of the plans impacted the disbursement schedule of RRF funds in 2023 . While the number of payment requests and disbursements saw a decline in the first half of 2023 as Member States focused on the revision of the plans, the pace of payment requests and disbursements increased significantly towards the end of the year.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	103 608.4	67 368.6	104 571.9		151.6			275 700.5	43%
Biodiversity mainstreaming	4 431.1	2 621.0	4 366.6					11 418.7	2%
Clean air	50 829.3	30 066.3	50 089.4					130 985.0	20%

– The RRF will help achieve the EU's targets to reduce net greenhouse gas emissions by at least 55% by 2030 and to reach climate neutrality by 2050. The RRF regulation requires that at least 37% of the total allocation of each recovery and resilience plan (RRP) shall support measures that contribute to

([64]) https://commission.europa.eu/system/files/2023-02/COM_2023_99_1_EN.pdf.

climate objectives. However, the reforms and investments proposed by Member States have exceeded the target, with more than 42% of the total plans' allocation contributing to climate objectives (as calculated according to the climate tracking methodology, using Annex VI of the RRF regulation ([65]).

- Green measures implemented by Member States in 2023 with the support of the RRF aimed at, among other things, promoting sustainable mobility, increasing energy efficiency and the deployment of renewable energy sources, taking climate change adaptation measures, reducing air pollution, promoting the circular economy and restoring and protecting biodiversity.
- The RRF makes a significant contribution to environmental sustainability in the broader sense by addressing climate change and pollution, protecting nature, biodiversity and water resources and promoting the circular economy while not doing any significant harm to any of the six environmental objectives of the EU taxonomy. The assessment of the measures under the taxonomy criteria is possible with the use of intervention fields. Some of them set conditions that are fully, substantially or partially aligned with the criteria defined in the taxonomy regulation, which have to be reflected in the scope and design of the measures for being eligible under the respective intervention fields. Measures with an estimated budget of EUR 237 billion are fully or substantially aligned with the taxonomy sustainable contribution criteria for climate change mitigation and adaptation, while measures with further EUR 68 billion are partially aligned with these criteria.
- With the addition of repowerEU chapters to 23 recovery and resilience plans by the end of 2023, Member States included measures to address the diversification of energy supplies and stimulate the transition towards renewable energy sources. As of 2023, EUR 60 billion has been allocated to the approved repowerEU chapters.

Contribution to gender equality (million EUR) (*)**:**

Gender score	2021	2022	2023	Total
2	3 073.4	1 813.0	3 031.4	7 917.8
1	5 413.8	3 193.6	5 339.7	13 947.1
0*	-	-	-	-
0	243 423.0	143 594.9	240 093.4	627 111.3

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information ([66])

([65]) Methodology for climate tracking under the RRF.pdf (europa.eu).

([66]) Recovery and resilience scoreboard (europa.eu).

- Member States report gender disaggregated data for results and outputs achieved with RRF support within common indicators 8, 10, 11 and 14.
- For example, research facilities supported by the RRF employed 719 male, 5 016 female and 4 non-binary full-time equivalent researchers in 2023 (common indicator 8).
- In 2023, participants in education and training supported by the RRF amounted to a total of 1.7 million participants across all age groups. Out of the total, 1.08 million female, 621 662 male and 416 non-binary participants were reported (common indicator 10).
- The total number of 623 840 people in RRF-supported employment or job-searching activities in 2023 is subdivided into 390 479 female, 233 349 male and 12 non-binary participants across all age groups (common indicator 11).
- The number of young people aged 15–29 receiving support in 2023 amounted to 784 258 male, 871 906 female and 83 non-binary recipients (common indicator 14).

– Mitigating the social and economic impact of the COVID-19 crisis on women is a clear objective of the RRF, as set out in Article 4 of its founding regulation. The RRF regulation requires Member States to explain how the measures in their RRPs contribute to gender equality and equal opportunities for all and the mainstreaming of these objectives.

– The evaluation of the impact of RRF measures on gender equality is not envisaged by the RRF regulation. However, in order to report on the number of measures with a focus on gender equality and the share of such measures included in each RRP, the Commission, in consultation with Member States, has assigned a tag to measures with a focus on gender equality, based on the methodology set out in the delegated act on social expenditure reporting under the RRF (Delegated Regulation (EU) 2021/2105). Following the respective amendments performed in 2023, the RRPs now include 136 measures with a gender tag. The share of RRPs contributing to gender equality is shown in the recovery and resilience scoreboard. In addition, this methodology allows for an indicative reporting on the RRF gender spending, based on the estimated costs of measures assigned with a gender tag.

– National RRPs contain a wide range of measures contributing to gender equality. These include investments and reforms specifically designed to tackle inequalities based on gender (contributing to this objective with around EUR 7 917.8 million over the lifetime of the RRF) and other types of investments and reforms which are directly or indirectly supporting gender equality (corresponding to around EUR 13 947.1 million). In 2023, the first type of measures contributed to gender equality with around EUR 3 031.4 million (score 2), while the second type of investments provided support with around EUR 5 339.7 million (score 1).

– The investments fully devoted to gender equality include, for instance, the national roll-out of ‘early aid’ for socially disadvantaged pregnant women in Austria, incentives to foster female entrepreneurship in Italy, the creation of a support line for women in rural and urban areas and the set-up of a national plan to tackle gender-based violence in Spain. Investments contributing directly or indirectly to gender equality include (i) the improvement of working conditions for professions traditionally performed by women (e.g. the operationalisation of work cards for domestic workers in Romania), (ii) investments to boost up/re-skilling of disadvantaged groups, including girls and women (e.g. the SOLAS recovery skills response programme in Ireland and the national programme to increase the number of information and communications technology specialists, including funding activities to increase the engagement of women and improving their awareness of information and communications technology career opportunities, in Latvia), and (iii) investments to improve delivery of care to the elderly and people with disabilities, a task often taken up by women in the household (e.g. the improvement of home health care in Greece).
– These crucial investments are complemented by structural reforms which, while being zero-cost, will have a considerable impact on gender equality. These include the reform to close the gender pay gap

in Estonia, to combat gender inequalities in Portugal, to better regulate the profession of nursing assistants in Sweden and to improve the prenatal and neonatal health screening in Bulgaria.

– The combination of investments and reforms is one of the main novelties of the RRF. National authorities have envisaged a number of measures to tackle gender-based discriminations and, as for other policy areas, the interplay between gender-related investments and reforms will ensure a higher impact of the RRF spending. Specifically, these measures are expected to make the green and digital transitions more inclusive and to improve the capacity of Member States to mainstream gender equality in their resilience policies, which are crucial as Europe keeps facing unexpected challenges.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	61 157.1	36 076.5	60 320.6	157 554.2	24%

– The RRF makes a significant contribution to the digital transformation in the EU. The RRF regulation requires that at least 20% of the total allocation in each RRP support digital objectives. However, the reforms and investments proposed by Member States have exceeded the target, with around 24% of the total allocation of the plans contributing to the digital transformation (as calculated according to the digital tagging methodology set out in Annex VII of the RRF regulation).

– By the end of 2023, important steps had been taken to implement measures relating to the deployment of next-generation digital infrastructures and advanced technologies, digital skills development for the population and the workforce, and support for the digitalisation of enterprises and public services.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress	Target	Results (*)	Assessment
Savings in annual primary energy consumption	0	NA	NA	28.2 MWh/year	NA
Alternative fuels infrastructure (refuelling/recharging points)	0	NA	NA	531 995	NA
Additional dwellings with internet access provided via very high-capacity networks	0	NA	NA	5.6 million	NA
Users of new and upgraded public digital services,	0	NA	NA	308.7 million	NA

products and processes					
Enterprises supported (of which small – including micro, medium, large)	0	NA	NA	1.9 million	NA
Number of participants in education or training	0	NA	NA	8.7 million	NA
Capacity of new or modernised health care facilities	0	NA	NA	45.8 million	NA
Number of young people aged 15–29 receiving support	0	NA	NA	5.8 million	NA

(*) % of results achieved by 2023

– Commission Delegated Regulation (EU) 2021/2106 defines a set of common indicators relating to the objectives of the RRF and linked to the six policy pillars. Member States report on the common indicators twice a year and the Commission calculates an aggregate for the RRF on this basis. Data on the common indicators are published and regularly updated on the recovery and resilience scoreboard: https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard.

– Furthermore, some important reforms already progressed during the first 2 years of implementation of the facility:

  - reforms to digitalise public administration (Slovakia) and ensure cybersecurity (Romania);
  - reforms of civil and criminal justice systems to make them more efficient by reducing the length of proceedings and improving the organisation of courts (Spain, Italy);
  - labour market reforms and modernisation of active labour market policies (Spain);
  - reforms enhancing employment and social protection (Croatia);
  - reforms to foster scientific excellence and improve the performance of universities and public research organisations (Slovakia) and to enhance the predictability and stability of public research funding (Portugal);
  - reforms tackling corruption and ensuring the protection of whistle-blowers (Cyprus);
  - licensing simplification reforms to boost investments in offshore renewables or reforms to create the conditions for introducing renewable hydrogen (Greece, Spain, Portugal);
  - reforms to support the roll-out of renewable energy and sustainable transport (Croatia, Romania);
  - reforms improving the quality of the legislative process (Bulgaria);

  regulatory changes to improve affordable housing (Latvia).

– In addition, the RRF unlocks the full potential of structural reforms by complementing them with key investments. Some of the major investments with key steps already completed include:

  - investments to support the decarbonisation and energy efficiency of industry (France, for a total estimated cost of EUR 1.4 billion; Croatia, EUR 61 million);

- purchase of 600 000 new laptops to lend to teachers and pupils, and selection of digital innovation hubs to support companies in their digitisation efforts (Portugal, EUR 600 million);
- funds to increase the competitiveness of firms operating in the tourism sector, including 4 000 small and medium-sized enterprises (Italy, EUR 1.9 billion);
- investments to support vulnerable people (Italy, EUR 1 billion);
- digitisation of public administration towards digital, simple, inclusive and secure public services for citizens and businesses (Portugal, EUR 170 million);
- broadband infrastructure development (Latvia, EUR 4 million).

– In 2023, further major reforms and investments have been implemented. Such key reforms and investments entail:
    - a new law on the single integrated Vocational Training System offering cumulative courses leading to new qualifications (Spain);
    - a reform which introduced a single flat-rate ticket (KlimaTicket) providing nearly unlimited public transportation across Austria;
    - reforms that incentivise the production of renewable energy by removing administrative barriers (Estonia, Austria)
    - a reform that introduces welfare areas which aim to improve the delivery and access to social and health care services (Finland);
    - funds to support the delivery of energy-efficient renovations to family homes and public buildings (Romania, EUR 2.1 billion; Slovakia, EUR 600 million);
    - investments which strengthen infrastructure for digitalised public services (Czechia, EUR 6 million; Germany, EUR 2.5 million);
    - investments to enhance building cabling and the rollout of 5G networks (Cyprus, EUR 10 million; Lithuania, EUR 49 million);
– Under the RRF, each milestone and target is linked to a measure which (generally) contributes towards two of the six policy pillars. The assignment of policy pillars to each measure is performed by Commission staff in consultation with Member States, after the adoption of the RRPs by the Council. Therefore, milestones and targets can contribute to more than one policy pillar according to the methodology used by the Commission to display data in the scoreboard ([67]).
– Furthermore, each RRP is required to contribute at least 37% and 20% respectively to climate and digital objectives, which is reflected in the large contribution of the twin green and digital transitions. Thus, the design of the RRF itself is set to exploit synergies between horizontal priorities, adapted to the specific gaps identified for each Member State and addressed in the RRPs.
– Milestones and targets included in payments disbursed in 2023 contributed to the six policy pillars as follows.
    - **Pillar 1: the green transition.** A total of 301 milestones and targets were satisfactorily fulfilled. These included investments to support the extension of the electric vehicle charging network in Portugal and the sustainable renovation of buildings in Slovenia, and new legislation introducing the climate ticket for public transport in Austria.

([67]) scoreboard_pillar_tagging_methodology.pdf (europa.eu).

- **Pillar 2: the digital transformation.** A total of 245 milestones and targets were satisfactorily fulfilled. These supported, for instance, the digitalisation of the Pension Insurance Institute's archives in Croatia, the deployment of a 5G network in Lithuania and the approval of new curricula strengthening digital literacy and computational thinking in primary and lower-secondary education in Czechia.
- **Pillar 3: smart, sustainable and inclusive growth.** A total of 361 milestones and targets were satisfactorily fulfilled. These included investments to support the railway sector in France, to contribute to hydrogen projects in the framework of important projects of common European interest in Germany, and a legislative reform paving the way for new industrial parks in Greece.
- **Pillar 4: social and territorial cohesion.** A total of 242 milestones and targets were satisfactorily fulfilled. For example, Italy provided educational support to 20 000 minors to combat educational poverty in the south. In Luxembourg, more than 400 job seekers aged 45 years or more acquired digital and managerial skills in dedicated trainings in Luxembourg. Romania adopted new legislation promoting the social economy and the labour voucher system.
- **Pillar 5: health, economic, social and institutional resilience.** A total of 286 milestones and targets were satisfactorily fulfilled. These included investments to improve the uptake of the Minimum Vital Income in Spain and the publication of a smart specialisation strategy in Malta.
- **Pillar 6: policies for the next generation.** A total of 75 milestones and targets were satisfactorily fulfilled. For instance, Estonia invested into labour market measures to reduce youth unemployment, Spain adopted new legislation with the objective to modernise the Vocational Training System, and new legislation in Lithuania anchored competences for the green and digital transformation in vocational education and training.

– In general, more detailed Information on the state of play of implementation, disbursements per pillar and key measures achieved by Member States can be found in the recovery and resilience scoreboard, which includes links to the RRF annual reports and thematic analyses . Information about concrete projects supported under the RRF, including details on their implementation and their geo-location in the Member States' territory, is available in an interactive map on the RRF website that is regularly updated ([68]).

Sustainable development goals

Contribution to the sustainable development goals

([68]) https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility_en#national-recovery-and-resilience-plans.

SDG	Does the programme contribute to the goal?		Example
SDG1		Yes	By the end of 2023, the Recovery and Resilient Facility supported the set-up of Local Technical Units responsible for planning, managing, and coordinating the implementation of measures to combat poverty and social exclusion in Portugal's biggest cities.
SDG2		Yes	By the end of 2023, the Recovery and resilience Facility supported the launch of a call for the development of an open digital agricultural infrastructure and cognitive agriculture environment for the production process and management of natural resources in Greece.
SDG3	Yes		By the end of 2023, the Recovery and Resilient Facility supported the entry into force of legislation that determines the primary care network on the basis of availability of doctors and up-to-date capacity needs in Slovakia.
SDG4		Yes	By the end of 2023, the Recovery and Resilient Facility supported the entry into force of the School Digitalisation Act, which provides a framework for better in-service teacher training, improved school infrastructure, and improving the learning material portal in Bulgaria.
SDG5		Yes	By the end of 2023, the Recovery and Resilient Facility supported the approval of the Spanish Public Health Strategy, which incorporates a gender and equity perspective in all public health actions.
SDG6		Yes	By the end of 2023, the Recovery and Resilient Facility supported the entry into force of the reform to integrate water services into a unique operator for every Optimal Territorial Area, incentivise sustainable water use in agriculture, and support the use of the common monitoring system for water in Italy.
SDG7		Yes	By the end of 2023, the Recovery and Resilient Facility supported the entry into force of legislation to improve institutional and legal mechanisms to promote the production, transmission, and consumption of electricity from renewable sources in Lithuania.
SDG8		Yes	By the end of 2023, the Recovery and Resilient Facility supported the digital transformation of Romanian SMEs by increasing the digital skills of their employees with a call for Grant Support for Digital Skills.
SDG9		Yes	By the end of 2023, the Recovery and Resilient Facility supported a deduction scheme for all companies to increasingly engage in research and development investments, incentivising private sector innovation in Denmark.

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SDG10	Yes	By the end of 2023, the Recovery and Resilience Facility supported the set-up of an investment meant to increase passenger transport, taking into account adequate access to services for disadvantaged and vulnerable persons in Czechia.
SDG11	Yes	By the end of 2023, the Recovery and Resilience Facility supported an agreement on establishing car free spaces across Malta, promoting the regeneration of public spaces of village and town cores.
SDG12	Yes	By the end of 2023, the Recovery and Resilient Facility supported the introduction of climate action contracts to support the introduction of new, cleaner production technologies for energy-intensive industries in Germany.
SDG13	Yes	By the end of 2023, the Recovery and Resilient Facility supported the establishment of a Citizens' climate council and introduction of a focal point for green budgeting in the Ministry of Finance in Austria.
SDG14	Yes	By the end of 2023, the Recovery and Resilient Facility supported investments In France, which are aimed at ecological restoration and supporting protected areas, including natural marine parks and other protected areas managed by the French Office for Biodiversity.
SDG15	Yes	By the end of 2023, the Recovery and Resilient Facility supported a reform which aims to improve the state of nature protection in protected areas in a manner that guarantees their contribution to landscape protection to enhance climate change resilience and adaptation in Slovakia.
SDG16	Yes	By the end of 2023, the Recovery and Resilient Facility supported the entry into force of a reform to improve the legal response to corruption in Greece.
SDG17	N/A	

TSI

Technical Support Instrument

Programme in a nutshell

Concrete examples of achievements (*)

604 requests for reform support were received by 27 Member States under the 2024 call.	170 reform support projects translating to 307 reforms were selected under the 2024 programme.	41 multi-country projects were selected under the 2024 TSI cycle.	63% of the projects selected under the 2023 programme are directly or indirectly linked to national recovery and resilience plans.
95% of projects selected for funding under the 2022 and 2023 programmes were on the ground and running or closed at the end of 2023.	17 Members States were helped by TSI to identify reforms and investments to phase out their reliance on Russian fossil fuels.	Over 1 000 participants from 37 supervisory authorities in 26 Member States participated in the EU Supervisory Digital Finance Academy.	Over 1 600 online viewers attended the TSI annual conference 2023, with the participation of high-level representatives from the European Commission, Member States and other institutions.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	864.4
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	6.4
Total budget 2021-2027	**870.8**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

With the Technical Support Instrument, the European Commission will accompany Member States' efforts to tackle reform challenges by offering them technical expertise to enhance their capacity to carry out reforms and to foster the exchange of good practices across the EU. The programme also supports the design and implementation of Member States' recovery and resilience plans.

CHALLENGE

The outbreak of the COVID-19 pandemic as well as the invasion of Ukraine by Russia have changed the economic outlook for years to come in the EU and in the world. The effects of the crisis in the medium and long term will depend on the resilience of the Member State economies. There is a need to strategically plan the recovery, revitalise our economies and return to the path of sustainable and inclusive growth, geared towards the green transition and digital transformation objectives.

Smart, sustainable and socially responsible reforms can help to strengthen the resilience of our economies and societies. They contribute to keeping our economies flexible and competitive and help to improve the quality of public services. Moreover, given that the economies of Member States are strongly intertwined, the successful implementation of well-designed reforms in each Member State benefits the EU as a whole, and helps to strengthen the EU's social, economic and territorial cohesion.

However, the process of designing, developing and implementing reforms is complex and Member States have different levels of in-house expertise and administrative capacity to tackle it. Strengthening Member States' institutional and administrative capacity to design and implement reforms is essential.

In line with the subsidiarity and proportionality principles, EU intervention brings added value by offering Member States technical expertise to enhance their capacity to design and implement reforms and to foster exchanges of good practices across the EU. This support helps to increase the capacity of Member States to carry out their national reforms, in line with overall EU objectives.

MISSION

The programme is the main EU funding programme providing technical support to Member States in their reform agendas.

The general objective of the programme is to promote the EU's economic, social and territorial cohesion by supporting Member States' efforts to implement the necessary reforms to achieve economic and social recovery, resilience and upward economic and social convergence.

These reforms may be either identified in the European semester process of economic policy coordination, or by the Member States' own initiative[69]. They can be in a broad range of policy domains, including public financial and asset management, institutional and administrative reform, business environment, the financial sector, markets for products, services and labour, education and training, sustainable development, public health and social welfare. Specific emphasis will be given to actions that foster the green and digital transitions.

The instrument also provides technical support to Member States for the preparation and implementation of their recovery and resilience plans in the framework of the new Recovery and Resilience Facility.

OBJECTIVES

The programme has the specific objectives of assisting national authorities in improving their capacity to:

- design, develop and implement reforms;
- prepare, amend, implement and revise recovery and resilience plans pursuant to Regulation (EU) 2021/241.

These objectives shall be pursued in close cooperation with the Member States, including through the exchange of good practices, processes and methodologies, stakeholder involvement where appropriate and a more effective and efficient human resources management.

ACTIONS

The types of actions eligible for financing under the programme include the following:

– expertise related to policy advice/change, formulation of strategies and reform roadmaps and legislative, institutional, structural and administrative reforms;

– the short-term or long-term provision of experts, to perform tasks in specific domains or to carry out operational activities;

– capacity-building and related supporting actions at all governance levels, also contributing to the empowerment of civil society;

– carrying out studies, including feasibility studies, research, analyses and surveys, evaluations and impact assessments.

STRUCTURAL SET-UP OF THE PROGRAMME

The programme provides tailor-made expertise, upon request from a Member State, in a broad range of policy domains. The direct beneficiaries of the programme are Member State authorities at the central, regional, or local levels. The indirect end beneficiaries are Member State citizens and/or businesses that benefit from the results of the reforms.

The Commission does not provide direct funding to Member States. Rather, it provides expertise to Member States who are fully responsible to carry out the reforms. This expertise delivered by the

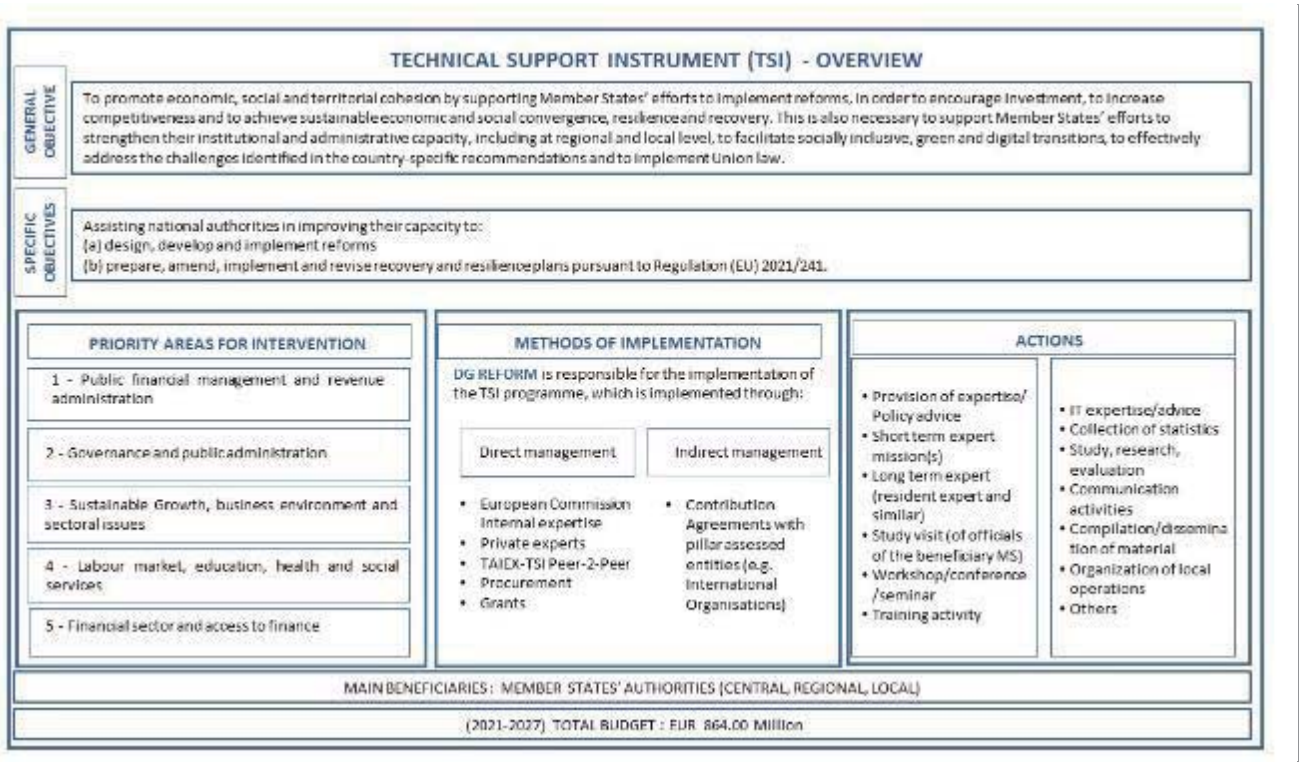
[69] Article 7 (EU) 2021/240: 'Payments for additional technical support. In addition to the technical support covered by the budget set out in Article 6, Member States may request additional technical support under the instrument and shall pay for the expenses pertaining to such additional support.

Commission requires no national co-funding but the success of the reform support relies on the engagement and ownership of the Member State authorities.

The programme is mainly implemented under direct and indirect management, in particular through grants and procurements, internal expertise and entrusting tasks to international organisations or other bodies in accordance with the financial regulation.

DG Structural Reform Support is in the lead for the Commission in managing the programme and coordinating the provision of tailor-made technical support to EU Member States, in cooperation with the relevant Commission services.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The Technical Support Instrument is the successor of the Structural Reform Support Programme, with a larger budget and broader scope. The programme is consistent, coherent and complementary to the other EU programmes that support capacity-building and technical assistance.

FURTHER INFORMATION

– Detailed information about the programme and the reform support actions funded by the Technical Support Instrument and its predecessor, the Structural Reform Support Programme, can be found on:
    - Technical Support Instrument website;
    - Reform Support website.
– DG REFORM strengthened its presence on social media and continued the 'Project in the Spotlight' series, including by producing short documentary and testimonial videos, to illustrate the impact of selected projects on the life of EU citizens.

– In 2023, the Commission published the ex-post evaluation of the Structural Reform Support Programme, the predecessor program of the Technical Support Instrument. The ex-post evaluation concluded that the Structural Reform Support Programme has been effective as it has substantially advanced the reform agenda in EU Member States. The Programme offered very high value added, significant cross-border, EU wide impact going beyond individual Member States. Technical support remains highly relevant, and highly needed by Member States. The Structural Reform Support Programme was also found to be highly coherent with European semester process; it is also unique but complementary with other EU-level interventions and national/regional schemes. Suggestions for improvement focus on procedural issues, such as improving the sharing of technical support outputs across borders, developing further and refining monitoring and project evaluation practices for the different stakeholders, suggestions which have been taken onboard on the Technical Support Instrument.

– The impact assessment supporting the proposal for a regulation on the establishment of the Reform Support Programme, carried out in 2018, was taken into account for the definition and adoption of Regulation (EU) 2021/240 of the European Parliament and of the Council adopted on 10 February 2021 and establishing the Technical Support Instrument.

– At programme level and in line with the Commission's provisions on better regulation, in 2023 DG REFORM initiated an external study for the mid-term evaluation of the TSI to be delivered by February 2025. It will provide input and lessons learned to feed into the next programming period for this instrument.

– Besides the midterm and *ex post* evaluation foreseen by the regulation to evaluate the Technical Support Instrument programme at the programme level, DG Structural Reform Support performs evaluations at the project level. A feedback mechanism is performed on individual technical support projects with a two-step approach: (i) at project closure to assess the satisfaction level of the main stakeholders involved in the design and implementation of the project; and (ii) at 6, 12, or 18 months after project closure, to assess the achievement level of expected outcomes. Given that the first TSI projects were launched in 2021, the first tangible results of the outcome of the programme will be available in the mid-term TSI report, to be published in February 2025. The high satisfaction feedback provided by Member States' coordinating authorities is a recognition of the DG's work.

Performance management

– In 2023 DG REFORM accepted the two recommendations issued by the IAS on TSI performance management and agreed on the next steps to further improve the measuring and reporting of TSI projects' performance. The implementation of both recommendations has already started and is impacting DG REFORM monitoring system, such as the methodology to report the number of activities/actions and deliverables/outputs. Some areas for improvement identified during the audit have been addressed already before completion of the audit by the IAS, the work on the others is ongoing.

– DG REFORM work on performance management also takes stock of the recommendations given in the SRSP ex-post evaluation published in 2023, improving the internal procedural elements and refining monitoring and project evaluation practices for the different stakeholders.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	116.4	118.7	121.1	123.5	126.0	128.5	130.4	864.4
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	6.4	0.0	0.0	0.0	0.0	0.0	6.4
Total	**116.4**	**125.1**	**121.1**	**123.5**	**126.0**	**128.5**	**130.4**	**870.8**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

+ EUR 0.4 million (+ 0%)

compared to the legal basis.*

* Top-ups pursuant to Art. 5 MFF regulation are excluded from financial programming in this comparison.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	362.1	870.8	41.6%
Payments	200.9		23.1%

Voted budget implementation (million EUR):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	116.1	116.4	26.4	59.2
2022	118.6	118.7	60.0	80.2
2023	121.0	121.1	106.9	99.8

(*) Voted appropriations (C1) only.

– The programme is mobilised by the Commission to help Member States strengthen their resilience and the structural capacities of their administrations. The programme it has proven flexible and reactive by supporting Member States in the aftermath of Russia's unprovoked invasion of Ukraine and the recent global energy market crisis by supporting efforts to end EU dependence on Russian fossil fuels and by promoting energy efficient reforms, and to facilitating the application of sanctions imposed on Russia on account of its invasion of Ukraine.

– A total amount of EUR 362,1 million, representing a 41% of the total envelope for the 2021-2027 period, was committed by 2023, which is fully in line with the financial programming. The commitments were in line with the Financing Decision - annual work programme of 2021 to 2023.

– Another EUR 123.5 million of the total envelope for the 2021-2027 period will be committed in 2024, which is also fully in line with the financial programming and budget allocation for the 7-year period. The commitments for 2024 are in in line with the Financing Decision of 2024, which was adopted in March 2024.

– The 2025 amount requested in the draft budget is EUR 126 million. This is in line with the financial programming. While the TSI 2025 requests are yet an unknown quantity, based on previous cycles we can assume that the budget will indeed be unlikely to cover demand. Despite the high demand from the Member States for the programme, the cumulative percentage of projects selected along the years barely reached 50% of the total requests submitted. This is due to, inter alia, limited budgetary and human resources. In this light, the number of multi-country projects has increased in the latest TSI cycles to maximize the MSs requests coverage and to increase efficiency. For example, under the 2024 Technical Support Instrument cycle 41 multi-country projects were selected.

– In order to tackle the high demand from Member States, DG REFORM has put in place an internal working group who is simplifying and streamlining all the processes of the Technical Support Instrument programme. There is also a very close monitoring of the workload of the staff of DG REFORM in order to

respond each year to a maximum number of the requests of the Member States in line with the available budget.

– DG REFORM is in close contact with the Coordinating Authorithies of the Member States. A network of DG REFORM Country coordinators is in charge of ensuring a coherent and consistent approach to technical support for reforms in each Member State. These country coordinators act as a unique interlocutor for the Member States' Coordinating Authorithies on all aspects of the Technical Support Instrument implementation, contribute to the preparation of the Technical Support Instrument selection process, and ensure added-value contributions of DG REFORM to the European Semester and the Recovery and Resilience plans under the Recovery and Resilience Facility.

– DG REFORM is also very keen on his close collaboration with the Coordinating Authorities on the one hand and on the creation of a huge Coordinating Authorities network at national level on the other hand. The 2023 Coordinating Authorities workshop in Madrid was a real success.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	23.1	23.2	18.0					64.4	7%
Biodiversity mainstreaming			6.4					6.4	1%
Clean air									

– The programme has contributed to the green transition in the following ways.

  - EUR 64.4 million of the 2021, 2022 and 2023 budgets was devoted to projects covering climate mainstreaming, representing 7.4% of the 2021-2027 budget.
  - The programme's contribution to **climate change mitigation and adaptation** increased in 2023. It was the second year that the programme assisted the Member States in the context of the energy crisis triggered by the Russian invasion of Ukraine, so there was increased demand for projects in this policy area.
  - The programme provided support to Member States in the area of climate change mitigation and adaptation, including for the **preparation of long-term climate mitigation strategies**.
  - The programme supported Member States wishing to design and implement reforms supporting building renovation and the EU renovation wave for a **decarbonised and clean energy system**. The program has mainly focused on five areas linked to the EU Renovation Wave: energy poverty, public buildings, renovation ecosystem, cohesion funding and governance.
  - The programme also supported Member States in **water-related reforms** to ensure compliance with the water framework directive, the drinking water directive and the urban wastewater treatment directive, and to prepare action plans to increase the efficiency of water supply networks. For example, DG REFORM supported Croatia to reduce water losses in its networks and Hungary to harmonise and improve monitoring of water quality. DG REFORM also launched a project in Estonia on implementation of an action plan towards the long-term financial sustainability of water.
  - In line with the 2030-2035 EU **waste management targets**, the EU action plan for the circular economy and the zero pollution action plan, the programme helped Member States in improving waste management and transitioning towards a circular economy. For example, it helped Austria to increase the circularity of its raw material use and continued to help Cyprus and Romania for the improvement of their waste management.
  - The programme provided support for **biodiversity protection**, for example by helping Denmark, Germany and the Netherlands protect the migratory route of water birds. DG REFORM also supported Estonia in assessing the effectiveness of its conservation measures and continued to support Finland in fighting forest pest risks and Italy to enable green infrastructure and nature-based solutions.
  - The programme supported Member States to improve environmental enforcement, for example by continuing to support Portugal to improve its environmental inspections and permitting processes, and Austria to fight environmental crime.

– Due to its nature, the program is not covered by the **EU taxonomy regulation for sustainable activities**. None of the eligible actions for technical support listed in Article 8 of the technical support instrument regulation is aligned with the economic activities described in Annex 1 of Commission Delegated Regulation (EU) 2021/2139. Therefore, there is no taxonomy-relevant expenditure financed by the programme.

Contribution to gender equality (million EUR) (*)**:**

Gender score	2021	2022	2023	Total
2		2.4	18.0	20.4
1				

0*	116.1	116.2	103.1	335.4
0				

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

– In line with the principles of the gender equality strategy 2020-2025, TSI contributed to gender equality and equal opportunities for all and for the mainstreaming of these objectives. In 2023, TSI measures reported under score 0* included a budget of EUR 103 million.

– Under TSI 2023, the programme financed interventions the principal objective of which is to improve gender mainstreaming for a value of EUR 18 million, falling under gender score 2. For example, since 2022 specific support is provided to seven Member States under the 'Gender mainstreaming in public policy and budget processes' flagship. This flagship aims at helping the Member States, at the national, regional and local levels, to practically improve gender equality within their budgets, as is also expected in the context of the recovery and resilience plans and other EU funds and programmes. The project supports the introduction of gender mainstreaming tools in various sectors and promotes ongoing training and capacity development for administrations to improve their technical competence and implement gender policies effectively. In particular, support is provided, inter alia, for reviewing institutional arrangements, collecting and using gender-specific data, integrating gender considerations into public procurement, consolidating effective gender-responsive budgeting practices and implementing gender impact assessments.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	18.5	28.1	40.5	87.1	24%

– The programme provided support towards Member States' digital transition in several projects, in line with the Europe fit for the digital age action plan and the '2030 digital compass: the European way for the digital decade' communication.

- In 2023, TSI continued to expand the work of supporting Member States in the **financial sector** through projects aimed at the preparation and implementation of growth-enhancing administrative and structural reforms. Several projects were delivered in the areas of digitalisation of financial markets, sustainable finance, anti-money laundering, financial literacy, reinforcing financial stability, improving consumer protection and business practices, insolvency and the effective and uniform implementation of sanctions. One specific example is the 'National Financial Literacy Strategy for Greece' project, which will

enable Greek citizens to make effective and sustainable financial decisions and use traditional and innovative financial services safely.

- The programme also supported Member States' transition towards **e-government and digital public administration**, for example increasing the capacity of the Dutch competent authorities to supervise artificial intelligence, digital-ready legislation in Denmark, establishing a statistical interoperability node in Spain and supporting open government in Greece.
- The programme is also supporting the digital transition to improve efficiency of different economic and policy sectors such **labour market and employment** (developing employment services for economically inactive people), the **health systems** (improving interoperability) or the **business competitiveness** (reducing administrative burden).

– The TSI programme uses other digital intervention fields that are different from the Digital Economy and Society Index dimensions for estimating the **budget contribution to the digital transition**. TSI digital transition projects report to 'Digital Public Support – table 8', intervention field 144 'Actions supporting the implementation of Digital policy, including supporting the Network of National Contact Points, policy information system, technical support to national and local governments and administrations, as well as studies/analyses to understand the social, health, environmental consequences of the digital transition of economy and society'. The total contributions were EUR 18.5 million for 2021, EUR 28.1 million for 2022 and EUR 40.5 million for 2023.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress(*)	Target	Results	Assessment
Cooperation and support plans concluded	0	**43%**	20 annually from 2021 to 2027	Milestones achieved in 2021, 2022 and 2023	On track
Number of support measures	0	**29%**	147 annually from 2025 to 2027	Milestones achieved in 2021 and 2022. Milestone not achieved in 2023	On track
The objectives set in the cooperation and support plans, which have been achieved due, inter alia, to the technical support received	0	**NA**	70% annually from 2021 to 2027	No results	No data

(*) % of years for which the milestone or target has been achieved during the 2021-2027 period.

– In 2023, 98% of the Member State requests selected concern support for implementing reforms that will help to achieve strategic policy priorities, as set out under the **European semester framework** for policy coordination. This includes tailor-made support for the amendment, implementation and revision of recovery and resilience plans under the Recovery Resilience Facility or under EU-wide policy initiatives such as the Green Deal, the single market strategy, the digital single market, the energy union, the capital markets union, the European Pillar of Social Rights, or support for the

implementation of EU law and the better regulation agenda. It also includes actions and activities in support of reforms that may help Members States prepare for joining the euro area. The remaining requests refer to Member State reforms to support recovery, sustainable economic growth, job creation to enhance resilience and public administration and governance coordination.

- Overall, the TSI priorities for 2023 reflected all 10 areas set out in Article 5 of Regulation (EU) 2021/240 establishing the Technical Support Instrument. Despite the fact that TSI projects are independent from the Recovery and Resilience Facility, TSI also supported Member States in the amendment, implementation and revision of recovery and resilience plans under the facility.
- The programme supports Member States' efforts to design and implement **resilience-enhancing reforms**. It also continued to contribute to the EU's recovery from the COVID-19 crisis, improving the quality of public services and helping to get the Member States back on the path of sustainable and inclusive growth. The programme directly and indirectly supports Member States for the implementation of their recovery and resilience plans.
- In the **2024 programme round**, 27 Member States submitted 604 requests for support with a total estimated value of EUR 294 million. DG Structural Reform Support identified 170 projects for funding, covering 307 selected technical support requests. The selection followed a thorough prioritisation exercise carried out according to the programme regulation and a wide consultation of 17 Commission departments to find synergies and complementarities and avoid overlaps with other programmes.
- In 2023, together with other Commission services, DG Structural Reform Support proposed pre-identified EU policy areas of potential support to Member States, namely the **'flagship technical support projects'**, which are aimed at streamlining EU policies on top of the traditional tailor-made requests from Member States. At the same time, the DG gives Member States the possibility of making **multi-country technical support requests**, to enhance mutual learning on the one hand, and to help a maximum number of Member States on the other hand with their reforms.
- It has to be underlined that TSI is a very flexible programme, on which Member States can always rely for specific emerging needs, e.g. Russia's unprovoked invasion of Ukraine.
- It is estimated that over 63% of projects selected under the 2023 programme contribute to the implementation of the **recovery and resilience plans**. In 2023, 27 Member States were benefiting from general support for their plans. This allows public administrations to set up the right mechanisms and build their capacity to implement and monitor their plans across all its components.
- The programme also helped to strengthen horizonal priorities such as the green and digital transitions in the Member States.

  Green transition

  - In 2023, TSI supported the mainstreaming of **climate and biodiversity objectives** and helped improve Member States' preparedness to reach climate and energy objectives, in particular climate neutrality by 2050. Actions included, among others: strengthen climate adaptation, promote climate mitigation and protect biodiversity; enhance policy coherence and alignment of EU funds and programmes with the 'do no significant harm' principle; support the integration of sustainability considerations in the budget processes of Member States; re-direct private and public capital flows towards climate and environmental action, also in support of other EU instruments (e.g. InvestEU programme, Just Transition Mechanism, Recovery and Resilience Facility); integrate and mitigate risks stemming for the climate and environmental transition in the financial sector; implement green taxation reforms; and design holistic strategies engaging the regional, local and wider community on the changes needed for a successful transition.

- As far as climate change mitigation and adaptation is concerned, DG REFORM defined a flagship technical support project on climate adaptation and continued the support towards the preparation of a long-term climate mitigation strategies and pathways to achieve carbon neutrality, for instance in Czechia and Romania. DG REFORM also assisted the Member States in the prevention of climate-induced disasters, for example with the prevention of wildfires in Portugal, and helped Poland prepare a revised climate adaptation strategy. In Malta, DG REFORM continued to provide support on coastal protection.
- In 2023, TSI helped 17 Member States to identify reforms and investments to phase out their reliance on Russian **fossil fuels** with the 'Supporting rEPowerEU: affordable, secure and sustainable energy for Europe' project. The areas of technical support included: faster permitting for renewable energy, energy efficiency and building renovation, hydrogen, biomethane, diversification of gas supply and industry decarbonisation. Both the diversification of supply and the use of renewable energy will contribute to achieve the green transition and to reduce the price of energy, for the benefit of citizens and businesses.

Digital transition

- In 2023, TSI supported the digital transition in the Member States via its 'Digital transformation for regional and local public administrations' flagship project. The project aimed at helping EU regional and local authorities design and implement structural reforms in the field of digital public administration. It targets three areas that are highly relevant for regional and local administrations: (i) sustainable connectivity, including cybersecurity; (ii) development of smart cities; and (iii) interconnectedness with digital systems used by other authorities, including in other Member States. The impact of the project includes the acceleration of the digital transition in the Member States through the implementation of EU digital strategies (such as the 2030 Digital Decade or the 'once-only' principle) at the regional and local levels, the enhancement of digital administration at the regional and local levels with an improved quality of digital services for citizens/businesses and an increased socioeconomic attractiveness of regions.
- In 2023, DG REFORM also implemented a project to support the Dutch Authority for Digital Infrastructure to speed up and set up proper **supervision of artificial intelligence** systems in compliance with the forthcoming AI Act and other relevant legislation. The 'Supervising Artificial Intelligence by Competent Authorities' project provided support to the Dutch authority in their endeavour to supervise artificial intelligence, thereby ensuring greater adherence to existing and upcoming legislation on artificial intelligence. It not only delivered comprehensive knowledge on existing practices of artificial intelligence supervision and a set of other good practices and supervision scenarios, but also practical pathways and on-the-ground assistance for the Dutch authority to supervise artificial intelligence. The Dutch authority chairs both the European and Dutch Working groups of Competent Authorities on AI. In addition to directly supporting the Dutch authority, the project also engaged other EU competent authorities to collectively address the complex and varied challenges associated with supervising artificial intelligence technologies.

– In 2023, the programme also focused on reinforcing its **collaboration with Member States** and among the Commission services to further advance the work on public administration and governance. The expert group on public administration and governance gathers representatives from public administrations in the Member States to discuss common challenges and ways to address them. Additionally, in 2023 TSI launched a new initiative to foster exchanges among civil servants of different Member States – the 'Public Administration Cooperation Exchange' project. Under this initiative, civil servants have the possibility to work for short period in other Member States to

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strengthen administrative capacity, as well as policymaking and implementation skills. In its first year, 300 civil servants from 18 Member States are participating. Thanks to this exchange, participants can learn from the working methods and culture of other EU public administrations in selected areas, such as the green and digital transitions, the management of EU instruments, the design, monitoring and evaluation of public policies, and human resources management. This programme is contributing to shape the next generation of civil servants across the EU.

- In the area of **good governance**, DG Structural Reform Support supported several Member States in strengthening their policymaking through new methodologies and tools. For example, in Italy the 2022 TSI project 'Reinforcing multi-level policy coordination for integration in Italy' is contributing to strengthening the coordination mechanisms and enhancing the fundamental role played by all levels of authorities for the integration and labour market inclusion of migrants. In the long term, the project is expected to enhance central coordination of the state with regional and local authorities, and thus reduce regional and social disparities.

- The programme has supported Member States in the field of **migration**. In 2022, the programme has been supporting 14 Member States to improve migrants' access to essential services such as health or school education or to facilitate access to jobs. Out of these, nine Member States benefited from urgent support with welcoming and integrating persons displaced to the EU, following the Russian invasion of Ukraine, under the dedicated programme call launched in April 2022. With the 'Accelerating access to essential services for displaced Ukrainians in Romania' project, the Commission, together with the World Bank as implementing partner, has been providing support to the Romanian Inspectorate General for Emergency Situations and Ministry of Education since July 2022 to (i) support Romanian authorities in accelerating access and improving the delivery of assistance services for people fleeing Ukraine in order to ensure their better integration, and (ii) assist and advise the Ministry of Education to speed up and improve access to education and psychosocial support services for Ukrainian children displaced in Romania.

- In 2023, nine Member States benefited from TSI support to welcome and integrate persons fleeing Ukraine, as a consequence of Russia's unprovoked invasion. For example, in order to help the expansion of the integration centres for foreigners, TSI provided support to identify the most suitable EU funding opportunities. The projects helped to improve **refugees' integration** and the adaptation of school curricula to the needs of displaced pupils from Ukraine, as for example the 2022 TSI 'Supporting the development of a national coordination mechanism for recognising refugees' qualifications in Italy' project. Furthermore, TSI is helping with access to the labour market through the recognition of skills and qualifications acquired outside the EU. While enabling refugees' access to qualified jobs, the recognition of skills helps EU employers to fill jobs shortages.

- The programme has supported Member States in the field of **public financial management** by helping them improve the efficiency, effectiveness and sustainability of public spending. The programme has supported Member States in the field of revenue administration by helping them to boost the efficiency and effectiveness of their tax and customs administrations. To fight cross-border tax fraud, evasion and avoidance, in 2023 the Commission's technical support contributed to enhancing the exchange of tax information among seven Member States. By providing the necessary tools, skills and expertise, the Technical Support Instrument has enhanced the capacity to safeguard fiscal revenues for the benefit of EU citizens and businesses.

- The flagship 'Enhancing the quality and use of tax information exchanged between Member States in the context of the directive on administrative cooperation' was targeted at Member States wishing to improve their fight against cross-border tax fraud, evasion and avoidance through a better use of **tax information exchanged between Member States** in the context of the directive. This project identified three work packages, each with its own set of deliverables tailored to each Member State: (i) data quality of outgoing tax information; (ii) use of incoming tax information; and (iii) performance monitoring and evaluation of tax information. This flagship project is well-aligned with the policy

areas under pillar 5 of the Recovery and Resilience Facility – health, economic, social and institutional resilience.

- In 2023, TSI contributed to spur the **competitiveness** of 12 Member States' industrial ecosystems. Member States made use of the technical support in drafting their industrial strategies and action plans. The technical support also laid the groundwork for strengthening market surveillance at the national level, improving intellectual property frameworks and mapping the skills needs of both the industry workforce and entrepreneurs. Moreover, TSI contributed to bolster the EU mining regional ecosystems to secure mineral raw materials supply. TSI also helped seven Member States to build more sustainable, resilient and digital tourism ecosystems, with the objective of rebooting tourism across the EU and making it more resilient in the global market, as for example in Croatia with the 'Support to Croatia's tourism ecosystem: towards a more sustainable, resilient and digital tourism' project.
- n the field of **education and training**, the programme supported Member States in designing new skills strategies and learning frameworks, along with governance and monitoring mechanisms of national action plans in the area of digital education. The programme also helped Member States render their education systems more inclusive and equitable while improving the impact of curriculum reforms (Croatia, Lithuania) and raise the quality of early childhood education and care (Bulgaria, Cyprus, Austria). DG REFORM worked with Spain, Italy, Portugal and Romania on a multi-country project aimed to make their education systems more inclusive for disadvantaged pupils, children with disabilities and for those with a migrant background. The technical support encompassed exchanges of knowledge and good practices among Member States and contributed to draft tailor-made recommendations. For example, TSI contributed to develop an early warning system that enables schools and education authorities to identify students with specific needs and support them in a timely and appropriate way with the 'Tackling early school leaving in Romania' project.
- In 2023, DG REFORM provided support to Spain in developing a strategy for enhancing the **labour market** inclusion and participation of skilled migrants. The project was supported by a centralised online platform connecting administrations, employers and migrants. The strategy targets talent attraction from non-EU countries and labour market participation of migrants already in Spain, while the digital platform facilitates the matching between skilled migrants and employers seeking workers with skills that are currently in short supply in Spain. This innovative approach could inspire other Member States in the context of the EU talent pool.
- In the area of **health**, the programme supported Member States on reforms targeting access to and quality of primary care, workforce health, health information systems, health system performance assessments, telemedicine solutions, e-health national strategies, cancer prevention strategies and digital skills of the health and care workforce. The TSI helped Belgium, Austria and Slovenia make a more strategic and efficient use of EU funds to enable the healthcare sector's development and put innovation at the heart of their health systems. Through the 'health hub', the Member States can identify the best funding opportunities to undertake key reforms for the benefit of citizens. In the long run, the health hub will also help national and regional governments to underpin economic investments in this sector. Building on its promising results, this project can be scaled up to the EU level.
- In 2023 the Commission continued helping Member States to bolster their **national capital markets**. So far, 21 Member States have benefited from TSI in this field, as for example Czechia, with the 'Access to capital market financing for Czech Small and Medium-Sized Enterprises' project. Reforms contributed to removing regulatory barriers to investments and tackling market inefficiency. The objective of these reform projects is to increase investment opportunities, bring higher market visibility for businesses, and help small and medium-sized enterprises to access bank credit.

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- During its first 2 years, the EU Supervisory Digital Finance Academy has been gathering 37 national authorities from 26 Member States, hosting more than 1 000 participants from across the EU, thanks to TSI. This project is helping national authorities to seize the opportunities of innovative technologies and digital applications in the **financial sector**, while supporting them to cope with the risks. By enhancing the skills of the national regulators and supervisors' staff, the academy will strengthen consumer protection and create opportunities to develop innovative, efficient and inclusive financial products for consumers and businesses across the EU.
- Following Russia's unprovoked invasion of Ukraine, TSI has been helping Czechia, Latvia and Malta to maximise the effectiveness of **economic sanctions against Russia**. In 2023, his project helped national authorities to identify people and entities related to Russia's regime, in order to freeze their assets. It also contributed to prevent attempts to circumvent these sanctions through crypto currencies. Building on the results so far, nine additional Member States have requested to work together with the Commission to further improve the implementation of sanctions.
- Of particular importance was the programme support for the national recovery and resilience plans under the Recovery and Resilience Facility. In 2023, all Member States benefited from TSI for the implementation of their **recovery and resilience plans**. So far, more than 400 technical support projects have been instrumental in implementing the national plans. Member States benefited from TSI to enhance central aspects of the plans' implementation, such as project management, monitoring, communication, governance, information technology and compliance with the EU Green Deal objectives. TSI has also contributed to the implementation of thematic reforms relating to the plans in crucial areas, such as the green and digital transitions and skills, along with gender equality and equal opportunities for all.
- In 2023, DG Structural Reform Support developed a robust **set of communication initiatives** to put the programme in the spotlight, such as the organisation of its third annual conference, with the participation of high-level representatives from the European Commission, Member States and other institutions. Even though the conference was online, the aim was to create an experience that was closer to following an in-person event rather than a sequence of presentations. The conference, which attracted more than 1 600 unique online viewers, highlighted the way TSI supports Member States for the successful design and implementation of resilience-enhancing reforms. It presented policy and technical/practical information and expertise on a range of topics relating to the central thematic area 'Public Administration fit for the future and adaptable to change', and on the functioning of ongoing and prospective TSI projects and flagship projects for 2024.

Exploiting synergies among horizontal priorities in TSI

- Most of the 2023 TSI projects build on different horizontal priorities at the same time, something that happens in a natural way. A specific example of a project exploiting synergies between the digital and green horizontal priorities is the 2023 TSI 'Professionalisation of public procurement personnel: fostering strategic methodologies, integrity and transparency' flagship project, which aims at developing tools to use strategic and innovative procurement methodologies., including green procurement criteria and e-procurement tools.
- Another specific example is the 2023 TSI 'PACE – Public Administration Cooperation Exchange' flagship project, aiming at promoting cooperation and cross-border exchanges among Member States to build administrative capacity and prepare the next generation of policymakers in the EU. The project will touch upon different EU priorities, such as green transformation and investment management. The project is a clear example of how some TSI projects are of a horizontal nature, promoting synergies and stimulating cross-cutting learning paths in local and national administrations.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	YES	In the field of social security and social welfare, in 2023 the TSI supports reforms aimed at strengthening the effectiveness of social assistance benefits, reforming the social housing policy, and improving the quality and coverage of social services for vulnerable groups. Measures are in line with the Action Plan for the implementation of the European Pillar of Social Rights, the European Care Strategy and the European Disability Rights Strategy for 2021-2030, among others. Measures selected support integrated interventions aimed at: (i) enhancing the administrative capacity of social security and social welfare organisations at national and sub-national level; (ii) improving the adequacy of social protection systems, including pension systems, and (iii) improving the quality and provision of integrated care and social services for elderly persons and for children and youth. In line with the European Disability Rights Strategy for 2021-2030, technical support will be provided to de-institutionalise care provision for people with disabilities, including children, in favour of homecare and community-based care alternatives. Specific project example. Under the TSI 2023 flagship project YOUTH FIRST – supporting children and youth wellbeing, education, training, social protection and labour prospects, DG Structural Reform Support launched in the context of 2022 being the Year of the Youth, a flagship program to help Member States to design policies that improve children and young people' wellbeing, education, training/skills, social services, as well as access to finance and financial literacy. Five areas of expertise are available, including healthcare, education, inclusiveness, social protection, access to finance and research, among others.
SDG2	NO	

SDG3	YES	In the area of health, the TSI 2023 selected measures contribute to strengthen the resilience of health systems in line with the objectives of the European Health Union. The measures aim at (a) enhancing the governance, planning, monitoring, evaluation capacity and skills of health systems of the Ministries of Health and associated public entities in the areas of eHealth, health system performance assessment, health technology assessment, anti-microbial resistance and long-term care; (b) improving the efficiency of health systems through interoperable eHealth systems, more effective clinical governance, costing and payment models, and use of human resources;: (c) improving access to and the quality of eHealth, medicines, long-term care services, personalised medicine, cancer prevention and care, and ensure sustainable public investments in health systems. Specific project example: The TSI 2023 Flagship project Towards person-centred integrated care aims at strengthening the coordination between the ministries of health and social care of different Member States and the different levels of care provision, by putting the person at the centre of services to ensure better access and better quality of care at every stage of life. To this end, primary care, hospital care, long-term care and mental care services in different Member States will be analysed from various perspectives: legislation, governance, resources, funding, capacity or e-tools. With this data, the project will create new roles, processes and working practices that integrate health, social and long-term care services, including by building on existing instruments (i.e. World Health Organisation Country assessment framework for integrated delivery of long-term care). It will result on tailored integrated care solutions at national or regional/local level.

SDG4	YES	The 2023 support measures in the areas of skills, education and training will increase the quality, relevance and inclusiveness of education and training and will contribute to: (i) an enhanced capacity of the central, regional and local authorities to design, implement and evaluate curriculum reforms, using a more evidence-based approach; (ii) better tools for short- and mid-term workforce planning, based on supply and demand for teachers; (ii) increased inclusiveness and quality of the education system and more equitable learning opportunities for students from disadvantaged socio-economic backgrounds (iii) improved monitoring and evaluation systems for assessing the quality of early childhood education and care and the impact of investments with regards to digitalisation of education; (iv) increased coherence, effectiveness and efficiency of the evaluation and quality assurance for VET and higher education; (v) consolidated academic career reform for enhanced impact and sustainability; (vi) increased adults' participation in training. Specific project example: The TSI 2023 Flagship project Environmental, social and governance (ESG) Risk Management for the Financial Sector aims at increasing public and private awareness of ESG risks in the financial sector by implementing the related existing and forthcoming EU regulatory framework. One of the main workstreams is the development and promotion of targeted financial literacy initiatives, cross-sectoral capacity building exchanges among NCAs and awareness raising campaigns among the general public.
SDG5	YES	The TSI 2023 Program will continue to support projects to develop common methodologies for gender mainstreaming in public policies, gender impact assessments and gender budgeting adapted to each Member State. Specific project example. The TSI 2022 project Gender Mainstreaming in Public Policy and Budgeting is helping seven Member States in strengthening their gender budgeting policies on many administrative levels, to ensure public money is used to foster gender equality. Gender budgeting encompasses a variety of areas such as taxes, pensions, health care, business opportunities and urban planning. For example, decision makers should take in consideration the needs of both female and male users when planning new public buildings, schools, kindergartens, or parks. The project is supporting the beneficiary administrations in analysing policies and budgeting processes from a gender mainstreaming perspective. Participants have been sharing good practices, and new learning methodologies and tools.

SDG6	YES	The TSI programme will support Member States in water-related reforms to ensure compliance with the Water Framework Directive, the Drinking Water Directive, the Urban Wastewater Treatment Directive, and to prepare action plans to increase the efficiency of water supply networks. In line with the EU action plan for the circular economy and the Zero Pollution Action Plan, the programme helps the Member States in improving waste management and transitioning towards circular economy. Specific project example: Strengthening economic and environmental regulation in the Romanian water and wastewater sector for the Romanian Public Services . The European Commission provided support to the Romanian economic regulator to play a critical role as the central repository of performance and compliance information. The Commission, in cooperation with the Water Industry Commission for Scotland (WICS), provided support over 14 months to: raise industry awareness on the benefits of economic regulation and of a robust information framework; develop an information framework Romanian Public Services Commission (ANRSC), including hands-on support to three regional pilot companies; and support Romanian waters to improve the quality of data for the River Basin Management Plan.
SDG7	YES	In the area of affordable and clean energy, TSI 2023 projects aim at enhancing Member States capacity to accelerate energy renovation of buildings, renewable energy development and permitting processes, and to increase energy and resource efficiency and renewable energy sources, achieving energy diversification. Specific project example: TSI 2023 Flagship project Accelerating permitting for renewable energy will help Member States wishing to streamline and accelerate their permitting processes for renewable energy. It also plays a key role in increasing energy security by reducing dependence on Russian fossil fuels imports in particular. The project will do it by (1) streamlining administrative procedures for renewable energy permitting(2), facilitating spatial planning for renewable energy deployment, and (3) Increasing public engagement and acceptance.

SDG8	YES	All areas of the programme contribute to sustainable economic growth and thus employment. As an example, we highlight measures supporting labour market policies. These are expected to contribute to: (i) help to maintain a high-level of employment through improving the effectiveness of public employment services and the quality and coverage of active labour-market policies; (ii) an increased offer and availability, better quality and adequate quality assurance system for up and reskilling programmes, in particular in view of equipping people with digital and green skills and to better address labour market requirements and skills mismatches; and (iii) increased administrative and analytical capacity of public employment services, including through the systematic collection of data needed for policy design and implementation purposes, more effective governance mechanisms and analytical tools to assess and anticipate labour market developments and profiling of job seekers. Specific project example: the TSI 2023 flagship project Migrant integration and talent attraction supported Member States with carrying out reforms and measures that foster the socio-economic integration of Third Country Nationals (TCNs) in the EU. Furthermore, it also supported reforms and measures that foster their labour market inclusion while making the best use of their competences and skills and create opportunities for employers to recruit international talent to address labour market gaps.

SDG9	YES	In the area of sustainable industrialisation and innovation, the support measures are expected to contribute to the efforts of the national authorities towards building sustainable, resilient and digital industrial ecosystems, in order to make EU industry more competitive globally, while enhancing Europe's strategic autonomy, e.g. by securing mineral raw material supply. In particular, the support measures are expected to contribute to the elaboration of more resilient and competitive horizontal, regional and sectorial strategies, address strategic dependencies, build better conditions for innovation and entrepreneurship, for example through the promotion of intellectual property rights and support provided to the market by local and regional authorities, protect businesses from unfair competition and build the workforce for the green and digital industrial ecosystems of the future. Furthermore, the support measures are expected to help Member States create more resilient and innovative economic activities, including at the regional level. The support measures will also contribute to encouraging safe and clean transport and sustainable tourism. Specific project example: the 2023 Flagship project on Support to industrial ecosystems supported Member States in the design and implementation of reforms to boost competitiveness, sustainability, resilience and employment. The project contributed to: (i) strengthening the administrative capacity of Member States to support industrial transformation, by preparing horizontal or sectoral industrial strategies; (ii) strengthening national market surveillance systems to protect consumers and workers against unsafe products and general non-compliance, thus creating a safer and sounder business environment; (iii) promoting intellectual property (IP) rights to stimulate innovation and protect investment with a view to improve the competitiveness of European enterprises, especially SMEs; (iv) reskilling and upskilling the workforce to enable a better understanding of the existing gaps, especially as regards green and digital skills and designing actions to address them

SDG10	YES	Through technical support measures targeting the fight of inequalities within and among countries, the programme offered support to reduce inequalities in income as well as those based on age, sex, disability, race, ethnicity, origin, religion, or economic or other status. In the field of migration, department REFORM continued providing expertise in the area of migration policies, strengthening institutional framework and building operational capacity. In 2023, the department provided support to fourteen Member States in improving migrants' access to essential services and employment. In France, Italy and Poland it contributed to improving the processes for the recognition of skills and qualifications acquired outside the EU so that migrants and refugees can access better qualified jobs. It also provided technical support to other Member States to attract skilled international workers by reinforcing exchanges of good practices in the context of rising global competition on A specific project example concerns "how attracting and integrating migrants in the Spanish labour market'. 2023 was declared the EU Year of Skills in a context of persistent labour shortages and skills gaps across the EU. In 2023 department REFORM provided assistance to Spain in developing a strategy for enhancing the labour market inclusion and participation of skilled migrants. The project was supported by a centralised online platform connecting administrations, employers and migrants. The strategy targets talent attraction from third countries as well as labour market participation of migrants already in Spain, while the digital platform facilitates the matching between skilled migrants and employers seeking workers with skills that are currently in short supply in Spain.
SDG11	YES	In the area of sustainable cities and communities, TSI 2023 is, inter alia, supporting the fight against urban heat island, improving data governance, business intelligence and analytics offices at local agencies to support the data economy, advancing building decarbonization or supporting business and local industrial ecosystems. In 2023, TSI supported the digital transition in the Member States via the Flagship Technical Support Project Digital transformation for regional and local public administrations. One of the three areas of this flagship project was the development of smart cities. The flagship project aims to provide the central public administration (in close collaboration with the local public administrations) with tools/knowledge to accelerate the implementation of smart cities projects, in line with the future national strategy.

SDG12		YES	In line with the 2030-2035 EU waste management targets, the EU action plan for the circular economy and the zero-pollution action plan, the TSI 2023 work program is supporting a number of Member States towards improving waste management and transitioning towards a circular economy. For example, the programme helped Hungary, Portugal and Slovakia in the preparation of their national circular economy plans and strategies, Austria to increase the circularity of their raw material use and continued to help Cyprus and Romania for the improvement of their waste management. One project specific example in Portugal is Circular Economy: Closing the loop – From waste to resource which is increasing utilisation of secondary raw materials in the most relevant economic sectors of the country.
SDG13	YES		In the area of sustainability, it is expected that the programme will help improve Member States' preparedness to reach climate and energy objectives, in particular climate neutrality by 2050. This will include, for example, improved implementation and effectiveness in climate and energy policies, such as better preparedness for the inevitable impacts of climate change through climate adaptation, increased energy efficiency in buildings and other sectors such as transport, along with improved energy markets. It is also expected that Member States will advance towards a better implementation of the sustainable development goals, improved water and air policies and the implementation of the circular economy. Specific project example: Supporting REPowerEU: affordable, secure and sustainable energy for Europe. The Commission partnered with the International Energy Agency, the World Bank, and private sector consultants to provide tailor-made country specific support to each of the 17 countries (Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Finland, Greece, Hungary, Ireland, Italy, Poland, Portugal, Romania, Slovenia, Slovakia and Spain). This included: (i) Analysing energy dependencies and related bottlenecks; (ii) Assessing the most suitable reforms and investments at national level across all relevant areas, including renewable energy, energy efficiency and energy supply diversification; (iii) Providing specific analyses on topics linked to faster renewable energy permitting, energy efficiency and building renovation, the roll-out of hydrogen, the production of biomethane, the diversification of gas supply, and the decarbonisation of industry; (iv) Facilitating the exchange of good practices and expertise through a series of tailor-made workshops. The support from the Commission is expected to deliver the implementation of reforms and investments that reduce dependence on Russian fossil fuel imports and provide affordable, secure and sustainable energy to households and businesses.

SDG14		NO	
SDG15	YES		In the area of terrestrial ecosystems, forests, desertification, land degradation and biodiversity loss, the programme is expected to help improve Member States' preparedness to reach climate and energy objectives, in particular carbon neutrality by 2050. More specifically, the support measures are expected to help Member States to improve environmental enforcement and environmental inspections, prevent and manage wildfires, implement coastal protection and develop sustainable aquaculture. The TSI 2023 multi country project Climate Adaptation is increasing the quality and efficiency of public administrations in different Member States in the field of economic and ecological sustainability of agricultural and forestry landscapes in the context of climate change. The project aims, in particular, to help administrations in retaining water in the landscape, increasing biodiversity and improving the condition of forest ecosystems while preventing wildfire. It will contribute to the EU biodiversity strategy for 2030 and to the EU soil strategy for 2030 by combatting desertification, restoring degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world by 2030.

SDG16	YES	In the fight against corruption, TSI programme support is, inter alia, expected to raise awareness among public and private sector organisations and increase the capacity to prevent, investigate and prosecute corruption. The support measures for justice systems are expected to help make them more efficient and transparent. The support is also expected to help improve the quality of the work of judges and court staff and strengthen the independence of justice systems. Finally, support should also help in achieving specific goals, in particular the protection of victims and of vulnerable individuals and populations. The technical support is expected to help improve the quality of public administration work, focusing for example on greater efficiency, sustainability, better accountability, along with a reduced administrative burden for citizens and business and improved services for citizens and businesses. Measures starting in 2023 include the implementation of national anti-corruption strategies, development of integrity frameworks, better auditing and coordination among Member States administrations. Specific project examples: The TSI 2023 Flagship project Enhancing the quality and use of tax information exchanged between Member States in the context of the Directive on Administrative Cooperation (DAC) is supporting the enforcement of tax rules, fair taxation, the safeguard of revenue mobilisation, fair market competition and economic growth in different Member States. To this end, the flagship project proposes activity packages focused on ensuring high quality data on outgoing and incoming tax information, proper risk analysis, performance monitoring and evaluation of tax information and an optimal use of internationally exchanged data.
SDG17	NO	

PERICLES IV

EXCHANGE, ASSISTANCE AND TRAINING PROGRAMME FOR THE PROTECTION OF THE EURO AGAINST COUNTERFEITING

Programme in a nutshell

Concrete examples of achievements

467 000 counterfeit euro banknotes were detected in 2023 (*).	414 406 counterfeit euro coins were detected in 2023 (*).	9 illegal workshops (mints and print shops) were dismantled in 2023 (*).	8 competent authorities applied to the programme from 2021 to 2023.
98.97% of respondents across actions taking place in 2023 indicated being satisfied or highly satisfied.	98.31% of respondents across actions taking place in 2023 indicated that the programme has a moderate or high impact on their activities in protecting the euro against counterfeiting.		

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	6.2

NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0
Total budget 2021-2027	**6.2**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The Pericles IV programme funds staff exchanges, seminars, trainings and studies for law enforcement and judicial authorities, banks and others involved in protecting the euro against counterfeiting. Actions can take place in the euro area, in Member States outside the euro area and in non-EU countries.

CHALLENGE

The use of the euro – the EU's single currency – continues to grow, including as a medium for international transactions and reserve currency. At the same time, the euro continues to be exposed to the threat of increasingly sophisticated counterfeits.

The protection of the euro benefits all Member States, EU citizens and EU businesses. Given the cross-border circulation of the euro and the involvement of international organised crime in euro counterfeiting (production and distribution), the protection of the euro goes beyond the interests, means and responsibilities of individual Member States. Appropriately, Article 133 of the Treaty on the Functioning of the European Union bestows the responsibility for the protection of the euro as the single currency to the EU. National protection frameworks are essential, but they need to be complemented and coordinated by action at the EU level. Moreover, international cooperation is necessary to fend off emerging transnational risks.

MISSION

Pericles IV aims to prevent and combat counterfeiting and related fraud and preserve the integrity of the euro banknotes and coins. This strengthens the trust of citizens and business in the genuineness of these banknotes and coins and therefore enhances the trust in the EU's economy, all while securing the sustainability of public finances.

The programme promotes transnational and cross-border cooperation within the EU as well as internationally ensuring a global protection of the euro against counterfeiting. In particular, it will take responsibility for countering specific emerging threats and the (challenging) relationship with certain countries.

OBJECTIVES

The programme's specific objective is to protect euro banknotes and coins against counterfeiting and related fraud, by supporting and supplementing the measures undertaken by the Member States and assisting the competent national and EU authorities in their efforts to develop – among themselves and with the Commission – close and regular cooperation and an exchange of best practices, including with non-EU countries and international organisations where appropriate.

ACTIONS

The programme supports:

– the exchange and dissemination of information, in particular through organising workshops, meetings and seminars, including training, targeted placements and exchanges of staff of competent national authorities and other similar actions;

– technical, scientific and operational assistance, as appears necessary as part of the programme;

– the purchase of equipment to be used by specialised anti-counterfeiting authorities of non-EU countries for protecting the euro against counterfeiting.

STRUCTURAL SET-UP OF THE PROGRAMME

The programme is implemented through direct management. DG for Economic and Financial Affairs (DG ECFIN) is the lead for programme implementation.

Projects co-financed under the programme are implemented directly by DG ECFIN or in the form of grant awards to national competent authorities in the EU (both in and outside of the euro area).

The implementation of the programme is based on a yearly Pericles strategy that identifies the priority in terms of threat for the euro. The strategy benefits of the contribution from the ECB and Europol and is endorsed by the Member States competent national authorities at the euro counterfeiting experts group.

One of the core objectives of DG ECFIN is to ensure a smooth functioning of the EU's Economic and Monetary Union (EMU) through a strong economic governance framework. In this context, the protection of the euro against counterfeiting is a specific objective.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP

DG ECFIN (LEAD DG)

General objective

to prevent and combat counterfeiting and related fraud and preserve the integrity of the euro banknotes and coins, thus strengthening the trust of citizens and business in the genuineness of these banknotes and coins and therefore enhancing the trust in the Union's economy, while securing the sustainability of public finances.

Specific objective

to protect euro banknotes and coins against counterfeiting and related fraud, by supporting and supplementing the measures undertaken by Member States and assisting the competent national and Union authorities in their efforts to develop among themselves and with the Commission a close and regular cooperation and an exchange of best practice, where appropriate including third countries and international organisations.

Main type of actions: grants or public procurement	Exchange and dissemination of information, in particular through organising workshops, meetings and seminars, including training, targeted placements and exchanges of staff of competent national authorities and other similar actions	Technical, scientific and operational assistance, as appears necessary as part of the programme	Grants to finance the purchase of equipment to be used by specialised anti-counterfeiting authorities of third countries for protecting the euro against counterfeiting. The purchase of equipment shall not be the sole component of the grant agreement

Management type

Direct management in accordance with the Financial Regulation.

Who is eligible?

Bodies eligible for funding under the Programme shall be the competent national authorities referred to in Article 2(b) of Council Regulation (EC) No 1338/2001.

V

LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

Pericles IV is a continuation of the Pericles 2020 programme. The main novelties are the simplification of the application process through the use of the eGrants system and the addition of key performance indicators measuring the quality of the service provided.

FURTHER INFORMATION

- Programme website: https://europa.eu/!uJ67Dg
- Impact assessment: Commission Staff Working Document 'SWD(2018) 281 final' accompanying the proposal COM(2018) 369. https://europa.eu/!gG67BV
- Relevant regulation:
- Regulation (EU) 2021/840 of the European Parliament and of the Council
- Council Regulation (EU) 2021/1696
- Evaluations:
    - Staff Working Document (SWD(2022) 208 final) Executive Summary
    - Staff Working Document (SWD(2022) 0207 final) EVALUATION REPORT on the final evaluation of the Programme for exchange, assistance and training for the protection of the euro against counterfeiting ('Pericles 2020' Programme)

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	0.8	0.9	0.8	0.9	0.9	0.9	0.9	6.2
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.8**	**0.9**	**0.8**	**0.9**	**0.9**	**0.9**	**0.9**	**6.2**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

- EUR 0.02 million (- 0%)

compared to the legal basis.*

* Top-ups pursuant to Art. 5 MFF regulation are excluded from financial programming in this comparison.

The Pericles IV programme implementation has an annual focus, which is reflected in its financial programming and in the annual Pericles implementation strategy.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	2.5	6.2	40.6%
Payments	1.7		27.1%

Voted budget implementation (million EUR)(*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	0.8	0.8	0.3	0.4
2022	0.8	0.9	0.6	0.7
2023	0.8	0.9	0.7	1.0

(*) Voted appropriations (C1) only.

– The commitments reached 99.88% of the overall budget for 2023, funding ten projects in total.

– The ten actions for which commitments were made in 2023 consist of nine grants awarded from applications originating from the competent authorities of the Member States and one procured Commission action.

– Grants were approved for one seminar/conference, three technical training courses, and five staff exchanges, all scheduled to take place in 2024.

– One Commission action was committed using an existing framework contract: The October 2023 conference '5th Platform 1210 Meeting'.

– The 2023 eGrants fee represents 3.95% of the overall budget.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming									
Biodiversity mainstreaming									
Clean air									

Not applicable

Contribution to gender equality (million EUR) (*)**:**

Gender score	2021	2022	2023	Total
2				
1				
0*				
0	0.8	0.8	0.8	2.4

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information:

- The programme targets experts in protection of the euro against counterfeiting irrespective of gender.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution					

Not applicable

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress	Target	Results	Assessment
Counterfeit euro banknotes detected in circulation	0	**0%** (**)	671 000 annually (***)	Milestones not achieved for 2021, 2022 and 2023	Moderate progress
Counterfeit euro coins detected in circulation	0	**0%** (**)	174 112 annually (***) from 2021 to 2027	Milestones not achieved for 2021, 2022 and 2023	Moderate progress
Illegal workshops dismantled	0	**0%** (**)	22 annually (****) from 2021 to 2027	Milestones not achieved for 2021, 2022 and 2023	Moderate progress
Competent authorities applying to the programme	0	**33%** (*)	24 in 2027	8 compared to a target of 24	On track
Satisfaction rate of participants in the actions financed by the programme	0%	**43%** (**)	75% annually from 2021 to 2027	Milestones achieved for 2021, 2022 and 2023	On track
Feedback of participants on the impact of the programme on their activities in protecting the euro against counterfeiting	0%	**43%** (**)	75% annually from 2021 to 2027	Milestones achieved for 2021, 2022 and 2023	On track

(*) % of target achieved by the end of 2023.

(**) % of years for which the milestones or target have been achieved during the 2021-2027 period.

(***) The target for this indicator is to keep the number of counterfeit euros detected within the range of ± 5% compared to the 2014-2020 average results.

(****) The target for this indicator is to keep the number of counterfeit euros detected within the range of ± 10% compared to the 2019 results.

– In 2023, Pericles IV continued to support the Member States and to assist the competent national and EU authorities in protecting euro banknotes and coins against counterfeiting and fraud.

– The number of counterfeit euro banknotes detected and the number of illegal workshops dismantled were lower than expected, while the number of counterfeit coins detected exceeded the target. It should be noted, however, that the link between the programme and these indicators is only indirect, as a variety of external factors play an important role in the development of the indicators. These external factors include the progress of police investigations, the amount of counterfeit production and the methods of distribution.

– On the other hand, the indicators that are more directly linked to the programme – such as the number of competent authorities applying, the satisfaction rate (with 98.97% of respondents being satisfied or highly satisfied across actions implemented in 2023) and the feedback of participants – showed very positive results.

– 2023 saw the implementation of nine Pericles IV-funded actions.

    • Three procured actions (contracts).

        (1) The annual 'Platform 1210 meeting' (10-11 October 2023) represented the actions of all parties involved in the authentication of euro coins.

        (2) The study on movie money, prop copy products and other altered design banknotes was finalised in 2023.

        (3) The training (21-22 March 2023) on the protection of the euro against counterfeiting which took place in Chișinău, Moldova, brought together participants from the main competent authorities involved in the protection of currencies (including the euro) against counterfeiting in Moldova.

    • Six funded actions (grants).

        (1) A technical training course (24-25 May 2023) was organised by the Bank of Spain under the title 'Training activity on counterfeit coins analysis for technical experts'. The participants improved their knowledge of existing analysis techniques and approaches to counterfeit coin examinations, and gained a better understanding of the use of advanced instruments for technical analysis.

        (2) A 5-day staff exchange was organised between the National Analysis Centres of Spain (Bank of Spain) and Germany (Deutsche Bundesbank) which took place in Madrid, Spain on 17-21 April 2023 and in Mainz, Germany on 22-26 May 2023 to share knowledge, procedures and experience in order to improve internal work methods and to exchange best practices and protocols in analysing counterfeit banknotes.

        (3) A staff exchange was organised by the Croatian National Bank between Bulgaria, Spain and Portugal. Exchanging know-how on procedures, knowledge and experience helped participant authorities to maintain an efficient framework to protect the euro against counterfeiting. The first and second parts of the action were carried in 2022, while the third and fourth parts took place in March 2023.

        (4) The Croatian National Bank organised the 5th Conference Balkan Network for Euro Protection from 15 to 18 May 2023 for 97 participants from 25 countries and three EU institutions (the Commission, the European Central Bank and the European Union Agency for Law Enforcement Cooperation). Its purpose was to step up the exchange and dissemination of information provided by the 'Alert' network while encouraging

even closer cooperation among south-eastern European countries and maintaining an efficient framework for protecting the euro.

(5) The Currency Anti-counterfeiting Unit of the Italian National Gendarmerie organised a staff exchange titled 'SEITACC-2', which involved three EU Member States (France, Croatia and Italy), two candidate countries (Montenegro and Albania), Colombia and the United States. It was designed to strengthen the system for protecting the euro in Europe, particularly in the participating countries with which the unit already exchanges key operational information, and to create areas of cooperation between geographical regions and share investigative protocols to improve and increase awareness of the risks associated with this currency counterfeiting;

(6) The Investigation Brigade of the Bank of Spain organised a seminar/conference on combating currency counterfeiting, which was held on 21-24 November 2023 in Bogotá, Colombia. Participants were specialists (police officers and employees of central banks and judiciaries) involved in preventing and prosecuting counterfeiting in Latin America. They came from 16 Latin American countries and the United States. Police officers from Spain, France and Italy assisted the brigade in running this event.

- The 526 participants taking part in Pericles IV actions came from 54 countries. The majority of participants (80.61%) were from Europe: 46% came from euro-area Member States, while non-euro-area Member States represented 14% and non-EU countries in Europe represented 20%. 11% of participants were from Latin America, 4% represented the EU institutions and 5% were from other regions.
- With respect to the professional background of participants, members of police forces represented 50% of the total. This is due to the fact that police authorities, including investigators and technicians, represent the front line in the fight against euro counterfeiting. Other categories of participants accounted for 50% of the total, with experts from national central banks representing 28%. There was also relevant participation of members of the judiciary (6%), mints (2%), the coin-processing industry (2%), customs (2%) and other categories (6%), along with EU institutions (4%), reflecting the wide range of professional backgrounds of the participants.
- In addition, the implementation of the Commission action '5th Platform 1210 meeting' resulted in a notable participation of representatives from the coin-processing-machine industry. This underscores the private sector's ongoing commitment as a key stakeholder in the fight against counterfeiting.
- As a result of the analysis of the different participants in the Pericles IV actions, the implementation of the programme met the transnational and multidisciplinary dimensions of the programme required under Regulation (EU) 2021/840 with a high degree of diversification.
- During its third year of implementation, a total of 10 actions (nine grants and one procured action) were committed under the Pericles IV programme. This represents a decrease in the number of commitments compared to the second year of implementation of the previous Pericles 2020 programme, which funded 12 actions (nine grants and three procured actions) in 2016. This decrease is due to the lower budget in the current multiannual financial framework and the increase in inflation rates.
- One significant change in the Pericles IV programme compared to the Pericles 2020 programme is the integration of Pericles IV, as of 2021, into the corporate eGrants scheme for the management of calls for proposals and direct grants under the new 2021-2027 multiannual financial framework. The eGrants system manages the entire grant management cycle, fully electronically, from call publication to grant closure.

2014-2020 multiannual financial framework – PERICLES 2020

The Pericles 2020 programme funds staff exchanges, seminars, trainings and the purchase of equipment and studies for law enforcement and judicial authorities, banks and others involved in protecting the euro against counterfeiting. Actions can take place in the euro area, in Member States outside the euro area and in non-EU countries.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	5.9	6.1	97.9%
Payments	4.4		72.9%

During the 2014-2020 period, the Pericles 2020 programme (previous multiannual financial framework) funded 80 actions: 59 were grants for co-financing events (seminars, conferences, workshops, studies, staff exchange, purchase of equipment) both in and outside of the EU, and 21 were procurement contracts.

Three actions were finalised in 2023, of which two had already been partly implemented in 2022 of which one (study) started in 2020.

The last remaining action had to be postponed to 2024 because of organisational difficulties, as reported by the grant beneficiary.

Performance assessment

- Pericles 2020 made a substantial contribution to the further improvement of coordination and cooperation at the international, EU and Member State levels, along with the creation of more solid structures for the protection of the euro.
- Examples of this are the establishment of a specialised investigation group in Chile in 2019, the increased cooperation networks in the Balkans, the adoption of legislation aimed at improving euro protection and the establishment of the National Central Office in Argentina in 2019.
- Feedback provided immediately after events organised by the programme showed that 95% of participants expressed a positive or highly positive view. More importantly, a large proportion of them said that they had learned about best practices, acquired useful skills and established contacts with colleagues in other countries. The quality of activities was also judged positively by the authorities involved.

- Quantifying the impact of a capacity-building initiative in terms of protection against criminal activities is a complex exercise, due to the influence of external factors on the extent of said activities, such as the priority set by Member State law enforcement authorities and the length and scope of police investigations.
- In agreement with the final evaluation of Pericles 2020, we can conclude that Pericles 2020 has achieved both its general and specific objectives. It is the only programme that supports, on the EU and global levels, the enhancement of the operational capacity of stakeholders involved in the protection of the euro, dissemination of best practices regarding the fight against counterfeiting, and essentially building trust between institutions across countries and regions. Therefore, and due to the ever-evolving threats to the euro that counterfeiting poses, there is a continued need for Pericles actions.
- A new emerging threat area identified evolves around the possible development of the digital euro and the related risk of e-counterfeiting, for example the replication of tokens potentially used for a digital currency, and thus a continued need for closer and more regular institutional cooperation and coordination is necessary.
- The success of the programme is based on the face-to-face aspect of the actions implemented and on its specificity, which can only be fully maintained if it remains a stand-alone programme and can offer tailor-made actions for specific objectives.
- The programme has achieved a very high percentage of allocation compared to the reference budgets. The outputs of the actions were largely delivered at a lower cost than what was initially envisaged, while the current co-financing setup is deemed appropriate.
- The following key lessons learned have emerged:
    - there are indications of the expansion of the scope of anti-counterfeiting authorities to also cover digital currencies, including the digital euro, if introduced;
    - based on the stakeholders' feedback, it can be concluded that the face-to-face aspect of the Pericles actions is a crucial factor for the success of the programme;
    - it can be observed that the prudent budgetary approach of Pericles applicants allows the over-commitment of the available budget by at least 15% more than the budget envisaged per annual programme, and that there is a very high diversity in the costs for Pericles events beyond the EU;
    - the higher co-financing rate was useful in extending the geographical scope of participation;
    - it is important to maintain regular coordination with relevant DGs and other institutions as a way of ensuring complementarity and avoiding overlaps on counterfeit-related projects.
- It can be concluded that keeping the focus on increased cooperation with non-EU countries continues to be a valid objective of the programme.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3		
SDG4		
SDG5		
SDG6		
SDG7		
SDG8	Yes	By preventing and combating counterfeiting and related fraud,, Pericles preserves the integrity of the euro banknotes and coins, thus strengthening the trust of citizens and business in the genuineness of these banknotes and coins and therefore enhancing the trust in the Union's economy, while securing the sustainability of public finances.
SDG9	Yes	Pericles contributes to innovation in the development of secure currency and anti-counterfeiting technologies.
SDG10		
SDG11		
SDG12		
SDG13		
SDG14		
SDG15		
SDG16		.
SDG17		

CIVIL PROTECTION

UNION CIVIL PROTECTION MECHANISM

Programme in a nutshell

Concrete examples of achievements

66	29	60 000	24
requests for assistance were received and processed by the Emergency Response Coordination Centre. In addition the request on Ukraine was updated 50 times (a total of 116 requests).	prevention and preparedness projects inside the EU, and three peer reviews (e.g. on good practices in Moldova or on wildfires), were financed via the UCPM in 2023.	tonnes of life-saving assistance were deployed to Ukraine in 2023 under the UCPM.	EU civil protection missions were deployed, composed of 110 experts from Member States and participating states and 39 Emergency Response Coordination Centre liaison officers.
16	24	129	33
exchanges were organised with the participation of 77 experts (including two from UCPM participating states) from 16 different countries in 2023.	training courses were delivered and one online module was developed, with a total of 1 113 experts participating. In addition, 16 module exercises, one discussion-based exercise on marine pollution and five full-scale exercises were conducted in 2023.	response capacities were committed to the European Civil Protection Pool by the end of 2023, of which 93 were available for immediate deployment.	shipments of life-saving assistance from rescEU, the Commission's strategic reserve of emergency response capacities, were mobilised by the Emergency Response Coordination Centre in 2023.

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(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	1 **581.2**
NextGenerationEU	2 061.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	72.9
Total budget 2021-2027	**3 715.1**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The Union Civil Protection Mechanism (UCPM) aims to strengthen the cooperation between the EU and the Member States in assisting in natural, man-made and health emergencies by improving the prevention, preparedness and response capacity of key actors. This cooperation has become ever more important in recent years, as climate-related disasters are expected to grow in severity.

CHALLENGE

Next to responding to the increasingly severe effects of climate change in Europe and the world, the mechanism conducts since the start of the Russian military aggression against Ukraine which started on 24 February 2022 its largest, longest and most complex response operation in its history. This conflict completely shifted the risk and security landscape in Europe; the magnitude of population needs in and around Ukraine, its global cascading effects and the large uncertainty around the future development of the conflict and geopolitical consequences represents a game changer for the mechanism as an instrument. It required a cross sectoral response, linkages and synergies between the different key actors relevant to crisis management, including in the area of health, chemical, biological, radiological, and nuclear, energy, demining, to name just a few. The mechanism was the main and fastest EU response instrument, quickly mobilising all its tools, resources, and capacities to face the difficult circumstances, providing assistance to populations in record time.

Besides the war, natural disasters have affected every region of Europe in recent years, causing hundreds of casualties and billions of euro in damage to infrastructure and the environment. The major forest fires in 2022 and 2023 were a strong reminder of the effects of climate change, extending the fire risk also across central and northern Europe. Epidemics, flash floods, storms, earthquakes and man-made disasters also continuously place countries' response capabilities under pressure.

Such disasters have overwhelmed the ability of Member States to help each other, especially when several countries faced the same type of disaster simultaneously. To reduce the impact of such disasters, the EU supports and complements the prevention and preparedness efforts of its Member States and participating states (Iceland, Norway, Serbia, North Macedonia, Montenegro, Türkiye, Bosnia and Herzegovina and Albania Ukraine and Moldova) by focusing on areas where a joint European approach is more effective than separate national actions. This is done through the rescEU reserve, the financing of cross-border projects and the financing of projects to support national disaster risk management.

MISSION

The mechanism promotes solidarity among the Member States and participating states through practical cooperation and coordination. Member States, however, retain primary responsibility to protect people, the environment and property (including cultural heritage) on their territories against disasters – and to equip their disaster management systems with sufficient capabilities to cope adequately and consistently with disasters of a nature and magnitude that can reasonably be expected and for which they can prepare.

OBJECTIVES

The specific objectives of the mechanism are:

1. to achieve a high level of protection against disasters, through a culture of prevention and improved cooperation among national services;
2. to enhance preparedness at the Member State and EU levels to respond to disasters, via the European Civil Protection Pool and rescEU;
3. to facilitate rapid and efficient disaster response;
4. to increase public awareness and preparedness for disasters;
5. to increase the availability and use of scientific knowledge on disasters;
6. to step up cooperation and coordination activities at the cross-border level and among Member States prone to the same types of disasters.

ACTIONS

The mechanism comprises three stands of activities: prevention, preparedness and response.

Prevention and preparedness activities mitigate the effects of disasters. A training programme for civil protection experts from Member States and participating states ensures compatibility and complementarity between intervention teams, while large-scale exercises improve capacities for specific disasters each year.

With its 2019 reform, the Commission proposed rescEU as part of the preparedness actions under the mechanism. As a European reserve of capacities, rescEU resources have been developed under great urgency since the entry into force of the rescEU legislation. It includes now a seasonal fleet of firefighting airplanes and helicopters, medical evacuation airplanes, stockpiles of medical equipment, therapeutics and PPE for health emergencies, temporary shelter, as well as generators.

Under response, following a request for assistance by a Member State or non-EU country through the mechanism, the emergency response coordination centre mobilises assistance or expertise. In addition, the Emergency Response Coordination Centre monitors events around the globe 24/7 and ensures rapid

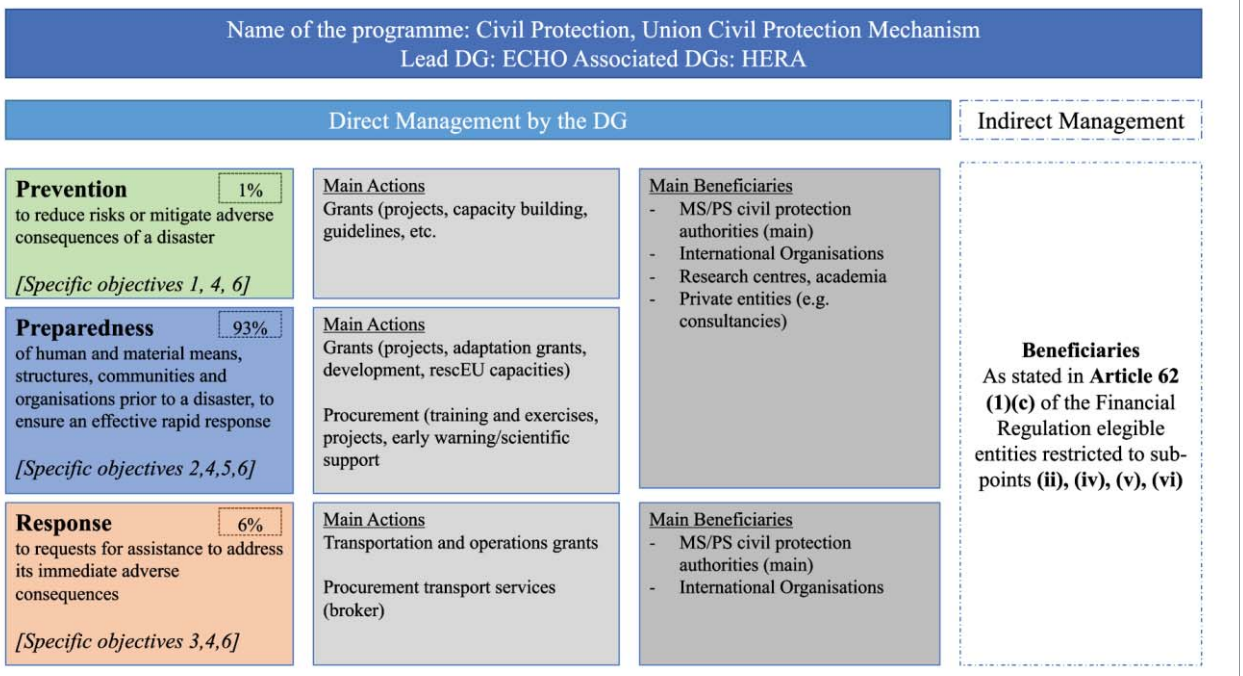
deployment of emergency support through direct links with national civil protection authorities. Specialised teams and equipment can be mobilised at short notice for deployments within and outside of Europe.

STRUCTURAL SET-UP OF THE PROGRAMME

The programme is led by DG European Civil Protection and Humanitarian Aid Operations (ECHO) with a certain degree of association with the Health Emergency Preparedness and Response Authority, under direct management, with some possible recourses to indirect management following a recent legislative revision.

Through this programme the Commission aims to promote solidarity and support, complement, and facilitate the coordination of Member States' actions in the field of civil protection with a view to improving the effectiveness of systems for preventing, preparing for and responding to natural and man-made disasters. This is achieved through Prevention, Preparedness and Response actions that mobilise funds for grants and procurements.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The mechanism in the 2021-2027 multiannual financial framework builds on the positive results achieved through the 2014-2020 framework. The budget has been consolidated under one heading in the 2021-2027 framework to render budget implementation even more effective and efficient. Increased operational needs and a matching budget led the Commission to propose adaptations to the legislative framework, including direct procurement of rescEU capacities by the Commission and full EU financing for all rescEU capacities.

FURTHER INFORMATION

– Programme website:

- Civil Protection.

– Impact assessment:

– Relevant regulation:

- Regulation (EU) 2021/836 of the European Parliament and of the Council amending Decision No 1313/2013/EU on a Union Civil Protection Mechanism.

– Evaluations:

- Interim Evaluation of the implementation of Decision No 1313/2013/EU on a Union Civil Protection Mechanism, 2017-2022 An interim evaluation of the mechanism was launched in 2022, assessing the effectiveness, efficiency, relevance, coherence and EU added value of the Mechanism in the fields of prevention, preparedness and response to natural and man-made disasters. The results of the evaluation will help the Commission to identify gaps or shortcomings in the current legislative framework, improve the implementation of existing rules, provide input for a possible proposal to amend Decision 1313/2013/EU or acts that implement it and, possibly, provide inputs for a review of the financial breakdown of the civil protection;

Evaluation of Humanitarian Logistics in the European Commission's Civil Protection and Humanitarian Aid operations, 2018–2022;

Evaluation of the mobility package within the emergency support instrument re-activation 2020-2022.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	182.6	354.3	253.0	240.3	203.3	167.7	180.0	1 581.2
NextGenerationEU	129.1	733.1	1 185.3	4.4	3.0	3.0	3.0	2 061.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	23.7	22.5	26.7	0.0	0.0	0.0	0.0	72.9
Total	335.3	1 110.0	1 465.0	244.7	206.4	170.7	183.1	3 715.1

(*) Only Article 15(3) of the financial regulation.



Financial programming:

+ EUR 318.3 million (+ 25%)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

– In 2021, the war in Afghanistan triggered a budgetary reinforcement of EUR 57.8 million to allow for repatriation operations to take place.
– In 2022, the mechanism benefited from a EUR 6 million increase in the conciliation of the 2022 budget. Moreover, the Russian war of aggression against Ukraine and the forest fires triggered budgetary reinforcement transfers from the EURI, ESF and SEAR instruments for a total of EUR 114.5 million, and though an amending budget for an amount of EUR 38 million. These amounts, combined with EUR 100.6 million frontloads within the multiannual financial framework profile, add up to an allocated budget of EUR 354.3 million. This amount, along with EUR 22.8 million, total the EUR 377.1 million of initial allocation of the multiannual financial framework strand allocated to the UCPM in 2022.
– In 2023, a reinforcement of EUR 27 million was voted through the Amending Letter 1 of the 2023 draft budget for doubling the rescEU aerial firefighting (AFF) fleet during the 2024 fire season. A further frontload of EUR 59.4 million within the multiannual financial framework profile allowed for the signature of the last grant contracts with two member states for the acquisition of AFF capacities. Last but not least, a budgetary reinforcement of EUR 65 million was obtained from the SEAR to respond to the devastating earthquake in Türkiye and Syria, as well as the evacuation of EU citizens from Sudan, and the fight against forest fires. Between 2021 and 2023, a total of EUR 194.6 million was provided as frontloads within the multiannual financial framework profile. These frontloads obtained in the beginning of the programming period will de facto reduce the mechanism yearly budgets during the second half of the multiannual financial framework.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	2 909.7	3 713.8	78.3%

	Implementation	Budget	Implementation rate
Payments	1 386.6		37.3%

Voted budget implementation (million EUR):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	182.6	90.2	38.0	25.6
2022	354.1	101.3	140.3	100.5
2023	252.9	188.0	217.8	275.0

(26) Voted appropriations (C1) only.

– In 2023, the initial budget of the programme was EUR 188 million (comprising the initial EUR 101.6 million initial allocations to the multiannual financial framework budget, EUR 27 million reinforcement voted through the Amending Letter 1, and well as a EUR 59.4 million frontload). The devastating earthquake in Türkiye and Syria, the evacuation of EU citizens from Sudan and the magnitude of forest fires in Europe last summer triggered budgetary reinforcements for a total of EUR 65 million through transfers from the SEAR instrument. The budget under the multiannual financial framework strand has been implemented in full (EUR 252.9 million, i.e. 99.9%), except for some limited which were carried over to 2023.

– 2023 commitment appropriations were mainly used for the financing of transport operations under the Response, as well as grants for rescEU capacities and rescEU transition, and prevention and preparedness activities, such as UCPM exercises, the renewal and reinforcement of early warning systems and scientific partnerships, or the roll-out of the Knowledge Network.

– On the NextGenerationEU strand, the amount of EUR 1 185.8 million available in 2023 (including the NextGenerationEU 2023 budget, the carry-over and 2021-2022 ‘reste à contractor / remainder to be contracted’ (RAC), EUR 4 million transferred from the support line and EUR 49.5 million co-delegated by the Health Emergency Preparedness and Response Authority in October), has been nearly implemented in full, with a total amount of EUR 1 185.3 million contracted. This represents 99.96% of the NextGenerationEU budget available in 2023 and 99.9% of the total NextGenerationEU budget (2021-2023) managed by DG European Civil Protection and Humanitarian Aid Operations (ECHO). The NextGenerationEU funds were in a very large majority allocated to the development of rescEU capacities: chemical, biological, radiological, and nuclear capacities and decontamination capacities, mpox therapeutics, medical stockpiles, as well as to procuring items in the context of the war on Ukraine (generators, shelter and shelter winterisation items, etc.).

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Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	78.4	314.1	171.8					564.3	15%
Biodiversity mainstreaming	43.1	30.3	14.8					88.2	2%
Clean air									

– The mechanism will continue contributing to the overall Commission objective of climate mainstreaming through its various activities. A key achievement over the past several years has been the creation of the dedicated reserve of rescEU capacities in the area of forest firefighting through the rescEU transition phase, resulting in 15 additional capacities to support Member States in forest firefighting activities. This additional support aims to reduce the devastation caused by wildfires – including increased carbon dioxide emissions – and is considered a key climate-related achievement.

– On climate action, further to an invitation from the Council of the European Union to make civil protection operations greener and more sustainable, recommendations from a Commission-initiated study investigating how the UCPM can green its operations and how it can support Member States in their own greening efforts were presented in February 2023. Building on this, DG European Civil Protection and Humanitarian Aid Operations (ECHO) presented to the Council, on 24 May 2023, a four-point plan of action: the further development of a strategy and action plan; the development of a monitoring and evaluation framework; the identification of climate-related complementary funding sources; and capacity building (e.g. via the Knowledge Network and the lessons learnt programme). DG European Civil Protection and Humanitarian Aid Operations (ECHO) entered into a contract with a consultancy in September 2023 to further develop the content of the action plan by April 2024.

– For the work of DG European Civil Protection and Humanitarian Aid Operations (ECHO), only the response to forest fires should be considered (at a level of 40%) as contributing to biodiversity mainstreaming. The Commission's measures on civil protection also contribute to biodiversity mainstreaming through the firefighting actions. In 2023, the Commission allocated EUR 37 million from the budget of the programme to address the forest-fire season. Concerning aerial firefighting capacities, the priority for 2023 was to secure a consensus on the text of the relevant agreement with the manufacturer of medium-sized amphibious assets. Significant advancements were made in the negotiations and in the development of the fully fledged European aerial firefighting fleet. In parallel, the focus was put on strengthening the rescEU transition arrangement in the light of the increasing wildfire threat across the EU with the doubling of the rescEU transition fleet, notably through the leasing of additional light planes and helicopters to also serve central Europe.

– Within the framework of the latest legislative revision, and following the provisional agreement reached in February 2021 by the Parliament and the Council, revised Decision No 1313/2013/EU should contribute to the overall EU ambition on biodiversity (i.e. 7.5% of EU budget expenditure on biodiversity in 2024 and 10% in 2026 and 2027). When implementing the decision, the mainstreaming of biodiversity action in EU policies will be duly taken into account to the extent that the unpredictability and specific circumstances of disaster preparedness and response allow.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1				
0*	182.6	354.1	252.9	789.6
0				

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

– DG European Civil Protection and Humanitarian Aid Operations (ECHO) commits to gender-sensitive civil protection, including addressing specific vulnerabilities and exchanging information on the issue of support for victims of gender-based violence during disasters. The directorate-general promotes gender equality through the disaster risk cycle and raises awareness of the principles of non-discrimination and inclusiveness. It also promotes a gender-inclusive approach in response activities and ensures that the gender component is considered. The voted budget implementations committed to the mechanism, amounting in 2023 to EUR 252.9 million, have been marked as being in the 0* category. This mark will be reviewed at the end of the multiannual financial framework cycle in order to categorise funds under scores of either 0 or 1. Within the framework of the third phase of the regional programme for prevention, preparedness and response to natural and man-made disasters in the Eastern Neighbourhood, specific guidelines (in English and Russian) for the inclusion of gender equality have been developed to ensure gender mainstreaming throughout the project implementation. This covers areas such as training and exercises, multi-risk assessments, early warning systems, public awareness, volunteerism and host nation support. The programme has a budget of EUR 6 million and will operate until the end of 2024. Gender mainstreaming is a cross-cutting theme that is integrated into all programme activities in line with the Sendai Framework for Disaster Risk Reduction, which pays particular attention to all-of-society engagement.

– In the context of the training and exercises programme further refined under the umbrella of the Union Civil Protection Knowledge Network, online course modules are available on various disaster management topics and in different languages, such as ‘Cultural sensitivity and gender’.

Gender-disaggregated information.

- No sets of data disaggregated by gender are compiled under the UCPM.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution					

The objective of the programme is to promote solidarity in face of disasters. It therefore does not contribute to the digital horizontal priority.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Response time of the UCPM to a request for assistance in the EU (hours)	0	**0%**	3 hours annually	Target not achieved in 2021, 2022 or 2023.	Moderate progress
Response time of the UCPM to a request for assistance outside of the EU (hours)	0	**14%**	10 hours annually	Target not achieved in 2021 and 2022. Target achieved in 2023.	On track
Adequacy of response of the UCPM (in the EU)	0%	**43%**	90% annually from 2024	Milestones achieved in 2021, 2022 and 2023.	On track
Adequacy of response of the UCPM (outside of the EU)	0%	**43%**	86% annually	Milestones achieved in 2021, 2022 and 2023.	On track
Number of committed and certified capacities included in the European Civil Protection Pool	60	**43%**	> 60 annually	Target achieved in 2021, 2022 and 2023.	On track
Number of Member States that provided the Commission with a summary of risk assessments and an assessment of risk management capability	27	**< 0% (**)**	27	26 compared to a target of 27	Moderate progress
Level of awareness of EU citizens on the level of risk of their region	NA	NA	> 64%	No results	No data

(*) % of years for which the milestones or target have been achieved during the 2021-2027 period.

(**) % of target achieved by the end of 2023.

Performance in the internal dimension

– In the area of prevention, the mechanism continues to be instrumental in fostering an EU-wide culture of prevention. Member States have generally become more aware of the need to strengthen prevention policies and have undertaken reforms in their national civil protection structures to emphasise the role of prevention. In this respect, the 2023 Eurobarometer Survey reveals a positive trend between 2020 and 2023 as the proportion of citizens aware of the risks in their region increased from 64% in 2020 to 67% in 2023.

– The prevention strand also includes fostering cooperation and the coordination of activities at the cross-border level. In 2023, the mechanism funded 10 projects implemented by partners from 16 Member States and participating states focusing on the development of cross-border risk assessments, improved regional and cross-sectoral coordination, and preparation for marine pollution accidents. Moreover 26 of the 27 Member States provided the Commission with a summary of risk assessments and an assessment of risk management capability. The result has not changed from previous years because of delays in the preparation of summaries due to COVID-19 and onset disasters in recent years. A derogation was provided and the whole batch of summaries was published in March 2024.

– Under the umbrella of the EU civil protection knowledge network, the mechanism continued to enhance the level of preparedness of emergency response operations managed by DG European Civil Protection and Humanitarian Aid Operations (ECHO). In 2023, the training and exercises programme was further refined under the umbrella of the Union Civil Protection Knowledge Network. It enhances the individual competences of experts and key personnel, along with the coordination and interoperability of modules, technical assistance support teams, other response capacities and experts with other actors involved during an international deployment. In 2023, 18 training courses took place, with almost 320 course places offered to experts at the introduction, operational and management levels. In addition, a number of online modules are available on various disaster management topics. The training offer was supplemented by 16 module exercises and five full-scale exercises. Sixty-eight experts attended 15 exchanges hosted by civil protection authorities from across Europe. In the area of preparedness, the trend clearly shows the growing importance of the mechanism among Member States when it comes to disaster preparedness. The number and diversity of registered capacities in the European Civil Protection Pool is the highest it has ever been (83 compared to a target of 60 annually), in some areas reaching the maximum required at the EU level. The full implementation of the revised UCPM legislation has strengthened the preparedness component of the mechanism through enhanced financing for the European Civil Protection Pool and the progressive and rapid development of rescEU capacities in various areas, complementing national capacities. In line with the latest revision of the mechanism legislation, DG European Civil Protection and Humanitarian Aid Operations (ECHO), along with Member State experts, have developed EU disaster resilience goals to steer disaster prevention and preparedness work. The Commission recommendation and accompanying communication on the disaster resilience goals was adopted in February 2023 and sets out five strategic areas where Member States and the Commission need to work together in order to strengthen the collective capacity to withstand future disasters, to protect citizens and to safeguard both livelihoods and the environment. Moreover, work advanced on the flagship initiatives for the disaster resilience goals, such as setting out European-wide disaster scenarios, doubling the rescEU transitional aerial firefighting during the 2023 summer season and completing the first internal version of a multi-hazard dashboard.

– The Commission is financing cross-border projects with the aim of strengthening prevention and preparedness in Member States and participating states. In 2023, DG European Civil Protection and

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Humanitarian Aid Operations (ECHO) selected 29 prevention and preparedness projects, including cross-border projects and support for national disaster risk management authorities, with the aim of strengthening prevention and preparedness in EU Member States and UCPM participating states. One peer review on disaster risk management was conducted in Moldova, providing an opportunity to identify areas for improvement and highlight good practices. In May 2023, a specific peer-review assessment framework tailored to wildfires was introduced, sparking considerable interest in Member States and participating states.

– The mechanism was activated 66 times in 2023. The mechanism responded to 23 out of 24 activations inside Europe, facilitating the delivery of different and a wide diversity of items, such as medical equipment; chemical, biological, radiological and nuclear decontamination and detection capacities; energy supplies; etc. Regarding response time, progress was made on reducing the overall average time required to address a request, despite isolated cases where response was delayed within Europe. See the section below on areas for improvement for more details.

– As regards the fully fledged European aerial firefighting fleet, the priority for 2023 was to secure a consensus on the text of the relevant agreement with the manufacturer of medium-sized amphibious assets. Significant advancements were made in the negotiations and in the development of this European aerial firefighting fleet.

Performance in the external dimension

– In 2023, external cooperation in civil protection was boosted significantly by the signature of binding administrative agreements with Moldova and Ukraine, which became new UCPM participating states. The formal application of Georgia to join the UCPM was received in March 2023, as were expressions of interest from Armenia and Israel. Discussions continued with Turkish authorities at the political, managerial and technical levels with the aim of reaching a financial agreement aligned with other enlargement participating states. Moreover, a UCPM administrative arrangement on civil protection cooperation was signed with Canada, strengthening the parties' readiness for catastrophic disasters and improving climate resilience and disaster risk reduction. As regards UCPM regional cooperation, a series of new flagship initiatives were launched in 2023: the PPRD Med programme in the Mediterranean, IPA CARE in the western Balkans and Türkiye (2023-2028) and the new On Site Assistance facilities in both regions. Furthermore, two regional high-level events were organised in June and October 2023 with the Union for the Mediterranean: a high-visibility meeting on climate change in Rome and a civil protection DGs meeting in Valencia. Concerning the response strand, 2023 continued to be marked largely by Russia's war of aggression against Ukraine, which triggered the largest, longest and most complex response operation in the history of the mechanism, and the response to disasters such as the earthquakes in Türkiye and the floods in Pakistan. The mechanism replied positively to 93% of requests for assistance from outside of Europe. The 50 updated requests for assistance from Ukraine constituted the majority of the mechanism's action outside of the EU in 2023; the UCPM has delivered around 140 000 tonnes of life-saving assistance since the conflict started. Disasters induced by natural hazards, such as storms, floods, wildfires and earthquakes, constituted 41% of the mechanism's requests for assistance in 2023. These requests were predominantly from countries in Europe (56%), Africa (19%) and South America (11%).

– Emphasis was also placed on continuing the financing of prevention and preparedness projects in non-EU countries with a cross-border dimension. Such initiatives have been instrumental in promoting cooperation at the technical level, developing networks and promoting capacity building. In 2023, DG European Civil Protection and Humanitarian Aid Operations (ECHO) tapped into scientific expertise on natural hazards and human-induced disasters, both from the European Scientific Partnerships and the Joint Research Centre. In 2023, the European Anthropogenic Hazard Scientific Partnership, which brings radiological and nuclear expertise and knowledge to the Emergency Response Coordination Centre, produced 137 monitoring reports, gave five training sessions and was fully activated three

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times. The enhanced European Natural Hazard Scientific Partnership produced 77 emergency reports and 161 monitoring reports, in addition to on-call advice. Furthermore, wildfire experts from this partnership were hosted by the Emergency Response Coordination Centre throughout the summer of 2023 as part of a specialised wildfire season support task force. Concerning response, given the increasingly unpredictable nature of disasters within and outside of the EU's borders, the mechanism is being activated increasingly often. An activation of the mechanism and the offer of rapid support contributes to showcasing EU solidarity with non-EU countries in times of crisis. Non-EU countries account for around two thirds of the mechanism's activations, which demonstrates its international relevance and the capacity and readiness of the Member States to send assistance and expertise to non-EU countries in need.

Areas for improvement

– The large-scale and unforeseen nature of recent crises has put the mechanism to the test and revealed some areas for possible improvements. In this context, the amount and types of assistance requested through the mechanism have broken all records in recent years, mainly due to their long duration and the complexity of the emergency environment. In 2023, the average response time was 59 hours for activations inside Europe and 9 hours for activations outside Europe. The main reason for the high response time for crises inside Europe is that one request asked for educational material, for which the first offer came 53 days after the request for assistance. Without this request, the average response time would have been 4 hours, i.e. slightly above the target of 3 hours. For requests for assistance outside Europe, the response time has been reduced due to several pre-agreed requests for assistance that led to a very quick response.

– The implementation of the programme in collaboration with the Health Emergency Preparedness and Response Authority is generally good, as the latter provides valuable support when it comes to supply-chain issues, marketing authorisation (in cooperation with EMA) and market assessment (including shortages). Nevertheless, the cooperation with the authority has not yet covered all areas addressed in the service level agreement, taking into account also that the authority is still developing its policy and operational systems. Frequently short timeframes for consultation from the Health Emergency Preparedness and Response Authority on relevant issues make the coordination of inputs on key issues challenging. Moreover, there has been some duplication of work with the latter concerning documents and platforms, and other areas where more streamlined procedures are required. Measures to improve such shortcomings have been identified and are being discussed (improved delineation of mandates on the basis of preparedness or response phases).

– With a view to future challenges linked to climate change and the ongoing evolution of the risk landscape, including security-related risks, an increase in the number of activations requiring a response across various sectors and deployment to high-risk areas is expected. In that regard, the security set-up allowing for deployment to high-risk areas (e.g. Egypt/Sinai, Libya, Ukraine) has already been improved, and discussions are ongoing to further strengthen the Emergency Response Coordination Centre. On the European Civil Protection Pool and rescEU side, the maintenance and sustainability of capacities (and their ability to address the increasingly numerous and varied crises) and of stockpiles remain challenging. To address these issues, efforts are being made to agree (with experts from Member States and participating states) on the types and quantities of capacities that would guarantee a sufficient level of preparedness and on securing an adequate budget to ensure them.

2014-2020 multiannual financial framework – Union Civil Protection Mechanism

The goal of the mechanism is to support, coordinate and supplement the actions in the field of civil protection, with a view to improving the effectiveness of systems for preventing, preparing for and responding to natural and man-made disasters. It facilitates disaster response cooperation among 33 European states (the Member States, Iceland, Norway, Serbia, North Macedonia, Montenegro and Türkiye). The framework also applied to the United Kingdom during the transitional period that ended on 31 December 2020. The United Kingdom does not currently participate in the mechanism.

Budget implementation

Heading 3 (within the EU): cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	729.0	766.5	95.1%
Payments	526.6		68.7%

Heading 4 (in non-EU countries): cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	155.6	157.7	98.7%
Payments	133.0		84.4%

– In a context where the scope for action was widened considerably to foster the EU's capacity to respond to crises – with a substantially increased budget to fund new operations (the legal basis was amended in 2018) – implementation under heading 3 reached a level of 95% and implementation under heading 4 reached a level of 99%.

– In 2020, the budget implementation was characterised by challenges relating to COVID-19, resulting in an unprecedented number of 102 mechanism activations. The mechanism consequently received several budgetary reinforcements under both headings, totalling EUR 442 million through two amending budgets (EUR 415 million) and redeployments from other instruments (EUR 27 million). The reinforcements funded the creation of the first-ever emergency stockpile of medical equipment (protective equipment, ventilators, etc.) and the repatriation of EU citizens stranded in non-EU countries. The increased budget largely explains the low implementation of payment appropriations in 2014-2020 (45%), as the majority of related payments were made from 2021 onwards.

– The commitment appropriations originating from internal assigned revenue and participating state contributions which became available during the last months of 2023 and amounting to EUR 0.3 million have been carried over to 2024.

Payment appropriations could not be fully consumed in 2023 due to the delay in the submission of invoices and necessary documentation from the Member States. As a result, the remaining payment appropriations under heading 3 (EUR 22.6 million) and heading 4 (EUR 0.5 million) have been transferred under the 2021-2027 multiannual financial framework budget line and carried-forward to 2024.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Average speed of civil protection assistance interventions inside the EU (in hours)		67%	12 hours in 2020	Milestones achieved for 2015, 2026, 2017, 2018, 2019 and 2021. Milestones not achieved for 2020, 2022, 2023.	Moderate progress
Average speed of civil protection assistance interventions outside of the EU, from acceptance of offer to deployment (in hours)		56%	48 hours in 2020	Milestones achieved for 2015, 2026, 2017, 2018, 2019 and 2021. Milestones not achieved for 2020, 2022, 2023.	Moderate progress

(*) % of years for which the milestones or target have been achieved during the 2014-2023 period.

- Programme projects that started under the previous multiannual financial framework (2014-2020) continued in the same conditions under the current framework (2021-2027). For information on the performance of the previous programme, please refer to the active programme performance section above.
- The performance indicators that are closely linked to the remaining funds of the previous multiannual financial framework relate to the indicator on 'average response time to a request'. Targets were met during the previous multiannual financial framework, while in recent years performance was affected by recent crises that increased the workload of the programme mechanisms and made response to requests more complex.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	No	
SDG2	No	

SDG3	Yes	On top of the Medevac (medical evacuations) operations occurring almost every week since early 2022 in the context of Russia´s war of aggression against Ukraine, other medevac operations took place in 2023. In October 2023, following the explosion of a fuel depot in Armenia, some days before, the Emergency Response Coordination Centre received a request for the medical evacuation of burn patients from the Armenian Ministry of Health. A Medevac system was implemented with the support of 7 Member States, transporting 18 patients to European countries for treatment. Moreover, Italy further offered one Emergency Medical Team (EMT) to Armenia which was deployed in the country some days after.
SDG4	No	
SDG5	No	
SDG6	Yes	The EU provides safe drinking water, sanitation, and hygiene support through its humanitarian aid and Civil Protection Mechanism, with its main objective to save and preserve life and alleviate the suffering of populations facing severe environmental health risks and water insecurity in the context of anticipated, ongoing and recent humanitarian crises, for example in Venezuela, South Sudan (focusing on the risk of water borne diseases), or Ethiopia (focusing on ensuring access to potable water and promotion of hygiene and sanitation for displaced and host communities affected by crises).
SDG7	No	
SDG8	No	
SDG9	No	
SDG10	No	
SDG11	Yes	The programme continued to promote a better understanding of disaster risks and engaged in the analysis of the latest summaries of risk assessments and capability assessments submitted by Member States and participating states. The first progress report on disaster risk management under the prevention pillar of mechanism (Article 6 report) based on this analysis will be published in 2024. The Commission further pursued mainstreaming disaster risk reduction across EU policies, with a special focus on mobilising long-term investments in disaster risk management from cohesion, agricultural and research policy funding and linking with the EU climate and environmental policies.
SDG12	No	

SDG13	Yes	In 2023, the programme also contributed to a number of actions to implement the EU Forest 2030 strategy Adaptation and sustainable finance, as well as the Renovation Wave and Zero Pollution action plans. The programme notably supported to the development of a harmonised EU monitoring system of forest fires and contributed to the Adaptation Strategy through improved collection of data on climate-related losses, improving the understanding of the economics of disaster prevention, preparedness and the cost of adaptation.
SDG14	Yes	
SDG15	Yes	
SDG16	No	
SDG17	No	

EU4HEALTH

EU PROGRAMME FOR A HEALTHIER AND SAFER UNION

Programme in a nutshell

Concrete examples of achievements

44	25	20	23
key projects were selected for the implementation of MyHealth@EU and for the setting up of health data access bodies that will pave the way for the European Health Data Space.	medicines had their electronic product information published as part of their marketing authorisation procedure, paving the way to the wider digitalisation of the regulatory network.	breast cancer settings in nine Member States have piloted the European guidelines and quality assurance scheme for breast cancer, an action linked to the 2022 adoption of the Council recommendation on cancer screening.	competent authorities from 22 Member States and Norway signed up to set and scale up a coordinated surveillance system under the 'One Health' approach for cross-border pathogens that threaten the EU.
EUR 27 million	EUR 104 million	EUR 100 million	EUR 160 million
has been made available to support intelligence gathering through open sources, wastewater surveillance systems and sequencing capacities and epidemic intelligence gathering at the global level.	has been made available to support innovation in and access to medical countermeasures, including pull incentives to ensure access to antibiotics.	has been made available to support innovative European companies in the development of medical countermeasures against priority cross-border health threats under HERA invest.	has been made available to reserve manufacturing capacities and obtain priority rights for the manufacturing of vaccines in case of emergencies under the EU FAB network of vaccine manufacturers.

(*) Excluding cancer.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

	3
Financial programming (*)	3 809.7
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	51.0
Total budget 2021-2027	**3 860.7**

(*) Only amounts under Article 5(1) of the EU4Health regulation, including reinforcements of the annual budgetary procedures (+ EUR 38.5 million) and agency compensations (– EUR 247.4 million and – EUR 4.4 million), along with amounts under Article 5(2) for the years 2022-2024.

(**) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The EU4Health programme is a key instrument for delivering a comprehensive response to the health needs of EU citizens, reflecting the implementation of priority EU legislative proposals and acts, flagship initiatives such as Europe's Beating Cancer Plan, preventing non communicable and communicable diseases, lessons learned from the COVID-19 crisis, the consequences of Russia's unjustified and unprovoked war against Ukraine, and previous health programmes.

CHALLENGE

The COVID-19 pandemic has caused an unprecedented health crisis in Europe, straining national health systems and resulting in severe human suffering and socioeconomic consequences. The crisis revealed both the fragility of national health systems and health disparities across population groups, Member States and regions. It also demonstrated the importance of coordination among European countries to protect people's health and the need to build a European Health Union.

The EU4Health programme with a budget of EUR 735 million in the 2023 work programme is the main financial instrument to fund the EU health initiatives. The EU4Health programme continues to support the implementation of EU priorities such as the fight against the COVID-19 pandemic, the establishment of the European Health Emergency Preparedness and Response Authority (HERA), Europe's Beating Cancer Plan, the Pharmaceutical Strategy for Europe and the implementation of EU health legislation.

Russia's unjustified and unprovoked war against Ukraine significantly affected people's mental health, especially for vulnerable groups, such as refugees and displaced people from Ukraine.

The EU has a central role to play in accelerating progress, coordination and cooperation in relation to tackling health challenges in Europe.

Health is an asset, and the EU4Health programme is the largest ever EU investment dedicated to improving health. It is a clear message that people's health is an EU priority.

The EU4Health programme will fund actions that will contribute to strengthening health systems, making medical supplies – including crisis-relevant products – more available, affordable and innovative, and reducing the burden of communicable and non-communicable diseases.

The EU4Health programme will support and complement national policies by co-funding actions with a clear European added value that deliver efficiency gains from cooperation at the EU level, and actions with impact on keeping open the internal market. The programme will pave the way towards a strong European Health Union in which all Member States prepare and respond in a timely manner to health crises and promote and protect citizens health. The programme also addresses global health challenges.

MISSION

The EU4Health programme will provide the means and the instruments to facilitate and support the delivery of the EU health policies. Four general objectives represent the breath and the ambitions of the programme:

– improve and foster health in the EU;

– protect people in the EU from serious cross-border health threats;

– improve the availability, accessibility and affordability of medicinal products, medical devices and crisis-relevant products;

– strengthen health systems and the healthcare workforce.

The programme will help Member States reach the United Nations' Sustainable Development Goals (in particular goal No 3 'Ensure healthy lives and promote well-being for all at all ages') and apply, where relevant, the 'One Health' approach, recognising that human health is connected to animal health and to the environment.

OBJECTIVES

The EU4Health programme is implemented by ensuring a high level of human health protection in all EU policies and activities in keeping with the 'One Health' approach, where applicable, and pursuing the specific objectives as follows:

(1) in synergy with other relevant EU actions, supporting actions for disease prevention, for health promotion and for addressing health determinants, including through the reduction of damage to health resulting from illicit drug use and addiction, supporting actions to address inequalities in health, to improve health literacy, to improve patient rights, patient safety, quality of care and cross-border healthcare, and supporting actions for the improvement of the surveillance, diagnosis and treatment of communicable and non-communicable diseases, in particular cancer and paediatric cancer, as well as supporting actions to improve mental health, with special attention given to new care models and the challenges of long term care, in order to strengthen the resilience of the health systems in the EU;

(2) strengthening the capability of the EU for prevention of, preparedness for, and rapid response to, serious cross-border threats to health in accordance with relevant EU legislation, and improving the management of health crises, particularly through the coordination, provision and deployment of emergency healthcare

capacity, supporting data gathering, information exchange, surveillance, the coordination of voluntary stress testing of national healthcare systems, and the development of quality healthcare standards at the national level;

(3) supporting action to enhance the availability, accessibility and affordability of medicinal products, medical devices and crisis-relevant products by encouraging sustainable production and supply chains and innovation in the EU, while supporting the prudent and efficient use of medicinal products, in particular antimicrobials, and to support the development of medicinal products that are less harmful for the environment, as well as the environmentally friendly production and disposal of medicinal products and medical devices;

(4) in synergy with other EU instruments, programmes and funds, without prejudice to Member State competences, and in close cooperation with relevant EU bodies, supporting actions complementing national stockpiling of essential crisis-relevant products, at the EU level, where needed;

(5) in synergy with other EU instruments, programmes and funds, without prejudice to Member State competences and in close cooperation with the European Centre for Disease Prevention and Control, establishing a structure and training resources for a reserve of medical, healthcare and support staff allocated voluntarily by Member States, for its mobilisation in the event of a health crisis;

(6) strengthening the use and reuse of health data for the provision of healthcare and for research and innovation; promoting the uptake of digital tools and services, as well as the digital transformation of healthcare systems, including by supporting the creation of a European Health Data Space.

(7) enhancing access to high-quality, patient-centred, outcome-based healthcare and related care services, with the aim of achieving universal health coverage;

(8) supporting the development, implementation, enforcement and, where necessary, revision of EU health legislation and supporting the provision of valid, reliable and comparable high-quality data for evidence-based decision-making and monitoring; and promoting the use of health impact assessments of other relevant EU policies;

(9) supporting integrated work among Member States, and in particular their health systems, including the implementation of high-impact prevention practices, supporting work on health technology assessment and strengthening and scaling up networking through European reference networks and other transnational networks, including in relation to diseases other than rare diseases, to increase the coverage of patients and improve the response to low prevalence and complex communicable and non-communicable diseases;

(10) supporting global commitments and health initiatives by reinforcing the EU's support for action by international organisations, in particular action by the World Health Organization, and fostering cooperation with non-EU countries.

ACTIONS

The EU4Health programme, as the main financial instrument to fund the EU health initiatives, is implemented through annual work programmes. The EU4Health programme supports the implementation of EU priorities such as the fight against the COVID-19 pandemic, the activities of HERA, Europe’s Beating Cancer Plan, the Pharmaceutical Strategy for Europe and the preparatory work for the European Health Data Space and the implementation of EU ealth legislation (for example the medical devices regulation, health technology assessment regulation and substances of human origin regulation). The EU4Health programme supports the implementation of Regulation (EU) 2022/2371 on serious cross-border threats to health and the extended mandates of the European Medicines Agency (EMA) and the European Centre for Disease Prevention and Control.

The annual work programmes are designed under five overarching strands namely: crisis preparedness, health promotion and disease prevention, health systems and healthcare workforce, and digital. The fight against cancer is a major initiative, which cuts across the other four strands.

STRUCTURAL SET-UP OF THE PROGRAMME

The EU4Health programme for the EU's action in the field of health ([70]) (hereafter 'EU4Health programme') was adopted on 24 March 2021 for the 2021-2027 period, as a response to the challenges posed by the COVID-19 crisis, and to provide the necessary available tools to ensure that the EU remains the healthiest region in the world.

Article 168 Treaty on the Functioning of the European Union provides that the EU is to complement and support national health policies, encourage cooperation between Member States and promote the coordination between their programmes, in full respect of the responsibilities of Member States for the definition of their health policies and for the organisation, management and delivery of health services and medical care. Experience from the ongoing COVID-19 crisis has demonstrated that there is a need for further action at the EU level to support cooperation and coordination among the Member States.

The EU4Health programme, is the largest ever EU investment in health and will complement national policies and support actions that add value above and beyond what the Member States and other actors could achieve on their own.

The programme is implemented in direct and indirect management mode and in synergies and complementarities with other EU programmes and instruments. The European Health and Digital Executive Agency implements the part on direct management as delegated by DG Health and Food Safety and by HERA. The funds under indirect management are disbursed by DG Health and Food Safety or HERA.

The EU4Health programme has ten specific objectives and supports the development and implementation of EU health priorities and policies, These legislative initiatives include the regulation on serious cross-border threats to health, the establishment and operation of the European reference networks, strengthening EU cooperation on health technology assessment, the regulatory framework on tobacco products, medical products and technologies, and the preparatory work for the establishment of the European Health Data Space, the revision of the pharmaceutical legislation, Substances of Human Origin, cross border healthcare, and others. The programme further contributes to the mission to the HERA mission in relation to making medical countermeasures available for pandemic preparedness and response.

Important non-legislative initiatives include: Europe's Beating Cancer Plan, the Pharmaceutical Strategy for Europe, the 'healthier together' initiative and the new EU global health strategy.

The EU4Health programme operates via detailed annual work programmes ([71]). These annual work programmes aim to support a strong European Health Union and address a variety of challenges through EU-level action which will bring added value in implementing the general and specific objectives of the programme.

([70]) Regulation (EU) 2021/522 of the European Parliament and of the Council of 24 March 2021 establishing a programme for the EU's action in the field of health ('EU4Health programme') for the 2021-2027 period, and repealing Regulation (EU) No 282/2014.

([71]) The annual work programmes are adopted by the Commission as an implementing act following a positive opinion of the Member States in the EU4Health programme Committee on a draft annual work programme prepared by the European Commission based on a stakeholder consultation that includes Member States representatives in the EU4Health Steering Group. The European Parliament is informed by the Commission on results of the consultation process before the last EU4Health steering group meeting.

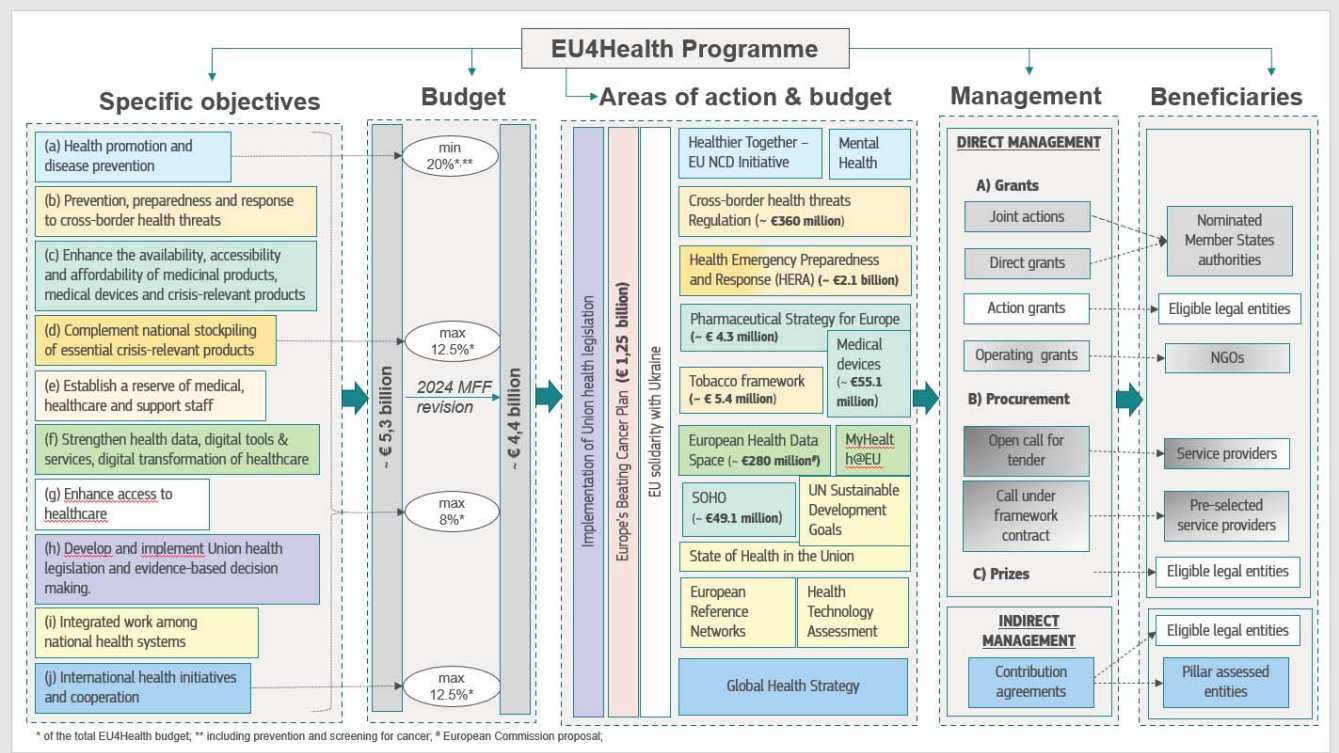
The main types of actions in direct management are: (a) action grants (direct or in open calls) and operating grants to non-governmental organisations (open calls). The EU provides co-financing up to 60% or 80% (in case of exceptional utility); (b) procurement to acquire services from economic operators (open calls or framework contracts); (c) other: expert contracts, fees including membership fees, administrative agreements or co-delegation with the Joint Research Centre / DG Research and Innovation / DG Digital Services, and prizes. Indirect management relates to the contribution agreements with pre-assessed international organisations with or without co-delegation to another directorate-general of the Commission.

The EU4Health programme will work in synergy with and in a manner that complements other EU policies, programmes and funds, such as the digital Europe programme, Horizon Europe, Connecting Europe Facility, the Union Civil Protection Mechanism and in particular its European reserve of additional capacities (the RescEU reserve), the Emergency Support Instrument, the ESF+, the ERDF, the Technical Support Instrument, InvestEU, the Recovery and Resilience Facility and Erasmus+, and the European Solidarity Corps. The Commission together with the Member States will ensure that such synergies and complementarities are duly taken into consideration when drafting the annual work programmes.

The legal basis of the EU4Health programme is Regulation (EU) 2021/522 of the European Parliament and of the Council of 24 March 2021, establishing a programme for the EU's action in the field of health ('EU4Health programme') for the 2021-2027 period, and repealing Regulation (EU) No 282/2014.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP

Revised version (only total budget and HERA budget adjusted following the EUR 1 billion cut)



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

– The EU4Health programme is a new programme, which builds on the achievements of the Third health programme for the EU action in the field of health (2014-2020). Several objectives – related to health promotion and disease prevention, better preparedness and coordination in health emergencies, public health capacity-building and contribution to innovative, efficient and sustainable health systems, and facilitating access to better and safer healthcare for EU citizens – are further pursued by the EU4Heath programme albeit at different scale.

– The biggest difference between the previous health programme is the 10-fold budget increase which enables a huge shift in the scale of action to support such as EU-wide scope for addressing COVID-19 pandemic preparedness, the fight against cancer (cross-cutting), the use and reuse of health data, the burden of non-communicable disease, global health issues, as well as the health consequences of Russia's unprovoked and unjustified war on Ukraine.

FURTHER INFORMATION

– Relevant regulation: Regulation (EU) 2021/522 of the European Parliament and of the Council.

– Programme website: https://health.ec.europa.eu/funding/eu4health-programme-2021-2027-vision-healthier-european-union_en

– Impact assessment: is included in the Annex 5 of the SWD(2018) 289 final. Initially, the EU health programme for 2021-2027 was included in the proposal for the European Social Fund Plus (ESF+) programme under the next multiannual financial framework. The proposal was supported by an impact assessment examined by Regulatory Scrutiny Board under the single market multiannual financial framework programme on 18 April 2018 and issued a positive opinion.

– In the aftermath of COVID-19 pandemic the EU4Health programme proposal was tabled on the basis of the impact assessment accepted by the Regulatory Scrutiny Board. All health objectives from the initial proposal retained with priority given to the EU's and Member States' response and crisis preparedness to future health crises. The general and specific objectives have been further aligned with the political priorities of the Commission regarding pharmaceuticals and cancer.

– Evaluations: The interim evaluation of the programme is due no later than 31 December 2024. The final evaluation of the programme is due no later than 4 years after 2027.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	329.1	839.4	739.3	753.8	582.6	325.0	240.5	3 809.7

	2021	2022	2023	2024	2025	2026	2027	Total
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	8.7	20.9	21.4	0.0	0.0	0.0	0.0	51.0
Total	**337.8**	**860.4**	**760.6**	**753.8**	**582.6**	**325.0**	**240.5**	**3 860.7**

(*) Only amounts under Article 5(1) of the EU4Health regulation, including reinforcements of the annual budgetary procedures (+ EUR 38.5 million) and agency compensations (– EUR 247.4 million and – EUR 4.4 million) and amounts under Article 5(2) for the years 2022-2024.

(**) Only Article 15(3) of the financial regulation.

Financial programming:

- EUR 211.8 million (-9%)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

The initial EU4Health envelope has been reduced to take into account the redeployment of funds that were allocated to the extended mandates of the European Centre for Disease Prevention and Control and the European Medicines Agency.

EU4Health is benefiting from funds under Article 5 of the multiannual financial framework regulation. The overall amount under Article 5 of the multiannual financial framework regulation to be allocated to the EU4Health for 2021-2027 was around EUR 3.3 billion in current prices, where the exact amount to be added to the programme for year *n* is normally known during the draft budgetary procedure for year *n*. The amount has been reduced by EUR 1 billion following the 2024 midterm revision of the multiannual financial framework and now amounts to EUR 2.3 billion. The redeployment of the programme specific allocation under Article 5 following the agreement of the midterm revision will be implemented in the years 2025-2027. EUR 264.5 million in top-ups are included in the 2025 draft budget. Conversely, in line with the usual procedure, the top-ups for 2026 and 2027 are not yet included in the financial programming.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	1 958.1	**3 860.7**	50.1%
Payments	682.9		17.7%

Voted budget implementation (million EUR):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	329.1	327.5	9.7	76.3
2022	839.1	839.7	156.9	335.3
2023	739.0	739.3	482.7	602.3

(*) Voted appropriations (C1) only.

- Due to the late adoption of the EU4Health legal base (end of March 2021) and the 2021 work programme (June 2021), as well as the fact that the European Heath and Digital Executive Agency that implements a major part of the budget under the EU4Health programme was in its first year of existence, the 2021 annual work programme implementation only started in the third quarter of 2021. In January 2022, the annual work programme for 2022 was adopted and the focus was on signing the grant agreements and contracts stemming from the 2021 work programme as well as the launch of the new actions from the 2022 work programme. All appropriations for 2022 have been committed. DG Health and Food Safety and HERA returned EUR 178 million out of the EUR 335 million allocated as payment appropriations, mainly because in 2022, EUR 160 million in payment credits were allocated to HERA's EU FAB action, while this has only been signed in 2023.
- The 2021 and 2022 work programmes were amended to allow addressing the health challenges related to the developments of the COVID-19 pandemic and the consequences of the unjustified and unprovoked Russia's aggression on Ukraine with about EUR 23.4 million rerouted for the latter challenge and to reallocate unspent budget to a new action to support the World Health Organization to conduct clinical trials in Africa on medical countermeasures against filoviruses, including Marburg virus.
- All the actions programmed in the 2021 annual work programme and all grants under work programme 2022 have been launched. The 2023 appropriations have been fully committed. In 2023, out of the EUR 602.3 million of payment credits allocated to the EU4Health programme, EUR 482.7 million have been implemented (80%), which is three times the amount paid in 2022. The

2023 planned budget in payment appropriations was based on the assumption that the implementation would reach cruising speed in 2023, which is expected to materialise in the near future.

Contribution to horizontal priorities

The actions included in the 2023 annual work programme are not covered by the taxonomy screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives ([72]).

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	7.5	0.5	0.9					8.9	0%
Biodiversity mainstreaming									
Clean air									

The EU4Health programme does not contribute directly to the climate, biodiversity and clean air horizontal priorities. To ensure a high level of human health protection in all EU policies, the actions funded by the programme are implemented, where applicable, in keeping with the 'one health' approach, which recognises that human health is connected to animal health and to the environment, and that actions to tackle threats to health must consider those three dimensions. The funds allocated to 'one health' actions vary over the year, and the total budget is about EUR 314 million. In addition, actions addressing environmental risk factors for health will be included in the upcoming annual work programmes. The 2023 annual work programme includes seven actions addressing environmental risk factors for health under crisis preparedness and under health promotion and disease prevention, and the 2024 annual work programme under crisis preparedness and health promotion and disease prevention.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1				
0*	17.8	84.7	75.6	178.1

([72]) Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

0	311.3	754.4	663.4	1 729.1

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender-disaggregated information.

The budget allocated to actions relevant to gender remained well above the average annual contribution of the first 2 programming years. The data that will allow disaggregation by gender are expected to become available in 2025.

The EU4Health programme has no significant bearing on the promotion of gender equality, considering that it aims to keep all people healthy and active for longer, irrespective of gender. However, some actions – for example cancer screening for breast cancer and cervical cancer, and vaccination coverage for human papillomaviruses – that focus on women's health may provide relevant information for the purpose of the gender tracking of the EU4Health programme, which for the time being has been assigned a score of 0*. Several indicators that focus on male-related diseases – such as prostate cancer, and the increase in vaccination coverage for human papillomaviruses in boys – may provide relevant information on gender equality.

In addition, in the case of two indicators (i.e. the age-standardised 5-year net survival rate for paediatric cancer and the percentage of the population covered by cancer registries reporting information on colorectal and paediatric cancer stage at diagnosis), relevant data that can be disaggregated are expected to become available in 2025.

In the case of three other indicators, very limited gender disaggregation may be possible when data become available (the indicators 'Number of actions addressing the prevalence of major chronic diseases per Member State, by disease, gender, and age', 'Number of actions addressing the age prevalence of tobacco use, if possible, differentiated by gender' and 'Number of actions addressing the prevalence of harmful use of alcohol, if possible, differentiated by gender and age').

Future action-level indicators may provide relevant information on gender equality during the implementation of the programme, and data will be reported accordingly.

Contribution to the digital transition (million EUR; programmed):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	72.1	205.5	72.1	349.6	18%

The EU4Health programme contributed substantially to the digital transition in 2021, 2022 and 2023, with a total programmed budget of EUR 381.55 million supporting actions in the following intervention fields: (1) human capital – information technology services and applications for digital skills and digital inclusion; support for the development of digital skills; (2) digital public services – government information and communications technology solutions, e-services and applications; e-health services and applications (including e-Care, the internet of things for physical activity and ambient assisted living), and digitalisation in healthcare. The total amount committed in 2021, 2022 and 2023 was about EUR 285.65 million.

The 2023 work programme includes actions (EUR 72.69 million) that contribute to the digital transition goal and are assigned to the following EU4Health annual programme strands: digital, crisis preparedness and health systems. Additional investment is planned in the 2024 annual work programme under the digital strand (EUR 25.75 million).

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline (2020)	**Progress** (*)	**Target**	**Results**	**Assessment**
Number of Member States implementing best practices regarding health promotion, disease prevention and addressing health inequalities	0	90%	20	18 (**)	On track
Preparedness and response planning of the EU and of Member States for serious cross-border threats to health	0	91%	32	29	On track
Number of actions aimed at increasing the security and continuity of the global supply chains and addressing dependence on imports from non-EU countries for the production of essential active pharmaceutical ingredients and medicinal products in the EU	1	8%	13	1	Moderate progress

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Number of production facilities with enhanced capacities in increasing security and continuity of supply for medical countermeasures, raw materials, and components at the EU level	0	No data	5	No data	No data
Number of audits conducted in the EU and in third countries to ensure good manufacturing practices and good clinical practices (Union control)	10	17%	65	11	Deserves attention
Number of healthcare and public health staff trained (Article 11 of the cross-border health threats regulation)	0	6%	3 050	171	Moderate progress
Number of Member States participating in the European Health Data Space	7	25%	27	12	On track
Number of studies supporting the evaluations of legislative and non-legislative Health Union policies	0	4%	25	1	Moderate progress
Number patients diagnosed and treated by the members of European reference networks	1 million	>100%	2.0 million	2.2 million	Achieved

(*) % of target achieved by the end of 2023.

(**) % of target achieved by the end of 2022.

The programme performance is on track and is reflected by the key achievements highlighted below. All the actions (593) of the annual work programme for 2021 and 2022, and almost all from 2023, have been launched. The implementation of the 2024 annual work programme is on schedule.

The 2023 annual work programme will continue to support **crisis preparedness**, with almost half (48.7%) of the annual budget allocated to this strand by DG Health and Food Safety and HERA. The programme supports the implementation of Regulation (EU) 2022/2371 with a budget of EUR 97 million. This budget is spent on Member State actions for crisis preparedness, surveillance, European reference laboratories, early warning and response capacities, the EU immunisation agenda and setting up advisory committees. The digital passenger locator form is ongoing. In addition, EUR 50 million are supporting a joint action on anti-

microbial resistance and international collaboration and coordination in preparedness and response are ensured through grants to the World Health Organization, also with a focus on preparedness against CBRN threats. In addition, EUR 50 million are supporting a joint action on anti-microbial resistance and international collaboration and coordination in preparedness and response are ensured through grants to the World Health Organization, also with a focus on preparedness against CBRN threats.

The 2021 and 2022 crisis preparedness achievements relating to HERA activities include enhanced infrastructure and capacities for pandemic preparedness and response related to medical countermeasures, for instance by supporting whole genome sequencing and reverse transcription polymerase chain reaction infrastructure and capacities in EU Member States. In addition, progress has been made on the development of an information technology system to collect intelligence and assess threats in order to inform the prioritisation of medical countermeasure development. In addition, with EU FAB, HERA established a network production capacities for vaccine and medicine manufacturing that can be activated quickly in the event of future crises. HERA also purchased and distributed vaccines against mpox virus to all Member States. On antimicrobial resistance, a comprehensive assessment of innovation for medical countermeasures was performed, including a gap analysis and needs assessment in Member States, along with a feasibility study on antimicrobial resistance to determine critical medical countermeasures and establish means of storage. International collaboration for pandemic preparedness as relates to medical countermeasures, for example with the World Health Organization, was also supported and developed.

The 2023 performance of the programme regarding implementation of the **health promotion and disease prevention** strand (4.55% of the annual budget) is on track to deliver the policy objectives of the 'healthier together – EU non-communicable diseases' initiative, in particular on dementia and other neurological disorders, and on chronic respiratory diseases, and the Commission's communication on a comprehensive approach to mental health with a specific focus on vulnerable groups and cancer patients. Moreover, it is on track to support the prevention of vaccine-preventable cancers and cancers caused by infections, thereby supporting Europe's Beating Cancer Plan and the implementation of the Commission proposal for a Council recommendation on vaccine-preventable cancers, once adopted in the Council. It is also on track to support the implementation and enforcement of tobacco control legislation and other related EU health initiatives.

A total of 21 actions addressing the prevalence of major non-communicable diseases by Member State and one action on the environmental risk factors for health have been launched successfully.

Eighteen Member States are implementing 'best' and 'promising' practices regarding health promotion, disease prevention and health inequalities and the target has been almost achieved.

The number of Member States that had reached 95% coverage for both the first and the second dose of the measles-containing vaccine for eligible individuals fell from five in 2020 to three in 2021, and rose again to four in 2022 (the target for 2031 being eight Member States). The number of Member States that had reached at least 90% coverage for a full human papillomaviruses vaccination course (last dose) in eligible girls fell from one in 2021 to none in 2022, and more data are necessary to understand the reason for this decline.

The challenge of developing synergies between different actions identified in the last performance assessment in 2023 is progressively being overcome. Several joint actions under the 'healthier together' initiative are complemented by projects implemented by stakeholders on the same topic to ensure maximum impact. Synergies within the EU4Health programme, and between EU4Health and other EU funding instruments, have been developed through the organisation of joint events bringing together relevant actors to present projects on thematic areas such as mental health.

The total budget for health promotion and disease prevention in 2021, 2022 and 2023 met the requirement of reserving a minimum of 20% for that purpose.

Implementation of the **cancer** strand (25.45% of the annual budget) is on track to deliver the policy objectives of Europe's Beating Cancer Plan. A total of 51 actions that address the prevalence of cancer have

been launched successfully. All country cancer profiles for EU Member States (plus Iceland and Norway) were published, highlighting key achievements and challenges in cancer prevention and care for each country.

In addition, with funding from the EU4Health programme, and developed by the Commission's Joint Research Centre, the European guidelines and quality assurance scheme for breast cancer was piloted in 20 breast cancer settings in nine Member States. Following this successful pilot project, the scheme is now ready for large-scale implementation across the EU.

Also funded under the EU4Health programme, work on improving oncological training is ongoing, with the Interact-Europe project having developed an inter-speciality training curriculum, which is now being piloted and rolled out through the Interact-Europe 100 follow-up project to 100 cancer centres across 15 Member States. In this context, two new modules are also being introduced focusing on paediatric oncology and specific needs for displaced people with cancer, with a special focus on Ukraine.

Based on estimates from the Joint Research Centre, the percentage of the population covered by cancer registries reporting information on cervical, breast, colorectal and paediatric cancer stage at diagnosis was 56.1% for cervical cancer, 54.5% for breast cancer, 56.5% for colorectal cancer and 54.1% for paediatric cancers in 2022. The number of Member States with at least one cancer registry that had submitted the stage, also based on preliminary estimates, was 26 across all four cancer types in 2022, therefore only one Member State was missing. Data for 2023 are not yet available.

One indicator (age-standardised 5-year net survival rate for paediatric cancer) is still under construction.

Under **the health systems and healthcare workforce strand** (16.09% of the annual budget), the EU4Health programme supports policies that aim to generate country-specific and cross-country knowledge on health systems and to strengthen the resilience of Member State's health systems, including by transferring best practices in primary care, implementing high-impact prevention practices, supporting work on health technology assessment and enhancing access to healthcare, with the aim of achieving universal health coverage. The European reference networks continued to facilitate access to diagnosis and treatment by patients with rare conditions and continued to be focal points for medical training and research and the dissemination of information. The 24 networks have just completed their first evaluation, and all 24 received a positive assessment. Currently, 1 619 clinical centres' healthcare providers are part of the European reference networks across the EU Member States and Norway.

In 2023, the fourth cycle of the state of health in the EU project, financed by EU4Health programme, delivered a set of 29 country health profiles (for the 27 Member States plus Iceland and Norway), each highlighting the latest challenges and policy responses in the respective national health systems, including a spotlight analysis about mental health.

The development of guidelines and recommendations for Member States on how to assess and improve access to healthcare services was supported by one action financed by the EU4Health programme since 2021. This action has so far delivered a 'universal health coverage' tool that consolidates quantitative and qualitative data on financial protection in access to healthcare, and has also carried out a comparative analysis of financial protection in access to healthcare in the European region. The programme continues to support Member States in addressing health workforce challenges related to shortages and skills mismatches, including through health workforce planning and forecasting, and skill building (e.g. via seven training projects with a focus on digital skills). Work to set up an EU system for health technology assessment, under Regulation (EU) 2021/2282, has progressed. With support from EU4Health, the full governance structure of the new EU health technology assessment system is operational (Member State Coordination group, its four subgroups and a stakeholder network) and the first release of a dedicated secure information technology platform went live in 2023. The implementation of the cancer-related actions is on track, but performance monitoring and data collection is expected to be delayed as several indicators are under development. The Commission expects to recover the delay incurred and collect the data by the end of 2023.

The health systems work well if medicinal products, medical devices and crisis-relevant products are readily available to patients. The number of medicines authorised centrally by the European Commission and valid across the EU increased by around 5% in 2023. The number of medical devices placed on the market also increased. Between March and August 2023, the number of certificates for medical devices under Regulation (EU) 2017/745 increased from 2 951 to 3 899. In the same period of time, there was also an increase in the number of certificates for *in vitro* diagnostic medical devices under Regulation (EU) 2017/746, from 331 to 500. More devices being certified on the European market under these two regulations increases the safety of patients and lead to a higher level of public health.

This was, however, only partly influenced by the actions funded under the EU4Health programme, given that the causal link between the challenge and those actions is very weak. It should also be acknowledged that, while the relative increase in the availability of medical devices and *in vitro* diagnostic medical devices is a positive development, more efforts have to be made to meet the needs of healthcare systems to make devices available and avoid shortages. With this objective, co-legislators adopted a regulation (Regulation (EU) 2023/607) in 2023 as an urgent measure to facilitate the transition to the legal framework set out in Regulation (EU) 2017/745. In early 2024, the Commission proposed a further amendment to Regulation (EU) 2017/746 to give *in vitro* diagnostics more time to comply with the new rules. It is expected that these measures (in Regulation (EU) 2023/607 and the Commission proposal, if adopted)) will have an impact on the indicators. This will be considered in upcoming reporting. This strand may be negatively impacted by external shocks, such as monetary and fiscal shocks, which may negatively affect the capacity of the Member States' public authorities to commit human and financial resources to the ongoing or planned actions.

The **digital** strand of EU4Health, with 3.5% of the annual budget, continued to support the preparations for the European Health Data Space in 2023. The financial support from EU4Health focused on supporting Member States' work on increasing semantic interoperability, preparing the groundwork for the implementation of the European Health Data Space and developing cross-border digital health infrastructures (MyHealth@EU and HealthData@EU). The participation of Member States in the European Health Data Space remained stable, with a new Member State joining MyHealth@EU in 2023, making it a total of 12 Member States participating in cross border exchange of health data. Over 20 new projects were selected that will allow the roll-out of new services across the EU in the coming years. More than 20 new projects were also selected for setting up health data access bodies, which will play a fundamental role in enabling the reuse of health data in the European Health Data Space. The total EU contribution committed in these projects exceeded original forecasts by over 20% (EUR 13 million), showing the significant investment needs in Member States in this area. These projects are complemented by others launched under the digital Europe programme (e.g. for enabling the reuse of cancer images and genomic data) and Horizon Europe (e.g. on the development of a data quality and utility label for the European Health Data Space). The timely implementation of the digital strand is dependent on the upcoming regulation on the European Health Data Space. This is the case, for example, for the implementation of the database for electronic health record systems, the execution of which relies heavily on the provisions in the final text. The implementation of this strand will also depend on the availability of resources and specialised technical expertise in Member States, which could affect the performance of some actions. To address these limitations, the Commission is providing extensive support to Member States, for example in the eHealth Network, in the eHealth Member States Expert Group and through the creation of a community of practice in the area of secondary uses of health data.

The **international health initiatives** and cooperation cuts across several areas, and in particular implements the global health strategy adopted in November 2022. The total budget supporting global commitments and health initiatives is below the maximum threshold of 12.5% of the programme's total budget. The EU global health strategy is already supported by total investment of about EUR 21 million under the 2021, 2022 and 2023 work programmes. However, the strategy is delivered to a large extent by international organisations, such as the World Health Organization. Following its association to the EU4Health

programme in July 2022, Ukraine successfully engaged in all joint actions, and a considerable number of the actions launched under the 2022 work programme have addressed health challenges related to the consequences of the Russian war of aggression against Ukraine. The Commission launched a grant in 2023 to establish a Member State joint action to put in place rolling mechanisms for closer coordination between the EU institutions and Member States, and therefore strengthen the EU's leadership in global health. However, the unpredictable current geopolitical context, dominated by the war of aggression, may trigger new jeopardising factors that will need to be addressed in as timely a way as possible. The implementation of the global commitments and health initiatives also depends to a great extent on the performance of the international organisations entrusted by the Commission to deliver through indirect management. Adequate monitoring and regular contacts are necessary to ensure a good implementation.

The EU4Health programme finances studies to support the preparation of impact assessments and the evaluation of health policy initiatives. The focus of these studies is on a one-off assessment, and they do not necessarily provide, in a continuous manner, data and specific economic analysis addressing the needs of the Commission. In some cases (e.g. pharmaceutical and medical device policies), this requires the development of new framework contracts to provide health-specific economic analyses and the necessary data for these targeted analyses. In principle, all projects funded by the EU4Health programme include action-specific indicators. The data will be collected and reported by the beneficiaries, and proper monitoring has been put in place by the European Health and Digital Executive Agency to avoid any delays or low data quality. Four studies assessing the progress of policy initiatives are currently being funded by the EU4Health programme. These are on the EU action plan on childhood obesity, the tobacco control *acquis*, Europe's Beating Cancer Plan and the EU4Health programme. In addition, two studies were funded and finalised in 2023: one on the evaluation and impact assessment of pharmaceutical legislation and one on the use of sunbeds and cancer risks. To date, there have been no published studies supporting the evaluation of health policies.

The annual work programmes for 2021 and 2022 were amended on two and three occasions respectively. The amendments were necessary to address the evolving COVID-19 pandemic and the health consequences of Russian war of aggression against Ukraine. The third amendment to the 2022 work programme was necessary to reallocate unspent budget to a new action to help the World Health Organization conduct clinical trials in Africa addressing the need to support the timely development of safe and effective medical countermeasures against filoviruses, including Marburg virus. The implementation of related actions may be influenced by the specific conditions on the field of action and the absorption capacity of the potential beneficiaries.

The budget of the programme has increased almost tenfold in comparison to the previous multiannual financial framework. The revision of the 2021-2027 multiannual financial framework redeployed funds across the EU budget, including EUR 1 billion from the EU4Health programme, a decrease of almost 20% in the total budget. Based on implementation experience acquired up to now by the European Health and Digital Executive Agency and the Commission, the financial absorption capacity of some entities (e.g. non-governmental organisations and some public authorities) is limited. The Commission and the European Health and Digital Executive Agency will continue to address this type of challenge in the same way as it implements the previous two annual work programmes, by reallocating unspent budget to other actions. The issue remains, however, that the co-funding rate of the EU4Health programme is limited to a 60% contribution by the EU. Only in exceptional utility cases can it reach up to 80%, making the contribution from some beneficiaries, in particular non-governmental organisations, difficult to achieve. The regulation includes a provision for the blending of funds from various EU funding programmes. However, the fact that the associated administrative and financial burden falls mainly upon the beneficiary only allows the absorption capacity concerns to be resolved to a limited extent.

The EU4Health programme is interconnected with several other key EU funding and policy initiatives, such as Horizon Europe, the Digital Europe programme, the Recovery and Resilience Facility and the Cohesion

Policy Funds. The coordination of cluster 1 (health) in the Horizon Europe programme creates a seamless pathway from research to practical applications. The Digital Europe programme drives the digital transformation in Europe, supporting the development and deployment of digital technologies in healthcare (such as the digital wallet). The two programmes work together to support the expansion of digital health infrastructure such as electronic health records and telemedicine services. The Digital Europe programme promotes innovation in dataspace technologies, and EU4Health supports the Member States in coordinating their work and in capacity building. EU4Health also strategically complements national activities under the Recovery and Resilience Facility and the Cohesion Policy Funds on health resilience at the EU level. In this case, it is the European semester and the 'state of health in the EU' cycle that provide a coherent framework for investments by Member States and across the EU.

The EU4Health work programme is aligned with the goal of the proposed Strategic Technologies for Europe Platform of supporting investment in companies that contribute to preserving a European edge on critical biotechnologies. Reaping the full benefits of biotechnology can help the EU economy grow in respect of priorities such as sustainable development, public health and environmental protection.

2014-2020 multiannual financial framework – Health programme

The third programme for EU action in the area of health (2014-2020) is a financial instrument for policy coordination at EU level. It aims to complement, support and add value to Member States' policies for improving the health of their citizens, reducing health inequalities, encouraging innovation in health and increasing the sustainability of their health systems.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	452.1	452.4	100.0%
Payments	399.7		88.4%

The entire budget (EUR 452.35 million for 2014-2020) was committed by the first quarter of 2021 through projects and other actions pursuing the programme's objectives.

By the end of 2023, 88% of the total budget (i.e. EUR 400 million) had been paid to participants and/or beneficiaries or for the procurement of necessary services. Considerable part of the outstanding amount will be paid under projects or actions launched in the last 2-3 years of the 2014-2020 multiannual financial framework, which have not yet been completed and therefore have not led to final payments by the Commission. Around 5-10% of the outstanding balance, which is the average implementation rate of the actions, might result in decommitments which will be done after the incurred expenses have been evaluated and therefore upon the completion of the actions. By the end of 2024 DG Health and Food Safety estimates that it will have paid in total EUR 410 million.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Widening of established European reference networks	0	78%	1 450	1 139 healthcare units joined reference networks, compared to a target of 1 450	On track

(*) % of target achieved by the end of 2023.

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In the 2014-2020 period, the European Court of Auditors published several reports assessing the implementation of the health programme. In *EU Actions for Cross-border Healthcare – Special report 07/2019*, the Court of Auditors found that 'EU actions in cross-border healthcare enhanced cooperation between Member States. The Commission has overseen the implementation of the Cross-border Healthcare Directive well.' The special report also identified certain shortcomings and improvements that were necessary in terms of reducing administrative burden and the long-term financial sustainability of the European reference networks. In *Addressing Antimicrobial Resistance – Special report 21/2019*, the Court emphasised that 'Fighting against antimicrobial resistance is complicated … The Commission and [European Centre for Disease Prevention and Control] support to strengthen Member States One Health approach to [antimicrobial resistance] was valuable'. However, it also pointed out some challenges, particularly with regard to the sustainable implementation of the results in the Member States. These were addressed in the new EU4Health programme.

While reorienting and gearing a proportion of its resources towards fighting the COVID-19 pandemic, the third health programme continued to implement its main actions with a view to enhancing and further consolidating key achievements over the 2014-2020 implementation period.

With regard to objective 1 'promote health, prevent diseases and foster supportive environments for healthy lifestyles', the targets were reached in all respects except the number of Member States involved in the European accreditation scheme for breast cancer.

With regard to objective 2 'protect EU citizens from serious cross-border health threats', the target of 28 Member States integrating coherent approaches in the design of their preparedness plans was achieved in 2020.

With regard to objective 3 'support public health capacity-building and contribute to innovative, efficient and sustainable health systems', 41 notices of advice were produced and 23 Member States used the tools and mechanisms identified in order to contribute to effective results in their health systems.

With regard to objective 4 'facilitate access to better and safer healthcare for EU citizens', 24 European reference networks were established in accordance with Directive 2011/24/EU. Currently, 1 619 clinical centres healthcare providers are a part of the European reference networks across the EU Member States and Norway.

The final evaluation of the third programme for the EU's action in the field of health (2014-2020) (the programme) has been completed. It assesses the performance of the programme, its main outcomes and achieved results and identifies the main problems and solutions with regard to its implementation.

The main achievements of the programme are the following.

(1) The establishment of a portal for the exchange and implementation of best practices in health promotion and disease prevention.

(2) An 'EU compass for action on mental health and wellbeing', a web-based mechanism used to collect best practices and analyse information on policy and stakeholder activities in mental health.

(3) On cancer, the European quality assurance scheme, a harmonised and evidence-based way to grant equal and quality-benchmarked treatment to patients, and the European network of cancer registries coordinated by the Joint Research Centre (128 cancer registries from 29 European countries, with more than more than 25 900 000 records).

(4) A feasibility study was carried out for the development of a common EU vaccination card. The resulting template was tested by a sample of 10 000 citizens in 10 Member States.

(5) In 2018, the joint action on efficient response to highly dangerous and emerging pathogens at EU level (EMERGE joint action) delivered on its work for the improvement of capabilities for rapid laboratory

diagnosis of new or emerging pathogens (e.g. sample sharing). The joint action also contributed to combating the outbreaks of ZIKA and Ebola.

(6) During the Ebola and Zika outbreaks, part of the funds of the programme were used to support interventions to limit the spread of these threats by strengthening Member States preparedness and response through the actions of the Health Security Committee.

(7) The European Health Data Space joint action, with 25 participating countries, facilitated the establishment of a European Health Data Space, by developing principles for the cross-border secondary use of health data. The Commission published its proposal for the establishment of the European Health Data Space in 2022.

(8) The joint actions for EU cooperation on health technology assessment enabled to produce 41 joint reports (joint assessment and early dialogues). These led to the adoption of legislation, securing EU cooperation on health technology assessment in the long-term.

(9) In 2023, the joint action on market surveillance of medical devices enabled the reinforcement of the market surveillance system for medical devices and the improvement of coordination and cooperation among all Member States.

(10) A total of 24 European reference networks – virtual networks involving healthcare providers across Europe – were established. They aim to tackle complex or rare medical diseases or conditions that require highly specialised treatment and a concentration of knowledge and resources. Currently, 1 619 clinical centres healthcare providers are a part of the European reference networks across the EU Member States and Norway.

Key findings per evaluation criterion, lessons learned and recommendations

Effectiveness

The evaluation found that knowledge produced by the programme was used in policy making and the programme contributed to the improvement of health and healthcare policy developments in the EU (e.g. in the areas such as anti-microbial resistance, health technology assessment, health inequalities, alcohol, tobacco control, European reference networks for rare diseases).

Funded actions helped achieve the programme's objectives to a good extent, in particular for objective 1 (promote health, prevent diseases, and foster supportive environments for healthy lifestyles) and objective 4 (facilitate access to better and safer healthcare for EU citizens). This is demonstrated by the positive trend of the quantitative indicators associated with each of the 4 specific objectives of the programme.

Despite effective contribution of the programme funded actions to combatting the COVID-19 pandemic, particularly in its early stages, the pandemic uncovered weaknesses in the preparedness and response to a major cross-border health threat of such magnitude at EU and at Member States level. These weaknesses and fragilities mainly related to the availability of tests and testing materials; to contact tracing, public health surveillance and rapid response to avoid further spread of the virus; to the availability of medical countermeasures (personal protective equipment, medicines and medical devices); to healthcare surge capacity (shortages of intensive care units, insufficient availability of healthcare staff).

The preparedness and planning strand was found, at the beginning of the pandemic, to be underfunded and underdeveloped, implying the need for preparedness and response systems and cultures to be strengthened.

It can therefore be concluded that objective 2 (Protect citizens against cross-border health threats) was only met to a moderate extent by the programme.

Finally, the participation of countries with a low gross national income in the programme did not increase significantly, despite the exceptional utility criteria designed to do so.

Efficiency

The programme was relatively cost-effective. In particular, its functioning costs (administrative costs plus the costs allocated to the functioning of the Consumers, Health, Agriculture and Food Executive Agency) were found reasonable, moreover on decreasing trend and comparable with those of other EU programmes of similar size.

The introduction of electronic tools, SYGMA-COMPASS for the submission of proposals, management of grants, monitoring and reporting mechanisms (also used by the Horizon 2020 framework programme for research and innovation), enabled, along with other simplifications measures (e.g. the introduction of framework partnership agreements for operating grants), to improve the efficiency of the programme implementation. However, according to some beneficiaries, there was some scope to further simplify the processes, especially in relation to funding applications, monitoring and reporting.

Cost-effectiveness of actions could have been improved with a more centralised information system () dedicated to disseminating information about EU funding, ensuring synergies across projects, and further communicating on the results of the implemented actions.

Coherence

The actions funded by the programme were aligned with its objectives and coherent with each other.

The programme also encouraged cooperation and was aligned with other instruments financing health-related activities, in particular the European Structural and Investment Funds and Horizon 2020. Moreover, actions funded by the programme contributed to wider EU policies and priorities (i.e. the Europe 2020 strategy for smart, sustainable and inclusive growth in 2014-2015, the Juncker Commission's priorities in 2016-2019 and the von der Leyen Commission's priorities in 2020), and were aligned with wider international obligations, in particular the World Health Organization's Health 2020 common policy framework, as reflected in the Commission communication on an EU global health strategy.

EU added value

The programme provided added value in comparison with what could have been achieved by the EU without the programme and by Member States acting alone. In particular, it funded multiple actions which demonstrated strong EU added value by encouraging Member States to exchange best practices and cooperate and coordinate with each other on pertinent policy issues. Furthermore, it enabled mutual learning and knowledge exchange in areas such as health promotion, health technology assessment, rare diseases, antimicrobial resistance, alcohol and tobacco policy.

Relevance

The programme has for the most part remained relevant to changes in health needs over time and was flexible enough to respond to emerging health needs such as the migrant/refugee crisis in 2015 and to undertake and fund emergency actions to combat the COVID-19 pandemic in 2020, in its early stages.

With the COVID-19 outbreak at the beginning of 2020 and the lessons learned from this pandemic, the protection of EU citizens from serious cross-border health threats became the highest health priority at EU level and in Member States.

Lessons learned from the programme and from the COVID-19 pandemic in terms of unforeseen challenges, as well as new health needs, were taken into account in the design of the EU4Health programme (2021-2027) which succeeded the third health programme (2014-2020). They also led, notably, to the Commission proposals for establishing HERA, for the revision of the cross-border health threats regulation, for the revision of the mandate of the ECDC and for the building the European health union. This was a set of key actions and legal instruments helping to:

- better protect the health of EU citizens;
- equip the EU and its Member States to better prevent and address future pandemics;

- improve the resilience of Europe's health systems.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	NO	.
SDG2	NO	
SDG3	YES	The EU4Health programme and its annual work programmes deliver actions to implement the 'healthier together' initiative, Europe's Beating Cancer Plan the upcoming mental health initiatives and addresses selected health risk factors, and health determinants
SDG4	NO	
SDG5	NO	
SDG6	NO	
SDG7	NO	
SDG8	NO	
SDG9	NO	
SDG10	NO	
SDG11	NO	
SDG12	NO	
SDG13	NO	
SDG14	NO	
SDG15	NO	
SDG16	NO	
SDG17	NO	

ESI

EMERGENCY SUPPORT INSTRUMENT

Programme in a nutshell

Concrete examples of achievements (*)

2 000 medical cargo transport operations delivered medical supplies from April 2020 to July 2022.	800 medical personnel and patients were transported from April 2020 to January 2022.	over 2 117 notifications were received in 2022 through Safety Gate – the rapid alert system for dangerous non-food products.	0 cases of lumpy skin disease have been reported since 2017, thanks to the vaccination programmes implemented for this disease.
17 000 doctors and nurses were trained to support and assist intensive care units in 717 hospitals across the EU from August 2020 to May 2021.	2.2 billion doses of COVID-19 vaccines were secured for delivery under the programme, which started in December 2020.		

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	231.7
NextGenerationEU	0.0

Decommitments made available again (*)	N/A
Contributions from other countries and entities	401.9
Total budget 2021-2027	**633.6**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The instrument is designed to allow for a comprehensive and flexible response to the urgent, evolving and diverse needs that arose during the pandemic. It complements the efforts of Member States, in close cooperation and consultation with them, and is activated only in exceptional circumstances where no other instrument available to Member States and to the EU is sufficient.

CHALLENGE

The COVID-19 pandemic led to an unprecedented loss of life in the EU. Member States adopted exceptional measures to limit the spread of the virus, which had unprecedented consequences for society and the economy. National healthcare systems in particular have been, and still are, under severe strain, with Member States facing an urgent and high need for medical supplies, treatments and vaccines, additional hospital beds and an increased workforce.

On 14 April 2020, the Council of the European Union adopted Council Regulation (EU) 2020/521, activating emergency support under Council Regulation (EU) 2016/369 to finance the expenditure necessary to address the COVID-19 pandemic. Unlike other programmes, the Emergency Support Instrument is activated independently of the multiannual financial framework for the period from 1 February 2020 to 31 January 2022. A total of EUR 2.7 billion was mobilised under the 2020 budget. Furthermore, by 15 December 2020 the Member States had made contributions amounting to EUR 750 million in external assigned revenue. With many Member States facing a third wave of infections at the time, including as a result of new variants emerging in the first quarter of 2021, the European Commission proposed to reinforce the instrument in 2021 with an additional EUR 231.7 million from the EU budget to finance actions such as the interoperability of EU digital COVID certificates, an EU wastewater monitoring system, the further development of the passenger locator form exchange platform and digital platforms, and grants to Member States to support the accessibility of tests for the delivery of EU digital COVID certificates. The situation evolved in 2021 with a fourth, fifth and, in some countries, sixth wave, and a decision was made to allocate the remaining instrument funds to vaccine donations to non-EU countries and to the characterisation of the highly contagious Omicron variant that appeared at the end of November 2021.

MISSION

The nature and consequences of the pandemic are wide-reaching and transnational, affecting all Member States given the quick spread of the virus and requiring a comprehensive response to allow the EU as a whole to address the crisis in a spirit of solidarity. Actions taken by the Member States alone, including with EU financial support from other EU instruments, are not sufficient.

The general objective is to provide needs-based emergency support, complementing the efforts of Member States aimed at preserving life, preventing and alleviating human suffering and maintaining human dignity, wherever the need arises as a result of the pandemic.

The instrument provides added value by directly supporting the Member States through targeted measures that can be deployed strategically and in a coordinated manner to deliver greater impact in mitigating the large-scale consequences of the pandemic.

OBJECTIVES

The legal basis of the instrument does not set out any specific objectives, as it is designed to allow for a comprehensive and flexible response to the urgent, evolving and diverse needs arising from an emergency – in this case the COVID-19 pandemic. In line with the legal basis, the Commission closely cooperated with the Member States on the implementation of the instrument. It regularly exchanged views with the Member States on their needs and how these were being taken into account in the programme, and informed them of the state of play of the actions to be financed by the instrument. This cooperation and exchange influenced the choice of actions to be prioritised. The European Parliament was also kept informed on the implementation of the instrument.

ACTIONS

In line with the broad scope of possible interventions provided for by the legal basis and its needs-based rationale, the instrument is financing a strategically chosen range of actions, reflecting the needs expressed by Member States during its consultations with them. These actions are focused on responsiveness, increased preparedness and bringing fast, targeted and tangible impact with maximum EU added value. The following actions were allocated funding in 2021:

1. funding advanced purchase agreements with COVID-19 vaccine developers;
2. the development of EU digital COVID certificates underpinning the free movement of persons;
3. wastewater monitoring;
4. further development of the passenger locator form exchange platform;
5. funding the purchase for donation to Member States of specialised Reverse Transcriptase – Polymerase Chain Reaction assays to identify variants;
6. the provision of test accessibility for the delivery of EU digital COVID certificates;
7. support to the COVID-19 response and global vaccination efforts in low- and lower-middle-income countries;
8. grants to research institutes to analyse the characteristics of the Omicron variant;
9. the revocation of false digital COVID-19 certificates and the continuity and good functioning of the EU digital COVID certificate system

STRUCTURAL SET-UP OF THE PROGRAMME

A specific internal governance arrangement was put in place, including a steering committee composed of the co-delegated authorising officers, together with the Secretariat-General of the Commission and DG Budget, to provide strategic coordination of the instrument. The instrument is centrally managed by the Commission and implemented mostly through direct management.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP

LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The instrument is activated independently from the multiannual financing framework. It spans both the 2014-2020 and 2021-2027 periods. The present activation of the instrument, currently aimed at helping to fight the COVID-19 crisis, expired on 31 January 2022 and the instrument was deactivated; the actions currently financed are expected to be covered by the new generation of programmes, in particular EU4Health, as appropriate.

FURTHER INFORMATION

– Programme website:
  - ESI.
– Impact assessment:
  - The 2016-2019 activation of the instrument in response to the refugee crisis in Greece was subject to an evaluation in 2019.
– Relevant regulation:
  - Council Regulation (EU) 2016/369 and Council Regulation (EU) 2020/521, activating the emergency support under Regulation (EU) 2016/369.
– Evaluations:

Implementation report to the Council: COM(2022) 386 from 28 July 2022.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	231.7	0	0	0	0	0	0	231.7
NextGenerationEU	0	0	0	0	0	0	0	0
Decommitments made available again (*)	N/A	N/A	N/A					0
Contributions from other countries and entities (**)	416.6	0	-14.7	0	0	0	0	401.9
Total	**648.3**	**0**	**-14.7**	0	0	0	0	**633.6**

(*) Only Article 15(3) of the financial regulation.

(**) Recovery of funds to Poland and Bulgaria following their negative reply on the use of the left overs of R0 funds in 2023.

Budget implementation

Voted budget implementation (million EUR)(*):

	Commitments		Payments (*)	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	231.7	0.0	313.6	90.0
2022	0.0	0.0	134.0	8.1
2023	0.0	0.0	0.7	5.9

(*) Voted appropriations (C1) only.

(*) The ESI is a crisis instrument used to address emergencies. Payment appropriations voted and implemented in 2021 were linked to commitments made in 2020 under the previous MFF, ensuring a proper EU response to the health crisis.

– The instrument was set up in 2020 for a limited period of time (due to end in January 2022).

– The instrument was financed with EUR 2.7 billion from the 2014-2020 multiannual financial framework and EUR 750 million from Member States' contributions (external assigned revenue). Of this envelope, total commitments amounting to EUR 3 billion were used in 2020 to expand the portfolio of advance purchase agreements with promising vaccine candidates. Out of the EUR 750 million in external assigned revenue from Member States' contributions, EUR 27 million were not spent following negative answers from Member States, which would otherwise have allowed these funds to be used in the vaccine-sharing initiative for low-income countries. The EUR 27 million will be reimbursed back to the Member States.

– A final report on its implementation was adopted by the Commission on 28 July 2022 and presented to the Council (COM(2022) 386).

– A contribution agreement to Global Fund (NDICI CHALLENGE/2022/ 437-705) under the title '2022 Contribution to the Global Fund and its COVID-19 Response Mechanism' was signed on 6 December 2022 for the total amount of EUR 290 million, of which the instrument provided EUR 100 million, dedicated to a COVID-19 response mechanism under objective 4 and namely to provide additional support for country responses to the COVID-19 pandemic and to ensure the continuity of the fight against HIV, tuberculosis and malaria. The whole financing for this contract was disbursed in December 2022 as a pre-financing.

– In addition, a grant agreement was signed with Gavi, the Vaccine Alliance (NDICI CHALLENGE/2022/438-020) entitled 'Support to the rollout of COVID-19 vaccines in selected most under-vaccinated countries' on 9 December 2022 for the total amount of EUR 375 million, of which EUR 300 million came from instrument funds, with a retrospective date for reimbursing this part

starting on 1 June 2022.The whole financing for this contract was also disbursed in December 2022 as a pre-financing. This funding contributed to the enhanced rollout of COVID-19 vaccines in the priority countries, mostly in Africa, comprising the most under-vaccinated populations, through COVAX's COVID-19 Delivery Support programme. It channels support through national governments and/or selected implementing partners for the organisation and coordination of vaccination campaigns, reinforcing cold-chain and supply infrastructure management, human resources, and/or addressing challenges with vaccine demand, hesitancy and misinformation, among other activities.

– An addendum to a contribution agreement to the World Health Organization's ongoing programme on Universal Health Coverage (NDICI CHALLENGE/2022/ 439-082) was signed in December 2022, where EUR 61 402 221.46 came from the instrument. The purpose of the addendum is to strengthen national health systems through improving governance; improving access to medicines and health products; improving distribution and skills of health workforce; improving health financing; health management information systems and service delivery. It also aims at strengthening national health systems to ensure integration at all levels of non-communicable disease prevention, management and care. This contribution agreement also supports the International Health Partnership for Universal Health Coverage 2030 (UHC2030) to coordinate policy dialogue and alignment between all stakeholders at the country-regional and global levels. EUR 30 million was paid as pre-financing in 2022.

– Three grants were signed for EUR 0.5 million with three top research institutes for the characterisation of the Omicron variant – epidemiological analyses, virus isolation, neutralisation and genome sequencing. The grants were signed with Statens Serum Institute, KU Leuven and Pasteur Institute in March 2022 and payments were made within the year.

– The rest of the payments made under the instrument were to honour existing legal commitments.

  Payments for eight grant agreements related to the instrument's 'Mobility' package, which covered actions such as:
  - cargo transport (e.g. assistance and relief items) from non-EU countries into the EU and within the EU;
  - transfer of patients within the EU and from the EU to non-EU countries; and
  - transport of medical personnel and teams, within the EU and into the EU from non-EU countries, along with operational support for mobile medical response capacities.

  - Supply of 305 ultraviolet disinfecting robots to hospitals in all 27 Member States, providing innovative, efficient and effective solutions to ensure the safety of healthcare environments and their staff.
  - Support for the Member States in creating and leveraging the EU digital COVID certificate system with a focus in 2022 on the new revocation feature which also required additional maintenance, monitoring and support for connected countries to enable this functionality. In addition, 18 non-EU countries joined the EU digital COVID certificate ecosystem in 2022. The payments under the system and the interoperability of digital certificates will continue in 2023.

  - Support for the interoperability of digital certificates (grants to the Member States).

In 2023 the payments made concerned the following actions[73]:

- Payments of EUR 0,261 million for the implementation of the Wastewater Observatory for Public Health.

[73] Final Payments are expected to be completed in 2025.

- Payments of EUR 0,254 million for the necessary infrastructure for the issuance and verification of interoperable certificates making up the “Digital Green Certificate” (renamed COVID certificate)
- The current ePLF and the supporting IT platform continued to be maintained in 2023 and preserved to ensure rapid reactivation if required. In 2023 EUR 0,675 million of payments were made for supporting the ePLF platform. The Passenger Locator Forms’ Exchange Platform (ePLF) has been an important pillar of the broader efforts at EU level to bring order and efficiency gains in the complex and fragmented landscape of PLFs. Whereas Member States started to collect different PLFs, often on paper, and to exchange them with each other using manual tools, EU initiatives such as the EUdPLF and the ePLF offered a common digital template and a secure, automated system to exchange data, respectively. The ePLF project enabled the development of a solid technical and legal solution that enriches the toolbox the EU will be able to deploy rapidly in case of future needs.
- Final payment of EUR 0,200 million for the grant for the support of the interoperability of Digital Green Certificate for Denmark. The ESI grant for Denmark, was used to implement successfully the planned technical, communication and visibility activities related to the country’s connection to the EU Digital Covid-19 certificate gateway for exchange of digital keys across EU Member States[74].
- Final payments made in 2023 for grants related to the following actions in 12 Member States ([75]):
    - national wastewater surveillance system targeted at data collection of SARS-CoV-2 and its variants in wastewaters
    - transform existing research activities into a permanent surveillance system with a focus on SARS-CoV-2 variants
    - support the completion of existing surveillance systems with a focus on variants detection
    - upgrade of digital infrastructure at national level to establish inter-operability with the EU-wide digital exchange platform

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	0.2							0.2	0%
Biodiversity mainstreaming									
Clean air									

[74] Some member states did not implement all actions.

(75) Some Member States did not implement all actions.

The instrument expired on 31 January 2022 and no commitment appropriations were requested for 2023. Therefore, there was no reporting on contributions for the year 2023.

Contribution to gender equality (million EUR) (*)**:**

Gender Score	2021	2022	2023	Total
2				
1				
0*	7.7	0	0	7.7
0	224	0	0	224

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

– The instrument expired on 31 January 2022 and no commitment appropriations were requested for 2023. Therefore, there was no reporting on gender contribution for the year 2023.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution					

– The instrument expired on 31 January 2022 and no commitment appropriations were requested for 2023. Therefore, there was no reporting on digital contribution for the year 2023.

Performance assessment

- The instrument is needs-based, in the context of a quickly evolving pandemic. No performance framework or indicators are prescribed in the legal basis, since the instrument was designed to be maximally adaptable to emerging needs. The breadth of scope and possible interventions, in the context of a quickly evolving epidemiological situation, made for a challenging implementation landscape, also taking into account the limited EU competences in the health domain.
- The instrument has proven its effectiveness in terms of quickly mobilising resources towards the needs identified in the context of the COVID-19 pandemic. Therefore, it managed to effectively respond to the urgent, evolving and diverse needs of Member States in responding to the crisis. The flexibility enshrined in the legal basis and the mandate given to the Commission to centrally manage the funding, in cooperation with Member States, allowed the prioritisation of those collective actions that could generate more timely interventions and outcomes that could not have been achieved by Member States acting individually.
- The major focus of the instrument (around 70% of funding) was the vaccines initiative, which allowed the conclusion at an early stage of advance purchase agreements with pharmaceutical companies developing COVID-19 vaccines, providing the necessary investment to advance the scientific progress and production capacities, as a result of which 4.6 billion doses of COVID-19 vaccines were secured for Member States. Funds were also allocated to vaccine-sharing mechanisms, in order to secure 200 million vaccine doses and auxiliary material in low- and lower-middle-income countries.
- The instrument allowed individual Member States to engage with vaccine developers to secure supplies, and leveraged the scale of the EU's investment to reduce prices and obtain contractual conditions on issues such as liability and capacity increase, in order to mitigate Member States' risks going forward. At the same time, the advance purchase agreements funded by the instrument are by nature risky investments. While the Commission designed a portfolio of contracts with the most promising candidates across a wide range of technologies, there was no guarantee that individual vaccines would be successful or authorised in the EU, or that producers would be able to step up their production at the levels they had committed to.
- The instrument delivered some 10 million masks to medical staff in the early phase of the crisis, when the pressure on the supply of equipment was at its highest.
- The programme also allowed all Member States to have access to the therapeutic Remdesivir and to procure and donate over 23 million rapid antigen tests to the interested Member States. It also financed clinical trials to test repurposed medicines, the use of convalescent COVID-19 patients' plasma, the EU wastewater monitoring system and the urgent characterisation of the SARS-CoV-2 Omicron variant. All of these initiatives would have been unlikely to be financed in the absence of this programme.
- In total, over 2 000 operations via air, land or sea have been funded under the mobility package, which provided support for the cargo transport of COVID-19-related medical items, the transport of medical personnel and the transfer of patients. The transport of more than 515 health workers and approximately 135 patients was facilitated.
- The instrument provided support for the development of interoperability between national contact tracing apps and the stepping up of testing capacity across the seven Member States that expressed an interest. A total of 9 222 volunteers and professionals have been trained in testing techniques, in addition to the 1 795 mobile testing teams established and 1 263 309 tests conducted. The activities were implemented from July 2020 to the end of September 2021. The instrument financed grants to 24 interested Member States so that they could join the EU gateway for issuing digital COVID

certificates as a proof of vaccination, recovery or negative test, between 29 March and 31 December 2021. Additionally, grants to 18 Member States supported the accessibility of tests for the delivery of the digital COVID certificate, for the period from 1 June to 31 October 2021.

– The provision of training in intensive care skills has proved very successful to increase the regular intensive care unit staff's capacity to take care of COVID-19 patients. With the collaboration of the European Society of Intensive Care Medicine, more than 17 000 professionals were trained in 24 EU Member States and the United Kingdom, in 717 hospitals during the period from August 2020 to May 2021.

– The instrument has also funded the supply of 305 ultraviolet disinfecting robots to hospitals across the EU, providing efficient and effective solutions to ensure the safety of healthcare environments and their staff.

– The instrument is unique under several points of view. It was deployed in a rapidly evolving environment marked by uncertainties about the nature of the virus, the appropriate medical response, and both supply and demand. At the same time, however, it was effective in responding swiftly when needed, for example, by providing medical countermeasures (Remdesivir, rapid antigen tests, etc.) in support to Member State needs. Finally, the breadth of scope and possible interventions also required specialised policymaking in the context of an ever-changing epidemiological situation. This is particularly commendable, especially considering the supporting competences of the EU in the health domain.

While the instrument has only been operational since April 2020, the European Court of Auditors' review on the EU's initial contribution to the public health response (01/2021), published in January 2021, acknowledged the role of the instrument in complementing Member States' and other EU responses. The Court did not make recommendations but acknowledged that it was a challenge for the EU to rapidly complement the measures taken within its formal remit with additional actions, as public health is primarily a national competence. With regard to the Commission's financial support to vaccine development, the Court highlighted that the Commission mitigated the inherent risk linked to vaccine development by investing in a range of vaccine technologies and companies.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3	YES	This activation of the instrument was in its entirety intended to respond to a health crisis.
SDG4		

SDG5
SDG6
SDG7
SDG8
SDG9
SDG10
SDG11
SDG12
SDG13
SDG14
SDG15
SDG16
SDG17

ESF+

EUROPEAN SOCIAL FUND+

Programme in a nutshell

Concrete examples of achievements

64.5 million people had been supported by the European Social Fund and by youth employment initiative actions by the end of 2022.	6.8 million people had found a job (including being self-employed) thanks to the European Social Fund and youth employment initiative actions by the end of 2022.	10.3 million people had gained a qualification thanks to the European Social Fund and youth employment initiative actions by the end of 2022.	3 million participants were in education or training thanks to the European Social Fund and youth employment initiative support by the end of 2022.
14.2 million people benefited from food assistance in 2022 under the Fund for European Aid to the Most Deprived.	0.8 million people received material assistance under the Fund for European Aid to the Most Deprived in 2022.	16 055 job placements were obtained under the employment and social innovation programme between the start of the targeted mobility schemes in 2015 (including 'your first EURES job') and mid 2023.	EUR 3.6 billion worth of loans were awarded to 185 976 microenterprises or social enterprises between their launch and 31 December 2023, thanks to EUR 573 million in guarantees for 138 financial intermediaries under the employment and social innovation programme.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the

multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	96 **226.0**
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	12.7
Total budget 2021-2027	**96 238.7**

(*) Only Article 15(3) of the financial regulation.

Recovery assistance for cohesion and the territories of Europe programme (REACT-EU) under the ESF (million EUR)

(million EUR)

Financial programming	0.0
NextGenerationEU	20 613.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0
Total budget 2021-2027	**20 613.0**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The European Social Fund+ (ESF+) is the EU's main instrument for investing in people’s employment, education and skills, and in social inclusion to support economic, social and territorial cohesion in the EU.

CHALLENGE

The EU's relevance, resilience and success in the decades to come will depend on its ability to remain competitive in the global economy and to ensure high levels of employment, education and training, health, social inclusion and active participation in society. The European working age population will, in the period up to 2040, decrease by some 15 million (- 7%). In a context of already increasing skills shortages, this development will place a strain on growth. Investing in pulling inactive persons into the labour market, including through social inclusion pathways, and investing in reskilling and adult education, as well as in the quality of regular and vocational education and training education, is increasingly of strategic importance for sustainable growth in the EU. This requires the EU to invest in people, tackle various social challenges (including unemployment and persistently high rates of poverty and social exclusion especially of marginalised groups, such as Roma and migrants) and ensure fair labour mobility.

Ample evidence demonstrates that, given the scale and effect of the challenges, EU policies aiming at promoting social cohesion and social rights would not have been implemented without complementary EU investment. EU-level support of Member States' efforts helps promote reforms that are beneficial to individual Member States and the EU as a whole. Also, these measures that have a focus throughout the territories of the EU have an importance for the broader democratic construct of the European Union.

MISSION

There is a need both for policy initiatives and for targeted supporting actions to address the above challenges. The European Social Fund Plus (ESF+) aims to support Member States and regions to achieve high employment levels, fair social protection and a skilled and resilient workforce ready for the future world of work, as well as inclusive and cohesive societies aiming to eradicate poverty and delivering on the principles set out in the European Pillar of Social Rights ([76]).

OBJECTIVES

The specific objectives of the ESF+ are to:

1. improve access to employment and activation measures for all jobseekers in the labour market, in particular young people, especially through the implementation of the 'Youth Guarantee,' for long-term unemployed people, disadvantaged groups and inactive people, and promote self-employment and the social economy;
2. modernise labour market institutions and services to assess and anticipate skills needs and ensure timely and tailor-made assistance and support for labour market matching, transitions and mobility;
3. promote a gender-balanced labour market participation, equal working conditions and a better work–life balance, including through affordable care for children and other dependent persons;
4. promote the adaptation to change by workers, enterprises and entrepreneurs, active and healthy ageing and a healthy working environment that addresses health risks;
5. improve the quality, inclusiveness, effectiveness and labour market relevance of education and training systems, so as to support the acquisition of key competences and promote dual-training systems and apprenticeships;
6. promote equal access to and completion of quality and inclusive education, training and learning, in particular for disadvantaged groups, from early childhood education and care through general

([76]) European Pillar of Social Rights.

and vocational education and training, to tertiary level, as well as adult education and learning, including facilitating learning mobility for all and accessibility for persons with disabilities;

7. promote lifelong learning, in particular flexible upskilling and reskilling opportunities for all, taking into account entrepreneurial and digital skills; better anticipate change and new skills requirements based on labour market needs; facilitate career transitions; and promote professional mobility;
8. foster active inclusion with a view to promoting equal opportunities, non-discrimination and active participation and improving employability, in particular for disadvantaged groups;
9. promote the socioeconomic integration of non-EU nationals, including migrants;
10. promote the socioeconomic integration of marginalised communities, such as Roma people;
11. enhance equal and timely access to quality, sustainable and affordable services, including services that promote access to housing and person-centred care, including healthcare; modernise and promote access to social protection, with a particular focus on children and disadvantaged groups; and improve accessibility (including for people with disabilities) to and the effectiveness and resilience of healthcare systems and long-term-care services;
12. promote the social integration of people at risk of poverty or social exclusion, including the most deprived people and children;
13. address material deprivation by providing food or basic material assistance to the most deprived, including children, and to provide accompanying measures supporting their social inclusion.

ACTIONS

The ESF+ strand under shared management carries out a variety of interventions described in national and regional programmes, including quality and inclusive (vocational) education and training, the implementation of the Youth Guarantee, lifelong learning and career transitions, active labour market policies, adaptation of workers and enterprises to change, modernising and building the capacity of public employment services, equal access to quality social and healthcare, social inclusion activities, including social integration of people at risk and the fight against child poverty, integration of non-EU nationals and marginalised communities distribution of food and goods, etc.

The employment and social innovation (EaSI) strand of the ESF+ supports under (in)direct management (1) analytical activities, including in relation to non-EU countries (e.g. studies, social experimentation evaluating social innovation, monitoring and assessment of the transposition and application of Union law), (2) policy implementation (e.g. cross-border partnerships, labour-targeted mobility scheme), (3) capacity building (e.g. networks at Union level, national contact points, stakeholders' transnational cooperation) and (4) communication and dissemination activities (e.g. mutual learning through exchange of good practices, guides, events, events of the Presidency of the Council etc.).

STRUCTURAL SET-UP OF THE PROGRAMME

The ESF+ is the main instrument of the EU for investing in people's employment, education and skills, and social inclusion ([77]) to support economic, social and territorial cohesion in the EU.

([77]) Articles 162 to 164 and 174 to 178 of the Treaty on the Functioning of the European Union.

The ESF+ is composed of two strands: the ESF+ strand under shared management encompassing the previous European Social Fund (ESF), the youth employment initiative (YEI) and the Fund for European Aid to the Most Deprived (FEAD); and the EaSI strand, implemented under direct and indirect management.

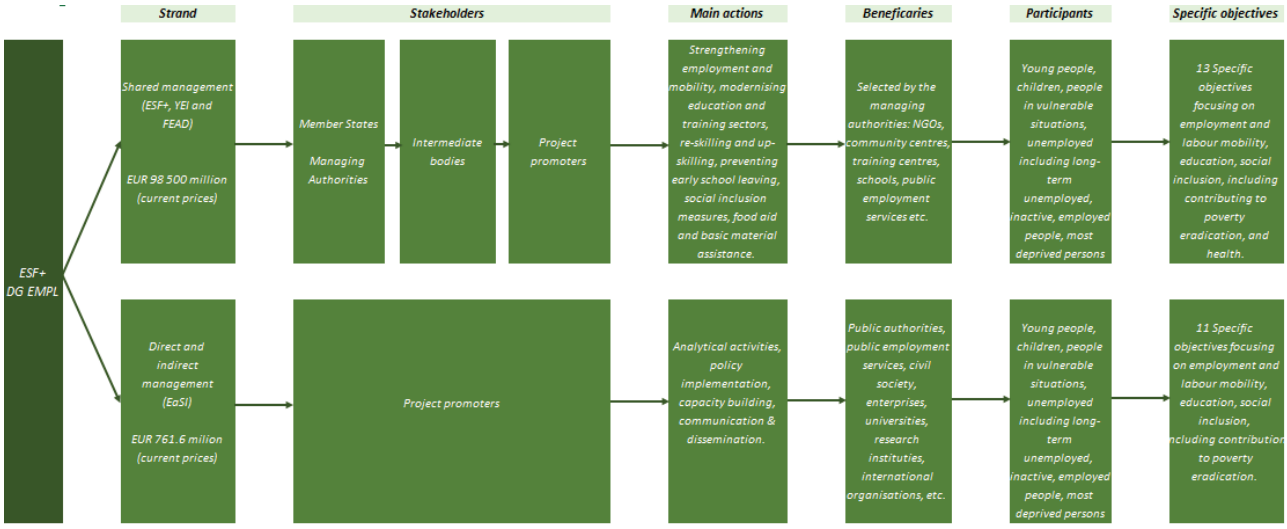
DG Employment, Social Affairs and Inclusion is the lead DG for the Commission.

The responsibility for employment and social policy lies primarily with the Member States. The European Union mostly supports and complements Member States' efforts by co-financing projects with ESF+ resources at national and regional level, therefore operating under shared competence.

The EU may also adopt minimum requirements in the form of directives, which enable EU Member States to adopt additional stricter provisions. Still, no financing is directly linked to the implementation of directives. Furthermore, in the context of the European Semester, underpinned by the employment guidelines, the Council on the proposal of the Commission may adopt country-specific recommendations for areas covered by named guidelines. These recommendations play an important role in setting the priorities for ESF+ support.

In addition to the ESF+ regulation, the shared management strand of the ESF+, as part of the cohesion policy, is mainly regulated by the common provisions regulation. The rules on management, programming, implementation, monitoring, and auditing to be applied are provided for in the common provisions regulation, whereas the specific objectives, fund-specific rules on the methods of implementation, programming, thematic concentration, eligibility, indicators and reporting are provided for in the ESF+ regulation.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The ESF+ merges several funds/programmes from the 2014-2020 multiannual financial framework, namely the ESF, the YEI, the FEAD and the EaSI programme. The merging of the funds is expected to reduce the administrative burden linked to the management of different funds. The merger is based both on the results of evaluations and on stakeholder consultations.

ESF+ offers an optimised design compared to the 2014-2020 period. In the 2014-2020 multiannual financial framework, the above programmes were addressing similar policy objectives but were

implemented independently according to different sets of rules, making it difficult to develop synergies. In the 2021-2027 multiannual financial framework, these funds are merged into a single programme to pool available resources to support integrated investments in people, to streamline and simplify the funding landscape and to create additional opportunities for synergies. The ESF+ has thirteen specific objectives that have a broader scope but are fewer and more streamlined than the previous ESF, which had nineteen specific objectives.

Furthermore, the 'categories of regions' apply less stringently on the ESF+ strand's programming compared to its predecessor programmes, as the funding follows the end beneficiary. Member States are allowed to use funding from any category of region of the programme to provide support to operations across the territory of the Member State. The only condition is that these operations contribute to the objectives of the programme, irrespective of where they are implemented.

FURTHER INFORMATION

– Programme website:
    - ESF+
– Impact assessment:
    - The impact assessment of the ESF+ was carried out in 2018 ([78]).
– Relevant regulations:
    - Regulation (EU) 2021/1057 of the European Parliament and of the Council;
    - Regulation (EU) 2021/1060 of the European Parliament and Council (the common provisions regulation –for the shared management strand of ESF+).

Evaluations.

(1) European Social Fund.

Four thematic evaluations on ESF support between 2014 and 2018 were finalised in 2020:

- evaluation of the ESF/YEI support to youth employment ([79]);
- evaluation of the ESF support to employment and labour mobility (Thematic Objective 8 excluding support to youth employment) ([80]);
- evaluation of ESF support to social inclusion (Thematic Objective 9) ([81]); and
- evaluation of ESF to education and training (Thematic Objective 10) ([82]).

Their key findings were presented in the ESF+ Programme Statement for the 2022 Draft Budget.

In 2022, DG Employment, Social Affairs and Inclusion carried out an evaluation and a study in preparation of the ESF *ex post* evaluation.

    - The evaluation of the Coronavirus Response Investment Initiative and the Coronavirus Response Investment Initiative Plus, which focuses on whether the ESF has been able to

([78]) Impact assessment.

([79]) Evaluation of the ESF/YEI Support to Youth Employment.

([80]) Evaluation of ESF Support to Employment and Labour Mobility.

([81]) Evaluation of ESF Support to Social Inclusion.

([82]) Evaluation of ESF to Education and Training.

provide the necessary type of support to the right target groups in a timely manner. The related staff working document will be finalised by the second quarter of 2023.

- The meta-analysis of ESF evaluations, which attempts to generalise national ESF evaluations' findings through statistical methods.

(2) FEAD.

The key findings of the latest evaluation ([83]) have been presented in the ESF Programme Statement accompanying the 2020 Draft Budget.

In 2022, managing authorities of FEAD operational programmes type I (i.e. providing food and/or basic material assistance and accompanying measures) carried out a structured survey on end-recipients, to be reported to the Commission in June 2023.

According to Article 18 of the FEAD regulation, the Commission shall carry out an *ex post* evaluation to assess the effectiveness and efficiency of the fund and the sustainability of results obtained, as well as to measure the added value of the fund. This *ex post* evaluation shall be completed by 31 December 2024.

(3) EaSI programme.

The EaSI programme's midterm evaluation covered the implementation 2014-2016 period ([84]) and the findings were included in the ESF Programme Statement for Draft Budget 2020.

In 2022, the EaSI *ex post* evaluation, covering the overall implementation 2014-2020 period, and the European Progress Microfinance Facility final evaluation were completed. For further information please consult the evaluation supporting study ([85]).

The third EaSI performance monitoring report covering the activities in 2017 and 2018 was published in March 2020 ([86]) and the conclusions were presented in the ESF+ Programme Statement accompanying Draft Budget 2022.

The fourth EaSI performance monitoring report covering the 2019-2020 period was published in 2022 ([87]).

Ex post evaluation of the Programme for Employment and Social Innovation for 2014-2020 and the final evaluation of the European Progress Microfinance for 2010-2016 will be completed in the second quarter of 2024.

Budget implementation and performance

Budget programming

Budget programming of the ESF+ (million EUR):

([83]) FEAD midterm evaluation (SWD(2019) 148).

([84]) EaSI Mid-Term Evaluation.

([85]) Study supporting the EaSI ex post evaluation and the European Progress Microfinance Facility final evaluation.

([86]) EaSI Performance Monitoring Report.

([87]) Performance monitoring report of the European Union programme for employment and social innovation (EaSI) 2019-2020.

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming (*)	173.9	16 003.2	16 389.3	16 831.6	17 234.0	14 572.1	15 022.0	96 226.0
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (**)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	7.2	2.6	2.9	0.0	0.0	0.0	0.0	12.7
Total	181.1	16 005.8	16 392.2	16 831.6	17 234.0	14 572.1	15 022.0	96 238.7

(*) These amounts take into account the contribution of the ESF+ to the Just Transition Fund, the Border Management and Visa Instrument and other instruments (if any). The total does not include financing under the recovery assistance for cohesion and the territories of Europe programme.

(**) Only Article 15(3) of the financial regulation.

Budget programming of REACT-EU under the ESF (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NextGenerationEU	15 434.9	5 151.8	26.4	0.0	0.0	0.0	0.0	20 613.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**15 434.9**	**5 151.8**	**26.4**	**0.0**	**0.0**	**0.0**	**0.0**	**20 613.0**

(*) Only Article 15(3) of the financial regulation.

Financial programming:

– EUR 3 035.2 million (– 3%)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

– Due to the late adoption of the ESF+ in 2021, its implementation had a slow start in 2022, but all programmes are now adopted and implementation on the ground started in 2023. Member States submitted close to EUR 197 million in their interim payments until December 2023. In some cases, the multiple transmissions of data already have the number of selected operations listed together with the total eligible cost of selected operations. These data signal that the implementation is quickly picking up the pace.

  Like in the previous year, the implementation of the 2014-2020 programmes was still ongoing. In particular, Cohesion's Action for Refugees in Europe (CARE), Flexible Assistance to Territories (FAST-CARE) introduced the necessary flexibility for Member States to reallocate the remaining budget of the 2014-2020 period. This is also the case for REACT-EU, which bridges the two programming periods and allows for 100% co-financing of Member States actions.

– The difference between the financial programming and the reference amount in the legal basis relates to budget transfers between the ESF+ budget and other EU funds, in particular the European Regional Development Fund and the Cohesion Fund, but also the Border Management and Visa Instrument, Erasmus+ and the Just Transition Fund.

– In total, nine countries (Czechia, Greece, Croatia, Lithuania, Hungary, Poland, Romania, Slovenia and Slovakia) transferred ESF+ budget to the European Regional Development Fund and the Cohesion Fund, amounting to a total transfer of EUR 3.9 billion. With budget transfers, Member States made good use of the flexibility offered in the common provisions regulation to adjust their national envelope to their national specificities. Budget transfers to the European Regional Development Fund and Cohesion Fund were made, among other reasons, to invest more in the reduction of regional disparities, invest in the construction of transport and environmental infrastructure, and to improve the interconnection between the ESF+, the European Regional Development Fund and the Cohesion Fund. For example, for the activities planned through the ESF+, a complementary infrastructure needs to be provided, which oftentimes corresponds with the European Regional Development Fund and the Cohesion Fund. Other transfers from the ESF+ took place to (in)direct funds (EUR 57 million), to the Border Management and Visa Instrument (EUR 175 million), and Just Transition Fund (EUR 109 million).

– Nine Member States proposed transfers from the European Regional Development Fund to increase the ESF+ allocation (Belgium, Germany, Estonia, Spain, Italy, Latvia, Luxembourg, Austria and Portugal). The transfers from other funds to the ESF+ amounts to EUR 1.4 billion in total. The rationale for transfers to the ESF+ could be found in lower allocations in certain tranches, and, in some cases, less general allocation compared to previous years, which would impede the continuity of policies developed in the previous programming period. Moreover, certain Member States want to allocate more funding to ESF+ to address pressing labour market constraints and thus respond to structural challenges in fields of employment, skills and social inclusion, made worse in the wake of the pandemic that has exacerbated inequalities and social exclusion.

– The previously mentioned reallocations from and to ESF+ were made to better suit the different needs of Member States and specificities of their respective regions, but they should not negatively impact the performance of the ESF+ programme and the overall objectives of the respective funds.

– It should be recalled that 50% of the allocations corresponding to 2026 and 2027 represent the flexibility amounts, which will definitely be allocated to the cohesion policy programmes after the midterm review of March 2025. The midterm review, which will be carried out by the Member States, may results in reallocations, depending on the conclusions of this process.

Budget implementation

Cumulative implementation rate of the ESF+ (million EUR): at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	32 393.9	96 238.7	33.7%
Payments	2 767.4		2.9%

Cumulative implementation rate of REACT-EU under the ESF (million EUR): at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	20 598.8	20 613.0	99.9%
Payments	10 432.6		50.6%

Voted budget implementation (million EUR) (*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	143.1	12 914.6	4.9	552.8
2022	15 909 4	13 280.0	1 524.1	1 078.0
2023	16 323.7	16 807.0	1 230.3	1 750.9

(*) Voted appropriations (C1) only.

– The implementation of the shared management strand of the ESF+ started slowly in 2022 after it was significantly delayed in 2021. All programmes with an ESF+ contribution (except for one technical assistance programme which was carried over to 2023 and adopted in the beginning of the year) were adopted. As a result, the relevant budget appropriation was fully committed in 2022 (budget

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commitment) and the pre-financing amount of 0.5% was paid, complemented by an additional 0.5% pre-financing for the FAST-CARE Initiative.

– For 2023, the budget implementation of the ESF+ programmes continued. The relevant budget allocation can be committed and the outstanding pre-financing payments were executed, including a second additional pre-financing of 0.5% under the FAST-CARE initiative. In addition, close to EUR 197 million of interim payment requests will be submitted by the Member States and paid.

– Despite the slow start in implementation of the 2021-2027 ESF+ programmes, a smooth transition between the 2014-2020 programmes and the new programmes was ensured. In addition to REACT-EU, which was adopted in 2022, and one in 2023 to support Member States' recovery from the economic and social consequences of the COVID-19 crisis, three other amendments to the common provisions regulation were adopted in 2022. These allowed for the increase in flexibility of the 2014-2020 cohesion policy rules necessary to react to crises. Namely, the CARE and FAST-CARE initiatives allow Member States to reallocate available funding from the 2014-2020 programming period to provide emergency assistance to people fleeing Ukraine and to address the consequences. In addition, the SAFE (Supporting affordable energy) amendment introduces further flexibility, allowing Member States to use available funds under their 2014-2020 allocation to provide direct support to vulnerable families and small and medium-sized businesses to help them face increased energy costs.

– The request for 2025 draft budget builds on the adopted financing plans for the 2022-2027 period accompanying the programmes. In total, it amounts to EUR 17.1 billion for 2025.

– The main implementation challenges mentioned by the Member States relate to the complexity of programming and planning the measures, delays due to consultation of different public administrations, administrative issues related to tender procedures, problems with the payment system, administrative burden for applicants, requirements from the general data protection regulation, and delays at governance level due to a focus on preparing or setting up organisational or programme management, rather than on attracting proposals. In 2023, additional and considerable obstacles to the successful implementation of programmes were the continued high inflation rates and, the end of the eligibility period for the expenditure, and preparation for closure of the 2014-2020 programmes.

– All these issues faced by the programme authorities have been addressed with DG Employment, Social Affairs and Inclusion during regular meetings, such as the annual review meetings and monitoring committee meetings. Where necessary, the programmes have also been adapted to better address new challenges for changes in the socioeconomic context, such as those arising from the Russia's war of aggression against Ukraine.

– In 2023, DG Employment, Social Affairs and Inclusion continued to work towards simplification for the implementation of ESF+. The Commission adopted a new delegated act on simplified cost options and financing not linked to cost schemes for operations in the field of social inclusion – Commission Delegated Regulation (EU) 2023/1676 of 7 July 2023. The act also introduced increased rates for operations in the field of education, employment counselling services and training to employed or to unemployed persons to meet the specific needs of non-EU nationals or refugees, including people having fled the Russian war of aggression against Ukraine. The delegated act aims to simplify the financial management of the Member States and is expected to help with the implementation of the 2021-2027 period.

– Concerning the EaSI strand, the delays in the 2021 budget implementation due to the late entry into force of the ESF+ regulation, the impact of the pandemic and the launch of a new IT tool for submitting and managing grants (eGrants) have been partially compensated. The execution in commitments reached 100% of the 2023 credits and a similar amount was requested for 2024.

– Under the EaSI strand, the Commission awarded 23 calls for proposals from 2021. Regarding 2023, the Commission already awarded five calls for proposals and three more are under evaluation or

under the award process. The Commission will continue to support the implementation of the European Pillar of Social Rights. In 2024 through the implementation of activities to support the effectiveness of employment and social policies; keeping the support to evidence-based policymaking, and supporting initiatives of the Commission work programme relating to EaSI, and the European Pillar of Social Rights action plan ([88]), either through preparatory work or monitoring and assessing the implementation. It includes the following.

SOCIAL INVESTMENT MARKET AND MICROFINANCE ECOSYSTEM. EUR 20 million is dedicated to enhancing the social investment market and microfinance ecosystem through improved collaboration between the EaSI strand and InvestEU. This will provide much-needed support to microfinance institutions, microenterprises, and social enterprises, and will facilitate the funding of projects that are typically considered too risky.

ADVANCING SOCIAL INNOVATION AND IMPACT ACCOUNTABILITY. With EUR 4.5 million, this focuses on refining social impact measurement to better inform sustainable investments, an essential part of the Commission's sustainable finance package.

FAIR TRANSITION TOWARDS CLIMATE NEUTRALITY. An allocation of EUR 0.8 million supports the goal of reaching climate neutrality by 2050. This includes implementing and monitoring the Fair Transition Recommendation and establishing a fair transition observatory.

- In 2024, the Commission will allocate through the ESF+ under direct and indirect management (EaSI strand) EUR 127 105 890, from which EUR 40 985 000 in grants and 25 260 750 in procurement under direct management, and EUR 37 675 140 in actions under indirect management.
- Supported by an ambitious draft work plan for the start of the new Commission, DG Employment, Social Affairs and Inclusion expects to return to the full programming amounts for the remainder of the multiannual financial framework.
- In 2023, DG Employment, Social Affairs and Inclusion also worked towards the implementation of the ALMA initiative, under both shared and indirect management. Whereas 15 Member States have committed to implement ALMA at national or regional level, a total of 4 managing authorities (Brussels Region (Belgium), Catalunya (Spain), Czechia, Germany) have started implementing the initiative so far.
- Moreover, an ALMA call was launched at EU level by the Lithuanian ESF+ Agency, an entrusted entity under indirect management. The agency selected 29 projects, involving implementers from 16 Member States and targeting around 800 young people. 26 projects have already entered the start-up phase, where they are creating new transnational partnerships and potentially involving new Member States.
- Since its launch, the ALMA initiative has raised increasing interest from several Managing Authorities. The ALMA Network – bringing together ESF+ Managing Authorities and Implementing Bodies that are currently implementing or planning to implement ALMA – includes 37 active members. In 2024, DG Employment, Social Affairs and Inclusion will continue to actively promote and support ALMA's implementation in Member States and regions.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

Implementation	Estimates	

([88]) The European Pillar of Social Rights action plan.

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	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	0.4	1 263.7	1 304.1	945.3	969.3	817.8	843.2	6 143.9	**5%**
Climate mainstreaming (REACT-EU)	1 202.2	401.0	23.0					1 626.2	
Biodiversity mainstreaming									
Clean air									

– The ESF+ fully supports the climate change objectives by promoting green skills jobs and contributing to the green economy. Climate actions can be undertaken under the majority (if not all) of the ESF's investment priorities (whether in the context of support for small and medium-sized enterprises, vocational education and training systems, lifelong learning or youth employment measures, among other things). It is for this reason that the Commission decided to add a dimension to the ESF to track climate change expenditure: the ESF+ secondary theme. All expenditure under the ESF secondary theme has a 100% coefficient.

– This contribution corresponds to the amount earmarked for the secondary theme (01) 'Contributing to green skills and jobs and the green economy' in the ESF + programmes.

– The ESF+ promotes green skills and jobs and contributes to the green economy by:

(1) supporting the labour force by enhancing knowledge and skills to develop, produce, use and apply new efficient and low-carbon technologies in a broad range of sectors and by matching these skills to jobs;

(2) offering support to the labour force to alleviate any negative impact on employment as a result of shifting to a low-carbon and climate-resilient economy, namely job cuts in energy-intensive industries.

– Through this type of investment, the programme also partially supports the development of biodiversity-relevant skills and jobs. However, the contribution of the ESF+ to biodiversity is marginal compared to the broader contribution to climate mainstreaming and cannot be tracked, as tracking is not envisaged in the regulation.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2		654.5	670.4	1 324.9
1	0.0	13 461.8	13 787.9	27 249.8
0*	143.1	1 077.3	1 132.3	2 352.7
0		715.8	733.1	1 448.9

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender-disaggregated information.

All common indicators on participants are broken down by gender. In ESF+ shared management, Member States transmit data twice a year on supported participants with a gender breakdown. By the end of 2023, ESF+ had supported 1.4 million participants, of whom 680 000 were women, 690 000 were men and 10 000 were non-binary. Of these participations, 310 000 led to an active job search, entry into education or training, the gaining of a qualification or employment, 130 000 (42%) of which were by women.

– Under ESF+ shared management, Member States were obliged to programme targeted actions aimed at increasing sustainable participation, making progress in terms of women in employment and guaranteeing that all ESF+ selection criteria and procedures ensure gender equality. Gender equality is one of six thematic enabling conditions used for the first time in the 2021-2027 period. This means that gender equality is a prerequisite for the effective and efficient implementation of the specific objectives of the fund(s). Member States had to assess in their programmes whether the enabling conditions linked to the selected specific objectives were fulfilled. DG Employment, Social Affairs and Inclusion reviewed Member States' own assessments on the fulfilment of enabling conditions and, when necessary, recommended possible remedies. Moreover, the directorate-general sits as an advisor on the monitoring committees with Member States, the task of which is to ensure the correct application of selection criteria and procedures. It is also important to underline that all ESF+ personal data and indicators are broken down by gender (female, male, non-binary). The amounts provided correspond to those earmarked for the gender codes of the common provisions regulation: '01' for gender targeting (corresponding to a score of 2), '02' for gender mainstreaming (corresponding to a score of 1) and '03' for gender neutral (corresponding to a score of 0).
– To strengthen gender equality in the 2021-2027 partnership agreements and programmes, DG Employment, Social Affairs and Inclusion has given dedicated presentations on this topic during several technical webinars and meetings addressed to the managing authorities of all common provisions regulation funds. The directorate-general requested that all Member States include a strong commitment in their partnership agreements to respect horizontal principles. It also asked the Member States for more specific information in each common provisions regulation programme to make sure that gender mainstreaming is taken into account at all stages of programming and implementation. Specific questions on this topic have been included in the partnership agreements and programme internal checklists to ensure that all geographical desk officers assess this. The arrangements set out by managing authorities are also assessed in the context of the horizontal enabling conditions, which are prerequisite conditions for the effective and efficient implementation of the specific objectives of the funds. Horizontal enabling conditions include the implementation of the Charter of Fundamental Rights and the implementation and application of the United Nations Convention on the Rights of Persons with Disabilities. A dedicated procedure was set up for the horizontal enabling conditions and their implementation that involves all relevant Commission services at both the technical level and the cabinet level.
– The COVID-19 crisis has disproportionally affected people in our society, including women, and in particular single mothers, the low skilled, those with a migrant background or with a disability and older women living in institutional care. Member States have been invited to pay particular attention to the needs of these groups when programming the additional resources provided for through the funding instruments aiming to support recovery from the crisis, including the recovery assistance for cohesion and the territories of Europe programme and the ESF+.
– Gender equality is also a horizontal priority for the direct management strand of the ESF+, and should be taken into account in all activities. To identify to what extent the employment and social innovation strand is successful in mainstreaming horizontal principles in EaSI-supported activities, the

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performance framework of the strand includes an indicator on the percentage of stakeholders who declare that the activities funded through EaSI promote gender equality and non-discrimination. This indicator is directly linked to sustainable development goal (SDG) 5 ([89]).

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution		1 132.2	1 059.6	2 291.8	4%

The digital transition is supported by the ESF+ through its investment in digital skills. In particular, the amounts provided correspond to those earmarked for 'Developing digital skills and jobs' (secondary theme 02) in the ESF+ programmes. Digital-relevant activities are well represented by the Recovery and Resilience Facility intervention field grid, a detailed and specific methodology for tracking digital expenditure used to provide estimations of the financial contribution to the digital transition in 2022 and 2023.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results (**)	Assessment
Unemployed participants reached (including long-term ones)	0	**2%**	25 million in 2029	390 000 compared to a target of 25 million in 2029	No data
Number of participants aged 55 years and above reached	0	**2%**	5.7 million in 2029	110 000 compared to a target of 5.7 million in 2029	No data
Participants with lower-secondary education or less (ISCED 0-2) reached	0	**2%**	34.8 million in 2029	670 000 compared to a target of 34.8 million in 2029	No data
Participants considered part of disadvantaged	0	**3%**	12.1 million in 2029	420 000 compared to a target of 12.1 million in 2029	No data

([89]) More information is available below in the section on sustainable development goals, under SDG 5: 'Achieve gender equality and empower all women and girls'.

groups reached (participants with a foreign background, minorities including participants from the Roma community, non-EU-country nationals)					
Quantity of food distributed [90]	0	**NA**	NA	23 000 tonnes	NA
Number of children below 18 years of age benefiting from food, material or voucher support [91]	0	**NA**	NA	2 million	NA
Number of information-sharing and mutual-learning activities	0	**34%**	191 in 2029	65 compared to a target of 191 in 2029	On track
Number of social experimentations	0	**57%**	14 in 2029	8 compared to a target of 14 in 2029	On track

(*) % of target achieved by the end of 2023.

(**) Results in 2023

– The COVID-19 pandemic has shown that special attention needs to be paid to vulnerable groups, as they have been hit the hardest by the crisis and risk being left behind. The need to further support the development of digital skills across the EU has also become evident. Member States should focus on these target groups and priorities for medium- and long-term recovery through the ESF, the recovery assistance for cohesion and the territories of Europe programme and ESF+ programming. The ESF+ regulation sets out thematic concentration requirements that will ensure an increased focus on actions promoting social inclusion, fighting poverty and developing the skills needed for the digital and green transitions. It also includes a more ambitious requirement for investing in young people and addressing child poverty. Moreover, learning from the COVID-19 crisis, a derogation article was added to the ESF+ regulation setting out the possibility to adopt temporary measures to respond to future exceptional and unusual circumstances.

– All of the national programmes including an ESF+ contribution were adopted by the Commission at the end of 2022, with one technical assistance programme adopted in early 2023. This means that pre-financing amounts were paid to Member States and that they recently started to implement the programmes. DG Employment, Social Affairs and Inclusion is attending the Monitoring Committee meetings for the 2021-2027 programming period and working together with the Member States on addressing any arising issues. So far, the focus of the monitoring committee meetings was on discussing the committee's rules of procedure and the selection criteria of operations with the Member States, along with measures to address any implementation issues. The performance of programmes is normally discussed during the annual performance review meetings, in accordance

[90] Regulation 2021/1057 is not requiring Member States to set baselines, milestones, or targets for these indicators

[91] Regulation 2021/1057 is not requiring Member States to set baselines, milestones, or targets for these indicators

with Article 41 of the common provisions regulation. Given the adoption of the ESF+ programmes in late 2022, the period for achieving the milestones was reduced from 4 years to a little more than 2 years; however, the managing authorities were aware of the difficulty of setting milestones under such circumstances.

– As previously mentioned, the Commission is trying to simplify the financial management aspects of the ESF+ strand, for example with Commission Delegated Regulation (EU) 2023/1676 of 7 July 2023 on simplified cost options and financing, which is not linked to cost schemes for operations in the field of social inclusion. The act also introduced increased rates for operations in the field of education, employment counselling services and training for employed or to unemployed people to meet the specific needs of non-EU nationals or refugees, including people who have fled the Russian war of aggression against Ukraine. The act is expected to help improve the delayed implementation of the ESF+ and to achieve with its expected performance.

– For the 2021-2027 programming period, at least 25% of the budget is planned to be implemented through financing not linked to cost and simplified cost options. This represents a budget of approximately EUR 17.5 billion for simplified cost options and financing not linked to cost approved by the Commission and an estimated EUR 17 billion for operations below EUR 200 000, for which the use of simplified cost options is compulsory. This excludes operations based on off-the-shelf tools provided for in the common provisions regulation (e.g. flat rates) or simplified cost options and financing not linked to cost under the delegated-act projects that need no approval at the programme level. DG Employment, Social Affairs and Inclusion is currently assessing the approximate value of this group, which is likely to be considerable.

– With regard to the direct and indirect management strand of the ESF+ (EaSI), support structures have been established, such as the EaSI national contact points in EU Member States providing information about EaSI calls, projects and results. These will serve to improve participation in the EaSI strand and to assist in upscaling, mainstreaming and replicating EaSI project results, for instance by using other funds.

– DG Employment, Social Affairs and Inclusion has designed a set of indicators for the EaSI strand based on the principle of proportionality, simplifying the collection of data and shortening the content of questionnaires to the minimum necessary for monitoring and evaluation. This proposal considers the limitations offered by the current sources available to the directorate-general and avoids placing any additional burdens on operational units to perform desk research and administrative checks. Automation using existing IT tools (such as the financial programming tool FINAP) and existing data from other studies and monitoring reports is prioritised to save time and increase the coherence of results.

– The number of EaSI/ESF+ information-sharing and mutual-learning activities is making progress, even though it remains slightly below the expected average per year (27). The figures can partially be explained by the low number of activities in 2021 (only 15, almost half of the indicative average of 27). DG Employment, Social Affairs and Inclusion will closely follow its evolution from the programming phase 2025 (now under discussion) and subsequent programming processes (2026 and 2027 annual work programmes).

– The number of EaSI/ESF+ social experimentation activities is on track. The current level of execution per year should allow the target to be reached by the end of the current multiannual financial framework (14 activities).

Horizontal synergies

– The ESF enables synergies between different horizontal priorities, and quite a few projects exploit the synergies between at least two horizontal priorities. Digital and green priorities frequently go hand in hand, as there is a need for digital skills to work in renewable energy sectors. Moreover, the pairing of

gender equality and digital skills is a common occurrence, as some of the training activities provided by the funds and targeting disadvantaged women include digital skills, which are often a prerequisite for today's labour market.

– For example, the renewable energy new electric skills (92) project addresses the need for new skills by creating training courses for electrotechnical roles. The new skills are acquired through augmented reality, which makes the training more engaging and ensures that it remains relevant in a rapidly advancing digital landscape. Therefore, the participants are continually working on updating their digital skills while acquiring knowledge and skills that will help them work in renewable energy sectors such as wind and solar, along with the electric vehicle technology sector.

– Another example of a project is Línia Dona (93), which helps disadvantaged women find work in Catalonia, Spain. Those supported by the project include victims of gender violence, older women and women with disabilities. The training complements the job placement and includes digital skills, languages, social and basic skills, and health and safety, and therefore contributes to two horizontal priorities: gender and digital.

(92) Renewing skills for a renewable future in Schleswig-Holstein | European Social Fund Plus (europa.eu).

(93) A route back to employment for disadvantaged women | European Social Fund Plus (europa.eu)

2014-2020 multiannual financial framework – European Social Fund

The ESF is the EU's main 2014-2020 multiannual financial framework instrument for supporting jobs, helping people get better jobs, ensuring fairer job opportunities for all and supporting upskilling and reskilling. It works by investing in the EU's human capital – its workers, its young people and all those seeking a job. ESF financing improves job prospects for millions of people, in particular those who find it difficult to get work.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	93 619.5	93 630.6	100.0%
Payments	79 143.0		84.5%

- The ESF implementation is on course, with, end 2023, no decommitments of funding in Member States due to delays in implementation.
- Implementation progress and challenges were addressed in the regular ESF Technical Working Group under the ESF Committee and the ESF Committee Plenary meetings. Discussions focused, for example, on promoting the use of simplified cost options in ESF programmes and getting all relevant stakeholders more involved by sharing best practices. Also more emphasis is being placed in this group on exchanges between Member States, so that good practices are widely promoted. This practice will continue, with the aim of continuing the sharing of innovative ways and to simplify the implementation in the 2021-2027 period. For example, this includes Member State presentations on their experience with the use of financing not linked to cost, reception of refugees fleeing the war of aggression against Ukraine or electronic vouchers in FEAD/food and material support for the most deprived implementation.
- By the end of 2023 the overall ESF project selection rate, including for the additional allocation for REACT-EU, stood at 114%. In 2022, nearly EUR 9.1 billion had been paid to the 2014-2020 ESF programmes, along with nearly EUR 5.6 billion for REACT-EU, lifting the absorption rate to 87.13% (total payments made compared to allocation, including REACT-EU). The level of ESF expenditure certified to the Commission remained high in 2023. This confirms that a mature phase of implementation has been reached for the majority of the programmes. Implementation has not been affected by the COVID-19 health crisis thanks to the effects of the programme amendments under the Coronavirus Response Investment Initiatives and the higher flexibility provided for all European structural and investment funds.
- In regard to the YEI, the mature phase of implementation continued in 2023. By the end of 2023, the total eligible cost of YEI operations selected for support was EUR 12.2 billion, and more than EUR 8.3 billion had been declared by beneficiaries. By the end of 2023, nearly EUR 5.1 billion had been paid to the Member States in relation to the YEI (including interim payments and pre-financing).

– According to the 2021 annual implementation reports, most ESF programmes advanced with implementation rates increasing by 10-20 percentage points compared to 2020. However, differences still exist in terms of expenditure declared as some Member States achieved full budget implementation and others are still lagging behind on implementing their ESF and/or YEI budget. The most common reason for this is capacity constraints on the part of Member State authorities. Implementation weaknesses are regularly addressed bilaterally by DG Employment, Social Affairs and Inclusion's geographical desk officers in the context of ESF implementation and ESF+ programming negotiations with managing authorities.

– The use of financial instruments also increased. Eleven Member States included them in 31 operational programmes for the 2014-2020 programming period; overall, 94 financial instruments were set up. Operational programme contributions of EUR 866 million were committed to these financial instruments including EUR 629 million of ESF. Most financial instruments supported by ESF and YEI were established under Thematic Objective 8 'promoting sustainable and quality employment and supporting labour mobility'. There were also financial instruments under Thematic Objective 9 'promoting social inclusion, combating poverty and any discrimination' in BG, CZ, HU, IT and PL. Thematic Objective 10 'investing in education, training and lifelong learning' was addressed by financial instruments in IT, MT and PT. Managing authorities mainly established loan or micro-loan with some exceptions, including equity and guaranty schemes. In 2014-2020 their use was extended to all thematic objectives and was intensified thanks to an improved regulatory framework and more flexible implementation options. The increased take-up of financial instruments was also supported by fi-compass (94) advisory platform, a joint initiative of the European Commission and the European Investment Bank aiming at building capacity within the ESF managing authorities.

– In 2023, DG Employment, Social Affairs and Inclusion continued providing technical and policy guidance on the programmes through the monitoring committees to ensure that they are on track to deliver the expected results.

– For the 2021-2027 period, transnational cooperation activities are taking place under the ESF+ social innovation initiative. With a budget of EUR 197 million, this initiative is implemented under indirect management by the Lithuanian European Social Fund Agency (EFSA) and has been officially launched in November 2022. In this frame, EFSA is organising transnational exchange and cooperation through knowledge sharing, mutual learning, and capacity building for social innovation stakeholders. This includes five Communities of Practice on Employment, Education and Skills, Social Inclusion, Social Innovation, Migrant Integration and Material Support. In addition, EFSA supports the work of the ALMA network and the EU Roma network.

– Secondly, EFSA has launched three calls for proposals with a total budget of EUR 28 million to support transnational, social innovation projects with a focus on upscaling and transferring promising models and approaches.

– The gap between the project selection rate on the ground and the implementation rate of the ESF is expected to reduce significantly in 2024. According to the Member States' forecasts, EUR 6.8 billion is expected to be sent to the Commission for reimbursement in 2024, lifting the implementation rate to 97% of the total envelope. Moreover, DG Employment, Social Affairs and Inclusion will continue its work on assessing programme amendment requests submitted by Member States to ensure that the ESF and YEI programmes are policy and result oriented.

– In March 2022, in order to help Member States and regions to provide emergency support to people fleeing from Russia's invasion of Ukraine, the Commission adopted CARE. The initiative introduced the necessary flexibility into the 2014-2020 cohesion policy rules to allow the swift reallocation of available funding to provide such emergency support. It was extended in June 2022 with the adoption

(94) FI-compass.

of the FAST-CARE initiative. It added further flexibility to the rules of cohesion policy for those welcoming and integrating displaced persons. In particular, it introduced the possibility of a 100% co-financing option for priorities promoting the socioeconomic integration of non-EU nationals and introduced EUR 3.5 billion of additional pre-financing available to Member States in 2022 and 2023. As part of the repowerEU legislative package, the Commission proposed the 'Supporting affordable energy' initiative which aims to introduce further flexibility, allowing Member States to use unspent funds under their 2014-2020 allocation to provide direct support to vulnerable families and small and medium-sized businesses to help them face increased energy costs.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Participants in employment, including self-employment, upon leaving the ESF intervention	0%	> 100%	24% in 2023	30% of participants compared to a target of 24%	On track
Participants gaining a qualification upon leaving the ESF intervention in education, training and vocational training for skills and lifelong learning	0%	> 100%	23% in 2023	26% of participants compared to a target of 23%	On track
Inactive young people not in employment, education or training gaining a qualification or in employment upon leaving the YEI intervention	0	> 100%	0.26 million in 2020	0.28 million compared to 0.26 million inactive participants	Achieved

(*) % of target achieved by the end of 2021.

The ESF has been successfully promoting sustainable and quality employment (in line with specific objective 1). Operations that promote sustainable and quality employment supported almost 18.5 million participations and led to over 7.1 million positive results (i.e. people either found a job, gained a qualification or otherwise

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improved their labour market position). Almost 3.9 million participants entered employment after participating in an ESF-supported intervention, which amounts to a total of 32% of participations recorded for unemployed and inactive persons. This is well above the target of the core performance indicator set in the 2014-2020 multiannual financial framework for this objective (24%).

In the field of social inclusion (specific objective 2), the ESF contributes to reducing poverty in the EU, typically through attention for active inclusion, by targeting specific groups such as low-skilled people, (long-term) unemployed, older people, people with disabilities, and people with a migrant/foreign background. In 2022, this specific objective supported almost 14.9 million participations and led to 4.1 million positive results. A total of 0.7 million of inactive participants were engaged in job searching upon leaving, which amounts to 13% of all participations recorded for inactive persons. Consistent progress was made towards the targets defined for output indicators. At the end of 2022 at least half of all indicators had achieved 103% of their defined output targets. The achievements for results were not as far, reaching a median of 60.9% by the end of 2022. This underlines that also in the field of social inclusion, challenges remain to reach their targets by the end of 2023.

Implementation of the key investment priorities focusing on education and training (specific objective 3) steadily progressed each year. By the end of 2022, a total of 23.7 million participations were recorded for all operations in education, of which 8.2 million had achieved an individual short-term result. More than 5.8 million participants gained a qualification through ESF investments with an education objective, which represents 25% of all participations recorded in this objective. This is already above the target defined as core performance indicator by 2023 (23%). Another 1.4 million persons were in education/training when they left the intervention. As expected, the numbers of people engaged in education were higher than those engaged in job search or those that had entered employment. Another relevant result recorded in various education programmes relates to improved skills (not necessarily leading to a qualification), which was recorded by another 5.3 million participants. The implementation rate for education investments was about average across all investment priorities, with higher implementation rates in measures focusing on labour market relevance of education (91.5%), while those funding measures supporting access to higher education were at 77.1%.

Institutional capacity investments (specific objective 4) have supported projects targeting public administrations or public services at the national, regional or local level. Interventions mainly contributed to public officials gaining a certain type of qualification (325 000 participants). The most meaningful results were procedural, such as improvements in the administrative time required for certain procedures, or specific positive results for organisations, public administrations, the judiciary, and civil society organisations. Good examples include the numbers of institutions implementing certain IT systems, revised and/or simplified procedures, and increased regulatory scrutiny. Implementation was slightly behind, with an overall implementation rate of 71.2%. More specifically, investments in capacity-building have not progressed as much as others, with an implementation rate of 61.2% at the end of 2022.

Regarding fostering crisis repair and resilience, the programme amendments across the EU after the introduction of REACT-EU in 2020 resulted in an aggregated additional EUR 19.8 billion of European funds available for implementation of ESF across the various objectives (EUR 20.2 billion when including national co-financing). Most of these funds were allocated to supporting employment objectives (EUR 12.8 billion), followed by investments in education (EUR 3.4 billion) and social inclusion (EUR 2.5 billion). Remaining investments were reserved for institutional capacity (EUR 0.8 billion) and technical assistance (EUR 0.5 billion).

While the investments under this objective are directed to existing investment priorities, they focused transversally on crisis repair and fighting the COVID-19 pandemic, as well as future-oriented investments. They were also used to finance emergency support measures for Ukrainian refugees in 2022. For the latter, it is too

early to report on the specific approaches taken; so far only four Member States report a small number of Ukrainian refugees reached.

As the investments for REACT-EU are only recently programmed and are linked to the financial years 2021 and 2022, implementation cannot be expected to have reached similar levels as other ESF budgets. By the end of 2022, a total of EUR 2.6 billion (16%) had been declared as expenditure (compared to 83% of original ESF investments). Implementation of the transversal REACT-EU investments with employment objectives show the lowest implementation rates to date (9%).

In the field of support for young people not in employment, education or training (specific objective 5), by the end of 2022 a total of 3.7 million young people had benefited from YEI support. At the EU level, participants are well balanced from a gender perspective. Out of the 432 common result indicator records measuring progress for the YEI, Member States set targets for a total of 371 indicators. By the end of 2022, 356 indicators are progressing towards their final targets. Overall the implementation rates of YEI by 2022 are behind of ESF overall (79% against 83%), due to significant delays in some Member States.

2014-2020 multiannual financial framework – Fund for European Aid to the Most Deprived

FEAD supports EU Member States' measures to provide assistance (including food, clothing and other essential items for personal use, such as shoes, soap and shampoo) to the most deprived. Material assistance goes hand in hand with social inclusion measures, such as guidance and support to help people out of poverty. National authorities may also support stand-alone social inclusion measures that help the most deprived people integrate better into society.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	3 813.7	3 813.7	100.0%
Payments	3 102.8		81.4%

– In 2022, a total of 14.2 million individuals received food assistance through FEAD, and another 0.8 million persons received basic material assistance. A total of 9 127 persons received social inclusion support. This total is slightly lower than the high figures in COVID-19 years of 2020 and

2021 but lies above the average estimates for 2017-2019. Among this total of 15.0 million persons, 49% were women, 30% children and 10% above 65 years old. 12% were migrants, people with a foreign background or minorities, 5% persons with disabilities and 6% homeless.

– By the end of 2021, the total approved expenditures reached EUR 5 468 million, which is the equivalent of 109% of the total resources allocated for the 2014-2020 programming period by 2022, or EUR 5.0 billion. This total budget includes both EU funds and national co-financing of FEAD programmes by the end of 2021, as well as an increase of 0.5 billion related to REACT-EU.

– The annual amount of expenditure incurred by beneficiaries and paid for the implementation of operations in 2022 has increased considerably in comparison to earlier years to EUR 593.2 million reaching a total of EUR 4 215 million by the end of 2022 (or 84% of the total budget). In terms of declared expenditure, an acceleration in comparison to earlier years can be observed as well, reaching an annual amount of declared expenditures of EUR 668.9 million, reaching EUR 3 778 million in total, or 76% of the total budgets.

– By 2023, Denmark, Germany, Estonia, Ireland, Cyprus, Lithuania, Latvia, Hungary, Malta, the Netherlands, Austria, Poland and Portugal had fully implemented their budget from the food and/or basic material assistance operational programme. The average implementation rate at EU level is 92%. Currently, Bulgaria, Greece (99%), Spain (95%), Luxembourg (97%) and Slovakia (95%) are advancing relatively well and on the current track of implementation are projected to receive payments at the level of their entire budgets by the end of 2024. Additional efforts will be necessary particularly in France (86%), Croatia (74%) and Italy (*c.*82%) to accelerate implementation to avoid decommitment of FEAD budgets at closure.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Number of persons receiving assistance from the Fund	0	> 100%	12.7 million annually from 2015 to 2020	17.1 million compared to 12.7 million (**)	Achieved

(*) Average of results for 2014-2021 compared to target.

(**) A person may be the recipient of multiple forms of FEAD support and thus reported for more than once.

FEAD remains an important instrument to support the ambitions in the European Pillar of Social Rights' Action Plan to reduce the number of persons at risk of poverty and social exclusion. It presents a versatile way of implementing the additional crisis budget made available by REACT-EU and to address the increased levels of precariousness across the EU caused by COVID-19 in 2021 and 2022 and the inflation of basic goods that was observed as sanitary restrictions ended.

Annual implementation reports for 2022 also provide clear examples how FEAD was used to provide food aid and basic material assistance to people fleeing Russian's war of aggression against Ukraine.

In the last year before the final implementation reports are due, implementation of FEAD still needs to accelerate substantially to ensure that all budgets are spent. Austria, the Netherlands, Sweden, and Ireland

report to have concluded all operational activities for FEAD before the end of 2022. However, FEAD programmes in most other Member States are still in implementation. Annual declared expenditures continued to advance in 2022 but have not accelerated sufficiently to ensure that implementation goals can be reached by the end of 2023. Annual implementation reports in 2022 declared expenditures of a total of EUR 669 million in 2022, slightly lower than the EUR 704 million in 2021, resulting in a total implementation rate of 7% by the end of 2022. With only the last year to go in which expenditures can be declared, many programmes still have substantial ground to cover. So far, a cumulative total of EUR 5.6 billion (109% of the allocated budget) is reported as approved budgets, and a total of EUR 4.2 billion (or 82% of the allocated budgets) had been incurred or paid by beneficiaries by the end of 2022.

The estimated number of recipients of food support (14.2 million) and basic material assistance (0.8 million) is slightly lower in comparison to the previous year. COVID-19 restrictions in 2020 and 2021 had major impacts on FEAD, both by increasing demand for FEAD support as well as in limiting the ability to adequately respond to precariousness. As these restrictions were lifted in the course of 2022, the Russian's war of aggression against Ukraine and flow of people that followed created another additional demand, to which Member States were able to respond with the additional budgets made available through REACT-EU. The amount of food counted in tonnes has provided in 2022 is estimated at almost 400 thousand tonnes in 2022, which is slightly lower than in pandemic years 2020 and 2021, but above that of the years before. The overall monetary value of basic material assistance shows a rising trend over practically the entire programming period and reached to a level of EUR 40.6 million of basic material, of which half is taken up by voucher schemes in Romania. No major changes to the types of recipients before and during the pandemic were observed either, except in a small number of Member States.

Based on the above, the final year of implementation of FEAD will not be without its challenges. While budgets have been allocated beyond the existing financial envelopes, it seems that reaching full implementation will require a remarkable increase in implementation in the final year, which may prove difficult in at least half of the Member States. In the meantime, implementation may already have started of ESF+ programmes, where under SO(m) programmes addressing material deprivation will be continued.

2014-2020 multiannual financial framework – Employment and Social Innovation

The EaSI programme is a financing instrument at the EU level promoting a high level of quality and sustainable employment, guaranteeing adequate and decent social protection, combating social exclusion and poverty and improving working conditions. EaSI has three axes, supporting respectively the modernisation of employment and social policies (progress axis), job mobility (EURES axis) and access to microfinance and social entrepreneurship (microfinance / social entrepreneurship axis).

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	882.7	899.6	98.1%

	Implementation	Budget	Implementation rate
Payments	743.2		82.6%

- Up to the end of 2023, EaSI had committed close to EUR 898 million. Of this, 56% supported activities under the progress axis, 20% supported activities under the EURES axis and 22% supported activities under the microfinance / social entrepreneurship axis. Therefore, the commitments made under all three axes were well in line with the indicative percentages envisaged in the EaSI legal basis.
- **The Progress axis** has supported actions in three thematic sections. Over the whole period of the programme, the thematic section of social protection received the largest share of funding (50%), with the thematic section of employment accounting for 28%. The thematic section of working conditions received the smallest share of funding per axis (10%). The shares of funding for the three thematic sections under the progress axis exceeded the minimum shares of financial commitments envisaged in the EaSI legal basis. In 2021, the progress axis focused on gathering evidence through studies, analyses and statistics to shape policy developments. The axis fostered a shared understanding of policy options through policy debates. It also promoted the involvement of civil society by providing financial support for 23 key EU-level non-governmental organisations via 23 operating grants.
- **The EURES axis** has supported actions in three thematic sections. Over the whole period of the EaSI Programme, the development of services for the recruitment and placing of workers in employment through the clearance of job vacancies and applications at the EU level received the largest share of funding (49%), while activities to induce transparency of job vacancies and applications accounted for 33%. The smallest share of funding was dedicated to cross-border mobility (10%). The committed funding for activities related to transparency of job vacancies and the development of services doubled the minimum shares set in the EaSI legal basis while commitments made for cross-border partnerships were below the set target (Figure 2). The minimum target of the cross-border partnerships (> 18%) was not reached, and this was mainly because of the quantity and quality of applications received. The intra-mobility report explaining the mobility flows of cross-border workers revealed that cross-border commuting is more frequent between Member States such as Belgium, Czechia, Denmark, France, Luxembourg and the Netherlands while it is less frequent between newer Member States. Therefore, there was less demand and equally fewer proposals submitted. In 2022, the EURES axis supported the European Job Mobility Portal and training courses on EURES services and provided horizontal support to the member organisations of the EURES network. It continued financing cross-border partnerships supporting mobility for frontier workers in the cross-border regions, along with targeted mobility schemes. The 13 EURES calls for proposals launched between 2014 and 2020 resulted in 94 contracts. Activities under the thematic section focusing on cross-border partnerships have not reached the minimum indicative target for financial commitments, mainly due to the quality of the applications received under the call for proposals. Furthermore, as indicated in the intra-mobility report, cross-border commuting affects certain Member States to a higher degree, with newer Member States affected to a much lesser extent. This affects the level of demand, the proposals submitted, and the projects implemented.
- **The Microfinance and Social Entrepreneurship axis** supported actions in two thematic sections. Over the period of the EaSI programme, the thematic section of Microfinance received 48% of funding while the activities under the thematic section of Social Entrepreneurship accounted for 38%. The shares of funding committed for both Microfinance and Social Entrepreneurship thematic sections exceeded the minimum shares of financial commitments envisaged in the EaSI legal basis (>35%)

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– In the 2021-2027 programming period, EaSI is a strand of the ESF+ and is no longer structured in axes. The financial instruments under the former microfinance and social entrepreneurship axes will be implemented under the InvestEU Fund.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Businesses created or consolidated – EaSI microfinance guarantee	0	> 100%	41 000 in 2020	161 398 compared to a target of 41 000	Achieved
Businesses created or consolidated – social EaSI social entrepreneurship guarantee	0	> 100%	1 100 in 2020	6 150 compared to a target of 1 100	Achieved

(*) % of target achieved by the end of 2022.

– Compared to 2019, values for the integration of all the horizontal principles showed an increasing trend, paying particular attention to vulnerable groups. However, the scaling-up of EaSI projects is hindered by inadequate follow-up in terms of promoting the projects and their results. EaSI's efforts to this end will be amplified under the ESF+ through the European Competence Centre on Social Innovation, a database of social innovation projects and the creation of national contact points to guide applicants and beneficiaries. Furthermore, EaSI calls for proposal will be published on the Funding and Tenders portal. This will provide each project with a dedicated place to make its results available to a wider audience. Furthermore, the merger of EaSI into the ESF+ could facilitate the uptake of EaSI projects by the ESF+ managing authorities for further support.

– **Progress axis.** The 2020 EaSI stakeholder surveys show that EaSI's stakeholders provided positive feedback on its deliverables. Throughout the reporting period, EaSI continued to support the development and dissemination of both high-quality comparative analytical knowledge and policy initiatives in the field of employment and social affairs.

– **EURES axis.** In 2019-2020, EURES acted as a catalyst for the provision of transparent labour market information and for the effective recruitment and placing of workers. In 2020, 1 189 798 jobseekers were registered on the EURES portal. This marks a significant increase (+ 110.2%) compared to 2019. However, the number of employers registered increased by only 3%. The major increase in the number of registered jobseekers can be directly related to changes in the labour market due to the COVID-19 crisis and its dampening immediate effect on mobility patterns. Cross-border partnerships reported 195 060 contacts with jobseekers and job changers in 2019-2020. Targeted mobility schemes (such as 'your first EURES job'), in comparison, provided services to several hundred jobseekers per year /

per scheme, but were more targeted and customised. 0.76% of contacts facilitated by cross-border partnerships resulted in actual placements, along with 29.1% of targeted mobility schemes.

– **Microfinance / social entrepreneurship axis.** In the reporting period, EaSI continued to provide added value to expand access to and the availability of microfinance, while support for increasing the overall availability of and access to finance for social enterprises gained momentum. A significant increase in support for people from non-EU countries was observed (22.1% in 2020, compared to 14.3% in 2019 and 11.9% in 2018). A slight but steady increase in the category of people aged 51 years and above can also be seen. However, support for women, unemployed or inactive people and people aged less than 25 years is decreasing, while people with disabilities received a somewhat equal amount of financing from 2018 to 2020. The reporting is subject to limitations because a large number of applicants for EU microfinance and social entrepreneurship support under the EaSI programme are legal persons (enterprises) and therefore do not provide social data (e.g. gender, age, employment status).

– Regarding the efficiency of the programme, overall the activities implemented helped increase awareness and ownership of EU policy inputs into social inclusion and poverty reduction (benefiting to EU-level and national policy makers but also to individual citizens). They facilitated notably policy change through comparative perspectives and capacity building, helping stakeholders (in particular EU-level non-governmental organisation networks and national administrations) to formulate and implement socioeconomic policies in the participating countries. They also improved the perceptions and use of cross-border potential for employment (from both the jobseeker's and the employer's perspective) and allowed to test rapidly innovative approaches (beneficial to policymakers, notably to the national authorities). Despite their small scale/budget, the European Progress Microfinance Facility and EaSI also contributed to social and economic inclusion, through the support to social enterprises and specific categories of social entrepreneurs. A number of shortcomings undermined however the EaSI programme's effectiveness and efficiency. The evaluation underscored notably the insufficient communication/dissemination of results and of mutual learning opportunities, the unexploited scalability of social experimentations, the incomplete posting of national vacancies on the EURES Portal, the insufficient visibility of the EURES placement services to the employers as well as the fact that women and unemployed still encounter barriers in accessing microfinance. Moreover, disability and accessibility matters were mainstreamed to a more limited extent through the EaSI-funded actions compared to the other horizontal principles.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	YES	ESF+ (EaSI strand), 2021-2027 The ESF+ funding supports the European Anti-poverty Network (EAPN), which aims to promote a socially inclusive and sustainable Europe, free from poverty and inequalities. Their 2023 work plan focuses on defending the rights of people experiencing poverty, counting on their voices and the political analysis of 32 national networks and 13 European organisations that form EAPN. Their plan supports the implementation, awareness raising and dissemination of adopted or upcoming EU policy initiatives (notably those announced in the Action Plan of the European Pillar of Social Rights) and monitors the poverty target, both at EU and the Member States level. Member State: Belgium EU Contribution: EUR 1 129 412.25 Duration: 1 January 2023 – 31 December 2023

SDG2	YES	ESF+ (EaSI strand), 2021-2027 The fund supports the 'Food4Inclusion' project that aims to upscale food systems for the mitigation and exclusion of poverty. The project revolves around two focus areas: 1) vulnerable children food literacy and 2) food accessibility and redistribution. The former aims to break off malnutrition trends by developing training and workshops offering proper education on food and related health issues. The latter focuses on food redistribution and accessibility for at-risk populations to guarantee equal access to healthy foods. Member State: Belgium EU contribution: EUR 269 100.00 Duration: 1 January 2023 – 31 December 2023
SDG3	YES	EuroHealthNet is the European Partnership for health, equity and wellbeing. It is made up of 64 national and regional organisations, agencies and statutory bodies working on public health, disease prevention, promoting health, and reducing inequalities. EuroHealthNet's mission is to help build a sustainable, fair, and inclusive Social Europe through healthier communities, and to tackle health inequalities within and between European States. EuroHealthNet contributes to EU social and health policy objectives by improving understanding of 'what works' to promote health and social equity. Member State: Belgium EU Contribution: EUR 773 919.00 Duration: 1 January 2023 – 31 December 2023

SDG4	YES	ESF+ (2021-2027) The investment in education, training and vocational training is one of the core objectives of the ESF. Therefore, the 'Further Studies Made Affordable' (FSMA) scheme and its successor, FSMA+, have created a financial lifeline for nearly 530 Maltese students over four years, offering loans amounting to around EUR 20 million. The initiative, in collaboration with the Malta Development Bank (MDB) and Bank of Valletta (BOV), has opened doors for students that once seemed firmly shut. They've enabled students to pursue courses in innovative fields like environmental economics, climate change, and health management. The financing model stands out for its comprehensive support, covering not just tuition fees but also accommodation, living, and travel expenses for overseas studies. This holistic approach eases the financial burden on students, allowing them to focus on their education. Member State: Malta EU contribution: 3 000 000 Project duration: 2021-2027
SDG5	YES	ESF+ (EaSI strand) Project titled 'For a Social Economy that Reduces Gender Inequalities in Europe,' aims to develop new data on and investigate the impact of the social economy on gender equality to identify areas of improvement and to make social economy stakeholders more aware and knowledgeable about the topic. It also aims to develop hands-on pedagogical contents to help European social enterprises push for more gender-equal practises and develop fairer and more women-inclusive business models. Finally, it strives to contribute to the emergence of 30 women-inclusive businesses in France, Italy and Portugal to generate a wider ripple effect on women's economic empowerment and shed light on business champions leading the way towards a more inclusive European social economy. Member States: France, Italy, Portugal EU Contribution: EUR 628 861.15 Duration: 2023 – 2025
SDG6	NO	

SDG7	YES	ESF+ (2021-2027) GESEK, one of eight business lighthouses established by the Danish Business Promotion Board is a project aiming to accelerate the transition to green energy and share South Jutland's experiences on both national and international platforms. It aims to identify sustainable frameworks that support forward-looking solutions in the green sector. GESEK recognises the importance of a skilled workforce in the green transition. Thus, it strives to make the energy sector an attractive career path by bolstering vocational education and training, upskilling the current workforce, and attracting international talent. Member State: Denmark Duration: 2023-2026
SDG8	YES	'Robo CO. – Robotics and AI as future colleagues' – a collaborative effort among the city of Riihimäki, Häme University of Applied Sciences, and Hyria Education in Finland – was designed to advance expertise in robotics and AI withing a changing workforce. It is increasingly clear that the transformation of work will affect every sector, reducing routine tasks, increasing productivity, and opening new possibilities for creative, AI-supported thinking. A basic understanding of application of robots and AI will therefore be a fundamental skill in almost every job. Collaborations with industry players provide invaluable hands-on experience, bridging the gap between theoretical knowledge and practical application, and allowing students to connect with the world of work. Member State: Finland EU Contribution: EUR 433 133 Duration: 2023-2026
SDG9	NO	

SDG10	YES	ESF+ (EaSI Strand), 2021-2027 period ESF+ supports the YES Forum with an operating grant. YES Forum is a European network of organisations working with and for young people with fewer opportunities. By promoting their social inclusion and developing their professional skills, YES Forum acts to improve the life chances of vulnerable young people, hence combating poverty and inequalities. YES Forum implemented activities that provided access to opportunities for rural and remote areas, enhanced the promotion and recognition of education professionals, worked on decreasing NEETs rate by improving vocational education and training. Member State: Germany EU Contribution: EUR 209 728.00 Duration: 01 December 2022 – 31 December 2022
SDG11	YES	ESF+ (2021-2027) The project titled 'Business Lighthouse for Sustainable Construction and Business Development' aspires to make Denmark a leader in sustainable construction, paving the way towards a greener future. At the heart of this project is the Fehmarnbelt tunnel, Northern Europe's largest construction endeavour, extending 18 km under the sea between Denmark and Germany. The tunnel is a bridge to new opportunities – fostering growth, generating employment, and expanding export potential for Zealand and the islands. The project aims to leverage the Fehmarnbelt tunnel as a springboard for future regional development, nurturing innovation, and green solutions in the construction industry. A key focus is on strengthening the recruitment and upskilling of skilled labour, particularly from overseas, and establishing a knowledge and teaching hub for sustainable construction. Member State: Denmark EU Contribution: EUR 4 000 000 Duration: 2023-2026

SDG12	YES	ESF+ (2021-2027) The renewable energy new electric skills project addresses the need for new skills by creating training courses for electrotechnical roles. These courses cover key areas such as the installation of photovoltaic systems and the conversion of traditional vehicles to electric models. The project aims to equip the local workforce with the skills needed to thrive in this evolving sector. Member State: Germany EU contribution: EUR 199 130 Duration: 2022-2024
SDG13	YES	ESF+ (EaSI strand), 2021-2027 period. ESF+ is contributing to the Green and Social Hub, which aims to integrate local actions supporting changes toward the green transition into the overall strategy to remove inequalities and poverty. The Hub is expected to improve the knowledge and competences of local administrators, provide tools and strategies to tackle energy poverty in the overall multidimensional concept of poverty and make local communities more sustainable, preparing three local communities to become an energy community, equip disadvantaged groups with knowledge and skills to actively face and contribute to the green transition. Member States: Italy, Belgium EU Contribution: EUR 727 401.20 Duration: 1 September 2023 – 31 August 2025
SDG14	NO	
SDG15	NO	
SDG16	NO	
SDG17	NO	

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ERASMUS+

ERASMUS+ PROGRAMME

Programme in a nutshell

Concrete examples of achievements

2.3 million European student cards had been issued by universities and other institutions by the end of 2023.	**More than 430** higher education institutions had taken part in the European universities initiative by the end of 2023.	**More than 20 300** Erasmus Mundus scholarships have been awarded since 2014.	**47%** of the budget for cooperation projects supported environment and climate change in 2022.
59% of the budget for Erasmus+ cooperation projects supported the digital transition in 2022.	**Around 354 000** pupils and staff in school education took part in mobility activities in 2022. .	**32%** of young people in mobility activities in 2022 came from an underprivileged background. .	**More than 224 000** Learners and staff in vocational education and training took part in mobility activities in 2022.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	25 **833.9**
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	709.1
Total budget 2021-2027	**26 543.0**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

Erasmus+ is the EU's programme to support mobility and cooperation in education, training, youth and sport in Europe and beyond. The 2021-2027 programme places a strong focus on social inclusion and diversity, the green and digital transitions, and on promoting young people's participation in democratic life. It supports priorities and activities set out inter alia in the European education area, the digital education action plan and the European skills agenda.

CHALLENGE

Encouraging Europeans (young people, school pupils, apprentices, students, adults and sports people, along with their teachers and educators) to study and train abroad aims to equip them with the necessary set of knowledge, skills and competences, from a lifelong learning perspective, to make them resilient, support high employment rates and foster social cohesion. Giving people with otherwise fewer opportunities access to such experiences in all fields of education, training, youth and sport is especially important. It also contributes to better understanding of and appreciation for the EU and to the promotion of European values.

The added value of tackling related challenges at the EU level stems from the fact that national programmes cannot offer comparable scale, scope and/or coverage in terms of sectors and countries. Indeed, the midterm evaluation of the 2014-2020 Erasmus+ programme found that, in the absence of this EU programme, mobility of learners and staff, and European cooperation in the sectors covered by the programme, would be substantially reduced.

At the same time, it is important to equip individuals with forward-looking knowledge, skills and competences needed to cope with technological and economic changes and to adequately fulfil the potential for innovation, creativity, and entrepreneurship. In this context, international cooperation is a catalyst for innovative or value-added ways to support learners in their personal, educational and professional development, while it also facilitates circulation of ideas and the transmission of practices and expertise, thus contributing to high quality education in Europe and beyond.

MISSION

The general objective of Erasmus+ is to support, through lifelong learning, the educational, professional and personal development of people in education, training, youth and sport, in Europe and beyond, thereby

contributing to sustainable growth, quality jobs and social cohesion, driving innovation and strengthening European identity and active citizenship.

OBJECTIVES

Erasmus+ has the following specific objectives:

1. To offer learning mobility opportunities to individuals and groups, and foster cooperation, quality, inclusion and equity, excellence, creativity and innovation at the level of organisations and policies in the field of education and training;
2. To offer non-formal and informal learning mobility opportunities involving active participation to young people, and foster cooperation, quality, inclusion, creativity and innovation at the level of organisations and policies in the field of youth;
3. To offer learning mobility opportunities to sport staff, and foster cooperation, quality, inclusion, creativity and innovation at the level of sport organisations and sport policies.

ACTIONS

The objectives of the programme shall be pursued through the following three key actions:

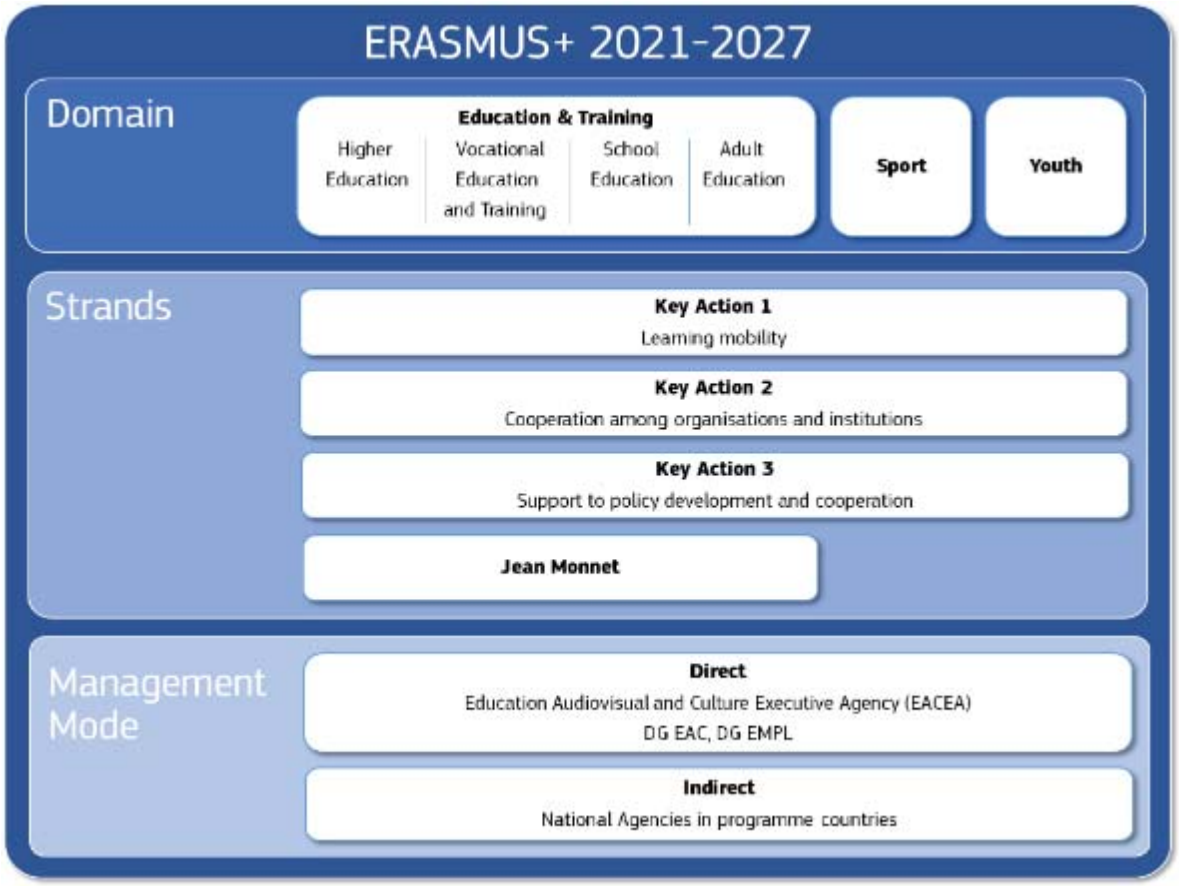
a. learning mobility of individuals (key action 1);
b. cooperation among organisations and institutions (key action 2);
c. support for policy development and cooperation (key action 3).

The objectives shall also be pursued through Jean Monnet actions, which support teaching, learning, research and debates on European integration matters, including on the EU's future challenges and opportunities.

STRUCTURAL SET-UP OF THE PROGRAMME

Erasmus+ is implemented directly by the European Commission under the leadership of DG Education, Youth, Sport and Culture, in cooperation with DG Employment, Social Affairs and Inclusion for parts of the programme concerning skills and qualifications policy, adult learning and vocational education and training, and with the European Education and Culture Executive Agency as concerns indirect centralised management. Most of the programme is implemented through indirect management via the Erasmus+ national agencies. The latter help to bring the programme closer to its target audience, to take into account the diversity of national education systems, and to better align European and national priorities. DG Education, Youth, Sport and Culture bears the overall responsibility for the supervision and coordination of the agencies in charge of implementing the programme.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The interim evaluation of the previous programme pointed out to the need to do more to reach out to the more vulnerable ones in society and to facilitate the participation of smaller organisations; it recommended that priorities be reduced in number and better focused to maximise the programme's impact, and that procedures and tools made easier to use to reduce the administrative burden on implementing bodies and beneficiaries.

Based on lessons learned from the previous programme, the 2021-2027 Erasmus+ programme aims to be more inclusive and accessible, more forward-looking, more digital, simpler and greener, and more international, while continuing to support lifelong learning and innovative education and training in Europe. It offers reinforced opportunities for transnational learning mobility and cooperation, including through the European universities initiative and the centres for vocational excellence, and offers new opportunities for school pupils, adult learners, young people and sport staff. The programme gives more attention to fields that are strategic to Europe's knowledge creation and sustainable growth, by targeting mobility and cooperation projects in strategic forward-looking sectors (climate change, clean energy, digitisation, artificial intelligence, bioscience, etc.), thus contributing to the development of crucial skills, increasing Europe's innovation capacity and tackling societal challenges. Erasmus+ features 33 participating countries and it includes activities open to the rest of the world; first through the mobility of students and staff between higher education institutions, outgoing mobility towards non-EU countries for vocational education and training learners and staff, and dedicated scholarships for excellent students worldwide. The programme also supports capacity building actions in higher education, vocational education and training, youth and sport.

FURTHER INFORMATION

- Programme website:
  - ERASMUS+
- Impact assessment:
  - the impact assessment of the Erasmus+ programme was carried out in 2018;
  - for further information, please consult: https://europa.eu/!xV33fD
- Relevant regulation:
  - Regulation (EU) 2021/817 of the European Parliament and of the Council.
- Evaluations:
  - the midterm evaluation of the Erasmus+ programme (2014-2020) was finalised in 2018;
  - for further information, please consult: m-t_evaluation_erasmus_swd_2018_40.pdf (europa.eu)

The final evaluation of the 2014-2020 programme and the midterm evaluation of the 2021-2027 programme will be finalised in the fourth quarter of 2024.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	2 663.0	3 420.7	3 684.0	3 806.1	3 977.2	3 866.6	4 416.2	25 833.9
NextGenerationEU	0	0	0	0	0	0	0	0
Decommitments made available again (*)	N/A	N/A	N/A					0
Contributions from other countries and entities	256	209.2	243.9	0	0	0	0	709.1
Total	**2 919.0**	**3 630.0**	**3 927.9**	**3 806.1**	**3 977.2**	**3 866.6**	**4 416.2**	**26 543.0**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

+ EUR 185.5 million (+ 1%)

compared to the legal basis.*

* Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

– The budget profile of the Erasmus + programme is strongly backloaded, growing at a regular, though not even, rhythm year-over-year between 2021 and 2026, with a sharp increase in 2027. Taking into account this multiannual financial framework profile, the Commission proposed a frontloading of EUR 100 million from 2027 to 2023, actually voted in the final EU budget for 2023, to reinforce the support of the programme to pupils, students, teachers and qualified staff fleeing from Ukraine.

– The difference of the budget between the financial programming and the legal basis can be explained as follows: In 2022, 2023 and 2024, the Erasmus+ programme received additional credits as a result of the final EU voted budget, respectively EUR 35 million in 2022, EUR 20 million in 2023 and EUR 60 million in 2024. In 2022 and 2023, a total amount of EUR 7.5 million, resulting from a surplus in the employment and social innovation programme, has been transferred to the Erasmus+ programme to optimise the budget implementation within the title 07 of the budget. Finally, the Erasmus+ programme benefits from an additional contribution of EUR 57 million deriving from the European Social Fund Plus for the 2022-2027 period to be allocated to the German national agency.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	**10 414.1**	**26 543.0**	39.2**%**
Payments	8 549.9		32.2%

Voted budget implementation (million EUR) (*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	2 663.0	2 662.6	1 787.4	2 034.2
2022	3 420.7	3 401.7	2 997.9	2 988.6
2023	3 684.0	3 680.5	3 256.5	3 155.0

(*) Voted appropriations (C1) only.

– Following the complex challenges in the first year of the new multiannual financial framework, triggered by the late adoption of programme regulations and annual work programmes, combined with the impacts of the COVID-19 pandemic, 2023 had also its share of unexpected and exceptional challenges. Russia's war of aggression against Ukraine, combined with the impacts of quickly rising inflation on beneficiaries, required our programmes to adapt and take appropriate measures, both at operational and budgetary levels (e.g. reviewing upwards individual support rates for mobility to address the rising inflation keeping the programme inclusive, using flexibility of the programme to provide support for the publication of Ukrainian school books).

– Despite this challenging context, the Commission, together with the European Education and Culture Executive Agency, managed to close the year 2022 with outstanding budgetary performance, reaching a nearly full budget execution, both in commitments and payments appropriations for the EU voted budget.

– In 2022 and 2023, an acceleration of the budget implementation could be clearly noticed with a nearly full consumption of all voted budget at year end. As a result, reinforcement of credits redeployed from other programmes were needed to cover the payment needs until the year end.

– Halfway through the current multiannual financial framework, 2023 should be remembered as a remarkable budgetary year. Running in exceptionally challenging context with the Russian war of aggression against Ukraine, high persistent inflation, the multiannual financial framework midterm revision and the preparation of the future multiannual financial framework after 2027, the programme has now reached its cruising speed, implementing actions faster than first years of the current multiannual financial framework, and even able to absorb additional credits. In 2023, the programme achieved outstanding budgetary performance reaching a full (100%) budget execution both in commitment and payment appropriations.

– In 2024, the total budget planned for support to Education and training under Heading 2 (all fund sources) is over EUR 3.7 billion, of which about EUR 2.5 billion will support learning mobility. Commitment appropriations are distributed in the Erasmus+ annual work programme by budget line as voted by the budget authority including EUR 51 million additional credits for education and training in indirect management and EUR 9 million for youth. As regards payment appropriations, we expect that the cruising speed status with the acceleration of implementation as observed in 2023 will be confirmed in 2024.

– The 2025 planned commitment appropriations are aligned with the Financial Programming 2021-2027 between education and training, Youth and Sport, including top-ups pursuant to Article 5 of the multiannual financial framework regulations. The estimated needs in payment appropriations take

into account the cruising speed status reached by the programme, the past average payment trends and the most recent forecast provided by national agencies.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	226.4	384.6	438.1					1 049.1	4%
Biodiversity mainstreaming									
Clean air									

- The actions supported by the programme contribute to the overall climate objective, both by prioritising the green transition in cooperation activities and by promoting green practices at the project level throughout the programme.
- In this respect, the programme supports the use of innovative and awareness-raising practices to make learners, volunteers, staff and youth workers true factors of change (e.g. save resources, reduce energy use and waste, compensate carbon footprint emissions, opt for sustainable food and mobility choices).
- Funding rules have been revised so that, from 2024, sustainable travel will become the default option, and the programme will offer stronger incentives for those who travel in a sustainable way. Participants in learning mobility activities will be encouraged to prioritise green travel as their first choice when planning their trip.
- The yearly contribution to climate objectives is based on beneficiary organisations' applications for funding for the cooperation of projects (key action 2) with climate-related topics. The environment and the fight against climate change are among the horizontal priorities of the programme, which aims to support, across all sectors, awareness raising about the green transition and about environmental and climate-change challenges. Examples of cooperation projects addressing climate objectives can be found in the Erasmus+ Annual Report 2022 and on the Erasmus+ projects results platform.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2	313.9	315.4	309.0	938.3
1	498.6	751.6	780.0	2 030.2
0*	1 850.4	2 353.6	2 595.0	6 799.1
0				

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender-disaggregated information.

Erasmus+ supports gender equality and encourages women to participate in mobility activities. In 2022, 60% of the mobility opportunities provided were taken up by women. The gender distribution varies depending on the field of education: school education has the highest percentage of women (70%), followed by adult education (69%), higher education (61%), youth (57%) and vocational education and training (52%) (95).

Examples of cooperation projects addressing inclusion and diversity, including gender equality, can be found in the *Erasmus+ Annual Report 2022* and on the Erasmus+ projects results platform.

– The programme framework of inclusion measures was adopted in 2021 to reinforce inclusion measures that had already been implemented and to help adapt them to different circumstances in the Member States. With these measures in place, which also include the setting up of national inclusion plans and the nomination of inclusion contact points in each national agency, the programme opens up opportunities for many people to have a learning experience in another country, in particular by reaching out to increasing numbers of people with fewer opportunities. These measures are starting to bear fruit, with an estimated share in 2023 of 15% of participants with fewer opportunities under key action 1 of the programme (compared with 13% in 2022).

– In line with the principles of the 2020-2025 gender equality strategy, Erasmus+ contributes to fostering equality, including gender equality, in all of the sectors it addresses. The programme seeks, among other aims, to help overcome gender stereotypes in education and educational careers and to strengthen the promotion of participation of women in the area of science, technology, engineering and mathematics education, especially in engineering, information and communication technologies and advanced digital skills. For instance, the programme contributes to fostering gender balance in higher education institutions, across fields of study and in leadership positions, while in the vocational education and training sector it supports targeted measures promoting gender balance in traditionally ‘male’ or ‘female’ professions and addressing gender and other stereotypes. The main programme indicators are disaggregated by gender when relevant and possible.

– Regarding interventions the principal objective of which is to improve gender equality (score 2), the yearly contribution to gender is based on beneficiary organisations’ applications for receiving funding for cooperation projects (key action 2) with gender-related topics.

– Regarding interventions with a likely but not yet clear impact on gender equality (score 0*), the yearly contribution to gender is the difference between the programme’s budget as indicated in the relevant annual work programme and the yearly contribution to gender based on beneficiary organisations’ applications for receiving funding for cooperation projects (key action 2) with gender-related topics.

(95) Erasmus+ Annual Report 2022.

– The data are provisional, as the final results will only be available upon completion of the projects (normally 2-3 years after they start).

– Due to the specificities of the Erasmus+ programme, it is not possible to fully discern the gender contribution from voted budget implementation commitments only. The split presented in the table above represents a pro rata division based on the scores' proportions of the total implementation included in the relevant annual work programmes. This total of EUR 11 310 million includes other sources of funding on top of the voted budget implementation.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	541.8	774.9	701.4	2 018.1	21%

– Erasmus+ is heavily mobilised to respond to the necessary digital transformation of education and training, youth and sport. 2022 saw the launch of the Digital SALTO (support advanced learning and training opportunities) project, with the aim of supporting the qualitative implementation of the digital priority in the programme and bringing the programme closer to policies in the field of digital education.

– The programme's mobility actions provide an increased number of opportunities to acquire and develop digital skills through initiatives such as the digital opportunity traineeships scheme. The programme also complements physical mobility by promoting distance and blended learning. Moreover, it provides a broad range of learning opportunities focusing on basic and advanced digital competence development and virtual exchanges, and supports cooperation projects on digital education.

– The programme supports the implementation of the 2021-2027 digital education action plan. In line with the action plan's priorities, the programme contributes to the development of digital skills and competences; promotes accessible and high-quality digital learning; fosters teachers' capacity to use digital tools, services and content to enhance student learning and develop student digital skills; and provides blended learning opportunities (combinations of more than one approach to the learning process, blending school-site and distance-learning environments and digital and non-digital learning tools). Erasmus+ also supports European online platforms for virtual cooperation and digital education.

– In 2023, completed key actions included the adoption of the digital education and skills package, consisting of two Council recommendations, adopted by the Commission in April 2023 and by the Council in November 2023: (1) a Council recommendation on the key enabling factors for successful digital education and training; and (2) a Council recommendation on improving the provision of digital skills and competences in education and training.

– Throughout 2023, the Commission continued to implement the Selfie tool ('Self-reflection on effective learning by fostering the use of innovative educational technologies'), which has now been used by 5.8 million people in 29 758 schools in 86 countries.

– The European Digital Education Hub was launched in 2022. In 2023, the hub continued to expand its activities and its membership, which reached 4 000. In June 2023, a higher education interoperability working group was established within the European Digital Education Hub with the aim of exchanging good practices, developing a framework for seamless higher education data and content exchange, and producing practical implementation guidelines.

– The European student card initiative aims to make it as easy as possible for students across Europe to be mobile. Through its key components – the Erasmus+ mobile app, the European student card and the digitalisation of student mobility management – the initiative constitutes a real revolution in simplifying the way universities manage student mobility. By the end of 2023, the Erasmus+ mobile app had been downloaded more than 218 000 times and more than 2.3 million European student cards had been produced. The Erasmus Without Paper network has become the default option for higher education institutions to prepare intra-European student mobility. By the end of 2023, more than 102 000 interinstitutional agreements and 92 000 learning agreements had been digitally exchanged and approved by partners.

– The yearly contribution to digital objectives is based on, among other things, beneficiary organisations' applications for receiving funding for cooperation projects (key action 2) with digital-related topics. Results also include centralised projects supporting digital education and managed directly by DG Education, Youth, Sport and Culture, and digital platforms supporting learners, staff and organisations.

  The data are provisional as the final results will only be available upon completion of the projects (normally 2-3 years after they start).

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Number of participants in learning mobility activities – learners (education and training)	0	34% (*)	4.9 million in 2027	1.8 million compared to a target of 4.9 million	On track
Number of participants in learning mobility activities – staff (education and training)	0	44% (*)	1.4 million in 2027	612 090 compared to a target of 1.4 million	On track
Number of participants in virtual learning (education and training)	0	16% (*)	224 300 in 2027	36 600 compared to a target of 224 300	On track
Number of organisations and institutions taking part in the programme (youth)	0	15% (*)	156 210 in 2027	22 819 compared to a target of 156 210	On track
Number of organisations and institutions taking part in the programme (sport)	0	19%	2 119 in 2027	2 119 compared to a target of 11 422	On track
Number of small-scale partnerships supported by the	0	47% (*)	8 700 in 2027	4 110 compared to a target of 8 700	On track

programme (education and training)					
Share of projects addressing climate objectives under cooperation projects (youth)	0	43% (**)	25% in 2027	Milestones achieved for 2021, 2022 and 2023	On track

(*) % of target achieved by the end of 2023.

(**) % of years for which the milestones have been achieved during the 2021-2027 period.

– In 2023, despite persisting external challenges (notably some long-lasting effects of the pandemic and a fast-growing inflation rate caused by the energy crisis following Russia's war of aggression against Ukraine), the programme could fully resume its long-standing mission to support transnational learning mobility, while continuously promoting cooperation between organisations and policy development.

– 2023 was the year when, for the first time ever, the programme provided learning mobility opportunities for sports coaches and other sports staff. This was greatly appreciated by grassroots sports organisations and has attracted considerable demand.

– Some novelties of the programme, for instance the accreditation scheme (inspired from the mechanism already established for higher education, but now extended to the other main sectors of the programme), have been very successful and have attracted considerable demand. This scheme simplifies the application process and enables easier access to funds for mobilities activities.

– The programme continued rolling out the numerous initiatives that will contribute to achieving the European education area by 2025. The programme supported this through flagship initiatives like the European universities, centres of vocational excellence and Erasmus+ teacher academies. Its many actions in support of young people were particularly highlighted during the 2022 European Year of Youth and its legacy.

Delivering on the main priorities

– In 2023, the programme also continued to focus on its four main horizontal priorities, promoting inclusion and diversity and contributing to the green and digital transitions, and also to democratic participation and EU values via support to projects and to specific activities. Indicators monitoring the evolution of the programme's cross-cutting priorities track their performance at various levels. For example, the share of activities addressing climate objectives under key action 1 shows a positive trend for all sectors. The relevance of the green priority is also confirmed by the data under key action 2, where progress is ahead of target and increasing. The inclusion priority is measured through various indicators tracking the number of participants with fewer opportunities taking part in the different strands of the programme. The trends here are positive, and the numbers overall have been growing through the early years of programme implementation. This shows the positive results of the framework of inclusion and diversity measures set up in 2021, but also the inclusiveness of the programme through the number of newcomer organisations reached thanks to the simplification measures introduced in the new programme. The set of result indicators introduced through the delegated act also monitors the progress of the four priorities by tracking positive changes and learning outcomes linked to such priorities in participants, while additional output indicators complete the set monitoring the contribution to the priorities through projects under key action 2. Synergies between Erasmus+ and European Solidarity Corps programmes are visible in the recently adopted monitoring and evaluation frameworks, where similar indicators (adapted to the peculiarities of the two programmes and their actions) are available, in particular to monitor contributions to the priorities of the cross-cutting programmes. Moreover, SALTO resource centres provide support to both national agencies and beneficiaries for high-

quality implementation of the four priorities across Erasmus+ and the European Solidarity Corps, fostering synergies among the programmes.

– Besides the dedicated existing resource centres for support, advanced learning and training opportunities (known as SALTO) on inclusion and on democratic participation, other centres have been set up since 2022 to support the qualitative implementation of both the digital and the green horizontal priorities in the programme. The aim of the centres is to improve the quality and impact of the Erasmus+ programme at a systemic level by providing expertise, resources, analysis, information and training activities in specific areas for Erasmus+ national agencies and other relevant actors.

– Rising inflation put increasing pressure on mobile learners' costs. Therefore, the Commission adjusted the rates of individual support for the 2023 call for proposals of the Erasmus+ programme, with a focus on supporting individual mobility participants, as they are the people most affected by the increase in the cost of living.

– Under the 2024 call, the Commission has even more thoroughly revised the funding rules for learning mobility participants in order to improve the programme's inclusiveness. Travel support, which was until now included within the monthly grant, has now been generalised for all categories of students, thus substantially improving the support provided to these participants. For youth mobilities, rates have also been considerably increased to match current market prices. For the other categories of participants, rates have also been adjusted to compensate for the impact of inflation.

Democratic participation and EU values

- In the 2023 Erasmus+ call, all three Jean Monnet actions in other fields of education and training (Jean Monnet for schools) were included, promoting teaching and learning about the EU in schools and in vocational education and training institutions and enhancing teachers' competences in this field. The objective of these funding opportunities is to empower teachers to teach about the EU, to improve learning outcomes on EU matters, to strengthen EU literacy and to create interest in the EU and democratic processes among learners (students and pupils), thus promoting active citizenship education in the programme countries. In 2023, two schools networks and 10 teacher training projects were selected, along with 44 projects under the learning EU initiatives action. The Jean Monnet actions in the field of higher education continue to stimulate teaching, learning and research in European integration matters, to promote debates and contribute to spreading knowledge about the EU.
- Youth participation activities have also been launched as a new action aiming to enhance young people's skills and competences and foster active citizenship. This action complements the existing support for non-formal learning activities, such as youth exchanges bringing together young people from different countries to exchange and learn outside their formal educational system. From 2021 to 2023, EUR 80 million was devoted to this action.
- In line with the Erasmus+ regulation, the 2023 and 2024 Erasmus+ annual work programmes reaffirmed the key role of the programme in strengthening European identity and values and in contributing to a more democratic EU. Entities that are beneficiaries from EU projects have the obligation to commit to and ensure the respect of basic EU values. The implementing documents have strengthened this dimension from 2024 with an award criterion assessing the extent to which the proposal is relevant for the respect and promotion of shared EU values, and a check box on EU values in the application forms.

The international dimension

- After the successful launch of the international actions in 2022, Erasmus+ has now reached its cruising speed. In 2025, our objective is to support around 1 200 international credit mobility projects that aim to provide opportunities to more than 50 000 higher education students and staff to carry out their mobility periods abroad, all around the world. In 2023, through Erasmus Mundus actions, around 108 higher education institutions from 26 countries were involved in developing joint international master's degree programmes. Additionally, 274 capacity-building projects are under way, promoting cooperation among institutions and organisations engaged in higher education, vocational education and training, youth and sport.

Continuing support for Ukraine

- Since the start of Russia's war of aggression against Ukraine, the Erasmus+ programme has been mobilised, thanks to its built-in flexibility, to support projects promoting educational activities and facilitating the integration of people fleeing the war in Ukraine into their new learning environments, along with activities assisting organisations, learners and staff in Ukraine. Participating organisations have been encouraged to focus their activities as they see fit. A focus was placed on key action 1 (mobility) projects, relating to their capacity to support incoming mobility from Ukraine and facilitate the integration of learners and staff fleeing the war in Ukraine.
- In 2025, Ukraine will continue to be a key focus for the programme, and sector-specific priorities have been added, in particular to partnerships for cooperation (key action 2) in the fields of education, training and youth seeking to support those affected by the war. The range of actions

in support of Ukraine is expected to be very broad, as there are many different needs in the education sector, on the part of pupils and students, teachers and trainers, and universities and schools, along with non-governmental organisations.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3	X	The project 'A Digital VET Toolkit for Promoting the 4th Industrial Revolution in the European Health' aims to develop a digital toolkit by which European vocational education and training trainers and health sector mentors can reach out and assist healthcare professionals and stakeholders to catch up with technologies of the 4th Industrial Revolution.
SDG4	X	The objectives of the project 'ProuD to Teach All: Professional Development Strengthening Competencies to Teach All Learners in an Inclusive Learning Environment' are 1. to investigate professional development strategies that are effective, feasible and replicable to make teachers eager to learn to teach all learners, 2. to devise an accessible online inspiration centre that engages teachers to use evidence-based resources, 3. to strengthen teachers' interprofessional collaboration skills in inclusive networks and to enhance the coaching skills of experienced teachers, school leaders and other senior educational professionals to enable them to lead professional learning communities. Its key message to all European communities is: 'Everybody can learn, no matter what your family background or initial capacities are. By strengthening your interprofessional collaboration, you can raise each other's learning potential and make an inclusive pedagogy work'.

SDG5	X	Under the action Capacity Building in Higher Education, the Elevate-HER project strategically focusses on advancing Senegalese female researchers in STEAM fields. The project's primary goal is to prioritise their career development and equip them with essential skills to ensure sustained employability. By empowering these women, the Elevate-HER project aims to provide individually tailored career development plans and necessary tools, fostering the visibility of women researchers. This, in turn, will establish the groundwork for impactful systemic changes at the higher education institution level.
SDG6		
SDG7		.
SDG8	X	The project 'Femme Forward– Fast-tracking women into new tech careers and supporting successful female-led start-ups' is a forward-looking project targeting the low representation of women in digital jobs and start-ups. Through an innovative and comprehensive training programme, women with various backgrounds are empowered to either start a career in tech or employ their experience and knowledge to set up a tech start-up. Femme Forward supports women with various backgrounds with a special focus on: migrants and refugees whose qualifications are not recognised in the EU; professionals and women who want to change careers for better job prospects; young graduates from non-tech degrees who want to move into tech positions; women who have a tech business idea and want to make it a reality; women re-entering the labour market after maternity, etc.
SDG9		
SDG10		
SDG11	X	The project 'SHARKS – Sustainability Heroes and Restless Knights in School' aimed at empowering students to become sustainability champions and equip them with the knowledge and skills to build a more sustainable future. The project brought together pupils and teachers from six European countries – Luxembourg, Poland, Italy, Portugal, Spain and North Macedonia. Throughout the project, students learned about the 17 SDGs outlined in the United Nations' 2030 Agenda. They explored various sustainability challenges, such as climate change, species extinction, waste reduction, and human rights. By understanding these issues, students developed the ability to think critically and take responsible actions for their own lives and the well-being of future generations.

SDG12	X	The European University Alliance on Responsible Consumption and Production (Eureca-Pro) focuses its activities on responsible consumption and production. The project 'Development of Higher Education Content Aimed to Support Industries for Sustainable Production of Qualitative Agri-food' aims to modernise Higher Education content for promotion of development of national agro-food production systems, where farm-enterprises will apply internationally recognised good agricultural practices and sustainable agro-business management principles and approaches, thus increasing agro-food production industry effectiveness and competitiveness.
SDG13	X	The project 'Digitally for Climate (Digi4Clima)' established international cooperation to contribute to the raising awareness of two global issues – the fight against climate change and digital transformation. It aimed at developing and promoting a digital learning tool on climate change that provides knowledge, raises awareness of environmental sustainability and promotes digital literacy. The tool supports teachers when educating primary school students about the dangerous effects of climate change on earth, developing a caring attitude towards nature, making them become aware of the consequences of their daily actions, encouraging them to live more environmentally friendly.
SDG14		
SDG15		
SDG16	X	Under the action for Capacity Building in Higher Education, the project 'Academic Alliance for Reconciliation in the Field of Higher Education in Peace, Conflict Transformation, and Reconciliation Studies in the Middle East and North Africa' aims at building capacity in the field of Higher Education (HE) in Peace, Reconciliation and Conflict Transformation Studies in the Middle East and North Africa (MENA) region.
SDG17		

EUROPEAN SOLIDARITY CORPS

Programme in a nutshell

Concrete examples of achievements

Nearly 550 000 young people have expressed an interest in joining the European Solidarity Corps by registering since the launch of the new-generation programme in 2021.	Nearly 7 000 Projects have received programme grants since the launch of the programme in 2021.	Nearly 3 600 Organisations have participated in projects supported by the programme since its launch in 2021.	Nearly 65 000 opportunities for young people have been created under the programme since 2021.
35% of participants in the programme since its launch in 2021 have been people with fewer opportunities.	63% of the total number of programme participants since its launch in 2021 have been women.		

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	1 **015.0**
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	25.4
Total budget 2021-2027	**1 040.4**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The programme finances projects to give young people a chance to take part in solidary activities addressing societal challenges through volunteering or to set up their own solidary projects. It provides supports to young people wishing to engage in solidary activities in a variety of areas, from helping the disadvantaged and delivering humanitarian aid to contributing to health and environmental action across the EU and beyond.

CHALLENGE

The EU is built on solidarity, a shared value strongly felt throughout European society. Solidarity is a fundamental pillar of the European integration project, providing a clear compass to guide EU citizens, and especially the young ones, in their aspirations for a better EU. Many young people wish to engage in solidarity activities. Communities have unmet needs that could be addressed by involving younger generations in such activities, and many organisations engaged in solidarity initiatives are looking for motivated youngsters to help with their efforts. These imbalances of supply and demand require attention.

In the absence of measures to bring organisations and young people together to promote solidarity, there is a risk that a major potential for solidarity activities goes untapped. This could result in an unnecessary welfare loss to organisations, young people and society as a whole. Furthermore, there is room for improvement by simplifying processes and there are efficiency gains to be derived from economies of scale and scope.

Whereas tackling socio-economic issues is primarily the responsibility of Member States, intervention at the EU level enhances the European, cross-border dimension of solidarity, complementing existing national and regional public and private policies, programmes and activities without creating competition or substitution effects. This intervention also helps identify shared challenges, stimulate cooperation and transnational mobility, encourage synergies, and promote the sharing of good practices and mutual learning in addition to supporting an EU-wide approach to social innovation, where there is clear added value to European solutions.

With the COVID-19 pandemic behind, in 2023 Europe continued to be hit by the effects of the Russian invasion of Ukraine and the resulting significant inflow of refugees into the EU as well as continuous high inflation. Moreover, as a direct consequence of climate change, a series of extreme weather events and natural disasters (e.g. floods, large-scale forest fires) affected a number of countries, with many supported projects addressing their consequences.

MISSION

Against this background, the programme brings together young people and organisations to build a more inclusive society, supporting vulnerable people and responding to societal and humanitarian challenges. It offers an inspiring and empowering experience for young people who want to help, learn and develop, and provides a single entry point for such solidarity activities across the EU and beyond.

The general objective of the programme is to enhance the engagement of young people and organisations in accessible and high-quality solidarity activities, primarily volunteering, as a means to strengthen cohesion, solidarity, democracy, European identity and active citizenship in the EU and beyond. It will address societal and humanitarian challenges on the ground, with a particular focus on the promotion of sustainable development, social inclusion and equal opportunities.

The programme offers opportunities, which further energise solidarity between Europeans and mobilise young Europeans to support their local communities, bringing relief to one another during isolation or confinement, including helping older generations gain digital skills to stay connected and offering care for those hardest hit by the crisis. Overall, it enhances the European cross-border dimension of solidarity, complementing existing national and regional public and private policies, programmes and activities without creating competition or substitution effects.

Actions to tackle socio-economic problem areas are primarily the responsibility of the Member States and regions and must be taken closest to the citizens at national and subnational levels. The programme addresses the role the EU has to play in identifying shared challenges, stimulating cooperation and transnational mobility, encouraging synergies, and promoting the sharing of good practices and mutual learning in addition to supporting a Europe-wide approach to social innovation, where there is clear value added for European solutions.

OBJECTIVES

The specific objective of the programme is to provide young people, including young people with fewer opportunities, with easily accessible opportunities for engagement in solidarity activities that induce positive societal changes in the EU and beyond, while improving and properly validating their competences, as well as facilitating their continuous engagement as active citizens

ACTIONS

In order to achieve its objectives, the programme implements its actions structured into two strands.

(1) Participation of young people in solidarity activities:
- volunteering
- solidarity projects.

(2) Participation of young people in humanitarian aid related solidarity activities ('Volunteering under the European Voluntary Humanitarian Aid Corps'):
- Humanitarian Aid Volunteering projects.

Additionally, the programme supports a series of activities and measures aiming at providing high-quality solidarity activities:

- networking activities
- quality and support measures.

STRUCTURAL SET-UP OF THE PROGRAMME

The programme is implemented directly both by the European Commission, under the leadership of the European Commission's Directorate-General for Education and Culture (which bears the overall responsibility for supervision and coordination), and by the European Education and Culture Executive Agency. The bulk of the programme's activities are implemented through indirect management with the support of a network of national agencies, which brings the programme closer to its target audience, adapting it to the different national systems, and offers the possibility to align it with national priorities.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The programme builds on achievements of the predecessor programme in its first years of existence and on the EU Aid Volunteers initiative, further consolidating efforts to have a single entry point for young people wishing to engage in solidarity activities and extending the scope to cover volunteering activities in support of humanitarian aid operations.

Its inclusion and diversity framework will help further improve access to solidarity opportunities, especially for participants with fewer opportunities. The programme will also give more emphasis to the Commission's priorities and contribute to the EU's sustainable growth and digitalisation.

FURTHER INFORMATION

- Programme website:
  - European Solidarity Corps.
- Impact assessment:
  - *ex ante* evaluation of the programme: https://europa.eu/!ht93mJ.
- Relevant regulation:
  - Regulation (EU) 2021/888 of the European Parliament and of the Council.
- Evaluation:
  - European Solidarity Corps – evaluation of current and former programmes

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	135.7	141.4	144.2	144	146.9	149.8	152.9	1 015.0
NextGenerationEU	0	0	0	0	0	0	0	0
Decommitments made available again (*)	N/A	N/A	N/A					0
Contributions from other countries and entities	11	7	7.4	0	0	0	0	25.4
Total	**146.7**	**148.4**	**151.6**	**144**	**147**	**149.8**	**153**	**1 040.4**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

+ EUR 6.0 million (+ 1%)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

– The 2021-2027 financial programming has a rather linear and flat profile with a moderate increase of the programme over the programming period (initially about 2% by year). In 2022 and 2023, the programme received additional budget as a result of the final EU voted budget (EUR 3 million each year). Moreover, and not included in the figures above, in 2023 and 2024, the programme is benefitting from co-delegated funds from Horizon Europe missions, which are topping up the volunteering budget.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	439.9	1 040.4	42.3%
Payments	333.7		32.1%

Voted budget implementation (million EUR) (*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	135.7	135.7	75.0	90.7
2022	141.4	141.4	122.0	99.7
2023	144.2	144.2	120.4	112.9

(*) Voted appropriations (C1) only.

- Following the challenging and complex first year of the new multiannual financial framework, triggered by the late adoption of programme regulations and annual work programmes, combined with the impacts of the COVID-19 pandemic, 2022 aimed to be a decisive year to demonstrate the ability of the programme to enter steadily in cruising speed as regards budget implementation.
- However, 2022 also had its share of unexpected and exceptional challenges. Russia's war of aggression against Ukraine combined with the impacts of quickly rising inflation on beneficiaries required our programmes to adapt and take appropriate measures, both at the operational and budgetary levels.
- In this challenging context, the Commission quickly adapted flexibility measures to allow projects to refocus, on a voluntary basis, parts of their activities to provide short-term support to Ukraine.
- The extremely high inflation rate in the EU in 2021-2022 particularly affects subsistence costs (e.g.; food and housing) for the programme. For this reason, a review of individual support amounts (unit costs) for the grants was applied under the 2023 call:
    - cumulative EU inflation rate in the 2017-2020 period of 5.92% is applied for those actions, which were not yet increased at the start of the programming period;
    - an adjustment of 12.27% based on the comparative increase of the price indices between January 2021 and July 2022 (latest monthly index available).

The proposed adjustment is the start of a more in-depth and comprehensive revision of the applicable rates, based on the impact of the inflation increase.

- In 2022 the programme also strongly contributed to the European Year of Youth. The European Parliament and the Council approved a EUR 3 million reinforcement to the programme for 2022 for activities related to the European Year of Youth. The reinforcement was allocated to certain programme actions dedicated to preparing and carrying out activities in line with the European Year of Youth 2022 such as volunteering activities, solidarity projects, networking activities, European Solidarity Corps Portal developments, etc. 'Solidarity Projects', which allow groups of young people to design and implement their own projects and to deal with issues faced directly by the communities where they live, were the format that benefited most from the budgetary reinforcement as it is an easy-access action format that best reflected the year's objective to empower young people.
- The Commission, together with the European Education and Culture Executive Agency, managed to close 2022 with outstanding budgetary performance, reaching an overall budget execution of 100%, both in commitments and payments appropriations for the EU voted budget available at year end.
- In 2022, we clearly noticed an acceleration of budget implementation in payment appropriations compared to 2021. As a result, reinforcement of credits redeployed from other programmes were needed to cover the payment needs until the year end.
- In 2023, on top of the additional EU voted budget for the 2023 programme (EUR 3 million), the volunteering strand of the European Solidarity Corps was topped up by Horizon Europe missions funds (EUR 16.53 million) to further mobilise young citizens to be active players and vectors of change in climate, environmental and health issues, linked to the goals of the Missions. This connection will help to deliver a systemic change as young people across the EU

and associated countries will support the aims of the Missions through their participation in volunteering activities. This top up is not included in the figures above.

2024

– The 2024 budget will be topped up by EUR 7 253 million from reallocation of internal resources. Moreover, similarly to 2023, thanks to the synergy with Horizon Europe missions, the programme is expected to be topped up by means of co-delegated funds. The exact amount will be known as soon as the Horizon Europe annual work programme is formally adopted.

2025

– The 2025 planned commitment appropriations are aligned with the 2021-2027 financial programming. The estimated needs in payment appropriations for 2025 take into account the acceleration in budget implementation observed in 2023, the past average payment trends and the most recent forecast provided by national agencies. The possibility to co-delegate funds from Horizon Europe to the European Solidarity Corps in 2025 may be explored again during the budget preparation in 2024.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	18.0	15.8	16.5					50.2	5%
Biodiversity mainstreaming									
Clean air									

– The programme contributes to the mainstreaming of climate action by targeting organisations and young people wishing to tackle current societal challenges, including climate action, through projects that benefit people and communities across Europe and beyond. A coefficient of 40% is applied to the relevant projects' budget, in accordance with the EU climate coefficients methodology. Young people between the ages of 18 and 30 can take part in a wide range of solidarity activities, such as tackling societal challenges and supporting vulnerable people, and can contribute to positive change in communities across Europe and beyond, all while gaining valuable skills. Climate action, the environment and nature protection are increasingly popular areas within the programme. A strategic approach towards carbon-neutral and more environmentally friendly post-2020 EU programmes for education, training, youth, sport and solidarity is under preparation. Meanwhile, the programme already supports sustainability and climate action in the following ways:

    • supporting projects with the themes of climate action and sustainability;

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- assigning a dedicated priority in its specific calls for 'volunteering teams in high-priority areas' to climate change and sustainability;
- promoting sustainable awareness among programme participants.

– Since 2021, the programme has supported projects and activities aiming to protect, conserve and enhance natural capital, to raise awareness about environmental sustainability and to enable behavioural changes linked to individual preferences, consumption habits and lifestyles. The programme supports initiatives aimed at preventing and mitigating or repairing the adverse effects of extreme weather events and natural disasters, along with activities that provide support to affected communities in the aftermath of such events or disasters.

– In general, the programme promotes the incorporation of green practices in all projects, regardless of the main focus of their activities. Organisations and participants involved with the programme should have an environmentally friendly approach when designing their activities. Activities contributing to other existing EU initiatives in the area of environmental sustainability (e.g. the New European Bauhaus) are highly encouraged.

– Funding rules have been revised so that from 2024, sustainable travel will become the default option, and the programme will offer stronger incentives for those who travel in a sustainable way. Participants will be encouraged to prioritise green travel as their first choice when planning their trip.

– Combining funding from the programme and Horizon Europe EU missions in 2023 and 2024 will further mobilise young citizens to give their time to climate and environmental projects, along with health projects, linked to the goals of the missions. Creating a connection between the missions and the programme will help to deliver systemic change. The extra budget allocated from Horizon Europe EU missions to the programme addresses the following priorities: green, health, digital, culture, civil security and food bioeconomy.

– - The yearly contribution to climate objectives is based on beneficiary organisations' applications to receive funding for projects with climate-related topics

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2	12.8	36.0	65.7	114.6
1				
0*	122.9	105.4	78.5	306.8
0				

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender-disaggregated information.

The European Solidarity Corps supports gender equality and encourages women to participate in volunteering and solidarity projects. 63% of the total number of programme participants since the launch of the programme in 2021 have been women, while 37% have been men.

Examples of gender-related projects addressing gender equality can be found on the European Solidarity Corps Platform.

- The programme aims to promote social inclusion by facilitating access by young people with fewer opportunities. In some cases, young people need additional support to face various obstacles such as gender-based discrimination, harassment and gender-based violence. A number of solidarity and volunteering projects address issues such as the promotion of gender equality, the fight against sexual violence, the promotion of LGBTQ+ equality, etc.
- Regarding interventions the principal objective of which is to improve gender equality (score 2), the total yearly contribution to gender is based on beneficiary organisations' applications for receiving funding for projects with gender-related topics (e.g. the promotion of equality between women and men in the fields of arts and sports, fighting violence and discrimination against women and girls).
- Since the beginning of the programming period, 8 321 of the participants with fewer opportunities have been women, representing 62% of this category.
- Regarding interventions with a likely but not yet clear impact on gender equality (score 0*), the total yearly contribution to gender is the difference between the programme budget as indicated in the relevant annual work programme and the yearly contribution to gender, based on beneficiary organisations' applications for receiving funding for projects with gender-related topics.
- Data are provisional, as the final results will only be available upon completion of the projects.
- Due to the specificities of the European Solidarity Corps programme, it is not possible to fully discern the gender contribution from voted budget implementation commitments only. The split presented in the table above represents a pro rata division based on the scores' proportions of the total implementation included in the relevant annual work programmes. This total of EUR 431 million includes administrative credits on top of the voted budget implementation.

Examples of gender-related projects addressing gender equality can be found on the European Solidarity Corps Platform.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	13.8	38.2	32.3	84.3	20%

– The programme aims to help Europeans, regardless of their gender, age and background, to live and thrive in the digital age through projects and activities that help to improve digital skills in general and/or foster digital literacy, and to develop an understanding of the risks and opportunities of digital technology.

– In general, the programme promotes the use of appropriate information, communication and technology tools in all projects, regardless of the main focus of their activities.

– The yearly contribution to digital objectives is based on beneficiary organisations' applications for receiving funding for projects with digital-related topics. Data are provisional, as the final results will only be available upon completion of the projects (normally 2-3 years after they start).

– 2022 saw the launch of the Digital SALTO (support, advanced learning and training opportunities) with the aim of supporting the qualitative implementation of the digital priority in the programme and of bringing the programme and policy closer towards the digital objectives.

– The European Solidarity Corps also supports virtual cooperation and digital education through the European Solidarity Corps portal embedded in the European Youth Portal, which manages the registration and implementation of volunteering and solidarity activities. By the end of 2023, 246 620 new users had registered on the portal and the European Solidarity Corps app had been downloaded more than 21 000 times.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Number of participants in solidarity activities	0	**36%**	185 755 in 2027	66 695 compared to a target of 185 755	Moderate progress
Number of organisations holding a quality label	0	**55%**	5 665 in 2027	3 130 compared to a target of 5 665	Moderate progress
Share of participants with fewer opportunities	0%	**43%**	30% annually from 2022	Milestones achieved for 2021, 2022 and 2023	On track
Share of activities that address climate objectives	0%	**43%**	20% annually from 2026	Milestones achieved for 2021, 2022 and 2023	On track

(*) % of target achieved by the end of 2023.

– The late adoption of the programme's legal basis delayed the publication of the 2021 call and consequently the selection of proposals for funding. As a result, projects were chosen and contracted later than usual. In addition, many organisations postponed their project activities from 2019 and 2020 until 2021 due to the COVID-19 pandemic. Consequently, some of them did not have the operational capacity to initiate new projects under the new multiannual financial framework (i.e. in response to the 2021 call). In 2021, these factors further

exacerbated the lower budget take-up that is typical for the first year of each programming period, i.e. the time needed by potential applicants to adjust to new rules and procedures.

– After 3 years of implementation, we see that the programme's volunteering projects have absorbed the allocated budget to a very large extent, due to the high level of demand by young people for volunteering opportunities. However, we also observe that the number of young people who can be supported with the available budget is lower than initially expected. This is due to a lower-than-estimated take-up of short-term activities, which are less costly, and higher-than-estimated take-up of long-term volunteering activities.

– Short-term activities, which typically last from 2 weeks to 2 months, cost on average about 8 to 10 times less than longer-term activities, which last between several months and 1 year. These activities are designed mainly for young people with fewer opportunities. The original estimations of the budget split between short- and long-term activities was 35% short-term versus 65% long-term, whereas we now observe a split closer to 15% for short-term and 85% for long-term activities. This goes a long way towards explaining the implementation figures (in terms of the number of volunteers). Additional factors influencing these figures are inflation and a more significant uptake of the programme by young people with fewer opportunities, which has exceeded the programme's original ambitions. At the time of the publication of this document, it is too early to report on the performance of the 2021-2027 programme. The ongoing midterm evaluation of the programme is due to be finalised by the end of 2024, and will provide factual input on the programme's performance.

– Rising inflation and overall hosting costs have put increasing pressure on the costs of corps participants. Therefore, the Commission has adjusted the rates of individual support for the 2023 European Solidarity Corps call for proposals, with a focus on supporting individual participants, who are most affected by the increase in the cost of living.

– Under the 2024 call, the Commission has even more thoroughly revised the funding rules in order to improve the programme's inclusiveness and to ensure that volunteers will have full support through their hosting organisations by adjusting the rates to compensate for the impact of inflation.

– This may result in a decreased number of participants in volunteering and solidarity activities, assuming no substantial changes in the budget until 2027. However, such a reduction will partly be mitigated by the co-delegation of Horizon Europe missions funds to European Solidarity Corps, which was implemented in 2023 and 2024. This is a very concrete example of a fruitful synergy between two Commission programmes, and will be further explored in the coming years until the end of the multiannual financial framework.

– Building on past experience, the programme implementation scheme is evolving to become more efficient and to address issues that came up in the previous multiannual financial framework. In 2021, a specific priority, prevention, promotion and support in the field of health, was added to mobilise volunteers in addressing the impact of the pandemic and the recovery. In 2022, two priorities were added: promoting healthy lifestyles and preservation of cultural heritage. In 2023, inclusion and diversity, environmental sustainability and climate goals, digital transformation and participation in democratic life were added, along with relief for people fleeing armed conflicts and other victims of natural or human-made disasters. The latter will be maintained in 2024, and seconded by fostering positive learning experiences and outcomes for young people with fewer opportunities.

– The programme and its entire community once again showed extreme resilience and adaptability by quickly mobilising to provide relief to Ukrainian residents fleeing the war, along with communities across the EU that offered them a safe haven. With the conflict still ongoing, the programme will continue to contribute to the provision of relief for people fleeing

armed conflicts and other victims of disasters such as floods, fires and earthquakes in the coming years.

- Launched in 2022, the European Voluntary Humanitarian Aid Corps is a new centralised action that allows the deployment of young volunteers in non-EU countries. The first call for proposals was published in the 2022 programme guide, enabling organisations that had been awarded the specific quality label to request funding for volunteering opportunities in support of humanitarian aid projects. As 2023 was the first year of implementation, and based on the results of the first two calls, we can make more accurate estimates for the coming years, notably regarding deployment in teams, which is at a much lower level than had initially been expected. In practice, the number of volunteers is now expected to be much lower than the initial estimate, but their deployments are expected to last longer.
- During the active programme, the European Voluntary Service and the European Solidarity Corps were merged to provide better coherence and to address the deficiencies of the previous programmes. Corrective measures were put in place for the new humanitarian aid strand to prevent the low take-up experienced by the corresponding action in the 2014-2020 multiannual financial framework: the EU aid volunteers initiative. Concerning training in particular, a new and much more effective training cycle was devised. Deeper integration with the features of other programme strands was ensured. The deadline for humanitarian aid applications for the 2024 call is in April.
- In 2023, the programme also continued to focus on its four main cross-cutting priorities:
  - inclusion and diversity,
  - digital transformation,
  - environmental protection, sustainable development and climate action,
  - participation in democratic life.
- For example, projects address the social and digital inclusion of people with intellectual and developmental disabilities and young people's civic engagement in the local decision-making process. In 2023, 43% of the projects addressed climate objectives.
- Besides the dedicated existing support, advanced learning and training opportunities (SALTO) resource centres on inclusion and on democratic participation, other centres were set up in 2022 to support the qualitative implementation of the digital and green horizontal priorities in the programme. The aim of the centres is to improve the quality and impact of the European Solidarity Corps at a systemic level by providing expertise, resources, analysis, information and training activities in specific areas for Erasmus+ and European Solidarity Corps national agencies and other relevant actors.

2014-2020 multiannual financial framework – European Solidarity Corps

The former programme (2018-2020) was aimed at giving young people the chance to take part in a range of solidarity activities that address challenging situations across the EU, such as rebuilding communities following natural disasters and addressing social issues such as social exclusion, poverty and health, and demographic challenges. The programme supported volunteering, traineeships and job placements in a wide range of sectors engaged in solidarity and provided young people with opportunities to set up their own solidarity projects or volunteer as a group.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	352.0	352.2	99.9%
Payments	279.8		79.4%

- The programme started in 2018 for a period of 3 years (2018-2020).
- During the 2018-2020 period, its total budget was consumed at nearly 100% in terms of commitments and at about 79% in terms of payments.
- The late adoption of the regulation in October 2018 delayed the effective start of the programme and consequently the launch of the 2018 and 2019 calls for proposals. This slow take-off affected the implementation of the programme, which was spread over more years than initially planned, and the related payment consumption. Moreover, the COVID-19 pandemic had an impact on the solidarity activities in the last year of the programming period. DG Education, Youth, Sport and Culture granted extensions of the duration for ongoing projects, which also had the technical effect of reducing payments scheduled for 2021, moving them to 2022 and 2023. In some limited cases, the non-receipt of interim reports in time led to a reduced volume of payment appropriations consumed in 2021.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment

Participants in volunteering	0	42%	61 900	25 911 compared to a target of 61 900	Deserves attention
Participants in traineeships	0	5%	11 200	541 compared to a target of 11 200	Deserves attention
Participants in solidarity projects	0	46%	18 900	8 629 compared to a target of 18 900	Deserves attention

(*) Cumulative results for 2014-2020 compared to target.

- The programme builds on the achievements of the European Voluntary Service and on the first phase of the programme, launched in December 2016, whereby different EU programmes were mobilised to offer volunteering, traineeships or job activities to young people across the EU. In 2018, the first programme regulation created a new, coherent framework for solidarity-related activities.
- The programme proved successful in providing opportunities to address horizontal priorities such as inclusion (with more than 30% of participants being people with fewer opportunities) or climate change (13% of projects supported under the programme address climate action, the environment and nature protection). It offered support for projects revolving around a range of solidarity (in the form of individual or team volunteering, traineeships, jobs and solidarity projects) involving young people between 18 and 30 years of age.
- The programme performed well in terms of budget absorption. However, it is now clear that the initial assumptions on targets were inaccurate. The combination of full budget absorption and low participant numbers (44%-46% of relevant target) shows that the cost of supporting individual solidarity opportunities was severely underestimated. The overestimated overall number of participants may be the consequence of an inaccurate estimation of the budget split between short- and long-term activities. The applicants' strong preference for (more costly) long-term activities only became apparent during the implementation of the programme and explains to a great extent the implementation figures (in terms of the number of volunteers).
- The 'Traineeships and jobs' strand, which represented the biggest novelty under the programme, faced additional challenges. The performance targets had been designed with the expectation of a full 3 years of implementation over the 2018-2020 period. The short programme period (end of 2018-2020) had an impact on the possibilities for successful outreach to an entirely new category of stakeholders (potential participating organisations), and the 'Traineeships and jobs' strand did not manage to carve out a niche in the relatively vast range of national and EU tools aimed at improving the employment prospects of young people.
- In terms of participation rates, the number of young people in volunteering and solidarity projects continued to rise. In 2021, the total number of participants from the 2018–2020 calls exceeded 12 000. In 2021 alone, over 3 000 volunteering participants took part in programme activities despite the COVID-19 restrictions. The programme continued to provide relief where possible, for example by providing assistance to elderly people during the pandemic.
- Nearly 280 000 young people from across the EU registered with the programme by the end of 2020.
- The combination of the high number of young people who expressed their wish to engage in the programme (through registration) and 100% budget absorption showed that the

programme is relevant for the target groups and – together with positive feedback from stakeholders in the youth and solidarity sectors – led the Commission to propose that the programme should be renewed for the 2021-2027 period.

2014-2020 multiannual financial framework – EU Aid Volunteers

The EU Aid Volunteers initiative brought together volunteers and organisations from different countries, providing practical support to humanitarian aid projects in non-programme countries and contributing to strengthening the local capacity and resilience of disaster-affected communities. The programme incentivised and fostered collaboration and the exchange of knowledge and good practices by building partnerships between organisations in the field of humanitarian aid.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	89.2	89.5	99.7%
Payments	68.2		76.2%

– The EU Aid Volunteers initiative was managed until 2020 by DG European Civil Protection and Humanitarian Aid Operations. During the 2014-2020 period, the total EU budget was allocated at nearly 100% in terms of commitments and at 76% in terms of payments.

The COVID-19 pandemic further affected the already unsatisfactory level of volunteering activities in support of humanitarian aid in the last year of the programming period. A call for proposals was cancelled and extensions of the duration of ongoing projects were granted to beneficiaries, thereby reducing payments scheduled in 2021. The payments appropriation in 2022 and 2023 have served to support final payments of projects and actions implemented by the European Education and Culture Executive Agency.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Number of EU aid volunteers trained	0	32%	4 300 in 2020	1 383 compared to a target of 4 300	Deserves attention
Number of EU aid volunteers deployed	0	27%	4 175 in 2020	1 144 compared to a target of 4 175	Deserves attention
Number of hosting and sending organisations participating in the EU aid volunteers initiative	0	82%	535 in 2020	439 compared to a target of 535	Moderate progress

(*) Cumulative results for 2014-2022 compared to target.

- After the launch of the initiative, the uptake of this new programme was below expectations. For the 2014-2020 period, the EU Aid Volunteers initiative aimed to finance the training of an initial target of 4 400 volunteers and the deployment of 4 000 volunteers, the provision of technical assistance and capacity-building to participating organisations, and the implementation of communication and other support activities. By the end of 2022, 1 192 deployments were financed, amounting to 29% of the initial target, and 788 deployments had taken place.
- The EU Aid Volunteers initiative introduced a thorough certification mechanism that required the sending and hosting organisations to prove that they had procedures and policies in place to achieve the high volunteering standards of the programme. This mechanism did not exist during the pilot phase. Consequently, challenging targets were set in terms of certified organisations and volunteers trained and deployed, which did not produce satisfactory results.
- In light of these issues, the aim to achieve better coherence and synergies with the European Voluntary Service and the programme gave rise to the creation of a new humanitarian aid strand in the European Solidarity Corps (2021-2027 multiannual financial framework), which followed the EU Aid Volunteers initiative. The expansion of the European Solidarity Corps' scope to humanitarian aid in non-EU countries as of 2021 (i.e. taking over the legacy of the EU Aid Volunteers initiative) further confirms the programme's role as a unique gateway for volunteering and other solidarity activities of young people in Europe, improving its visibility and impact across the EU and beyond.
- At the implementation level, the lessons learned from the previous programme have led to significantly simplified access for interested young people and organisations, including better provisions for involving young people with fewer opportunities in the programme. The programme's quality and support mechanisms have also been enhanced, for example with more training and support options available to the young participants before, during and after their engagement in the programme.
- In order to ensure efficient and effective implementation, the 2021-2027 European Solidarity Corps programme makes maximum use of existing management arrangements already in place in the youth field. This allows a better focus on maximising delivery and performance of the programme's actions while minimising administrative burden.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3	X	The programme plays an important role in supporting health and social care systems, improving people's experience of care, building stronger relationships between services and communities. Through its activities, it also aims at mobilising volunteers around key health challenges, such as those related to cancer, mental health and wellbeing overall.
SDG4	X	The programme aims, among other things, at developing the skills and competences of participants for professional, social and civic development. In addition, given its strong focus on inclusion, this includes young people with fewer opportunities (35% of total participants since its launch in 2021), including young people with disabilities.
SDG5	X	The programme aims at removing social obstacles for participation of people facing gender-based discrimination, among other reasons. It also supports projects dealing with the issue of gender equality, such as focusing on changing mentalities, sensitising communities to gender and diversity or contributing to breaking down barriers for women's access to employment. For example, Humanitarian aid volunteers can be recruited as gender experts to promote gender sensitivity and mainstreaming of gender considerations in disaster risk management in affected communities.
SDG6		
SDG7		

www.parlament.gv.at

SDG8	X	All of the programme actions contribute to increase the employability of the young people who participate, as shown by several studies. This is achieved through a combination of outcomes, for example the acquisition of new skills, increased autonomy, increased knowledge of foreign languages. Additionally, solidarity projects can further help the entrepreneurial and innovative spirit of young participants. Finally, the emphasis on inclusion aims to ensure that everyone can reap these benefits, including people with fewer opportunities.
SDG9		
SDG10	X	Through its activities, the programme aims to strengthen cohesion and solidarity. It supports projects and activities actively addressing the issue of inclusion in society. Special attention ensures that activities supported by the programme are accessible to all young people, notably the most disadvantaged ones. To this end, special measures are in place to promote social inclusion, the participation of young people with fewer opportunities, as well as to take into account the constraints imposed by the remoteness of the outermost EU regions and overseas countries and territories. Similarly, the participating countries should endeavour to adopt all appropriate measures to remove legal and administrative obstacles to the proper functioning of the programme. These include – wherever possible and without prejudice to the Schengen *acquis* and EU law on the entry and residence of non-EU nationals – resolving administrative issues that create difficulties in obtaining visas and residence permits.
SDG11	X	Through its activities aiming at addressing societal challenges, the programme supports efforts to promote sustainable development of urban areas, and to protect and safeguard Europe's cultural heritage. In call year 2023, 57 solidarity projects focused on the development of disadvantaged rural and urban areas.
SDG12		

SDG13	X	The programme aims at integrating green practices into all projects and activities, and promoting environmentally sustainable and responsible behaviour among participants and participating organisations. Organisations and participants should thus have an environment friendly approach when designing and implementing their activities. The programme also supports projects and activities addressing the topics of environmental protection, sustainability and climate goals, and aiming to protect, conserve and enhance natural capital, as well as raising awareness about environmental sustainability and enabling behavioural changes for individual preferences, consumption habits and lifestyles.
SDG14		
SDG15		
SDG16		
SDG17		

JUSTICE PROGRAMME

Programme in a nutshell

Concrete examples of achievements

4.9 million	24 208	2.60 million	
exchanges of information occurred in 2023 in the European criminal records information system.	justice professionals were trained in 2022 through the justice programme's financial support for cross-border training activities and thanks to the European Judicial Training Network.	visits were made to the pages addressing the need for information on cross-border civil and criminal cases on the European e-Justice Portal in 2023.	

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	296.8
NextGenerationEU	0.0
Decommitments made available again (*)	N/A

Contributions from other countries and entities	0.0
Total budget 2021-2027	**296.8**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The Justice programme supports a broad range of beneficiaries that play an important role in the development of an EU area of justice. This includes, primarily, members of the judiciary and judicial staff, but also public authorities, academic/research institutes and training bodies, along with civil-society and non-profit organisations.

CHALLENGE

A working EU area of justice and effective national justice systems are necessary for a flourishing internal market and for upholding the common values of the EU. Promoting EU values also means protecting them and ensuring an environment respectful of the rule of law and the independence of the judiciary, with mutual recognition and mutual trust among Member States.

In this context, several challenges persist.

- Judicial cooperation in civil and criminal matters is insufficient and access to justice across Member States remains difficult. Tools for collecting comparative information about the quality, independence and efficiency of Member States' justice systems need to be improved. One major obstacle to mutual recognition and judicial cooperation is a lack of trust in other Member States' judicial systems. There is a need to simplify and digitalise communications, access to procedures and legal information and connection to and between national systems.
- The level of knowledge of the EU *acquis* and of EU instruments needs to be improved across the Member States. However, national training providers tend to invest their resources in training on national law rather than on EU law, and in national training activities rather than in cross-border ones.
- In periods of economic crisis, persistent inequalities and challenges (e.g. migration) test fundamental rights and the EU's fundamental values, including the rule of law, access to justice, space for civil society and the independence of the judiciary.

These challenges are common to all Member States and have cross-border dimensions. While action at the national level is important, it is through EU-level initiatives that inefficiencies, such as insufficient judicial cooperation and the incomplete implementation of EU law, can best be tackled.

MISSION

The justice programme supports the further development of an EU area of justice based on EU's values, the rule of law, and mutual recognition and trust. It facilitates access to justice and promotes judicial cooperation in civil and criminal matters and the effectiveness of national justice systems.

OBJECTIVES

The specific objectives of the justice programme are to:

(1) facilitate and support judicial cooperation in civil and criminal matters, and promote the rule of law, the independence and impartiality of the judiciary – including by supporting the efforts to improve the effectiveness of national justice systems – and the effective enforcement of decisions;

(2) support and promote judicial training, with a view to fostering a common legal, judicial and rule-of-law culture, and the consistent and effective implementation of relevant EU legal instruments;

(3) facilitate effective and non-discriminatory access to justice and effective redress, including by electronic means (e-justice), by promoting efficient civil and criminal procedures and by promoting and supporting the rights of all victims of crime, along with the procedural rights of suspects and accused persons in criminal proceedings.

ACTIONS

The justice programme mainly supports activities for the judiciary and judicial staff by their representative bodies, public authorities and training bodies. It is also open to academic/research institutes and civil-society organisations that contribute to the development of an EU area of justice.

It funds activities to improve mutual trust, cooperation (including through information and communication technology) and knowledge of EU law. It also covers judicial cooperation instruments, the relevant case-law of the Court of Justice of the European Union and comparative law (notably through supporting the European Judicial Training Network). Finally, it assists in the understanding of civil and criminal law and the legal and judicial systems of the Member States, and in recognising potential obstacles to the smooth functioning of an EU area of justice. The programme also supports relevant civil-society and non-profit organisations to ensure that all citizens have adequate access to their services and to counselling and support activities.

In particular, the following types of activities shall be eligible for funding:

- awareness-raising activities;

- mutual learning through exchange of good practices among stakeholders;

- analytical and monitoring activities;

- training for relevant stakeholders;

- information and communication technology, and the development and maintenance of e-justice tools;

- developing capacity of key European-level networks;

- supporting civil-society organisations and non-profit stakeholders active in the areas of the programme;

- enhancing knowledge of the programme and dissemination, transferability and transparency of its results;

- fostering citizen outreach, including by organising forums for discussion for stakeholders.

STRUCTURAL SET-UP OF THE PROGRAMME

The programme is implemented through direct management by the Commission under the lead of DG Justice and Consumers. A limited number of initiatives is usually implemented under indirect management by the Council of Europe.

The justice programme supports the further development of an EU area of justice based on EU's values, the rule of law, and mutual recognition and trust. The Treaty on the Functioning of the European Union (TFEU) establishes the creation of an area of freedom, security and justice, with respect for fundamental rights and the different legal systems and traditions of the Member States. Hence, the competence of the EU in this area is shared with Member States. The creation of a common area requires transnational cooperation mechanisms and networking opportunities, which can typically not be achieved by Member States acting alone. Principles such as mutual trust and mutual recognition of judicial and extra-judicial decisions can be supported more efficiently by action at EU level.

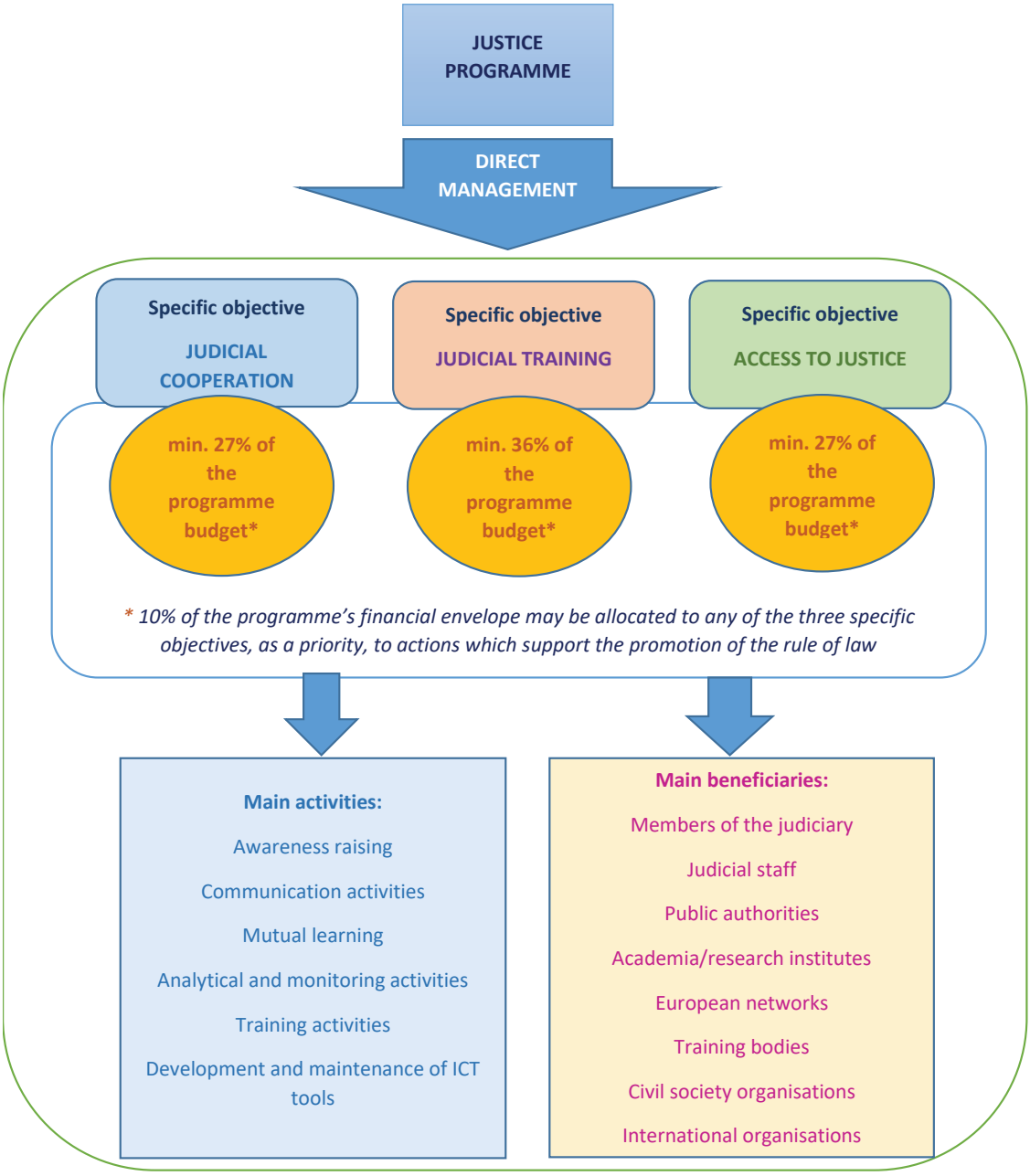
The justice programme is a key player in the area of judicial training where the actual results demonstrate an improvement in the impact of the programme's actions in this field. In addition to this, the justice programme is one of the tools to implement the strategy on European judicial training for 2021-2024.

In the area of victims' rights, the Commission focuses on the implementation of actions under the first-ever EU strategy on victims' rights (2020-2025).

Digitalisation of justice systems is another important objective as part of a new push for European democracy and in line with the political priority of a Europe fit for the digital age. The general objective for 2023-2024 is to implement initiatives identified in the 2020 Commission communication on the digitalisation of justice in the EU and in the 2019-2023 Council e-justice strategy and action plan. This will be accomplished by implementing support actions for digitalisation of justice, introducing new features and enhancements to the European e-Justice Portal, as well as supporting the implementation of e-justice projects, insofar as project initiatives have a European dimension and bring added value.

Consistency, complementarity and synergies exist, in particular, with the following EU instruments: the Citizens, Rights, Equality and Values Programme, the Single Market Programme, the Integrated Border Management Fund, the Internal Security Fund, the Asylum, Migration and Integration Fund, the Digital Europe programme, the Anti-Fraud Programme, the European Social Fund+, the Erasmus+ Programme, the Framework Programme for research and innovation Horizon Europe, the Instrument for Pre-accession Assistance, the LIFE Regulation, the Recovery and Resilience Facility and the Technical Support Instrument. Coordination within the EU legal and policy framework on trafficking in human beings, as relevant, is also ensured. The justice programme supports the implementation of many EU strategic policy initiatives, such as: the European judicial training strategy for 2021-2024, the EU strategy on victims' rights (2020-2025), the Commission communication on the digitalisation of justice in the EU, the 2019-2023 Council e-justice strategy and action plan, the European security union strategy and the EU strategy on the rights of the child.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The justice programme builds on the programme of the same name in the 2014-2020 multiannual financial framework, while reinforcing efforts to promote the rule of law and the digitalisation of justice systems.

FURTHER INFORMATION

Programme website:

Funding and Tender Portal

Justice and Consumers Funding, Tenders

Impact assessment:

The impact assessment of the justice programme was carried out in 2018.

For further information please consult the Proposal for a Regulation establishing the justice programme

Relevant regulation:

Regulation (EU) 2021/693 of the European Parliament and of the Council.

Evaluations:

First part of the ex post evaluation of the 2014-2020 justice programme

The second part of the *ex post* evaluation of the 2014-2020 justice programme is planned in 2024, together with the interim evaluation of the 2021-2027 justice programme. The evaluation aims to provide an independent assessment of the overall performance of the two justice programmes. Its results will help assessing synergies and the value added of the current justice programme and in drawing up recommendations for this multiannual financial framework and for the future funding cycle.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	46.7	43.6	39.8	41.8	41.8	41.7	41.4	296.8
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**46.7**	**43.6**	**39.8**	**41.8**	**41.8**	**41.7**	**41.4**	**296.8**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

– EUR 2.2 million (– 1%)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	130.1	296.8	43.8%
Payments	81.7		27.5%

Voted budget implementation (million EUR) ([1]):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	46.7	46.4	21.0	19.2
2022	43.6	43.6	29.5	27.4
2023	39.8	42.2	30.2	33.5

(*) Voted appropriations (C1) only.

In 2023, 3 open calls for proposals took place, with a total budget of EUR 13.3 million. The biennial call JUST-2023-JACC-EJUSTICE, which combines budget from both 2023 and 2024, is still under evaluation. Under these calls, 139 project proposals have been submitted of which 21 projects have been awarded funding so far. The annual call to support the 15 justice framework partners took also place in 2023.

The 2023 commitment appropriations were used for individual commitments for grants and procurement (35 grants were signed in 2023 from the 2023 calls, for an amount of EUR 23.35 million). At the end of 2023, global commitments were made to sign the remaining grants (17) from the 2023 calls and for procurement activities. 6 grants from the 2022 justice calls remained to be signed in 2023, for an amount of EUR 2.18 million.

The 2023 payment appropriations were used to pay the pre-financing of the grants signed in 2023 from the 2023 calls (35) and from the remaining grants to be signed from the 2022 calls (6) as well as the payments for procurement activities. 12 final payments for an amount of EUR 1.64 million were made in 2023.

The programme's implementation in 2023 run smoothly. The objective of DG Justice and Consumers for 2023 and 2024 is to maintain the level of implementation in the years to come.

Based on the lessons learnt from the past in terms of budget implementation, it was decided to better streamline the calls for proposals when possible. For this reason, in 2023, a biennial call for proposal to support projects in the area of access to justice has been launched. The call merges the previous e-justice and access to justice calls for proposals.

Moreover, with the aim of focusing more on projects' results, lump-sums grants have been introduced for all calls for proposals (except those for operating grants) in 2023.

Under the adopted 2024 budget, EUR 40.6 million are available to support the activities of the justice programme. The 2024 calls for proposals were published in November 2023 and the submission deadlines have been set to allow the yearly budget to be respected, ensuring that all the 2024 calls can be processed on time.

The level of commitment appropriations requested in the context of the draft budget 2025 will be in line with the financial programming of the justice programme (as presented in the 2024 draft budget while accounting for the adoption of any new legislative proposals). The requested payment appropriations for the 2025 draft budget are calculated based on a preliminary planning because the 2025 work programme is currently under preparation. More specifically they include pre-financing for grants to be signed in 2025 stemming from the 2025 calls and for the remaining grants to be signed in 2025 from the 2024 calls as well as final payments for grants signed in previous years (average duration of the action grants is 2 years).

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	0.1	0.1						0.2	0%
Biodiversity mainstreaming									
Clean air									

In general, all of the projects funded under the justice programme must comply with EU policy interests and priorities, including in the environment field. Beneficiaries are always invited to limit the number of people from each co-beneficiary attending in-person meetings, to organise project meetings with partners in blended ways (in person, online and hybrid) and to prefer rail travel when it can be an efficient alternative to air travel.

In 2023, no projects funded under the calls for proposals on judicial cooperation and judicial training focused specifically on climate and the environment.

In 2023, several procurement contracts contributed to the 'do no harm' principle on the basis of their implementation methods (such as online meetings, information technology contracts, web application contracts); no procurement contracts were identified as contributing to climate/environmental goals based on the content.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2	0.0	0.0	0.3	0.3
1	0.0	5.5	6.9	12.4
0*	46.7	27.9	22.1	96.7
0	0.0	10.2	10.4	20.6

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender-disaggregated information

The programme collects sex-disaggregated data of the target audience as follows.

First, the number of participants (people involved or targeted by projects), disaggregated by gender, is collected through a dedicated form which is filled in by the beneficiaries of all projects.

Second, through the EU Survey on Justice, Rights and Values, the programme collects data that feed sex-disaggregated programme performance indicators. For example, survey data provide an insight into the changing perceptions and behaviours of respondents. The survey is accessible to all participants in funded activities at the following link: https://ec.europa.eu/eusurvey/runner/Justice_2021-2027.

Observations from the disaggregated data

- In 2023, projects funded via grants targeted and reached women and men to almost the same degree. Overall, 46% of people involved and targeted by projects funded via grants were reported as being female and 47% were male. Around 7% were non-binary people. The 1% difference between the number

of women and men involved is also small in absolute terms, as the total of people targeted and reached by the justice programme was 2 692 281. Therefore, the data collected show that the projects funded ensure gender-balanced participation, which is essential to achieving gender equality.

- The programme also collects data from the EU Survey on Justice, Rights and Values, which is completed by participants in activities carried out by projects funded under the justice programme. These data provide an insight into the degree of cooperation, changes in perception and changes in behaviour, disaggregated by sex. For the indicators measuring cooperation and changes in perception, a wider gap between women and men can be observed. On the degree of cooperation, 69.6% of male respondents confirm an improvement, compared to 62.8% of female respondents. A change in perception is confirmed by 70% of male respondents and 64.4% of female respondents. By contrast, women and men confirm a change in behaviour to almost the same extent, at 89.5% and 90.6% respectively.

Key achievements

The 2023 calls were systematically gender mainstreamed. Applicants were asked to demonstrate in their proposals how a gender equality perspective was incorporated at the design stage and how it will be ensured during project implementation. They were also asked to outline how gender equality is tracked in their project monitoring and results, and to ensure a gender-sensitive approach to data collection and information dissemination. The justice programme regulation itself supports the gender mainstreaming of calls for proposals via its recitals, which outline that gender equality should be promoted in all funded activities;.

The justice programme takes part in the pilot methodology developed by the Commission to measure the contribution of the EU budget to gender equality. It is important to clarify that the data provided below in relation to grants, which refer to the scores for this methodology (0, 0*, 1 and 2), are based on data collected at the evaluation stage. Moreover, by applying this methodology, 82% of funding from the justice programme in 2023 received a score of 0 or 0*. This reflects the technical thematic focus and nature of the programme, but does not account for the very good achievements of the programme in ensuring that participation in all project activities is gender balanced (as mentioned above), which is essential to the achievement of gender equality. As EU judicial training is one of the three specific objectives of the programme, ensuring gender-balanced participation in the activities offered is crucial. Indeed, equal participation in all spheres of life is an important dimension of gender equality: in the case of education and training, it has also an impact on other key dimensions of gender equality, such as economic independence, access to (and balanced) participation in decision-making, etc. Data on participation in judicial training offered by the European Judicial Training Network in 2023 show that 63% of participants were women and 33% were men, thus confirming that the programme contributes significantly to gender equality in the judiciary across the EU. In addition, mainstreaming efforts relating to grants resulted in more attention being paid by applicants to gender equality, going well beyond only ensuring gender-balanced participation in project activities. In fact, it is worth noting that a good 60% of funds provided under the judicial cooperation call and the justice operating grants in 2023 received a score of 1. Also, for the very first time, a grant was signed in 2023 with a gender score of 2.

While the Commission has also started to introduce a gender perspective in procurement activities, the data are not at the same level of granularity as the data collected for grants. Therefore, the estimate of the procurement activities' gender score is based on their programming. Similarly, data on projects funded via indirect management are also estimated based on their thematic focus.

Part of the programmed budget has been merged for the years 2023-2024. As a consequence, not all of the budget that was financially programmed in 2023 has yet been implemented, and therefore its gender score could not be evaluated. To account for the amount of the budget for which the gender score is still unknown, and taking into consideration the specific objectives of the justice programme, a score of 0* has

been used as a default estimate. For the specific objective covering victim's rights, the estimate has been set at 1, as there is a stronger gender focus. Once the budget in question has been implemented, the gender scores will be revisited.

- **Gender score 2**

  The specific objectives of the justice programme are rather technical in nature, and focus on legal instruments and procedures. However, the efforts made to ensure gender mainstreaming in the call documents have contributed to more awareness of the topic. As a result, for the first time, a funded project received a score of 2, which denotes that gender equality is the principal objective. The project in question is funded under the judicial cooperation strand and focuses on the situation of LGBTQ detainees. No procurement or indirect management actions have received a score of 2.

- **Gender score 1**

  About 24% of the funding from grants, or EUR 5.4 million, received a score of 1. Grants funded under the specific objective of judicial cooperation contributed greatly to this score, with EUR 2.2 million from action grants. The operating grants promoting judicial cooperation and access to justice also promoted gender equality to the amount of EUR 2.4 million. This can be explained by the thematic focus, which includes topics such as detention conditions, the rehabilitation of detainees and mutual recognition instruments in family law. No procurement or indirect management actions have received a score of 1.

- **Gender score 0***

  The majority of funds implemented via grants, around 71% or EUR 16.2 million, received a score of 0*. Overall, the judicial training specific objective accounts for nearly two thirds of total funds and significantly impacts this score. A particularly large contribution to this score comes from the operating grant provided to the European Judicial Training Network (EUR 11.2 million), which provides judges, advocates general, magistrates, bailiffs and other judicial practitioners with training on EU law. While such training sessions provide an opportunity to address gender-related issues in judicial proceedings and the interpretation of EU law, this is not their main focus. Almost 10% of funding from procurement received this score. The contributions stem from activities such as awareness-raising campaigns on victims' rights that have the potential to promote gender equality. All indirect management actions have received a score of 0* as they have the potential to promote gender equality, for example by addressing detention conditions, but do not yet systematically integrate a gender perspective.

- **Gender score 0**

  3% of funds from grants, or EUR 0.7 million, were given a score of 0. This indicates a positive change from the previous year, in which some 20% of projects funded via grants received a score of 0. In this context, it should be considered that the budget earmarked for technical projects such as the ECRIS-TCN priority under the judicial cooperation call was much less prevalent, and only two IT projects were funded. In addition, the specific call that focuses on e-justice and the digitisation of justice will only provide funding in 2024. This explains the comparative low share of this score in 2023. Over 90% of funding provided via procurement received a score of 0. This high amount can be explained by the technical and procedural nature of the programme, which mostly funds information technology developers, information technology systems maintenance, the printing of handbooks on legal procedures and meetings of expert groups via procurement.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	6.1	6.6	11.0	23.6	18%

Contributing to the digital transition is one of the objectives of the justice programme.

The justice programme supports:

- actions aiming to improve the effectiveness of justice systems in the EU and facilitate access to justice for all by using electronic means (e-justice);
- actions aiming to achieve the objectives of the Commission communication on the digitalisation of justice in the European Union and the 2019-2023 Council e-justice strategy and action plan by supporting the implementation of e-justice projects at the EU and national levels, as far as they have an EU dimension;
- Member States joining existing or ongoing e-justice projects, such as the digitalisation of the European small claims and European payment order procedures, iSupport, the e-evidence digital exchange system, the European case-law identifier and interconnection with the search engine on the European e-Justice Portal;
- the maintenance of the European e-Justice Portal;
- the development of digital skills for legal professionals and other target groups and the digitalisation of training, in terms of both content and methodology;
- actions developing concrete use cases based on artificial intelligence and distributed ledger technology in the justice area.

Procurement contribution to digital

In 2023, several procurement contracts linked to digitalisation were signed amounting to around EUR 6 million, which was used to finance, among other items, information and communication technology contracts, maintenance of the European e-Justice Portal and other tools, and a 3-day conference on digitalisation of justice.

In addition, the justice programme is constantly monitoring whether and how inflation will impact information technology expenditure under procurement. The budget will be reshuffled if necessary to respond to emerging needs.

Grant contribution to digital

Concerning projects awarded in 2023 that support the development of digital skills for legal professionals or other target groups (always linked to the digitalisation of justice), the following results were achieved.

- Under the 2023 call for proposals for action grants to support transnational projects on the training of justice professionals covering civil law, criminal law or fundamental rights (JUST-2023-JTRA), five projects that are relevant for the digitalisation of justice were funded. For instance, the digitalisation AI project will organise training seminars on various challenges linked to digitalisation and artificial intelligence for judges, prosecutors and lawyers working in the field of EU criminal law. The EU-Baltic project will train judges and prosecutors in the Baltic countries on digital skills, tools and digital legal databases such as Curia, HUDOC and EUR-Lex.

- Under the 2023 call for proposals for action grants to promote judicial cooperation in civil and criminal matters (JUST-2023-JCOO), seven projects that are relevant for the digitalisation of justice were funded. For instance, the Source project aims to promote judicial cooperation by supporting, particularly, the implementation and practical application of Directive 2014/41/EU in relation to the employment of new technologies in the field of interception and surveillance in transnational investigations. The Ephesus project will promote mutual learning and awareness-raising among judges and prosecutors on the identification of fundamental and procedural rights breaches involving the use of the European Arrest Warrant in online judicial proceedings.
- For e-justice action grants, the justice programme monitors the percentage of co-funded project proposals assessed as 'acceptable' or better (at the final assessment stage) as part of the digital tracking methodology. The e-justice projects funded in 2021 and 2022 have recently reached their end or are still running, and the evaluation of the call JUST-2023-JACC-EJUSTICE is still ongoing; it is therefore not yet possible to provide these data.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Exchanges of information in the European criminal records information system	4.1 million	**82%**	6 million in 2027	4.9 million compared to a target of 6 million	On track
Members of the judiciary and judicial staff who have participated in training activities	0	**> 100%** (**)	15 000 in 2027	24 208 compared to a target of 15 000	On track
Hits on the European e-Justice Portal / pages addressing the need for information on cross-border civil and criminal cases	0	**93%**	2.8 million in 2027	2.6 million compared to a target of 2.8 million	On track
Facilitate and support judicial cooperation in civil and criminal matters: civil-society organisations reached by support and capacity-building activities	0	**58%**	105 million in 2027	61 million compared to a target of 105 million	On track

Support and promote judicial training: civil-society organisations reached by support and capacity-building activities	0	**59%**	154 million in 2027	91 million compared to a target of 154 million	On track
Facilitate effective and non-discriminatory access to justice for all: civil-society organisations reached by support and capacity-building activities	0	**38%**	273 million in 2027	104 million compared to a target of 273 million	On track

(*) % of target achieved by the end of 2023.
(**) % of target achieved by the end of 2022.

fter 3 years of implementation of the current multiannual financial framework, running from 2021 to 2027, the main challenges identified in 2023 were the following.

- The COVID-19 crisis continued to have an impact in 2023, even if it was more minor than in previous years. In 2023, 10% of the total signed amendments were still motivated by the implications of the pandemic.
- The sharp increase in inflation continued to have a tangible impact on running grants in 2023. As the EU contribution is fixed, beneficiaries complained that they could not implement all of the activities provided for in their initial grant agreement because inflation was not reflected in the unit costs for travel, accommodation and subsistence. For this reason, the decision on unit costs was revised in June 2023 to try to compensate for the extreme inflation in the price of air travel since 2021. The rates for return air and rail travel above 400 km have increased by 25%. For all other unit costs, a separate review is currently under way that may result in a further amendment of the rates in the near future.
- In 2023, all justice calls (except those of operating grants) switched to lump sums. This change was introduced in order to alleviate the administrative burdens for beneficiaries and to simplify their reporting obligations, while keeping the focus on performance. Since this represented a novelty for the justice programme, a large amount of effort has been put into providing dedicated training for beneficiaries on how to apply and prepare a proposal's budget in line with the new lump-sum system.
- The increased information technology needs (specifically for procurement) and the policy focus on the digitalisation of justice systems are putting pressure on the limited budget of the programme.
- There was an absence of national contact points in the Member States to support the promotion of the programme, make it more visible and increase knowledge about it.

Despite these challenges, the justice programme is performing well and was able to address both ongoing crises (such as the Russian war of aggression against Ukraine) and other emerging priorities (such as digitalisation) within the limits of its competences and budget.

In 2023, the programme continued to provide support to 15 framework partners active in the areas of judicial cooperation in civil and criminal matters and access to justice, and also to support the European Judicial Training Network.

In 2023, the European Judicial Training Network provided a targeted training offer for the Ukrainian judiciary. At the same time, the justice framework partners have been encouraged to take into consideration, in their 2023 work programmes, the specific situation of victims of violence by armed forces fleeing from Ukraine and to address their specific needs inside the EU by supporting, for instance, capacity-building activities documenting violence as a war crime in Ukraine. Moreover, in the call for proposals on access to justice, particular attention was paid to access to information and to the support and protection of victims of war crimes. In addition, additional focus and efforts were required by justice framework partners on improving access to justice through the use of digital tools for all types of civil and criminal proceedings, facilitating the conduct of judicial proceedings through the use of digital tools and increasing awareness and knowledge of the use of the available digital tools. The network was encouraged to include the digitalisation of judicial proceedings (including cross-border proceedings) among its training topics, along with the protection of individuals' rights in the digital space).

A total of 55 civil-society organisations involved in activities funded through the justice programme in 2023 were reached by support and capacity-building activities.

In 2023, the justice programme also continued to support the Council of Europe in setting up a network of prison-monitoring bodies and in the delivery of the *SPACE* report, an annual report on prison statistics providing clear insights into the detention situations in the Member States, which have a direct impact on judicial cooperation in criminal matters. During the year, the programme also supported a new Council of Europe project on child-friendly justice. The objective of this initiative is to improve the general understanding and awareness of the current, factual state of child-friendly justice in the EU and to enhance the effective implementation of EU legal and policy frameworks in this field.

In 2023, around 110 procurement contracts, for a total amount of EUR 13.7 million, were concluded to support key EU policies in the justice field and to support activities such as an awareness-raising campaign on victims' rights, the EU justice scoreboard and various studies.

The justice programme and its actions can contribute to various horizontal priorities at the same time (such as digital and gender). This is supposed to happen more regularly from 2023 onwards, due to the increased focus on digitalisation in all priorities of the calls for proposals and the fact that achieving and improving gender equality in the justice field is a clear objective underlined in the programme's legal basis. The call for proposals on access to justice, currently still under evaluation, is the most suitable for providing good examples of synergies between different horizontal priorities.

Concerning the indicators that measure the performance of the programme, these show that the programme's objectives are generally on track. Specific examples can be seen below.

Indicators for specific objective 1: judicial cooperation in civil and criminal matters

In 2023, the Member States exchanged 4.9 million messages through the European criminal records information system (a decentralised information technology system operated by the central authorities of the EU Member States). This is a positive increase compared to 2022 (4.7 million messages exchanged) and the continuation of steady growth in this area since the post-COVID-19 period.

In 2023, 23 civil-society organisations involved in projects funded under the JCOO 2023 call were reached by support and capacity-building activities. In addition, seven such organisations, active in the area of facilitating and supporting judicial cooperation in civil and criminal matters, that receive an annual operating grant were supported.

Indicators for specific objective 2: judicial training

The justice programme is a key player in the area of judicial training, where the actual results demonstrate an improvement in the impact of the programme's actions in this field. In addition, the justice programme is one of the tools to implement the 2021-2024 strategy on European judicial training.

The year 2022 was significant as, after the years of the pandemic, the majority (62%) of training activities organised were again held face to face.

In 2022, 24 208 justice professionals took part in training supported by the justice programme (around 35.3% of all those who received EU (co-)funded training on EU law that year).

Under the specific European Judicial Training Network annual training programmes, which are also supported via the justice programme, the number of participants increased to 8 101 in 2022 (from 6 829 in 2021).

The cost-to-serve ratio (i.e. the price per person for 1 training day offered by the network) reached EUR 305 in 2022. This was a small increase compared to 2021 (EUR 304). In 2020, the cost-to-serve ration was particularly low (EUR 239) due to the pandemic and the fact that most training had to take place virtually.

The data for 2023 will be available by November 2024, following the preparation of the annual report on European judicial training. In 2023, 27 civil-society organisations involved in projects funded under the 2023 JTRA call were reached by support and capacity-building activities, including the European Judicial Training Network, which receives an annual operating grant.

Indicators for specific objective 3: access to justice

In the area of victims' rights, the programme focuses on the implementation of actions under the first-ever EU strategy on victims' rights (2020-2025).

Twenty-seven victim support services with national coverage have been established so far.

Under the 2021-2027 multiannual financial framework, we monitor only the number of hits on the pages of the European e-Justice Portal relating to cross-border civil and criminal topics, which is only one part of the portal. This gives an indication of the need for information on cross-border civil and criminal matters and of the level of relevance of these web pages favouring greater and easier access to justice by citizens. The European e-Justice Portal is a one-stop shop in justice matters, available in 23 languages. The portal aims to interconnect existing national justice applications, facilitate judicial cooperation and provide information to a wide variety of stakeholders. It should be noted that in 2021, due to a technical issue, the reported 2021 figure did not account for the traffic received during July-September of that year. The data have been updated. The 2024 milestone was achieved and surpassed as early as 2022.

In 2023, five civil-society organisations active in the field of access to justice were supported via an annual operating grant. The call for proposals on access to justice is still under evaluation, and the number of these organisations will therefore increase.

In 2023, around 311 786 people are expected to be reached within the framework of activities organised by projects funded under the justice programme or by justice framework partners. Considering that the JUST-2023-JACC-EJUSTICE call for proposals is still under evaluation, the expected number of people to be reached is expected to be bigger. These data have been extracted from Part C of the proposals awarded for funding in 2023 and are based on estimated values, to be verified at the reporting stage. Data about 2021 and 2022 were also collected in 2023. The total expected number of people to be reached in the first 3 years of implementation of the justice programme under the current multiannual financial framework is around 2 722 131.

As mentioned above, the justice programme's performance is also assessed through the EU Survey on Justice, Rights and Values, which is completed by participants in activities carried out by projects funded under the justice programme. The results from the survey are centrally collected by DG Justice and Consumers. The latest results, based on 2 421 answers received in 2023, show that 74% of respondents assessed the event in which they participated as good or very good. Respondents also indicated

‘increased awareness’ as the greatest benefit that the event brought to them, followed by ‘increased knowledge’, ‘increased cooperation’ and ‘increased skills’. More than 65% of respondents indicated that their perception of the topic addressed at the various events has changed, and 90% declared that they are now likely to react differently when confronted with the topic. It is also worth noting that in 2023 the survey showed that the justice programme and its funding opportunities are much better known among key stakeholders – in fact, 76.5% of respondents have heard about available EU funding to further promote a European area of justice. As already mentioned above, having national contact points in the Member States to promote the activities of the programme could be helpful to give even more visibility to the funding opportunities available under the justice programme.

2014-2020 multiannual financial framework – Justice

The justice programme supports a broad range of beneficiaries that play an important role in the development of an EU area of justice. These include, primarily, members of the judiciary and judicial staff, but also public authorities, academic/research institutes and training bodies, along with civil-society and non-profit organisations

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	317.0	318.0	99.7%
Payments	250.8		78.9%

The completion line (legacy line) of the justice programme is used to provide the final payments from past commitments from the previous multiannual financial framework. In 2023, 42 final payments for grants from the 2014-2020 justice programme were paid amounting to EUR 4.55 million. As regards 2024, the payment appropriations will be used to cover the remaining final payments that are still outstanding.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Number of items of exchange information in the European criminal records information system	0.3 million	> 100% (*)	3.5 million in 2020	4.1 million compared to a target of 3.5 million	On track
Judiciary / judicial staff training	0	> 100% (**)	16 000 in 2020	22 423 compared to a target of 16 000	On track
Hits on the e-Justice Portal	0.4 million	> 100% (*)	4.6 million in 2020	4.6 million out of 4.6 million	On track

(*) % of target achieved by the end of 2022.

(**) % of target achieved by the end of 2020.

The outputs from the justice programme in 2014-2020 were closely linked to the Commission's activities relating to preparing, supporting and ensuring the correct implementation of an important number of EU legal instruments in civil and criminal law, improving their enforcement and remedy capacities in Member States and ensuring adequate cross-border and EU-level cooperation.

The proper application of EU law is a key element in allowing EU citizens and business to benefit from that law. This is achieved through both preventive action (workshops, expert meetings, stakeholder dialogues, technical guidelines for national authorities and training of justice professionals financed through the programme) and infringement procedures. The activities funded by the programme resulted in the better implementation and functioning of EU justice instruments (e.g. European Investigation Orders, European Arrest Warrants and surrender procedures, European Protection Orders, European Account Preservation Orders, family law). Analytical activities also helped prepare or accompanied new legislation, and responded to policy changes in the areas covered by the programme.

The justice programme also supported activities relating to the promotion of the rule of law via all its instruments.

The justice programme provided around EUR 330 million between 2014 and 2020 in support of the further development of a European area of justice based on mutual recognition and mutual trust. The main initiatives funded included analytical activities, mutual learning, awareness raising and dissemination activities, training activities and other actions to support the main actors and stakeholders. The programme succeeded in contributing to upholding EU values, such as the rule of law, the independence of the judiciary and the effectiveness of the justice system.

The first part of the *ex post* evaluation carried out in 2022 looked into the performance and results of the 2014-2020 justice programme. The evaluation showed that, despite the effects of the COVID-19 pandemic (which required many beneficiaries to re-design the implementation of their project or to cancel it), the programme has proved its high EU added value and its crucial role in providing financial resources to fund activities in key areas that are not necessarily high on the agenda of the Member States. The evaluation also showed that the relatively high costs of drafting a proposal are outweighed by the even higher benefits of participating in the programme.

Several internal and external factors affected the programme's effectiveness. The main external factors were the COVID-19 pandemic, the macroeconomic conditions, the refugee crisis and the transposition of EU law by Member States. As for internal factors, the evaluation highlighted that the most salient areas for improvement are the application procedure, the need to provide more guidance and assistance to applicants, the timing of the application cycle which is not always in line with stakeholders' needs and a better monitoring and results-based reporting systems.

The evaluation also showed that the justice programme created successful transnational partnerships as result of the programme's transnational nature. According to beneficiaries, the partnerships developed through operating grants and action grants funded under the justice programme have increased the capabilities of their respective organisations.

Concerning other areas for improvement, the evaluation highlighted, in particular, the programme's geographical distribution of resources and the need to include more stakeholders relevant to the programme such as civil society organisations in the area of victims' rights.

The second part of the ex-post evaluation is planned in 2024 and expected to be concluded in 2025. It will particulary focus on long-term effects and sustainability of the programme.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3	Ensure healthy lives and promote well-being for all at all ages	By supporting organisations working with victims of crime, the justice programme contributes to improved health outcomes.
SDG4		
SDG5	Achieve gender equality and empower all women and girls	The justice programme regulation stipulates in Article 4 that gender equality should be promoted in all funded activities. This is particularly the case for the specific objective 'access to justice' that promotes activities which help victims' rights and helps victims of crime to receive gender-sensitive support. Also the specific objective 'judicial training' is important to promote gender equality. Training activities funded by the programme help legal practitioners and judicial staff to build gender expertise and raise awareness of gender aspects when applying and interpreting EU law. More information on the key achievements on gender equality is provided under the section 'Contribution to gender equality'.
SDG6		
SDG7		
SDG8		
SDG9		
SDG10	Reduce inequality within and among countries	The justice programme supports transnational projects for justice professionals of different Member States. By funding sharing of good practices, training on EU law and awareness raising activities, the programme contributes to the reduction of inequalities and discriminations between EU citizens and among Member States in the justice field.
SDG11		
SDG12		

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SDG13		
SDG14		
SDG15		
SDG16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Through the justice programme's financial support to cross-border training activities and the activities of the European Judicial Training Network 24 208 justice professionals took part in training on EU law in 2023, thereby fostering a common legal and judicial culture. The European e-Justice Portal, established to facilitate access to justice throughout the EU, received 7 million visits in total in 2023.
SDG17		

CERV

CITIZENS, EQUALITY, RIGHTS AND VALUES PROGRAMME

Programme in a nutshell

Concrete examples of achievements

More than 85 000 individuals participated in exchange and mutual learning events funded by the rights, equality and citizenship programme in 2014-2020.	More than 1.5 million individuals took part in training activities funded by the rights, equality and citizenship programme in 2014-2020.	3 105 civil-society organisations have been supported by the citizens, equality, rights and values programme since 2021.	37 European citizens' initiatives were registered between 2020 and 2023.
645 cross-border tools and mechanisms funded by the rights, equality and citizenship programme in 2014-2020 kept going after the end of their rights, equality and citizenship programme project.	At least 31 421 657 people are expected to be reached by 2021-2023 citizens, equality, rights and values programme projects.	93% of participants assessed the event in which they participated in 2023 as good or very good	

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

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Budget for 2021-2027

(million EUR)

Financial programming	1 **166.6**
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.1
Total budget 2021-2027	**1 166.7**

(*) Only Article 15(3) of the financial regulation for the years 2025-2027.

Rationale and design of the programme

The citizens, equality, rights and values programme (CERV) seeks to promote the rights and values of the EU.

CHALLENGE

The EU promotes peace and the well-being of its people. It is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of people belonging to minorities. To live up to its vocation, the EU needs to remember and learn from its history and to involve people in strengthening democratic societies.

However, emerging movements challenge the idea of open, inclusive, cohesive and democratic societies and threaten the enjoyment of rights and civic participation. In particular:

- inequality and discrimination on the grounds of sex, racial or ethnic origin, religion or belief, disability, age and sexual orientation still exist, and violence is still a reality in the daily lives of many women, children and other people at risk;
- the rights stemming from EU citizenship – free movement, consular protection and electoral rights – are still not fully implemented, thus hindering citizens' political and societal participation;
- economic crises, rising inequality and new or persisting challenges (e.g. migration) have led some to question the EU's fundamental rights and values, including the rule of law, access to justice, space for civil society and the independence of the judiciary.

These challenges are common to all Member States and have cross-border dimensions. While action at the national level is important, individual Member States do not have sufficient leverage to tackle these challenges on their own. Therefore, concerted efforts at the EU level are required.

MISSION

CERV seeks to protect and promote rights and values as enshrined in the EU treaties and in the EU Charter of Fundamental Rights in order to sustain open, rights-based, democratic, equal and inclusive societies based on the rule of law.

OBJECTIVES

CERV's specific objectives, which correspond to strands, are to:

1. contribute to protecting and promoting EU values by providing financial support to civil-society organisations active at the local, regional and transnational level (EU values strand);
2. promote rights, non-discrimination and equality, including gender equality, and advance gender and non-discrimination mainstreaming; protect and promote the rights of the child, the rights of people with disabilities, EU citizenship rights and the right to the protection of personal data (equality, rights and gender equality strand);
3. promote citizens' engagement and participation in the democratic life of the EU and exchanges between citizens of different Member States, and raise awareness of common European history (citizens' engagement and participation strand);
4. fight violence, including gender-based violence and violence against children and other groups at risk (Daphne: preventing and combating gender-based violence and violence against children strand).

ACTIONS

CERV supports a broad range of organisations that promote and protect EU values and rights, increase awareness of rights, values, principles culture, history, laws and policies, enhance capacity and foster cross-border cooperation and mutual knowledge, understanding and trust. It does also enhance civic participation at EU level (notably the European citizens' initiative – ECI).

CERV supports training, capacity building, the exchange of good practices between Member States' authorities and bodies, and town twinning. It supports the development of knowledge-based EU policies and legislation through surveys, studies and analyses. It also supports capacity development for key EU-level networks (notably the annual work programme of the EU Network of Equality Bodies).

STRUCTURAL SET-UP OF THE PROGRAMME

CERV is implemented mostly under direct management by the Commission, under the lead of DG Justice and Consumers. The implementation of two out of four strands is entrusted to the European Education and Culture Executive Agency. The implementation of actions under the specific objective to protect and promote the rights of persons with disabilities is managed by DG Employment, Social Affairs and Inclusion. The ECI is managed by the Secretariat-General. A limited number of initiatives is implemented under indirect management by international organisations.

The policy challenges identified and addressed by the CERV programme, and in particular the promotion and protection of rights and values, require transnational cooperation mechanisms and networking opportunities, which can typically not be achieved by Member States acting alone. In that respect, action at EU level is needed following the subsidiarity principle and the principle of shared competences between EU and Members States in the area of freedom, security and justice (Article 4 of the TFEU). In many areas, such as equality and non-discrimination or citizenship, individuals are protected by European legislation, but are not sufficiently aware of their rights. Awareness raising actions, exchanges of best practices and training at EU level can help ensuring that persons in all Member States are reached, and that administrative structures/authorities are informed. Moreover, Member States can be supported to ensure consistent interpretation and coherent application of legislative instruments throughout the EU. In the area of rights, equality and, in particular, in combatting violence against women, there is EU-added value to work with national authorities and all stakeholders to find adequate solutions to remaining challenges at European level. EU funding is crucial to support civil society directly.

The programme will ensure consistency, complementarity and synergies with other funding programmes supporting policy areas with close links to each other, in particular with the Justice programme, Erasmus+ programme, the European Social Fund+ as well as with Creative Europe programme. Synergies will be explored and created with other European funding programmes, in the fields of employment and fight against social exclusion, youth, health, citizenship, justice, migration, security, research, innovation, external relations and sustainable development.

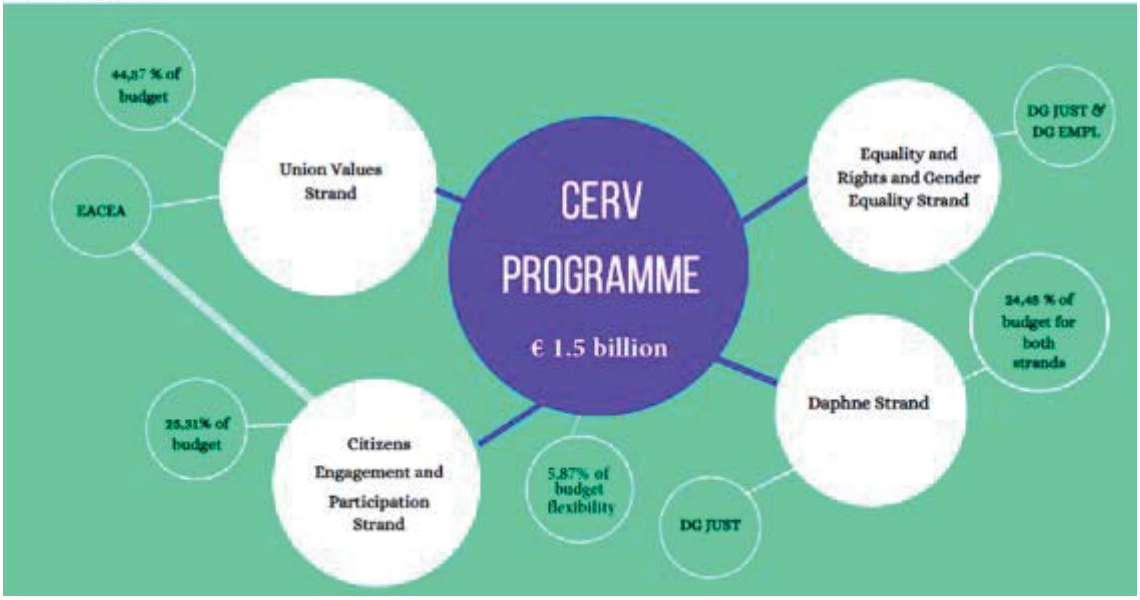
The programme supports the implementation of many EU strategic policy initiatives.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP

The expected total budget of EUR 1.5 billion includes top-ups pursuant to fines, including amounts not yet voted on.

Citizens, Equality, Rights and Values Programme

The implementation of actions is directly managed by the Directorate-General of Justice and Consumers (DG JUST). In particular, the implementation of actions under the specific objective to promote and protect the rights of persons with disabilities is managed by the Directorate-General of Employment, Social Affairs and Inclusion (DG EMPL). The Commission delegates powers to implement actions in the Citizens engagement and participation strand and in the Union values stand to the European Education and Culture Executive Agency (EACEA).



Main activities:

- Training
- Mutual learning
- Town-twinning
- Awareness-raising
- Analytical activities /studies
- Development of ICT tools

Main beneficiaries:

- Civil society organisations
- Public authorities
- Human rights bodies
- Universities
- European networks
- Towns and municipalities
- The judiciary
- International organisations

LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

CERV is the result of the merger of two 2014-2020 multiannual financial framework funding programmes, namely the rights, equality and citizenship programme and the Europe for citizens programme, which both had a strong societal focus and were clearly related to EU values. This goal is to bring more visibility, simplification and mutual reinforcement, while acknowledging and maintaining the specificities of the single policies.

FURTHER INFORMATION

- Programme website:
  - Funding and Tender Portal
  - Justice and Consumers Funding, Tenders
- Impact assessment:

- The impact assessment of the rights and values programme was carried out in 2018;
- For further information please consult: https://europa.eu/!RX78mN.

– Relevant regulation:

- Regulation (EU) 2021/692 of the European Parliament and of the Council.

– Evaluations:

- Evaluation report on the 2014-2020 rights, equality and citizenship programme.

In 2024, the Commission is carrying out the evaluation of the following programmes:

1. The *ex post* evaluation of the 2014-2020 rights, equality and citizenship programme,
2. The *ex post* evaluation of the 2014-2020 Europe for citizens programme, and
3. The interim evaluation of the 2021-2027 citizenship, equality, rights and values programme.

   The results of the evaluation will help assessing synergies between the three programmes and the value added of the new programme architecture, and in drawing up recommendations for the current programme and future funding cycles.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	98.9	214.9	214.3	219.5	235.3	92.2	91.5	1 166.6
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Total	**99.0**	**214.9**	**214.3**	**219.5**	**235.3**	**92.2**	**91.5**	**1 166.7**

(*) Only Article 15(3) of the financial regulation for the years 2025-2027.



Financial programming:

+ EUR 19.6 million (+ 3%)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

This increase consists out of transfers to CERV lines in 2021 by pilot projects and preparatory actions and the European Institute for Gender Equality (EUR 1.8 million), 2022 conciliation (EUR 5.5 million), 2023 conciliation (EUR 3 million) and 2024 conciliation (EUR 4.5 million).

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	528.1	1 166.7	45.3%
Payments	274.6		23.5%

Voted budget implementation (million EUR)(*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	98.9	97.2	19.3	34.5
2022	214.9	214.9	126.9	140.2
2023	214.3	215.3	126.6	141.0

(*) Voted appropriations (C1) only.

- In 2023 altogether, 11 calls for proposals took place, with a total budget of EUR 150.4 million. Under these calls, 2175 project applications have been received, of which 262 projects have been awarded funding.
- The projects awarded in 2023 will promote equality, including gender equality, and fight against racism, xenophobia and discrimination; and more generally will promote EU values and rights; will implement activities on European remembrance and on citizens engagement as well as on town-twinning, and will aim at preventing and combating gender-based violence and violence against children.
- In 2023, the Daphne strand of the CERV programme benefitted of an envelope of EUR 24.9 million for the call aiming to prevent and combat gender-based violence and violence against children. The purpose of the call was to select and support a limited number of transnational, national or regional actors (intermediaries of the financial support to third parties) who will re-grant and build the capacities of a large number of civil-society organisations active at the local, regional and national level in the field of gender-based violence and violence against children. The cascading grant scheme is a novelty for the Daphne strand. Altogether, 13 projects with intermediaries were selected for funding, which will then granularly reach a great number of grassroots entities and smaller organisations and to guarantee their inclusion in EU-funded projects.
- With a budget of EUR 20 million the programme supported via a dedicated call on equality the fight against racism, xenophobia, discrimination, and other forms of intolerance. The call attracted a record high number of proposals. Due to the high interest from civil-society organisations, public authorities, research organisations and businesses across participating countries many quality proposals competed for funding and many excellent projects could not be funded due to the limited budget available in the strand 'Equality and rights, and Gender equality'. However, the high interest and competition underpins at the same time the importance of the call and the need to promote equality in Europe. The 44 selected projects champion equality and provide direct support to stakeholders implementing EU equality strategies on the ground, including through innovative actions such as the development of approaches that avoid biases and discrimination in automated decision-making used by public authorities.
- The first ever call for proposals to promote capacity building and awareness on the EU Charter of Fundamental Rights was published in 2022 and attracted high interest from stakeholders. The 2023 call was endowed with a EUR 16 million budget, an eightfold increase compared to 2022, with an extended scope to address new developments and challenges for fundamental rights such as fundamental rights in the digital age and the intersection of hate crime and hate speech with freedom of expression. Altogether, 37 projects have been funded under the call.
- The programme continues providing support to 83 framework partners active in the area of EU values and also to the European Network of Equality Bodies, which was named as beneficiary in the legal basis of the programme. This partnership strengthens the capacity of these organisations and is of key importance to develop evidence-based and impactful policymaking. In 2023, CERV Framework Partners that qualify as European networks started to re-grant funds to their network member organisation, thus amplifying CERV support to civil-society organisations across the EU.
- In 2023, 65 procurement contracts have been concluded for the total amount of EUR 19.4 million to support DG Justice and Consumers activities in promoting equality, rights and non-discrimination. The procurement activities, for example, have allowed to organise workshop on 'public campaigns for combating hate speech and hate crime'; mutual learning

and exchanges of good practices on gender equality; an event on '30 years of citizenship rights', a number of Eurobarometer surveys and many others. In addition, procurement activities of DG Employment, Social Affairs and Inclusion for about EUR 2 million allowed to carry out a number of activities contributing to ensuring full participation of persons with disabilities and enjoyment of their rights on an equal basis with others. For example, this included support to the organisation of meetings of the Disability Platform and to further development of the Disability Employment Package, one of the seven flagship initiatives of the Strategy for the Rights of Persons with Disabilities (2021-2030).

– In 2023, the Access City Award 2024, recognising leading European cities in terms of accessibility and promoting cities that contribute to improve accessibility following a 'design-for all' approach, went to: San Cristóbal de la Laguna, Spain (first-place winner), Łódź, Poland (second-place winner) and Saint-Quentin, France (third-place winner). Moreover, Tübingen (Germany) was awarded a Special Mention on the New European Bauhaus, and South Dublin County (Ireland) was awarded a Special Mention on Landscape and Playground Areas.

– In 2023, the programme supported several indirect management actions with international organisations. For example, the programme supported a project of the Council of Europe combating anti-LGBTIQ violence and hate speech and strengthening awareness-raising and fact-based narratives about LGBTIQ persons. Another example is support to UNESCO to help combat Holocaust distortion and trivialisation.

– Finally, the programme supported with EUR 2 million the implementation of the ECI in line with the requirements of Regulation (EU) 2019/788, the ECI regulation, by allowing for the maintenance and further development of the IT tools underpinning the management of the ECI (ECI register, ECI Forum, the central online collection system, the modules for administrating the initiatives by the Commission, the module dedicated to organisers and the module dedicated to managing data controller responsibilities). The programme also supported the continuation of the 'EU Take the Initiative' communication campaign with targeted social media and local promotion activities in the Member States, which led to a 37% increase of the traffic to the ECI website (compared to the previous year), 13 new requests for registrations and an increasing number of initiatives having reached the 1 million signatures threshold; 3 successful initiatives were submitted to the Commission for examination, while the Commission adopted 4 replies (to the 3 valid initiatives submitted in 2023: 'Stop finning', 'Save cruelty-free cosmetics' and 'Fur Free Europe', as well as to the 'Save bees and farmers!' ECI submitted in 2022).

– The 2023 commitment appropriations were used for individual commitments for grants, procurement and indirect management (140 grants were signed by DG Justice and Consumers, DG Employment, Social Affairs and Inclusion and the European Education and Culture Executive Agency in 2023 from the 2023 calls, amounting to EUR 74.12 million). At the end of 2023, global commitments were made to sign the remaining grants from the 2023 calls. In 2023, 106 grants from 2022 calls of CERV were signed (DG Justice and Consumers, DG Employment, Social Affairs and Inclusion and the European Education and Culture Executive Agency).

– The 2023 payment appropriations were used to pay the pre-financing of the grants signed in 2023 from the 2023 calls (140 by DG Justice and Consumers, DG Employment, Social Affairs and Inclusion and the European Education and Culture Executive Agency), the pre-financing for the remaining grants from the 2022 calls as well as the payments for procurement activities. 190 final payments for an amount of EUR 7.62 million were made in 2023.

– The programme's implementation in 2023 was very positive and the objective is now to maintain a good level of implementation in the years to come. Under the adopted 2024

budget, there will be EUR 209.5 million available to implement activities under the CERV programme. This amount also includes the additional funds voted by the European Parliament (EUR 4.5 million). The 2024 calls for proposals were published in end 2023 (except three calls run by the European Education and Culture Executive Agency to be published in 2024) and the submission deadlines have been set to allow the yearly budget to be respected, ensuring that all the 2024 calls can be processed on time.

– The level of commitment appropriations requested in the context of the 2025 draft budget will be in line with the financial programming of the CERV programme (as presented in the 2024 draft budget while accounting for the adoption of any new legislative proposals). The requested payment appropriations for the 2025 draft budget include pre-financing for grants to be signed in 2025 stemming from the 2025 calls and for the remaining grants to be signed in 2025 from the 2024 calls as well as final payments for grants signed in previous years (average duration of the action grants is 2 years).

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	0.4	2.9	1.1					4.4	0%
Biodiversity mainstreaming									
Clean air									

– In 2023, the CERV programme supported the horizontal Commission priority on climate by rewarding several additional projects engaging citizens and communities in discussions and action related to our climate and environment under the 2022 call for proposals on citizens' engagement and participation. Further to this, 13 projects supporting the priority on the climate were rewarded under the call for networks of towns. For example, one of these projects, greengaged citizens, is an initiative promoted by the municipality of Pinhel, Portugal, the goal of which is to place municipalities and local entities at the centre of climate action, transforming climate and environmental challenges into opportunities.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2	22.0	35.7	28.3	86.0
1	68.9	109.9	125.9	304.6
0*	0.0	54.6	47.5	102.1

0	8.0	14.8	12.6	35.4

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Part of the programmed budget has been merged between the years 2023-2024. As a consequence, not all of the budget that was financially programmed in 2023 has been implemented yet, and it could not be evaluated concerning its gender score. To account for the amount of budget for which the gender score is unknown, it is reported at the scores that are most appropriate considering the thematic focus of the budget. As the CERV programme's thematic focus is inherently linked to promoting gender equality, the score of 1 is the default estimate, but this is adapted if necessary. Once the budget in question has been implemented, gender scores will be revisited. This ensures that the budget for 2023 is considered appropriately.

Gender-disaggregated information.

- The programme collects sex-disaggregated data on the target audience as follows.

  First, the number of participants (people involved or targeted by projects), disaggregated by gender, is collected through a dedicated form that is filled in by the beneficiaries of all projects.

  Second, through the EU Survey on Justice, Rights and Values, the programme collects data that feed sex-disaggregated programme performance indicators. For example, survey data provide an insight into the percentage of respondents indicating that they are engaged in civic activities at the local, national or EU levels. The survey is accessible to all participants in CERV-funded activities at the following link: https://ec.europa.eu/eusurvey/runner/CERV_2021-2027.

Observations from the disaggregated data ([96]).

The data collected show that projects selected for funding in 2023 planned to involve and target more women than men (52% vs 45%). The projects estimate that around 3% of the people targeted and involved will be non-binary. Considering the total number of people involved and targeted, as estimated by the selected projects (11 988 147), the higher level of participation of women in the programme, if confirmed, will be significant. At the same time, the higher share of women targeted denotes that the programme effectively addresses relevant gender inequalities that underlie the programme's specific objectives.

([96]) Data referring to action grants are estimates from beneficiaries at the very start of their project. Data do not reflect actual project implementation.

The EU survey data provide an insight into the shift in perspective and the change in behaviour. In total, and albeit by a small margin, more female respondents indicated that their perspective had shifted (82.8% male, 83.8% female) and their behaviour had changed (83.2% male, 84.3% female). Overall, more female participants also rated the activities funded as being either very good or good. (92.2% male, 93.6% female). The high positive share of both women and men that indicated a shift in perception and behaviour indicates that both sexes were meaningfully involved and targeted by the programme.

Key achievements.

The design of the CERV programme puts the promotion of equality at its heart. In 2023, the programme continued to promote gender equality through all of its strands. Each project financed through grants has been assessed concerning its contribution to the promotion of gender equality and has been attributed a score. The data on grants show that the CERV programme has a strong focus on promoting gender equality, as two thirds of funding from grants received a score of 1 and 2. The Commission has also started to introduce a gender perspective into procurement activities. Gender mainstreaming of procurement was piloted in relation to selection and evaluation criteria, for example via requirements for gender expertise on the project team. Another example is a requirement to ensure a good gender balance when collecting data and interviewing people, because points of view can differ depending on the gender of the respondents. However, the data are not at the same level of granularity as the data collected for grants. Therefore, the estimate of the procurement activities' gender score is based on their programming. Similarly, the contribution of projects funded via indirect management is also estimated based on their thematic focus.

Score 2.

Around 23% of funding provided via grants received a score of 2. Thus, approximately every fourth euro of financing from grants contributes strongly to gender equality. This is especially true for the Daphne strand, with its focus on preventing and combating gender-based violence. Around a third of the organisations funded via operating grants made the promotion of gender equality an essential part of their agenda. European remembrance emerges as another strongly performing policy area with, around 30% of EU funds from the call contributing with a score of 2. This can be linked to the design of the call, which highlights the importance of analysing European history through a gender lens. Specific procurement activities, such as the Special Eurobarometer survey 'Gender stereotypes', also contributed to this score, based on their thematic scope. Around a fifth of the procurement budget has received this score. This is comparable to the performance from grants and reflects the targeted actions funded under the programme. The study on 'Future steps for gender equality and equal economic empowerment of women and men in the EU', conducted by the Organisation for Economic Co-operation and Development and funded via indirect management, received a score of 2. It is the only indirect management action that received this score.

Score 1.

About half of the grants (53%) received a score of 1. These are projects funded under calls for proposals with a thematic focus that is closely intertwined with the promotion of gender equality (e.g. the fight against discrimination from an intersectional perspective). Procurement activities contribute 10% of their total funding to this score. The contribution is linked to the ongoing work on gender mainstreaming calls for tender that, for example, integrated a gender perspective into the terms of reference for a survey on sentiment of antisemitism within the EU. No indirect management actions have been attributed this score.

Score 0*.

Around 20% of the funds from grants received a score of 0*. The EU charter and litigation call under the EU values strand has a high share of this score. Around every third euro of funding from the call is attributed to this score, and around 25% of total funding from grants under the 0* score come from this call. This high share of the score can be explained by the focus on raising awareness of the Charter of Fundamental Rights of the European Union. Although raising awareness of rights embedded in the charter is linked to gender equality, there is room for improvement to integrate a gender perspective more systematically into this call. Another example that explains this score is funding provided to national contact points. National contact points help raise awareness of the CERV programme and its calls for proposals at national level. While their activities have the potential to promote gender equality, as they may help applicants gender mainstream their proposals, their scope of action is much broader and more can be done on this in the future The majority of funding provided via procurement is attributed a score of 0*, as work is ongoing. Given the thematic focus of procurement activities under the CERV programme, there is the potential to promote gender equality more strongly via procurement. All the remaining indirect management actions received a score of 0*. They have the potential to promote gender equality based on their thematic focus, such as the awareness-raising campaign implemented by the Council of Europe on fighting discrimination and antigypsyism in Member States with larger Roma communities. However, the systematic integration of a gender perspective could not be confirmed.

Score 0.

Finally, about 2% of the funding from grants received a score of 0. This relates to activities that are rather small in their scale and scope, which provide fewer opportunities to meaningfully integrate a gender perspective into projects. An example is projects funded under the call for proposals for networks of towns. These projects primarily focus on cultural exchange between cities and their inhabitants, for example by organising events. As the scope of these events is limited, the opportunities to address gender equality in an extensive way are few. In addition, the programme financed, via procurement, work by information-technology experts that does not have a strong link to gender equality. No indirect management actions have been attributed this score.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	1.1	5.1	1.0	7.2	1%

– The CERV programme contributes to the digital transition by supporting initiatives on (1) innovative democratic approaches and tools, notably digital e-democracy tools; (2) data protection as a pillar of citizens' empowerment and the EU's approach to the digital transition; and (3) the ECI, by being a catalyst for the use of electronic identification means and enabling citizens' participation by digital means.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Civil-society organisations reached by support and capacity-building activities under the EU values strand	0	**17%**	6 300 in 2027	1 045 compared to a target of 6 300	On track
Civil-society organisations reached by support and capacity-building activities under the equality, rights and gender equality strand	0	**55%**	847 in 2027	463 compared to a target of 847	On track
Civil-society organisations reached by support and capacity-building activities under the citizen's engagement and participation strand	0	**53%**	2 372 in 2027	1 266 compared to a target of 2 372	On track
Civil-society organisations reached by support and capacity-building activities under the Daphne strand	0	**30%**	1 120 in 2027	331 compared to a target of 1 120	On track
Transnational networks and initiatives focusing on European memory and heritage as a result of programme intervention	0	**31%**	1 500 in 2027	462 compared to a target of 1 500	On track

(*) % of target achieved by the end of 2023.

– Since 2021, a total of 3 105 civil-society organisations have been supported by the CERV programme. This number also includes those organisations that have benefited so far from the regranting schemes in place under the EU values strand of the programme. The performance of the CERV programme regarding support for civil-society organisations is on track.

- Since 2021, at least 31 421 657 people have been reached by CERV projects. These data are based on estimations, and are only partially available due to the ongoing development of e-grants. The data are expected to be updated once the development of e-grants is completed.
- The programme's performance is also assessed through the EU Survey on Justice, Rights and Values, which is filled in by participants during activities carried out by CERV-funded projects. The results of survey are centrally collected by DG Justice and Consumers. The latest results, based on 19 091 answers received in 2023, show that 93% of respondents assessed the event in which they participated as good or very good. Respondents again indicated 'increased awareness' as the greatest benefit the event brought to them, with 'increased knowledge' following closely behind. More than 80% of respondents also indicated that their perception of the topic addressed at the event had changed and they were now likely to react differently when confronted with the topic. It is also worth noting that more than 50% of the respondents highlighted that they are not satisfied with the way democracy works in their country.
- Although some CERV calls had previously operated on the basis of lump sums, in 2023 most CERV calls switched to lump sums. This change was introduced to alleviate the administrative burden for beneficiaries and to simplify their reporting obligations, while keeping the focus on performance.
- The sharp increase in inflation also had a tangible impact on running grants in 2023. As the EU's contribution is fixed, beneficiaries raised concerns that they could not implement all of the activities provided for in their initial grant agreement because inflation was not reflected in the unit costs for travel, accommodation and subsistence. For this reason, the decision on unit costs was revised in June 2023 to try to compensate for the extreme inflation in air travel since 2021. The rates for return air and rail travel above 400 km have increased by 25%. For all the other unit costs, a separate review is currently underway that may result in a further amendment of the rates in the near future.
- The COVID-19 crisis continued to have an impact in 2023, even if it was minor than in previous years. About 15% of amendments were still motivated by the implications of the pandemic.
- The introduction of the new political priorities in the CERV calls for proposals, coupled with a significant budget increase in some calls, was another challenge for implementation in 2023. Therefore, it was crucial to run strong publicity campaigns to ensure that applicants were aware of these new opportunities, which would also contribute to attracting high-quality proposals. Under the EU values call, the development of a risk monitoring strategy and an internal monitoring system for projects providing financial support to third parties was quite challenging, as these initiatives were new for staff and had to be ready early in 2023 for the first projects selected, which were about to start.
- In 2023, stakeholders' knowledge of and skill in using e-grant tools increased substantially in comparison with 2022, but it was still not at full cruising speed. For some specific calls, such as town twinning, dealing with grassroots organisations and small municipalities, the use of e-grants remained a significant challenge for the entire life cycle of the project. Generally speaking, some sub-workflows (i.e. amendments and final reporting) and procedures were new and challenging for many beneficiaries, including in respect of deadlines. It was helpful to increase communication with beneficiaries and to propose a number of hands-on training sessions, which will continue in the future so as to increase beneficiaries' knowledge of and skill in using e-grant tools.
- Some projects funded under CERV contribute simultaneously to several horizontal priorities, for example to climate and gender equality. For instance, a new initiative called 'Her voice, her power, our future! Women leading the way to sustainability' has been launched, bringing

together eight European towns to promote women's empowerment in relation to the 2030 Agenda and ecological transition in Europe. The network will explore concepts such as the Urban Agenda and the role of women in the European green transition to promote a sustainable future for Europe. The main goal of the project is to empower women to participate in civic life and in leadership roles regarding sustainable energy and sustainable resources. The project aims to increase women’s involvement in creating local green and sustainable policies and to contribute to the New European Bauhaus initiative and the European Green Deal.

2014-2020 multiannual financial framework – rights, equality and citizenship

The rights, equality and citizenship programme aimed to contribute to the further development of an EU where people's equality and rights are promoted and protected.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	432.5	435.3	99.4%
Payments	366.4		84.2%

– The completion line (legacy line) of the programme is used to make the final payments from past commitments from the previous multiannual financial framework. In 2023, 136 final payments for grants from the old rights, equality and citizenship programme were paid, amounting to EUR 7.2 million. As regards 2024, the payment appropriations will be used to cover the remaining final payments that are still outstanding.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Member States that set up structural coordination mechanisms on the national Roma integration strategies	0	> 100%	26 in 2020	27 compared to a target of 26	On track

(*) % of target achieved by the end of 2022.

- The programme provided around EUR 430 million between 2014 and 2020 in support of initiatives promoting justice and fundamental rights. These initiatives included training sessions, seminars and mutual-learning events, research and studies, and awareness-raising and media campaigns to the ultimate benefit of EU citizens. The programme succeeded in contributing to the further development of an area where equality and the rights of persons are promoted, protected and effectively implemented.
- The first part of the *ex post* evaluation carried out in 2022 looked into the performance and results of the 2014-2020 rights, equality and citizenship programme. The evaluation showed that, despite the effects of the economic crisis (which led to a general reduction in the amount of national resources and funding available for social and fundamental rights issues), the programme has proved its EU added value and its crucial role in developing a European area of equality and rights. The evaluation also showed that although the benefits of projects' implementation outweigh the costs, the administrative costs are still perceived by beneficiaries on average to be higher in comparison with other non-EU alternatives or with national programmes.
- A complex interplay of internal and external factors hindered the programme's performance at various times. The internal factors mainly relate to difficulties in the application process, the internal capacity of project partners and the type and quality of consortia. Common external factors relate to the impact of external shocks such as the COVID-19 pandemic and the challenge of involving public entities and stakeholders in the activities planned.
- The evaluation found that the success factors in projects under the rights, equality and citizenship programme include the quality of partnerships, bringing together organisations with complementary expertise and covering managerial and coordination skills with experience of working with target groups on the ground. Another element of success is the capacity of the projects to respond to the aims of the calls while also pursuing the longer-term strategies of the implementing organisations.
- As regards the baseline situation, as described in the 2011 impact assessment and the 2015 *ex post* evaluation of the three predecessor programmes (Daphne III, fundamental rights, and citizenship and progress), the evaluation evidence shows that almost all the difficulties identified in the programme were overcome, except for the geographical imbalance, which still persisted.
- The second part of the *ex post* evaluation will be concluded in 2025. It will particularly focus on long-term effects and sustainability of the programme.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3		
SDG4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	The programme supports projects for the inclusion of all to quality education, including minority groups such as Roma youth or people living with a handicap, and organisations promoting lifelong learning opportunities at all ages.
SDG5	Achieve gender equality and empower all women and girls	The programme has equality at its core and promotes equality through all its strands. Under the Citizens' engagement and participation strand, the programme supports gender-sensitive narratives in European Remembrance to help shed light on female voices. Within the Daphne strand, the programme fights gender-based violence and engages men to be advocates for gender equality. The Equality, rights and gender equality strand helps to uncover economic and social inequalities of Europeans who experience discrimination. Under the EU values strand, the programme supported key stakeholder to help civil-society organisations build capacities in their endeavour to fight gender inequality.
SDG6		
SDG7		
SDG8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Via the equality, rights and gender equality strand, the programme supports projects for equal access to work, equal participation in labour market, diversity in public and private sector organisations and the elimination of barriers to career progression in all sectors.
SDG9		

SDG10	Reduce inequality within and among countries	The programme, through transnational projects sharing good practices, trainings and awareness rising activities, contributes to the reduction of inequalities and eliminating discrimination between EU citizens and among countries.
SDG11		
SDG12		
SDG13		
SDG14		
SDG15		
SDG16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Via the citizens' engagement and participation strand and the EU values strand, the programme promotes inclusive society and the rule of law. Funds support entities which contribute to make our common values, rights and equality and rich diversity alive and vibrant.
SDG17	Strengthen the means of implementation and revitalise the global partnership	The programme contributes to the goal, especially through the re-granting call, which aims to build capacity of civil-society organisations and also promotes strong partnerships for the intermediaries.

CREATIVE EUROPE

CREATIVE EUROPE PROGRAMME

Programme in a nutshell

Concrete examples of achievements

1 080 initiatives took place to celebrate reading, in particular among young people, for the first edition of the Day of European Authors, which took place on 27 March 2023.	9 Oscar nominations in 2024 for films supported by the MEDIA strand (*Anatomy of a Fall*, *Robot Dreams*, *Four Daughters*, *Io Capitano* and *The Teachers' Lounge*).	1 802 artists and cultural professionals benefited from mobility in the first round of implementation of the 'Culture Moves Europe' scheme.	103 grants have been distributed by the three EU–Ukraine-led consortia selected by the special call 'support to the Ukrainian refuges and the Ukrainian cultural and creative sectors'.
EUR 25 million is the value of the first agreement with a financial institution signed in 2023 under the MediaInvest equity tool.	744 cities had a cinema promoting European film culture as a member of the MEDIA-strand-supported Europa cinemas network.	1 200 hours of content on the Arte.tv platform, which is available in 30 countries, will be subtitled in English, Italian, Polish and Spanish between 2023 and 2025.	At least 6 254 Audiovisual professionals have been trained thanks to projects supported since 2021.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	2 **236.7**
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	34.9
Total budget 2021-2027	**2 271.6**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

Creative Europe is the European Commission's programme for dedicated support to the cultural and audiovisual sectors. Creative Europe was established in 2014 to integrate three separate programmes, namely Culture, MEDIA and Media Mundus. Since 2014 the programme has three strands:
i) Culture, covering cultural and creative sectors except audiovisual and news media;
ii) MEDIA, covering audiovisual including cinema, TV, video games, immersive content;
iii) Cross-sectoral, covering actions across audiovisual and other cultural sectors, plus, since 2021, support to news media and media freedom.

As per the current legal base, the allocation of budget between the different strands of the programme is the following 58% for MEDIA, 33% for Culture and 9% for Cross-sectoral

CHALLENGE

Cultural and linguistic diversity is a pillar of the European identity and values. European cultural and creative sectors greatly contribute to jobs and growth, and have positive spillover effects on other sectors. Thus the programme fully recognises the dual nature of these sectors.

Over the years the programme has evolved to address the challenges facing the cultural and creative sectors. These sectors face increasing challenges from ongoing digital transformation and unprecedented global competition for audiences, whereas their potential remains unduly constrained by market fragmentation along national lines. Action at the EU level is needed to overcome such fragmentation and brings great benefits by fostering transnational artistic creation, cross-border circulation of content and the mobility of professionals and creators; by incentivising innovation in content, tools and business models; by

facilitating the pooling of knowledge and accelerated learning; and by scaling up to be more competitive in the single market..

Moreover, the aftermaths of the COVID-19 pandemic and the illegal invasion of Ukraine by Russia in 2022 which led to inflation exacerbated the difficulties met by the cultural and creative sectors. Price inflation, coupled with an escalation in production budgets, has led to gaps in financing for organisations and increased the average budget of cultural and audiovisual EU productions. Nonetheless, creative organisations and companies have a potential for high growth, despite their size and often being small organisations or self-entrepreneurs susceptible to precariousness. Ensuring continuous upskilling of the professionals of the sector will be key to competitiveness, notably through entrepreneurial and cross-cutting skills to encourage transformation and innovation.

More specifically news media have been encountering a growing number of media freedom threats all across Europe, and revenues of media outlets are on the decrease, with difficulties in securing sustainable business models. This weakens the media's capacity to safeguard democracy.

MISSION

In a policy field of shared competence, Creative Europe funding complements the funding provided by the Member States.

The EU added value shall be ensured through:

(a) the transnational character of actions and activities;
(b) (b) cross-border cooperation and the potential of such cooperation to address common challenges;
(c) (c) the economies of scale and growth and jobs which EU support fosters, creating a leverage effect;
(d) providing a more level playing field through actions with European added value under the MEDIA strand that take into account the specificities of different countries.

OBJECTIVES

Creative Europe's specific objectives are:

- to safeguard, develop and promote European cultural and linguistic diversity and heritage; and
- to increase the competitiveness and economic potential of the cultural and creative sectors, in particular the audiovisual sector.

More specifically, it aims to:

1. enhance artistic and cultural cooperation at the European level in order to support the creation of European works and strengthen the economic, social and external dimension of and innovation and mobility in Europe's cultural and creative sectors;
2. promote the competitiveness, scalability, cooperation, innovation and sustainability, including through mobility, of the European audiovisual industry;
3. promote policy cooperation and innovative actions supporting all strands of the Programme and to promote a diverse, independent and pluralistic media environment, and media literacy, thereby fostering freedom of artistic expression, intercultural dialogue and social inclusion.

ACTIONS

Under the culture strand, the programme focuses on cooperative artistic projects, platforms and networks to share and promote works and opportunities. It also focuses on internationalisation through the mobility of people and through transnational activities with cultural and creative organisations.

Under the MEDIA strand, the programme focuses on the development and production of high quality and innovative audiovisual content; the strengthening of audiovisual businesses through training, professional markets and networks, support to distribution companies, funding innovative tools and business models; reaching wider audiences through the cross-border distribution and promotion of non-national European works, supporting festivals and a network of European cinemas, and the development of transnational networks and audiences. Cooperation with the European Audiovisual Observatory, the European Media Freedom Board and support to the Audiovisual Media Services Directive are also funded.

Under the cross-sectoral strand, the programme supports policy cooperation, innovation across the cultural and creative sectors, media pluralism, media literacy, cross-border collaborative journalism and standards, and the activities of programme desks.

STRUCTURAL SET-UP OF THE PROGRAMME

The programme is managed by the Commission (jointly by DG Education, Youth, Sport and Culture and DG Communications Networks, Content and Technology), with implementation mostly delegated to the Education, Audiovisual and Culture Executive Agency (publication of calls, evaluation of applications, contracting and financial execution and monitoring of projects).

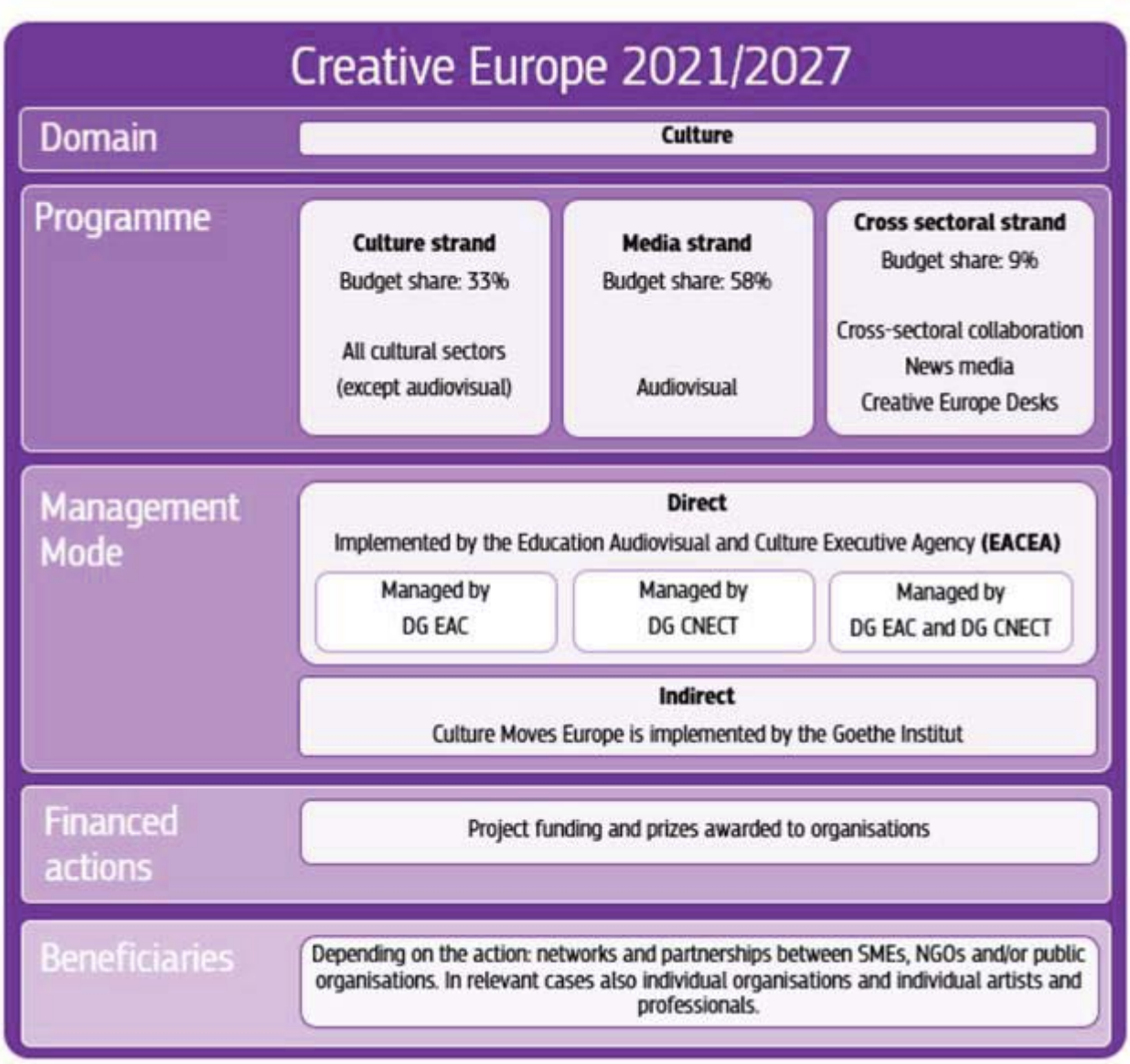
DG Education, Youth, Sport and Culture and DG Communications Networks, Content and Technology steer the programme through annual work programmes. The document gives an indication of the amount allocated to each action and sets out, where applicable, the overall amount reserved for blending operations. The Directorates-General also monitor and regularly evaluate the programme and supervise the Executive Agency. DG Education, Youth, Sport and Culture is responsible for the Culture strand and DG Communications Networks, Content and Technology for the MEDIA strand. The Cross-sectoral strand is jointly managed.

In accordance with the annual work programmes, the European Education and Culture Executive Agency publishes calls for proposals for projects, ensures their selection and funding and monitors project implementation. Each funded project must contribute to the goals set out by Creative Europe’s legal basis.

However DG Communications Networks, Content and Technology manages blending operations in favour of the Media Invest equity platform, under InvestEU as well as a Contribution Agreement with the Council of Europe, on behalf of the European Audiovisual Observatory, and the programme’s support to the audiovisual media regulators and newly established Media Freedom Board.

To support the implementation of the programme, the Creative Europe desks, which are financed partly by the programme, serve as local contact points and advise potentially candidates applicants for funding.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The programme aims to build on the creative Europe programme's 2014-2020 achievements (e.g. it delivered on the strategic EU priorities such as the Europe 2020 employment targets) and scale-up efforts.

FURTHER INFORMATION

- Programme website:
  - creative Europe.
- Impact assessment:
  - the impact assessment of the creative Europe programme was carried out in 2018;
  - for further information please consult: SWD(2018) 290 final – 2018/0207 (COD).

- Relevant regulation:
    - Regulation (EU) 2021/818 of the European Parliament and of the Council.
- Evaluations: Monitoring report 2021-2022 in preparation in 2023 for a planned delivery in June. Final evaluation of the 2014-2020 programme and midterm evaluation of the current programme has been launched with results expected to be published in December 2024.
- An own-initiative report on the implementation of the 2021-2027 creative Europe programme by the European Parliament (rapporteur Massimiliano Smeriglio) was published in December 2023 and adopted on 16 January 2024.
- European Media Industry Outlook – published in May 2023.
- Study on the level playing field in the audiovisual industry – works were ongoing in 2023, to be finalised in 2024. Greening of the creative Europe programme, published in May 2023

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	306.4	406.5	332.8	334.8	352.2	249.4	254.6	2 236.7
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	10.1	13.3	11.5	0.0	0.0	0.0	0.0	34.9
Total	**316.5**	**419.9**	**344.3**	**334.8**	**352.2**	**249.4**	**254.6**	**2 271.6**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

+ EUR 16.0 million (+1%)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

- The overall budget has been frontloaded, with a third of the creative Europe budget to be committed in the first 2 years of the programme, in order to address the difficult situation of the sector hardly hit by the COVID-19 crisis. In 2022, the creative Europe programme benefited from an overall increase close to EUR 100 million compared to 2021, representing a budget increase of 33% compared to the previous year. Following the financial programming profile, the annual budget for creative Europe returns in 2023 to the regular profile and have a steady but low growth until the end of the programme cycle.
- The difference of budget between the financial programming and the legal basis (EUR 13 million) is due to the additional budget voted in 2022 and 2023 by the budget authority (EUR 5.5 million in 2022 and EUR 7.5 million in 2023).
- The 2024 Creative Europe budget was reinforced by EUR 3 million (EUR 2 million for the culture strand; EUR 1 million for the cross-sectoral strand for news-media-targeted actions) following the conciliation phase between the European Parliament and the Council of the European Union in November 2023.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	1 077.4	2 271.6	47.4%
Payments	667.6		29.4%

Voted budget implementation (million EUR)(*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	306.4	306.4	56.4	147.5
2022	406.5	406.5	240.7	327.2
2023	332.7	332.8	345.1	281.0

(*) Voted appropriations (C1) only.

– Following the delays in the implementation of the creative Europe programme in 2021 and 2022 due to the late adoption of the new programme and the impacts of the COVID-19 pandemic, 2023 was the year in which the programme reached its regular cruising speed as regards to the budget implementation.

– The measures taken at the beginning of the programme to support the cultural and creative sectors against the consequences of the COVID-19 pandemic continued to be implemented in the supported projects, such as the high-financing rates. As the sanitary situation significantly improved, the decision was taken to reinstate all in-person meetings with the programme stakeholders in 2023.

– In 2023, through a robust budget approach characterised by prudence, adaptability and strategic foresight, DG Education, Youth, Sport and Culture, and DG Communications Networks, Content and Technology together with the European Education and Culture Executive Agency, managed to close the year with outstanding budgetary performance in EU budget for creative Europe, reaching 100%.

– Creative Europe continues at cruising speed for the publication of its calls, with the Annual Work programme 2024 in September 2023 and the majority of its calls published in the autumn.

– In 2023, the budget was reinforced by EUR 7.5 million, reaching a total budget of EUR 332 790 321, divided as follows: culture strand: EUR 102 685 229 (+ EUR 2.5 million); MEDIA: EUR 180 661 827 (+ EUR 5 million); cross-sectoral: EUR 26 981 060. This budget is a sharp decrease in comparison to the year prior (EUR 406 527 982) as the programme budget had been frontloaded in 2022 to tackle

the immediate consequences of the COVID-19 pandemic. This peak of budget allowed for the launch of new actions, such as the 'Culture moves Europe' mobility scheme and MediaInvest, or to reach record numbers of funded projects (168 European Cooperation Projects, the highest number ever reached).

- In the next three years the budget of the programme will increase annually by 5%, 2% and 26% on an annual basis, taking into account the Article 5 revision.
- The factor influencing all sectors is the higher-than-expected inflation rates, which raised the costs of all funded projects. Another development that accentuated the needs of the cultural and creative sectors, in line with the goals of the programme but not provided for in the budget scale in 2018, is the advent of AI solutions to creative activities and the broader uptake of virtual/augmented reality. These two technological innovations are very costly to be adopted and exploited by the cultural and creative sectors, starting from learning the right skills in using these technologies, from production to distribution as well as transforming business models. The growth of global platforms, which heavily invest in AI, increases the investments needed to be competitive.
- Therefore, the programme's budget implementation 2024, and the 2025 budget preparation exercise will be running in an exceptionally challenging context.
- Additionally, as regards MEDIA strand, private investments in audiovisual production at first increased the average budget of a production in the VOD-platform boom of the years before the COVID-19 lockdowns. Then in 2023, there were several decisions by the largest private investors to cut down on production expenses, which does not result in lowering the average budgets, but limiting the number of productions, endangering some jobs in the sector.
- The culture strand sees an ever-increasing number of applications to its actions, and in particular the European Cooperation Projects for which the number of applications submitted rose from 468 proposals in 2021 to 831 in 2023 – a 78% increase. As the budget for this action is rather stable (around 60% of the culture strand budget), this high number of submitted projects impacts the success rate of this action which fell from 26% in 2021 to 17% in the 2023 call.
- In the cross-sectoral strand the creative innovation labs have responded to new priorities such as building virtual worlds (in line with the communication of July 2023 on metaverses). Also the calls on journalism launched in 2021 have been very successful and highly oversubscribed. This reflects how the news media sector suffers from decreasing revenues from advertising and sales, as reported in the European Media Industry Outlook. Additionally, the cross-sectoral strand is expected to onboard two activities in 2025 which were not envisaged in the multiannual financial framework: the Board of European Media Freedom (under the EMFA, agreed in 2023, and the European Digital Media Observatory (central structure).

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	78.4	98.5	83.9					260.8	12%

Biodiversity mainstreaming
Clean air

- In the 2021-2027 programme, ecological concerns are taken into account in the design and implementation of all funded projects, as a cross-cutting issue, in order to reduce their impact on the environment.
- The European Commission published a study on the greening of the creative Europe programme in May 2023, with the objective of enhancing good environmental practices among the programme stakeholders within the framework of the European Green Deal. The study highlighted the willingness of the sector to engage with greening initiatives and will serve as a guide for the years to come. A network of greening contact points among the creative Europe desks (culture strand only) was set up in 2023, and several workshops were organised to build their capacities in this domain.
- The programme does not directly support climate mitigation initiatives; however, environmental sustainability remains one of the priorities of the programme and is referred to in all of its calls.
- The culture strand of the programme continues to co-fund projects encouraging the sector to adopt more environmentally friendly practices and business models. Applicants to the calls for cooperation projects are requested to submit a greening strategy. Furthermore, collaborative efforts within the MEDIA strand are ongoing to set standards for calculating and reducing carbon dioxide emissions within the audiovisual production chain.
- MEDIA and cross-sectoral strands: almost all proposals submitted within the MEDIA strand are requested to provide a strategy to improve the greening of the industry (except for two actions where this is not applicable). Changes implemented in the markets and networks action and the MEDIA 360° action meant that supported events had to start the process of obtaining sustainability certification. This will apply to 49 supported events per year. A focus on greening was also proposed in the talent and skills action, in order to improve greening skills within the audiovisual industry. The results were positive, with additional training funded on greening and sustainability.
- In 2023, the Commission produced a European carbon calculator for audiovisual productions to standardise and compare measurements used across the Member States This tool, which should be delivered in 2025, aims to combine a calculation methodology using data harmonised at the European level together with a web application. It shall be free for use to audiovisual producers in all Member States and will be complement existing national calculators through a 'plug in' approach. As the project progresses, there will be regular outreach activities with producers, calculators and stakeholders.
- The programme will step up its action in the years to come to support climate mitigation in the design of its annual work programmes.
- The yearly contribution to climate objectives is based on beneficiary organisations' applications for funding for projects with climate-related topics.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2	24.8	22.9	14.2	61.8
1				
0*	281.6	383.7	318.5	983.8

0

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender-disaggregated information.

In MEDIA-funded schemes, women accounted for 40% of the directors and 43% of the screenwriters of films supported in 2023 at the distribution, development or production stages. These numbers are far above the market average.

These levels are similar to the 2022 results.

Creative Europe specific objective 1, indicator 2: number of artists & cultural &/or creative players (geographically) mobile beyond national borders due to programme support, by country of origin (including the proportion of women).

In 2023, the initial results indicated that **53%** of the grantees that had transnational mobility through the programme were women.

However, the data is purely indicative and should be read with a disclaimer.
The result is based on the data provided for 2021 and 2022 from the continuous reporting in eGrants for projects funded under the COOP, LIT, NET, PLAT and PECE calls. The are allocated to the work programme year under which the call was published (there is no data source that would allow allocation of people to the year in which the mobility took place). These data are provisional and indicative at the time of reporting for the following two reasons.

- Many of the projects funded under these years are not finalised, and their numbers will therefore grow.
- A specific key performance indicator data capture module is currently being developed within the eGrants environment, but it was not available at the time of reporting. Once implemented, it will systematically capture the data reported by projects. In the meantime, a manual analysis has been made of the data provided in the continuous reporting to capture the numbers for which the activity was defined as a residency, internship or something similar, and which lasted for 5+ days. The analysis sought to eliminate double counting. However the results cannot guarantee that all mobility has been included, nor that all the data included were from another country, nor that the data represent different people in all instances. Once the key performance indicator module is implemented for reporting in eGrants (by the end of March 2023), the beneficiaries will make a declaration specifically related to mobility for their projects.

The data obtained for ‘Culture Moves Europe’ are provisional and report on the first round of implementation of the action (from October 2022 to the end of May 2023). It should be noted that participants in the mobility schemes are not obliged to report their gender. The first data on gender were extracted from ‘Culture moves Europe’ results only.

Both sets of data have been aggregated to give the number provided in the programme performance statement.

- Under the creative Europe programme, special attention is given to applications presenting adequate strategies to ensure gender balance, which was introduced as a cross-cutting priority in all strands of the programme starting with the 2021 annual work programme.
- The culture strand of the creative Europe programme is anchored in policy development and EU policy cooperation in the field of culture, notably in line with the objectives of the 2018 new European agenda for culture and the 2023-2026 Council work plan for culture. As such, the programme mainstreams the cross-cutting issues of inclusion and diversity through its actions and supports the 2020-2025 gender equality strategy. Special attention is paid to applications presenting adequate strategies to ensure gender balance and a more sustainable and environmentally respectful industry, along with inclusion, diversity and representativeness. A significant number of projects already aim to strengthen gender equality in cultural and creative projects, including mentorship projects, sector-specific evaluations, etc. These projects appear in the yearly creative Europe monitoring report, and their results can be further shared through our supported networks. In addition, beyond this requirement that is applicable to all creative Europe projects, the cooperation scheme includes an explicit inclusiveness priority to encourage projects to focus their objectives and activities on gender issues to explore, test and disseminate innovative gender equality practices.
- Media and cross-sectoral strands: the 2021-2027 strategy for the audiovisual sector envisages further policy development by including gender activities in all EU actions that concern the audiovisual sector. The focus of the strategy has moved from gender alone to the broader concept of diversity. Since 2021, the MEDIA strand has encouraged companies to include gender and inclusiveness strategies in their businesses, and the 2021-2022 evaluations show that almost all applicants are making use of this opportunity to increase the value of their projects and hence contribute to achieving gender balance. Creative Europe applicants are requested to show the action taken in their companies in support of diversity and gender equality. Also, for the first time, in 2022, the training scheme included a module targeting women, based on capacity building and mentoring opportunities.
- Regarding interventions the principal objective of which is to improve gender equality (score 2), the total yearly contribution to gender is based on beneficiary organisations’ applications for funding for projects with gender-related topics.
- Regarding interventions with a likely but not yet clear impact on gender equality (score 0*), the total yearly contribution to gender is the difference between the programme’s budget as indicated in the relevant annual work programme and the yearly contribution to gender based on beneficiary organisations’ applications for funding for projects with gender-related topics.
- Final data will be available upon the completion of projects (normally 2 to 3 years after the start).

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	104.5	91.2	61.0	256.7	25%

- The legal basis states that creative Europe should contribute to the digital shift of the cultural and creative sectors.
- In the cooperation projects under the culture strand, the digital priority to help the European cultural and creative sectors to undertake or accelerate their digital transition is included as the first or second priority in the project application. Moreover, creative Europe networks also have the objective of helping the European cultural and creative sectors to fully take advantage of new technologies to enhance their competitiveness.
- In line with the media and audiovisual action plan, the MEDIA and cross-sectoral strands have prioritised support for the digitisation of the audiovisual and news media industries.
- Under the MEDIA strand, a number of existing schemes have integrated a strong digital dimension. The talent and skills scheme includes as a priority the strengthening of the capacity of audiovisual professionals to embrace the digital transition. Support is also given to television and online content to facilitate European and international co-productions for exploitation by both digital platforms and TV broadcasters. Also, European video-on-demand networks are supported in their efforts to screen a significant proportion of European works. Both the theatrical and the online distribution of films are funded through the MEDIA strand. Support for film markets and festivals has been adapted to provide assistance to hybrid events online.
- Also, since 2021, new schemes have been established to deepen support for digitisation. The innovative tools and business models scheme supports the promotion and marketing of tools, including online and through the use of data analytics, to increase the reach of European works. The video games and immersive content scheme is dedicated to supporting the development of digital content, including for virtual worlds. Furthermore, a virtual reality / augmented reality industry coalition was established to stimulate cooperation across industry sectors and ensure European leadership.
- Under the cross-sectoral strand, the creative innovation labs encourage innovative approaches to content creation and distribution, taking into account the opportunities of the digital transition, notably virtual worlds. Also, support for news media collaborations has been introduced to address structural challenges, including digitisation, to the production and monetisation of quality journalism.
- The yearly contribution to digital objectives is based on beneficiary organisations' applications for funding for projects with digital-related topics. Data are provisional, as the final results will only be available upon the completion of projects (normally 2 to 3 years after the start).

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress	Target	Results	Assessment
Transnational partnerships created with the support of the programme (artistic and cultural cooperation)	0	**47%** (*)	990 in 2027	465 compared to a target of 990	On track
The number of projects supported by the programme addressed to socially marginalised groups	0	**45%** (*)	279 in 2027	127 compared to a target of 279	On track
The number of participants in learning activities supported by the programme who consider that they have improved their competences and increased their employability	0	**23%** (**)	15 760 in 2027	3 647 compared to a target of 15 760	Moderate progress
The number of people accessing European audiovisual works from countries other than their own and supported by the programme	0	18% (**)	93 million in 2027	17 million compared to a target of 93 million	On track

(*) % of target achieved by the end of 2023.
(**) % of target achieved by the end of 2022.

– When it comes to contribution to horizontal priorities, information is not yet available for 2023. The 2021-2022 results show that EUR 260 million was dedicated to projects contributing to greening, EUR 162 million contributed to digital transformation and EUR 674 million was dedicated to achieving gender equality (including EUR 38 million of projects that had gender equality as their principal objective). This means that gender priority

was present in over 97% of the value of the support. Also, 23% of projects counted by value contribute to the digital transformation and 37% to greening.

– 2023 was the final year of transition from the 2014-2020 creative Europe programme to the 2021-2027 programme. It finally reached its normal pace of implementation with the adoption of the 2023 annual work programme in August 2022. The 2024 annual work programme followed the same calendar of adoption and implementation – adoption in September 2023, with a publication of the calls in autumn. The 2025 annual work programme will follow the same calendar logic, which will be implemented for all the years to come until the end of the current multiannual financial framework. Russia's invasion of Ukraine and its consequences for energy prices and the rate of inflation continued to impact the programme, with an ever-increasing number of requests for support from organisations in the cultural and creative sectors. Moreover, following the earthquake in Syria and Türkiye in February 2023, and upon the request of Türkiye, which as of 2023 was a candidate for participation in the creative Europe programme, the submission deadline for the European cooperation projects call was postponed by 2 weeks.

– To support Ukrainian artists and the Ukrainian cultural sector following the start of the Russian war of aggression, a special call amounting to EUR 5 million was launched under the Culture strand of the 2023 annual work programme. The three selected consortia began to implement their actions in May 2023, and started distributing funding to local projects and organisations in three areas of support: financial support for Ukrainian artists and cultural organisations to create and showcase their art and works in Ukraine and in creative Europe participating countries; actions on the ground helping displaced Ukrainians, and in particular children, to have access to culture to facilitate their integration into their new communities; and capacity building and training for Ukrainian cultural heritage professionals to contribute to the post-war recovery of Ukrainian cultural heritage. Moreover, an amendment to the 2023 creative Europe work programme was voted during the Creative Europe Committee meeting on 28 March 2023 to enable the funding of the creative Europe desk in Ukraine at 100% (normally, the programme co-funds up to 60% of the desk's budget). This full coverage of the Ukrainian desk's activities is also included in the 2024 creative Europe annual work programme, and will continue in 2025.

– In 2023, close to EUR 85 million was allocated to the European cooperation projects, the circulation of European literary works, platforms for the promotion of emerging artists, pan-European cultural entities and networks of cultural and creative organisations. An envelope of EUR 60 million was dedicated to the funding of the cooperation projects, allowing the selection of 138 proposed projects. This budget is a decrease of EUR 9 million in comparison to 2022 (which had selected 169 projects), which may explain, when coupled with the constantly increasing number of applications received for calls under the creative Europe programme (831 in 2023), the decreasing success rate for this call (17% in 2023, compared to 27% in 2021 and 26% in 2022). As of February 2024, 136 projects had signed with the executive agency and two had dropped out during the grant-agreement phase. Several more projects from the reserve lists will be added to the final selection. Regarding the call for literary translations, 41 projects were selected for the call published in 2023. Finally, under the culture strand, the Day of European Authors initiative to encourage reading, in particular among young people, was launched in 2023. For its first edition, more than 1 000 events took place in schools, bookstores and libraries simultaneously on 27 March 2023, while a high-level conference was organised in Sofia, Bulgaria.

– Under the MEDIA strand, 13 calls were published in 2023 (for comparison, 15 were launched in 2022, with a record budget). The calls attracted 1 272 proposals altogether (compared to 1 195 in 2022), of which 60% were successful (69% in 2022) , with varying success rate

between the calls – revealing an ever-increasing demand for the MEDIA strand of the creative Europe programme among the audiovisual community. The applicants requested a total of EUR 333 million (compared to EUR 389 million in 2022). This comparably higher rate however is due to the implementation of several actions through automatic schemes. In these cases, the relevant indicator is not the success rate, but the actual demand. In fact, the level of support given is always lower than the amount requested and there is much space for increase of grants value in the automatic calls (e.g. last year the value of grants in automatic European Film Distribution were lowered by 30% due to insufficient funds). In other non-automatic calls for proposals the success rate is often as low as 16% (development calls, innovative business models). Some MEDIA calls (eg. videogames and immersive content) have been more narrowly defined, to avoid massive oversubscription, but as a result they cover a small part of the actual funding needs in these emerging two sectors. There were 626 grant agreements signed for a total of EUR 139 million by January 2024, and another 87 grants are expected to be signed soon based on the evaluations done in 2023, amounting to EUR 26 million. The calls in 2023 covered some actions that are only launched once every 2 years (European festivals, audience development and film education) or every 3 years (subtitling of cultural content), so they will not be repeated in 2024.

– Since 2021, the MEDIA strand has been supporting a long-term innovative support measure for the audiovisual industry: the MediaInvest blending facility. The European audiovisual sector faces several challenges simultaneously: it is highly dependent on public funds; independent European companies are under ever greater competitive pressure from the global competitors to raise their production budgets; and private investors consider the audiovisual industry to be risky and avoid much-needed capital investment. The MediaInvest blending facility aims to encourage private investment in the sector. It blends public funds – from creative Europe, InvestEU and the European Investment Fund – with private investment to obtain commercially viable, European-scale audiovisual projects. The backing of public funds will multiply the effect a private investor can have with their funds, thereby decreasing the perceived risks and allowing the projects to reach the critical scale. It will strengthen the position of independent investors by giving them access to increased capital resources. MediaInvest was launched in May 2022, followed by the publication of a call for expressions of interest addressed to financiers. The call, managed by the European Investment Fund, will remain open until 2027. The first investment agreement, for a value of up to EUR 25 million (expected to raise up to EUR 70 million in equity investment), was presented to the public in September 2023, at the San Sebastian Film Festival.

– Under the cross-sectoral strand, a total of four calls for proposals were launched in 2023 (the same number as in 2022). They attracted 224 applications (compared to 243 the previous year), which requested EUR 147 million in total (similar to the EUR 159 million requested in 2022). The success rates of news media actions were the lowest, especially in 2023 (going down to only 8% from 24% in 2022, because of the increasing demand and the low availability of funding available for news media calls). The 'Journalism Partnerships', the main action to support news media, is one of the very few ones, across the whole Creative Europe Programme, for which the number of high-quality projects rejected exceeds the number of projects financed.

– For all strands of the programme, the final evaluation of the 2014-2020 programme and the interim evaluation of the 2021-2027 programme were launched in December 2023, with the objective of being finalised by the end of December 2024. An own-initiative report on the implementation of the 2021-2027 creative Europe programme by the European Parliament (rapporteur Massimiliano Smeriglio) was published in December 2023 and adopted on 16 January 2024. The report praised the good implementation of the programme.

– In 2023, several projects in creative Europe exploited synergies between various horizontal objectives of the framework programmes. The following are examples of such projects.

  • MIAM! An integrated and sustainable real-time computer-generated imagery production pipeline. The main aim of this project is to innovate in the area of three-dimensional animation based on video game solutions, but it also has an interesting greening component. The new method of creating the animation allows users to save on the servers required, minimising the carbon impact. The other aim of the project is to recycle existing animation material to create new content on its basis with a lower carbon footprint.

  • EU youth cinema: Green Deal 2024-2026 is an audience development project aiming at educating an environmentally conscious community of young people. It offers a unique streaming platform, www.euyc.green, which has a strong didactic narrative, with films in six languages and a series of events in 12 countries.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3	X	The CCS GF financed a study on the social impact of news media in 2021. Results show that healthy, thriving news media ecosystems increase the wellbeing of citizens. Support to cross-border investigative journalism calls started in 2021. Quality journalism, like the projects supported by MEDIA, increases the knowledge diffusion in society and fights the spread of disinformation, thus increasing, for instance, public health (e.g., through informing about the COVID-19 vaccines).
SDG4	X	The Skills and Talents action in MEDIA is an example of promoting lifelong learning – it supports courses/trainings/workshops et al directed at audiovisual professionals to become even better and broaden their skillsets (for example in promoting a film, creating visual effects etc.). This objective is supported as well by support provided to media literacy projects under the cross-sectoral strand.
SDG5	X	As described in the cross-cutting issues of the programme – Gender equality section. For example the films supported under MEDIA with Films on the Move show a higher share of key female creators than is average in the market. Several projects funded under the European Cooperation Projects scheme are relevant to this sustainable development goal, in particular the one addressing gender inequalities in the cultural and creative sectors. Creative Europe networks of cultural and creative organisations also contribute to the sharing of good practices promoting gender equality in the sector.
SDG6		
SDG7		

SDG8	X	Through the supported provided to artists and cultural professionals in the creative Europe programme, Creative Europe Promote sustained inclusive and sustainable economic growth, full and productive employment and decent work for all. For example, the European Platforms for Emerging artists promote fair, inclusive, and diverse frameworks supporting emerging artists careers. Platforms must develop in their strategies effective ways to ensure and promote better working conditions and fairer remuneration, skills' development, and life-long learning as well as artistic freedom. The Media strand of Creative Europe aims to enhance the competitiveness of the audiovisual sectors, thus directly contributing to economic growth. This is a cross-cutting objective. MEDIAinvest, for example, is a new blended investment tool (blending funds from MEDIA and InvestEU) designed to bridge the financial gap in the audiovisual sector.
SDG9		
SDG10	X	All actions of creative Europe have an international collaboration aspect. Especially MEDIA has an action that through cascade grants benefits coproductions with developing countries (under 360 action). On the European scale, MEDIA introduced an array of measures to make sure that there is a level playing field for audiovisual professionals from all countries and small-capacity countries are encouraged to enter into collaboration with high-capacity countries (especially through Co-development). Since 2021 there have been at least 498 collaborations under MEDIA involving partners from a low-capacity and a high-capacity country.
SDG11	X	In the 2022 creative Europe work programme, the creative innovation labs call had a special angle: the projects should contribute to the New European Bauhaus framework for inclusive and sustainable product and experience design. The programme also develops synergies with the New European Bauhaus with projects such as the medium- scale European Cooperation projects 'ARCH-E, European Platform for Architectural Design Competitions' aims to promote high-quality architectural solutions for the built environment by increasing the use of architectural design competitions in Europe

SDG12	X	See cross-cutting issues section – Environmental requirements/ The programme promotes green solutions, especially on the supply side – through bonus points possible to obtain in applications for having sustainable working modalities (in MEDIA). Also, MEDIA is preparing a carbon calculator translation tool to make it easier for co-producers to comply with different carbon regulation regimes (in progress in February 2024).
SDG13		
SDG14		
SDG15		
SDG16	X	Creative Europe decides on the distribution of the grants on merit base and transparently. Audits are put in place across the programmes overseen by the European Commission and other implementing institutions. The work programme each year is accepted by Member States. The access to the programme is encouraged through a network of country desks, who reach out and explain to potential applicants how to apply. Also, CE funded an online tool – CulturEU- for the convenience of potential applicants from cultural and creative sectors to check funding possibilities for them going beyond creative Europe.
SDG17	X	The MEDIA strand supports co-production funds located in the EU aimed at cooperating with film institutions in developing countries. With the support from the MEDIA strand in 2014-2020 they supported 114 co-productions between EU and developing countries partners in production and 83 in distribution.

COMMUNICATION

FINANCIAL INTERVENTION OF THE COMMUNICATION POLICY AREA

Programme in a nutshell

Concrete examples of achievements (*)

1 910 political reporting products were provided by the Commission's representations, covering reactions on EU topics in all Member States in 2023.	1 359 audiovisual products (messages, interviews, statements, clips) were provided to the College of Commissioners in 2023.	92% of the users were satisfied with the answers received from the Europe Direct Contact Centre in 2023.	1.5 million visits to anti-disinformation webpages, including positive communication on related topics, were registered in 2023.
46 500 people visited the visitors' centre (including virtually) in 2023.	11 306 information and engagement activities were performed by the EUROPE DIRECT centres in 2023.	34% of the target audience was able to recall the messages of corporate campaigns in 2023.	62 seconds was the estimated actual YouTube engagement time in 2023, based on YouTube Analytics data.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	766.3

NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0
Total budget 2021-2027	**766.3**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The activities support the Commission's political, corporate and interinstitutional communication of EU policies and help the Commission and the EU to achieve a better image.

CHALLENGE

To be effective in its policy making, the European Commission has to connect with citizens across all of the Member States to make them aware of its headline ambitions and to give them a way to feed their concerns and ideas into EU policymaking. One of the main, overarching challenges is to combine sustained up-to-date communication, on the medium- and long-term political priorities in all relevant channels, while ensuring proactivity and reactivity in crisis communication, notably countering foreign misinformation and disinformation narratives across a variety of crisis topics.

Connecting and clearly communicating with citizens is even more crucial in the face of the challenges confronting the EU, such as the economic recovery, the response to Russia's war of aggression against Ukraine, the phasing-out of dependency from Russian fossil fuels and the strengthening of the EU's competitiveness and strategic autonomy.

In view of the wide-ranging scope of the communication needs, an ambitious communication effort is necessary at the Commission level, to complement and reinforce communication actions on European topics carried out at the national, regional and local levels.

MISSION

Directorate-General (DG) Communication, as a corporate communication service, brings the EU closer to its citizens by:

- listening: providing intelligence to the College, cabinets and services;
- advising: ensuring coherence in communication and domain leadership;
- engaging: reaching out to and engaging with citizens.

OBJECTIVES

DG Communication pursues the following five specific objectives.

4. The College and services use country-specific intelligence, Eurobarometer results, media analysis and feedback from stakeholders/citizens to inform political decision-making.
5. The College receives strategic advice on communicating the political headline ambitions and on media landscapes in the Member States.
6. Corporate communication of the Commission's headline political ambitions is aligned across its departments.
7. Meaningful and tailored messages, focused on the Commission's headline political ambitions, are communicated to citizens, media, multipliers and stakeholders.
8. Citizens engage with the EU through face-to-face events and online interactive platforms, such as the Conference on the Future of Europe, thus stimulating the sharing of EU values and interest in and ownership of EU topics.

ACTIONS

DG Communication pursues the above objectives through a variety of actions, including:

- providing executive and corporate communication services to the President, the College, the Spokesperson's Service, Commission senior management and the Commission's external communication domain;
- engaging with national, regional and local authorities, media, stakeholders and citizens in general through the Commission's representations in the Member States;
- crafting communication products and services directly addressed to citizens via traditional and new media channels, along with face-to-face exchanges.

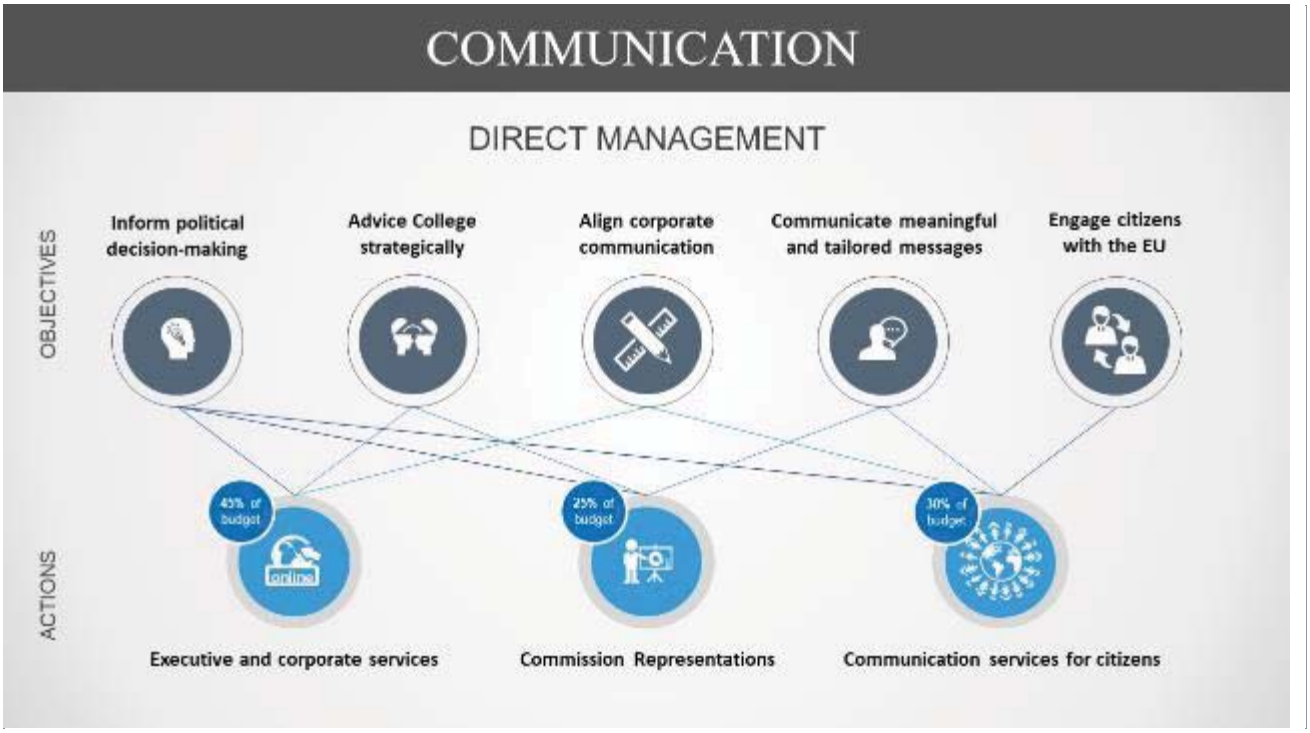
STRUCTURAL SET-UP OF THE PROGRAMME

DG Communication is the lead DG for implementing the external communication activities described above. Its communication activities are implemented through direct management and grants, within the Commission's political autonomy and the institutional prerogatives.

Along with its executive and corporate communication tools and its wide array of communication services directly addressing European citizens, DG Communication can count on its network of Commission representations that act as the eyes, ears, and voice of the Commission in the Member States.

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VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

Communication activities are financed by the Commission under its prerogatives. Throughout the 2014-2020 multiannual financial framework, DG Communication was under Title 16 of the Commission budget. Under the 2021-2027 multiannual financial framework, communication activities are included within heading 2 'Cohesion and values', under policy cluster 7 'Investing in people and values'.

Compared to the previous (2014-2020) multiannual financial framework, under the current framework, DG Communication resources have been partly reoriented towards more future-oriented, innovative communication services where the Commission needs to be up to speed with the constantly evolving communication industry and the ever-faster reactions in the communication environment.

Examples include the launch of the new Europa website (with special focus on ensuring web accessibility and increasing multilingual content), increased audiovisual production, intensified social media presence (at headquarters and in the representations) and more state-of-the-art graphic design. New needs have arisen in the fields of data analytics as, in particular in the fake news context, it is crucial to enhance the Commission's rebuttal and myth-busting capacity. Also, new needs emerged in core businesses like citizen engagement activities, online consultations or the visitors' centre (which has been revamped and modernised) and the Experience Europa information points (for example the new 'Experience Europe' digital exhibition at Rond-point Schuman 14 in Brussels, which offers visitors a virtual and immersive reality experience).

It is worth noting that the above-mentioned communication tools serve as vessels of changing content, regularly modified and adapted to reflect (geo-)political / economic / societal changes.

FURTHER INFORMATION

- Programme website:
  - Communication

– Impact assessment: N/A

– Relevant regulation:

  Tasks result from the European Commission's prerogatives at the institutional level, as provided for in Article 58(2) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union.

– Evaluations:

In 2023, DG Communication concluded three studies: the "Study on the Building Europe with Local Councillors Network" (BELC), the "Europe by Satellite – study on editorial policy' and the "Study on DG COMM's omnichannel digital communication".

The **"Study on the Building Europe with Local Councillors Network"** provides an assessment of the BELC project in its early stages highlighting strengths and points for development as well as its potential and capacity to strategically support the Commission in communicating the EU at the local level. The key lessons learned are shown below.

1) As regards the project's effectiveness, the initiative was found to be effective overall in meeting its objectives and significant potential for growth in network coverage in the future.
2) In terms of efficiency, the study concluded the BELC project to date represented a reasonable value for money, with costs that are proportionate to the main project outputs.
3) The study identified overlaps between BELC and the Committee of Region's European Network of Regional and Local Councillors. These networks were seen by the stakeholders as performing similar functions and thus local councillors may not see the value of engaging in both initiatives.
4) In terms of relevance, the majority of BELC members felt that BELC services and materials were relevant to them and their constituents.
5) The project provided significant EU added value by offering a platform for local councillors to connect, share knowledge, and improve their understanding of the EU. It was found to have substantially increased members' access to EU information materials and their ability to communicate effectively on EU topics.
6) As regards the sustainability criterion, the project showed it could sustain long-term impacts through several means, such as developing new partnerships and/or start cooperating with other councillors or developing skills that could help them in the future.

The above findings will be taken into consideration when deciding the future of BELC project.

The objectives of the study **"Europe by Satellite – study on editorial policy"** were to obtain a better view on the use of Europe by Satellite and a better understanding of who uses the service, how they use it, and to which end. The findings of this study constitute a solid basis to define an updated editorial line for the Europe by Satellite (EbS) service, supporting decisions to be made on which type of material to continue or discontinue broadcasting, based on research results and best practices in present-day media. Another topic analysed was the creation of an adequate and efficient distribution strategy allowing to increase the use of the service by the main target audience, as well as expand the current target audience to new viewers. The study focused on both the current state-of-play of EbS and on a forward-looking element that explored issues of moving EbS beyond its traditional role towards a more fully-fledged news organisations and harnessing other (new) media in an "attention economy".

The conclusions and suggestions for improvement are based on findings from monitoring data, a user survey, user interviews, feedback from an expert panel, and the evaluators assessment. The main suggestions concern:

(1) reviewing whether the selection of the channels whose usage is tracked is still the right one and gaining an understanding of what these channels are taking from EbS;

(2) collecting data on number of live views and time spent viewing different items and on whether there are differences between satellite and online usage and on who is viewing and downloading material and from where geographically;

(3) conducting a regular user dialogue as part of editorial decision-making and conducting regular surveys of users;

(4) establishing an Editorial Board to make editorial decisions, operating at two levels, senior staff headed at European Commission Director level and an Editorial Team including an Editor-in-Chief and

(5) rebranding EbS(+) and/or the Audiovisual Service and promoting the service better to those in the "Brussels bubble", both media and interest groups.

Taking into consideration these findings and suggestions for improvement, an action plan will be prepared and implemented by the European Commission's Audiovisual Service.

The **"DG COMM Omnichannel Digital Communication"** study's purpose was to assess and suggest improvements on the way digital communication actions are planned, implemented and measured. The focus was on digital channels (i.e. web and social media) managed by DG Communication centrally and in the Representations. The study provided a detailed analysis and findings regarding the governance structure for digital communication at DG Communication, the main target audiences, the channels used for digital communication, the reach of these channels, the engagement of the target audiences and the monitoring and evaluation of digital communication activities. The general recommendations (22 in total) touch upon: organisation of work on digital communication; design and implementation of digital communication activities; and monitoring and evaluation of digital communication activities. There are also 16 specific recommendations for DG Communication social media channels and 13 recommendations related to websites. DG Communication has agreed upon an action plan for the implementation of the study's recommendations.

There is one ongoing study:

- Study on the EUROPE DIRECT centres (July 2023 – November 2024).

Several studies are planned to start in 2024 or later:

- Study on the Europe Direct Contact Centre (2024);

- Forward-looking study on the use of gamification and virtual reality for EC publications and their possible adaptation to the metaverse (2024-2025);

- Study of the corporate minimum requirements for communication and visibility under the long-term budget 2021-27 (2024-2025);

- Study on corporate communication actions (2024-2025);

- Study on EC Visitors' Centre and on Experience Europe RP14 (2025-2026)

- Study of the visibility of the Eurobarometer (2025-2026);

- Study of the communication work of local community managers in representations (2025) ;

- Study on the use of AI in AV production (2025-2026) ;

- Study on the new series of citizens' panels (2026-2027);

- Study on convergence in monitoring and analysis of media/social media (2026-2027);

- Study on the partnerships with influencers (2027-2028);

- Study of the Europa website / social media (2027-2028);

Study on EUROPE DIRECT centres (2028-2029).

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	106.7	107.6	108.5	109.5	110.4	111.4	112.2	766.3
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**106.7**	**107.6**	**108.5**	**109.5**	**110.4**	**111.4**	**112.2**	**766.3**

(*) Only Article 15(3) of the financial regulation.

– The budget under DG Communication is based on multiannual financial framework amounts.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	322.8	766.3	42.1%
Payments	296.6		38.7%

Voted budget implementation (million EUR)(*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	106.7	106.7	92.1	92.1
2022	107.6	107.6	97.3	97.9
2023	108.5	108.5	107.2	104.1

(*) Voted appropriations (C1) only.

– Commitment and payment appropriations were used in 2023 with a 100% implementation rate (in 2022 the rates having beenrespectively at 100% and 99% and in 2021 both at 100%), to finance activities along three activity strands: executive and corporate services, Commission representations and services to citizens. The main activities and budget allocated under each strand are presented below:

- ☑ Executive and Corporate communication services €47.5 million
  - EUROPA website
  - Eurobarometer
  - TV studios and EBS
  - AV productions, media library and news coverage
  - Media monitoring, analysis and subscriptions
  - Graphic design
  - Social media
- ☑ Commission Representation €27.5 million
  - Communication of Representations
  - Websites and publications
  - Local outreach cooperation REPs/EP
  - Local support activities
  - Information for journalists
- ☑ Communication services for citizens €32.5 million
  - Information centres
  - Networks
  - Information services
  - Citizens' Dialogues
  - Visitors' Centre
  - General report

– As in the previous years, in 2024 and 2025, DG Communication will continue to provide the President and the College with political and economic reporting, evidence-based corporate communication actions, media advice, state-of-the-art communication products and services, both in headquarters and in Member States. As domain leader for external communication, it will coordinate the communication activities of other Commission services and will assist them in their communication activities. With the support of the representations and the extensive local network of EUROPE DIRECT centres, DG Communication will engage with citizens, national authorities, media, and stakeholders on the ground.

– Furthermore, in 2024, DG Communication will continue to communicate on the six headline ambitions of the von der Leyen Commission, for example by showcasing the successful rolling out of the green and digital transitions and the implementation of the NextGenerationEU recovery plan. DG Communication's work will also highlight the implementation of the legislative agenda adopted under the European Green Deal and on the EU's role as a global leader for climate and environment protection and will sharpen its communication on the competitiveness and resilience agenda and the relevant actions taken to strengthen the EU's position – both internally within the Single Market and internationally through the European Economic Security Strategy. Lastly, DG Communication will continue to communicate forcefully on the EU's response to Russia's war of aggression against Ukraine, on the EU's

unwavering support to Ukraine and commitment to the country's long-term recovery and European integration.

– 2024 marks the last year of the current College term and the year of the European elections as well as the 20th anniversary of the 2004 enlargement. For the former, DG Communication will focus on conveying with renewed intensity the achievements of the European Commission and the EU over the past years, to show that (and what) Europe delivers. It will showcase the tangible benefits the EU has delivered for its citizens and globally, in a complex geopolitical context. And finally, it will develop and implement, with the Commission's entire communication ecosystem, including the other services and the Representations, a strategic communication plan on the priorities of the new College of commissioners. As for the latter, DG Communication will organise and steer ample communication on the benefits of enlargement for citizens of both new and older Member States, and on the EU's commitment to a merit-based enlargement process, to continue making enlargement a political, economic and geopolitical success.

– 2025 will be the first full year of the new College and DG Communication will support the new College in communicating its political agenda (as defined in the Political Guidelines of the President designate/elect) across the EU and via the representations on the ground, in the Member States.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	4.4	1.9	0.6					6.9	1%
Biodiversity mainstreaming									
Clean air									

– Climate spending in DG Communication mainly appears through the specific thematic focus of corporate campaigns like the green transition. Another corporate campaign ('You are EU') highlights EU values and solidarity, and informs the general public about energy independence, climate protection and renewable energy.

– DG Communication uses all available communication channels (notably via the representations) to disseminate different corporate communication messages, including messages on climate change and the effect of this change on people.

– DG Communication's activities make a substantial contribution to both climate change mitigation and climate change adaptation by raising awareness about clean, homegrown energy and energy independence, emphasising their benefits to the planet, climate, security and shared values. DG Communication is therefore taxonomy compliant.

Contribution to gender equality (million EUR) (*)**:**

Gender score	2021	2022	2023	Total
2				
1				
0*	106.7	107.6	108.5	322.8
0				

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information:

– At this point, DG Communication does not systematically collect data on indicators with sex/gender disaggregation dimensions, since the communication actions developed by the DG are of a horizontal nature and generally not directed to specific groups based on sex/gender (i.e. other criteria are used to define target groups).

– However, DG Communication is committed to ensuring equality mainstreaming. To this end, the DG's working group on equality was created in March 2021 and includes representatives from all DG Communication directorates. The group produced a working plan on equality, endorsed by senior management, and monitors its implementation.

The equality working plan covers external communication (for which DG Communication is the domain leader) and aims at mainstreaming equality in communication practices, as carried out by the DG and in support of the work of other DGs under the domain leadership of DG Communication. The equality plan also covers internal communication and aims at mainstreaming equality within the DG administration.

Contribution to the digital transition (million EUR):

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	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution					

Not applicable for DG Communication.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Political reporting products provided by the representations covering reactions on EU topics in all Member States	0	**43%**	1 200 annually from 2022 to 2029	Milestones achieved for 2021, 2022 and 2023	On track
Audiovisual products provided to the College (messages, interviews, statements, clips)	0	**43%**	1 000 annually from 2022 to 2029	Milestones achieved for 2021, 2022 and 2023	On track
Target audience able to recall the messages of corporate campaigns	0%	**43%**	25% annually from 2024 to 2029	Milestones achieved for 2021, 2022 and 2023	On track
Users satisfied with the answers received from the Europe Direct contact centre	0%	**43%**	86% annually from 2024 to 2029	Milestones achieved for 2021, 2022 and 2023	On track
Engagement rate on social media (average view duration in seconds on YouTube)	0	**14%**	60 seconds annually from 2021 to 2027	Milestones not achieved for 2021 and 2022. Milestone achieved for 2023.	On track

(*) % of years for which the milestones or target was achieved during the 2021-2029 period.

- The communication actions in 2023 ensured that the College of Commissioners received up-to-date communication advice and intelligence. Information and communication services addressed citizens directly, with messages aligned with the Commission's policy priorities.

- In 2023, DG Communication continued to communicate on the six headline ambitions of the von der Leyen Commission, focusing mainly on successfully delivering the green and digital transitions and the implementation of the NextGenerationEU recovery plan. Ongoing geopolitical challenges, such as Russia's invasion of Ukraine or the evolving situation in the Middle East, were also high on the Commission's political agenda.
- As part of its overall communication response to the Russia's invasion of Ukraine, in 2023 the DG launched two major waves of the corporate communication campaign You are EU and one wave on the economic recovery programme NextGenerationEU. In 2023, corporate campaign NextGenerationEU reached an average percentage cumulative number of 34% of the audience able to recall the message, compared to the target of 22%.
- The representations reported regularly to the College of Commissioners with intelligence on the ground across the Member States while cooperating at the national, regional and local levels.
- The number of audiovisual products provided to the College of Commissioners (messages, interviews, statements, clips) in 2023 exceeded the target of 1 000. This was mainly driven by the COVID-19 pandemic, as the demand for audiovisual services and video productions replacing face-to-face meetings and events increased. However, in 2022 a return to face-to-face meetings was observed.
- Users were overall satisfied with the answers received from the Europe Direct contact centre in 2023. The satisfaction rate recorded in 2023 was 92% against a target of 83%.
- In 2023, the average view duration on YouTube was 62 seconds against a target of 60 seconds (despite the fact that most of the audiovisual productions are now less than 60 seconds long).

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	N/A	
SDG2	Indirectly	Through the NextGenerationEU corporate campaign (“Make it Green” theme). DG Communication corporate campaigns, content and messages remain in general at top level, addressing the general public and communicating on broad political issues. These may address issues relevant to the sustainable development goal 2 but there is no direct link between the two.
SDG3	Indirectly	Through the NextGenerationEU corporate campaign (“Make it Healthy” theme). DG Communication corporate campaigns, content and messages remain in general at top level, addressing the general public and communicating on broad political issues. These may address issues relevant to the sustainable development goal 3 but there is no direct link between the two.
SDG4	Indirectly	Through the NextGenerationEU corporate campaign (“Make it Strong” theme). DG Communication corporate campaigns, content and messages remain in general at top level, addressing the general public and communicating on broad political issues. These may address issues relevant to the sustainable development goal 4 but there is no direct link between the two.
SDG5	Indirectly	Through the NextGenerationEU corporate campaign (“Make it Equal” theme). DG Communication corporate campaigns, content and messages remain in general at top level, addressing the general public and communicating on broad political issues. These may address issues relevant to the sustainable development goal 5 but there is no direct link between the two.

SDG6	Indirectly	Through the NextGenerationEU corporate campaign (“Make it Green” theme). DG Communication corporate campaigns, content and messages remain in general at top level, addressing the general public and communicating on broad political issues. These may address issues relevant to the sustainable development goal 6 but there is no direct link between the two.
SDG7	Indirectly	Through the NextGenerationEU corporate campaign (“Make it Green” theme) and the You are EU corporate campaign. DG Communication corporate campaigns, content and messages remain in general at top level, addressing the general public and communicating on broad political issues. These may address issues relevant to the sustainable development goal 7 but there is no direct link between the two.
SDG8	Indirectly	Through the NextGenerationEU corporate campaign. DG Communication corporate campaigns, content and messages remain in general at top level, addressing the general public and communicating on broad political issues. These may address issues relevant to the sustainable development goal 8 but there is no direct link between the two.
SDG9	Indirectly	Through the NextGenerationEU corporate campaign (“Make it Green” and “Make it Digital” themes). DG Communication corporate campaigns, content and messages remain in general at top level, addressing the general public and communicating on broad political issues. These may address issues relevant to the sustainable development goal 9 but there is no direct link between the two.
SDG10	N/A	
SDG11	Indirectly	Through the NextGenerationEU corporate campaign (“Make it Green” and “Make it Digital” themes). DG Communication corporate campaigns, content and messages remain in general at top level, addressing the general public and communicating on broad political issues. These may address issues relevant to the sustainable development goal 11 but there is no direct link between the two.
SDG12	N/A	
SDG13	Indirectly	Through the NextGenerationEU corporate campaign (“Make it Green” theme) and the relevant cooperation agreement with UEFA. DG Communication corporate campaigns, content and messages remain in general at top level, addressing the general public and communicating on broad political issues. These may address issues relevant to the sustainable development goal 13 but there is no direct link between the two.

SDG14	Indirectly	Through the NextGenerationEU corporate campaign (“Make it Green” theme). DG Communication corporate campaigns, content and messages remain in general at top level, addressing the general public and communicating on broad political issues. These may address issues relevant to the sustainable development goal 14 but there is no direct link between the two.
SDG15	Indirectly	Through the NextGenerationEU corporate campaign (“Make it Green” theme). DG Communication corporate campaigns, content and messages remain in general at top level, addressing the general public and communicating on broad political issues. These may address issues relevant to the sustainable development goal 15 but there is no direct link between the two.
SDG16	Indirectly	Through the You are EU corporate campaign. DG Communication corporate campaigns, content and messages remain in general at top level, addressing the general public and communicating on broad political issues. These may address issues relevant to the sustainable development goal 16 but there is no direct link between the two.
SDG17	N/A	



EUROPEAN
COMMISSION

Brussels, 19.6.2024
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ANNEX 4 – PART 2/2

ANNEX

to the

REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE COURT OF AUDITORS

Annual Management and Performance Report for the EU Budget - 2023 financial year

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Programme in a nutshell

Concrete examples of achievements (*)

5.8 million	**344 000**	**20.3 million**	**19.3%**
farmers benefited from direct payments in the 2022 calendar year.	farmers benefited from the 'young farmers' scheme in the 2022 calendar year.	beehives were supported in 2022.	of agricultural land was covered by management contracts contributing to biodiversity in 2022.
4.57 million	**2.36 million**	**1.35 million**	**2.49 million**
hectares were under land-management contracts targeting the reduction of greenhouse gases or ammonia emissions in 2022.	hectares of agricultural and forest land were covered by management contracts contributing to carbon sequestration or conservation in 2022.	hectares of irrigated land had switched to more efficient irrigation systems in 2022.	beneficiaries received vocational training in agriculture in 2022, the 2025 target being 3.9 million.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	377 738.2
NextGenerationEU	8 070.5

Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0
Total budget 2021-2027	**385 808.7**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The EU's common agricultural policy (CAP) is a partnership between agriculture and society, and between Europe and its farmers. It aims to:

- support farmers and improve agricultural productivity, ensuring a stable supply of affordable food;
- safeguard European Union farmers to make a reasonable living;
- help tackle climate change and the sustainable management of natural resources;
- maintain rural areas and landscapes across the EU;
- keep the rural economy alive by promoting jobs in farming, agri-food industries and associated sectors.

The CAP is a common policy for all EU countries. It is under shared management and funded at European level from the resources of the EU's budget.

CHALLENGE

Europe needs a smart, resilient, sustainable and competitive agricultural sector in order to ensure the production of safe, high-quality, affordable, nutritious and diverse food for its citizens and a strong socio-economic fabric in rural areas.

EU agriculture has to develop in a new international context with new international commitments on Climate Change and on Sustainable Development Goals, also characterised by a shift from multilateral to bilateral and regional trade agreements in which sustainable production methods play a more prominent role.

Internally, the European Green Deal reinforced the need to support the transition towards a knowledge-based fully sustainable agricultural sector. In that context, EU's agriculture and rural areas face challenges related to:

- the economic health of the farm sector, both at the level of income and competitiveness, in the current uncertain global context;

- the need to preserve natural resources in a context of biodiversity loss and climate change (requiring action both regarding mitigation and adaptation); and

- the need to preserve the economic and social fabric for the EU's rural areas.

The CAP had to be reformed to meet these challenges and be even more coherent with other EU policies to maximise its contribution to the Sustainable Development Objectives. The new CAP, agreed in 2021, will enhance its European added value by reflecting a higher level of environmental and climate ambition and addressing citizens' expectations for their health, the environment and the climate.

MISSION

The global and cross-border nature of the challenges faced by the EU agricultural sector and rural areas requires a strong common policy at EU level. EU Budget support from the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD) aims to further improve the sustainable development of farming, food and rural areas and shall contribute to achieving the following EU objectives, defined for the 2023-2027 period:

- to foster a smart, competitive, resilient and diversified agricultural sector ensuring long-term food security;

- to support and strengthen environmental protection, including biodiversity, and climate action and to contribute to achieving the environmental- and climate-related objectives of the EU, including its commitments under the Paris Agreement;

- to strengthen the socio-economic fabric of rural areas.

OBJECTIVES

Ten key objectives are the basis upon which the future common agricultural policy (CAP) strategic plans are built and which are the cornerstone of a more results-oriented policy. The objectives are:

a) to support viable farm income and resilience of the agricultural sector across the EU in order to enhance long-term food security and agricultural diversity as well as to ensure the economic sustainability of agricultural production in the EU;

b) to enhance market orientation and increase farm competitiveness both in the short and long term, including greater focus on research, technology and digitalisation;

c) to improve the farmers’ position in the value chain;

d) to contribute to climate change mitigation and adaptation, including by reducing greenhouse gas emissions and enhancing carbon sequestration, as well as to promote sustainable energy;

e) to foster sustainable development and efficient management of natural resources such as water, soil and air, including by reducing chemical dependency;

f) to contribute to halting and reversing biodiversity loss, enhance ecosystem services and preserve habitats and landscapes;

g) to attract and sustain young farmers and new farmers and facilitate sustainable business development in rural areas;

h) to promote employment, growth, gender equality, including the participation of women in farming, social inclusion and local development in rural areas, including the circular bio-economy and sustainable forestry;

i) to improve the response of EU agriculture to societal demands on food and health, including high-quality, safe and nutritious food produced in a sustainable way, to reduce food waste, as well as to improve animal welfare and to combat antimicrobial resistance;

k) to modernise agriculture and rural areas by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas and by encouraging their uptake by farmers, through improved access to research, innovation, knowledge exchange and training.

ACTIONS

As from 2023, the implementation by the Member states of bulk of the measures under the Common Agricultural Policy takes place in the form of 28 different CAP strategic plans (one for each Member State except Belgium, where there is one for Wallonia and one for Flanders). These plans are programming instruments where Member States present their proposed interventions to achieve the EU specific objectives.

The interventions include actions funded by both the EAGF and the EAFRD. CAP strategic plans were assessed and formally adopted by the European Commission and Member States will periodically report on the progress made in the implementation using a system of common indicators.

The EAGF under the CAP strategic plans funds the following types of interventions:

1. direct Payments: a) Decoupled direct payments: the basic income support for sustainability; the complementary redistributive income support for sustainability; the complementary income support for young farmers; the schemes for the climate and the environment; b) Coupled direct payments;

2. sectoral interventions: a) fruit and vegetables sector; b) apiculture products sector; c) wine sector; d) hops sector; e) olive oil and table olives sector; f) other sectors (from 2024).

The EAFRD funds the following types of interventions:

(a) environmental, climate and other management commitments; (b) natural or other area-specific constraints; (c) Area-specific disadvantages resulting from certain mandatory requirements; (d) investments; (e) installation of young farmers and rural business start-up; f) risk management tools; g) cooperation; h) knowledge exchange and information.

The implementation of the new CAP strategic plans begins as of 2023. All plans were adopted in time for the start in 2023.

A number of schemes financed from EAGF continue to be implemented outside the CAP strategic plans, i.e.: private and public storage measures, exceptional measures; EU school scheme; information and promotion measures and support for the outermost regions and smaller Aegean islands.

For financing the private and public storage and exceptional measures, the new EU agricultural reserve is in place since 2023.

STRUCTURAL SET-UP OF THE PROGRAMME

The implementation of the programme is in shared management. DG Agriculture and Rural Development is the lead for the Commission. It is aiming to simplify CAP governance with more subsidiarity to rebalance

responsibilities between the EU and its Member States, and to shift the policy focus from compliance to performance.

The CAP is a European policy with a single European budget. The objectives of the CAP are laid out in Article 39 of the Treaty of the Functioning of the European Union (TFEU).

The CAP is financed through two funds:

- the European Agricultural Guarantee Fund (EAGF) and

- the European Agricultural Fund for Rural Development (EAFRD).

The EAGF preserves a level playing field in the single market for agricultural products and enables a stronger common position in trade negotiations. Moreover, it responds more effectively and efficiently to cross-border challenges such as underpinning food security, mitigating and adapting to climate change, caring for natural resources such as soil and water, restoring biodiversity and strengthening economic and social cohesion. The EAGF supports balanced territorial development and encourages smart, sustainable and inclusive growth: analysis shows that less or no EAGF support would result in a higher concentration of agricultural production, meaning that small farmers and farmers in less profitable areas would go out of business and larger farms would become even bigger and more intensive. This would have a negative effect on jobs in rural areas (especially where job creation is difficult) and on the environment and the climate due to intensification.

The EAFRD finances rural development programmes that make a vital contribution to the economic, social and environmental performance of the EU in rural areas. Rural development programmes take into account national and regional specificities and ensure a consistent, coherent and result-oriented approach to a number of cross-border issues. The performance and results of the EAFRD are enhanced by the European Network for Rural Development, which allows for the exchange of experiences and best practices between national and regional authorities.

Regulation (EU) 2021/2115 lays down rules on general and specific objectives to be pursued with the support granted under the common agricultural policy (CAP), through the CAP strategic plans; types of intervention and common requirements for Member States to pursue those objectives as well as the related financial arrangements; CAP strategic plans, which are to be drawn up by Member States and which set targets, specify conditions for interventions and allocate financial resources, according to the specific objectives and identified needs; coordination and governance as well as monitoring, reporting and evaluation.

Regulation (EU) 2021/2116 lays down rules on the financing of expenditure under the CAP; the management and control systems to be put in place by the Member States; clearance and conformity procedures.

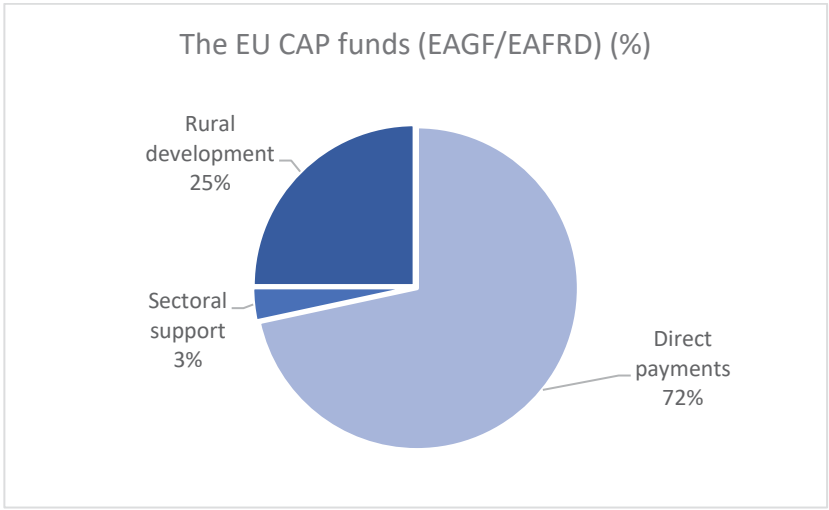
Regulation (EU) 1308/2013 establishes a common organisation of the markets for agricultural products, as listed in Annex I to the Treaties (with the exception of the fishery and aquaculture products).

Regulation (EU) 2021/2117 of the European Parliament and of the Council of 2 December 2021 amending Regulations (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products, (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products and (EU) No 228/2013 laying down specific measures for agriculture in the outermost regions of the Union.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP

Common Agricultural Policy





Types of intervention		
EAGF	**Direct payments** EUR 189.1 billion	• Basic income support for sustainability (BISS) 51.1% • Coupled income support (CIS) 12.2% • Complementary income support - young farmers (CIS-YF) 1.8% • Complementary redistributive income support for sustainability (CRISS) 10.6% • Schemes for the climate, environment and animal welfare (Eco-schemes) 23.6% • Payment for cotton 0.7%

	Sectoral support EUR 8.9 billion	• Apiculture 3% • Olive 2% • Wine 47% • Hops 0.1% • Fruit and vegetables 47% • Other sectors 1%
EAFRD	**Rural development** EUR 66 billion	• Environmental, climate-related and other management commitments (AECC) 30.7% • Areas facing natural constraints (ANC) 16.1% • Natura 2000, Water Framework Directive payments (Natura/WFD) 0.8% • Investments 27.9% • Setting up of young farmers, new farmers and rural business start-up 5.2% • Risk management 4.1% • Cooperation 10.7% • Knowledge exchange, information 1.7% • Technical assistance 2.8%

* State of play of the plans at their adoption

LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The application of the previous CAP regulations continued through the end of 2022 within the budgetary framework of the 2021-2027 multiannual financial framework. The current CAP implemented from 2023 has been designed to address the challenges identified for the 2021-2027 period. The central element of the CAP is the new performance-based delivery model, focusing on results rather than compliance and 28 national CAP strategic plans (one for each Member State except Belgium, where there is one for Wallonia and one for Flanders).

FURTHER INFORMATION

- Programme website:
  - Common agricultural policy (europa.eu)
- Impact assessment:
  - The impact assessment of the EAGF and EAFRD was carried out in April 2018. Please see https://europa.eu/!Rd79mr
- Relevant regulation:
  - See section ‘structural set up of the programme’ above.
- Evaluations:

2014-2022 programme

Completed evaluations and synthesis studies of Member States evaluations:

Synthesis ex-ante evaluations on rural development programmes 2014-2020

Summary Report 'Synthesis of the evaluation components of the 2017 enhanced AIRs'

Payments for agricultural practices beneficial for the climate and the environment ('greening')

Forestry measures under Rural Development

Summary Report 'Synthesis of the evaluation components of the 2019 enhanced AIRs'

Marketing standards contained in the CMO regulation, the 'Breakfast Directives' and CMO secondary legislation

CAP measures applicable to the wine sector

EU agricultural promotion policy – internal and third country markets

Impact of the Common Agricultural Policy on generational renewal, local development and jobs in rural areas

Impact of the CAP measures towards the general objective 'viable food production'

Impact of the CAP on climate change and greenhouse gas emissions

Mandatory indication of country of origin labelling for certain meats

Impact of the CAP on sustainable management natural resources (biodiversity, soil and water)

Impact of the CAP on territorial development of rural areas: socioeconomic aspects

The CAP´s impact on knowledge exchange and advisory activities

Information policy on the common agricultural policy

Geographical indications and traditional specialities guaranteed protected in the EU

Synthesis of evaluation reports from Member States regarding their national strategies for sustainable 2013-2018 operational programmes in the fruit and vegetables sector

The effects of exceptional market measures for the dairy sector during the 2014–2016 market disturbance

Evaluation report on the EU school fruit, vegetables and milk scheme (not published yet)

Ongoing evaluations:

Evaluation report on the impact of LEADER towards the general CAP objective 'balanced territorial development' (SWD planned for Q2 2024)

Evaluation of the Common Agriculture Policy measures in the outermost regions (POSEI) and the smaller Aegean islands (SWD planned for Q3 2024)

Evaluation report on unfair trading practices in business-to-business relationships in the agricultural and food supply chain (SWD planned for Q2 2025)

2023-2027 programme

Synthesis of ex ante evaluations of CAP post 2020

Other:

2014-2022 programme

Report from the Commission to the European Parliament and the Council on the implementation of the Common Monitoring and Evaluation Framework and first results on the performance of the Common Agricultural Policy (COM(2018) 790 final).

Report from the Commission to the European Parliament and the Council on the implementation of the common monitoring and evaluation framework including an assessment of the performance of the common agricultural policy 2014-2020 (COM(2021) 815 final).

2023-2027 programme

Taking stock of how CAP Strategic Plans contribute to the objectives of the long-term vision for the EU's rural areas

Report from the Commission to the European Parliament and the Council: "Summary of CAP Strategic Plans for 2023-27: joint effort and collective ambition"(COM(2023) 707 final)

Establishing an operational programme: supporting the producer organisations to contribute to strengthening farmer's position in the agri-food supply chain and improving

The complete list of completed studies can be found in the Interinstitutional Database of EU Studies or on the Europa webpage on the Common monitoring and evaluation framework.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	55 712.9	53 096.6	53 626.9	53 673.1	53 754.9	53 872.9	54 000.9	377 738.2
NextGenerationEU	2 365.7	5 688.5	0.3	16.1	0	0	0	8 070.5
Decommitments made available again (*)	N/A	N/A	N/A					0
Contributions from other countries and entities	0	0	0	0	0	0	0	0
Total	58 078.6	58 785.0	53 627.2	53 689.2	53 754.9	53 872.9	54 000.9	385 808.7

(*) Only Article 15(3) of the financial regulation.



Financial programming:

- EUR 794.0 million (- 0%)

compared to the legal basis.*

* Top-ups pursuant to Art. 5 MFF regulation are excluded from financial programming in this comparison.

The financial programming is set in regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027.

Regulation (EU) 2020/2220 ensured the continuity in granting income support to farmers and in supporting rural development measures in 2021 and 2022.

Transfers between funds are possible according to Regulation (EU) 2021/2115, Article 103

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	168 985.2	377 738.2	44.7%
Payments	166 658.5		44.1%

Voted budget implementation (million EUR)(*):Voted budget implementation (million EUR)(*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	55 018.2	55 712.9	53 937.4	55 368.7
2022	52 604.1	53 096.6	53 680.5	55 065.9
2023	53 308.5	53 626.9	54 569.9	55 785.4

(*) Voted appropriations (C1) only.(*) Voted appropriations (C1) only.

As regards the EAGF:

- As to the direct payments, Commission services have assisted Member States in preparing and implementing the direct payments; implementation of payments has thus gradually reached a high level and is consistently above 99% of the voted appropriations, supporting stability in farmers income.
- Sector-specific support programmes, implementing the market expenditure, are operating at various points in their respective life cycle, for example, programmes for support to producer organisations in the fruit and vegetable sector.

As regards the EAFRD:

- The implementation of the 2014-2022 rural development programmes continues at a satisfactory pace. The implementation of the rural development types of interventions under the CAP Strategic Plans started at a relatively slow pace. This is mostly due to the fact that Member States concentrate their efforts on finalising the implementation of EAFRD 2014-2022 programmes, to avoid decommitments. A number of initiatives were launched to improve efficiency and effectiveness of EAFRD expenditure and to ensure a smooth transition to the CAP strategic plans. Examples of these are reductions in the administrative burden (Simplified Cost Options), the sharing of best practices and experience between stakeholders (European Network for Rural Development) and *ex ante* assessments of the rural development measures by Member States. In order to respond to the impact of the crisis arising from the COVID-19 outbreak and of the Russia's invasion of Ukraine on the Union's agricultural and food sectors, exceptional and temporary measures have been provided through amendments of Regulation 1305/2013 to address the liquidity problems that put at risk the continuity of farming activities and of small businesses active in processing, marketing or development of agricultural products. However, measures in the form of investments take longer to be fully implemented compared to annual measures, which explains to a large extent the persistent gap vis-à-vis the targets.

The Commission has adopted the following exceptional measures in 2023 to support EU farmers. These measures were financed under the agricultural reserve:

- Avian flu – exceptional market support measures for the eggs and poultrymeat sectors in Poland,
- Emergency support measure for the cereal and oilseed sectors in Bulgaria, Poland and Romania ("1st package"),
- Exceptional market support measures for the eggs and poultrymeat sectors in Italy,
- Emergency support measure for the cereal and oilseed sectors in Bulgaria, Hungary, Poland, Romania and Slovakia ("2nd package") and
- Emergency financial support for the agricultural sectors affected by specific problems impacting the economic viability of agricultural producers ("3rd package").

The exceptional measures adopted in financial year 2023 were responding to a large diversity of challenges for EU agricultural markets and farmers (impact of imports of grains from Ukraine, high input prices, impact of food inflation, extreme adverse weather events like droughts and floods and avian influenza.)

The first three exceptional measures were entirely funded from the 2023 agricultural reserve. The last two exceptional measures are partially financed from the 2023 and partially from the 2024 agricultural reserve as the eligibility date for payments fell under financial year 2024.

Altogether, around EUR 510 million was spent for the exceptional measures adopted in financial year 2023. Thus, the average execution rate is very high, 96%. The execution rate is almost 100% for the emergency support measures (Packages 1 to 3) and lower for avian flu in Italy (61%) and avian flu for Poland (83%). The mixed results for the avian flu measures are due to elements of the design and implementation of the measures by the Member States (low level of support and time elapsed between incurred losses and available support respectively).

Financial instruments

Financial instruments are a key tool for providing access to finance for the farming sector and the rural economy. Through their leverage effect and revolving factor, they can also complement the rural development budget. By the end of 2023, in total 32 EAFRD managing authorities in 13 Member States have programmed EUR 638 million EAFRD resources (EUR 819 million total public) for financial instruments in their 2014-2022 rural development programmes. In total, EUR 443 million are already declared as

expenditure by Member States. At the same time, by end 2023, 12 Member States planned new financial instruments in their CAP strategic plans (EUR 627 million of EAFRD financing and a total public budget of EUR 999 million).

The technical assistance programme fi-compass is implemented in co-operation with the EIB, which operates under a new contract and a work programme for the new programming period. In total, 41 cases of targeted coaching on financial instruments for EAFRD managing authorities were carried out in the period 2016-2023. In 2023 alone, the flagship annual conference on EAFRD financial instruments took place in Brussels. Two surveys covering access to finance for EU farmers and EU agro-food SMEs were completed and supplemented by detailed analytical reports and factsheets. A feasibility study analysing the new combination option between grants, including technical assistance, and financial instruments in a single operation and potential synergies with EIB financing, was launched for Greece, alongside the preparation work for 2 studies and 4 surveys to be launched in 2024. The communication activities continued to promote financial instruments through social media, newsletter articles, videos and a new case study developed for a newly launched financial instrument under the Greek rural development programme.

Justification of the level of appropriations requested in DB 2025

Justification of changes to the financial programming and/or to the performance information for market measures.

08 02 01 – Agricultural reserve	(appropriations - EUR 66.5 million)
Appropriations in 2024 budget:	516.5
Appropriations requested in 2025 DB:	450.0

This Article finances private and public storage measures and exceptional measures as of 16 October 2022. The amount of EUR 450.0 million is in line with Article 16(2) of EU Regulation 2021/2116.

08 02 02 – Types of interventions in certain sectors under the CAP strategic plans	(appropriations + EUR 450 million)
Appropriations in 2024 budget:	1 294.2
Appropriations requested in 2025 DB:	1 744.2

This Article finances interventions for the fruit and vegetables, apiculture, wine, hops, olive oil and table olives and ‘other sectors’ under the CAP strategic plans. The appropriations increase as a result of higher amounts planned by Member States in their CAP strategic plans from 2024.

08 02 03 – Market-related expenditure outside the CAP strategic plans	(appropriations – EUR 459.6 million)
Appropriations in 2024 budget:	1 481.6

Appropriations requested in 2025 DB:	1 022

This budget article finances market related expenditure outside the CAP strategic plans. It finances support for fruit and vegetables and wine sectors, the outermost regions (POSEI), smaller Aegean islands, agricultural information and promotion actions as well as the school scheme. Furthermore, it finances remaining expenditure for previous measures in the olive oil and apiculture sectors as well as for previous public and private storage and exceptional measures.

The 2025 Draft budget appropriations for agricultural markets amounts to EUR 3 216.2 million, representing a decrease of EUR 76.1 million compared to budget 2024. As usual, the Commission will update its estimates in an Amending Letter to the Draft Budget 2025, which will take into account latest market developments and perspectives.

Justification of changes to the financial programming and/or to the performance information for direct payments:

08 02 – Direct payments	(appropriations + EUR 355 million)

08 02 04 – Direct payment types of interventions under the CAP strategic plans	
Appropriations in 2024 budget:	36 396
Appropriations requested in the 2025 DB:	36 751
Estimated assigned revenue available in 2025 DB:	342.1

These amounts also include the Direct payment share of item 08 02 99 01 ‘Completion of previous EAGF measures under shared management’, which covers, among other things, late payments of previous years of direct payments.

08 02 05 – Direct payments outside the CAP strategic plans	
Appropriations in 2024 budget	444
Appropriations requested in the 2025 DB	444

For direct payments, the budget for 2025 is the second budget to cover expenditure planned in the CAP strategic plans that were introduced with Regulation (EU) 2021/2115 of 2 December 2021. Budget and expenditure for the direct payment interventions of the plans refer to article 08 02 04, whereas direct payments regarding POSEI/SAI (not covered by the plans) remain under article 08 02 05.

The maximum amount of direct payment which a Member State may pay per year is limited by a regulatory ceiling; these ceilings are set in Annex V to Regulation (EU) 2021/2115 (not including POSEI/SAI). The overall initial ceiling for calendar year 2024 was 38 715 million.

With the submission of their CAP strategic plans, Member States communicated their decisions to transfer amounts between direct payments and rural development, and from direct payments to other sectors. These transfers overall result in a net decrease of EUR 1 155 million of the direct payments ceiling for calendar year 2024, and the adjusted ceiling is therefore EUR 37 560 million.

Compared to the 2024 budget, total direct payment needs of the 2025 budget decrease by 43 million to an amount of 37 537 million ([1]). Requested appropriations increase by EUR 355 million to EUR 37 195 million, taking into account EUR 342.1 million of assigned revenue to be available to finance item 08 02 04 01 'Basic income support for sustainability'.

Direct payments are paid for different intervention types as specified in the CAP strategic plans of each Member State, and each intervention type is matched by an item under article 08 02 04. Member States set in their plans an indicative financial allocation per intervention type, based on the individual Member State's policy decisions and its forecasts for the expected uptake.

The intervention types (Basic income support for sustainability, Schemes for the climate and the environment etc.) cannot be directly compared to the direct payment schemes of the CAP 2015-2022, and the historical execution of the previous budget lines can therefore not be used directly for forecasting the expenditure in financial year 2025. As for the implementation of the budget 2024, direct payments execution is only at a very early stage.

The budgetary needs per line have been established taking into account the total indicative financial allocation per intervention type and the expectations for the uptake and execution of each type. For the overall direct payment needs, a continuation of previous years' high execution rate is expected, especially having in mind the increased flexibility of implementation that Member States have under the new policy.

08 02 06 – Policy strategy, coordination and audit	
Appropriations in 2024 budget:	379.4
Appropriations requested in 2025 DB:	114.7

This budget article finances financial corrections in favour of Member States following Clearance of accounts and Conformity clearance Decisions, the Settlement of disputes and the EAGF Operational Technical Assistance.

Compared to the 2024 budget, the appropriations requested in the 2025 budget have decreased by EUR 264.7 million to an amount of EUR 114.7 million in commitment appropriations. The reduction is the net effect of a lower amount envisaged for financial corrections in favour of Member States (decreased by EUR 237.8 million) and a decrease in needs for actions under the Operational Technical Assistance (reduced by EUR 26.9 million to reflect the need for savings emerged during the 2021 – 2027 MFF mid-term revision) compared to Budget 2024.

EAFRD

The EAFRD funding in budget year 2025 is implemented under the CAP strategic plans (Regulation (EU) 2021/2112). However, payments are also envisaged for the pre-2023 commitments that are governed by the EAFRD 2014-2020 (Regulation 1305/2013) and CAP transitional rules (Regulation (EU) 2020/2220). The latter extended the EAFRD rural development programmes by 2 years, whereby the extended programmes

([1]) Including amounts on item 08 02 04 Direct payments types of interventions under the CAP strategic plans, item 08 02 05 Direct payments outside the CAP strategic plans and the direct payments part of item 08 02 99 01 'Completion of previous EAGF measures under shared management', which covers late payments of previous years of direct payments.

followed the legal framework of Regulation 1305/2013. Furthermore, the transitional regulation also set out the legal basis to introduce the part of the European Union Recovery Instrument earmarked to be implemented via the EAFRD into the rural development programmes in 2021 and 2022. These additional financial resources are implemented through rural development programme measures that are directed at addressing the impact of the COVID-19 crisis. EURI payments will continue until budget year 2026.

The total EAFRD budget request for 2025 amounts to EUR 13.2 billion in commitment appropriations and EUR 10.5 billion in payment appropriations to finance EAFRD support under the CAP strategic plans and the rural development programmes. A minor part of these amounts also covers the technical assistance at the initiative of the Commission (EUR 28.3 million in commitment appropriations and EUR 20.0 million in payment appropriations).

As from 2023, only payment appropriations in the form of external assigned revenues stemming from the European Union Recovery Instrument are to be requested in line with the n+3 rule applicable to those funds. For 2025, an amount of EUR 1.4 billion is envisaged.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	17 210.5	17 559.5	13 086.8	24 467.2	24 494.4	24 520.6	24 519.2	145 858.2	39%
Biodiversity mainstreaming	9 943.2	9 236.2	9 033.8	8 791.1	9 105.3	9 105.3	9 105.3	64 320.1	17%
Clean air	98.0	78.0	94.5	379.0	379.0	379.0		1 786.5	0%

Taxonomy

Agriculture is not part of the taxonomy and thus most of the activities funded by the CAP are not covered by it. Taxonomy criteria have been developed only for some activities that are eligible for support under the CAP, namely forestry measures and certain measures related to environmental protection and restoration are relevant.

As mentioned in the official Commission replies to the special report of the European Court of Auditors on sustainable finance, there is a fundamental difference between the EU taxonomy criteria only focusing on activities performing above the substantial contribution criteria and other EU policies. The CAP covers a

broader eligibility spectrum for financial support, with a level of ambition that is not necessarily lower than that of the taxonomy. Hence, this diversity is reflected in the climate tracking of expenditure. The EU climate coefficients, which are used to measure climate expenditure in the 2021-2027 multiannual financial framework and NextGenerationEU, are aligned to the maximum extent possible with the technical screening criteria under the EU taxonomy's first delegated act, which lacks criteria for agriculture. The EU climate coefficients and climate tracking methodology for the EU budget also recognise efforts and investments that are not covered by the taxonomy or not entirely in line with it, if they nevertheless produce a beneficial climate effect or are relevant for the green transition.

The rules set out in EU legislation cover the funding programmes to be appropriate for addressing the policy objectives, and the EU taxonomy criteria were initially developed for private financing. The roles of public and private finance differ. The CAP has treaty objectives to fulfil, such as ensuring food security and ensuring a fair standard of living for the agricultural community.

Finally, there are also technical and practical obstacles to the reporting of CAP expenditure on the basis of the taxonomy criteria:

- CAP is a shared management programme and the detailed information needed to assess the compliance with the EU taxonomy criteria is neither available nor required to be delivered by the Member States; Member States are in charge of selecting the detailed eligible investments within the interventions in their CAP strategic plan;

- the assessment at the policy level (CAP strategic plan regulation) is not possible either, as there is not enough granularity in the conditions of the different types of interventions.

Climate

EU greenhouse gas emissions from agriculture have fallen by more than 20% since 1990 and have stagnated since 2010, while agricultural production has continued to grow. Although this shows progress in terms of climate footprint per unit of output, there is a need to reduce total emissions further to achieve the EU's ambitious climate targets for 2030. Based on the EU climate tracking methodology, the CAP contribution to climate action is estimated at 26% for the 2014-2020 period (EUR 103 198 million), which is above the 25% commitments: EUR 45 504 million for EAGF (15%) and EUR 57 694 million for EAFRD (58%). Because of its nature, the CAP has better addressed the reduction of emissions for managed agricultural soils than for livestock, thanks to increased carbon sequestration and protection of carbon stocks. The good agricultural and environmental conditions and the voluntary green schemes play a major role in protecting permanent grasslands and the EU soil carbon stock. Good agricultural and environmental conditions include obligations to protect wetlands and peatlands, maintain a minimum share of permanent grasslands, keep a minimum soil cover, maintenance of soil organic matter through appropriate practices, including banning the burning of arable stubbles, and appropriate land management. These measures also significantly contribute to improving the adaptation of soils to changing climatic conditions. Voluntary schemes supported under the CAP strategic plans cover a wide array of farming practices beneficial for climate and environment. Several measures have significant effects on adaptation and mitigation.

According to the CAP strategic plan regulation, over the 2021-2027 period (from 2023 onwards), actions under the CAP are expected to contribute 40% of the overall financial envelope of the CAP to climate-related objectives at the EU level. Using information provided by Member States, the Commission will account for the CAP contribution using the EU climate coefficients. This climate-relevant expenditure serves as input to monitor progress on the goal for climate mainstreaming across all EU programmes, with a target of 25% of EU expenditure contributing to climate objectives.

Biodiversity

Protecting biodiversity and strengthening the resilience of ecosystems are indispensable for achieving our sustainable growth objectives. As provided in the Commission communication 'A budget for Europe 2020', financing the EU biodiversity strategy to 2020 and its objective to halt and reverse the decline of biodiversity in the EU requires the mainstreaming of biodiversity throughout the EU budget, both within the EU via the main domestic funding instruments and through external action funding.

Thanks to its enhanced green architecture, the CAP for 2023-2027 has a range of instruments that can contribute to supporting biodiversity. This is in line with the CAP specific objective to contribute to halting and reversing biodiversity loss, enhancing ecosystem services and preserving habitats and landscapes. The enhanced green architecture strongly reinforces conditionality (previously cross-compliance and greening) that links area- and animal-based support to the respect of a number of statutory management requirements and nine standards for good agricultural and environmental conditions. Conditionality is also the baseline for other incentive measures supported by the CAP. Two good agricultural and environmental conditions have biodiversity protection as their main objective: GAEC 8 concerns the protection of non-productive and biodiversity relevant areas and features, while GAEC 9 sets a ban on converting and ploughing environmentally-sensitive permanent grasslands in Natura 2000 sites. Other GAECs also contribute importantly to biodiversity even if it is not their primary role (maintenance of permanent grassland, protection of peatland and wetlands, establishment of buffer strips along water courses, crop rotation, soil cover). The wide area coverage and the compulsory nature of conditionality amplify its positive effects.

In addition, a new policy instrument developed under the CAP 2023-2027 – eco-schemes – contributes to biodiversity. Eco-schemes represent at least 25% of the direct payments, and Member States have proposed many eco-schemes targeting biodiversity issues.

Moreover, rural development measures such as agri-environment-climate commitments, organic farming and Natura 2000 payments make an important contribution to biodiversity objectives. They have significant effects in encouraging farmers to reach ambitious biodiversity goals through support for biodiversity-friendly agricultural practices such as maintaining semi-natural habitats and landscape features, and creating new habitats beneficial for biodiversity. The potential of other relevant rural development measures should not be underestimated. For instance, non-productive investments that help establish and/or restore landscape features such as hedgerows, stonewalls and wetlands can also play an important role. So do measures for knowledge-building, innovation and cooperation. Training and provision of farm advice also play a significant role in promoting biodiversity-friendly farming practices.

The new methodology developed to track the biodiversity contribution of the CAP 2023-2027 takes into account the new CAP architecture and its increased green ambition, which is implemented through the national CAP strategic plans. As from the draft budget 2024, the contribution of the CAP to biodiversity is estimated by the Commission through the application of EU coefficients (100%, 40% and 0%) and weighting factors (100%, 70% and 50%) that aim to reflect the differentiated contribution of each type of intervention towards the biodiversity objective. This includes direct and indirect contributions, including whether the support is subject to conditionality.

For eco-schemes and rural development interventions (other than the payments for natural or other area-specific constraints), the methodology is based on the links between each intervention and the three environmental and climate specific objectives referred to in points (d), (e) and (f) of Article 6(1) of Regulation (EU) 2021/2115, the CAP strategic plans regulation, i.e.:

> (d) to contribute to climate change mitigation and adaptation, including by reducing greenhouse gas emissions and enhancing carbon sequestration, as well as to promote sustainable energy; [hereafter SO4]
>
> (e) to foster sustainable development and efficient management of natural resources such as water, soil and air, including by reducing chemical dependency; [hereafter SO5])

(f) to contribute to halting and reversing biodiversity loss, enhance ecosystem services and preserve habitats and landscapes.' [hereafter SO6] ([2])

Member States were asked to make such links for each intervention in their CAP strategic plans. Based on these links, several categories of spending are distinguished.

Interventions for which Member States have flagged the 'biodiversity' objective (SO6) ([3]).

- Interventions linked only to SO6 have only the objective to contribute to biodiversity. Therefore, an EU coefficient of 100% is applied to 100% of the financial allocations ([4]).
- Interventions linked to both SO6 and SO4 and/or SO5 also aim to contribute to climate- and other environment-related objectives. The fact that biodiversity has not been flagged as the only objective is reflected by a weighting factor: as a rule of thumb, the EU coefficient of 100% is applied to only 70% of the financial allocations.
- Interventions linked to SO6 and other SOs (other than SO4 and SO5) are considered to contribute only partly to biodiversity. Therefore, as a rule of thumb, the EU coefficient of 100% is applied to 50% of the financial allocations.

Interventions for which Member States have not flagged the 'biodiversity' objective (SO6).

- Interventions linked to SO4 and/or SO5 (but not SO6) have not been flagged by Member States as contributing to biodiversity, but they can nevertheless provide a useful contribution to it by addressing drivers of biodiversity loss such as those linked to climate change and water, soil and air pollution. They are, therefore, considered to make an indirect contribution to biodiversity. This is reflected by applying an EU coefficient of 40% to 100% of the financial allocations.
- For interventions linked to SO4 and/or SO5 and other SOs, an EU coefficient of 40% is applied to 50% of the financial allocations.

Direct payments other than eco-schemes (included under the previous part of the methodology) and payments for natural or other area-specific constraints (ANC) are considered to contribute to biodiversity objectives because they are subject to conditionality. Moreover, payments for natural or other area-specific constraints limit land abandonment, which can indirectly contribute to preserving farmland biodiversity. The EU decided to allow derogations from the first requirement of GAEC 8 and to the full GAEC 7 (rotation) obligations in 2023([5]) as part of the measures taken to address the unprecedented uncertainties related food security, triggered by the war of aggression in Ukraine. To take account of the reduced scope of the GAECs in 2023, an EU coefficient of 2% is applied to these financial allocations in the draft budget 2024. From calendar year 2024/financial year 2025, this coefficient is brought to 3%

([2]) All 10 specific objectives can be found in Article 6(1) of Regulation (EU) 2021/2115 (see above under the section 'Objectives').

([3]) The link to SO1 'to support viable farm income and resilience of the agricultural sector across the EU in order to enhance long-term food security and agricultural diversity as well as to ensure the economic sustainability of agricultural production in the EU' is not taken into account for eco-schemes, as it reflects that eco-schemes are a type of direct payments.

([4]) As direct payments are annual, the tracking is based on the annual planning of financial allocations within the CAP strategic plans for 2024, while the following years are based on average values for the programming period. Rural development commitments are multiannual and therefore the calculation is based on the average for the programming period.

([5]) Area-based payments for claim year 2023 are, as a rule, financed by the 2024 budget.

following a partial derogation to GAEC 8 in 2024 (and no derogation from GAEC 7) instead of the 4% planned for the situation without any derogation – and instead of the 2% planned in 2023 for the full derogation of GAEC 8 first requirement and of GAEC 7. The adoption of a simplification package on certain GAECs for the rest of the period will only partly impact 2024, and, apart from the deletion of GAEC 8 first requirement, consists essentially of adjustments with limited impacts.

For 2021-2023, the contribution to biodiversity was calculated as follows.

2021-2022

EAGF:

- marker of 40% applied to the payment for agricultural practices beneficial for the climate and the environment (budget item 08 02 05 05);
- marker of 40% applied to 10% of the remaining direct payments to reflect the biodiversity contribution of cross-compliance (i.e. 4% of budget article 08 02 05) without payments for agricultural practices beneficial for the climate and the environment and without payments for the small farmers scheme which were not subject to cross-compliance.

EAFRD:

- marker of 100% applied to the annual commitments in priority area 4 'Restoring, preserving and enhancing ecosystems related to agriculture and forestry' with the exception of the amounts for the areas facing natural constraints;
- marker of 40% of the annual commitments in focus area 5E 'Fostering carbon sequestration in agriculture and forestry'.

2023

EAGF: same method as for 2014-2022, as the amounts for direct payments in the draft budget 2023 were based on the envelopes for calendar year 2022 of Regulation EU 2013/1307.

EAFRD: in the absence of an agreed method at the time, the biodiversity contribution was established by applying the share for biodiversity from 2021 and 2022 to the annual commitments for the draft budget 2023, i.e. extrapolating the contribution based on the shares from previous years.

Clean air

From 2024, the methodology for tracking the contribution to clean air of the CAP interventions is built - to some extent - on the approach used under biodiversity tracking, i.e. considering the links in the CAP strategic plans (CSP) interventions with the relevant specific objectives. In the CSPs, several instruments have the potential to contribute to tackling air pollution. Investments are important interventions for reducing air pollution, in particular productive investments in improved manure storage (supported in 21 CSPs) with regards to emissions from livestock farming, and in improved fertilisation techniques including precision farming with regards to emissions from arable farming. Other interventions are improved feeding management as well as implement sustainable grazing management.

The CAP has several objectives including climate change, biodiversity and environment (air, soil, water, etc). However as there is no specific objective on air quality, the methodology for clean air tracking is built as a starting point on the Result indicators (RI), in particular R.13 (Reducing emissions in the livestock sector: share of livestock units (LU) under supported commitments to reduce emissions of greenhouse gases (GHG) and/or ammonia, including manure management) and R. 20 (Improving air quality: share of utilised agricultural area (UAA) under supported commitments to reduce ammonia emissions) as set up by Regulation on CAP strategic plans (Regulation EU nº 2021/2115).

All the interventions where Member States have selected R13 and R20 have been selected and analysed. It should be noted that MS could link a measure to several RI as the measures can have synergies and complementary effects, eg: injection of slurry is a measure that is designed to contribute to clean air but will also contribute to water and soil protection. Moreover, some RI are of horizontal nature and are not linked to specific farming practices. The fact that that several RIs are selected does not per se mean that the intervention is not contributing principally to air quality.

A verification was carried out for each of the preselected interventions. The interventions contributing principally to air quality were allocated 100% and the interventions contributing significantly to air quality 40%. The interventions get a 0% if following the verification it is confirmed they do not contribute to clean air, neither principally nor significantly.

The methodology for years 2021-2023 follows the previous approach: 40% of the expenditure of Focus Area 5B (energy efficiency) plus 40% of expenditure of Focus Area 5D (reducing greenhouse gases and ammonia emissions from agriculture).

Contribution to gender equality (million EUR) (*)**:**

Gender score	2021	2022	2023	Total
2				
1				
0*	55 018.2	52 604.1	53 308.5	160 930.8
0				

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information:

- N/A

Rural development policy contributes to gender equality, as the gender perspective is considered during the preparation and implementation of the rural development programmes. Under priority 6 of the rural development policy, the CAP supports social inclusion, poverty reduction and economic development in rural areas. Under this priority, the EAFRD supports, inter alia, the development of basic services in rural areas and local initiatives; it finances the launch of non-agricultural and agricultural activities and promotes cooperation between local actors. This can help to address the specific challenges that women sometimes face in rural areas and in the agricultural sector, such as the lack of quality basic services in some rural areas

(e.g. childcare services, broadband and transport). Moreover, all rural development measures have the potential to contribute to gender equality to various extents, for example by providing support to improve skills and facilitate business development. Besides that, gender equality is specifically sought in the rural development policy through:

- the possibility to submit thematic subprogrammes for women in rural areas (although no Member States have done so);
- the possibility to target rural development support to women through the application of selection criteria; and
- the obligation to respect *ex ante* conditionality on gender equality.

It is currently not possible to establish accurate data on the gender breakdown of the beneficiaries of CAP funding, as a number of the beneficiaries have a legal rather than natural identity. Moreover, at present, the data is not disaggregated by sex, especially in the case of EAGF and direct payments. For the regional development programmes (2014-2022) the breakdown was not requested. For the CAP strategic plans, disaggregation has been required for several result indicators but Member States are not required to report on them until 2025.

For the 2023-2027 CAP, Regulation (EU) 2021/2115 requires Member States to establish a partnership that includes relevant bodies, including those responsible for gender equality and non-discrimination. DG Agriculture and Rural Development insisted on this during the assessment and approval of the CAP strategic plans. Furthermore, under the leader programme, the DG insisted on the inclusion of women in the management boards of local action groups. Some of these groups have not yet been selected and not all local development strategies have been approved, so data are not yet available. Other Member States have included specific provisions for women in the interventions for generational renewal, while others have committed to addressing gender under the leader programme via the local development strategies.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	66.8	61.7	69.2	197.6	0%

Figures for 2021-2023: declared expenditure for focus area 6C on enhancing the accessibility, use and quality of information and communication technologies in rural areas (United Kingdom excluded).

Broadband access in rural areas continues to improve, with an increase of 54.9 percentage points in 9 years, but is still lagging behind urban areas. In 2022, 72.9% of rural households had next-generation access compared to 91.5% of total EU households. This is the second year in a row with a clear improvement and a sustained reduction of the gap between urban and rural areas, in particular in the case of the fibre-to-the-premises coverage, which is the best technology available. Nonetheless, the connectivity gap remains a challenge for rural areas. The level of broadband access depends significantly on general developments in telecoms markets and financing from other policy tools, in particular the Recovery and Resilience Fund. The CAP plays its part by offering explicit support for setting up, expanding and improving broadband infrastructure, and for the provision of broadband internet access (i.e. improved connections to

infrastructure). Based on the latest updates of the rural development programmes, the CAP will have helped nearly 13 million people living in rural areas to benefit from improved access to information and communication technology services and infrastructure over the course of the current programming period. In 2023, DG Agriculture and Rural Development continued to work closely with DG Regional and Urban Policy, DG Communications Networks, Content and Technology and DG Competition to further develop the network of Broadband Competence Offices in Member States and their regions, including a renewed Brussels-based support facility, contracted and managed by DG Agriculture and Rural Development. By the end of 2023, the broadband competence office network was comprised of 27 national and 113 offices in the EU, six offices in the western Balkan countries and one in Norway. In 2023, DG Agriculture and Rural Development continued its application of the rural proofing checklist in cases where Member States requested programming changes to broadband funding. 2023 was a year of very intensive training activities, including the annual meeting of the Broadband Competence Offices and the European Broadband Awards, and a meeting in Berlin.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress	Target	Results	Assessment
To increase agricultural factor income	2013: 102 (2015: 100)	**100%** (*)	Overall increase in the long term	Index above the baseline each year from 2014 to 2023. 2023 index value: 135	On track
To increase agricultural productivity	2010: 100	**100%** (*)	Overall increase in the long term	Index above the baseline each year from 2014 to 2023. 2023 index value: 109.7	On track
To increase the rural employment rate	2013: 63%	**100%** (**)	Overall increase in the long term	Index above the baseline each year from 2014 to 2022. 2022 index value: 70%	On track
Support for investment in restructuring	0%	**77%** (**)	3.4% in 2025	Support reached 2.56% of agricultural holdings out of 3.4%	On track
Business development plan for young farmers	0%	**89%** (**)	2.0% in 2025	Support reached 1.78% of agricultural holdings out of 2.0%	On track
Contributing to biodiversity and landscapes – agricultural land	0%	**> 100%** (**)	19% in 2025	19.3% of agricultural land reached, compared to a target of 19%	On track
Improving water management – agricultural land	0%	**97%** (**)	16.6% in 2025	16.2% of agricultural land reached, out of 16.6%	On track

Preventing soil erosion and improving soil management – agricultural land	0%	**> 100%** (**)	15.5% in 2025	15.8% of agricultural land reached, compared to a target of 15.5%	On track
New or improved services/infrastructure	0%	**> 100%** (**)	20.4% in 2025	24.1% of rural population reached, out of 20.4%	On track

(*) % of target achieved by the end of 2023.
(**) % of target achieved by the end of 2022.

The new delivery model of the CAP 2023-2027 puts a strong emphasis on results and performance. The policy focuses on 10 specific objectives, linked to common EU goals for social, environmental, and economic sustainability in agriculture and rural areas. These objectives are the basis upon which Member States designed their CAP strategic plans. EU Member States contributed to the objectives by designing intervention strategies with a toolbox of broad instruments defined in the CAP legislation, which are shaped to address specific national circumstances and needs. The plans contribute to the EU's environmental and climate objectives and targets set out in or stemming from the relevant legislation and to the ambitions of the European Green Deal.

The CAP therefore facilitates synergies by designing interventions that contribute to multiple horizontal priorities simultaneously. For example, the CAP may support the adoption of precision agriculture technologies, which not only improve the digitalisation of the agricultural sector but also contribute to more sustainable and efficient farming, thus benefiting both digital and environmental and climate priorities.

Furthermore, the CAP requires and further incentivises sustainable soil management. These requirements and interventions not only contribute to climate objectives by sequestering carbon in soil or reducing greenhouse gas emissions linked to soil management, but also promote biodiversity and ecosystem resilience, addressing priorities related not only to natural resources, but also to climate and the protection of biodiversity. Sustainable soil management practices help preserve soil fertility and thus reduce the need for synthetic fertilisers, improving farms' input autonomy and reducing their need for imports.

The CAP catalogue on interventions presents a complete overview of the planned interventions, expenditure and outputs at the EU level and per CAP plan, when relevant.

The CAP has helped to support and stabilise farm income. Between 2014 and 2023, the average EU factor income per worker increased by 35% in real terms, mainly due to major gains in labour productivity and high agricultural output prices in 2022. DG Agriculture and Rural Development ensures the implementation of a consistent system of direct payments to farmers. The delivery modes related to direct support are in place at all levels (EU and national), which ensures that income support is delivered to farmers in a consistent, efficient and regular way and in a timely manner. DG Agriculture and Rural Development develops the necessary tools to ensure a fairer and more effective and efficient targeting of direct payments towards the CAP objectives, in close cooperation with Member State authorities.

Overall, since 2014, EU price volatility has been lower than price volatility on the international markets for all products. This overall picture hides variations between different regions in the EU. For example, direct payments and rural development support represent close to 50% of farmers' income in mountain areas, and CAP funding helps to make farms viable in the most remote rural areas. Nevertheless, the high level of total income support in mountain areas does not fully compensate for the income gap with non-mountain areas.

The backdrop of the global economic disruptions stemming from the COVID-19 pandemic and the Russian unprovoked invasion of Ukraine had negative implications for the supply of key agricultural commodities and inputs. The European Commission put forward a number of measures to safeguard global food security, and supporting EU farmers and consumers most affected by Russia's invasion of Ukraine (see 'budget implementation').

The CAP continued to make a significant contribution to food security by achieving productivity gains and resilience in trade markets. It also provided support to improve supply-chain organisation. The EU accounted for 17.6% of global agri-food exports in 2022, despite a challenging international context.

As to the objective of promoting food-chain organisation, Member States reported several achievements, such as better integration in the food supply chain and the introduction of quality schemes, increased quality of food production, promotion of local markets and short supply, increased participation of farms in risk prevention and management schemes and greater prevention of risks from flooding.

Pressures on the EU agricultural resources have increased due to growing food and industrial demand, which is driven by changes in the demographics and disposable income. On the supply side, there is growing competition for the same production factors (land, labour, capital) and growing pressure on the use of natural capital (with impact on the environment and climate). Increasing agricultural productivity in a sustainable way is essential to meet the challenges of higher demand in a resource-constrained and climate-uncertain world. EU agricultural productivity is already high, partly due to increased labour productivity. However, stagnation in recent years is associated with challenges that both the agricultural sector and EU civil society have to face, such as rising food prices, climate change and loss of biodiversity. A number of drivers and policy tools are available to trigger productivity gains in EU agriculture, such as research and innovation programmes, new technologies, rural development and infrastructure, efficient advisory systems and continuous training for farm managers.

The CAP aims to facilitate job creation and maintenance by supporting investments in rural businesses and infrastructure and skills acquisition through innovation support, training and giving advice, all while paying specific attention to the nature of agricultural activity, which results from the social structure of agriculture and from structural and natural disparities between the various agricultural regions. There are also certain challenges linked to a development gap in rural areas, which are often less well-served by essential infrastructure and services (e.g. limited access to public transport and broadband, remote health care services) and need to be prioritised, also using other EU policies. Rural development supports all entities operating in rural areas to foster sustainable and inclusive growth in the EU and to address the rural/urban divide. Various measures under rural development programmes and CAP strategic plans contribute to this objective, including investments (providing basic services), cooperation and the exchange of knowledge and information, promoting innovation and access to training and advice.

The CAP supports young farmers via dedicated 'young farmers' schemes under both the EAGF and rural development. Indirectly, the CAP facilitated generational renewal by supporting the economic sustainability of jobs in rural areas. While it mainly supports farming, evidence shows significant spill-over effects on the wider rural economy, because it boosts local spending and provides employment. CAP support can be key to improving infrastructure, services and connectivity, especially in remote areas, and can also help slow the rate of depopulation and land abandonment in the EU. However, CAP support is insufficient on its own to remove the main entry barriers to farming, namely limited access to land and capital and the (perceived) disadvantages of the working and living conditions of rural areas.

In the objective of promoting social inclusion, poverty reduction and economic development in rural areas, several achievements relating to small enterprises and jobs have been reported, such as diversification, the creation and development of small enterprises and job creation and maintenance in rural areas. There has also been progress in terms of the development of and access to services and local infrastructure in rural areas, participation in local development strategies, employment opportunities created via local development strategies, broadband expansion and better use of information and communications technology in rural areas. The indicator value for services/infrastructures is relatively low, partly since many of these projects are large and may require several years to be implemented.

Under the CAP 2014-2022 rules, the EAGF provided an extensive level of 'baseline protection' for the environment via mandatory cross-compliance and greening obligations, which together comprised more than 80% of the EU's agricultural land. Support was decoupled from production and linked to compliance with standard environmental and climate practices, and was therefore not an incentive to increase production intensity. Since CAP payments are conditional to respecting a basic set of environment-related rules, the CAP helps enforce the implementation of existing legislation that is relevant for the environment.

The 'greening' scheme brought in by the 2013 CAP reform was successful in preventing further environmental damage. Although the greening scheme had the potential to promote environmental and climate practices, the choices made by Member States and farmers did not fully unlock this potential.

The CAP also provided for more targeted but voluntary commitments under rural development, such as agri-environment climate measures and organic farming. In fact, the largest share of the EAFRD fund is allocated to the objective of restoring, preserving and enhancing ecosystems. Here, reported achievements include an increased area of agricultural and forest land covered by management contracts to enhance biodiversity and landscapes; restoring, preserving and enhancing biodiversity; the improvement of water quality and management; the prevention of soil erosion and improvement of soil management; and the preservation of genetic species in grasslands and livestock. Given their tailored and targeted design, these measures were most effective in encouraging the sustainable management of natural resources. But implementation choices greatly influenced the overall impact of these measures and their uptake was limited, notably due to complex eligibility conditions and premiums too low to stimulate change, particularly in certain productive areas.

The Commission already adopted a partial derogation to the conditionality rule on non-productive areas, and on changing the rules for permanent grassland to alleviate certain difficulties.

The Commission also adopted a regulation containing substantial and targeted measures, which will amend the CAP strategic plan regulation and the horizontal regulation. The set of limited adjustments of the CAP regulations will address difficulties in the implementation of conditionality and management of the strategic plans. For farmers, these proposals will greatly reduce the burden related to controls and will facilitate compliance with certain environmental conditionalities. National administrations will also benefit from more flexibility to apply certain standards in a way that is more compatible with farming realities.

The Commission has also revised its methodology for the Area Monitoring System quality assessment, and will clarify possibilities for using geo-tagged photos and review the requirements linked to geo-tagging. It

will work with Member States to determine possible ways of rationalising the controls, including by the possibility for farmers to correct an unintentional error the first time without penalty.

For the objective of promoting resource efficiency and supporting the shift towards a low-carbon and climate-resilient economy, uptake was generally lower than planned. This was due to the nature of the interventions, as investment projects can take some time to materialise. Implementation delays have been the subject of continuous dialogue with the Member States.

Overall, the 2014-2022 CAP provided a wide range of tools for the sustainable management of natural resources and climate action, but Member States did not seize all opportunities to improve the environmental sustainability of farming and to step up climate action. The policy could have been more effective with a more strategic approach, more targeted measures and funding, and had beneficiaries been more ambitious in the implementation of these measures rather than minimising changes. These weaknesses are addressed in the CAP for the 2023-2027 period: national CAP strategic plans are crucial in guaranteeing the CAP contribution to address climate change, the protection of natural resources and biodiversity, and to supporting sustainable farming, farm incomes and food security. Before approving them, the Commission assessed whether the CAP strategic plans contribute to, and are consistent with, EU legislation and commitments in relation to climate and the environment, including those laid out in the farm-to-fork and biodiversity strategies (https://environment.ec.europa.eu/strategy/biodiversity-strategy-2030_en).

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	Yes	The CAP is reducing inequalities between territories (indicator: level of rural poverty split by territory). The CAP is also reducing inequalities between groups. (Indicator: Poverty index in rural areas.)

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SDG2	Yes	The CAP is supporting productivity and efficiency gains and thereby contributing to SDG 2.3 (By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment). The EU school scheme supports the distribution of fruit, vegetables and milk to schools across the European Union as part of a wider programme of education about European agriculture and the benefits of healthy eating. The consumption of fresh fruit and vegetables and of milk in the EU does not meet the international or national nutritional recommendations while that of processed food that is often high in added sugar, salt, fat or additives is on the rise. Unhealthy diets, together with low physical activity, result in overweight and obesity. This is why the EU takes action to help children follow a healthy diet and lead healthy lifestyles.
SDG3		
SDG4	Yes	The CAP is enhancing Agricultural Knowledge and Innovation Systems and strengthening links with research. It is also strengthening farm advisory services within the Agricultural Knowledge and Innovation Systems.
SDG5		
SDG6	Yes	EU Member States have outlined measures in the CAP strategic plans to reduce nutrient losses and pesticide use by 50% by 2030, thereby protecting water resources.
SDG7	Yes	CAP strategic plans are outlining various measures to increase the production of renewable energy, e.g. biogas.
SDG8	Yes	The CAP fosters income, value added and employment in rural areas.
SDG9	Yes	The CAP offers explicit support for setting up, expanding and improving broadband infrastructure, as well as for the provision of broadband internet access (i.e. improved connections to infrastructure), and access to e government. According to targets aggregated from the 2014-2020 rural development programmes (covering the current 2014-2022 extended programming period), the CAP will help nearly 13 million people living in rural areas to benefit from improved access to information and communication technology services and infrastructure.
SDG10		

SDG11		
SDG12	Yes	Through demand driven production models and support to processing and preservation technology the CAP helps to reduce food loss and waste.
SDG13	Yes	The CAP supports carbon storage (carbon farming measures, peatland restoration, etc.) and contributes to prevention and reduction of GHG emissions. GHG emissions from agricultural production decreased from 582 million tons in 1990 to 414 million tons in 2021.
SDG14		
SDG15	Yes	Recent production and market trends show the importance that organics has gained over the last decade. Organic farming responds to a specific consumer demand for sustainable food products, promoting more sustainable farming practices and contributing to the protection of the environment and improved animal welfare. For the 2014-2020 period, the rural development support planned for organic farming amounts to EUR 11.2 billion. The share of the EU's utilised agricultural area with organic farming has increased from 5.6% in 2012 to 9.1% in 2020. corresponding to an increase from 10.05 to 14.7 million hectares.
SDG16		
SDG17		

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EMFAF

EUROPEAN MARITIME, FISHERIES AND AQUACULTURE FUND

Programme in a nutshell

Concrete examples of achievements

It is too early in the programming cycle to report on key achievements for the 2021-2027 (European Maritime, Fisheries and Aquaculture Fund – EMFAF) programming period. The figures below are in respect of the 2014-2020 (European Maritime and Fisheries Fund – EMFF) period.

23 626 fishing vessels (about 32% of the EU fleet) benefited from the EMFF between 2014 and 2022. 58% of the vessels supported belonged to the small-scale coastal fishing fleet.	187 648 fishers benefited from the EMFF between 2014 and 2022.	111 555 operations were selected to receive funding under the EMFF between 2014 and 2022, almost 87 000 of which were addressed to small and medium-sized enterprises or natural persons.
11 713 projects addressing the environment and resource efficiency were selected between 2014 and 2022, with an EMFF contribution of EUR 1 854 million.	10 427 operations were supported relating to better management of Natura 2000 and other marine protected areas between 2014 and 2022, with an EMFF contribution of EUR 525 million.	105 174 employees of processing companies benefited from the EMFF between 2014 and 2022.

Budget for 2021-2027

(million EUR)

Financial programming	**5 981.1**
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0
Total budget 2021-2027	**5 981.1**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The EMFAF supports the common fisheries policy, the EU maritime policy and the EU agenda for international ocean governance.

CHALLENGE

As a global ocean actor and a major producer of seafood, the EU has a responsibility to protect and sustainably use the oceans and their resources. This is also in its socioeconomic interest regarding the availability of food supplies, the competitiveness of the maritime economy and the livelihood of coastal communities.

In this respect, the EMFAF for 2021-2027 supports the common fisheries policy, the EU maritime policy and the EU's international commitments for international ocean governance. Such support is an enabler of sustainable fisheries and the conservation of marine biological resources, of food security through the supply of seafood products, of the growth of a sustainable blue economy and of healthy, safe, secure, clean and sustainably managed seas and oceans. It also contributes to the achievement of the United Nations' sustainable development goal (SDG) 14 ('conserve and sustainably use the oceans, seas, and marine resources'), to which the EU is committed.

MISSION

The EMFAF provides EU financial support for the objectives of the common fisheries policy, which seeks to manage the EU fishing fleet and fish stocks efficiently and sustainably. It also supports the implementation of the EU's maritime policy and the strengthening of international ocean governance. A sustainable blue economy boosts investment, jobs and growth, fosters research and innovation and contributes to energy security through ocean energy. Moreover, safe and secure seas and oceans are essential for efficient border control and for the global fight against maritime crime, thereby addressing citizens' security concerns.

The EMFAF also contributes to the implementation of the European Green Deal, and in particular the farm-to-fork strategy and the EU biodiversity strategy for 2030, along with the EU strategy for adaptation to climate change.

OBJECTIVES

The EMFAF supports the common fisheries policy, the EU maritime policy and the EU agenda for international ocean governance under the following four priorities:

1. fostering sustainable fisheries and the restoration and conservation of aquatic biological resources;
2. fostering sustainable aquaculture activities and processing and marketing fisheries and aquaculture products, thus contributing to food security in the EU;
3. enabling a sustainable blue economy in coastal, island and inland areas and fostering the development of fishing and aquaculture communities;
4. strengthening international ocean governance and enabling seas and oceans to be safe, secure, clean and sustainably managed.

The EMFAF also contributes to the implementation of the European Green Deal, in particular to the farm-to-fork strategy and the EU biodiversity strategy for 2030, including their external dimension, but also for the preparation of the EU strategy for adaptation to climate change.

ACTIONS

The EMFAF regulation defines four distinct priorities for the programme.

Under priority 1, the EMFAF should ensure that fishing activities are environmentally sustainable in the long term and managed in a way that is consistent with the objectives of achieving economic, social and employment benefits and of contributing to the availability of food supplies. In particular, it aims to achieve and maintain sustainable fishing based on the maximum sustainable yield and to minimise the negative impacts of fishing activities on the marine ecosystem. This support includes innovation and investment in low-impact, climate-resilient and low-carbon fishing practices and techniques.

Under priority 2, the fund may support the promotion of sustainable aquaculture and the marketing, quality and added value of fishery and aquaculture products, along with the processing of these products.

Under priority 3, it may support action that contributes to enabling sustainable blue economies in coastal, island and inland areas and to fostering the sustainable development of fishing and aquaculture communities.

Under priority 4, the EMFAF may support actions to strengthen international ocean governance and enable safe, secure, clean and sustainably managed seas and oceans through the promotion of marine knowledge, maritime surveillance and coastguard cooperation.

STRUCTURAL SET-UP OF THE PROGRAMME

The EMFAF runs from 2021 to 2027 and supports the EU common fisheries policy, the EU maritime policy and the EU agenda for international ocean governance.

It provides support for developing innovative projects ensuring that aquatic and maritime resources are used sustainably.

As a global ocean actor and a major producer of seafood, the EU has a responsibility to protect and sustainably use the oceans and their resources. It is also in the EU's socioeconomic interest to guarantee the availability of food supplies, the competitiveness of the maritime economy and the livelihood of coastal communities.

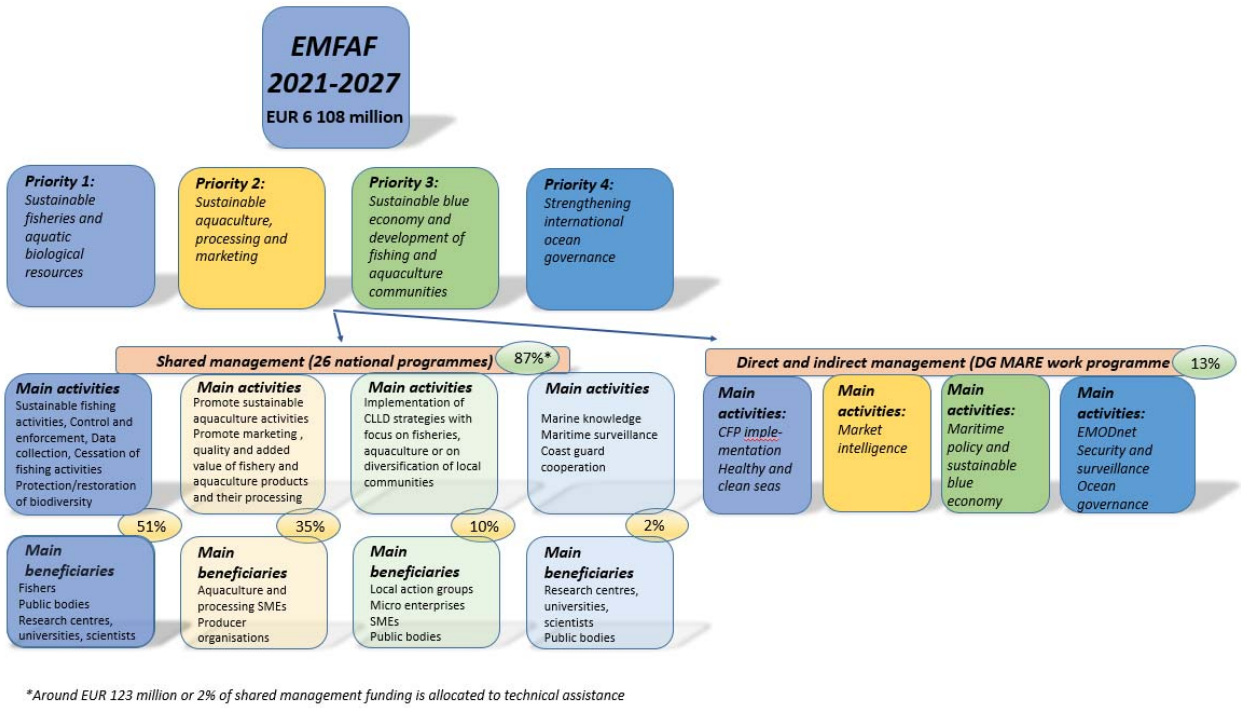
The fund helps achieve sustainable fisheries and conserve marine biological resources. This leads to food security through the supply of seafood products, the growth of a sustainable blue economy and healthy,

safe and sustainably managed seas and oceans. It also helps achieve the UN's SDG 14 ('conserve and sustainably use the oceans, seas and marine resources'), to which the EU is committed. Furthermore, the EMFAF helps fulfil the objectives of the European Green Deal, the road map for the EU's climate and environmental policies.

The EMFAF is managed mainly under shared management (87% of the budget allocation), under the rules of the common provisions regulation ([6]). Thus, the EMFAF shares common rules with the other EU Structural and Investment Funds covered by the regulation, providing for common objectives, principles and rules relating to planning, programming, monitoring and reporting. The EMFAF further specifies details within this framework, including the common result indicators, types of interventions and climate coefficients that must be used when planning and reporting.

The remaining part of the financial envelope (13%) is implemented through direct or indirect management modes. The direct management part of the fund is either managed directly by the European Commission or delegated to an executive agency. This part of the fund finances common-fisheries-policy-related projects, market intelligence, scientific advice, a sustainable blue economy and international ocean governance, along with contributions to international organisations or to the functioning of the advisory councils. The budget under direct management has the same set of common result indicators and principles as shared management, to allow full and consistent reporting on the achievements of the EMFAF.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



*Around EUR 123 million or 2% of shared management funding is allocated to technical assistance

([6]) Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy.

LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

For the 2021-2027 period, the EMFAF builds on the experience of the EMFF for 2014-2020, with a simplified structure, while giving Member States more control and more flexibility in the directly and indirectly managed component with a new focus on strengthening international ocean governance.

FURTHER INFORMATION

- Programme website:
    - https://oceans-and-fisheries.ec.europa.eu/funding/emfaf_en.
- Impact assessment:
    - the impact assessment for the Commission's proposal for the 2021-2027 EMFF was carried out in 2018;
    - for further information please consult: https://europa.eu/!Un66pR.
- Relevant regulation:
    - Regulation (EU) 2021/1139 of the European Parliament and of the Council.
- Evaluations:
    - the Commission has carried out a midterm evaluation of the direct management component of the EMFF ([7]).
    - the Commission will carry out an *ex post* evaluation of the EMFF by the end of 2024 to examine the EMFF's effectiveness and efficiency, coherence with other policies, relevance and EU added value. It aims to identify:
        - how the fund achieved the objectives for each EU priority;
        - how well it responded to crises and market disruptions; and
        - the factors that contributed to the success or failure of its investments.

      The study underpinning this evaluation is in progress;
    - the Commission will also carry out a midterm evaluation of the EMFAF by the end of 2024 to examine the effectiveness, efficiency, relevance, coherence, and EU added value of the fund. The study underpinning this evaluation is in progress.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

([7]) Commission staff working document – Interim evaluation of the direct management component of the European Maritime and Fisheries Fund (EMFF) (SWD(2020) 221 final).

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	109.1	1 134.4	1 103.1	1 070.2	946.6	804.2	813.6	5 981.1
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**109.1**	**1 134.4**	**1 103.1**	**1 070.2**	**946.6**	**804.2**	**813.6**	**5 981.1**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

– EUR 103.8 million (– 2%)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

Though the financial envelope in the adopted EMFAF legal act is EUR 6 108 million, EUR 26 million has been diverted to finance the needs of the European Fisheries Control Agency. In addition, the amount of EUR 14 million was transferred from the Cohesion Fund (DG Regional and Urban Policy) to EMFAF in accordance with the adopted partnership agreement C(2022)4777. Also, the amount of EUR 11.2 million was transferred from EMFAF to the Border Management and Visa Instrument (DG Migration and Home Affairs) according to the adopted partnership agreement C(2021)5617. And finally, in early 2024, following the political agreement on the midterm revision of the multiannual financial framework, the amount of EUR 105 million has been redeployed from EMFAF direct management (the total EMFAF financial envelope has been reduced by EUR 105 million).

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	2 344.0	5 981.1	39.2%
Payments	225.8		3.8%

Voted budget implementation (million EUR):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	106.5	760.7	11.1	53.0
2022	1 131.4	971.9	109.8	111.7
2023	1 103.1	1 100.7	103.0	91.5

(*) Voted appropriations (C1) only.

Implementation of the EMFAF:

- Up to 30 June 2023, EUR 328 million of EMFAF support (6%) has been committed for 1 767 operations implemented under shared and (in)direct management. 96% of all operations are implemented under EMFAF priorities 1 and 2. However, priorities 3 and 4 have a relatively higher proportion of their allocations already committed (19% and 21% respectively).
- With regard to shared management, the EMFAF regulation and the common provisions regulation were both adopted in mid-2021. In total, 25 of the 26 EMFAF programmes of the Member States were adopted by the end of 2022, with commitment and pre-financing in the same year. The 26th and final EMFAF programme was adopted in March 2023, completing the adoption process for all Member States.
- In 2023, a total of EUR 43.1 million had been paid by the Commission to the Member States under share management (EUR 26.7 million of pre-financing and EUR 16.4 million of payments related to cost claims).
    - When it comes to direct and indirect management, all commitment appropriations in the year 2023 from the European Commission voted budget representing EUR 94 million have been implemented. This has resulted in various initiatives being launched in the fields of maritime policy, scientific advice, international ocean governance, voluntary contributions to regional fisheries organisations and contributions to the initiatives managed by the United Nations agencies.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	35.0	598.4	586.3	566.1	503.3	422.3	428.8	3 140.2	53%
Biodiversity mainstreaming	52.5	339.0	331.9	320.9	282.7	242.1	245.5	1 814.7	30%
Clean air									

EMFAF programmes do not finance taxonomy-relevant expenditure, as the programmes focus on the fisheries and aquaculture sector and the marine environment, with no corresponding fisheries category covered by the taxonomy regulation. However, the EMFAF is strongly linked with the preservation and restoration of marine biodiversity for healthy ecosystems, and makes an expected contribution of 30% to biodiversity. Furthermore, the EMFAF is structured in such a way that all operations financed fall under the 'do no significant harm' principle on which the taxonomy is based.

Contribution to green budgeting priorities.

- As of June 2023, approximately 449 operations under shared management worth EUR 100 million (71% of EMFAF support) dealt with climate change and mitigation. The contribution of the EMFAF to EU climate and environmental objectives is tracked through the application of environmental and climate markers and reported on regularly within the monitoring framework of the fund.
- From all EMFAF contributions covered by the above table, the estimated amounts stemming from operations under direct and indirect management account for EUR 216 690 771 for climate change (in 2021-2027) and EUR 331 801 897 for biodiversity (in the same period).

No EMFAF data are available in respect of clean air.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1				
0*		20.6	20.0	40.6
0	106.5	1 110.8	1 083.1	2 300.4

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;

- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender-disaggregated information.

- N/A

– A score of 0* is assigned. Of the EMFAF support provided as of June 2023 (EUR 328 million), 97% (EUR 319 million) was provided to legal persons. The EUR 9 million in support to natural persons comprised EUR 4.7 million for those who defined themselves as male, EUR 3.1 million for non-defined and EUR 0.13 million for female, with EUR 1.2 million attributable to multiple individuals. In terms of the number of operations, however, slightly more than one third were attributed to natural persons, with a predominance of male beneficiaries.

– The contribution to gender equality is estimated at EUR 106.5 million under the EMFAF (2021-2027 programming period).

– Fishing and fish processing are male-dominated activities in Europe ([8]). Men provide the main labour force on board fishing vessels, and most fishing boats and aquaculture farms are owned by men ([9]).

– However, women play an important role in the fisheries sector, especially in small-scale family businesses. Either they are involved in the fishing activity itself – on board or on foot as shellfish gatherers – or they support the business through onshore activities such as fishing-gear preparation and maintenance, transporting fish to auctions, sales, administration, logistics or even the development of tourist activities ([10]). This work is not always recognised. According to a study ([11]) for the European Commission, the share of unpaid women in fisheries (6.6%) is almost double their share of total employment (3.8%). However, this level of employment is an underestimate, as the existing statistical data show employment within the fisheries sector only if this employment is declared and remunerated.

– Gender inequality in the fisheries sector is influenced by the following set of factors ([12]):
  o participation of women and men in fisheries subsectors;
  o women's invisible work in the fisheries sector;
  o women's participation in decision-making.

([8]) https://www.europarl.europa.eu/doceo/document/A-7-2014-0070_EN.html?redirect.

([9]) https://eige.europa.eu/gender-mainstreaming/policy-areas/maritime-affairs-and-fisheries.

([10]) https://epthinktank.eu/2021/10/15/women-in-fisheries/.

([11]) https://stecf.jrc.ec.europa.eu/documents/43805/2485408/STECF+19-03+-+Social+data+in+EU+fisheries+sector.pdf/401568fd-3e48-4ddf-aabf-801cea045dce.

([12]) https://eige.europa.eu/gender-mainstreaming/policy-areas/maritime-affairs-and-fisheries.

– The EU's fisheries policy promotes sustainable fish stocks and sustainable marine ecosystems as a precondition for a competitive European fishing industry. Although the gender-equality dimension is not present in the EMFAF in the form of gender-specific objectives and measurable gender commitments, the fund covers broader gender-related aspects in line with the equality provisions set out in the common provisions regulation.

– Under direct management, the EMFAF currently supports two 'women in the blue economy' projects aiming to (1) increase women's participation in blue economy sectors, (2) improve data collection on gender distribution, (3) increase visibility, awareness and recognition of women's role in the blue economy and (4) strengthen women's leadership, to the amount of EUR 2.5 million. The projects WIN-BIG and Winblue ([13]) were launched in May 2023.

– Furthermore, in accordance with Article 46 of the EMFAF regulation on the monitoring and evaluation framework, the managing authority provides the Commission with relevant operation-level implementation data, including key characteristics of the beneficiary (name, type of beneficiary, size of enterprise, gender and contact details). Commission Implementing Regulation (EU) 2022/79 sets out the format: for each operation, a specific data field covering gender for natural persons must be filled in. One code must be selected from a list. This *ex post* submission can be used to estimate an approximate financial contribution relevant to gender and to identify examples of operations Member States consider to be gender relevant in the area of fisheries, in line with the relevant requirements of the common provisions regulation. The current score of 0* will be reassessed as such data become available.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	4.5	95.1	92.1	191.7	8%

– The following types of intervention have been identified under EMFAF shared management as contributors to the digital transition: control and enforcement; data collection and analysis; and promotion of marine knowledge, maritime surveillance and security. Under direct and indirect management there are two contributors: control and enforcement; and market intelligence. All contributors have a contribution rate of 40% of their respective financial envelope.

– The digital contribution envisaged for the EMFAF programmes (shared management component) amounts to EUR 464 million, or 9%, of the total allocation to the Member States (for the 2021-2027 programming period). The digital contribution relating to EMFAF operational expenditure under direct and indirect management is estimated at EUR 30 million (for the same period).

– Under the shared management mode, the digital contribution is linked to three specific types of intervention: 10 ('Control and enforcement'); 11 ('Data collection and analysis, and promotion of marine knowledge'); and 12 ('Maritime surveillance and security'). All have been assigned a digital coefficient of 40%.

([13]) Project websites: Winblue – https://winblue-project.eu/; WIN-BIG https://winbigproject.eu/.

– As of 30 June 2023, EUR 82.7 million had been committed (type of intervention 10 – EUR 15.5 million; type of intervention 11 – EUR 67.2 million) and EUR 6.3 million paid (type of intervention 10 – EUR 1.8 million; type of intervention 11 – EUR 4.5 million). Following the methodology, the EMFAF digital contribution under shared management thus far amounts to EUR 33 million (in commitments) and EUR 2.5 million (in payments).

– A further EUR 16.7 million in respect of control and enforcement has been committed under (in)direct management, of which EUR 11.6 million has been paid. This would add a further EUR 6.7 million (commitments) and EUR 4.6 million (payments) to the digital contribution.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target (**)	Results (**)	Assessment
Businesses created	0	0%	491 in 2029	No results	No data
Jobs maintained	0	0%	17 266 in 2029	No results	No data
Persons benefiting	0	0%	4.8 million in 2029	1 964 compared to a target of 4.8 million	No data
Actions contributing to good environmental status, including nature restoration, conservation, protection of ecosystems, biodiversity, animal health and welfare	0	0%	22 010 in 2029	15 compared to a target of 22 010	No data
Energy consumption leading to cardon dioxide emissions reductions	0	0%	16 500 in 2029	No results	No data
Number of small and medium-sized enterprises supported	0	1%	14 000 in 2029	172 compared to a target of 14 000	No data

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Number of small-scale coastal fisheries vessels supported	0	0%	7 000 in 2029	No results	No data

(*) % of target achieved by the end of 2022.

(**) Targets and results presented in the above table correspond to data provided by the EU Member States

- As regards synergies between funds, the primary aim is to help fishing communities strengthen their resilience, to innovate and to adapt. This includes making better use of the support available through EU funding instruments, in particular support for innovation and the diversification of economic activities, support for the energy transition and increasing gear selectivity. The funds to be used for that purpose are primarily the EMFAF and the LIFE programme. They have a central role in supporting the policy objectives for climate and biodiversity. Moreover, the Commission works closely with Member States to make sure that each programme contributes to achieving the horizontal targets set out in the multiannual financial framework for these objectives.
- As regards synergies between political priorities, of the 16 types of intervention set out in Annex IV of the EMFAF regulation, three (numbers 10, 11 and 12) simultaneously cover climate, biodiversity and digital priorities. A further eight cover both climate and biodiversity (with identical coefficients). As of June 2023, approximately 70% of the EMFAF amounts committed, and 60% of the EMFAF amounts paid, were within the scope of these priorities.
- Other (potential) sources of funding include Horizon Europe, the European Regional Development Fund (including Interreg), the European Social Fund Plus, the European Agricultural Fund for Rural Development, the Connecting Europe Facility and the Recovery and Resilience Facility. Member States should use these strategically, increase national funding and encourage investment from the private sector to channel support for the transition, for example smart specialisation strategies for a sustainable blue economy. Furthermore, targeted training and upskilling programmes run with EU support under Erasmus+, EMFAF or the European Social Fund Plus could also help build bridges with other blue economy sectors, such as algae production and regenerative sea farming, renewable energy and sustainable aquaculture.
- An initial picture of EMFAF performance is beginning to emerge. Based on the position as at 30 June 2023 (the most recent validated information available), EUR 328 million (6.1% of the total EMFAF allocation) of EMFAF support has already been committed to 1 767 operations implemented under shared management (12 Member States) and direct and indirect management.
- At the level of EMFAF priorities, the highest commitment rates can be observed for EMFAF priorities 3 (‘Enabling a sustainable blue economy in coastal, island and inland areas, and fostering the development of fishing and aquaculture communities’) and 4 (‘Strengthening international ocean governance and enabling seas and oceans to be safe, secure, clean and sustainably managed’), with commitments in euro of 18.6% and 21.1% respectively of the total available allocations for these priorities (shared and (in)direct management combined).
- For shared management at the level of specific objectives the highest commitment rates can be observed for specific objectives 5.1 ‘Technical assistance’ and 1.4 ‘Control and data collection’, with 8.8% and 7.4% respectively of the total available allocations to these specific objectives.
- Expenditure (and thus performance) remains limited at this early stage in the EMFAF operational cycle.

– With regard to direct and indirect management, as the initiatives implemented since 2021 provide for smooth continuity from the EMFF to and throughout the EMFAF, the following assessment covers both EMFF and EMFAF activities without distinction.

- **Priority 1 (fostering sustainable fisheries and the restoration and conservation of aquatic biological resources).** Scientific advice is an essential element to assist in decision-making under the common fisheries policy. The provision of scientific advice to the relevant EU bodies and institutions and some regional fisheries management organisations (notably the North East Atlantic Fisheries Commission) has been ensured by renewing the various contractual and administrative arrangements in place with the International Council for the Exploration of the Sea, the Scientific, Technical and Economic Committee for Fisheries and the Joint Research Centre.

Regional fisheries management organisations are key vectors for the promotion of sustainable fisheries under international law. Among other things, voluntary contributions to regional fisheries management organisations of which the EU is a member assisted in the development of scientific knowledge and science-based management decisions; promoted compliance and the fight against illegal, unreported and unregulated fishing; and further improved fisheries governance in the various regions and the performance of those organisations.

- **Priority 2 (fostering sustainable aquaculture activities and processing and marketing of fishery and aquaculture products, thus contributing to food security in the EU).** The Commission has financed several initiatives, including a new aquaculture assistance mechanism, that assist the Commission in implementing the strategic aquaculture guidelines, and further developed the EU Aquaculture Assistance Mechanism website ([14]) created in 2022 as a central repository and one-stop shop for knowledge on and support for aquaculture in the EU. It also financed a contract for the continuation of the operations of the European Market Observatory for Fisheries and Aquaculture Products, which provides market intelligence for the EU fisheries and aquaculture sectors as requested under the common market organisation regulation. These initiatives are ongoing, and continually provide the Commission and our stakeholders with relevant data, analyses and advice focusing on economic, operational and social aspects of the fisheries and aquaculture sector, thereby contributing to the sustainable development of its operators and the maritime economy and fully achieving their objectives.
- **Priority 3 (enabling a sustainable blue economy in coastal, island and inland areas and fostering the development of fishing and aquaculture communities).** In 2023, the fund financed three cross-border maritime spatial planning projects in the EU, with the goal of supporting the adaptation of Member States' maritime spatial plans to new needs and challenges, in particular integrating into their plans the European Green Deal and related initiatives in areas such as biodiversity, food, energy and mobility. By launching the Blue Forum for sea users in May 2023, the Commission aimed to increase stakeholder involvement in maritime spatial planning and coordinate the dialogue between stakeholders in different blue economy sectors to develop synergies between their activities and reconcile competing uses of the sea. In September 2023, the Commission launched the MSPglobal 2.0 project, through indirect management with the Intergovernmental Oceanographic Commission of the United Nations Educational, Scientific and Cultural Organization, to advance maritime spatial planning processes worldwide. Since 2021, European Maritime Day, a flagship event on the sustainable blue economy, has gathered together a wide range of European stakeholders to discuss matters of common interest.

  The European Marine Observation and Data Network has continued to provide marine data on a findable, accessible, interoperable, reusable basis, resulting in annual benefits of between

([14]) https://aquaculture.ec.europa.eu/.

EUR 150 million and EUR 400 million ([15]) through increased productivity and innovation for users of the data and reduced uncertainty on the state and dynamics of our seas and oceans.

In 2023, the Commission also financed an initiative in the blue economy called the 'blue economy observatory', which has recently become operational and will continue to provide relevant economic analysis, data and knowledge in the years to come.

The Commission continued to finance the consolidated assistance mechanism to support regional cooperation in the Atlantic, the Black Sea and the western Mediterranean to support the implementation of the three EU sea basin strategies, building on best practices and lessons learned from the past service contracts and encouraging synergies between the various sea basins. Since 2021, the Commission has also funded the operation of the Union for the Mediterranean's Working Group on Sustainable Blue Economy through a dedicated grant, thus contributing to the development of related projects in the wider Mediterranean region. During the same period, the programme renewed support for the ocean literacy initiative EU4ocean and, through indirect management by the Intergovernmental Oceanographic Commission of the United Nations Educational, Scientific and Cultural Organization, supported ocean literacy at the international level. Through EMFAF calls for proposals, the Commission has provided support on a wide range of blue economy topics and sectors. In 2021, it launched a first call for proposals supporting flagship projects to achieve the goals of the relevant sea basin strategy.

Through EMFAF calls for proposals published in 2022, it awarded grants to projects relating to women in the blue economy, targeting gender inequalities in the different sectors of the blue economy. The same year, the Commission also launched a call for blue careers, aiming to further support skills associated with the sustainable development of the blue economy, and a second call for regional flagship projects to support cooperation on EU sea basins, which started its activities in autumn 2023.

The fund continued to support investment in the sustainable blue economy in the EU via the BlueInvest platform, which provides investment-readiness and fundraising assistance to innovative blue-economy small and medium-sized enterprises and start-ups.

Additionally, since 2021, EMFAF has contributed a thematic financial instrument blended with guarantees under the investEU programme and contributions from the European Investment Bank family for a sustainable blue economy. It is expected to leverage substantial equity investment from other private and public investors for European blue-economy entrepreneurs by 2028.

Most of the initiatives under this priority have started recently, and will be rolled out in the medium term, which does not allow for a meaningful assessment of their achievements and performance at this point. However, as regards the continuation of existing activities, significant and positive results have already been achieved. Some examples of these achievements are as follows: providing investment readiness assistance and support to dozens of innovative small and medium-sized enterprises and start-ups in the blue economy and connecting them with prospective investors; successful and continued support for regional cooperation in the Atlantic, Black Sea and western Mediterranean via sea basin strategies; contributions to ocean literacy and the promotion of sustainable management of the ocean via EU4ocean coalition. Where relevant, all these new or continued EMFAF initiatives build on previous achievements and lessons learnt.

- **Priority 4 (strengthening international ocean governance and enabling seas and oceans to be safe, secure, clean, and sustainably managed).** The programme continued to promote the objectives of the EU's international ocean governance agenda by providing support to

([15]) Commission staff working document – Interim evaluation of the direct management component of the European Maritime and Fisheries Fund (EMFF) (SWD(2020) 221 final).

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international organisations, regional and sectoral bodies, and entities that are active in promoting the conservation and sustainable use of the oceans.

The initiatives strengthened the engagement of the EU in the Arctic region and in the EU Ocean Partnership with Canada and the Ocean Partnership Forum with China. They also continued targeting important scientific gaps identified through work and policies on the deep seas (sustainable seabed knowledge initiative).

The second Marine Regions Forum conference, held in Tanzania in November 2023, aimed to support the implementation of SDG 14 in the western Indian Ocean and advance dialogue between regional actors. This conference focused on various themes, such as tackling the triple planetary crisis, fostering the sustainable blue economy, implementing global goals at the regional level (the Kunming–Montreal Global Biodiversity Framework, the Agreement under the United Nations Convention on the Law of the Sea on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction) and strengthening regional ocean governance.

In line with the EU's international ocean governance objectives, under which the EU is committed to encourage the creation of an intergovernmental science–policy interface for ocean sustainability, the Commission has commissioned a study to map existing science-policy organisations, processes and global ocean assessments that support the sustainable management of the ocean in line with SDG 14. The main results of the study are that ocean knowledge production is distributed across processes and organisations in a fragmented manner, and the connection between the scientific and policymaking communities, and civil society, remains surficial. This is a key inhibitor to agile responses for the ocean, including SDG 14. The study concludes that such a science–policy interface could provide a new catalytic mechanism to inform public and private decision-makers about sustainable use and protection of the ocean.

The continued support provided for the development and maintenance of the European Marine Observation and Data Network has resulted in steady progress in terms of users and products since 2018, reaching the level of an operational service and making it a valuable EU asset, offering thousands of datasets across seven thematic disciplines (bathymetry, biology, chemistry, geology, seabed habitats, physics and human activities) to a variety of users, reaching an average of more than 12 000 users per month in 2023. This network, in collaboration with Copernicus marine, will be the backbone of the European Digital Twin Ocean, a platform to revolutionise the use of marine knowledge for policymaking, blue economy development and societal ocean literacy.

In October 2022, a grant (for a period of 24 months) was awarded to a consortium of eight Member States (with France as the lead, along with Bulgaria, Greece, Italy, the Netherlands, Portugal, Slovenia and Finland), including several maritime sectors (customs, navies, maritime safety, coastguard authorities, data providers, hydrographic offices), to work with the objective of shifting the common information sharing environment from the transitional phase to the operational phase. Service identification and definition have been accomplished, while service implementation is progressing on the basis of eight scenarios identified by participants. Trials (operational validation) are expected to start in April 2024, and the results are expected to be delivered by October 2024.

The Commission also launched a flagship call in 2023 on submerged munitions in the Baltic Sea to prepare the ground for concrete actions to mitigate the threat to human health and safety, and the environment. Since 2021, the Commission has also been funding two annual grants, one of which supports the chairmanship of the European Coastguard Functions Forum and the other the Mediterranean Coastguard Functions Forum.

2014-2020 multiannual financial framework – European Maritime and Fisheries Fund

The EMFF is the fund for the EU's maritime and fisheries policies for 2014 to 2020, and is one of the five complementary European Structural and Investment Funds promoting a growth- and jobs-based recovery in the EU. The fund helps fishers in the transition to sustainable fishing, supports coastal communities in diversifying their economies, finances projects that create new jobs and improve quality of life along EU coasts and makes it easier for applicants to access financing.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	6 368.7	6 381.6	99.8%
Payments	4 113.7		64.5%

- By the end of December 2020, all appropriations available under the EMFF had been successfully committed. As of January 2021, no further commitments were possible for the EMFF. The implementation of the programme was at full speed in 2023, in terms of both the part of the fund executed under direct management action and the part implemented by the Member States.
- Payments claimed by beneficiaries continued to advance financing by the end of 2022 approximately 112 000 operations. DG Maritime Affairs and Fisheries continues to monitor the implementation closely and encourages the Member States to accelerate the fund absorption.
- The cumulative EMFF amount decommitted between 2018 and 2022 totals EUR 131.6 million.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress	Target	Results	Assessment
Value of aquaculture production in the EU (billion EUR)	0 (**)	88% (*) (**)	EUR 4.43 billion in 2022 (excluding the United Kingdom)	EUR 3.9 billion compared to a target of EUR 4.43 billion	On track
Number of small-scale coastal	0	N/A	N/A	13 624	N/A

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fishing vessels supported					
Number of small and medium-sized enterprises supported	0	N/A	N/A	86 969	N/A
Level of employment maintained with support from the EMFF (number of jobs)	0	> 100% (***)	41 665 in 2023	61 521 jobs compared to a target of 41 665	Achieved

(*) % of target achieved by the end of 2020.

(**) The value of aquaculture annual production in the EU in 2013 was EUR 3.85 billion. The baseline is considered to be zero for the calculation of progress towards the target.

(***) % of target achieved by the end of 2022.

- The challenges posed by COVID-19 and the war in Ukraine have not prevented an increase in jobs maintained (both actual and planned) in the aquaculture sector. The EMFF regulation was modified twice to provide exceptional crisis support to the operators from the seafood supply chain.
- There has been a significant increase in the number of small-scale vessels supported, from 7516 to 13 684. A similarly encouraging increase is also seen in the number of SMEs supported (2022 – 86 969; 2021 – 69 585). The level of employment (jobs) maintained with support in the EMFF reached 61 521 in 2022, comfortably exceeding the target of 41 665.
- For initiatives implemented under direct and indirect management, see the 'Performance assessment' section for the EMFAF above.
- The initiatives under shared management continue to help improve the sustainability of fishing and aquaculture, to maintain and protect the natural environment, to encourage innovation and the adoption of new technology and to increase cooperation and partnerships between businesses, thus contributing to the achievement of these objectives. Examples are provided below.
    - For the objective of promoting competitive, environmentally sustainable, economically viable and socially responsible fisheries and aquaculture, the programme financed an on-farm aquaculture system designed to reduce the environmental impact of food production, cut greenhouse gas emissions, and integrate crop production. The company supplies spawning fish to the farm and then buys back mature fish to either fillet, mince, or smoke them in their own facilities. It is possible to produce sustainable food in a circular process, where waste from the fish is used as fertiliser on the surrounding fields;
    - For the objective of fostering the implementation of the common fisheries policy, the programme financed a project to develop an AI-based tool for the fully documented fisheries project, which can improve the processing of catches on board, reduce the workload of the crew and lessen the administrative burden. It can also monitor total catches in real time by size, species and weight, and generate detailed data that can be used for scientific purposes, stock estimates, research and fisheries policy.

- For the objective of promoting a balanced and inclusive territorial development of fisheries and aquaculture areas, the programme financed a project which promoted the consumption of underused species, thereby increasing local fishers' incomes.

– For the objective of fostering the development and implementation of the EU's integrated maritime policy in a manner complementary to cohesion policy and the common fisheries policy, the programme financed a project which provided vital information about two MPAs and about the presence as well as distribution of both indigenous and non-indigenous species. The survey design ensured a representative spatial coverage of the two research areas and sufficiently covered all the habitat types: soft substrate (sandy expanses), hard substrate (reefs) and seagrass meadows (i.e. *Posidonia oceanica*).

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	Yes	The EMFF contributes to SDG 1 by contributing to the improvements of the economic results of the EU fisheries sector, and to the improvements of the living standards of the coastal populations which depend on that sector; allowing operators to modernise their productive tools, to diversify their sources of income or to switch to alternative economic activities. E.g. a Danish producer organisation and its members want to ensure that their label is a success and that it benefits small-scale coastal fishers as much as possible. Their main goal is to ensure the future of Denmark's small-scale, low-impact coastal fishery and create better access to the market for sustainably caught fish.
SDG2	Yes	By promoting the conservation of the marine living resources and the protection of the marine ecosystem, the EMFF contributes to the sustainability of the production of the EU fisheries sector of healthy quality food, and thus to SDG 2 and SDG 3. E.g. in the Vigo-A Guarda FLAG area, shellfish gatherers are working with local wine producers and a forestry association to turn seaweed – once a nuisance to their activity – into a valuable and sustainable resource: quality compost. This project has improved the working conditions of seafaring labour through mechanisation. It also provided an opportunity for a variety of local stakeholders to cooperate in the transformation of unvalued, raw material into an eco-friendly solution for local farmers, creating a potential new income source for local shellfish and wine producers.
SDG3	Yes	See above, SDG 2.
SDG4	No	
SDG5	Yes	See the section on gender equality above
SDG6	No	
SDG7	No	
SDG8	No	

SDG9	No	
SDG10	No	
SDG11	No	
SDG12	No	
SDG13	No	
SDG14	Yes	The main objective of the EMFF is to support the implementation of the common fisheries policy and the integrated maritime policy, thereby contributing first and foremost to SDG 14. The EMFF funds projects on preserving the marine environment and ensuring better resource efficiency, and operations related to better management of Natura 2000 areas. E.g. The Mondego Mar FLAG financed a project to bring some unused saltpans back into use to produce an aquaculture product which is highly coveted by restaurateurs: the sea urchin, also known as 'Portuguese caviar'.
SDG15	No	
SDG16	No	
SDG17	No	

RFMOs/SFPAs

REGIONAL FISHERIES MANAGEMENT ORGANISATIONS AND SUSTAINABLE FISHERIES PARTNERSHIP AGREEMENTS

Programme in a nutshell

Concrete examples of achievements (*)

88%	18	15 000	30%
of conservation measures adopted by RFMOs in 2023 for the management of the stocks under their purview were in line with scientific advice.	out of 20 tuna and tuna-like stocks targeted by the EU fleet in 2023 were fished at a sustainable level.	jobs are created or maintained through SFPAs each year (6 000 direct, 9 000 indirect).	of estimated spending in the context of SFPAs was used direcly to support sustainable fisheries policies in non-EU countries.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	**1 095.1**
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0
Total budget 2021-2027	**1 095.1**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The programme promotes sustainable development for fisheries management and maritime governance outside EU waters, in line with the objectives of the common fisheries policy, and ensures that fishery resources are maintained above or restored above levels capable of producing maximum sustainable yield and the conservation of marine ecosystems. The programme contributes to achieving this through active involvement in regional fisheries management organisations (RFMOs) and agreements, and through bilateral Sustainable Fisheries Partnership Agreements (SFPAs) with partner countries.

CHALLENGE

While 79% of all EU catches are taken in EU waters, 13% come from the international high seas and 8% are caught in the exclusive economic zones within 200 nautical miles of partner countries' waters.

The EU action to promote the sustainabilty of its long-distance fleet is twofold:

1) The EU fishing in the high seas is regulated through regional RFMOs and arrangements. RFMOs are international bodies set up to promote the conservation and sustainability of straddling and highly migratory fish stocks; and
2) in the 200 nautical miles partner countries' waters, EU fishing preferably takes place through SFPAs negotiated by the EU with partner countries.

MISSION

The EU is present in all of the world's oceans through its fleets, and is therefore committed to contributing to global ocean and fisheries governance through determined and ambitious action at the multilateral, regional and bilateral levels through our duty of cooperation as enshrined by the United Nations Convention on the Law of the Sea to cooperate with other parties by participating in such organisations.

The EU negotiates, concludes and implements bilateral SFPAs with non-EU countries. Within the framework of SFPAs, the Commission maintains a political dialogue on fishery-related policies with a number of third countries, in line with the principles governing the common fisheries policy and the commitments under other relevant EU policies. In addition, SFPAs provide a financial contribution, the aims of which is to support the sustainable development of the fisheries sector in partner countries and to contribute to the better governance of their fisheries. This includes, in particular, improving the scientific and technical knowledge of relevant fisheries; contributing to control and surveillance and to the fight against illegal, unreported and unregulated fishing; and supporting small scale and artisanal fisheries.

Through its membership of internatational organisations dealing with fisheries management and RFMOs, the EU is committeed to the long-term sustaniblity of the stocks under their purview. The EU pays compulsory annual budget contributions deriving from its membership of international bodies, including various RFMOs. The EU implements in those organisations its objective to support the implemeation of Green Deal and Biodiversity Strategy and the external dimension of the CFP, including the long-term sustainability of the stocks, support to science and scientific-based management decisions, a culture of compliance, the fight against IUU fishing and the undertaking of regular performing reviews to ensure that RFMOs continue to be fit for purpose.

OBJECTIVES

The main objective of the programme is to promote sustainable fisheries worldwide and improved international ocean governance, which includes:

- promoting, through active involvement in international organisations, and in line with the objectives of the Green Deal and the common fisheries policy, the conservation and sustainable management of the stocks under their purview and their ecosystem;
- establishing, through SFPAs, a legal, economic and environmental governance framework for fishing activities carried out by European Union fishing vessels in third country waters, in line with international standards, the principles of the Common Fisheries Policy (CFP) and other EU policies.

ACTIONS

The programme pursues the above objectives by (1) supporting the negotiation, conclusion and implementation of bilateral SFPAs and (2) paying the compulsory annual contributions deriving from the EU's membership of international bodies.

STRUCTURAL SET-UP OF THE PROGRAMME

Payments under SFPAs and RFMOs and agreements are managed under direct management. The Directorate-General for Maritime Affairs and Fisheries is in the lead DG for the Commission.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP

No visual

LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

During 2021-2027, the Commission will continue its membership of RFMO organisations and continue to ensure the timely renewal of SFPAs and their protocols and carefully monitor their implementation. Emphasis will be put on appropriate reporting of activities financed under the SFPA sectoral support component, raising awareness of concrete action achieved.

FURTHER INFORMATION

- Programme website:
  - SFPA
  - RFMO
- Impact assessment: n/a
- Relevant regulation:
  - Regulation (EU) No 1380/2013 of the European Parliament and of the Council.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	151.6	159.3	116.8	162.8	156.7	172.2	175.6	1 095.1
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**151.6**	**159.3**	**116.8**	**162.8**	**156.7**	**172.2**	**175.6**	**1 095.1**

(*) Only Article 15(3) of the financial regulation.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	427.6	1 095.1	39.1%
Payments	424.9		38.8%

Voted budget implementation (million EUR)(*):Voted budget implementation (million EUR)(*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	151.5	73.5	149.5	72.9
2022	159.3	159.2	159.1	166.4
2023	116.8	162.0	116.3	151.1

(*) Voted appropriations (C1) only.(*) Voted appropriations (C1) only.

– 4.9% of the 2023 commitments (all of which have now been paid) went towards paying membership fees to RFMOs. The rest of the appropriations were spent on fishing access for the EU fleet to the waters of non-EU countries, mostly in West Africa and in the Indian and Pacific Oceans, and contributing to the sustainable development of their local fishing activities.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**Total**	**% of the total envelope**
Climate mainstreaming	15.7	17.7	10.1	11.7	11.1	18.1	18.2	102.5	9%
Biodiversity mainstreaming	18.8	21.1	13.3	15.3	14.8	21.9	22.0	127.2	12%
Clean air									

Climate change

The actions financed by the European Commission support, in RFMOs, the integration of climate change considerations in the management of the marine biological resources and their ecosystems – with the final objective of promoting their adaptation and resilience to climate change, at a bilateral level, through SFPAs.

Climate change considerations are, where appropriate and available, incorporated into the scientific and stock management discussions in RFMOs. They are also incorporated into SFPAs, as they follow the management decisions of RFMOs.

In total, in the 2021-2027 period, SFPAs and RFMOs will contribute an estimated EUR 102 million to this priority. The contribution of the SFPAs represents 40% of the sectoral support, whereas the contribution of the RFMOs represents 40% of the total amount allocated.

Biodiversity

The actions financed by the European Commission in RFMOs are consistent with the objectives of the EU biodiversity strategy to conserve marine stocks, prevent the loss of biodiversity and protect fragile ecosystems. RFMOs promote the sustainability of the stocks and their ecosystem. This includes not only the sustainable management of targeted species, but the implementation of mitigation measures for by-catch species (turtles, vulnerable shark species, rays, seabirds, etc.) and the protection of vulnerable marine ecosystems (e.g. corals).

An area where the EU actions on climate change and biodiversity come together is the support to the development of management procedures and management strategy evaluation frameworks for key fish stocks, that are robust to uncertainties including those introduced or exacerbated by climate change. In that regard, the EU will promote the development dedicated robustness tests that could provide meaningful proxies for designing future management procedures that are resilient to stressors driven by climate change.

Likewise, SFPAs support some actions to enhance the scientific capacity of non-EU countries in areas covering both the conservation of marine resources and the assessment of the effect of climate change, with concrete measure regarding for example the management of marine protected areas.

In addition, actions supported through the sectoral support component of SFPAs promote long-term resource conservation, ecosystem protection measures, the fight against illegal fishing and the sustainable development of our partners' local fisheries sector, with a positive effect on biodiversity.

In total, in the 2021-2027 period, SFPAs and RFMOs will contribute an estimated EUR 127 million to this priority. The contribution of the SFPAs represents 40% of the sectoral support, whereas the contribution of the RFMOs represents 100% of the total amount allocated.

Contribution to gender equality (million EUR) (*)**:**

Gender score	2021	2022	2023	Total
2				
1				
0*				
0	151.5	159.3	116.8	427.6

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information:

- N/A

The actions under this programme are related to negotiating, concluding and implementing international agreements relating to fisheries and paying compulsory annual budget contributions. These actions were not designed with gender equality in mind. However many actions do benefit women, who represent an important part of the workforce in the fish processing sector. These actions include, training, acquisition of small equipment and building capacity, which contribute to reinforcing gender equality in the fishing sector. The financial contribution of these actions, however, is not quantifiable as there is no agreed methodology to define, identify and monitor such actions in the sectoral support programmes of the various partner countries

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution					

RFMOs and SFPAs do not target projects with a digital component.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Sustainable fisheries agreements in force	12	**43%**	15 annually from 2026 to 2027	Milestones achieved for 2021, 2022 and 2023	On track
Fishing possibilities for EU vessels – tuna	129	**29%**	150 annually from 2026 to 2027	Milestones achieved for 2021 and 2022. Milestone not achieved for 2023.	On track

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Fishing possibilities for EU vessels – mixed	264	**43%**	300 annually from 2026 to 2027	Milestones achieved for 2021, 2022 and 2023	On track
Conservation measures based on scientific advice adopted, for all species under the purview of RFMOs of which the EU is a member	0	**29%**	95% annually from 2024 to 2027	Milestones achieved for 2021 and 2022. Milestone not achieved for 2023.	On track
Sustainable management of emblematic tuna and tuna-like species as per relevant scientific advice; in particular, highly significant tuna and tuna-like species are fished at sustainable levels	17	**100%** (**)	18 in 2024	18 compared to a target of 18	Achieved

(*) % of years for which the milestones or target have been achieved during the 2021-2027 period.

(**) % of target achieved by the end of 2023.

- Overall, the EU remains one of the key drivers of progress in RFMOs, increasing their performance with concrete proposals. The EU's voluntary contributions (grants) to RFMOs played a key role in allowing them to provide scientific advice. The Commission continued to deliver on its commitment to achieve more sustainable fisheries worldwide: 88% of all conservation measures adopted in 2023 by RFMOs of which the EU is a member were in line with scientific advice.
- Regarding the number of conservation measures adopted based on scientific advice, for the current reporting period, 36 out of 41 conservation measures adopted by RFMOs for the management of the stocks under their purview were in line with scientific advice (i.e. 88% of all conservation measures adopted). This outcome is less positive than the results achieved in 2022 (97%), which were above the target of 95%, but is similar to the result achieved in 2019 (88%) and above that of 2020 (74%). More importantly, while this clearly shows the difficulty to achieve the 95% target, the outcome maintains an upward trend for the period, as close as possible to the target. The outcome for 2023 of 88% does not include three conservation measures that have been adopted but will only enter into force once new scientific advice is available.
- Regarding the first indicator, 18 out of 20 tuna and tuna-like stocks fished by the EU fleet are in good shape. In 2022, 85%of the total commercial tuna catch worldwide came from stocks at 'healthy' levels of abundance. This is because skipjack stocks contribute more than one half of the global catch of tunas, and they are all in a healthy situation. By contrast, bigeye and

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yellowfin in the Indian Ocean are currently overfished, despite the efforts from the EU to reverse the trend.

- Regarding SFPAs, the general objective has been to implement and renew the network of agreements and active protocols to ensure continuity in the activities of the EU's long-distance fishing fleet in non-EU-country waters, strictly respecting the sustainability and surplus principles.
- On some occasions, negotiations took more time than expected because the financial expectations of the non-EU countries could not be met. As a result, shipowners had to stop fishing or modify their strategies, in the context of sharp global competition between various long-distance fishing fleets. Shipowners were generally able to find other fishing grounds in countries benefiting from an SFPA, or sometimes in other countries.
- In the context of the implementation of the protocols, which is an important part of programme's performance and concerns both access conditions for EU vessels and the monitoring of sectoral support, joint committee meetings were held regularly with all partner countries.
- Direct employment generated by SFPAs includes crew on board EU vessels benefiting from fishing opportunities in SFPAs and covers both EU and non-EU nationals. As for indirect jobs, they are mostly in the processing sector and are to a large extent occupied by women. The employment of local crew also contributes to enhancing the levels of qualification and experience of employed seamen to the benefit of local fleets, and SFPA protocols have reinforced the provisions regarding the social dimenstion of fishing and the social rights benefiting fishers.
- Most catches made in the framework of SFPAs land in non-EU countries, where they are processed, thus generating added value for the local economy and job opportunities. SFPAs also generate additional jobs for the partner country in sectors such as shipyards and port activities (together with the elements mentioned above, they contribute to sustainable fisheries with partner countries).

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3		
SDG4		
SDG5		
SDG6		
SDG7		
SDG8		
SDG9		
SDG10		
SDG11		
SDG12		
SDG13		
SDG14	YES	The programme promotes the conservation and sustainable use of the oceans, seas, and marine resources for example by improving management measures adopted following scientific advice and by promoting healthy tuna stocks in the Atlantic and Indian Oceans, and through the governance framework established by SFPAs with a number of non-EU countries.
SDG15		
SDG16		
SDG17		

LIFE

PROGRAMME FOR THE ENVIRONMENT AND CLIMATE ACTION

Programme in a nutshell

Concrete examples of achievements

1 700 000 people are expected to be less vulnerable to the adverse effects of climate change as a result of 16 projects funded in 2021.	More than 2 700 gigawatt hours per year of energy savings are expected to be unlocked as result of 80 LIFE projects funded in 2021.	More than 5 000 tonnes per year of waste are expected to be managed better as result of 20 projects financed in 2021.	More than 100 species are improving their conservation status as result of 31 LIFE projects funded in 2021.
A 65 000 kg per year reduction in the amount of hazardous chemicals produced is expected as result of 11 LIFE projects financed in 2021.	More than 1 500 hectares of soil are being improved as result of seven LIFE projects financed in 2021.	About 450 LIFE projects financed in 2021 and 2022 have the potential for a catalytic effect on the ground through replication or finance mobilisation, or by triggering the large-scale deployment of successful technical and policy-related solutions.	204 LIFE-funded projects are included in the innovation radar in 2024, recognising their high potential for innovation.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	**5 437.4**
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	3.6
Total budget 2021-2027	**5 441.0**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The programme for the environment and climate action (LIFE) aims to facilitate the shift towards a sustainable, circular, energy-efficient, renewable energy-based, climate-neutral and climate-resilient economy. LIFE will contribute to reduce greenhouse gas emissions and our vulnerability to the harmful effects of climate change, to protect, restore and improve the quality of the environment – including air, water and soil – and to halt and reverse biodiversity loss. Moreover, it will tackle the degradation of ecosystems, including through supporting the implementation and management of the Natura 2000 network, thereby contributing to sustainable development.

CHALLENGE

Our environment and climate are under threat by the cumulative impact of human activities. The EU is committed to protect the environment and its biodiversity, ensure the quality of the air that we breath, carefully manage water resources and waste, increase our reliance on clean energy and mitigate and adapt to climate change dynamics.

Over the years, environmental, nature and biodiversity, climate and energy legislation and policy of the EU have delivered substantial improvements to establish the appropriate enabling framework to protect the environment, fight biodiversity loss and climate change and preserve our economies. However, major challenges remain, which, if left unaddressed, might have significant negative consequences for the well-being of European citizens.

A healthy and sustainable environment are public goods shared by all Europeans, as well as climate action and a sustainable, efficiency and renewable-based energy system. When a Member State decides how much to invest in these areas, it may fail to consider the benefits that such investments bring to other Member States. This means that intervention and investments also need to take place at the EU level.

MISSION

LIFE aims to contribute to:

- shift towards a sustainable, circular, energy-efficient, renewable energy-based, climate-neutral and resilient economy;
- protecting, restoring and improving the quality of the environment, including the air, water and soil;

– halting and reversing biodiversity loss and tackling the degradation of ecosystems.

OBJECTIVES

LIFE is designed to support the objectives of EU legislation and policy on the environment – including nature and biodiversity – and on climate action, including the transition to renewable energy and increased energy efficiency through:

– developing and promoting innovative techniques and approaches and contributing to the knowledge base and to the application of best practices and disseminating knowledge and best practices, including through the support of the Natura 2000 network;

– improving governance at all levels, in particular through enhancing capacities of public and private entities and the involvement of civil society;

– developing, implementing, monitoring and enforcement of relevant EU legislation and policy on the environment, climate action and energy transition, in particular by enhancing the capacities of public and private actors and the involvement of civil society;

– catalysing the large-scale deployment of successful technical and policy-related solutions by integrating related objectives into other policies and public and private sector practices, mobilising investment, and improving access to finance.

Being implemented by DG Environment, DG Climate Action and DG Energy, the LIFE programme is in a unique position to closely support the implementation of the EU environment, climate action and clean energy legislation and policies. The overall structure of the LIFE programme is in fact designed to support the implementation of the European Green Deal on the ground, while ensure close alignment with the EU environment, climate action and clean energy legislation and policy priorities.

ACTIONS

LIFE comprises four subprogrammes: (1) nature and biodiversity; (2) circular economy and quality of life; (3) climate change mitigation and adaptation; and (4) clean energy transition.

In these subprogrammes, LIFE finances activities such as:

– **strategic nature projects** that support the achievement of EU nature and biodiversity objectives, by implementing coherent action programmes in Member States in order to mainstream the objectives and priorities into other policies and financing instruments;

– **strategic integrated projects** that implement – on a regional, multiregional, national or transnational scale – environmental or climate strategies or action plans developed by Member State authorities and required by specific EU environmental, climate or relevant energy legislation or policy;

– **standard action projects** are projects pursuing the testing of innovative solutions and/or the promotion of best practices on environment, nature and biodiversity and climate change mitigation and adaptation;

– **other projects including** grants for Coordination and Support Actions under the LIFE clean energy transition subprogramme supporting capacity buildings, technical assistance and the enabling framework for renewable energy and energy efficiency uptake;

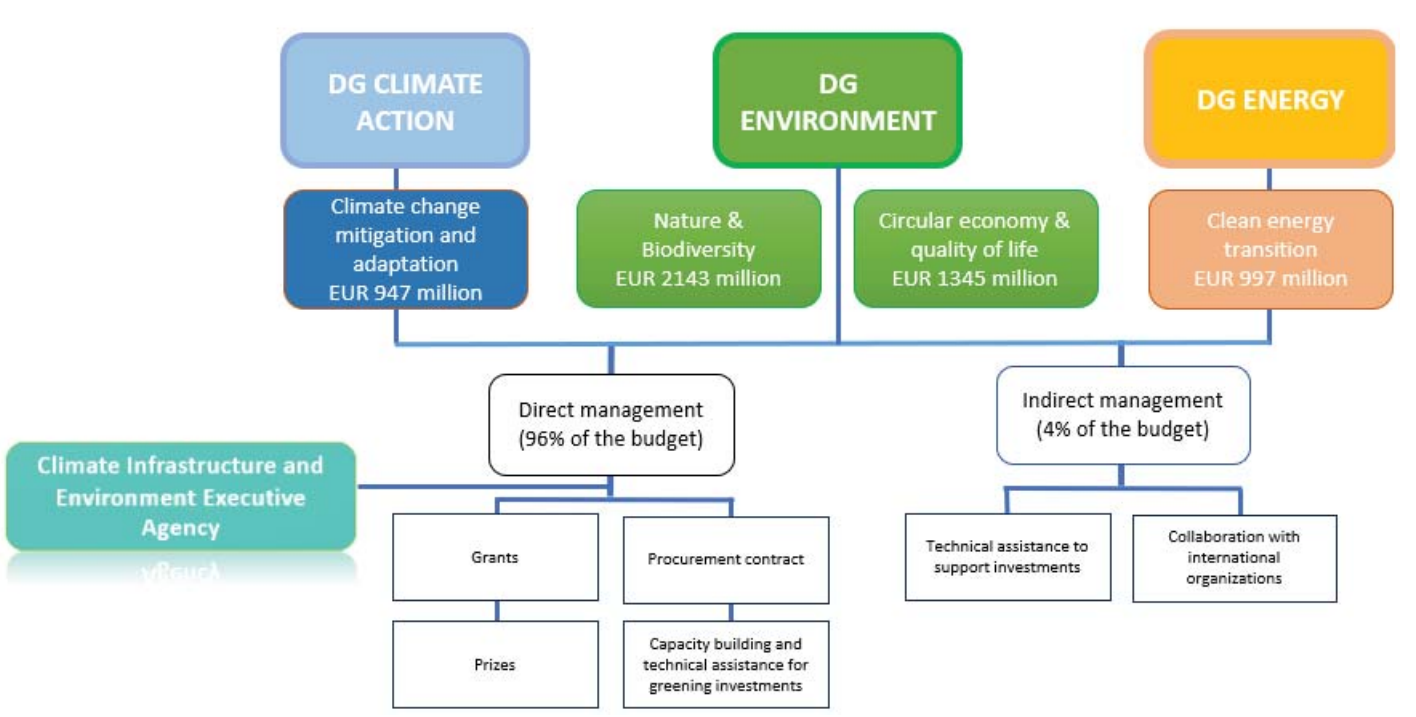
– **procurement and other actions** (e.g. studies to support the evaluation and monitoring of policies, technical assistance to support Member States in the implementation and monitoring of environmental and climate policies, information and communication activities), technical assistance for supporting green investments, prizes, etc.

STRUCTURAL SET-UP OF THE PROGRAMME

LIFE is implemented through direct management (grants, procurement, prizes and technical assistance to support investments) and indirect management for specific activities, including with the European Investment Bank to support the mobilisation of investments in line with the objective of the LIFE programme.

Within the Commission, DG Environment is the lead, with DG Energy and DG Climate Action as associated directorates-general. Each directorate-general is responsible for specific subprogrammes. The European Climate, Infrastructure and Environment Executive Agency manages the bulk of the grants, few procurement activities, and a technical assistance scheme to support green investment and the greening of other investments (green assist).

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

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The number of subprogrammes has increased from two (environment and climate action) to four (nature and biodiversity, circular economy and quality of life, climate change mitigation and adaptation, and clean energy transition).

The clean energy transition subprogramme has an incorporated actions for capacity building supporting energy, efficiency and renewable energy previously funded under Horizon 2020 (until 2020).

Building on the strategic integrated projects first launched under the 2014-2020 LIFE programme, the 2021-2027 LIFE programme will continue to support strategic integrated projects (to a slightly greater scale than previously) and has introduced a dedicated source of funding to support strategic nature projects under the nature and biodiversity subprogramme.

FURTHER INFORMATION

- Programme website:
    - The main website of the LIFE programme provides information on the programme itself, funding opportunities, project management and links to the database including information on all LIFE projects ('LIFE public database'), the best LIFE projects ('Best projects and LIFE awards') and publications ('LIFE publications').
- Impact assessment:
    - The impact assessment of LIFE was carried out in 2018.
- Relevant regulation:
    - Regulation (EU) 2021/783 of the European Parliament and of the Council.
- Evaluations: the *ex post* evaluation of the 2014-2020 LIFE programme is being finalised and outcomes are expected in the second quarter of 2024. The midterm evaluation of the 2021-2027 LIFE programme is also ongoing, and outcomes are expected by the end of 2024.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	738.8	755.5	758.4	764.9	771.0	802.9	845.7	5 437.4
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	2021	2022	2023	2024	2025	2026	2027	Total
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	1.1	1.1	1.4	0.0	0.0	0.0	0.0	3.6
Total	**740.0**	**756.6**	**759.8**	**764.9**	**771.0**	**802.9**	**845.7**	**5 441.0**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

+ EUR 5.4 million (+ 0%)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

The top up is the result of multiple interventions on the budget programming of the LIFE programme, mainly linked to the annual increases decided by the Budget Authorities minus the reductions due to the transfer of funds to other budget line (e.g. for the European Environmental Agency).

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	2 255.9	5 441.0	41.5%
Payments	598.1		11.0%

Voted budget implementation (million EUR) (*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	738.7	738.5	22.8	43.5
2022	755.4	755.5	260.5	232.0
2023	758.3	755.5	302.5	301.7

(*) Voted appropriations (C1) only.

The bulk of 2023 appropriations – more than 80% of the budget – is used to finance different types of projects submitted by EU private and public organisations.

Approximately 17% of the budget is for the financing of procurement contracts to support the work on environment, climate and energy legislation and policies and 3% of the budget is devoted to the provision of technical assistance for facilitating green investments.

Procurement activities supports the development, monitoring, evaluation and enforcement of environmental and climate policies and legislation, including the support to EU Member States for their implementation. The cumulated budget programme implementation rate for the 3 years is 100%.

In 2023, EUR 683 million of the LIFE 2022 budget have been awarded to 205 LIFE projects on climate change mitigation and adaptation, nature and biodiversity, renewables energy, energy efficiency, zero pollution and circular economy.

They include 10 strategic integrated projects that will support the implementation of air quality plan in Poland, addressing the issues of energy poverty, a pioneering cross-border climate change adaptation strategy in France and Spain, a climate change mitigation plan in Finland, a national water sector plan in Lithuania, a network of marine protected areas in Ireland, sustainable urban mobility plans in Bulgaria, a peatland strategy in Austria, etc.

In 2023, the calls for proposals were received with great interest confirmed both by the number of organisations involved (about 3 000 applicant organisations) as well as by the high number of submitted proposals (over 900 proposals received with about EUR 2 billion of total requested budget).

About EUR 1.4 billion of projects could not be financed in 2023 of the calls for proposals launched in 2022 because of the budget limitations. The large majority (about 40%) is under the circular economy and quality of life subprogramme – covering resource efficiency and zero pollution – followed by climate change mitigation and adaptation (18%), nature and biodiversity (10%) and clean energy transition (9%). The first data available on the results of the calls for proposals 2024 show that the situation is the same for the calls for proposals launched in 2023, with EUR 1.1 billion of projects that could not be financed under the various subprogrammes (above EUR 300 million each under circular economy and quality of life and clean energy transition and about EUR 250 million each under climate adaptation and mitigation and nature and biodiversity). Still these data do not include the results of the calls for proposals for the strategic integrated projects financed under the climate action mitigation and adaptation, nature and biodiversity and circular economy and quality of LIFE subprogrammes,

Considering the planned co-financing, they would have represented an overall investment amount on environmental and climate action of almost EUR 0.5 billion.

LIFE has confirmed its capacity to attract a wide range of applicants, both private organisations (about 63% of the total, of which 55% are private commercial organisations) and public organisations (36% of the total). The participation of public and private research institutes and higher education institutions is also noticeable (25% of the total).

- Under the circular economy and quality of life subprogramme, the programme co-financed projects in the area of resource efficiency, including circular economy (e.g. recovery of critical raw materials), and water resilience, and projects for a toxic-free environment, among others on clean air, water, soils and/or to reduce hazardous chemicals. They contribute to the zero pollution action plan or the circular economy action plan.
- LIFE provides a unique contribution to nature and biodiversity by funding projects, in particular in the areas of biodiversity, habitats and species, which primary objective is nature conservation. It has supported projects that contribute to the implementation of the EU birds and habitats directives, in particular the development and management of the Natura 2000 network, and the invasive alien species regulation; and to the objectives of the EU biodiversity strategy for 2030.
- Under the climate change mitigation and adaptation subprogramme, LIFE projects contribute to the climate neutrality and climate resilience objectives of the European Climate Law. In particular, the subprogramme co-finances projects that are demonstrating innovative approaches and best practices in several areas: renewable energy and energy efficiency; phase-out of F-gases; enhancing carbon removal through peatland restoration, carbon farming and durable harvested wood products; reducing greenhouse gas emissions in the sectors covered by the EU emissions trading system; the development and implementation of national energy and climate plans; climate resilience and nature-based solutions for adaptation in urban, rural and coastal areas; improving knowledge and capacity of public authorities and citizens on climate adaptation and mitigation. These projects contribute to, among other things, the objectives and targets of the repowerEU plan, the energy efficiency and renewable energy directives, the F-gases regulation, the land use, land-use change and forestry regulation, the effort-sharing regulation, the legislative proposal on a EU certification framework for carbon removals and the regulation on the governance of the energy union and climate action, along with the functioning of the EU emissions trading system and the EU climate adaptation strategy.
- Under the clean energy transition subprogramme, the calls for proposals targeted enabling and support actions in line with the implementation of the energy efficiency, renewable energy and energy transition legislation in the fit-for-55 package to deliver on the European Green Deal and the repowerEU plan to phase-out EU dependence on Russian fossil fuels imports. The clean energy transition subprogramme focuses in supporting capacity buildings, project development assistance, investment mobilisation and citizens' engagement in the energy transition. In this regard, among others, it supports the establishment of a one-stop shop for energy renovations, the deployment of energy communities, the modernisation of district heating systems, and the development and implementation of local and regional strategies and investment plans for the energy transition. In 2022, in line with the priority to phase-out fossil fuels use, the LIFE clean energy transition programme has strengthened its contribution to the area of decarbonisation of heating supply, by introducing topics specifically targeted to heat-pumps deployment and district heating system modernisation. In terms of the project portfolio, the clean energy transition subprogramme, under LIFE and precedent Horizon 2020 legacy frameworks, have now supported the establishment of over 41 one-stop shops for energy renovations accessible by over 190 million EU citizens, supported 750 renewable energy communities, developed over 700 local authorities sustainable energy and climate action plans and more than 200 investment plans, launched over 64 investment projects in energy efficiency and integrated renewables with a pipeline of EUR 1.75 billion, and supported Member States in their efforts to upskill building professionals through build up skills (14 active national roadmaps and networks).

In 2024, more than EUR 600 million will finance about 250 projects on nature and biodiversity (38% of the budget), on circular economy and zero pollution (25%), on climate change mitigation and adaptation (18%) and on sustainable energy (18%).

Approximately 3% of the budget will support technical assistance services for 'green solutions', where a lack of capacity to access funding is the main barrier for the large-scale deployment of a technology, approach or policy which has proven to be effective. This kind of support is implemented via different technical assistance facilities: by the European Investment Bank within the framework of InvestEU and by the Climate, Infrastructure and Environment Executive Agency through green assist.

The required payment funds will mainly be used to finance ongoing projects and relevant contracts. Most of the projects and contracts are multiannual and payments are made in instalments.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	441.1	438.0	553.3	439.4	453.3	474.0	493.0	3 292.0	61%
Biodiversity mainstreaming	353.3	382.6	357.1	378.1	379.7	403.1	433.5	2 687.4	49%
Clean air	128.7	138.0						266.6	5%

The contributions of the programme to climate mainstreaming and biodiversity for 2023 are estimates, as the bulk of the projects are under evaluation and have not started yet.

Given that the contributions to clean air, gender and digital economy are based on specific projects, data may only be available in the year *n* + 2.

In 2024 LIFE is expected to support about:

- 200 projects that will contribute to climate mainstreaming;
- 140 projects that will contribute to nature and biodiversity;
- 130 projects that will contribute to clean air.

The following projects contribute, for example, to climate mainstreaming.

- The LIFE + A_greenet project aims to reduce the vulnerability of cities along the coastline of the middle Adriatic Sea to rising temperatures and heatwaves. The project will seek to achieve this by implementing adaptation measures in urban areas and improving the governance and management of green areas through the development of supporting tools and participatory processes.
- The LIFE Reptes project aims to demonstrate a new circular model, applicable to wastewater treatment plants, that will integrate the production of biohydrogen from pre-treated lignocellulosic crop by-products and sludge from wastewater treatment plants by means of an innovative dark

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fermentation process. The fermented liquid stream will be used for biogas production through its use as an anaerobic digestion co-substrate.

The following projects contribute, for example, to nature and biodiversity.

- The LIFE restore for Mura-Drava-Danube Rivers project focuses on the conservation and restoration of the largest contiguous riparian forest system in the Danube River basin. For 5 years, 17 partners from Austria, Croatia, Hungary, Serbia and Slovenia will collaborate on the restoration of the largest riparian forest system in the Danube River basin, a biodiversity hotspot with over 5 000 animal species, including 70 different varieties of fish, and more than 1 500 plant species.
- The Woodmeadowlife project is restoring a significant proportion of the wooded meadows in Estonia and Latvia, to establish long-term arrangements and infrastructure on private land for their future management and to highlight their ecosystem services, ecological functions and unique heritage value.

The following projects contribute, for example, to clean air.

- The I-Share LIFE project contributes to the implementation of EU legislation on air quality. It demonstrates innovative electric car-sharing models to reduce air pollution and greenhouse gas emissions from passenger vehicles in small to medium-sized urban areas, namely in Bergamo, Como, Bollate and Busto Arsizio in Italy and Osijek in Croatia, each of which has 35 000 to 120 000 inhabitants.
- The LIFE green-stove project will produce an innovative pellet stove that can significantly reduce pollutant emissions and optimise the use of biomass as an alternative to fossil fuels for residential heating, providing 92% efficiency and cleaner combustion.

Taxonomy-relevant expenditure

The objectives of the LIFE programme are similar to the six environmental objectives defined in the taxonomy regulation. Most LIFE activities under all four subprogrammes aim to contribute to one or more of the environmental objectives set out in the taxonomy regulation, and could be taxonomy eligible, as they have direct and measurable environmental benefits.

Still, LIFE finances multiple activities- such as standard action projects, integrated projects, technical assistance, awareness-raising activities and access to justice - therefore it is necessary to differentiate the types of activities and their alignment with the taxonomy criteria.

While all of the activities financed follow the objectives of the taxonomy regulation, only standard action projects provide a substantial direct contribution to these objectives. Therefore, we will consider all standard action projects as a first approximation to LIFE expenditure that is relevant to taxonomy. Based on a high-level analysis, LIFE standard action projects are assumed to be compliant with the four criteria defined below.

LIFE focuses on supporting projects with the highest level of environmental ambition that aim either to substitute environmentally harmful activities or to decrease considerably the footprint of environmentally harmful activities that cannot be substituted. Therefore, it is reasonable to assume that all LIFE-funded projects go beyond compliance with environmental legislation and intend to operate at a substantial contribution level. Standard action projects implement concrete improvements at the regional or local level with a direct benefit, such as projects implementing new climate-neutral farming models, demonstrating innovative methods of large-scale underground energy storage or applying a new solution for the management of mixed plastic waste. Integrated projects have a more complex intervention logic, as they support Member States in the implementation of environmental plans and strategies. A project in Estonia

supports the implementation of the 2015-2021 river basin management plan of the East Estonia River Basin District, which will improve the status of surface and groundwater bodies and increase know-how and long-term capacity among all stakeholders involved. An integrated project in Slovenia supports the implementation of the EU waste framework directive, and aims to increase recycling rates and create more than 6 000 jobs relating to the circular economy and waste management. Since the integrated projects also create benefits that are not covered by the taxonomy regulation (implementation of legislation, increased stakeholder involvement), and the differentiation of the allocated budget is complicated, these have not been considered for the approximation of taxonomy-relevant expenditure.

All LIFE projects have to demonstrate that they do not significantly harm any of the other environmental objectives of the LIFE programme. LIFE projects are required to measure, against a defined baseline situation, their specific contributions to the environmental objectives of the taxonomy regulation.

Every project is carried out in compliance with the relevant law and regulations, thus they respect the minimum safeguards set out in the taxonomy regulation.

Based on this assessment, it is assumed that the standard action projects in the area of nature and biodiversity, circular economy and quality of life, climate mitigation and climate adaptation are taxonomy relevant. To fully understand the alignment with the taxonomy technical criteria, an analysis at project level would be necessary. This is complex, and is not possible under the current time and resource constraints.

To sum up, for the estimation of taxonomy-relevant expenditure under the LIFE programme, only standard action projects under the named subprogrammes are considered. These have direct and measurable benefits for the environmental objectives of the taxonomy regulation. Standard action projects that target climate and environment governance and information are not included. Furthermore, other project categories, such as technical assistance projects and operating grants, and all other projects, including coordination and support actions under clean energy transition, are not included.

Moreover, to avoid an overestimate, the amounts for strategic integrated and strategic nature projects will be excluded, given that they create benefits not covered under the taxonomy regulation.

LIFE contributions (EUR) to the following projects	**2021**	**2022**	**Total**
Standard action projects for climate change mitigation and adaptation, excluding climate governance and information projects	60 554 600	57 056 129	117 610 729
Standard action projects for nature and biodiversity, excluding governance and information projects	168 005 105	166 387 132	334 392 238
Standard action projects for resource efficiency, circular economy and zero pollution, excluding governance and information projects	93 163 702	92 629 138	185 792 841
Total amounts			**637 795 808**

The total amount of EU funding assumed to be taxonomy relevant is thus EUR 637 795 808 (based on data extracted from the European Climate, Infrastructure and Environment Executive Agency project dashboard on 19 March 2024).

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1	2.1	2.4	1.0	5.5
0*				
0	736.6	753.0	758.4	2 248.0

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

The LIFE programme does not directly target gender equality, since its main objective is linked to climate and environment spending. Still, a gender dimension is considered in some areas of intervention to identify how men and women relate to the environment and to climate action in different ways, thus addressing specific gender vulnerabilities (e.g. inherent to harmful chemicals such as endocrine disruptors and persistent organic pollutants).

The links between gender and chemicals are also outlined in the EU chemicals strategy for sustainability towards a toxic-free environment. Ongoing work in this area relates to the reinforcement of the legal framework – namely the regulation on the registration, evaluation, authorisation and restriction of chemicals and the classification, labelling and packaging regulation – to support innovation for safe and sustainable chemicals and to promote better knowledge of factors justifying a gender-differentiated approach in sound chemical management. Recurrent LIFE-funded activities are the annual forum on endocrine disruptors, meetings and round-table discussions on the implementation of the chemicals strategy for sustainability and other activities in the area of chemicals and their impact on health. Other ad hoc activities include the development of the inter-organization programme for the sound management of chemicals toolbox for decision-making in chemicals management and the EU common data platform on chemicals.

A gender perspective is also included, where relevant, at the project level, often as a component of multidimensional projects. For example, the project LIFE22-CET-TOP clever aims to empower construction professionals and workers with the skills needed to face the challenges of the whole-life carbon and circular approach throughout a building's life cycle, to also support the implementation of the level framework by all actors in the value chain. It will give a voice to female professionals and workers to raise awareness in relation to equal opportunities in the field.

Considering the level of granularity of the data, the limited size of the LIFE programme and its bottom-up approach, it is not appropriate to provide annual estimates of the project components contributing to gender equality in line with the principle of proportionality.

The above figures can therefore be considered a *de minimis* contribution.

Most key performance indicators under LIFE target natural resources and not people, such as the area of land on which soil quality is improving, increased efficiency in water management, improvements in waste management, reductions in the use of dangerous chemicals and additional annual renewable energy production. For those key performance indicators targeting people, numbers are collected at an aggregated level and differentiation between genders is difficult, for example population benefiting from an improvement in air quality, population benefiting from a reduction in noise pollution, population benefiting from a reduction in vulnerability to the adverse effects of climate change.

Generally, LIFE does not meet the conditions for either score 1 ('A firm commitment toward gender equality of the programme, which has positive effects *ex post*, proven by quantitative or qualitative analysis') or score 2 (the top-level ambition of the project/programme is to advance gender equality and/or women's empowerment), since its primary objective is climate action and the environment. It would therefore be appropriate to move to score 0.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	11.8	7.6		19.4	1%

- The digital perspective of the LIFE programme is essentially within the LIFE clean energy transition subprogramme, which supports coordination and initiatives to deploy smart solutions to advance the clean energy transition; increase energy efficiency in buildings and enterprises; and contribute to system-integrating energy services and smart technologies for energy management systems.
- This subprogramme supports actions in the area of the digitalisation of the energy system – in line with the EU action plan for the digitalisation of energy – in particular with regard to digital tools and data supporting decision-making for energy-efficiency-related interventions, for example in building renovation projects. More specifically, the selected projects support the reliability of the key instrument of energy performance certificates, their integration with the smart readiness indicator and the automated issuing and roll-out of the building renovation passport.
- As part of the 2021 LIFE clean energy transition call for proposals, five grant agreements were signed in relation to smart buildings and smart energy services for a total EU budget contribution of about EUR 11 million. As part of the 2022 LIFE clean energy transition call for proposals, four grant agreements were signed addressing smart buildings and digital solutions for energy performance certificates and building renovations for a total EU budget contribution of about EUR 7.6 million.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Population benefiting from an improvement in air quality	2.5 million	**17%**	4.6 million in 2030	2.9 million compared to a target of 4.6 million	On track
Reduction in greenhouse gas emissions	12 million	**18%**	16.5 million in 2030	12.8 million compared to a target of 16.5 million	On track
Population benefiting from a reduction in their	1.7 million	**> 100%**	3.1 million in 2030	3.4 million compared to a target of 3.1 million	Achieved

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vulnerability to the adverse effects of climate change					
Additional annual renewable energy production (gigawatts per year)	0	**18%**	4 463 in 2030	819 gigawatts compared to a target of 4 463	On track
Habitats where loss of biodiversity is being halted or reversed (hectares)	1.6 million	**29%**	3.1 million in 2030	2 million compared to a target of 3.1 million	On track
Additional annual primary energy savings (gigawatt per year)	0	33%	8 344 in 2030	2 739 compared to a target of 8 344	On track
Reduction in the production and use of dangerous chemicals	300 000	**26%**	543 121 in 2030	363 916 compared to a target of 543 121	On track
Area of land with improving soil quality	4 200	**47%**	7 500 in 2030	5 735 compared to a target of 7 500	On track

(*) % of target achieved by the end of 2023.

It was initially planned that reporting on the programme's performance would only start in 2025 with new data coming from the 2021 call for proposals. As most of the results are already available, it has been decided to bring this forward by 1 year, even if not all the results expected from the 2021 projects have been validated and are, thererefore, included.

The implementation of the programme is largely on track to reach its milestones and targets. For some indicators the results exceed the milestones. This is due to the number and/or scope of the financed projects, which go beyond expectations. The LIFE programme has a bottom-up approach, and the choice of projects (and their contribution to a specific indicator) cannot be defined in advance. If these data are confirmed in the coming years, the milestones and targets will need to be increased.

All LIFE projects provide a direct contribution to various aspects of the European Green Deal: from biodiversity to climate mitigation and adaptation, and from zero pollution to the clean energy transition.

While LIFE activities tackle certain problems directly on the ground, the programme's main impact is indirect through its catalytic role: support for small-scale actions intended to initiate, expand or accelerate sustainable production, distribution and consumption practices by supporting:

- the development and exchange of best practices and knowledge;
- the building up of capacities and the speeding up of the implementation of environmental and climate legislation and policies;
- the testing of small-scale technologies and solutions; and
- the mobilisation of funding from other sources.

The following LIFE activities make relevant contributions along these lines.

- The new green assist initiative has been designed to support capacity building and investment.
- Over 200 LIFE projects that began in 2023 are implementing innovative solutions on the ground to facilitate the shift towards a sustainable, circular, energy-efficient, renewable, energy-based, climate-neutral and climate-resilient economy and to protect, restore and improve the quality of the environment, including nature and biodiversity. This number includes projects that support the development and demonstration of innovative clean technologies, such as solar power and hydropower, thermal energy storage and heat pumps, contributing to the objectives of the proposed Strategic Technologies for Europe Platform.
- A total of 10 strategic integrated and strategic nature projects began in 2023. These projects are designed to support the implementation of plans and strategies required by EU legislation (e.g. air-quality plans, circular economy strategies, climate adaptation strategies) and to mobilise and coordinate additional funds coming from different sources, including national and private funding, to meet environmental and climate objectives.

Considering the various implementation periods, 200 000 hectares of land have been purchased across the EU under the nature and biodiversity subprogramme, which are now protected indefinitely.

The LIFE projects that started in 2023 are expected to contribute to the implementation of several EU legislative acts and policies on the environment, on climate action and on the clean energy transition. The projects will, for example, support the implementation of the zero-pollution action plan, the circular economy action plan, the EU birds and habitats directives, the invasive alien species regulation, the EU biodiversity strategy for 2030, the repowerEU plan, the energy efficiency, renewable energy and energy performance of buildings directives, the eco-design and energy labelling regulations, the F-gases regulation, the land use, land-use change and forestry regulation, the effort-sharing regulation, the legislative proposal on an EU certification framework for carbon removals and the regulation on the governance of the energy union and climate action, along with the functioning of the EU emissions trading system and the EU climate adaptation strategy.

Beyond projects, the LIFE programme financed several activities supporting the development of environmental, climate and energy legislation and policies, including the following.

- The repowerEU plan to phase out EU dependence on Russian fossil fuels imports by accelerating the clean energy transition.
- The implementation of the fit-for-55 climate and energy transition legislation and of the 2023 update of the integrated national energy and climate plans.
- The activities of the expert group supporting the development of methodologies for the certification of carbon removals, under the proposal for a regulation establishing an EU certification framework for carbon removals.

– The communication 'Securing our future Europe's – 2040 climate target and path to climate neutrality by 2050 building a sustainable, just and prosperous society', which recommended a 90% reduction in net greenhouse gas emissions by 2040, and the accompanying impact assessment on possible pathways to reach climate neutrality by 2050, which will inform the debate and the future legislative and policy choices.
– The communication 'Managing climate risks – Protecting people and prosperity', which set out how the EU and its Member States can prepare and implement policies to better anticipate, understand and address growing climate risks.
– The proposal for the new soil monitoring law, which provides a legal framework to help achieve healthy soils by 2050.
– The restriction of microplastics intentionally added to products, under the EU regulation on the registration, evaluation, authorisation and restriction of chemicals and the environmental standards to make food and feed industrial plants greener.
– One association agreement with non-EU countries was signed, with North Macedonia. Entities from that country, along with Iceland, Moldova and Ukraine, are eligible for funding under the LIFE programme.

Synergies in the LIFE programme with horizontal priorities and within the programme

The LIFE programme contributes to the political priorities of the European Green Deal. This is also demonstrated by its financial contribution to biodiversity and the climate target.

LIFE projects are encouraged to pursue a multipurpose approach with respect to the objectives of the programme. This is promoted through a bonus that rewards projects that demonstrate important synergies between the various areas of the programme and its subprogrammes.

As an example, the Vitisom LIFE project contributed to the protection of the environment and the reduction of carbon dioxide emissions, with positive impacts on biodiversity. The project aimed to introduce an innovative organic fertilisation system as a strategy to enhance vineyard soil protection. The project developed 'variable-rate technology' for organic fertilisation in vineyards. These also increase the carbon content of soil, and thus carbon sequestration. A range of environmental impacts was monitored, including the impact on the soil, the amount of greenhouse gas emissions produced and carbon dioxide flows into the atmosphere. The project team recorded increases in the organic matter in soils and a reduction in greenhouse gas emissions and nitrogen pollutants in the vineyards. Specifically, over a period of 5 years following the end of the project, the following results were forecast:

- a 30% reduction in the use of chemical fertilisers;
- a 20% reduction in the quantity of organic matter distributed in organic vineyards;
- a 5% average increase in organic matter in the soils;
- a 5% increase in soil biodiversity in terms of the presence of arthropods;
- a 10% reduction in emissions from vineyard soils in terms of carbon dioxide equivalent; and
- a 10% reduction in odour emissions from the distribution of fertilisers.

Several projects **reduce both greenhouse gas emissions and air pollution** (e.g. the CMCD project, the I-Share LIFE project).

Some projects address both **biodiversity conservation and the reduction of air pollution**. For example, LIFE Airfresh focuses on reforestation policies in cities and the creation of urban forests, which help biodiversity and reduce air pollution. By 2030, four reforested areas will contribute to enhancing biodiversity by providing habitat and food for pollinators and supporting native pollinator communities within cities. The City Biodiversity Index has already improved by + 2.4 compared to the 2020 baseline.

The following projects create synergy between **biodiversity and both climate mitigation and adaptation**: The integrated 'living rivers' project contributes to the implementation of the third river basin management plan for the Danube River by implementing measures to eliminate hydromorphological pressures and supporting ecological targets through the management of protected areas and sustainable forestry, land and fishery management. This will help, for example, to implement nature-based solutions and green infrastructure principles to increase climate resilience, improve water retention in the river basin, enhance biodiversity and reduce flood risk. The integrated 'waters of life' project aims to support the implementation of measures to protect and enhance high-status waters in Ireland. The project will focus on land-use pressures at a landscape- and catchment-wide scale, which may lead to a reduction in the amount of high-status waters. The integrated LIFE IP IRIS Austria project develops and implements river development and risk management concepts for flood protection and ecological river restoration. Pilot measures will remove four transverse structures and thus restore longitudinal continuity on a stretch of river about 85 km long. Improved water retention measures are applied over a 37 km stretch, and thus the risk of flooding will be reduced. Some 272 000 people will benefit from the project.

2014-2020 multiannual financial framework – LIFE

The 2014-2020 LIFE programme aims to facilitate the shift towards a sustainable, circular, energy-efficient, renewable energy-based, climate-neutral and climate-resilient economy. LIFE 2014-2020 has contributed to reduce greenhouse gas emissions and our vulnerability to the harmful effects of climate change to protect, restore and improve the quality of the environment – including air, water and soil – and to halt and reverse biodiversity loss. Moreover, it has tackled the degradation of ecosystems, including through supporting the implementation and management of the Natura 2000 network, thereby contributing to sustainable development.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	3 464.4	3 466.4	99.9%
Payments	2 223.4		64.1%

– The required payment funds will mainly be used to finance ongoing projects and relevant contracts. Most of the projects and contracts are multiannual and payments are made in instalments.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress	Target	Results	Assessment
Implementation of the seventh environment action programme	0	> 100% (*)	1 700 in 2020	2 999 interventions compared to a target of 1 700	Achieved
Population benefiting from improved air quality		> 100% (**)	1.4 million in 2020	1.9 million people compared to a target of 1.4 million	Achieved

(*) % of target achieved by the end of 2021.

(**) % of target achieved by the end of 2020.

- The programme is on track as regards the 2014-2020 activities, the implementation of which will continue during 2023.
- In terms of outputs, in the 2014-2020 period the LIFE programme financed more than 1 400 projects that have contributed to the European Green Deal by mainstreaming nature and biodiversity and/or zero pollution and/or circularity and/or climate action goals.
- About one third of these projects are developing, demonstrating and promoting innovative techniques and approaches to achieve synergies between climate neutrality/adaptation and zero pollution, biodiversity or circular economy goals, thus contributing to promote a holistic vision of the environment.
- With the 11 additional integrated projects financed in 2021, the total financing for integrated projects in LIFE 2014-2020 amounts to EUR 110 000 000. These projects should facilitate the coordinated use of more than EUR 10 billion of complementary funding. This implies that for each euro financed by the LIFE programme in the years 2014-2020, an additional EUR 90 is expected to be financed from other sources for the implementation of the targeted plans. Experience shows that the amount of additional funds mobilised by the integrated projects tends to increase during the project lifetime.
- In particular, the 2014-2020 LIFE programme has already exceeded the 2020 targets related to a large number of indicators. Figures could slightly change, following the validation of performance data for ongoing and recently completed projects.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	End poverty in all its forms everywhere	The LIFE programme does not aim to directly address poverty. However, some projects may include activities directed at not leaving anyone behind and/or to promote social justice in reaching climate neutrality.

SDG2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	In LIFE, the promotion of sustainable agriculture is pursued in the framework of the nature and biodiversity projects and in the projects pursuing resource efficiency, clean water and water savings, soils, carbon farming and climate adaptation solutions. An example is the LIFE Innocereal, awarded in 2022, it will facilitate connections between the links of the cereals value chain by creating certification systems for low emission production, demonstrating its benefits for all the supply chain, and increasing the final product's added value (bread, pasta, beer). In addition to increasing the production of cereals, LIFE Innocereal is expected to improve soil health and reduce greenhouse gas emissions, thanks to decreased CO_2 emissions as a result of 25% reduced use of nitrogenated fertilisers, 75% reduced use of phosphorous fertilisers, 45% reduced use of fossil fuels and a 50% decrease in herbicide use.
SDG3	Ensure healthy lives and promote well-being for all at all ages	LIFE funds projects that work on improving air quality and addressing specific air pollutants, and projects setting out solutions to heatwaves and other extreme weather events and their impacts on health. An example is the CityTRAQ project that will contribute to bringing together regional and local authorities to strengthen the capacity of local policymakers and to adopt adequate measures to improve air quality. The project aims to enhance the planning capacity of local and regional authorities through tools and processes identifying challenges and facilitating the development of solutions and policy plans. The project demonstrates the applicability of air quality traffic data, models and tools in diverse city use-cases and engages schools and the wider public in setting up monitoring networks to raise awareness.
SDG4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Recurrent activities in the LIFE funded projects include knowledge sharing, awareness raising and training activities, allowing to promote new sustainable practices and develop green skills. As an example, LIFE21-CET-BUILDSKILLS supported rebooting 13 Build-Up Skills National Platforms and Roadmaps for reskilling and upscaling building renovations workforce and professionals in line with the clean energy transition agenda. LIFE CET 2021 Build-Up Skills Call topic has financed 13 single-country projects in AT, BG, HR, CZ+SK, FR, EL, HU, IR, LT, NL, PL, RO, ES.
SDG5	Achieve gender equality and empower all women and girls	Some LIFE projects have a gender dimension, in particular linking with the One Health approach, and addressing environment and health.

SDG6	Ensure availability and sustainable management of water and sanitation for all	LIFE projects help to prevent pollution, ensure climate-resilient, sustainable use and management of water, and improve the ecological status of water bodies. For example the ongoing LIFE REMEMBRANCE project produces and commercialises safe and innovative granules and cartridges for the removal of PFAS from drinking water and at the same time recycles high-value industrial waste coming from the production of HFM filters. This project might help to find a method to eliminate water contamination by PFAS by up to 100%.
SDG7	Ensure access to affordable, reliable, sustainable, and modern energy for all	The LIFE programme 2021-2027 includes a dedicated subprogramme: LIFE clean energy transition. Moreover, some aspects of sustainable energy have been considered under the subprogrammes on circular economy and climate change mitigation and adaptation. An example is the 'one-stop shop' project, which will set up a comprehensive one-stop shop in Czechia for the renovation of residential buildings. It will stimulate demand for building renovations and energy performance improvements via a new comprehensive service covering the whole 'customer journey', from the pre-consultancy phase to monitoring. In addition, the project will launch an interactive online building renovation calculator, which will support homeowners in their building renovation design. The one-stop shop will work closely with local construction companies, architects, engineers and financiers to increase high quality building renovations. The project will also build expertise and provide training, primarily for blue-collar professionals. It will ultimately help dwellers to live in more energy efficient, warmer and comfortable homes. LIFE OwnYourSECAP aims to involve, train, and assist more than 110 municipalities and 1500 public officers in 11 counties for the implementation of Sustainable Energy and Climate Action Plan (SECAP). Such a plan for each municipality is key to climate and energy policy and are crucial to achieving local policy objectives, stakeholder, and citizen engagement, building capacity, and implementing carbon reduction measures. LIFE OwnYourSECAP supports the implementation of the plans via energy management systems, innovative engagement approaches, and training those responsible for action plans.

SDG8	Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all	LIFE is a catalyst for investments in innovative green businesses that will help generate more jobs, both directly and indirectly. An example is the LIFE CARBON2MINE, awarded in 2022, proposes an innovative solution to contribute to climate change mitigation, focusing on one of the most economically depressed regions in Europe: the Asturian mining areas, directly affected by coal mine closures and the phase out of coal power plants. In this context, CARBON2MINE will restore mining areas through silvicultural models that improve carbon storage and sequestration capacity, biodiversity, and the supply of ecosystem services in this territory. The project will also contribute to a cleaner energy production and circular economy by using forest biomass and studying new silvicultural models aimed at producing primary and secondary forest biomass and by incorporating combustion ashes (residues) from nearby bioenergy production processes as fertilisers to forest plantations. CARBON2MINE is expected to launch a new model of economic reactivation, based on the promotion of business activities framed within the forestry field with a remarkable capacity to generate employment, attract population and stimulate the local economy, particularly in rural areas. LIFE21-CET-AUDITS-AUDIT-TO-MEASURE: Leading business towards climate neutrality by speeding up the uptake of energy efficiency measures from the energy audits. The LIFE 2021 project Audit-to-Measure is one example for the LIFE CET projects focusing on energy efficiency in enterprises and on the uptake of energy audits recommendations, to advance toward climate neutrality and increase EU competitiveness via energy efficiency measures.
SDG9	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	LIFE promotes sustainable industry processes such as reduction of waste, water use, CO_2 emissions, etc. An example is the LIFE@F-Gases project that aims to validate at industrial scale a new technique for separating, by distillation, the molecules composing F-gases, thereby introducing the principle of circular economy for gases that are not reusable today. This project is also a good example of how LIFE can help to uptake research and innovation.
SDG10	Reduce inequalities within and among countries	The LIFE programme provides support adequate policies, laws and regulations are in place to prevent or redress environmental harms and to respond to the environment, climate and energy emergencies tackling economic and social injustice. An example is the LIFE21-CET-COALREGIONS-JUSTEM: Justice in Transition and Empowerment against energy poverty. The JUSTEM project awarded in 2021 is one example of the LIFE CET projects addressing specifically EU coal regions and their specific challenges to engage local communities and citizens in the just and clean energy transition, while taking attention to reduce inequalities.

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SDG11	Make cities and human settlements inclusive, safe, resilient and sustainable	LIFE supports cities in their ambitions towards better health, increased sustainability, or improved resiliency to climate change. Projects pursue different aims, ranging from improvements in air quality, including the transition to carbon neutrality, to sustainable management of water, to the integration of biodiversity conservation in urban landscape. The LIFE SNEAK project aims at the reduction of noise from roads in the densely populated urban area of Florence, where traffic noise and vibrations' combine to cause severe disturbance to the population. This will be achieved by means of low-noise/vibration surfaces and retrofitting solutions. The LIFE AIRFRESH project aims to estimate the air pollution (PM, NO2, CO2 and O3) removed by urban forests and shrubs in Florence (Italy) and Aix-en-Provence (France), using reforested test areas. The project, which is running until 2024, reforests two urban areas with 1000 tress and quantifies the benefits of urban forests. The main objective of the LIFECOOLCITY project, awarded in 2022, is to increase the resilience of Estonian and Latvian urban areas to extreme weather events by focusing on 4 specific objectives: nature-based solutions, digital change, quality of planning and engaged communities with skilled enablers. The project is expected to increase the adaptive capacity of at least 10 000 EU cities in 23 EU Member States by implementing two innovative IT systems for the management of blue-green infrastructure (BGI). The EUROPE system, based on satellite data, will be implemented in the 10 000 selected EU cities to develop ranking of the BGI status. The CITY system, based on airborne data, will be implemented in the city of Wroclaw to precisely identify areas with the highest priority for action, link them to most effective Nature-based Solutions (NBS) interventions and monitor their performance after implementation. Based on the CITY system's recommendations, the project will protect greenery, review management procedures and build blue-green infrastructures. The EUROPE and CITY systems will be commercialised and replicated during and after the project among the target group cities. The In-Plan project awarded in 2021 is instead one examples of the LIFE CET Local projects dedicated to cities and regions, for their designing and implementation of local transition plans. The In-Plan project in particular aims to bridge and integrate energy, climate, and spatial planning in cities. The 2021 CondoReno project is an example of support provided by LIFE CET for the deployment of Integrated Home Renovation Services/OSS for energy renovations of buildings, increasing energy efficiency and integrating renewable energy. CondoReno address the more challenging market of multi-apartment buildings renovations by deploying 4 OSS and developing two

		different models of services, one supported by local authorities and the other by market actors.
SDG12	Ensure sustainable consumption and production patterns	LIFE contributes to the shift towards a sustainable, circular, and climate-neutral economy by financing: innovative solutions to support value-added recycled materials, components, or products; the implementation of business and consumption models or solutions to support value chains, in particularly under the EU Action Plan for the Circular Economy; the identification, tracking, separation, prevention and decontamination of waste containing hazardous substances. An example is the CARBIP-LIFE project, which aims to demonstrate the industrial scale application of new, sustainably produced and circular composite aerogel-based insulation materials in the construction sector. In practice, the project demonstrates the system of insulated double walls, which are designed for disassembly. By demonstrating the application of new insulation materials, which are 100% recoverable upon deconstruction, the project supports circularity of the final product, while ensuring the use of products from natural sources of silica (including sand, olivine and bio-based resources), thus avoiding expensive and hazardous organosilanes, and saving energy during production. The LIFE-IP C-MARTLIFE project implements Flemish Waste Management policy, with a specific focus on accelerating and reinforcing the Plastics Action Plan. This will be achieved with innovative and effective approaches that prevent the loss of recyclable plastic in household and industrial waste, developing a strong collaboration between all waste stakeholders. The ongoing LIFE WASTE2BUILD project develops new circular construction and public works streams, and to prevent at source construction and public works waste based on local resources. This is done by using the levers of public ordering and refurbishment policies. The project sets up an innovative system to optimise resources and recover waste from the local construction and public works sector.

SDG13	Take urgent action to combat climate change and its impacts	Although all LIFE subprogrammes contribute to prevent and mitigate the adverse effects of climate change, one LIFE subprogramme is fully dedicated to climate change mitigation and adaptation. The clean energy transition subprogramme focuses specifically on fostering the transition to more sustainable forms of energy consumption. Given that 75% of greenhouse gas emitted in the EU coming from energy consumptions, clean energy transition is a most fundamental area to address climate change. An example is the LIFE Agrestic project aims to foster the adoption by EU farmers of innovative and efficient cropping systems that have a high potential for climate change mitigation. The project distributes innovative tools and knowledge for climate change ready and resource-efficient agriculture. The proposed experimentation includes the introduction of legumes and catch crops in the crop rotations and the introduction of a decision support system to ensure efficient management of the innovative crop rotations, with a focus on diminishing the use of external inputs (nitrogen fertilisers, pesticides, etc.) and non-renewable resources (soil and fuel). The expected results include reduced agricultural Greenhouse gas emissions by 167% of total CO2 equivalent at the pilot sites. The project 'people driven: adapting cities for tomorrow' aims at developing and testing an integrated approach to urban climate change adaptation that draws on the efforts of multiple stakeholders, including local government, citizens, universities and private actors, to more effectively implement Nature Based Solutions. The project will deploy Natura based solutions across several pilot and replication sites. It will develop and test a replicable method for engaging citizens and local stakeholders in the deployment of Natura based solutions. Furthermore, it develops a digital tool to facilitate, track, and analyse the uptake of NBS in citizens' private outdoor spaces.

SDG14	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	Established together with the Nature directives, the LIFE programme has among its core activities support for nature and biodiversity. Throughout the years, LIFE projects contributed to the identification and designation of both the marine and terrestrial Natura 2000 network, purchased tens of thousands of hectares of Europe's most rare and endangered habitat types and restored degraded ecosystems, safeguarded numerous species from extinction, ensured the recovery of many local and endemic species, supported practical measures on the ground to prevent, control and eradicate invasive alien species. An example is the LIFE project 'Mobile Marine Species', which aims to improve the conservation of four marine populations: 5 elasmobranchs, 4 marine mammals, 12 seabirds and 2 sea turtles and their representative species. These populations face similar threats that can only be effectively addressed jointly. The project aims to restore, or create 630 favourable nesting sites, and restore 200 ha of mudflats. It aims at protecting breeding population of seabirds from predation by non-native species. It aims as reducing the pressure of disturbance and reducing species mortality due to fishing gear. The project is supported by administrations, professionals, non-governmental organisations and scientists and involves 152 professional organisations and municipalities.

SDG15	Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	The LIFE programme plays a crucial role in helping Member States to achieve various targets of the EU biodiversity strategy for 2030. There are already numerous projects in place to assist in the recovery of highly threatened species and the restoration of thousands of hectares of degraded habitats. LIFE projects are also helping to identify 'high nature value' areas that are not yet protected, and ecological corridors needed to ensure connectivity between Natura 2000 sites, and to establish a consolidated trans-European nature network by 2030. Finally, the LIFE programme is delivering hundreds of kilometres of free-flowing rivers, planting hundreds of thousands of trees, working with stakeholders, building partnerships and increasing public awareness of the indispensable services that nature provides. An example is the Dinara back to LIFE, which aims to protect and restore dry grassland habitats and their characteristic species in Natura 2000 network sites in the Dinara mountains of Croatia. It connects nature conservation with socioeconomic development, and includes relevant stakeholders in planning for long-term grassland management. As expected results, the conservation status of target habitat types and species will become more favourable, technical guidelines for dry grassland restoration practices and sustainable management, and their implementation will be developed, positive impacts of controlled burning on dry grasslands will be demonstrated and generally the awareness will be raised for EU policy for nature protection and on biodiversity loss issues. Another example is the LIFE on Machair project, which aims at improving the conservation condition of Ireland's 'Machairs' habitat and the ecological conditions for breeding waders and pollinators within project sites. The project will employ an integrated management approach; provide education, guidance, and informed management policies for stakeholders, and deliver concrete conservation actions within a network of machair and wader Natura 2000 sites.
SDG16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	LIFE projects have increased the capacity of an EU network of environmental prosecutors to share information and develop best practice to tackle environmental crime. They have developed strategic partnerships and shared information relating to environmental prosecutions throughout the EU and the rest of the world.
SDG17		

JTM

JUST TRANSITION MECHANISM

Programme in a nutshell

Concrete examples of achievements

100%	Some 1 000	6	EUR 1.64 billion	EUR 14.5 million
of Just Transition Fund projects have already been selected in Malta.	stakeholders from Just Transition Fund regions take part biannually in the Just Transition Platform Conference organised by DG Regional and Urban Policy.	Member States (Czechia, Latvia, Poland, Portugal, Romania and Sweden) were the first beneficiaries to receive new technical assistance under the JTP Groundwork scheme in 2023.	under the Just Transition Fund will go to Czechia. Thanks to this funding, and the development of its territorial just transition plan, Czechia made the commitment to phase out coal by 2033.	was granted to Western Macedonia in Greece for the first project supported by the Public Sector Loan Facility, helping the region in its transition away from carbon-intensive activities.

Budget for 2021-2027

(million EUR)

Financial programming	8 **901.1**
NextGenerationEU	10 894.8
Decommitments made available again (*)	N/A
Contributions from other countries and entities	272.3
Total budget 2021-2027	**20 068.2**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The Just Transition Mechanism (JTM) was proposed as part of the European Green Deal investment plan to make sure that no one and no region is left behind in the transition to a climate-neutral economy. The primary goal of the mechanism is to provide support to the most negatively affected regions and people and to help alleviate the socioeconomic costs of the transition.

CHALLENGE

The transition towards climate neutrality will provide benefits and opportunities for the entire EU, but also greater socioeconomic challenges for some regions and sectors than for others.

The objective to support the people, economy and environment of territories facing economic and social transformation in their transition to a climate-neutral economy cannot be fully achieved by the Member States alone. There are many disparities between the levels of development and the financial resources of Member States and territories. There is also a need for a coherent implementation framework covering several EU funds under shared management to support this complex process. These objectives can be better achieved at the EU level.

MISSION

The mechanism aims at alleviating, for the most affected territories, the economic, environmental and social costs of the transition towards climate neutrality by 2050, thereby effectively ensuring that this key EU objective is achieved in an effective and fair manner.

OBJECTIVES

The mechanism is mainly established as part of the European Green Deal investment plan and within the framework of cohesion policy (for pillars I and III), the main EU policy instrument to reduce regional disparities and to address structural change in Europe's regions.

The mechanism aims at alleviating the economic and social cost of the transition towards climate neutrality. It has three pillars. The first is the Just Transition Fund (JTF). The second is the dedicated just transition scheme under InvestEU. The third is the Public Sector Loan Facility (PSLF).

It shares the objectives of cohesion policy in the specific context of the transition towards climate neutrality. While this is not an eligibility criterion, the resources from the mechanism should complement the other available resources.

The mechanism will contribute to a wide range of measures designed to promote public investment to foster sustainable development in the regions. The mix of actions will depend on the circumstances of the territory affected by the climate transition challenge outlined in the territorial just transition plans (TJTPs).

ACTIONS

The beneficiary territories to be supported by the mechanism have been identified in one or more TJTP, providing an outline of the transition process until 2030, which have been submitted by the Member States (and approved by the European Commission). These plans, steered by the European semester process, devote special attention to those territories expected to suffer the greatest job losses and to the transformation of industrial facilities with the highest greenhouse gas intensity. The plans detail the social, economic and environmental challenges and the needs, for example, for economic diversification and reskilling. By the end of 2023, all 27 Member States had their Tats adopted by the European Commission.

STRUCTURAL SET-UP OF THE PROGRAMME

The JTM has three pillars. The first is the JTF. The second is the dedicated just transition scheme under InvestEU. The third is the PSLF.

According to the JTF regulation, only areas identified for support in the TJTP included in the adopted programmes can receive support from pillar I, amounting to EUR 19.3 billion. It is implemented through shared management in close cooperation with national, regional and local authorities and stakeholders. This ensures ownership of the transition strategy and provides the tools and structures for an efficient management framework. The Directorate-General for Regional and Urban Policy leads on behalf of the Commission. The JTF resources could be reinforced on a voluntary basis with complementary funding from the European Regional Development Fund and the European Social Fund Plus. The respective amounts transferred from these funds should be consistent with the type of operations set out in the TJTP.

The second pillar of the mechanism is the dedicated just transition scheme under InvestEU and followed by Directorate-General for Economic and Financial Affairs. A portion of financing under InvestEU will focus on just transition objectives to support economically viable investments by private and public sector entities. The investments must be located in or be key to a JTM area and aligned with the just transition outlined in the relevant TJTP. Investment projects potentially eligible under the second pillar can have access to the InvestEU Advisory Hub and receive advisory support from the European Investment Bank.

The third pillar, the PSLF, consists of a combination of grants from the EU budget (up to EUR 1.3billion ([16])) and loans provided by the European Investment Bank (up to EUR 10 billion). The implementation of the

([16]) Allocation revised, see Council Regulation (EU, Euratom) 2024/765 of 29 February 2024.

grant component has been delegated by DG Regional and Urban Policy to the European Climate, Infrastructure and Environment Executive Agency. It is delivered in direct management by launching open calls for proposals. The facility specifically targets public entities, creating preferential lending conditions for projects that do not generate sufficient revenue to be financially viable.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



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LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The JTM is a new mechanism for the 2021-2027 multiannual financial framework. It addresses new types of challenges arising from the necessary climate transition.

FURTHER INFORMATION

- Programme website:
  - Just Transition Mechanism;
  - Just Transition Platform.
  -
- Relevant regulation:
  - *Regulation* (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the *Just Transition Fund;*
  - Regulation (EU) 2021/1229 of the European Parliament and of the Council of 14 July 2021 on the Public Sector Loan Facility under the Just Transition Mechanism.
- Evaluations:
  - *in 2025*, a midterm review of the JTF will be performed with regard to the specific objective set out in Article 2 of the JTF regulation and to the evolution in the implementation of the sustainable Europe investment plan;
  - an *interim* evaluation of the PSLF shall be performed by the end of June 2025 and a report on that interim evaluation shall be submitted to the European Parliament and to the Council.
- Reports adopted:
  - Report from the Commission to the European Parliament and the Council on the implementation of the Public Sector Loan Facility under the Just Transition Mechanism in 2022, as referred in Article 16 of Regulation (EU) 2021/1229;
  - Report from the Commission to the European Parliament and the Council on the implementation of the Public Sector Loan Facility under the Just Transition Mechanism in 2023, as referred in Article 16 of Regulation (EU) 2021/1229.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	3 979.5	1 437.9	1 560.2	1 585.7	1 611.8	1 337.2	1 364.3	8 901.1
NextGenerationEU	5.4	4 982.1	5 815.5	91.8	0.0	0.0	0.0	10 894.8
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	46.3	121.5	104.6	0.0	0.0	0.0	0.0	272.3
Total	4 031.2	6 541.5	7 480.3	1 677.5	1 611.8	1 337.2	1 364.3	20 068.2

(*) Only Article 15(3) of the financial regulation.



Financial programming:

+ EUR 198.3 million (+ 2%)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

Explanation of the legal basis

Regulation (EU) 2021/1056 establishing the JTF was adopted in 2021, together with Regulation (EU) 2021/1229 on the PSLF under the mechanism. To help Member States in drafting their TJTPs, the Commission published staff working document SWD(2021) 275.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	13 818.5	20 068.2	68.9%
Payments	290.9		1.4%

Voted budget implementation (million EUR) (*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	3.9	1 137.0	1.2	0.0
2022	1 419.1	1 159.7	1.5	1.3
2023	1 591.2	1 610.2	10.8	2.8

(*) Voted appropriations (C1) only.

Pillar I – the Just Transition Fund

By the end of 2023, the Commission adopted all JTF programmes submitted by the Member States. These include 70 TJTPs, which support 96 different territories. The implementation phase started directly after the mechanism programmes were adopted.

The TJTPs had to include a description of the transition process at the national level, and a demonstration of a negative impact at the level of the territory by 2030 or earlier. For coal regions, this impact had to be linked to the phase-out or scaling down of fossil fuel extraction or production. This was a condition for the approval of the plans. Without a demonstration of the transition process, the Commission services could not proceed with the adoption of the JTF programmes. The identification of the places most affected by the climate transition, the acceleration of the coal phase-out, and the discussion on just transition in the context of carbon-intensive industries would not have happened in the same way without the JTF. It is an emblematic example of place-based policy and instrument, the importance of which has been emphasised in the context of the war in Ukraine and forthcoming challenges. This model can also provide inspiration for similar initiatives.

The budget of the JTF consists of resources coming from the multiannual financial framework and from NextGenerationEU. The latter is a temporary recovery instrument, financed by borrowing on international capital markets, and has a limited time span: all NextGenerationEU resources (including for JTF) need to be paid out at the programme level by the end of 2026. Instead, JTF multiannual financial framework resources have a spending deadline of 2029

57% of the JTF comes from the NextGenerationEU budget creating spending pressure. Combined with delayed adoption of all 2021-2027 cohesion policy programmes (including the JTF) due to the COVID-19 pandemic, the war in Ukraine and the energy crisis, the current level of implementation of the JTF is low.

DG Regional and Urban Policy monitors the JTF implementation on regular basis (implementation issues, selection rate, total net payment rate, EU allocation etc.). The impact of JTF in achieving its objectives will be evaluated in the midterm review exercise in 2025. On the side of Member States, monitoring

committees established in the JTF territories monitor the implementation. They are composed of managing authorities and other types of stakeholders (non-governmental organisations, social partners, etc.).

As of the end of 2023, the Member States have selected operations amounting to 6.1% of their JTF allocation (EUR 1.6 billion). The implementation landscape varies noticeably among Member States, with six having selected operations for more than 20% of their allocation. As of 8 February 2024, total net payments (including pre-financing) of EUR 265 million were paid out (1.4% of the JTF allocation). While the overall selection rate is not high, it has shown steady progress. For example, the rate has doubled between the reporting of the Member States in October and December 2023 and for five Member States the rate is more than 30%, showing that a timely start is possible.

Pillar II – Just transition scheme under InvestEU (under the lead of DG Economic and Financial Affairs)

To implement pillar II under the JTM, a dedicated just transition scheme under the InvestEU programme is established to support investment to benefit the territories identified in TJTPs. The scheme focuses on economically viable investments aligned with just transition objectives. By the end of 2023, the European Investment Bank has not reported any advisory support provided to projects explicitly referring to the second pillar as potential future source of financing. The situation shall improve in 2024.

Pillar III – the Public Sector Loan Facility

The first call for proposals was launched in July 2022, when sufficient number of TJTPs had been adopted. The call has three cut-off dates per year and will remain open until 2025. A second call for proposals will be launched in 2026. The first grant agreement was signed in October 2023 to support Western Macedonia in its transition away from carbon intensive activities, such as lignite mining and its combustion in coal-fired power plants. Under the agreement, the PSLF offers a grant worth EUR14.5 million, which the European Investment Bank complements with a loan of EUR 58 million. The project will support financing sustainable investments worth EUR 80.7 million in total. In line with the European Council conclusions of 1 February 2024, and subject to the revised multiannual financial framework regulation ([17]), the Commission has submitted a proposal for a regulation on reallocations affecting indirectly managed instruments, including PSLF, as of 2025 ([18]).

Note on the consequences of the Russian war of aggression against Ukraine on the implementation and performance of the programmes.

The war in Ukraine asymmetrically impacts many European regions. In the short term, some Member States may need to increase coal consumption before switching to renewables to reduce dependence on Russian fossil fuels. This will not affect the implementation and performance of the mechanism, provided that the 2030 climate and energy targets are respected. The Member States outlined safeguards in their TJTPs ensuring that the short-term challenges do not affect the coal phase-out (without a meaningful transition process, there can be no support from the mechanism). Overall, the energy crisis is a call to the Member States for the acceleration of the EU transition to renewables to cut imports quickly while delivering on climate goals.

([17]) Council Regulation (EU, Euratom) 2024/765 of 29 February 2024.

([18]) Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) 2021/522, (EU) 2021/1057, (EU) 2021/1060, (EU) 2021/1139, (EU) 2021/1229, and (EU) 2021/1755 as regards the changes to the amounts of funds for certain programmes and funds.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	1.7	6 397.1	7 406.7	1 585.7	1 611.8	1 337.2	1 364.3	19 704.4	98%
Biodiversity mainstreaming	0.0	279.0	316.5	72.6	69.8	58.3	59.4	855.7	4%
Clean air	0.0	816.8	926.6	212.6	204.5	170.7	174	2 505.1	12%

Cohesion policy uses a categorisation information system to capture information on the thematic content of the 2021-2027 programmes. These multiannual thematic allocations are used to calculate the indicative share of investments under each annual commitment, as set out above. There are several tracking tools (e.g. climate, biodiversity, clean air, gender, digital).

The allocations to the various green budgeting objectives overlap to some extent. The amounts for each priority should not be directly aggregated, as that would result in double counting. Data stories on the Cohesion Open Data Platform present the data and the methods for tracking in more detail; see for example the climate tracking data story available on the platform.

In relation to the EU taxonomy of sustainable activities, the JTF directly helps to deal with the negative social, economic, environmental, demographic and health impacts of the climate transition. While all Member States can benefit from the JTF, funding is targeted at those regions most negatively affected by the transition towards climate neutrality. For these reasons the JTF is considered under climate tracking using a 100% climate coefficient for all allocations under the intervention fields.

Taking a more conservative approach in relation to the JTF assessment under the taxonomy for sustainable activities, we have used the cohesion policy funds system of 182 intervention fields, which have undergone an analysis of alignment with the taxonomy in the context of NextGenerationEU green-bond reporting. As a result of that analysis, groups of intervention fields were assessed as 'fully aligned', 'substantially aligned'/'partially aligned' or 'not covered'. This system is used under cohesion policy shared management as an alternative to project-based analysis, not least because of the burden of assessing tens of thousands of projects over a programme period. When applying the results of this assessment to the 2021-2027 JTF budget, the following financial amounts can be reported: EUR 4 billion is 'fully aligned', EUR 1.8 billion is 'substantially/partially aligned' and EUR 13.8 billion is 'not covered' (these are primary interventions to support economic diversification and the reskilling of workers).

In addition to climate tracking, the 'do no significant harm' principle was also applied by the managing authorities in the assessment of the investment priorities contained in the programmes before adoption. Member States are responsible for the implementation of this principle throughout the programming period. As part of programme implementation, managing authorities can define specific criteria for selecting operations to ensure compliance with the principle.

The JTM was launched with the objectives of turning the EU into a modern, resource-efficient and competitive economy and decoupling economic growth from resource use while eliminating net emissions of greenhouse gases by 2050. It ensures a just transition for all – leaving no person or region behind, thus contributing to the European Green Deal.

The JTM supports those regions facing the most serious socioeconomic challenges due to the transition process. These regions will need to phase out certain activities and restructure their industries. The JTF will support, for example, sustainable productive investments in small and medium-sized enterprises, the creation of new firms, environmental rehabilitation, investment in clean energy, the upskilling and reskilling of workers, job-search assistance, the active inclusion of jobseekers' programmes and the transformation of existing carbon-intensive installations, when these investments lead to substantial emission cuts and job protection. The JTF and the partnership principle embedded in cohesion policy gave impetus to debates across Europe about phasing out coal and preparing for this process, to prevent anyone being left behind. Thanks to the JTF, several Member States that did not have a specific plan to phase out coal have now committed to a specific timeline and accompanying measures.

By addressing the investment needs of the territories that are most negatively impacted by the transition towards a climate-neutral economy, the PSLF will provide a key contribution to mainstream climate action. It covers a wide range of sustainable investments, including in relation to biodiversity, provided that such investments contribute to meeting the development needs of territories that are caused by the transition towards the EU's 2030 climate target, as established in Regulation (EU) 2021/1119, and climate neutrality in the EU by 2050, as described in the TJTPs. The PSLF is implemented by a call for proposals. Therefore, its final contribution to climate, biodiversity and clean air is subject to the applications and to the support it receives.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2	0	49.8	56.5	**106.3**
1	0	1 770.6	2 008.5	**3 779.1**
0*	—	—	—	—
0	0	4 817.9	5 465.3	**10 283.2**

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

The JTM uses a categorisation information system, which focuses specifically on the gender equality dimension, to capture information on the gender contribution of the 2021-2027 programmes. These multiannual thematic allocations are used to calculate the indicative share of investments under each annual commitment as set out above.

Based on the adopted programmes, about 27% of the planned EU amounts will be used to support interventions the principal objective of which is to improve gender equality or interventions that have gender equality as an objective.

For the 2021-2027 period, the gender tracking data story available on the Cohesion Open Data Platform presents cohesion policy support for gender equality in more detail.

Gender-disaggregated information.

No data are available for gender disaggregation. All JTF programmes have to describe the social impact of the transition to climate neutrality: how it is primarily linked to employment, with direct consequences for the livelihoods of households and families, social exclusion and gender implications.

As regards the first pillar, the mechanism aims to ensure that the transition to a climate-neutral economy happens in a fair way, leaving no one behind, regardless of gender and age. TJTPs should, where relevant, address demographic challenges (including on gender) in the regions affected by the transition. Mechanism investments (e.g. in reskilling and upskilling and the diversification of the economy) should consider the equal treatment of all genders. Moreover, the regions will receive technical assistance under the JTP to ensure that challenges relating to the gender dimension of the just transition process are tackled.

For the third pillar, the contribution to gender equality is specifically mentioned in the application form that applicants have to complete. Among other things, applicants are asked to explain the project's impact on gender equality and how they will approach this issue. They also have to explain how the project helps to fill gender gaps that may be linked to the just transition, how the activities will contribute to improving the situation and how it will contribute to the promotion and advancement of gender equality and non-discrimination mainstreaming. For each proposal, the elements will be analysed by the Commission as part of the assessment of the 'relevance and impact' award criteria.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of the total envelope
Digital contribution	0	848.2	962.2	1 810.4	13%

Addressing the impacts of the transition towards a climate-neutral economy also means digitalisation. In 2023, more than EUR 950 million was invested in digitalisation, including for the digitalisation of public and private services, with a special focus on small and medium-sized enterprises (business development and internationalisation, including productive investments, e-commerce, digital innovation hubs and digital processes) and on innovation clusters, including businesses, research organisations and public authorities and business networks.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Enterprises supported	0	**0%**	39 242 in 2029	No results	No data
Additional production capacity for renewable energy	0	**0%**	12 019 megawatts in 2029	No results	No data
Additional capacity for waste recycling	0	**0%**	1.5 million tonnes per year in 2029	No results	No data
Jobs created in supported entities	0	**0%**	62 938 in 2029	No results	No data
Annual users of new or modernised public transport	0	**0%**	28 million in 2029	No results	No data
Overall investment mobilised	0	**NA**	No target	No results	N/A
Number of projects receiving financing under the facility	0	**NA**	No target	No results	N/A
Greenhouse gas emissions reduced, where relevant	0	**NA**	No target	No results	N/A

(*) % of target achieved by the end of 2023.

By the end of 2023, the Commission had adopted all JTF programmes submitted by the Member States. In total, 96 regions, involving all of the Member States, are receiving support from the fund through 70 plans. With the adoption of all TJTPs by December 2023, the programming of the JTF has been completed, and efforts are now focusing on implementation. The TJTPs had to include a description of the transition process at the national level and a demonstration of a negative impact at the level of the territory by 2030 or earlier. Without a demonstration of the transition process, the Commission services could not proceed with the adoption of the JTF programmes.

Since the JTF includes resources from NextGenerationEU, a temporary recovery instrument with a limited time span (all NextGenerationEU resources need to be paid out at the programme level by the end of 2026), there is little time for its implementation. Where just transition regions need support, the Commission provides technical and advisory support through the JTP under the technical assistance schemes JTP groundwork and JTPeers exchange, launched in February 2023, for example for project identification and development, and capacity-building for regional and local administrations; building governance mechanisms for TJTP implementation; ensuring stakeholder engagement and mobilisation; and deployment of awareness-raising campaigns or engagement in cross-border cooperation with other transition regions.

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Additionally, the Commission will apply, for pillar I, the '*n* + 3' rule to decommit the amounts that have not been used for pre-financing or for which a payment application has not been submitted by 31 December of the third calendar year following the year of the budget commitments. To avoid decommitment at *n* + 3, managing authorities are already taking steps to launch calls and select projects. Thanks to the Strategic Technologies for Europe Platform allowing Member States to make use of a one-off increase in pre-financing (30%) for the priorities dedicated to the platform's objectives, the decommitment risk can be further reduced. This pre-financing will in fact apply to all JTF resources automatically, given the strong links of the fund with Strategic Technologies for Europe Platform objectives. The Commission will disburse EUR 5.9 billion in JTF pre-financing and will thus provide managing authorities with greater liquidity and flexibility for project implementation, without a need for programme amendment.

Concerning the PSLF, its first call for proposals was launched in July 2022. Due to the early stage of implementation of the facility, it is not yet possible to report about the specific results of projects. However, the first grant was signed in October 2023 for an amount of EUR 14.5 million. Additional projects have been selected for funding by the European Commission for an amount representing up to EUR 118.3 million, and their corresponding grant agreements will be signed once the European Investment Bank confirms its intention to provide loans for these projects. More projects are currently under assessment and are expected to be submitted in time for the next submission deadlines of the facility's call for proposals. In line with the PSLF regulation, its impact will be evaluated in a midterm evaluation by mid 2025 and a final evaluation by the end of 2031, in particular regarding the extent to which the facility contributed to environmental objectives. PSLF-supported projects are monitored by the European Climate, Infrastructure and Environment Executive Agency. The regulation includes key performance indicators on the number of projects supporting environmental objectives and greenhouse gas emission reductions.
Coherence between the JTF and the PSLF, two pillars of the JTM, is first and foremost ensured through the TJTPs, which indicate how the Member States intend to make use of both pillars in the eligible territories. As the three pillars of the JTM support the same territories, synergies are expected to emerge between the pillars' respective investments when implementation is more advanced. At this point, there have been synergies in the field of awareness raising / communication (both pillars discussed during JTM media trips) and technical assistance (support from the European Investment Bank's joint assistance to support projects in European regions programme for the development of the project pipeline for JTF screening projects that could be submitted to the PSLF).

Sustainable development goals

Contribution to the sustainable development goals

The PSLF does not have quantitative data to share yet, the implementation period of its first project only started in October 2023.

SDG	Does the programme contribute to the goal?	Example

SDG1	X	No poverty: In Romanian counties: Dolj, Galați, Gorj, Hunedoara, Mureş and Prahova, the JTF's support of EUR 2.14 billion will invest in renewable and clean energy technologies, such as hydrogen, to combat energy poverty.
SDG2		
SDG3	X	Good health and well-being: In Romania, the JTF will support, for example, the rehabilitation of brown fields in the mining sector and the rehabilitation of abandoned industrial sites by creating new green spaces contributing to well-being of citizens (such as parks, commercial and residential areas for social housing).
SDG4	X	Quality education: One of the main goals of JTF investments is to support workers in the coal and carbon intensive industries with extensive training programmes for up- and reskilling to the new green sectors and to be prepared for the economic diversification planned for the regions. In Czechia, in the Karlovarsky region, over 1 000 jobs are related to polluting power generation activities. It is the least developed region in Czechia but has a potential for the development of small and medium businesses. To make sure the industrial transition in this region is benefitting everyone, the JTF will support entrepreneurs by helping to re- and upskill workers. In Poland, in the Silesia region, the JTF will invest in the training of 100 000 workers many of whom currently work in the fossil fuels sector and equip them with new skills to work in renewable and climate neutral industries. 27 000 new jobs are expected to be created in Silesia directly as a result of the measures. In the Wielkopolska region, the JTF is to support training and reskilling activities for 5 500 workers in the lignite industry.
SDG5	X	Gender equality: The TJTPs often make reference to women's lower participation in the labour market and point to the need for quality childcare services. The TJTPs of Greece, for example, includes investments in infrastructure to enable childcare services and elderly care. A large part of the funds (20.4% of the total EUR 1.63 billion) will strengthen human resources and the skills of the workforce in the areas most affected by the transition process and promote employment as well as skilling-upskilling-reskilling, for example among women.
SDG6		

SDG7	X	Affordable and clean energy: In Poland, to help reduce energy bills and to allow citizens to benefit from stable, ecological, and affordable energy sources, the JTF will invest in Western Małopolska in the energy efficiency of public buildings and of housing, including by supporting home insulation, rooftop solar installations, and heat pumps. The JTF invests EUR 2.4 billion in Silesia and Western Małopolska. In Czechia, the Moravskoslezsky region (the biggest coal-mining region) faces several challenges related to the environment, especially air pollution, and groundwater contamination due to industrial activities. The JTF will therefore invest in decontamination and support the region's coal phase-out. Investments are planned in the area of energy storage and energy research. Czechia will receive EUR 1.64 billion for JTF. In Greece, the PSLF will support the Western Macedonia region to increase energy efficiency of public infrastructure, to reduce energy cost, using low consumption lamps (LED) for road lighting, and to increase solar energy production.
SDG8	X	Decent work and economic growth: In Czechia, in Ustecky region, 80% of Czechia's lignite (or brown coal) is extracted. There are over 5000 coal-related jobs, four coal mines, the largest Czech coal fired power plants and a high concentration of chemical industry firms. The JTF will support investments to transform the economy into one based on renewable energy sources and a circular economy.
SDG9	X	Industry, innovation and infrastructure: In Austria, JTF will create employment and mitigate job losses linked to the green transition. This will be done by investing EUR 76 million in the development of new business models and sustainable green business areas proactively accompanying companies in their transition process. JTF will finance advisory services to local small and medium-sized enterprises and start-ups (incubation, acceleration, related infrastructure investments) and local start-up ecosystems. This includes strengthening already established incubators, building new incubation capacities with a focus on green business models, and improving access to incubation capacities (e.g. in cooperation with tertiary education and research institutions). In Belgium, the fund will allocate around EUR 14 million for research and innovation activities.

SDG10	X	Reduced inequalities: JTF has been launched to leave no-one behind and tackle inequalities in EU regions most hardly hit by the transition towards climate-neutrality. In 27 Member States, the JTF will support particularly the most impacted workers and regions by investing in new job opportunities, training and skilling for workers and their families to benefit from the economic diversification that will be offered by renewables and modern businesses and industry.
SDG11	X	Sustainable cities and communities: In Belgium, three cities Tournai, Mons, and Charleroi will receive JTF support to be more sustainable and move towards clean energy production, namely by the replacement of fossil fuels by renewable hydrogen and biomethane. EUR 40 million will be dedicated to renewable energy, and about EUR 68 million to energy efficiency.
SDG12	X	Responsible consumption and production: In Romania, the JTF will support with EUR 2.14 billion economic diversification by financing the establishment of small and medium-sized enterprises in sectors that promote responsible consumption and production, for example, circular economy, traditional activities like crafts, or the production of environmentally friendly construction materials.
SDG13	X	Climate action: 27 Member States are supported by JTF to mitigate socio-economic consequences of transition process towards climate-neutrality. For instance, in Poland EUR 3.85 billion under the JTF is to support a just climate transition in the coal regions of Silesia, Małopolska, Wielkopolska, Lower Silesia and Łódzkie.
SDG14		
SDG15	X	Life on land: In Silesia, Poland, the investments made with support of JTF are to restore environmental damage from the mining activities. The JTF will also invest in rehabilitation and decontamination of 2 800 ha of post mining areas in line with the polluter pays principle.
SDG16		
SDG17		

AMIF

ASYLUM, MIGRATION AND INTEGRATION FUND

Programme in a nutshell

Concrete examples of achievements

53 490 places in reception accommodation infrastructure were set up in line with the EU *acquis* between 2014 and 2023.	94 032 people were trained in asylum-related topics between 2014 and 2023.	189 203 people participated in pre-departure measures between 2014 and 2023.	112 530 people were resettled between 2014 and 2023.
444 097 returnees had their return co-financed by the fund between 2014 and 2023.			

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming (**)	10 982.5
NextGenerationEU	0.0

Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0
Total budget 2021-2027	**10 982.5**

(*) Only Article 15(3) of the financial regulation.

(**) Totals excluding the contributions from AMIF to the BMVI and the ISF under Article 26 of the common provisions regulation (Regulation (EU) 2021/1060).

Rationale and design of the programme

The Asylum, Migration and Integration Fund (AMIF) promotes the efficient management of migration flows and the implementation, strengthening and development of a common approach to asylum and immigration in the EU.

CHALLENGE

The EU has faced a very large, and growing, number of asylum seekers and migrants in recent years, most recently Russia's unprovoked war of aggression against Ukraine has caused the largest forced displacement of people in Europe since the Second World War. The continued pressure on the routes across the Mediterranean and the Western Balkans has also added to the challenge of increased migratory flows. The EU budget has supported efforts to manage these inflows and effective returns. Nevertheless, as confirmed by regular reports on the delivery of EU migration policy, there is still much to be done to reduce the incentives for irregular migration.

The challenges in the areas of asylum and migration are by their nature interlinked, transnational phenomena, and cannot be adequately addressed by Member States acting alone. Together with the integrated management of the EU's external borders, the completion of a Common European Asylum System is the most effective way to share these responsibilities and their financial implications between Member States fairly. EU funding in the area of integration of non-EU nationals is indispensable to increase the quality of support for newcomers in the early stages after their arrival. This is crucial in order to ensure their full inclusion in EU society in the long run, if they receive permanent protection.

MISSION

The programme aims to further boost national capacities and improve procedures for migration management, and to enhance solidarity and responsibility sharing between Member States, including by meeting urgent and specific needs in situation.

OBJECTIVES

The programme pursues the following specific objectives.

– To strengthen and develop all aspects of the Common European Asylum System, including its external dimension.

– To support legal migration to the Member States, including by contributing to the integration of non-EU nationals.

– To contribute to countering irregular migration and ensuring the effectiveness of return and readmission in non-EU countries.

– To enhance solidarity and the sharing of responsibility between the Member States, in particular towards those most affected by migration and asylum challenges, including through practical cooperation.

ACTIONS

The programme supports a broad range of actions in line with EU migration policy. This includes, in particular:

– ensuring the uniform application of the EU *acquis* and of the priorities related to the Common European Asylum System, legal migration and return;

– providing support and services consistent with the status and the needs of the people concerned, in particular vulnerable groups;

– supporting resettlement, humanitarian admission and transfers of applicants for and beneficiaries of international protection;

– supporting the development and implementation of policies promoting legal migration, such as the development of mobility schemes to the EU and raising awareness of the appropriate legal channels for immigration;

– supporting integration measures tailored to the needs of non-EU nationals and early integration programmes focusing on education, language and other training (such as civic orientation courses and professional guidance) to prepare their active participation in and their acceptance by the receiving society;

– supporting infrastructure for the reception of non-EU nationals, including the possible joint use of such facilities by more than one Member State;

– supporting an integrated and coordinated approach to return management at the EU and Member State levels, developing capacities for effective and sustainable return and reducing incentives for irregular migration;

– supporting assisted voluntary return and reintegration;

– cooperating with non-EU countries on asylum, legal migration and countering irregular migration, and on effective return and readmission for the purpose of managing migration.

STRUCTURAL SET-UP OF THE PROGRAMME

The programme addresses the evolving migratory challenges and that makes it a key instrument in realising the EU's objective of constituting an area of freedom, security, and justice under Article 67(2) of the Treaty on the Functioning of the European Union, which is an area of shared competence between the EU and the Member States as stated in the Article 4 of the treaty. The programme emphasises the principle of solidarity and fair sharing of responsibility between the Member States, in line with the principle established in Article 80 of the treaty.

Since the programme's overarching objective of effective management of migration flows across the EU which can be more effectively and be better achieved at the EU level than with Member States acting alone, the programme is based on the principle of subsidiary as set out in Article 5 of the Treaty on European Union. The importance of a coordinated approach to migration by the EU and the Member States was already reflected in the European Agenda on Migration the EU presented in 2015, which stressed the need for a consistent and clear common policy on migration.

The programme supports actions that focus on target groups within the scope of Articles 78 and 79 of the Treaty on the Functioning of the European Union, such as non-EU nationals requiring and/or applying for international protection, displaced persons, persons residing without authorisation, victims of human trafficking and non-EU nationals residing legally in the EU and in need of support for integration.

The programme supports the implementation of and is complemented by EU activities with an impact on developments in the policy area such as the Pact on Migration and Asylum, the 2021-2027 action plan on integration and inclusion and the EU strategy on voluntary return and reintegration.

In terms of integration of non-EU nationals, to achieve the greatest EU added value and to ensure the consistency of the EU's response, actions financed under the programme need be consistent with and complementary to actions financed under other EU instruments, in particular external instruments, the European Social Fund Plus and the European Regional Development Fund.

Stronger cooperation with key partner countries in migration is also essential in effective migration management. In that context, funding can be provided mainly by external instruments such as the Neighbourhood, Development, and International Cooperation Instrument.

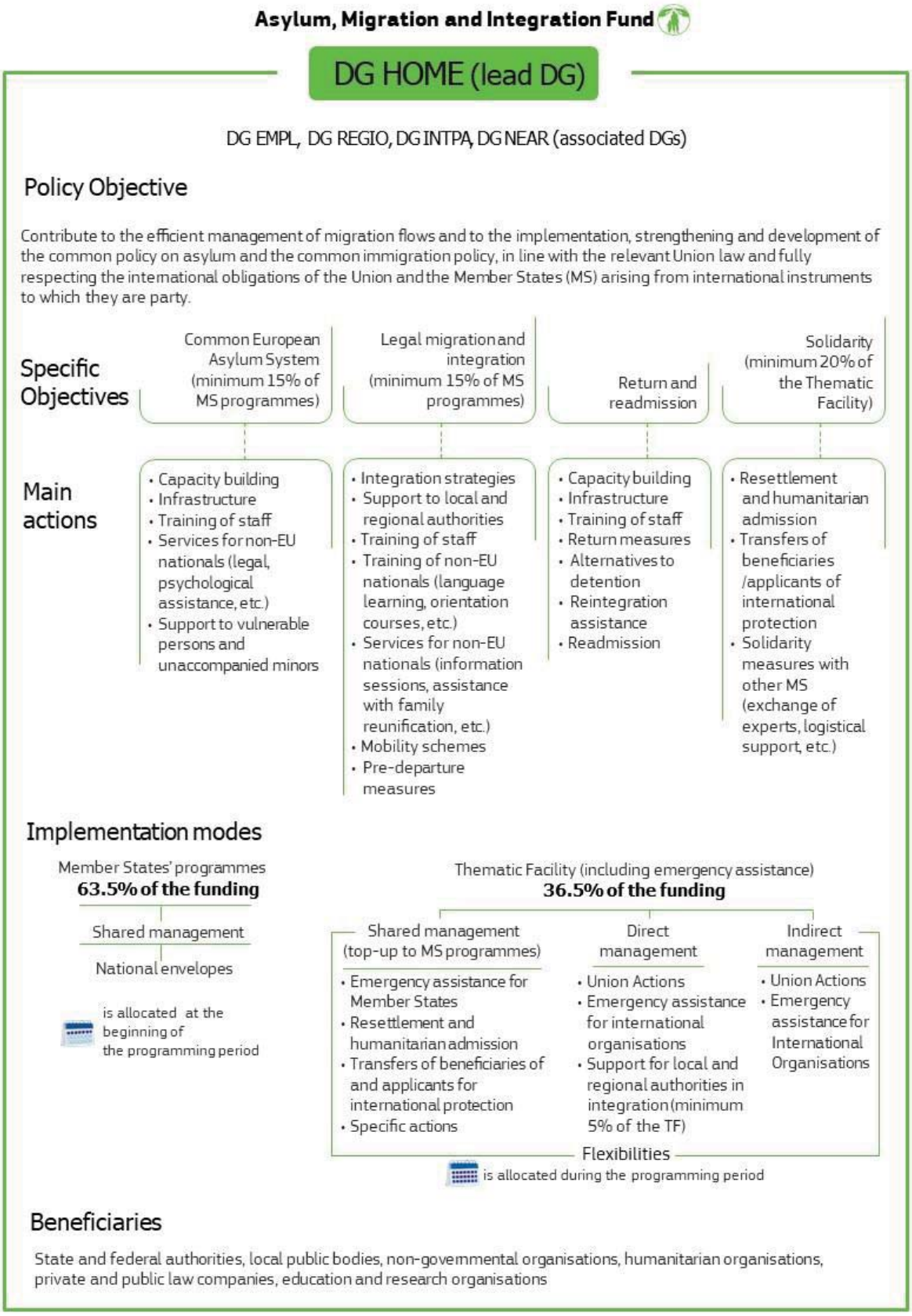
The programme is implemented under shared, direct, and indirect management. The largest share of the resources (57%) is allocated to the Member States' programmes under shared management. The remaining share (43%) is allocated to the Thematic Facility ([19]), a financial instrument programmed by the Commission. Funding allocated to the Thematic Facility can be used for specific actions (shared management) implemented by the Member States nationally or transnationally, EU actions (direct/indirect management), emergency assistance (shared, or direct or indirect management), transfers of beneficiaries of and applicants for international protection (shared management), resettlement (shared management) and the support to the European Migration Network (direct management). With the Thematic Facility, funds can be allocated to emerging or unforeseen needs and steered towards the changing EU priorities and evolving challenges. Technical assistance at the initiative of the Commission will be implemented by direct management.

The legal basis of the programme is Regulation ((EU) 2021/1147) of the European Parliament and of the Council Establishing the Asylum, Migration, and Integration Fund. Since the programme is mainly implemented through shared management, it is partially covered by the common provisions regulation (Regulation (EU) 2021/1060).

DG Migration and Home Affairs closely coordinates with DG Employment, Social Affairs and Inclusion, DG Maritime Affairs and Fisheries and DG Regional and Urban Policy. In relation to the external dimension, DG Migration and Home Affairs closely coordinates with DG Neighbourhood and Enlargement Negotiations, DG International Partnerships, and the Service for Foreign Policy Instruments.

([19]) Total amount of EUR 11.0 billion minus national programmes' allocation in the legal basis.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



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LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The programme builds on the successful implementation of and lessons learnt from the Asylum, Migration and Integration Fund under the 2014-2020 multiannual financial framework. It maintains its external dimension while ensuring more safeguards. It also introduces more flexibility through the new Thematic Facility, which enables funding to be allocated to emerging or unforeseen needs (via a mix of shared, direct and indirect management), to steer the funds towards changing EU priorities and pressing challenges. The midterm evaluation of the programme started in March, and is to be finalised by the end of 2024. It will build upon the early findings of the *ex post* evaluation of the 2014-2020 programme, to be finalised in the first semester of 2025.

FURTHER INFORMATION

- Programme website:
    - AMIF.
- Impact assessment: the impact assessment of the programme was carried out in 2018. For further information please consult: https://europa.eu/!xU94BD.
- Relevant regulation:
    - Regulation (EU) 2021/1147 of the European Parliament and of the Council.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming (**)	497.6	1 398.7	1 484.3	1 507.9	1 883.7	2 083.5	2 126.8	10 982.5
NextGeneration EU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	2021	2022	2023	2024	2025	2026	2027	Total
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**497.6**	**1 398.7**	**1 484.3**	**1 507.9**	**1 883.7**	**2 083.5**	**2**	**10 982.5**

(*) Only Article 15(3) of the financial regulation.

(**) Totals excluding the contributions from AMIF to the BMVI and the ISF under Article 26 of the common provisions regulation (Regulation (EU) 2021/1060).



Financial programming:

+ EUR 1 051.9 million (+ 13%)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

The initial financial programming for the AMIF of EUR 9.882 billion was affected by further modifications. On one hand, a total of EUR 4.3 million under the initial AMIF allocation were transferred to other shared management funds through CPR article 26 (i.e. EUR 1.1 to BMVI; EUR 3.2 to ISF). The fund was also reduced by EUR 48.1 million to finance various legislative initiatives concerning DG Migration and Home Affairs agencies. On the other hand, the AMIF was reinforced by EUR 64 million in the context of different draft budget procedures 2021-2024, the fund also absorbed EUR 57.1 million of unused appropriations from the agencies. Finally, the fund was reinforced by a transfer from the SEAR Emergency Reserve of EUR 74 million and a transfer of EUR 100 million from the Heading's margin. In 2024, the fund was reinforced by EUR 810 million coming from the midterm revision of the multiannual financial framework.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	3 379.7	10 982.5	30.8%
Payments	1 613.7		14.7%

Voted budget implementation (million EUR) ([1]):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	496.8	873.3	44.9	361.8
2022	1 390.9	1 119.5	776.1	679.8
2023	1 484.2	1 454.3	764.4	728.9

(*) Voted appropriations (C1) only.(*) Voted appropriations (C1) only.

- For the Member States' programmes, due to the delays in the adoption of the legal basis for 2021-2027 and the time needed for the programming procedure, shared management programmes were formally approved only in the last quarter in 2022. The EU actions financed from the programme are also implemented through the Thematic Facility covered by the multiannual work programmes for 2021-2022 and 2023-2025.
- The EU actions are part of the Thematic Facility covered by the multiannual work programmes, now for 2023-2025. The programmed initiatives will be implemented evenly throughout the period with calls for proposals regularly published to support transnational actions in migrants' integration via legal pathways, integration of women, children and victims of trafficking, labour market integration and integration through local and regional networks as well information and awareness raising campaigns along the main migratory routes.
- As regards the voted budget in 2021, the difference between EUR 873.3 million of the initial commitments and EUR 496.8 million of implementation is mainly the result of the adjustment of the multiannual financial framework (i.e. reprogramming of 2021 shared management appropriation due to the delay of adoption of Member States programmes: EUR 397.4 million was spread equally over period 2022-2025);
- In addition, the Fund was reinforced by EUR 21.7 million through a Budgetary Authority transfer in the context of instrumentalisation of migrants and pressure of border crossings from Belarus. The voted budget commitment appropriations were allocated to the first Thematic Facility work programme.

– The invasion of Ukraine by Russia on 24 February 2022 led to a large arrival into several EU Member States of displaced people from Ukraine. This has placed renewed pressure on the financial resources of Member States to deal with urgent migration management needs. While the increased migratory pressure is already being felt acutely in the Member States that share a land border with Ukraine, the needs are spreading further afield throughout the whole territory of the EU and will persist in 2024. In addition to the financial opportunities linked to the programmes of the 2014-2020 programming period, new programmes 2021-2027 and the Thematic Facility with the Emergency Assistance and Support to Member States under Pressure, should provide support to meet needs stemming from the Ukrainian crisis.

– The Commission committed to mobilise EUR 400 million for Emergency assistance during the Global pledging event 'Stand Up for Ukraine' of 9 April 2022 to support the exceptional efforts of Member States in addressing the needs of the beneficiaries of the temporary protection directive. The EU contribution mainly supported the Member States in the reinforcement of their first reception systems, capacity to manage the external borders and capacity to bridge first reception and early integration. The overall objective was to support the efforts of the Member States most affected by the unprecedented flows of displaced people from Ukraine. In this context the programme and underlying Emergency Assistance were reinforced in 2022 by EUR 181.7 million in commitment appropriations and EUR 150 million in payment appropriations via an amending budget and autonomous transfer by the Commission.

– The support offered by the fund across the three management modes in 2023 was particularly aimed at coping with the heightened pressure at the EU external borders, steadily increasing levels of asylum applications filed (over 1 million in 2023, up by 20% compared to 2022 and more than double 2021 and 2020 levels) as well as continuing needs of Temporary Protection beneficiaries residing in EU Member States.

– The pressure on asylum and integration seems to be reflected in the financial progress as per the information transmitted on the Member State programmes. Overall, implementation on the ground has started to gain momentum, with one third of the resources of Member State programmes being allocated to operations selected for support, although most of them are not concluded yet. Compared with the indicative allocations in the programmes, progress is particularly noticeable for operations on reception conditions and children in migration (almost EUR 600 million allocated, nearly 60% of the initial indicative allocation). Marked progress is also clear on operations concerned with civic orientation, one-stop-shops and training for early integration of non-EU nationals (almost EUR 400 million allocated). Operations targeting vulnerable persons, including accompanied minors, also show rapid progress (at over 50% of the initial indicative allocation).

– The implementation of the thematic facility was also aimed at coping with the above trends. EU actions for the Member States under pressure and specific actions continued to address reception capacity needs for Member States hosting large numbers of Temporary Protection Beneficiaries. In addition, the call for proposals in the area of integration was concluded, with 28 grants signed or under signature. EMAS actions launched in 2022 to support the Member states most affected by the mass arrival of displaced persons from Ukraine came to a conclusion and final payment in 2023. Further EMAS projects have been carried out in 2023 in connection to the 'Safe Homes' initiative as well as in response to the Emergency Situation in Lampedusa. The implementation of the thematic facility also ensured continued support to the European Migration Network

– As regards the voted budget in 2022, the difference between EUR 1 119.5 million of the initial commitments and EUR 1 390.9 million ([20]) of implementation is the result of the adjustment

([20]) The figure is higher than the voted budget due to reprogramming, the Ukrainian crisis and carry-over of 2021 funds.

of the multiannual financial framework for year 2022 (EUR 99.3 million was added from 2021 reprogramming), reinforcement of EUR 179.9 million due to the Ukrainian crisis and carry-over of EUR 7.8 million from a programme not adopted on time.

– As regards the voted budget in 2023, the difference between EUR 1 454.3 million of the initial commitments and EUR 1 484.2 million of implementation is the result of the reinforcement of EUR 30 million of resettlement component.

– As for the implementation of voted budget commitment appropriations in 2023, they were committed to the initial allocations under the Member States' programmes and the first Thematic Facility work programme. In case of payment appropriations, they were used mainly for the pre-financing and interim payments under the Member States' programmes, EU actions, European Migration Network, emergency assistance and Member States under pressure. The envisaged use of voted budget for 2024 appropriations will cover initial allocations to Member States (EUR 969.9 million), Thematic Facility amounts for specific actions, EU actions, EMN, EMAS, Relocation and Resettlement (EUR 533.9 million), and expenditure for technical assistance (EUR 4.3 million).

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR)

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	0.0	0.0	0.0					0.0	0%
Biodiversity mainstreaming									
Clean air									

– In line with the EU's commitment to work towards achieving the United Nations sustainable development goals, the programme regulation commits (with no specific programme target) to contributing to the EU's goal of spending at least 30% of the total amount of the EU budget on supporting climate objectives and its ambition to spend 7.5% of the annual EU budget on biodiversity in 2024 and 10% in both 2026 and 2027, while considering the existing overlaps between climate and biodiversity goals.

– This could happen, for example, by focusing on green procurement regarding infrastructure assets / information technology systems – subject to specific provisions ensuring the choice of products/services that reduce the climate impact by applying the best available technologies, the use of renewable energy in buildings, enhanced isolation, etc. For the time being there are no strict conditions set for national programming or project selection, but Member States are encouraged to prioritise environmentally friendly actions.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1				
0*	496.8	1 390.9	1 484.2	3 371.9
0				

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender-disaggregated information.

- Indicators relating to individuals (be they staff, volunteers or non-EU nationals) are disaggregated by gender.
- Looking at the gender disaggregation of the main result indicators, women participants tend to represent a larger share of the staff trained who considered the training useful and who report that they are using the skills acquired 3 months after the training (over 60%).
- There is a slight prevalence of women participants over men in relation to the indicators on the application for long-term-residence status and for the recognition of skills and qualifications.
- In the area of returns, the results predominantly concern men (about 70%).
- Resettlement shows an almost identical distribution of women and men, as does the indicator on participants who have improved their language skills.
- Non-binary participants represent 5% of those admitted through humanitarian admission, with percentages below 1% for the other indicators.

– The programme is committed to the horizontal approach of the EU budget, in which equality between women and men, rights and equal opportunities for all and the mainstreaming of these objectives should be considered and promoted throughout the preparation, implementation and monitoring of relevant programmes, as stipulated in Article 6 of the programme regulation (Regulation (EU) 2021/1147).

– In the broader context, to receive payments from the Commission, the Member States' programmes for DG Migration and Home Affairs funds will have to comply with several horizontal enabling conditions, one of which concerns the effective application and implementation of the EU Charter of Fundamental Rights, including the equality of men and women. The horizontal enabling conditions must be fulfilled throughout the entire

programming period, and Member States must report on their application to the programme monitoring committee and the Commission.

– The programme regulation specifically stipulates that eligible actions need to consider the human-rights-based approach to the protection of migrants, refugees and asylum seekers and should, in particular, ensure that special attention is paid to, and a dedicated response is provided for, the specific situation of vulnerable persons, in particular women, unaccompanied minors and victims of trafficking in human beings. At this stage it is considered that all types of actions supported by the programme may have the potential to impact gender equality. Therefore, the whole amount (initial voted budget) is equivalent to a gender score of 0*, comprising both direct and shared management.

– In the context of the midterm evaluations, which are currently being carried out and are expected to be finalised by the end of 2024, the potential to affect the gender equality of specific types of intervention will be examined in greater detail – and the gender score may be subject to variation.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution					

It is considered that activities under the following specific objectives of the programme may partially contribute to the goal of digital transition:

– strengthening the common European asylum system;

– strengthening and developing legal migration to the Member States;

– contributing to countering irregular migration.

However, since the legal basis for the 2021-2027 multiannual financial framework and the programme regulation did not envisage that expenditure contributing to the goal of digital transition should be tracked, it is not possible to develop a tracking methodology to estimate the amount of such expenditure.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Number of people placed in alternatives to detention	0	NA	9 320 in 2029	No results	On track
Number of participants in language courses who have improved their proficiency level in the host-country language upon leaving the language course by at least one level in the common European framework of the reference for languages or the national equivalent	0	1.4%	379 442 in 2029	5 476 compared to a target of 379 442	On track
Number of participants who have applied for long-term status	0	0%	40 156 in 2029	87 compared to a target of 40 156	On track
Number of returnees voluntarily returned	0	7%	255 226 in 2029	18 115 compared to a target of 255 226	On track
Number of returnees who have been removed	0	0%	269 541 in 2029	112 compared to a target of 269 541	On track
Number of applicants for and beneficiaries of international protection transferred from one Member State to another	0	1%	3 000 in 2029	43 compared to a target of 3 000	On track

Number of people resettled	0	29%	69 164 in 2029	20 199 compared to a target of 69 164	On track
Number of people admitted through humanitarian admission	0	41%	46 025 in 2029	19 096 compared to a target of 46 025	On track

(*) % of target achieved by the end of 2023.

NB: Due to the concurrent development of several reporting modules for the Member States in the SFC2021 data exchange system, in 2023 the Commission was not in a position to provide the 2022 results. This has been corrected in the 2024 reporting.

- The approval of the Member State programmes for 2021-2027, which represent the bulk of the resources of the programme, took place in the last quarter of 2022, in line with the timing of most programmes covered by the common provisions regulation (Regulation (EU) 2021/1060).
- By the end of 2023, it was not yet possible to carry out any meaningful assessment of the progress towards achieving the milestones and targets only recently established by the Member States ([21]), with just 1 full year of implementation of the Member State programmes. However, as outlined in the budget implementation section, progress was visible in 2023 from a financial perspective and in relation to the results of operations funded via the Thematic Facility. Overall, operations were selected by the managing authorities across both specific objectives, for a total cost that amounted to over 36% of the Member State programmes' allocations.
- Overall, in 2023, Member States focused on launching calls for proposals, selecting operations and working on resettlement, humanitarian admission and relocation. As outlined below, reporting on output and result indicators has started for most indicators ([22]), although it is expected to gain momentum at a slightly later stage, especially for the result indicators, once the number of operations being completed reaches cruising speed.
- Under specific objective 1, on the Common European Asylum System, the rate of selection of operations is rather high, at 44% of the total allocation of Member State programmes, witnessing the significant needs of the Member States in this area. The first achievements recorded relate to non-EU nationals supported, including almost 13 000 vulnerable individuals, but also to the number of staff trained, which amounts to more than 4 000. Additionally, 750 reception places for unaccompanied minors were created on top of 1 159 places refurbished in line with the EU *acquis*.
- Under specific objective 2, on legal migration and integration, more than 280 000 non-EU nationals have already been supported in their early integration, including temporary protection

([21]) As is standard practice for shared management programmes and in line with the legal framework, the milestones and targets have been established by the Member States based on their strategy and needs assessment, and in line with the available resources indicatively planned in the programmes across predefined types of interventions. The Member States are indeed best placed to tailor the design of the programme to their national context and needs. The methodology for target setting was shared with the Commission, which also provided methodological advice to the Member States. The milestones, targets and related methodology can be adjusted during the programming period in duly justified cases, such as a revision of the programme's strategy, relevant external contextual factors and changes in the distribution or volume of the available resources, and following a review by the Commission. An overall assessment of the relevance of the strategy and its targets compared to the evolving needs at both the Member State and the EU level will be part of the midterm evaluation of the programme.

([22]) The performance assessment section is based on the latest available data for the key performance indicators. For those indicators that are based on the data transmitted by the Member States in the Annual Implementation Reports, the cut off date is 2022. This is clarified in the meta data annexed to the Programme Performance Statements, and due to the fact that information on the achievements in 2023 will only be included in the Final Implementation Reports, due by the end of 2024.

beneficiaries fleeing from Ukraine. Longer-term results are expected to take longer to materialise, but over 5 000 participants have improved their language skills by at least one level of the common European framework of reference for languages, and almost 20 000 participants have reported that the activity was helpful for their integration.

- Under specific objective 3, on combating irregular migration, more than 18 000 returnees have returned voluntarily with the support of the fund and almost 5 000 have received reintegration assistance.
- Under specific objective 4, on solidarity among Member States, a significant number of resettlements and humanitarian admissions (almost 40 000) have already taken place.
- As of 2023, there was no clear indication of issues with the implementation of the programmes that suggest that the targets of certain indicators will not be met. However, the impact of external factors, such as the general increase in prices or the significant changes in the needs given the geopolitical situation, along with difficulties with the initial target setting, may lead to duly justified changes to the targets estimated in 2021. A few Member States also report certain problems with their programmes leading to delayed reporting on achievements, along with constraints on administrative capacity due to the overlap of the programming periods, the need to adjust to the new legislative framework and the finalisation of agreements with international organisations. Managing authorities have in any event put in place solutions to address such issues.
- Importantly, the adoption of the New Pact on Migration and Asylum and the related midterm review of the multiannual financial framework is expected to be accompanied by a change in the targets for operations benefiting from the additional allocations. The strengthening of the legal framework is also a factor that could favourably affect the performance – and more broadly the effectiveness – of the support provided under the AMIF. The ultimate impact on the targets and the progress of the Member State programmes towards them will become clearer after the adoption of the Commission's and the Member States' implementation plans, and will be monitored as part of the amendments to the programmes.
- Overall, the implementation of the programme will inevitably be affected by the energy crisis and the general increase in prices, which vastly exceeded expectations in many Member States. Continued pressure on resources could result in a lower level of achievement of the key performance indicators or a need to revise the original strategy, but could also influence the implementation of transnational actions. For the EU actions in particular, this pressure may be exacerbated due to the use of fixed unit rates for certain types of costs. Despite a partial revision of the underlying legal framework, these rates remain unfavourable, and they may result in insufficient coverage of the real expenditure by the organisations involved in implementing the actions. This, in turn, leads to reduced participation in 2023 calls for proposals, along with project activities that need to be removed from the scope of existing support, having become financially non-viable. Cost increases appear to affect the building sector in particular, with repercussions on the development and maintenance of the reception infrastructure.
- As regards direct management, in view of their specific nature and legislative objectives, the performance of transnational EU actions cannot fully be captured by the key performance indicators, but they effectively complement the implementation of the policy objectives at the national level through Member States' programmes by developing policy analysis and innovation, transnational mutual learning and partnerships, and by testing new initiatives and actions across the EU. Sixteen actions financed under the 2021-2022 Thematic Facility in the area of information and awareness-raising campaigns and support for the victims of trafficking in human beings started in 2023, and their results are expected to be communicated to the Commission in 2025. For the 2023-2025 Thematic Facility, calls for proposals of strategic importance for

integration of non-EU nationals were published and evaluated in 2023. Thirty highly valuable transnational actions awarded under this call are starting in 2024.

- The Thematic Facility has also financed grants for the national contact points of the European Migration Network, which have a pivotal role in the implementation of the efficient management of migration by the Member States.
- The performance of actions concluded in 2023 to provide emergency assistance to the Member States most affected by the mass arrival of displaced persons from Ukraine was examined positively, with beneficiaries achieving the established targets. As mentioned in the budget implementation section, the programme provided essential and timely support to strengthen the capacity to address the most immediate needs of the displaced persons, including information and administrative support, shelter and temporary accommodation, food, basic material assistance, transport and special assistance for vulnerable individuals. In agreement with the Commission, a list of performance indicators and supporting evidence was specified in the grant agreements.

2014-2020 multiannual financial framework – Asylum, Migration and Integration Fund

The programme is achieving its objectives, especially considering the volatile and challenging migration situation throughout the 2014-2020 period. The programme provides the financial means to push forward the EU's agenda on migration. The Commission is working to establish a comprehensive approach on this agenda, developing legislative proposals to establish and improve common EU action, and monitoring and enforcing the correct implementation of applicable rules by the Member States.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	7 585.4	7 595.0	99.9%
Payments	6 537.8		86.1%

- Given the acute migration and border management needs arising from the invasion of Ukraine, the Commission proposed an initiative, which was adopted in April 2022, to increase flexibility and to facilitate access to unspent funding under the home affairs funds for the 2014-2020 programmes (including this programme). The legal act also extended the implementation period of 2014-2020 funds by 1 year, i.e. up to 30 June 2024. The funding can be used, for instance, to cover elements such as shelter, food, and healthcare, including through additional personnel. At the end of 2023, for the national programmes only, an absorption rate of 89.20% of the total envelope of the fund had been reached, meaning that the Member States actually spent and used EUR 4.08 billion of the EUR 4.58 billion allocated under the national programmes over the 2014-2020 period. By 31 December 2024, the Member States are expected to submit their final accounts for period ended 30 June 2024. The latest Annual Implementation Reports from Member States, covering the 2022 financial year, indicated that the possibility to redirect unspent resources towards the most compelling priorities was indeed used to cope with the exceptional pressure put on the reception systems by the Russian aggression in Ukraine and related mass arrival of displaced persons.
- Over the last few years, the national programmes have been revised several times to provide financing for: the resettlement (2017, 2019, 2021), return (2017, 2018) and measures implementing the EU action plan on the integration of non-EU nationals (2017, 2018), and to reflect the outcome of the midterm review exercise.
- Implementation in 2020 and 2021 was marked by the effort to address the impact of the COVID-19 pandemic, which led to some delays in project implementation and procurement processes, especially in projects where the final beneficiary needs face-to-face interaction with the target audience (asylum, integration, return, relocation and resettlement) and in connection with travel restrictions. Also, there was an increase in mitigating measures in the

co-financing rates, due to the extension of the duration of projects, with content adaptations or modifications.

– AMIF emergency assistance allocated to Member States relating to the 2014-2020 multiannual financial framework reached EUR 2.4 billion, of which EUR 2.2 million had been paid out at the end of 2023.

– As regards direct management, in 2022, most projects selected under the 2017 and 2018 annual work programme were closed, while those from 2019 and 2020 have reached cruising speed. The projects' implementation is continuously monitored to ensure they continue brining value, and their performance is in line with the objectives of the Fund.

– An *ex post* evaluation of the 2014-2020 AMIF is being carried out and is expected to be finalised by mid 2025.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Asylum – people provided with assistance	0	**> 100%**	1.3 million in 2022	3.5 million compared to a target of 1.3 million	Achieved
New/improved reception accommodation infrastructures	0	**> 100%**	51 028 in 2022	51 581 compared to a target of 51 028	Achieved
Number of people resettled	0	**85%**	108 860 in 2022	92 627 compared to a target of 108 860	On track
Integration of non-EU nationals – number of beneficiaries	0	**> 100%**	2.6 million in 2022	10 million (**) compared to a target of 2.6 million	Achieved
Integration of non-EU nationals – local, regional and national actions	0	**> 100%**	7 443 in 2022	15 709 compared to a target of 7 443	Achieved
Co-financed returns – total (number of people)	0	**70%**	612 400 in 2022	425 870 compared to a target of 612 400	Moderate Progress
Co-financed returns – voluntary (number of people)	0	**78%**	297 930 in 2022	232 782 compared to a target of 297 930	Moderate Progress
Asylum seekers and beneficiaries	0	**93%**	38 703 in 2022	36 065 compared to a target of 38 703	On track

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transferred from one Member State to another	

(*) % of target achieved by the end of 2023.

(**) This number includes support offered to people displaced from Ukraine.

- The programme focused on the three areas: asylum schemes, migration and integration. Whereas in the first year a stronger focus was placed on asylum schemes, for example via resettlement and relocation, the latter years focused increasingly on legal migration and integration.
- In terms of the overall programme performance, most of the indicators set out for the programme have achieved their targets or are on track to do so by the end of the programming period, which was extended by one year due to the Russian war of aggression to Ukraine. Some difficulties remain visible in the returns area, which was particularly affected in the last three years by COVID-19-related travel restrictions. Differences in performance across Member States also exist, either due to changes in the existing needs, specific implementation issues and the impact of inflation. In 2022, the flexibility provided by the revised regulation to use unspent resources allowed several Member States to increase their efforts on first reception and early integration to offer crucial support in view of the mass arrival of displaced people from Ukraine.
- On the strengthening of the Common European Asylum System, the number of asylum applications continued to increase in 2023, surpassing the threshold of 1 million first time applicants, more than double the average by over 60% in 2022, on top of a 30% increase between 2020 and 2021. The figures surpassed pre-pandemic levels after a drop that was largely driven by COVID-19 and the related travel restrictions. Member States have been therefore confronted with a markedly increasing pressure on their reception systems in 2022. As regards the programme actions, in 2022 the fund provided over 3 million people ([23]) in target groups with asylum assistance, exceeding its target of 1.26 million, and nearly 90 thousand people were trained in asylum-related topics compared to a target of approximately 25 thousand. Inflation is reported as a factor particularly impacting the building sector and the possibility to further improve the performance of the indicators related to new or improved accommodation infrastructures. However, Member States made use of the flexibility provided by the revised regulation to cope with the joint effect of increased prices and increases in demand of reception services due to the Russian war of aggression against Ukraine. In addition, as described in the section covering the implementation of the 2021-2027 programme, emergency assistance ([24]) was used to reinforce the efforts of the Member States most affected by the mass arrival of displaced people from Ukraine to offer first reception services.
- On effective integration and legal migration, the Commission supports the Member States in integrating non-EU nationals through the use of EU funding, some of which is provided by the programme and the rest by the European Structural and Investment Funds. Under the programme's national programmes, the target of 2.6 million people having participated in integration assistance projects was greatly exceeded. In particular, in 2022, a marked increase was measured in the volume of assistance provided, as a testimony of the efforts of the

([23]) In the case of person-related indicators, it is possible that the same individual receiving support under different operations or in different years, is counted multiple times.

([24]) Emergency assistance is the Commission's main tool for providing urgent and specific support in emergency situations.

Member States to offer early integration support to displaced people from Ukraine. However, as regards the number of persons who participated in pre-departure measures, the results fell below the target set (176 998 people supported versus a target of 240 920). Reaching the targets depends on the Member States and their estimates, with some exceeding their targets and others still at a distance from them. Travel restrictions and delays due to COVID-19 also played a role, and so did the fact that sometimes, based on national strategies, similar measures are offered upon arrival and are therefore not captured by this indicator.

– On effective return policies, with migrants who have no right to stay in the EU needing to be returned, the area needs further improvement and additional efforts, which will depend on better cooperation from non-EU countries and on Member States' effectiveness in implementing returns. As from 2020, the rate of effective return from the EU-27 to non-EU countries dropped significantly, reflecting that actual return operations were affected by COVID-19 related travel restrictions whereas return decisions were much less affected during COVID-19. Despite some progress, return-related indicators directly linked to the support provided by AMIF are also not fully on track to achieve their targets. The Commission put forward a number of new initiatives to improve the effectiveness of return policies, including its first strategy on voluntary returns and reintegration ([25]), additional cooperation with key countries of origin and the strengthening of flights coordinated by the European Border and Coast Guard Agency (up by approximately 50%). Furthermore, in March 2022, the Commission appointed a Return Coordinator in DG Migration and Home Affairs. Based on the reporting from the Member States, travel restrictions continued to affect the volume of returns especially in the first part of 2022, with lasting effects on the cumulative values achieved.

– On strengthening solidarity and sharing responsibilities between Member States, several Member States, notably Greece, Spain and Italy, have benefited from emergency assistance from the programme. The number of relocations supported by the AMIF across the different management modes is on track to achieve its target.

– The main lessons learned during the 2014-2020 programming period include the following:

    • there has been insufficient cooperation, coordination and strategic steering in the implementation of the programme with other EU-level initiatives;

    • there is a need for simplification;

    • there is insufficient flexibility to respond to changing needs during the programming period;

    • there is a need to strengthen the quality of performance monitoring, with more regular and reliable data for the result indicators.

– These lessons learned are being fed into the programming and implementation of the 2021-2027 programmes.

([25]) COM(2021) 120 final of 27.4.2021.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3	yes	'The children's rights check digital – improved quality for sheltering refugee children' Project objective. The project aims to improve reception and accommodation conditions for refugee children and their families. To achieve this, accommodation operators and authorities need to be able to evaluate the accommodation situation. Children, parents and professionals can be interviewed digitally easily with the Child Rights Check. To this end, the previous child rights check tool will be further developed as a digital self-evaluation tool.
SDG4	yes	Project: SchlaUA – The best of both Project objective. The project aims to provide Ukrainian students with a Ukrainian degree in Munich (Atestat Pro Povnu Zagal'nu Serednyu Osvitu). This is done in cooperation with two partner schools in Ternopil, the education authority there and the Ministry of Science and Education of Ukraine.
SDG5		
SDG6		
SDG7		
SDG8		
SDG9		

SDG10	yes	Humcore – humanitarian corridors integration pathways: fostering better integration opportunities for people in need of protection through strengthened private sponsorship schemes (1.12.2021-31.5.2024) This project aims at fostering integration of non-EU nationals in need of protection thanks to actions aimed at improving the procedures and practices of the Humanitarian Corridors (HC), a Private Sponsorship Scheme operating since 2016. By involving eight EU Member States and combining the review analysis of the aspects of humanitarian corridors specifically linked to integration with capacity building activities addressed to the sponsors, it aims to get an enhanced Scheme offering better integration. It evolves towards a major spreading of corridors into the wider EU, also engaging countries not yet implementing them, but interested by migration as well, from different sectors. Humcore is structured around following objectives and outputs: introduction of more efficient solutions, with the final goal to get improved integration paths for the beneficiaries; a participatory action research, based on available data and follow-up on the past implementation of the HC, and on comparative and qualitative studies; capacity building on the implementation of the Scheme, to expand knowledge among the Sponsors and involve new countries and beneficiaries, multiplying the effect of Humcore; support to 1 000 beneficiaries coming from non-EU countries in the achievement of autonomy and integration to work and university; full integration paths for at least 200 out of the 1 000 beneficiaries; a comparative analysis on Scheme scale-up toward other target groups or countries, based on examples of efficient integration in Europe or elsewhere; a visual elaboration of the migration through time and space, by usage of the most recent ICT technology in the domain; elaboration and diffusion of Guidelines addressed to Sponsors, Civil Society Organisations and Policy Makers on how to implement effectively the improved integration paths in the frame of HC; dissemination and advocacy to develop new areas of implementation of HC at the EU level.
SDG11		
SDG12		
SDG13		
SDG14		

SDG15	yes	A project in Netherlands (2021-2027 programming period) renews and improves existing and new reception locations in the areas of energy consumption, circularity and/or biodiversity and stimulates the development of hybrid (multi-usable) reception locations. This project is implemented in collaboration with social partners to contribute to innovation and a sustainable society. Attention is also paid to adding quality to improve the social structures at certain reception locations by focusing on social sustainability. The project is run by a COA employee, in close cooperation with the real estate developer and focuses on making reception centres more environmentally sustainable. In the AZC Katwijk, the project included 'circular and modular counters', which are counters that can easily be built and rebuilt according to need. There is no glue involved so that parts can easily be replaced. The project aims to reduce waste and supports reuse of material. In addition, the project aims to combine reception centres with nature and social sustainability. The nature aspect could involve greening roofs and have solar panels take care of the energy provision. The beneficiary currently investigates the suitability of an energy storage in form of a large battery for the COA. The social aspect involves enhancing space for inclusiveness and socialising such as round tables and open spaces to make it more comfortable for employees at COA and asylum seekers to connect. The project also explores research possibilities for social integration in the neighbourhood of the asylum centre. Another activity concerns the flexible housing idea. The project wants to change COA centres from low-quality flexible housing to high-quality and sustainable units with rapid scalability. Housing should get a friendly, inviting look, and focus on wood. They can rapidly be removed and rebuild on another site, but also used for other purposes such as social housing or student housing.

SDG16	yes	Eradicating – enhancing prevention and multiagency cooperation against trafficking (1.12.2021-30.11.2023) Trafficking is not only a serious violation of human rights but also a social and security issue at the same time. Multi-stakeholder engagement between various actors (e.g. non-governmental organisations, law enforcement, public authorities, private sector) remains an important challenge to be addressed by the Member States as well as the cross-border and transnational collaboration of law enforcement authorities which needs to be strengthened. Eradicating is a multi-country project designed to increase the capacity of authorities and service providers to enhance prevention and early identification mechanisms in place, with a focus on trafficking for sexual and labour exploitation. In the long run, the project aspires to eradicate the established and dangerous culture of impunity that persists and contributes to the thriving of the trafficking industry. Consortium of actors from Greece, Germany, and Bulgaria and adopting a human rights-based and gender-sensitive approach, Eradicating aims to: a. Support capacity-building efforts to combat and prevent the crime of trafficking in human beings through enhancing the skills of law enforcement, prosecutorial offices, labour inspectorates, financial investigation units, non-governmental organisations and social service providers in the investigation and prosecution of people involved in trafficking. b. Strengthen cross-border joint ventures within the EU, between law enforcement and other competent authorities and facilitate the exchange of information within the EU and between law enforcement authorities and other competent organisations, other relevant EU bodies as well as with non-EU countries and international organisations. c. Raise awareness on trafficking targeting the users in order to increase prevention and identification mechanisms and stop the culture of impunity.
SDG17		

IBMF

INTEGRATED BORDER MANAGEMENT FUND (BORDER MANAGEMENT AND VISA INSTRUMENT AND CUSTOMS CONTROL EQUIPMENT INSTRUMENT)

Programme in a nutshell

Concrete examples of achievements

1 470 pieces of equipment were purchased for border crossing points and border surveillance purposes between 2021 and 2023.	168 492 visa applications were made using digital means between 2021 and 2023.	141 means of land transport for border control tasks were purchased between 2021 and 2023.	
More than 1 300 pieces of equipment for border crossing points are being purchased, maintained or upgraded using Customs Control Equipment Instrument funds under the first work programme.	> 200 border crossing points (distributed across 24 Member States) are receiving customs control equipment as a result of the grant agreements signed under the first Customs Control Equipment Instrument work programme.	> 500 pieces of equipment for customs laboratories are being purchased, maintained or upgraded using Customs Control Equipment Instrument funds under the first work programme.	> 30 customs laboratories (distributed across 18 Member States) are receiving customs laboratory equipment as a result of the grant agreements signed under the first Customs Control Equipment Instrument work programme.

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Budget for 2021-2027

(million EUR)

Financial programming	8 196.2
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.5
Total budget 2021-2027	**8 196.7**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The Integrated Border Management Fund (IBMF) creates EU added value by addressing challenges in the areas of the management of the external borders and common visa policy that cannot be adequately addressed by the Member States acting on their own.

CHALLENGE

The abolition of internal border controls brings significant benefits to EU citizens and businesses. However, the integrity, safety, and security of the EU's internal borderless area and of its customs union requires the effective management and protection of the EU's external borders, especially in times of challenges posed by migratory pressures and threats of serious cross-border crime.

This calls for action at the EU level, in the form of common measures for the effective control, including surveillance, of the EU's external borders.

MISSION

The IBMF will address these challenges through two instruments for financial support: the Customs Control Equipment Instrument (CCEI) and the Instrument for Financial Support for Border Management and Visa Policy (BMVI).

In particular, the CCEI's mission is to support the customs union and customs authorities to protect the financial and economic interests of the EU and its Member States, to ensure security and safety within the EU and to protect the EU from illegal trade while facilitating legitimate business activity.

The BMVI's mission is to provide financial support to Member States and to ensure strong and effective European integrated border management at the EU's external borders, thereby contributing to a high level of internal security within the EU, all while safeguarding the free movement of people within it.

OBJECTIVES

The BMVI has the following two specific objectives.

- To support effective European integrated border management at the external borders, implemented by the European Border and Coast Guard as a shared responsibility of the related agency and the national authorities responsible for border management; to facilitate legitimate border crossings; to prevent and detect illegal immigration and cross-border crime; and to effectively manage migratory flows.
- To support the common visa policy to ensure a harmonised approach with regard to the issuance of visas and to facilitate legitimate travel, while helping to prevent migratory and security risks; and to strengthen and develop all aspects of the common European asylum system, including its external dimension.

The specific objective of the CCEI is to contribute to adequate and equivalent results of customs controls through the transparent purchase, maintenance and upgrade of relevant and reliable state-of-the-art customs control equipment that is secure, safe, and environment-friendly, thereby helping the customs authorities act as one to protect the interests of the EU.

ACTIONS

The BMVI supports a broad range of actions to improve border controls (checks and surveillance), in line with the European agenda on migration and in compliance with the Charter of Fundamental Rights of the European Union, enhancing cooperation at the EU level for tasks carried out at borders. It funds efficient, client-friendly services to visa applicants while maintaining the security and integrity of visa procedures. It invests in common, large-scale information technology systems in border management and visa policy, including in their interoperability. It furthermore invests in infrastructure and equipment, systems and services, training, the exchange of experts, the deployment of immigration liaison officers, innovative solutions and new technologies and studies. It also provides operating support for the implementation of European integrated border management and of the common visa policy.

The CCEI supports the purchasing, maintenance and upgrading of customs control equipment for non-intrusive inspection, identification of hidden objects on humans, radiation detection, nuclide identification, analysis of samples in laboratories, sampling, and field analysis of samples, along with handheld search tools and other types of innovative non-intrusive detection technology equipment.

STRUCTURAL SET-UP OF THE PROGRAMME

The legal basis of the BMVI is Regulation (EU) 2021/1148 of the European Parliament and of the Council of 7 July 2001 establishing, as part of the Integrated Border Management Fund, the Instrument for Financial Support for Border Management and Visa Policy. The BMVI is covered partially by the common provisions regulation (Regulation (EU) 2021/1060) for shared management.

The BMVI, for which the lead directorate-general is DG Migration and Home Affairs, is an essential instrument for achieving the EU's objective of constituting an area of freedom, security, and justice under Article 67(2) of the Treaty on the Functioning of the European Union, which is an area of shared competence between the EU and the Member States, as stated in Article 4 of that treaty.

The BMVI finances a wide range of measures by Member States, acting in cooperation with other EU bodies, offices, and agencies and, where appropriate, non-EU countries and international organisations, to help provide uniform and high-quality external border control so as to facilitate legitimate border crossings. The BMVI contributes to improving the efficiency of visa processing in terms of facilitating visa procedures for bona fide travellers and in terms of detecting and assessing security risks, in particular migrant smuggling and trafficking in human beings, and irregular migration risks, in line with Article 77(2) and 79(2)(d) of the Treaty on the Functioning of the European Union. It also provides extensive coverage of consular services across the world.

The BMVI is implemented under shared, direct, and indirect management. The largest share of the resources (i.e. EUR 4.29 billion) is allocated to the Member States' programmes under shared management. The remaining share (i.e. EUR 3.43 billion) is allocated to the Thematic Facility, a financial tool managed by the Commission. Funding allocated to the Thematic Facility can be used for specific actions (shared management) implemented by the Member States nationally or transnationally, EU actions (direct/indirect management) and emergency assistance (shared, direct or indirect management). The Thematic Facility offers flexibility in the management of the BMVI in addressing priorities with a high level of EU added value or responding to urgent needs.

The legal basis of the CCEI is Regulation (EU) 2021/1077 of 24 June 2021 establishing, as part of the Integrated Border Management Fund, the Customs Control Equipment Instrument.

Close cooperation and coordination are ensured between the two directorates-general managing the IBMF's instruments, DG Taxation and Customs Union and DG Migration and Home Affairs, including by regular interservice meetings between the two, to provide for consistency in implementation. In relation to the external dimension, DG Migration and Home Affairs coordinates closely with DG Neighbourhood and Enlargement Negotiations and DG International Partnerships.

While the CCEI is delivered under direct management, the Member States support the Commission in developing policy aspects relating to the implementation of the CCEI. Member States participate in the CCEI Coordination Group, which functions as a consultative body and advises the Commission on the implementation of EU legislation, programmes, and policies.

Finally, the CCEI maintains close links with the customs programme (led by DG Taxation and Customs Union) and programmes from other Directorates-General – such as the Union anti-fraud programme, the Horizon Europe programme and the Recovery and Resilience Facility – to ensure that double funding is avoided between the programmes and, importantly, to encourage and identify synergies and complementarities.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP

Border Management and Visa Instrument

DG HOME (lead DG)

DG TAXUD, DG EMPL, DG REGIO, DG INTPA, DG NEAR
(associated DGs)

Policy Objective

Ensure strong and effective European integrated border management at the external borders while safeguarding the free movement of persons within it, and fully respecting the relevant Union law and the international obligations of the Union and the Member States (MS) arising from international instruments to which they are party.

Specific Objectives

- Support effective European integrated border management
- Support the Common Visa policy (minimum 10% of MS programmes)

Main actions

- Development of national component of European Border and Coast Guard
- Large scale IT systems
- Interoperability of EU information systems
- Inter-agency cooperation
- Infrastructure and equipment
- Training, innovation and studies
- Deployment of experts and immigration liaison officers

- Large scale IT-systems
- Interoperability of EU information systems
- Training of staff
- Consular cooperation
- Improving visa application processing

Implementation modes

Member States' programmes
57.5% of the funding
Shared management
is allocated at the beginning of the programming period

Thematic Facility (including emergency assistance)
42.5% of the funding
Shared management (top-up to MS programmes) | Direct management | Indirect management
Flexibilities
is allocated during the programming period

Beneficiaries

Constituent elements of the European Border and Coast Guard, i.e. national authorities of Member States responsible for border management, state and federal authorities, local public bodies, non-governmental organisations, international organisations, Union agencies, private and public law companies, networks, education and research organisations

Customs Control Equipment Instrument

DG TAXUD

Policy Objective

As part of the IBMF fund, and with a view to achieving the long-term aim of the harmonized application of customs controls by the Member States, the objective of the Instrument is to support the customs union and customs authorities in their mission to protect the financial and economic interests of the Union and its Member States, to ensure security and safety within the Union and to protect the Union from illegal trade while facilitating legitimate business activity

CCEI Specific Objective

To contribute to adequate and equivalent results of customs controls across the Union

Main actions

The Instrument provides funding for the purchase, maintenance and upgrade of customs control equipment including innovative detection technology equipment, that has one or more of the following customs control purposes:

- Non-intrusive inspection;
- Indication of hidden objects on humans;
- Radiation detection and nuclide identification;
- Analysis of samples in laboratories;
- Sampling and field analysis of samples;
- Handheld search.

Implementation mode

Delivery mode	Supported by
Direct Management The financial envelope for the implementation of the Instrument for the period 2021–2027 shall be EUR 1 006 407 000. The Instrument may provide funding in any of the forms laid down in the Financial Regulation and in particular by means of grants.	**CCEI coordination group** Member States, as part of the CCEI coordination group, support the Commission on the development of policy aspects related to the CCEI. The CCEI Coordination Group functions as a consultative body and advises the Commission with the implementation of EU legislation, programmes and policies.

Beneficiaries

The eligible entities are the customs authorities of the Union.

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LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The BMVI builds on the Internal Security Fund (ISF), the instrument for financial support for external borders and visas implemented under the 2014-2020 multiannual financial framework. It strengthens its external dimension to cover cooperation with non-EU countries and adds flexibility through a balanced mix of implementation modes.

The midterm evaluation of the BMVI programme started in March 2024, and is to be finalised by the end of 2024. It will build upon the early findings of the *ex post* evaluation of the 2014-2020 programme, to be finalised in the first semester of 2025.

The CCEI is an instrument created under the 2021-2027 multiannual financial framework, therefore there is no existing link with the 2014-2020 multiannual financial framework.

FURTHER INFORMATION

- Programme website:
  - CCEI;
  - BMVI.
- Impact assessment:
  - the impact assessment of the IBMF was carried out in 2018 – for further information please consult: https://europa.eu/!xU94BD.
- Relevant regulation:
  - Regulation (EU) 2021/1148 of the European Parliament and of the Council (BMVI);
  - Regulation (EU) 2021/1077 of the European Parliament and of the Council (CCEI).

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	289	999.2	1 205.3	1 276.5	1 428.4	1 172.4	1 825.4	8 196.2

NextGenerationEU	0	0	0	0	0	0	0	0
Decommitments made available again (*)	N/A	N/A	N/A					0
Contributions from other countries and entities	0.5	0	0	0	0	0	0	0.5
Total	**289.5**	**999.2**	**1 205.3**	**1 276.5**	**1 428.4**	**1 172.4**	**1 825.4**	**8 196.7**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

+ EUR 1 314.8 million (+ 21%)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

- The initial financial programming for the BMVI as per the legal basis was EUR 5 241 million and is now reaching EUR 7 125 million ([26]). This amount was affected by further modifications. On one hand, it was reinforced by almost EUR 620.8 million from the structural funds in the context of the Greek Partnership Agreement, EUR 1.1 million from AMIF for Estonia, EUR 87.5 million was added in the context of different draft budget procedures 2021-2024, the Fund also absorbed EUR 49.6 million of unused appropriations from the agencies. In 2024, the fund was reinforced by EUR 1 billion coming from the midterm revision of the multiannual financial framework. Finally, between 2021 and 2024 the fund was reinforced by EUR 453 million stemming from income from fines ([27]) and another EUR 181 million is to reinforce the 2025 budget. On the other hand, the BMVI was reduced by EUR 509 million to finance various legislative initiatives concerning DG Migration and Home Affairs agencies, of which 37% was used for the revision of Europol's mandate.
- Regarding the CCEI, the budget for the whole multiannual financial framework period is EUR 1 006 407 000 and no modification to its budget have been incorporated since its creation.

([26]) Excluding expected income from fines in 2026 and 2027.

([27]) Income from fines under Article 5 of the multiannual financial framework regulation for the BMVI.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	2 493.1	8 196.2	30.4%
Payments	837.9		10.2%

Voted budget implementation (million EUR)(*):Voted budget implementation (million EUR)(*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	288.4	533.5	0.3	127.1
2022	991.3	809.3	519.7	350.1
2023	1 205.1	1 205.3	315.5	383.8

(*) Voted appropriations (C1) only.(*) Voted appropriations (C1) only.

- For the Member States' programmes, due to the delays in the adoption of the legal basis for 2021-2027 and the time needed for the programming procedure, shared management programmes were formally approved only in the last quarter of 2022. The EU actions have become part of the Thematic Facility covered by the multiannual work programmes for 2021-2022 and 2023-2025. The programmed initiatives will be implemented throughout the period, with calls for proposals being published regularly to support transnational actions in border management and controls.
- To support the measures launched in 2021 against the instrumentalisation of migrants by Belarus, a specific action under the BMVI was implemented to support Latvia, Lithuania and Poland in protecting their borders with Belarus.
- Further implementing and delegated acts necessary for the development and operation of the renewed Schengen information system and visa information system, along with the entry/exit system and the European travel information and authorisation system, and interoperability between large-scale EU information systems, were adopted in 2022. The BMVI helps Member States prepare to implement the renewed and new systems at the national level. The systems will allow them to carry out operational activities relating to managing the EU's external borders, such as performing checks and surveillance at the external border and producing analyses of the risks to internal security and analyses of the threats that may affect the functioning or security of the external borders.
- The implementation of voted budget commitment appropriations concerned the initial allocations under the Member States' programmes, the first Thematic Facility work programme 2021-2022 and the support expenditure of the fund.

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- The voted budget for the BMVI amounted to EUR 398 million in 2021 in terms of commitment appropriations, of which EUR 152.9 million was implemented in 2021. The difference between the EUR 398 million of initial commitment appropriations and the EUR 152.9 million implemented is mainly the result of the adjustment of the multiannual financial framework (i.e. the reprogramming of 2021 shared management appropriations due to the delay in the adoption of Member States' programmes: EUR 278.5 million was spread equally over the 2022-2025 period). In addition, the fund was reinforced in 2021 with EUR 34.1 million in commitment appropriations through a budgetary authority transfer in the context of the Belarus crisis.
- The voted budget for the BMVI amounted to EUR 671.1 million in 2022 in terms of commitment appropriations, of which EUR 853.1 million was implemented in 2022. The difference between the EUR 671.1 million of initial commitment appropriations and the EUR 853.1 million implemented is primarily the result of the adjustment of the multiannual financial framework for (EUR 69.6 million stemming from 2021 reprogramming, EUR 104.8 million in commitment appropriations from the Structural Funds in the context of the partnership agreement for Greece, internal transfers of EUR 16.8 million in commitment appropriations to reinforce the Thematic Facility). In addition, the fund was reinforced in 2022 with EUR 148 million in payment appropriations via an amending budget and budget authority transfer in the context of the migration crisis triggered by the war in Ukraine. Finally, EUR 7.9 million was the object of a carry-over decision for a programme not adopted by 2022.
- The voted budget for the BMVI amounted to EUR 1064.3 million in 2023 in terms of commitment appropriations, of which 100% was implemented in 2023.
- As for the implementation of the voted budget payment appropriations in 2023, they were used mainly for pre-financing payments and interim payments under the Member States' programmes and to a smaller extent for EU actions.
- The envisaged use of voted budget for 2024 appropriations will cover initial allocations to Member States (EUR 745.0 million), Thematic Facility amounts for specific actions, EU actions, EMAS (EUR 366.3 million), and expenditure for technical assistance (EUR 2.8 million).
- For the CCEI, there were no commitments or payments granted in 2021, therefore the full budgetary envelope for the first, 2021-2022, programming period (EUR 273 514 000) was committed in 2022.
- In terms of payments made, EUR 136 756 632 was transferred to Member States by the end of 2022 through pre-financed grants. In total, 42 grant agreements were signed by the end of 2022, triggering the allocation of funds to co-finance the purchasing, upgrading and maintenance of more than 1 300 pieces of customs control equipment at over 200 border crossing points and more than 500 pieces of equipment in over 30 customs laboratories.
- In 2023, EUR 140 872 000 was committed, and EUR 78 817 paid to Member States as a result of the completion of their projects signed under the first work programme.
- Financial implementation in 2023 responded to the conclusions of the European Council of 9 February 2023, which called on the Commission to fund measures that directly contribute to the control of the EU external borders as well as identified areas for immediate action. The response was evident in the programming of the Thematic Facility, with several specific actions launched to strengthen the Member States' border management capacity and capabilities.
- EUR 24 million was allocated on the Special Transit Scheme of Lithuania to support improved infrastructure, inspection processes and technical means that aim to minimise the threats of illegal EU entry from Kaliningrad and Belarus.

– EUR 55.8 million was allocated to reinforce the border control capabilities of Bulgaria and Romania particularly affected by migratory pressure on the EU's external borders via the Western Balkan route.

– EUR 141.2 million was allocated to enhance the electronic surveillance systems at external land borders. It will support the installation of optical fibre and software to improve the exchange and processing of data between border posts and command centres in Bulgaria, 24

– The Member States' BMVI programmes were or are in the process of being amended to earmark the additional EU funding received under those specific actions.

– Another BMVI specific action, with a budget of EUR 10 million was launched in 2023 to provide support to Member States and Schengen-associated countries in the establishment of their national strategies for the implementation of European integrated border management, specifically with a view to set up or enhance the coordination between all national authorities with competences in European integrated border management, such as police, customs control and sanitary control authorities, etc. The evaluation of the project proposals submitted under this specific action is ongoing.

– The transmission of financial information from the Member State programmes further confirms the focus on the strengthening of the control to the EU external borders, with the cost of operations selected for support related to border surveillance exceeding EUR 833 million by the end of 2023, at 38% of the total indicative allocation for this type of intervention.

– In 2024, a further EUR 5 461 043 will be required to cover payment appropriations resulting from grant agreements signed under the first work programme (2021-2022) for that year. The implementation of the projects signed under the first, 2021-2022, programming period will run up to 2026.

– For the budgetary envelope for the second, 2023-2024, programming period (EUR 283 963 000), in similar fashion as for the first working period, no payments from this budget were executed in 2023. As all new grant agreements are planned to be signed by mid 2024, the first payment appropriations are expected for 2024.

– For the CCEI, the objectives of the second programming period will focus on the fight against drugs in line with the **Communication on the EU Roadmap to fight Drug Trafficking and Organised Crime** ([28]) on 18 October 2023, which reconfirmed the key role of advanced customs control equipment to support customs authorities in the fight against drugs and drug precursors. Among the actions announced, the roadmap aims to mobilise EU customs in ports and customs laboratories against drug trafficking as well as strengthen related risk management and controls. The new invitation to submit proposals addressed to Member States at the end of 2023, as part of the second work programme, reflected this new Commission priority.

– In 2024, the estimated commitment appropriations amount to EUR 143 691 000 with payment appropriations estimated to EUR 141 981 500 to cover the needs for payments of projects under the 2023-2024 work programme.

– In 2025, the commitment appropriations amount to EUR 146 564 000 while the payment appropriations are expected to be EUR 55 830 145 (99% of which for projects signed under the first programming period)

([28]) More information on the Commission communication is available at the following link: https://ec.europa.eu/commission/presscorner/detail/en/ip_23_4981.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	0.2	0.0	0.0					0.2	0%
Biodiversity mainstreaming									
Clean air									

– In line with the EU's commitments to work towards achieving the United Nations sustainable development goals (SDGs), the BMVI and CCEI regulations commit, without having a fund-specific target, to contributing to the EU's goal of spending at least 30% of its total budget on supporting climate objectives and its ambition to spend 7.5% of the annual EU budget on biodiversity in 2024 and 10% in both 2026 and 2027, while considering the existing overlaps between climate and biodiversity goals.

– This could happen, for example, by focusing on green procurement regarding (small-scale) assets and infrastructure / information technology systems, subject to specific provisions ensuring that products/services are chosen that reduce climate impacts by applying the best available technologies, using renewable energy in buildings, enhancing insulation, etc. For the time being there are no strict conditions set for national programming or project selection, but Member States are encouraged to prioritise environmentally friendly actions.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1				
0*	17.1	95.3	118.8	231.2
0	271.3	896.1	1086.3	2253.6

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality).;
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender-disaggregated information.

- Reporting on gender disaggregated data is not mandatory under the BMVI. Managing authorities can decide, if they wish, to transmit gender-disaggregated data for indicators focusing on individuals. As of 2023, no managing authorities had opted to transmit gender-disaggregated data.
- Due to the nature of the programme, the CCEI was excluded from reporting on gender-disaggregated data.

- The IBMF/BMVI is committed to the horizontal approach of the EU budget, in which equality between women and men, rights and equal opportunities for all and the mainstreaming of these objectives should be considered and promoted throughout the preparation, implementation and monitoring of relevant programmes.
- In the broader context, to receive payments from the Commission, the Member States' programmes for the funds co-managed by DG Migration and Home Affairs will have to comply with the number of horizontal enabling conditions, one of which concerns the effective application and implementation of the EU Charter of Fundamental Rights, including the equality of women and men. The horizontal enabling conditions must be fulfilled throughout the entire programming period, and Member States must report on their application to the programme monitoring committee and the Commission.
- As regards the types of action supported by the BMVI, training and knowledge sharing habitually tackle gender-specific issues, which is why they are financial interventions that may have the potential to impact gender equality, among other areas. Therefore, the amount under the gender score (0*) is an estimate based on the shares of interventions relating to training and knowledge sharing.
- In the context of the midterm evaluations, which are currently being carried out and are expected to be finalised by the end of 2024, the potential to affect the gender equality of specific types of intervention will be examined in greater detail – and the gender score may be subject to variation.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	55.9	312.1	389.3	757.4	30%

It is considered that activities under the following specific objectives of the IBMF/BMVI may partially contribute to the goal of digital transition:

- supporting effective European integrated border management at the external borders;

– supporting the common visa policy.

The amount contributing to the goals of the digital transition covers activities and interventions relating to the digitalisation of administration (government information and communications technology solutions, e-services, etc.) under shared management.

The CCEI does not have activities that contribute to the goals of the digital transition.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Number of items of equipment registered in the technical equipment pool of the European Border and Coast Guard Agency	0	0%	2 228 in 2029	3 compared to a target of 2 228	On track
Number of items of equipment provided to the European Border and Coast Guard Agency	0	0%	1 135 in 2029	No results	On track
Number of initiated/improved forms of cooperation of national authorities with the national coordination centre of the European Border Surveillance System	0	0%	111 in 2029	No results	On track
Number of recommendations from Schengen evaluations and from vulnerability assessments addressed in the area of border management	0	NA	NA	No results	NA

Number of new/upgraded consulates outside the Schengen area	0	0%	842 in 2029	No results	On track
Number of recommendations from Schengen evaluations addressed in the area of the common visa policy	0	NA	NA	No results	No data
Number of visa applications using digital means	0	0%	62 million	168 492 compared to a target of 62 million	On track
Percentage of border crossing points and customs laboratories with equipment that meets the requirements of the common list of equipment that should be available for each customs laboratory / type of border crossing point (i.e., land, sea, air, postal, rail)	0	12%	80% in 2027 (**)	9.74% compared to a target of 80%	Moderate progress

(*) % of target achieved by the end of 2023.

(**) This indicative target and the methodology to calculate the indicator are currently under review in the context of the midterm evaluation of the programme.

– For the BMVI, the approval of the Member State programmes for 2021-2027, which represent the bulk of the resources of the instrument, took place in the last quarter of 2022, in line with the timing of most programmes covered by the common provisions regulation (Regulation (EU) 2021/1060).

– By the end of 2023, with just one full year of implementation of the Member State programmes, it was not yet possible to identify any particular trends in the progress towards

the targets ([29]) of the key performance indicators listed above. However, as outlined in the budget implementation section, progress was visible in 2023 from a financial perspective.

– Operations were selected by the managing authorities across both specific objectives, for a total cost that amounted to 31% of the Member States programmes' allocations.

– Overall, in 2023, Member States focused on launching calls for proposals, selecting operations and carrying out the preparatory work for specific actions. Reporting on outputs, and especially result indicators ([30]), is expected to gain momentum at a slightly later stage, once the number of operations reaches cruising speed.

– Under the first specific objective, on European integrated border management, the first achievements recorded relate to units of equipment purchased for border crossing points or border surveillance purposes, together with the development of information technology functionalities and large-scale IT systems. The first outputs have also been registered in connection to the purchase or lease of heavy and light equipment, such as means maritime and land transport for border control tasks. The results, in terms of equipment registered in the technical equipment pool of the European Border and Coast Guard Agency or put at the agency's disposal, have yet to materialise.

– Under specific objective two, on the common visa policy, the main achievements recorded relate to projects on the digitalisation of visa processing and on the development or upgrading of large-scale IT systems. Also, under this specific objective, the number of visa applications using digital means is showing progress, though the results have yet to materialise.

– As of 2023 there was no clear indication of issues with the implementation of the programmes that suggest the targets will not be met, except for external factors such as the general increase in prices and issues with the supply chain due to the deterioration in the geopolitical context or difficulties with the initial target setting. These elements may result, as part of the midterm allocation process, in duly justified changes to the targets being established by the Member States.

– Importantly, the adoption of the New Pact on Migration and Asylum and the related midterm review of the multiannual financial framework are expected to be accompanied by a change in the targets for operations benefiting from the additional allocations. The strengthening of the legal framework is also a factor that could favourably affect the performance – and more broadly the effectiveness – of the support provided under the BMVI. The ultimate impact on the targets and the progress of the Member States programmes towards them will become clearer after the adoption of the Commission's and the Member States' implementation plans, and will be monitored as part of the amendments to the programmes.

([29]) As is standard practice for shared management programmes, and in line with the legal framework, the milestones and targets have been established by the Member States based on their strategy and needs assessments and in line with the available resources indicatively planned in the programmes across predefined types of interventions. The Member States are indeed best placed to tailor the design of the programmes to their national context and needs. The methodology for target setting was shared with the Commission, which also provided methodological advice to the Member States. The milestones, targets and related methodology can be adjusted during the programming period in duly justified cases, such as a revision of the programme's strategy, relevant external contextual factors and changes in the distribution or volume of the available resources, and following a review by the Commission. An overall assessment of the relevance of the strategy and its targets compared to the evolving needs at both the Member State and the EU level will be part of the midterm evaluation of the programme.

([30]) The performance assessment section is based on the latest available data for the key performance indicators. For those indicators that are based on the data transmitted by the Member States in the Annual Implementation Reports, the cut off date is 2022. This is clarified in the meta data annexed to the Programme Performance Statements, and due to the fact that information on the achievements in 2023 will only be included in the Final Implementation Reports, due by the end of 2024.

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– The general increase in prices will also affect support provided under the BMVI via direct management, due to the use of fixed unit rates for certain types of costs. Despite a partial revision of the underlying legal framework, these rates remain unfavourable, and they may result in insufficient coverage of the real expenditure by the organisations involved in implementing the actions. This, in turn, may lead to reduced participation in future calls for proposals, along with project activities that need to be removed from the scope of existing support as they have become financially non-viable.

– As regards direct management, in view of their specific nature and legislative objectives, the performance of transnational EU actions cannot be captured by the key performance indicators. Nonetheless, they complement the implementation of policy objectives at the national level through Member States' programmes by developing policy analysis and innovation, transnational mutual learning and partnerships, and by testing new initiatives and actions across the EU. With these actions, the Commission supports valuable projects on innovations in border management. Their results are expected to be communicated to the Commission in 2025.

– For the CCEI, with regard to the main performance indicator of the instrument – the availability of customs controls equipment and its adherence to the common list of equipment ([31]) that should be available for each type of border crossing point / customs laboratory – there is currently an overall adherence level of 9.74% for all border crossing points, with a further breakdown for border crossing points as follows: air: 13% (+ 18%); land: 7% (+ 3%); mobile: 36% ([32])(+ 52%); post: 14% (+ 34%); rail: 9% (+ 12%); sea: 10% (– 12%) (33). These data clearly show that there are still critical equipment needs across all borders, in which the CCEI will continue to play an essential role.

([31]) The common list of equipment that should be available for each border crossing point / customs laboratory is established by cross-checking the risk and threats identified by Member States at the time of their proposals for each of their border crossing point / customs laboratory with the items of equipment that should be available at border crossing points /customs laboratories to address the identified risks and threats. This defines the ideal common list of equipment that should be available for that border crossing point /customs laboratory. To calculate the degree of adherence to the ideal common list of equipment, the customs control equipment available at each border crossing point /customs laboratory is checked against the ideal common list of equipment that should be available at that border crossing point /customs laboratory.

([32]) The common list of equipment was adopted at the meeting of the CCEI Coordination Expert Group on 1 September 2021. In addition to the categories envisaged by the CCEI regulation, the mobile border crossing point category was added due to its strategic role in increasing the efficiency of customs controls by providing greater flexibility and unpredictability in the performance of the controls.

([33]) For 2023, three new countries are accounted for in the data (Denmark, Greece and Malta), which has an impact on the numbers, in particular with a lower adherence level at sea border crossing points.

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2014-2020 multiannual financial framework – Internal Security Fund – Borders and Visa

The BMVI builds on the investment and achievements made with the support of its predecessors: the External Borders Fund and the ISF – Borders and Visa. The fund has supported overall EU policies in external border management and visas.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	2 689.8	2 732.4	98.4
Payments	2 132.0		78.0

- The start of the Russian war in Ukraine on 24 February in 2022 was a stark reminder of the importance of properly functioning integrated border management. The Commission proposed an initiative to facilitate access to unspent funds under the Home Affairs Funds for the 2014-2020 programmes, including ISF – Borders and Visa, given the acute migration and border management needs arising from the invasion of Ukraine. The intention was to provide immediate support to the Member States, as they could swiftly re-direct the funding under their existing programmes to address the migration needs caused by Russia's invasion of Ukraine. The Commission's proposals were adopted in April 2022.
- After an initial delay in the adoption of the legal bases of the Home Affairs funds by the co-legislators, all ISF Member State national programmes were adopted in 2015, with their implementation reaching cruising speed in 2017. Since then, the ISF national programmes were revised on several occasions to provide financing for the purchase of equipment, address an equal allocation to all Member States participating in ISF – Borders and Visa, and to cover costs relating to the adoption of the European Travel Information and Authorisation System and the recast of the second-generation Schengen information system regulations. Finally, the programmes were modified in 2020 concerning seven Member States to support border control activities, in the Member States facing high migratory pressure at the external borders, but no revisions were made anymore post-2020.
- As regards the ISF – Borders and Visa, for the 2014-2020 period, EUR 2.42 billion were allocated to the national programmes of the Member States. Up to 2023, Member States spent EUR 2.04 billion, equivalent to an absorption rate of 84.2%. It is expected that the increasing trend in payments at Member State level will continue towards the end and closure of the programming period. By 31 December 2024, the Member States are expected to submit their final accounts for period ended 30 June 2024.
- As regards direct management, in 2023, most projects selected under the 2016 and 2017 annual work programme were closed, all projects selected under the 2018 work programme

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were closed while those from 2020 have reached cruising speed. The projects' implementation is continuously monitored to ensure they continue brining value, and their performance is line with the objectives of the Fund.

– An *ex post* evaluation of the 2014-2020 ISF-Visa and Borders is being carried out and is expected to be finalised by mid 2025.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Consulates developed / upgraded	0	> 100%	923 in 2022	3 279 consulates compared to a target of 923	Achieved
Number of border control infrastructures	0	> 100%	19 902 in 2022	47 812 infrastructures compared to a target of 19 902	Achieved
National border surveillance infrastructure established / further developed in the framework of the European Border Surveillance System	19	100%	30 in 2022	30 infrastructures compared to a target of 30	Achieved

(*) % of target achieved by the end of 2023.

– In 2023, the Commission continued to address the root causes of irregular migration and strengthen the protection of the EU's external borders. The total number of detected irregular border crossings continued the upward trend, reaching almost 380 000, compared to 200 000 in 2021 and 125 000 in 2020. The Mediterranean and western African routes have seen the strongest increases ([34]),highlight the increasing level of pressure on EU's external borders.

– ISF – Borders and Visa is making a crucial contribution to the application of the Schengen acquis, with the investment in the effective control of the external border through the information systems at EU level and their interoperability, providing and sharing relevant information. The Fund has also contributed to the reinforcement of the capacities of Member States' border management authorities. Special attention is still needed in the use of funds in the information systems area, to ensure that all available funding is absorbed, while considering the flexibility of the Commission's proposal (adopted in April 2022) to prolong the

([34]) Increases in migrants apprehended are also due to the improved operational capacity of the European Border and Coast Guard Agency services and increases in the push-pull factors at the global level, including the progressive uplifting of restrictions linked to the COVID-19 pandemic.

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implementation period for the funds still available to Member States under the 2014-2020 Home Affairs funds by one year due to the Russian war of aggression to Ukraine.

– In terms of overall performance of the Fund, many of the indicators set in the regulation have achieved their targets or are on track to do so by the end of the programming period ([35]). The main difficulties reported over the last three reporting years relate to the possibility to carry out training activities and missions during the COVID-19 pandemic, the impact of inflation especially with respect to the cost of travels, equipment and construction works, as well as the timing for the adoption of EU-level legal acts on large-scale IT systems. Such issues have been remedied in many cases by making use of the flexibility offered by the revision of the legal basis to use unspent resources and extend the project duration, by exploiting the possibility to organise remote training and exchanges etc. However, in some cases projects had to be cancelled and re-programmed for the subsequent programming period: guidance was provided in this respect as part of the preparation of the closure for the 2014-2020 programming period. Whilst the easing of COVID-19 related restrictions implies that there is a positive trend in 2022, the effects of the pandemic remain visible on some aggregated cumulative figures. The Commission is also fully and actively engaged in supporting the agreement and finalisation of the large-scale IT systems.

– On supporting a common visa policy, the trend shows that the cumulative values reported have been steadily increasing to achieve and, in some cases, overcome the targets, such as in the case of Consulates developed or upgraded. However, figures remain below the targets when it comes to training of staff in visa and border management. Up to 2022, 7 051 people were trained in this area, which is approximately 62% of the target of 11 365. Training activities were among those most negatively affected by the COVID-19 pandemic, with a decrease of people trained to 816 in 2020 compared to 1 196 in 2019 and only a marginal improvement to 908 in 2021. Whilst implementation picked up to 1530 in 2022, there could be a lasting effect on the cumulative figures. In any event, the low aggregated target achievement often hides important differences at the Member State level and is partly explained by a few Member States having set overly optimistic targets.

– On strengthening the EU external borders, progress is also positive but there is some variation across Member States and indicators. In this area, 41 355 border guards were trained by the end of 2022, achieving the target of 34 603. In total up to 2021, the instruments also supported the development or upgrade of 47 812 border control (checks and surveillance actions) infrastructure and means, which is well above the target of 19 902. However, the target for the number of crossings via the automatic border control gates supported by the fund remains unmet due to delays or changes in the needs in a few Member States.

– The main lessons learned during the 2014-2020 programming period are shown below.

  • There was insufficient cooperation, coordination, and strategic steering in the implementation of the ISF with the other EU-level initiatives.

  • There is a need for better exploitation of innovation opportunities from EU civil security research.

  • There is a need to strengthen performance monitoring in terms of quality, reliability and frequency of the data and to set out common output and result indicators. This is being specifically addressed for the 2021-2027 programming by the new requirements

([35]) The information coming from the Member States is not yet fully consolidated due the timing for the reporting cycle. The aggregated figures may also hide differences in performance at the Member State level. For person-related indicators, there could be instances of individual counted more than once.

contained in the legal basis and via the joint work of the Commission and national managing authorities on data quality.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3		
SDG4		
SDG5		
SDG6		
SDG7		
SDG8		
SDG9		
SDG10	yes	MigraSafe – Africa (15.1.2022-14.5.2024) The general objective of the action is to support safe, orderly and regular migration through the promotion of legal pathways to the EU. In particular, through the promotion of and information on legal pathways both to the institutional stakeholders (Embassies, Consulates and local authorities), responsible for the formal sources of information on legal pathways, but also to the civil-society organisations (non-governmental organisations etc.) acting as informal sources of information to potential migrants, especially in remote areas, far from the capital cities (and thus, from Embassies, consulates and local authorities). The project will be implemented in eight African countries: Morocco, Senegal, Cape Verde, Tunisia, Egypt, Ghana, Nigeria and Ethiopia. Moreover, the project will provide EU Immigration Liaison Officers network members with accurate and updated information on legal migration that will help them engage in a comprehensive dialogue on migration with local authorities, as it will provide them with new tools and positive leverages.

SDG11
SDG12
SDG13
SDG14
SDG15
SDG16
SDG17

ISF

INTERNAL SECURITY FUND

Programme in a nutshell

Concrete examples of achievements

379 joint investigation teams were in action between 2014 and 2023, along with the European Multidisciplinary Platform against Criminal Threats.	519 projects were implemented in the area of crime prevention between 2014 and 2023.	1 577 staff were involved in cross-border operations between 2021 and 2023.	651 tools were put in place or upgraded to protect critical infrastructure in all sectors of the economy between 2014 and 2023.
4 219 events (expert meetings, workshops, publications, seminars, conferences and online consultations) were organised between 2014 and 2023.	.		

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	1 886.3
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0
Total budget 2021-2027	**1 886.3****

(*) Only Article 15(3) of the financial regulation.

(**) Total including the contribution from AMIF to the ISF under Article 26 of the common provisions regulation (Regulation 2021/1060).

Rationale and design of the programme

The Internal Security Fund contributes to ensuring a high level of security in the EU, in particular by preventing and combating terrorism and radicalisation, serious and organised crime and cybercrime, and by preparing for, protecting against and effectively managing security-related incidents, risks and crises.

CHALLENGE

Over recent years, security threats have intensified and diversified in Europe. They have come in the form of terrorist attacks, new types of serious and organised crime and cybercrime.

Taking into account that security has an inherently cross-border dimension and that, beyond internal security challenges, the EU faces complex external threats that no Member State can meet on its own, a strong and coordinated response is required at the EU level.

MISSION

The programme is set up to contribute to a high level of security in the EU, in particular by preventing and combating terrorism, radicalisation, serious and organised crime and cybercrime, by assisting and protecting victims of crime, and by preparing for, protecting against and effectively managing security-related incidents, risks and crises.

OBJECTIVES

The programme pursues the following specific objectives:

1. to increase the exchange of information among and within EU law enforcement and other competent authorities and other relevant EU bodies, and with non-EU countries and international organisations;

2. to intensify cross-border cooperation, including joint operations, among and within EU law enforcement and other competent authorities in relation to terrorism and serious and organised crime and cybercrime with a cross-border dimension; and
3. to support efforts to strengthen capabilities to combat and prevent crime, terrorism and radicalisation, and to manage security-related incidents, risks and crises, in particular through increased cooperation between public authorities, civil society and private partners across the Member States.

ACTIONS

The programme supports a broad range of actions in line with the European security agenda, including:

- the purchase/procurement of information and communication technology systems and associated training and testing, along with their improved interoperability and data quality;
- monitoring the implementation of EU law and policy objectives in the Member States in the area of security information systems;
- operations implementing or facilitating the implementation of the EU policy cycle / the European Multidisciplinary Platform Against Criminal Threats;
- support for thematic or cross-thematic networks of specialised national units to improve mutual confidence, the exchange and dissemination of know-how, information, experiences and best practices and the pooling of resources and expertise in joint centres of excellence;

  education and training for relevant law enforcement and judicial authorities and administrative agencies.

STRUCTURAL SET-UP OF THE PROGRAMME

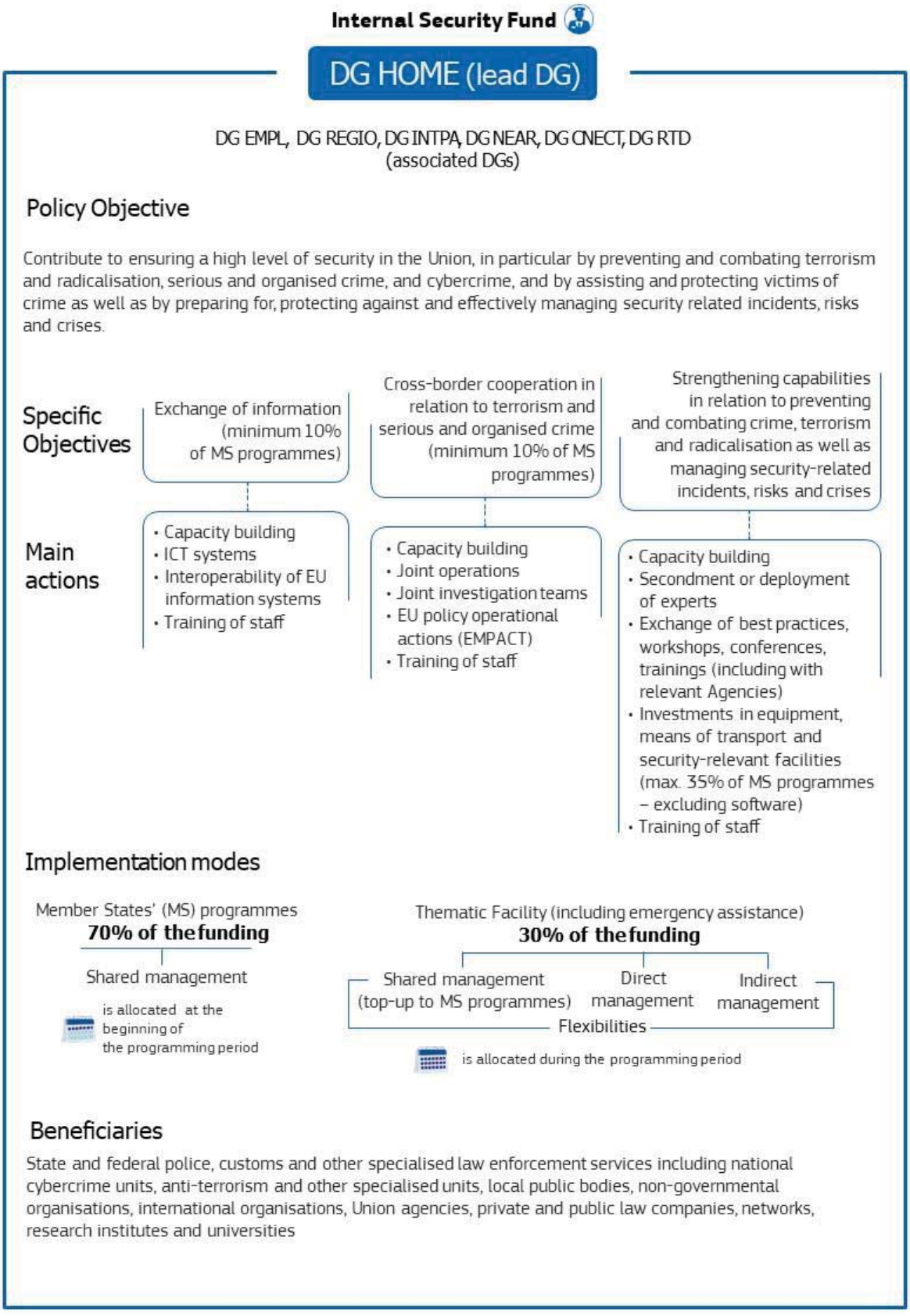
The programme addresses the evolving security challenges and that makes it a key instrument in realising the EU's objective of constituting an area of freedom, security, and justice under Article 67(3) of the Treaty on the Functioning of the European Union, which is an area of shared competence between the EU and the Member States, as stated in Article 4 of the treaty. The programme supports measures that support and promote the action of Member States in the field of crime prevention, joint training and police and judicial cooperation in criminal matters in line with Articles 84 and 87 of the treaty.

The programme supports the implementation of and is complemented by a range of other EU activities with an impact on developments in the policy area such as the security union strategy 2020-2025, the EU strategy to tackle organised crime 2021-2025, the EU strategy on combating trafficking in human beings, the EU strategy for a more effective fight against child sexual abuse, the 2021-2025 EU drugs action plan and the EU action plan against trafficking in cultural goods.

The programme is implemented under shared, direct, and indirect management. The largest share of the resources (71.7%) is allocated to the Member States' programmes under shared management. The remaining share (28.3%) is allocated to the Thematic Facility, a financial instrument managed by the Commission. Funding under the Thematic Facility can be used for specific actions (shared management) that are implemented by the Member States nationally or transnationally, EU actions (direct/indirect management) and emergency assistance (shared, direct or indirect or shared management). With the Thematic Facility, funds can be allocated to emerging or unforeseen needs and steered towards the changing EU priorities and evolving challenges. Technical assistance at the initiative of the Commission will be implemented by direct management. DG Migration and Home Affairs is the lead directorate-general for

the Commission. As the programme is covered by the common provisions regulation (Regulation (EU) 2021/1060), the directorate-general closely coordinates with DG Employment, Social Affairs and Inclusion, DG Maritime Affairs and Fisheries and DG Regional and Urban Policy. In relation to the external dimension, DG Migration and Home Affairs closely coordinates with DG Neighbourhood and Enlargement Negotiations, DG International Partnerships, and the Service for Foreign Policy Instruments. DG Migration and Home Affairs also coordinates with DG Research and Innovation and DG Communications Networks, Content and Technology.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



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LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The programme has the same policy objectives and implementation methods as its 2014-2020 multiannual financial framework predecessor – the programme's 'Police' strand. Whereas the specific objectives of the 2014-2020 multiannual financial framework programme focused on crime and crisis, the 2021-2027 programme has more cross-cutting specific objectives, such as increasing the exchange of information, intensifying cross-border cooperation, and strengthening capabilities.

The midterm evaluation of the programme started in March 2024, and is to be finalised by the end of 2024. It will build upon the early findings of the *ex post* evaluation of the 2014-2020 programme, to be finalised in the first semester of 2025.

FURTHER INFORMATION

- Programme website:
  - ISF.
- Impact assessment:
  - the impact assessment of the programme was carried out in 2018;
  - for further information please consult: https://europa.eu/!xU94BD.
- Relevant regulation:
  - Regulation (EU) 2021/1149 of the European Parliament and of the Council.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	70.0	254.1	309.9	321.9	327.2	318.4	284.8	1 886.3
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0

	2021	2022	2023	2024	2025	2026	2027	Total
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**70.0**	**254.1**	**309.9**	**321.9**	**327.2**	**318.4**	**284.8**	**1 886.3**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

– EUR 44.7 million (– 2%)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

The initial financial programming for the ISF of EUR 1.931 billion was affected by further modifications. On the one hand, it was reinforced from the AMIF by EUR 3.2 million through CPR article 26, EUR 7 million was added in the context of different budget procedures 2021-2024, the Fund also absorbed EUR 2.5 million of unused appropriations from the agencies. On the other hand, the ISF was reduced by EUR 58.1 million to finance various legislative initiatives concerning DG Migration and Home Affairs agencies.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	633.8	1 886.3	33.6%
Payments	249.6		13.2%

Voted budget implementation (million EUR) ([1]):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	70.0	175.6	0.1	35.2
2022	250.7	227.1	107.4	124.7
2023	309.6	309.9	137.6	138.5

(*) Voted appropriations (C1) only.(*) Voted appropriations (C1) only.

- For the Member States' programmes, due to the delays in the adoption of the legal basis for 2021-2027 and the time needed for the programming procedure, shared management programmes were formally approved only in the last quarter in 2022. The EU actions have become a part of the Thematic Facility covered by the multiannual work programmes for 2021-2022 and 2023-2025.
- The deterioration of the geopolitical context in 2023 compounded security threats. The European Council Conclusions of 26 and 27 October highlighted such increased risks to internal security not only in relation to terrorist attacks directed at individuals but also to critical infrastructure. The Council Conclusions called on institutions and Member States to engage in concerted efforts to mobilise all relevant policy areas at EU and Member State level, including by 'strengthening law enforcement and judicial cooperation, information exchange through the full use of relevant databases, protection of the external borders, fight against smugglers and close cooperation with third countries'. In view of the damage to critical infrastructure in the Baltic Sea, it also stressed the need for effective measures to strengthen the resilience and enhance the security of critical infrastructure.
- In line with the political priorities outlined above, in 2023 the programme calls focused amongst others on law enforcement cooperation, the protection of public spaces, including places of warship as well as critical infrastructures, and on fighting organised crime.
- Six projects were selected for a total amount of EUR 7.2 million in connection to the call supporting the implementation of the Council recommendation on operational law enforcement cooperation of June 2022, to develop amongst others cross-border hot pursuit and surveillance, joint police stations, joint risk and crime analyses, joint patrols and other joint operations.
- In the aftermath of the Hamas attacks in Israel, terrorist attacks in France and Belgium and rise in antisemitism, the PROTECT call (overall amount of EUR 30 million) for the protection of public spaces and places of worship was launched. The call includes 5 million earmarked to projects focusing on the protection of Jewish places of worship, schools, and community gatherings. Projects will be selected in the third quarter of 2024.
- The programme also focused on fighting organised crime, targeting those criminal groups that are a higher risk to the EU's security and notably the individuals in the higher echelons of criminal organisations with a dedicated call. Furthermore, the call focuses on actions that contribute to breaking the business model of organised crime, by conducting financial investigations and depriving criminals of their illegally obtained assets. Priority crime areas

include drug trafficking and trafficking in human beings, with a view to enhance cross-border law enforcement and judicial cooperation on trafficking in human beings' cases.

– The protection of critical infrastructures in response to the damages to the Baltic Sea gas pipeline between Estonia and Finland is the focus of two EMAS projects aimed at the investigation of damage to the critical undersea infrastructure between them.

– In addition, an EU awareness-raising campaign on trafficking in human beings, financed under the programme, was launched on EU Anti-Trafficking Day (18 October 2023) to reduce demand for the exploited services of victims of trafficking.

– In terms of spending in Member States, the Member States are expected to continue and strengthen activities relating to, among others, the implementation of the Prüm decisions and preparation for the Prüm II regulation, the European Multidisciplinary Platform Against Criminal Threats, the implementation of advance passenger information systems and preparation for the new related regulations, the radicalisation awareness network. In addition, the EU knowledge hub on prevention of radicalisation will be launched in April-May 2024. The hub will support Member States to develop and implement policies and strategies aimed at preventing and countering violent extremism.

– The first financial information transmitted by the Member States confirm that the bulk of the resources committed in 2023 (approximately EUR 190 million) relate to ICT systems and interoperability, with the cost of operations selected for support corresponding to over 36% of the indicative initial allocation.

– The voted budget for the programme amounted to EUR 175.6 million in 2021 in terms of commitment appropriations, of which EUR 70 million was implemented in 2021. The difference between EUR 175.6 million of the initial commitment appropriations and EUR 70 million of implementation is mainly the result of the adjustment of the multiannual financial framework (i.e. reprogramming of 2021 shared management appropriation due to the delay of adoption of Member States programmes: EUR 108.1 million was spread equally over the 2022-2025 period). In addition, the programme was reinforced by EUR 2.5 million through internal transfers to reinforce the Thematic Facility.

– The voted budget for the programme amounted to EUR 227.1 million in 2022 in terms of commitment appropriations, of which EUR 250.7 million ([36]) was implemented in 2022. The difference between EUR 227.1 million of the initial commitment appropriations and EUR 250.7 million of implementation is primarily the result of the adjustment of the multiannual financial framework for 2022 (i.e. reprogramming of 2021 shared management appropriation due to the delay of adoption of Member States programmes: EUR 27 million was added to 2022, and moreover, EUR 3.4 million has been added as a carry-over from a programme that was not adopted by the end of 2022).

– The voted budget for the programme amounted to EUR 309.9 million in 2023 in terms of commitment appropriations, of which EUR 309.6 million was implemented.

– As for the implementation of voted budget commitment appropriations in 2023, they were committed to the initial allocations under the Member States' programmes and the first Thematic Facility work programme. In case of payment appropriations, these were used mainly for the pre-financing and interim payments under the Member States' programmes and for payments under EU actions. The envisaged use of voted budget for 2024 appropriations will cover initial allocations to Member States (EUR 226.8 million), Thematic Facility amounts for specific actions and EU actions (EUR 93.6 million) and expenditure for

([36]) The figure is higher than the voted budget due to reprogramming and carry-over of the 2021 funds.

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technical assistance (EUR 2.45 million). It will also cover the additional EUR 5 million requested for the Protection of Jewish places of worship, schools, and community gatherings.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	0.0	0.0	0.0					0.0	0%
Biodiversity mainstreaming									
Clean air									

– In line with the EU's commitments to work towards achieving the United Nations sustainable development goals, the programme regulation commits (with no specific programme target) to contributing to the EU's goal of spending at least 30% of the total amount of the EU budget on supporting climate objectives and its ambition to spend 7.5% of the annual EU budget on biodiversity in 2024 and 10% in both 2026 and 2027, while considering the existing overlaps between climate and biodiversity goals.

– This could happen, for example, by focusing on green procurement regarding (small-scale) assets, infrastructure / information technology systems – subject to specific provisions ensuring the choice of products/services that reduce the climate impact by applying the best available technologies, the use of renewable energy in buildings, enhanced isolation, etc. For the time being there are no strict conditions set for national programming or project selection, but Member States are encouraged to prioritise environmentally friendly actions.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1				
0*	10.6	38.1	47.0	95.7
0	59.4	212.6	262.6	534.6

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);

- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender-disaggregated information.

- Reporting on gender-disaggregated data is not mandatory under the ISF. Managing authorities can decide, if they wish, to transmit gender-disaggregated data for indicators focusing on individuals. As of 2023, no managing authorities had transmitted gender-disaggregated data.

– The programme is committed to the horizontal approach of the EU budget, in which equality between women and men, rights and equal opportunities for all and the mainstreaming of these objectives should be considered and promoted throughout the preparation, implementation and monitoring of relevant programmes.

– In the broader context, to receive payments from the Commission, the Member States' programmes for DG Migration and Home Affairs funds will have to comply with several horizontal enabling conditions, one of which concerns the effective application and implementation of the EU Charter of Fundamental Rights, including the equality of men and women. The horizontal enabling conditions must be fulfilled throughout the entire programming period, and Member States must report on their application to the programme monitoring committee and the Commission.

– As regards the types of action supported by the programme, training and knowledge sharing habitually tackle gender-specific issues, which is why they are considered to be financial interventions that may have the potential to impact gender equality, among other areas. Therefore, the amount under the gender score 0* is an estimate based on interventions relating to training and knowledge sharing

– In the context of the midterm evaluations, which are currently being carried out and are expected to be finalised by the end of 2024, the potential to affect the gender equality of specific types of intervention will be examined in greater detail – and the gender score may be subject to variation.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	32.5	116.6	144.0	293.1	46%

It is considered that activities under all specific objectives of the programme may partially contribute to the goal of digital transition by:

– improving and facilitating the exchange of information between and within competent authorities and relevant EU bodies, offices and agencies and, where relevant, with non-EU countries and international organisations;

– improving and intensifying cross-border cooperation, including joint operations, between competent authorities in relation to terrorism and serious and organised crime with a cross-border dimension;

– supporting the strengthening of Member States' capabilities in relation to preventing and combating crime, terrorism and radicalisation, along with managing security-related incidents, risks and crises;

– the amount contributing to the goals of digital transition is an estimate that is based on activities and interventions relating to the digitalisation of administration (government information and communication technology solutions, e-services, etc.) under shared management.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Number of information and communication technology systems made interoperable in the Member States / with security-relevant EU and decentralised information systems / with international databases	0	1%	752 in 2029	10 compared to a target of 752	On track
Number of administrative units that have set up new or adapted existing information-exchange mechanisms/procedures/tools/guidance for the exchange of information with other Member States / EU agencies / international organisations / non-EU countries	0	1%	151 in 2029	2 compared to a target of 151	On track
Estimated value of assets frozen in the context of cross-border operations	0	0%	EUR 226 million in 2029	356 530 compared to a target of EUR 226 million	On track
Quantity of illicit drugs seized in the context of cross-border operations by type of product	0	NA	117 903 in 2029	No results	On track
Quantity of weapons seized in the context of cross-border operations by type of weapon	0	NA	2 754 in 2029	No results	On track
Number of initiatives developed/expanded to prevent radicalisation	0	0%	104 in 2029	1 compared to a target of 104	On track

Number of critical infrastructures / public spaces with new/adapted facilities protecting against security-related risks	0	NA	923 in 2029	No results	On track

(*) % of target achieved by the end of 2023.

– .The approval of the Member State programmes for 2021-2027, which represent the bulk of the resources of the programme, took place in the last quarter of 2022, in line with the timing of most funds covered by the common provisions regulation (Regulation (EU) 2021/1060).

– By the end of 2023, it was not yet possible to identify any particular trends in the progress towards the targets ([37]) of the key performance indicators listed above, with just 1 full year of implementation for the Member State programmes. However, as outlined in the budget implementation section, progress was visible in 2023 from a financial perspective. Operations were selected by the managing authorities across all three specific objectives, for a total cost that amounted to 28.4% of the Member State programmes' allocations.

– Overall, in 2023, Member States focused on launching calls for proposals, selecting operations as well as the preparatory work for specific actions. Reporting on outputs, and especially result indicators ([38]), is expected to gain momentum at a slightly later stage, once the number of operations reaches cruising speed.

– The first achievements recorded relate to events such as workshops, seminars and study visits across the three specific objectives. Under specific objective 1, on the exchange of information, the first achievements relate to Member States' information and communications technology systems being made interoperable with security-relevant EU and decentralised information systems or international databases. Under specific objective 2, on cross-border operations, the first achievements are being recorded on cross-border operations carried out, including Joint Investigation Teams and EMPACT operational actions, resulting in the first recording of assets being frozen in the context of cross border operations. Under specific objective 3, on preventing and combating crime, early achievements were recorded in relation to the launch of projects to prevent crime and assist its victims, and in relation to the development of initiatives to prevent radicalisation. Training was organised for staff, with the first participants reporting that, 3 months following the training session, they were using the skills acquired.

– As of 2023, there was no clear indication of issues with the implementation of the programmes that suggest the targets will not be met, except for external factors such as the general increase in prices

([37]) As is standard practice for shared management programmes, and in line with the legal framework, the milestones and targets have been established by the Member States based on their strategy and needs assessments and in line with the available resources indicatively planned in the programmes across predefined types of interventions. The Member States are indeed best placed to tailor the design of the programmes to their national context and needs. The methodology for target setting was shared with the Commission, which also provided methodological advice to the Member States. The milestones, targets and related methodology can be adjusted during the programming period in duly justified cases, such as a revision of the programme's strategy, relevant external contextual factors and changes in the distribution or volume of the available resources, and following a review by the Commission. An overall assessment of the relevance of the strategy and its targets compared to the evolving needs at both the Member State and the EU level will be part of the midterm evaluation of the programme.

([38]) The performance assessment section is based on the latest available data for the key performance indicators. For those indicators that are based on the data transmitted by the Member States in the Annual Implementation Reports, the cut off date is 2022. This is clarified in the meta data annexed to the Programme Performance Statements, and due to the fact that information on the achievements in 2023 will only be included in the Final Implementation Reports, due by the end of 2024.

and issues with the supply chain due to the deterioration in the geopolitical context or difficulties with the initial target setting. These elements may result, as part of the midterm allocation process, in duly justified changes to the targets being established by the Member States. However, some Member States report difficulties with administrative capacity, due in part to the two overlapping funding periods and the novel requirements being introduced by the new legal basis. Public procurement procedures are also being mentioned by almost half of the Member States as an area where difficulties have been experienced and may cause some delays. Member states also mention remedy actions put in place to mitigate the impact of these issues, which include work on procedures, hiring of personnel, cooperation with the European Commission, the use of technical assistance and continued monitoring of the situation.

– The implementation of the New Pact on Migration and Asylum will create a stronger basis for a comprehensive approach at the EU level that will also have to take into account security threats. To safeguard the internal security of the Schengen area, the new pact will need to be complemented by other actions, such as combating migrant smuggling and trafficking in human beings.
– The general increase in prices will also affect direct management, due to the mandatory use of fixed unit rates for certain types of costs. Despite a partial revision of the underlying legal framework, these rates remain unfavourable, and they may result in insufficient coverage of the real expenditure by the organisations involved in implementing the actions. This, in turn, may lead to reduced participation in future calls for proposals, along with project activities that need to be removed from the scope of existing support as they have become financially non-viable.
– More generally, continued pressure on resources could influence the implementation of transnational actions. This is already visible, especially in law enforcement cooperation, which necessitates in-person gatherings that have been severely impacted by pervasive increases in travel costs.
– In view of their specific nature and legislative objectives, the performance of transnational EU actions cannot be fully captured by the key performance indicators focused on capacity building and intensifying cross-border cooperation, but they effectively complement the implementation of the policy objectives at the national level through Member States' programmes by developing policy analysis and innovation, transnational mutual learning and partnerships, and the testing of new initiatives and actions across the EU. Of 60 actions financed under the 2021-2022 Thematic Facility, 54 started in 2023, and their results are expected to be communicated to the Commission in 2025 and 2026. For the 2023-2025 Thematic Facility, calls for proposals of strategic importance to the fight against organised crime and the protection of public spaces and places of worship were published in the end of 2023. Through EU actions, the Commission is supporting valuable projects countering corruption, child sexual abuse, cybercrime and the trafficking of human beings and drugs, and is supporting the protection of public spaces and places of worship, along with police cooperation and law enforcement networks.

2014-2020 multiannual financial framework – Internal Security Fund 'Police' strand

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The 2014-2020 programme provided financial resources with the objective of contributing to ensuring a high level of security in the EU, in particular by preventing and combating terrorism and radicalisation, serious and organised crime and cybercrime, and by assisting and protecting victims of crime and preparing for, protecting against and effectively managing security-related incidents, risks and crises

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	1 230.2	1 231.0	99.9%
Payments	986.2		80.1%

- For the 2014-2020 period, for the Police strand, EUR 751.56 million was allocated to the national programmes of the Member States. By 2023, Member States had spent EUR 681.86 million, equivalent to an absorption rate of 90.72%. By 31 December 2024, the Member States are expected to submit their final accounts for period ended 30 June 2024.
- Over the last years, the national programmes of the Police strand have received funding, for instance, for the passenger name record system and for information exchange and the interoperability of information systems. Information exchange projects include the interconnection of national databases and the information technology tools of various national police entities, and the connection of national databases and information technology tools with their EU equivalents with a view to the cross-border exchange of structured data on crime. Examples of data exchange projects include the passenger name record system, the Schengen information system and the Europol information system.
- To support Member States, emergency assistance from the Police strand has been made available to address urgent and specific needs. The overall amount granted between 2014 and 2020 amounts to EUR 12 million. As regards direct management, in 2023, most projects selected under the 2017 and 2018 annual work programmes were closed, while those from 2019 and 2020 have reached cruising speed. The projects' implementation is continuously monitored to ensure they continue bringing value and their performance is line with the objectives of the programme.
- An *ex post* evaluation of the 2014-2020 ISF-Police is being carried out and is expected to be finalised by mid-2025.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment

Projects of joint investigation teams and European Multidisciplinary Platform against Criminal Threats (including Member States and authorities)	0	> 100%	216 in 2022	370 projects compared to a target of 216	Achieved
Protection of critical infrastructures by Member States	0	> 100%	478 in 2022	654 projects compared to a target of 478	Achieved

(*) % of target achieved by the end of 2022.

– Until the end of 2022, the Police strand has proven to be an effective programme, approaching its general objective to contribute to a high level of security in the EU. In particular, the interim evaluation concluded that the programme has been shown to be flexible enough to respond to the changing needs which emerged as a consequence of the security crises.

– The programme supports overall EU policies in the area of internal security, e.g. on police cooperation, preventing and combating serious and organised crime, protection of people and critical infrastructures. Transnational projects and projects of particular EU interest are being financed through EU actions. Therefore, the (bi)annual programming for EU actions offers a unique chance to align the actions to the most urgent and important needs identified on the ground (e.g. trafficking in human beings, child sexual abuse and corruption), along with allowing continuity, for example, on the European crime prevention network.

– The 2014-2020 programme was also instrumental in helping to provide technological and knowledge updates for European security. Examples include new detectors for chemical, biological, nuclear, radiological or explosive substances, the automated border control gates in airports and border crossing points and new technologies used by police forces for investigations involving the dark web.

– In terms of the overall performance of the programme, the analysis of the progress towards the targets shows very positive trends across the board of all specific objectives and indicators, with limited exceptions linked to reporting issues ([39]). The implementation of the programme will continue until 30 June 2024, after the adoption in April 2020 of the Commission's proposal to extend the implementation period for the funding available to Member States under the 2014-2020 Home Affairs Funds by 1 year due to the crisis in Ukraine.

([39]) The information coming from the Member States is not yet fully consolidated due the timing for the reporting cycle. The aggregated figures may also hide differences in performance at the Member State level. For person-related indicators, there could be instances of individual counted more than once.

– Significant results have also been achieved in the frame of the support to the @On Network ([40]), such as the arrest of at least 411 criminals, the dismantling of 13 organised crime groups and approximately EUR 113 million seized, also due to the Maritime Analysis and Operations Centre – Narcotics ([41]), with 47 tonnes of drugs worth EUR 2 667 billion sized in 2022

– In terms of the main issues affecting performance, in 2020, 2021 and 2022, Member States reported that the COVID-19 pandemic had led to delays in project implementation due to delays in public procurement procedures, travel restrictions, difficulties in hiring staff, construction work due to lockdown and other restrictions especially for in-person activities such as training. The Russian war of aggression to Ukraine had also a bearing on the implementation of the activities, due to shifting policy priorities in the area of security, difficulties with the procurement of certain types of security equipment as well as the combined effects of the war and other supply chain issues on prices. Lastly, the timing for the negotiations of the legal basis for large-scale IT systems was described as a factor limiting performance in a few cases. Mitigation measures included the extension of project duration, the re-design of training activities from in-person to remote activities as well as the active engagement of the Commission with a number of stakeholders to support the negotiations and agreement on the legal basis of the large-scale IT systems.

– The main lessons learned during the 2014-2020 programming period include the following.

    • There has been insufficient cooperation, coordination and strategic steering in the implementation of the programme with other EU-level initiatives.

    • Better exploitation of innovation opportunities from EU civil security research is needed.

    • There is a need for simplification.

    • There was insufficient flexibility to respond to changing needs during the programming period.

– There is a need to strengthen performance monitoring in terms of the quality and frequency of data relating to the fund, with more regular and reliable data-setting. This is being tackled for the 2021-2027 programming period on the grounds of the new requirements contained in the legal basis and through joint work by the Commission and national managing authorities on data quality.

([40]) A law enforcement network that works to strengthen cooperation among law enforcement authorities against top-level organised criminal groups.

([41]) Which supports Europe's fight against drug trafficking in the Atlantic and Mediterranean maritime and aerial domains.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3		
SDG4		
SDG5		
SDG6		
SDG7		
SDG8		
SDG9		
SDG10		
SDG11		
SDG12		
SDG13		
SDG14		
SDG15		

SDG16	yes	Eradicating – enhancing prevention and multiagency cooperation against trafficking (1.12.2021-30.11.2023) Trafficking is not only a serious violation of human rights but also a social and security issue at the same time. Multi-stakeholder engagement between various actors (e.g. non-governmental organisations, law enforcement, public authorities, private sector) remains an important challenge to be addressed by the Member States as well as the cross-border and transnational collaboration of law enforcement authorities which needs to be strengthened. Eradicating is a multi-country project designed to increase the capacity of authorities and service providers to enhance prevention and early identification mechanisms in place, with a focus on trafficking for sexual and labour exploitation. In the long run, the project aspires to eradicate the established and dangerous culture of impunity that persists and contributes to the thriving of the trafficking industry. Consortium of actors from Greece, Germany, and Bulgaria and adopting a human rights-based and gender-sensitive approach, Eradicating aims to: a. Support capacity-building efforts to combat and prevent the crime of trafficking in human beings through enhancing the skills of law enforcement, prosecutorial offices, labour inspectorates, financial investigation units, non-governmental organisations and social service providers in the investigation and prosecution of people involved in trafficking. b. Strengthen cross-border joint ventures within the EU, between law enforcement and other competent authorities and facilitate the exchange of information within the EU and between law enforcement authorities and other competent organisations, other relevant EU bodies as well as with non-EU countries and international organisations. c. Raise awareness on trafficking targeting the users in order to increase prevention and identification mechanisms and stop the culture of impunity.
SDG17		

NUCLEAR DECOMMISSIONING (LITHUANIA)

NUCLEAR DECOMMISSIONING ASSISTANCE PROGRAMME OF THE IGNALINA NUCLEAR POWER PLANT IN LITHUANIA

Programme in a nutshell

Concrete examples of achievements (*)

100% of the 15 630 nuclear fuel assemblies were removed from the reactors from 2016 to April 2022, including 75 unused assemblies.	191 storage casks were safely stored in the interim spent fuel storage facility by the end of 2022, thus completing the transfer of spent fuel started in 2016.	100% of the 235 control and security channels of Unit 1 were dismantled by mid-2023.	

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	552.0
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0

Total budget 2021-2027	**552.0**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The programme supports Lithuania in the decommissioning of the Ignalina nuclear power plant, while ensuring the highest level of safety.

CHALLENGE

The decommissioning allows removal of some or all regulatory controls from a nuclear facility, so for a nuclear power plant is the final step in its life cycle. The aim is to ensure long-term protection of the public and the environment. The decommissioning process involves among others the activities like shutdown of the nuclear power plant, the removal of spent fuel and nuclear material, the environmental restoration of the site. The decommissioning of nuclear power plants typically takes 20 to 30 years and implicates technical, technological, and financial challenges.

The Ignalina decommissioning programme is complex, as it is the first large power reactor with a graphite core to be dismantled.

In the application of its act of accession to the EU, Lithuania anticipated the shutdown of the two nuclear reactors in Ignalina within the agreed deadlines (2004 and 2009). The EU committed to providing financial support for the decommissioning, in accordance with approved plans, while ensuring the highest level of safety.

EU funding is justified since nuclear safety in Lithuania is essential for nuclear safety in the region and in the EU. Action at the EU level also has specific added value because it favours the dissemination of critical knowledge and know-how on the dismantling and decontamination processes.

MISSION

The programme's general objective is to assist Lithuania in implementing the decommissioning of the Ignalina nuclear power plant, with specific emphasis on managing the related safety challenges, while gaining knowledge about the nuclear decommissioning process and the management of radioactive waste resulting from the decommissioning activities.

OBJECTIVES

The specific objective of the programme is to carry out the dismantling and decontamination of the equipment and reactor shafts of the Ignalina nuclear power plant in accordance with the decommissioning

plan – including the management of radioactive waste resulting from the decommissioning activities – and to continue with the safe management of the decommissioning and legacy waste.

ACTIONS

The actions to be funded by the Ignalina programme are within the scope of the decommissioning plan presented to the Commission. The actions focus on activities relating to the delivery of the general and specific objectives and those with the highest EU added value, namely the removal of radiological hazards and the creation and dissemination of relevant knowledge.

STRUCTURAL SET-UP OF THE PROGRAMME

The Commission implements the nuclear decommissioning assistance programme through indirect management. When services from third-party providers are needed for preparatory, monitoring, control, audit, and evaluation activities, they are subject to direct management.

Since 2001, implementation tasks have been entrusted to the European Bank for Reconstruction and Development, which manages a dedicated multi-donor fund: the Ignalina International Decommissioning Support Fund. In parallel, since 2005, projects are also managed through a national agency in Lithuania, the Central Project Management Agency.

Even though the final beneficiary of each programme is the Member State itself (Lithuania), the licence holder (Ignalina Nuclear Power Plant) of the facilities under decommissioning and the facilities for radioactive waste management is running the decommissioning activities.

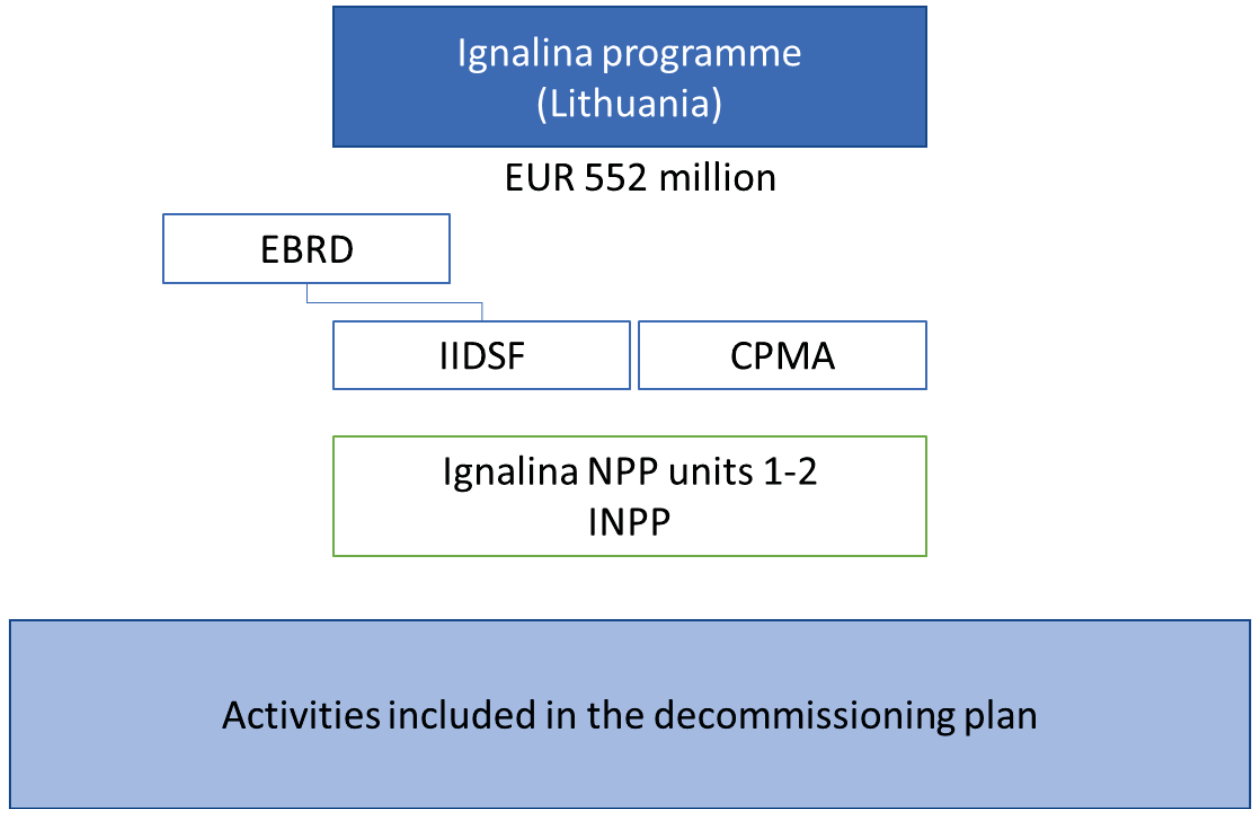
The decommissioning programme has its own monitoring committee, which is responsible for overseeing the coordinated implementation of activities and funding of the decommissioning programme, irrespective of the funding source.

Finally, the Commission is assisted by the Nuclear Decommissioning Assistance Programme Committee, which is a committee within the meaning of Regulation (EU) No 182/2011.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP

Nuclear Decommissioning Assistance Programme of the Ignalina Nuclear Power Plant in Lithuania

Indirect management



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The decommissioning of the Ignalina nuclear power plant has received EU support since 2001 under various instruments. The EU's assistance under the 2021-2027 multiannual financial framework is the continuation of this long-term programme – which is scheduled to last until 2038 – with the additional objective of disseminating knowledge on the decommissioning process to all Member States. The activities funded in the 2021-2027 period will be subject to a maximum EU co-financing rate of 86%. Previously, this rate was not explicitly set

FURTHER INFORMATION

- Programme website:
  - Nuclear Decommissioning (Lithuania).
- Impact assessment:

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- The impact assessment of the nuclear decommissioning assistance programme was carried out in 2018.

– Relevant regulation:

- Council Regulation (EU) 2021/101.

– Evaluations:

- Midterm evaluation on nuclear decommissioning assistance programmes to Bulgaria, Lithuania and Slovakia (COM(2018) 468).

– Other:

- Commission report on the implementation of the work under the nuclear decommissioning assistance programme to Bulgaria, Slovakia and Lithuania and JRC programme in 2021 and previous years (COM(2022) 663).

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	72.5	98.9	68.8	74.6	74.7	80.1	82.4	552.0
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**72.5**	**98.9**	**68.8**	**74.6**	**74.7**	**80.1**	**82.4**	**552.0**

(*) Only Article 15(3) of the financial regulation.

Financial programming:

+ EUR 0.0 million (+ 0%)

compared to the legal basis.*

* Top-ups pursuant to Art. 5 MFF regulation are excluded from financial programming in this comparison.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	240.2	552.0	43.5%
Payments	9.1		1.6%

Voted budget implementation (million EUR):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	72.5	72.5	0.0	0.0
2022	98.9	98.9	0.0	0.0
2023	68.8	68.8	9.1	0.2

(*) Voted appropriations (C1) only.(*) Voted appropriations (C1) only.

- In 2023, EUR 68.8 million worth have been committed for the decommissioning to the Central Project Management Agency and the European Bank for Reconstruction and Development. Commitments and payments in 2024 will follow the financial programming. This allocation of funds will sustain the ongoing progress of the decommissioning programme in Lithuania.
- Decommissioning projects are, in many cases, highly complex from the procurement and implementation point of view and extend over a long period. This explains the long interval between the programme's commitments and payments.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming									
Biodiversity mainstreaming									
Clean air									

This programme does not provide a specific contribution to the green budgeting priorities.

Contribution to gender equality (million EUR) (*)**:**

Gender Score	2021	2022	2023	Total
2				
1				
0*				
0	72.5	98.9	68.8	240.2

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information:

- N/A

The gender equality perspective was considered in developing Council Regulation (EU) 2021/101. Nonetheless, nuclear decommissioning is the primary and sole objective of the programme, which as such has no significant impact on gender equality.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution					

There is no specific contribution to the digital transition provided by this programme.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Very low radioactivity waste disposed (cubic metres)	0	**26%**	29 020 in 2030	7 684 compared to a target of 29 020	On track
Low and intermediate radioactivity waste disposed (cubic metres)	0	**13%**	9 202 in 2030	1 210 compared to a target of 9 202	Deserves attention
Metal dismantled (tonnes)	0	**23%**	4 341 in 2028	1 012 compared to a target of 4 341	Deserves attention

(*) % of target achieved by the end of 2023.

- In the first phase, which started in 2020 and will run until 2027, the decommissioning operator will remove all peripheral components from the reactor shafts. The transfer in 2022 of the last fuel assemblies from the reactor building to storage casks and then to the interim spent fuel storage facility opened the way to the dismantling of the reactor core systems.
- However, the slow procurement process has caused delays in starting the design of that first-of-a-kind project, and the programme end date will need to be reassessed at the end of the optioneering stage.
- Meanwhile, radioactive-waste-processing activities are proceeding. The pre-disposal processing of very-low-level waste took place without major obstacles. The landfill repository was completed in 2021 and its operations started in 2022. With the start of the landfill operations, the pace of disposal will progressively increase based on a learning curve.
- The amount of low- and intermediate-radioactivity waste processed is lower than planned. The complex installations for waste processing did not immediately reach their nominal output and the dismantling operations produced a lower proportion of radioactive waste in these categories. The construction of the disposal facility for low-level waste is delayed.
- There are several reasons for the underperformance. The declining dismantling rate is due to the equipment to be dismantled having become progressively more radioactive and less accessible every year. In addition, dismantling in reactor shafts in unit 1 started in late autumn 2021 with a 9-month delay, because the nuclear regulator permit was received much later than scheduled. New dismantling equipment, the receipt of which is pending, will allow work to accelerate. There has been significant progress since the start of the works, but the rate of dismantling should further increase to achieve the overall objectives.

2014-2020 multiannual financial framework – Nuclear Decommissioning (Lithuania)

The programme supports Lithuania in the decommissioning of the Ignalina nuclear power plant, while keeping the highest level of safety.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	450.8	450.8	100.0%
Payments	183.4		40.7%

- Decommissioning projects are, in many cases, highly complex from the procurement and implementation point of view and extend over a long period of time. This explains the interval between the commitments (which have reached 100%) and the payments (which have reached only 41%) of the programme.
- Nevertheless, the total payments made during the period 2014-2020 period (including also those related to 2007-2013 commitments), are EUR 430 million, which is in line with the commitments made for the 2014-2020 period. The cost of the work carried out since 2014 is within budget.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Removal of spent fuel assemblies from the unit 1 and unit 2 spent fuel ponds	0	100%	15 630 in 2022	15 630 out of 15 630	Achieved

(*) % of target achieved by the end of 2022.

- The progress against the 2014-2020 multiannual financial framework programme's objectives is generally satisfactory.

- The cores of both reactor units 1 and 2 were completely defueled in 2019 – a result achieved ahead of schedule and the safe storage of fresh and spent fuel assemblies was completed in 2022.
- The overall performance concerning the dismantling in the turbine hall and other auxiliary systems was satisfactory, with 43 730 tonnes of material dismantled from the turbine hall and 42 703 cubic metres of processed waste by the end of 2020 from the turbine hall and auxiliary buildings (against a target of 42 314 cubic metres).
- No safety incidents were registered during 2014-2020, showing that the objective of safely maintaining the reactor units has been consistently achieved. Although this is no longer a specific objective for the 2021-2027 multiannual financial framework, no safety incidents were reported since then.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	NO	
SDG2	NO	
SDG3	NO	
SDG4	NO	
SDG5	NO	
SDG6	NO	
SDG7	NO	
SDG8	NO	
SDG9	NO	
SDG10	NO	
SDG11	NO	

SDG12	YES	The programmes aim at optimising waste management, following a waste hierarchy approach whereby disposal is the last resort, after having maximised opportunities for re-use and mostly recycling. This involves increasing the circularity of materials in the economy, thereby reducing both the need for resource extraction and the amount of waste ending up in landfills. Such an approach would not only reduce environmental pressures, but also provide major economic and social benefits. In particular, the efforts to remove any residual radioactive contamination from dismantled and removed materials (mostly concrete, steel, and other alloys), as well as the thorough verification of compliance with clearance levels in line with Euratom Basic Safety
SDG13	NO	
SDG14	NO	
SDG15	NO	
SDG16	NO	
SDG17	NO	

NUCLEAR DECOMMISSIONING

FINANCIAL PROGRAMME FOR THE DECOMMISSIONING OF NUCLEAR FACILITIES AND THE MANAGEMENT OF RADIOACTIVE WASTE (BULGARIA, SLOVAKIA, AND THE JOINT RESEARCH CENTRE)

Programme in a nutshell

Concrete examples of achievements (*)

18 main coolant pumps were dismantled at Kozloduy during 2023.	75 is the average factor of radioactive waste volume reduction achieved by the Plasma Melting Facility installed by the programme in Kozloduy.	2 reactors and all associated circuits were completely dismantled at the Bohunice V1 nuclear power plant in 2022.	95% of metals from the dismantled Bohunice plant were decontaminated, verified and recycled as non-radioactive material between 2019 and 2023. A further increase will follow after the reprocessing of 4% of the material.
641 tonnes of radioactive waste and materials were processed at the Joint Research Centre (JRC) Ispra site between 2021 and 2023.	38% of legacy low-level-waste items were characterised and removed at the JRC Karlsruhe site between 2021 and 2023.	30% of all radioactive waste was managed and removed at the JRC Geel site between 2021 and 2023.	17 decommissioning knowledge products were shared between 2021 and 2023.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

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Budget for 2021-2027

(million EUR)

Financial programming	465.3
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0
Total budget 2021-2027	**465.3**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The programme provides funding for the decommissioning of the Kozloduy and Bohunice nuclear facilities and the nuclear installations owned by the European Commission, as well as the management of radioactive waste. The programme also aims to take advantage of synergies and knowledge sharing, with a view to ensure dissemination of knowledge and return of experience in all relevant areas such as research and innovation, regulation, and training, and to develop potential EU synergies.

CHALLENGE

The decommissioning allows removal of some or all regulatory controls from a nuclear facility, so for a nuclear power plant is the final step in its life cycle. The aim is to ensure long-term protection of the public and the environment. The decommissioning process involves among others the activities like shutdown of the nuclear power plant, the removal of spent fuel and nuclear material, the environmental restoration of the site. The decommissioning of nuclear power plants typically takes 20 to 30 years and implicates technical, technological, and financial challenges.

The corresponding phasing out of the necessary safety measures and associated costs is done in a series of steps, mainly because the removal of major batches of radioactive materials is carried out over several stages.

In accordance with their acts of accession to the EU, Bulgaria anticipated the shutdowns of units 1 to 4 in the Kozloduy nuclear power plant and Slovakia of units 1 and 2 in the Bohunice V1 nuclear power plant, respectively. The decommissioning has resulted in a significant financial burden of direct and indirect cost for those Member States. The EU has committed to providing financial support for the decommissioning, in accordance with approved plans. The financial support provided under the 2021-2027 multiannual financial framework will bring both the Kozloduy and Bohunice programmes to completion.

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The Joint Research Centre (JRC) was established under the Euratom Treaty and site agreements were signed between 1960 and 1962 between the European Economic Community, Belgium, Germany, Italy, and the Netherlands. In the cases of Italy and the Netherlands, the national nuclear installations were transferred to the Community. An infrastructure geared to nuclear research and comprising new installations was put in place at the four sites. Most of these installations are still in use today, while others have been shut down – in some instances more than 20 years ago – and have mostly become obsolete. The JRC, as the licence holder, must manage its historical nuclear liabilities, decommission its obsolete nuclear installations, and safely manage the resulting spent fuel and radioactive waste.

The programme also has specific added value because it facilitates the dissemination of critical knowledge and know-how on the decommissioning of nuclear facilities.

MISSION

The general objective of the programme is to provide funding for the decommissioning of these nuclear facilities and the management of radioactive waste, in line with the needs identified in the respective decommissioning plans.

OBJECTIVES

In addition to creating knowledge on the nuclear decommissioning process and the management of the resulting radioactive waste, the programme aims to:

1. assist Bulgaria and Slovakia in implementing the Kozloduy programme and the Bohunice programme, respectively, including the management and storage of radioactive waste in line with the needs identified in the respective decommissioning plans, with a specific emphasis on managing the related safety challenges;
2. support the JRC decommissioning and waste management programme.

ACTIONS

The Kozloduy and the Bohunice programmes will fund activities within the scope of the respective decommissioning plans related to the delivery of the general and specific objectives and with the highest EU added value, namely the removal of radiological hazards.

During the 2021-2027 period, in Ispra the gradual shift from safe conservation and pre-decommissioning to relatively large decommissioning and waste management tasks will continue, enabled by the relevant authorisations and licences granted by the safety authority and by the start of the operation of new supporting facilities. The management of fresh and irradiated nuclear material is part of this effort. In Karlsruhe, the requalification and removal of legacy low-level waste and glove boxes and the optimisation of spent fuel inventories continu. In Petten, a multi-year campaign to dispose of the nuclear material/waste batches owned by JRC will has been launched. In Geel, an effort to reduce/optimise the inventories of nuclear materials owned by the JRC and to remove waste is implemented, in agreement with the licensing authority.

The JRC is leading the efforts to develop ties and exchanges among EU stakeholders on nuclear decommissioning, to ensure the dissemination of knowledge and the sharing of experience in all relevant areas, such as research and innovation, regulation and training and developing potential EU synergies.

STRUCTURAL SET-UP OF THE PROGRAMME

For Bulgaria and Slovakia.

The Commission implements the nuclear decommissioning assistance programmes through indirect management. When services from third-party providers are needed for preparatory, monitoring, control, audit and evaluation activities, they are subject to direct management.

Since 2001, implementation tasks have been entrusted to the European Bank for Reconstruction and Development, which manages, for each decommissioning programme, a dedicated multi-donor fund: the International Decommissioning Support Funds. In addition, Slovakia established a second entrusted entity, the Slovak Innovation and Energy Agency, in 2015.

Even though the final beneficiary of each programme is the Member State itself (Bulgaria and Slovakia), in each Member State the licence holder of the facilities under decommissioning and the facilities for radioactive waste management are running the decommissioning activities (State Enterprise Radioactive Waste in Bulgaria and JAVYS in Slovakia).

Each decommissioning programme has its own monitoring committee (fully operational as of 2015), which is responsible for overseeing the coordinated implementation of activities and the funding of the decommissioning programme, irrespective of the funding source.

For JRC

Following the signature of the Euratom Treaty (1957), the European Union (then Community) started conducting common research programmes in the nuclear field at national research sites that were established and transferred to the European Atomic Energy Community. Today the JRC continues to conduct nuclear research at their sites of Geel (Belgium), Karlsruhe (Germany), Ispra (Italy) and Petten (Netherlands).

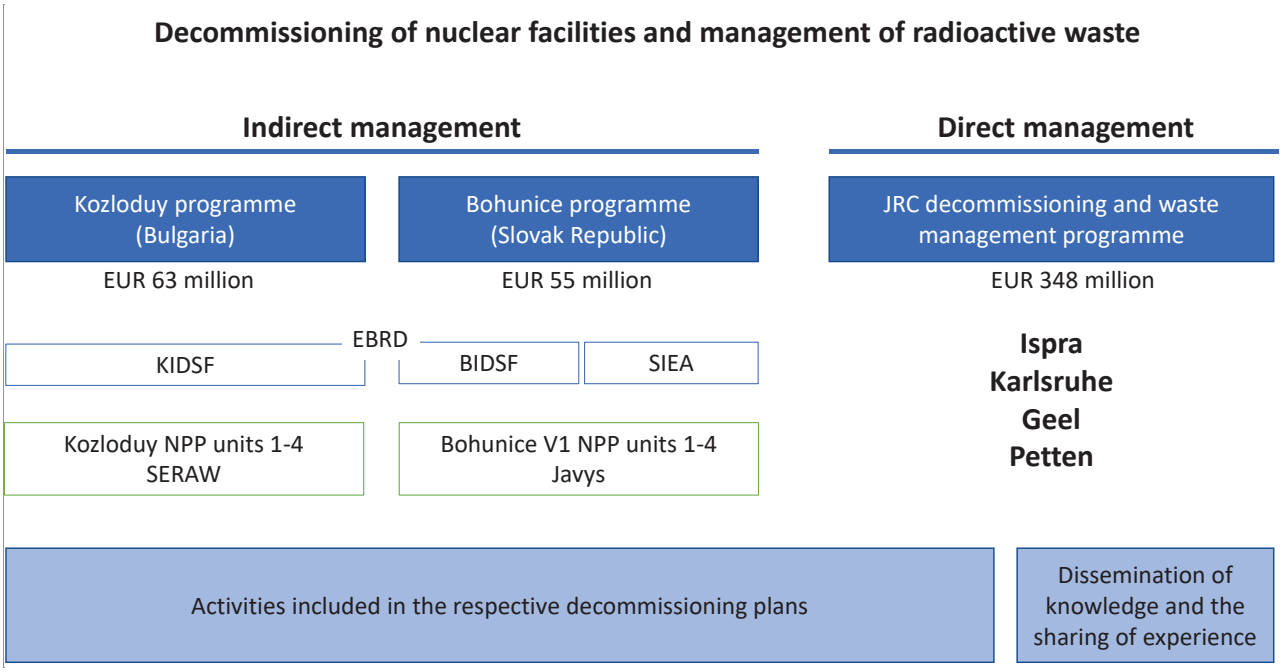
Willing to take responsibility for the management of the radioactive waste produced during the JRC's nuclear research activities, in 1999 the Commission established the JRC nuclear decommissioning and waste management programme, aiming at progressively dismantling all Euratom nuclear installations at the JRC

sites, including those currently in use when they will reach the end of their operational life. Decommissioning includes management of 'historical' waste and waste arising from the dismantling operations, with the final objective being to dispose of it at Member States' disposal facilities and release the sites from regulatory control. Until 2021, the programme was financed through a dedicated budget line. The funds were earmarked in the multiannual financial framework of the European Commission and made available annually. Three communications (COM (2004) 621, COM (2008) 903 and COM(2013) 734 (2-40)) updated the Parliament and the Council on the programme's progress, status and financial perspectives. Progress was also reported annually through the JRC management plan and the JRC activity report.

In 2021, the Council adopted Regulation (Euratom) 2021/100, establishing a dedicated financial programme common to the JRC nuclear decommissioning and waste management programme and the decommissioning programmes of nuclear power plants in Bulgaria and Slovakia, which allows more flexibility and efficiency in the management of the programme.

The JRC's nuclear decommissioning and waste management programme is implemented in direct management by the Commission (JRC).

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

Under the 2021-2027 multiannual financial framework, the Kozloduy and Bohunice programmes continue the efforts of their 2014-2020 framework predecessors. The activities funded in the 2021-2027 period are subject to a maximum EU co-financing rate of 50%. This rate was not included previously.

The JRC part of the programme was previously performed under direct management under a different financial instrument but is now part of Council Regulation (Euratom) 2021/100. Since the beginning of the programme, the Commission has regularly reported to the European Parliament and the Council of the European Union on its progress and status.

The regulation introduced a mandate to explore and, if appropriate, develop options for the transfer of liabilities to the host Member State through a voluntary bilateral agreement with the Commission. It also mandates the JRC to facilitate the dissemination of explicit knowledge and the sharing of experience in all relevant areas of decommissioning, such as research and innovation, regulation, and training, and developing potential EU synergies.

FURTHER INFORMATION

- Programme website:
  - Decommissioning of nuclear facilities;
  - JRC (decommissioning and waste management programme and decommissioning Knowledge dissemination).
- Impact assessment:
  - the impact assessment of the nuclear decommissioning assistance programme was carried out in 2018.
- Relevant regulation:
  - Council Regulation (Euratom) 2021/100.
- Evaluations:
  - Mid-term evaluation on nuclear decommissioning assistance programmes to Bulgaria, Lithuania and Slovakia (COM(2018) 468).
- Other:

  Commission report on the implementation of the work under the nuclear decommissioning assistance programme to Bulgaria, Slovakia and Lithuania and JRC programme in 2021 and previous years (COM(2022) 663).

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	69.2	43.9	56.5	62.3	70.5	73.1	89.8	465.3
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	2021	2022	2023	2024	2025	2026	2027	Total
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**69.2**	**43.9**	**56.5**	**62.3**	**70.5**	**73.1**	**89.8**	**465.3**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

– EUR 0.7 million (– 0%)

compared to the legal basis.*

*The programme had an initial legal basis for all years of the MFF with EUR 466 Mio., the current financial programming 2021-2027 shows EUR 465.3 Mio. This lines out that the programme is keeping its legal basis without relevant changes in financial programming, e.g. as it would be if transfers from other programmes would be integrated as amendments of the budget, of financial programming.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	166.4	465.3	35.8%
Payments	59.0		12.7%

Voted budget implementation (million EUR)(*):Voted budget implementation (million EUR)(*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	69.1	69.2	5.8	8.4
2022	43.9	43.9	19.6	22.1
2023	53.4	57.2	30.2	31.4

(*) Voted appropriations (C1) only.(*) Voted appropriations (C1) only.

- A new financial framework partnership agreement was signed by the Commission (DG International Partnerships was the lead directorate-general for the project) and the European Bank for Reconstruction and Development in September 2022. Based on this, a new delegation agreement for the Kozloduy International Decommissioning Support Fund amounting to EUR 8.87 million was subsequently signed. There was no new delegation agreement for the Bohunice International Decommissioning Support Fund.
- The decommissioning projects are, in many cases, highly complex from the point of view of procurement and implementation and extend over a long period of time. This explains the long interval between the commitments and the payments of the programme.
- Expenditure in the programme for Bohunice and Kozloduy is in line with the financial programming.
  - Expenditure in the JRC programme is in line with the financial programming, where some delays in the construction of the new grouting station in Ispra have prevented the full consumption of payments credits, such underspending was balanced with higher expenses of anticipating some tasks in the decommissioning of nuclear facilities. The rest of the activities in waste and nuclear material management, decommissioning, safe conservation and utility services, general support and horizontal activities and others have progressed as planned.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**Total**	**% of the total envelope**
Climate mainstreaming	0.3	0.3	0.7					1.3	0%
Biodiversity mainstreaming									

Contribution to gender equality (million EUR) (*):

Gender Score	2021	2022	2023	Total
2				
1				
0*				
0	69.1	43.9	53.4	166.4

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information:

- N/A

The gender equality perspective was considered in developing Council Regulation (EU) 2021/100. Nonetheless, nuclear decommissioning is the sole objective of the programme, which, as such, has no significant impact on gender equality.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution					

This programme provides no specific contribution to the digital transition.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Kozloduy – radioactive waste stored or disposed of (tonnes)	0	12%	10 240 in 2030	1 249 compared to a target of 10 240	Deserves attention
Kozloduy – metal dismantled (tonnes)	0	35%	10 868 in 2030	3 856 compared to a target of 10 868	On track
Bohunice – low-level radioactive waste disposed of (tonnes)	0	34%	1 943 in 2027	659 compared to a target of 1 943	On track
Bohunice – metal dismantled from reactor buildings and components (tonnes)	0	18%	31 792 in 2027	5 721 compared to a target of 31 792	On track
JRC Ispra – radioactive waste processed (tonnes)	0	17%	3 725 in 2027	641 compared to a target of 3 725	On track
JRC Geel – fraction of materials and radioactive waste removed (%)	0	30%	100% in 2027	30% compared to a target of 100%	On track
JRC Karlsruhe – materials/waste managed and removed (%)	0	47%	80% in 2027	38% compared to a target of 80%	On track
JRC Petten – materials and radioactive waste removed (%)	0	20%	100% in 2027	20% compared to a target of 100%	On track
Number of knowledge products disseminated	0	19%	57 in 2027	11 compared to a target of 57	On track

(*) % of target achieved by the end of 2023.

Kozloduy programme

www.parlament.gv.at

- Despite some delays at the start of its implementation, the Kozloduy programme is making good progress with dismantling and radioactive waste management. Improvements in sorting and processing materials allowed the planned fraction of free-released materials to be exceeded. This partly explains the significant lower amount of radioactive waste stored or disposed of.
- Dismantling activities inside the reactor building Units 1-2 have started and are progressing according to the detailed decommissioning plan. The activity had started at a slower pace than planned in the 2014-2020 period but is now recovering steadily. It remains too slow, however, and the timely achievement of the objectives for 2021-2027 are still at risk.
- The programme has also made progress in dismantling the auxiliary buildings. The plasma melting facility is now in industrial operation and the construction works for the national disposal facility are in their final phase, on schedule to receive large quantities of radioactive waste from 2024.
- The similar designs of the Kozloduy and Bohunice reactors provide an opportunity to share experiences, methods and tools, thus reducing risks and costs. In practice, it allowed for the decontamination of the primary circuits of Kozloduy nuclear power plant Units 1-4 to be completed below budget and faster than planned, following on from experience at the Bohunice V1 nuclear power plant, by reusing the decontamination equipment transported from the Bohunice site.
- In accordance with the updated performance baseline, the completion date for the Kozloduy programme remains 2030. However, the risk of postponement of the end date of the overall programme remains high. This was conformed during 2023 by the results from the stress test of the overall programme schedule. The most important risks are identified (delays, lack of specific knowledge, financing, etc.), and mitigation measures (among others, the mitigation measures include usage of outsourcing services, joint procurements and doing several activities in parallel) have been described and implemented as much as possible.

Bohunice programme

- The dismantling of the large components in the Bohunice V1 nuclear power plant reactor building has been completed.
- It was planned that activated concrete from the shafts of the two reactors would be removed by the end of 2022. However, sampling performed during demolition works revealed an unexpectedly thick layer of radioactive contamination in the concrete. This situation required further analysis and delayed the removal of the activated concrete and its disposal as very-low-level radioactive waste in Mochovce.
- Concerning the other indicators for Bohunice, namely the low-level radioactive waste disposed of and the metal dismantled from the reactor building, the results were on track in relation to the planned values for 2023.
- In 2022, the programme stakeholders revised the schedule and postponed the end date by 2 years, until the end of 2027, because of past delays for which applied mitigating measures were less effective than envisaged. Some procedural delays have compounded these issues, and there is a high risk that the end date will need to be postponed again. While all stakeholders are collaborating to devise and implement measures to reduce this risk, credible alternatives are limited. As of now, there are no indications from the stakeholders of an increase of the budgetary envelope currently allocated.

JRC

- The JRC nuclear decommissioning and waste management programme entails a complex set of specific activities and projects. Various levels of advancement/implementation characterise the situation at the four JRC nuclear sites.
- During the 2021-2027 period, Ispra will be the main site for JRC decommissioning and waste management activities. The objectives include safe conservation, pre-decommissioning, decommissioning and waste management targets, covering a variety of obsolete large installations and waste batches.
- In 2023, progress in Ispra on the three main work streams (nuclear material and waste management, and decommissioning) included important activities in procuring off-site radioactive waste treatment services, such as the signature of a contract for thermal treatment of incinerable waste or the supercompaction of a first batch of radioactive drums, the upgrade of the waste characterisation facility, progress on the treatment of nuclear material, decommissioning activities in the Essor complex and the submission of the license application for the decommissioning of the Essor reactor, along with the approval for decommissioning of an hot cell facility.
- Pre-decommissioning activities continue to progress as planned, and decommissioning licence applications for some of the facilities have been submitted at Ispra.
- For the other sites (Karlsruhe, Petten and Geel), the objectives are largely focused on legacy waste management, the dismantling of obsolete equipment and relatively small facilities, and the definition of plans and teams to implement future decommissioning and waste management activities.
- In Karlsruhe, Petten and Geel, most nuclear facilities are in operation, performing nuclear research and training activities within the framework of the Euratom research and training programme. Because of this, the decommissioning of large installations is not yet being implemented. No disused equipment or legacy radioactive waste has been removed, stored or disposed of at these sites, with the exception of Karlsruhe, where a moderate amount of legacy waste could be removed, in some cases requiring repackaging to meet acceptance criteria rather than adding further delay.
- The planned decommissioning of glove boxes in Karlsruhe has been delayed due to the unavailability of one of the auxiliary systems.
- The Nuclear Research and Consultancy Group, which is the operator of the high flux reactor in Petten, is responsible for handling and managing the radioactive waste produced in the reactor, including JRC-owned waste. The removal of the legacy waste at Petten has been delayed, awaiting the implementation of the radioactive waste removal programme of the Nuclear Research and Consultancy Group. The programme was restarted in 2023 and preparatory work started on the conditioning of four historical waste batches.

2014-2020 multiannual financial framework – NUCLEAR DECOMMISSIONING ASSISTANCE PROGRAMMES IN BULGARIA AND SLOVAKIA

The programme provides funding for the decommissioning of the nuclear facilities of Kozloduy and Bohunice and the management of radioactive waste.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	518.4	518.4	100.0%
Payments	322.5		62.2%

- The figures relate only to the past implementation of the Kozloduy and Bohunice programmes. The JRC decommissioning programme was performed under a different financial instrument until 2021 and is not reported here.
- Decommissioning projects are, in many cases, highly complex from the procurement and implementation point of view and extend over a long period of time. This explains the interval between the commitments and the payments of the programme.
- Nevertheless, the total payments made for the Kozloduy and Bohunice programmes during the 2014-2020 period (including also those related to 2007-2013 commitments) amount to EUR 859 million, which represents 166% of the amounts committed for the 2014-2020 period.
- The cost of the work carried out since 2014 is within budget.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Kozloduy – metal from dismantling in reactor buildings (tonnes)	0	> 100%	1 200 in 2020	1 487 out of 1 200	Achieved

Bohunice – dismantling of large components and equipment in the V1 reactor buildings	Dismantling in reactor building not started	100%	Nuclear steam supply system dismantled in 2022	Completed as of 31 December 2022	Achieved

(*) % of target achieved by the end of 2021.

- During the 2014-2020 multiannual financial framework, the Kozloduy and Bohunice programmes progressed steadily towards the decommissioning end state, in accordance with their respective decommissioning plans, while maintaining the highest level of safety. The process will continue under the 2021-2027 multiannual financial framework.
- The decommissioning of the Kozloduy power plant in Bulgaria has made significant progress, including the following:
    - the dismantling of units 1–4 progressed at a good pace and wet solid waste treatment facility tests were completed in summer 2023;
    - the plasma melting facility, a first-of-its-kind facility for the high-performance volume reduction of radioactive waste, is now in industrial operation.
    - phase 1 of the construction of the Near Surface Disposal facility is expected to be finished in 2024;
    - on the other hand, the accumulated delay in dismantling of large components in the reactor building and the management of the decommissioning waste continues.
- The Bohunice programme in Slovakia is the most advanced of the three decommissioning programmes supported by the EU. It will be the first completed decommissioning programme for its type of reactor. The dismantling, fragmentation and material management of the reactor structures was completed in 2022.
- The dismantling of the systems in controlled areas, along with decontamination and demolition of buildings is ongoing, but there are still deviations between planned and actual progress.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	NO	

SDG2	NO	
SDG3	NO	
SDG4	NO	
SDG5	NO	
SDG6	NO	
SDG7	NO	
SDG8	NO	
SDG9	NO	
SDG10	NO	
SDG11	NO	
SDG12	YES	The programmes aim at optimising waste management, following a waste hierarchy approach whereby disposal is the last resort, after having maximised opportunities for re-use and mostly recycling. This involves increasing the circularity of materials in the economy, thereby reducing both the need for resource extraction and the amount of waste ending up in landfills. Such an approach would not only reduce environmental pressures, but also provide major economic and social benefits. In particular, the efforts to remove any residual radioactive contamination from dismantled and removed materials (mostly concrete, steel and other alloys), along with the thorough verification of compliance with clearance levels in line with Euratom basic safety standards, lead to optimal levels of recycling, as shown in the concrete examples of achievements, e.g. 98% of metals from the dismantled Bohunice primary circuit reactor components were decontaminated, verified and recycled as non-radioactive material from 2019 to 2023.
SDG13	NO	
SDG14	NO	
SDG15	NO	
SDG16	NO	
SDG17	NO	

EDF

EUROPEAN DEFENCE FUND

Programme in a nutshell

Concrete examples of achievements

EUR 500 million was allocated to the European defence industrial development programme in 2019-2020 to support – together with the Member States – the development of defence systems and technologies to be integrated into commonly agreed capabilities.	**26** Member States are countries of origin of the companies participating in proposals submitted to the calls under the European defence industrial development programme in 2020.	**35%** of all beneficiaries in projects under the European defence industrial development programme are small and medium-sized enterprises.	**EUR 90 million** was allocated to support joint defence research projects between 2017 and 2019 under the preparatory action on defence research.
889 entities submitted 127 proposals in response to calls under the preparatory action on defence research between 2017 and 2019, 22% of which were small and medium-sized enterprises.	**> EUR 2 billion** was allocated to the European Defence Fund in 2021 and 2022 to support, together with the Member States, the development of defence systems and technologies to be integrated into commonly agreed capabilities.	**39%** of all beneficiaries of the 41 funded projects under 2022 European Defence Fund calls are small and medium-sized enterprises.	**26** Member States and Norway are countries of origin of 548 unique legal entities participating in selected 2022 European Defence Fund projects.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. The data relating to the European Defence Fund and its precursor programmes are presented relevant to the date of the grant agreement signature of relevant projects (i.e. the data are presented with a 2-year delay).

Budget for 2021-2027

(million EUR)

Financial programming	**8** 779.4
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	71.7
Total budget 2021-2027	**8 851.1**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The European Defence Fund (EDF) was launched as the cornerstone of the European defence action plan. The fund is inextricably linked to the EU's initiatives on a more integrated European defence market. By encouraging cooperation, the EU can help maximise the output and quality of Member States' investment in defence. The EDF brings EU added value by incentivising joint research on and the development of products and technologies in defence to increase the efficiency of public expenditure and contribute to the EU's operational autonomy. The EDF complements national funding already used for this purpose, acting as an incentive for Member States to cooperate and to invest more in defence.

CHALLENGE

The EU defence sector is essential to the future of the EU. It plays a key role in ensuring the EU's strategic sovereignty and its capacity to act as a security provider. Yet the sector faces challenges that call into question the preservation of its competitiveness and its technological edge. The costs of defence systems are rising and include a high proportion of research and development costs. Combined with the significant cuts made to EU Member States' defence budgets before deteriorated security situation in Europe, the development of new high-end defence systems is increasingly beyond the capacity of individual Member States (there has been a 12% increase of the defence expenditure between 2021 and 2022). European collaborative equipment expenditure stands at only 18% of total defence spending for equipment procurement in 2021, against an ambition of 35%. Only 7.1% of total defence research and technology development is collaborative in 2022, against an ambition of 20%. The European defence industry and market remain fragmented along national borders, with unnecessary duplications despite limited investment.

This may weaken the technological advantage of the sector and hamper its ability to develop defence systems that are crucial for the security of the EU and its Member States. Russia's unprovoked and unjustified military aggression against Ukraine resulted in major changes in the EU security landscape, making EU actions in the field of security and defence more urgent than ever.

Tackling the above challenges calls for action at the EU level.

MISSION

The EDF seeks to foster collaboration amongst the Member States, overcome fragmentation and enhance the competitiveness and the technological sovereignty of the European defence industry.

OBJECTIVES

The EDF has the following specific objectives: (1) support collaborative defence research that could significantly boost the performance of future capabilities throughout the EU; and (2) support collaborative development of defence products and technologies consistent with defence capability priorities commonly agreed by Member States. The fund aims at providing consistent support throughout the full research and development cycle.

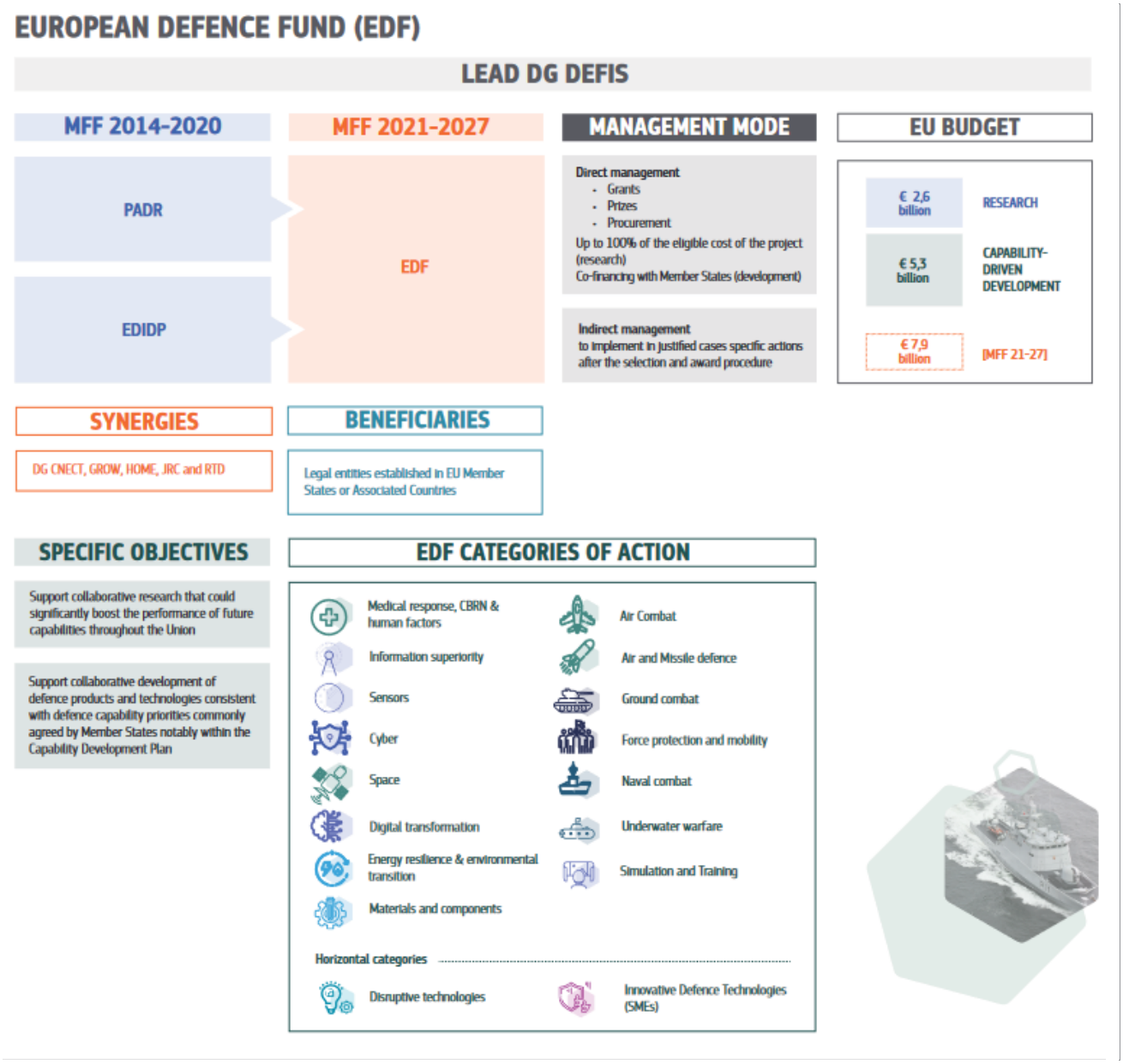
ACTIONS

The EDF may provide funding through grants, prizes and procurement, and, where appropriate in view of the specificities of the action, financial instruments within blending operations. An EDF-eligible action shall relate to one or more of the following activities: (a) activities that aim to create, underpin and improve knowledge, products and technologies, including disruptive technologies for defence, which can achieve significant effects in the area of defence; (b) activities that aim to increase interoperability and resilience, including secured production and exchange of data, to master critical defence technologies, to strengthen the security of supply or to enable the effective exploitation of results for defence products and technologies; (c) studies, such as feasibility studies to explore the feasibility of new or upgraded products, technologies, processes, services and solutions; (d) the design of a defence product, tangible or intangible component or technology as well as the definition of the technical specifications on which such a design has been developed, including any partial tests for risk reduction in an industrial or representative environment; (e) the system prototyping of a defence product, tangible or intangible component or technology; (f) the testing of a defence product, tangible or intangible component or technology; (g) the qualification of a defence product, tangible or intangible component or technology; (h) the certification of a defence product, tangible or intangible component or technology; (i) the development of technologies or assets increasing efficiency across the life cycle of defence products and technologies.

STRUCTURAL SET-UP OF THE PROGRAMME

The EDF is implemented through direct management by the Directorate-General for Defence Industry and Space. On an ad hoc basis, and if justified, specific initiatives may be implemented under indirect management.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The EDF builds and expands on the experience acquired through two precursor programmes implemented under the 2014-2020 multiannual financial framework, namely the preparatory action on defence research (PADR) and the European defence industrial development programme (EDIDP).

The design of the EDF largely builds on the architecture of these two 2014-2020 programmes, but it has be implemented as one single fund. The EDF will lead to better exploitation of defence research results, bridging the gap between the research and the development phases and promoting all forms of innovation, including support for disruptive defence technologies. It will encourage small and medium-sized enterprises and entities not yet involved in defence-specific research and development to participate in the programme and to be involved in cross-border cooperation.

FURTHER INFORMATION

- Programme website:
  - The European Defence Fund (EDF) (europa.eu).
- Impact assessment:
  - The impact assessment of the EDF programme was carried out in 2018.

  For further information please consult https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52018SC0345.
- Relevant regulation:
  - Regulation (EU) 2021/697 of the European Parliament and of the Council;
  - Regulation (EU) 2018/1092 of the European Parliament and of the Council establishing the European defence industrial development programme.
- Evaluations:
  - *Ex ante* evaluation of the European defence industrial development programme, SWD(2017) 228 final.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	945.7	945.7	945.7	1 014.0	1 432.6	1 621.3	1 874.4	8 779.4
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A	0.0	0.0	0.0	0.0	0.0
Contributions from other countries and entities	23.7	22.0	25.9	0.0	0.0	0.0	0.0	71.7
Total	969.4	967.7	971.6	1 014.0	1 432.6	1 621.3	1 874.4	**8 851.1**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

+ EUR 826.4 million (+ 10%)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

- The financial programming of the EDF is in line with the objectives of the EDF regulation. The increase in the last years of the financial period follows the planned ramp-up of the number of projects funded under the EDF programme.
- The decrease of EUR 400 million versus the legal basis is the result of the contribution of the defence programme to the new proposal of the 'infrastructure for resilience, interconnectivity and security by satellite' (secure connectivity) programme. The financial programming for this project is not included in the figures in the above table.
- The financial programming covered above also includes amounts received from non-EU countries (Norway) in the form of assigned revenues.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	2 908.8	8 851.1	32.9%
Payments	983.2		11.1%

Voted budget implementation (million EUR) ([1]):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	945.7	945.7	1.3	15.6

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2022	945.7	945.7	503.1	521.4
2023	945.7	945.7	454.2	334.2

(*) Voted appropriations (C1) only.(*) Voted appropriations (C1) only.

- The industry from 26 EU Member States and Norway showed significant interest in participating in the first EDF calls in 2022. A total of 134 proposals were received, covering all 8 calls (relating to the relevant domains – air, ground, naval combat, cyber, space, etc.) and 33 topics published. The total budget allocated to these calls is EUR 832 million. A total of 37 grant agreements were signed in December 2023. The European Commission also signed contribution agreements to delegate the implementation, under indirect management, of two research projects and one development project to the European Defence Agency ([42]) and one development project to the Organisation for Joint Armament Co-operation ([43]).
- The third annual EDF work programme (for 2023) was adopted on 30 March 2023. On 7 June 2023, the Commission adopted the 2023 Financing Decision part 1, which complemented the 2022 budget envelope of the EDF with EUR 255.5 million stemming from 2023 appropriations. In line with the clear ambition and political will by Member States in the EDF Programme Committee, the 2023 budgetary top-up (which was EUR 390 million from the 2024 budget) allowed the launch of several flagship projects to support defence capability and technology development in agreed priority areas, while ensuring coverage of a broad range of topics of interest to Member States. The third annual EDF work programme allocates an additional EUR 1.2 billion to support collaborative research and development projects and innovation in Europe's defence sector.
- The 2023 EDF work programme was organised around seven calls for proposals addressing 16 categories of action (relating to the relevant domains – air, ground, naval combat, cyber, space, etc.) consisting of 34 topics with a total budget of EUR 1.2 billion. The calls for proposals were published on 30 March 2023 and opened for submission in June 2023. In response, the European defence industry submitted a record number (236) of proposals for joint defence research and development projects, reflecting all the thematic priorities identified by the Member States with the support of the Commission. Entities from all 27 Member States and Norway participate in the proposals. It is expected that grant agreements will be signed by the end of 2024.

([42]) EC2 (European command and control system), Tiresyas (technology innovation for radar European system applications), Armetiss (smart multifunction textiles for integrated soldier systems).
([43]) E-Nacsos (EU naval collaborative surveillance operational standard).

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	41.7	7.7	0					49.4	1%
Biodiversity mainstreaming									
Clean air									

The overall budget for EDF implementation was not intended to target climate and biodiversity mainstreaming and clean air directly. However, it may have some indirect positive climate effects through its various projects. Capability development projects and defence research take into consideration the importance of sustainability in defence activities.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1				
0*		945.7	945.7	1 891.4
0	945.7			945.7

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender-disaggregated information.

DG Defence Industry and Space does not collect gender disaggregated information regarding the EDF's implementation.

Efforts are continuously made to seize all relevant opportunities identified by the equality coordinator and other staff of DG Defence Industry and Space. For example, the directorate-general organises side events and workshops or includes gender equality aspects in communication activities and events.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution					

The EDF mainly supports digital transformation through calls related to the following work programme categories of action: cyber and digital transformation.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Collaborative research: number of funded actions	0	N/A	N/A	32	N/A
Collaborative research: share of recipients that did not carry out research activities with defence applications before the entry into force of the fund (12 May 2021)	0	N/A	N/A	30%	N/A
Collaborative capability development: share of number of funded actions that address the capability shortfalls identified in the capability development plan	0	N/A	N/A	82%	N/A
Job creation/support: defence research and development employees supported in funded actions	0	N/A	N/A	11 683	N/A

(*) % of target achieved by the end of 2023.

– The EDF fosters the competitiveness and innovation capacity of the European defence technological and industrial base by supporting collaborative research and development action. The Russian war of aggression against Ukraine has clearly shown the pertinence of strengthening this base and the EU's defence capabilities, where the EDF plays an important role. In terms of the direct operational impact of the war on the EDF programme, it should be

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noted that the EDF supports defence research and capability development projects that take years to reach the deployment stage; however, the innovation activities may lead to an earlier uptake. In addition, the ongoing projects (the first set of projects started very recently, in December 2022/January 2023 under the 2021 EDF work programme), along with the 2022 work programme, were programmed before the start of the war.

- The EDF also focused on supporting small and medium-sized enterprises. In 2022, 39% of the beneficiaries in projects funded by the EDF were small and medium-sized enterprises. The regulation promoted this involvement by awarding an increase in the EU funding rate to projects that invest in cross-border cooperation with small and medium-sized enterprises.
- The number of proposals submitted for the 2023 calls showed an increase of 76% in comparison with 2022, which demonstrates the strong and constantly growing interest of EU defence industry and research organisations to cooperate across borders and jointly contribute to the EU strategic defence capability development. It shows their commitment to integrate the European defence and technological industrial basis.
- The EDF has maintained good practices to support performance that were introduced by its precursor programmes, the EDIDP and the preparatory action on defence research. These include close cooperation with Member States in drafting the calls for proposals and work programmes, awarding a bonus to permanent structured cooperation projects to improve the coherence of the EU's defence initiatives, and awarding any increase in the EU funding rate to projects investing in cross-border cooperation with small and medium-sized enterprises. In addition, the EDF supports the participation of small and medium-sized enterprises every year through two open calls specifically target such entities. Furthermore, small, and medium-sized enterprises are offered business coaching. Moreover, the European Commission, within the framework of the EDF, established the national focal points framework to further support the EDF applicants in preparing their applications and launched the European Union defence innovation scheme, which aims to build a stronger defence innovation ecosystem throughout the EU. For 2023, the calls in support of defence innovation under the scheme totalled EUR 224 million. As an example, spin-in calls, focusing on migrating innovation from the civil sector to the defence sector, proved highly successful, and Commission services and the European Defence Agency are cooperating to continue systematically scanning results from civil programmes to assess defence potential. In December 2023, DG Defence Industry and Space officially signed and launched the EU defence innovation scheme hackathons. Taking place in May 2024, these defence hackathons aim to develop innovative solutions for the future.

2014-2020 multiannual financial framework – European defence industrial development programme and the preparatory action on defence research

The EDIDP was adopted in July 2018 for a duration of 2 years. The aim of the programme is to support the competitiveness and the innovative capacity of the defence industry in the EU, specifically in the development of prototypes, by supporting development projects jointly carried out by companies.

The programme helps create a collaborative approach between defence industry players in the Member States. The financial contribution by the EU unlocks development projects that otherwise would not have started due to their sizeable financing needs, or the elevated technological risks involved, thus leading to additional collaborative defence development projects.

The preparatory action on defence research for 2017-2019 supports collaborative defence research projects and technological development in Europe by providing grants. The projects under this action are testing mechanisms to prepare, organise and deliver a variety of EU-funded cooperative defence research and technology development activities, aiming to improve the competitiveness and innovation of the EU defence industry and to stimulate cooperation. Calls under the preparatory action on defence research enabled the Commission to test different types of processes, which was one of its objectives and has proven useful for the first EDF annual calls in 2021 and 2022.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	500.0	500.0	100.0%
Payments	386.0		77.2%

- The implementation of the EDIDP is ongoing. During its life span, which ran from 2019 to 2020, the EDIDP committed EUR 500 million, thus achieving a 100% cumulative implementation rate.
- Both EDF precursor programmes (the EDIDP and the preparatory action on defence research) were fully implemented during the COVID-19 crisis. The crisis affected the evaluation of the 2020 EDIDP calls. The pandemic's impact, combined with the complexity of processes, led to the prolongation of several EDIDP administrative processes (e.g. informing applicants of the outcome of the evaluation). To support the defence industry during the pandemic, the pre-financing level of the proposals awarded under the EDIDP's 2019 calls was increased to up to 90% of the maximum grant, which in turn had an impact on the programme's rate of payment execution.
- Following the 2020 EDIDP calls for proposals, 63 proposals were received. This marks an increase of more than 50% compared to the 2019 calls, when 40 proposals were received. Grant agreements for 26 high-quality projects were signed before the end of 2021 and will be supported with EUR 158.2 million. These projects are directly managed by Commission services. In addition, the management of two projects that are strategic enablers for the European defence industry was entrusted to the Organisation Conjointe de Coopération en matière d'Armement, with a total budget of almost EUR 133 million, following the conclusion of the contribution agreements in 2020.
- In total, following the 2019 and 2020 EDIDP calls for proposals, 44 grants received funding. The pre-financing payments for these grants account for almost the total amount of payment

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appropriations used up to now, i.e. EUR 376 million. This represents a 75% rate of payment execution. Due to the substantial oversubscription (funding could be provided to only 16 out of 40 proposals received in 2019 and 26 out of 63 proposals received in 2020), the total budget allocated to the 2019 and 2020 calls was fully committed. Two out of 44 EDIDP projects were finalised in 2023.

– The implementation of the preparatory action on defence research is ongoing. In total, 10 calls for proposals were published in 2017, 2018 and 2019. This resulted in the selection of 18 projects, from which 16 were finalised by the end of 2023. Furthermore, in the 2019 call the Commission launched, for the first time, an open call on future disruptive defence technologies. The objective of the call was to fund cutting-edge and high-risk / high-impact research that could lead to a disruptive impact in a defence context. This resulted in the funding of three promising projects, beginning at the end of 2020, and running for approximately 2 years. The projects aim respectively to set up an experimental demonstrator for novel radar camouflage; to implement a neural network based on spin-based nanodevices for radiofrequency processing; and to use homomorphic encryption to allow the use of confidential data for artificial intelligence technologies.

Performance assessment

– The EDIDP is designed to target the problems of the defence sectors identified in the context of the programme's *ex ante* evaluation, namely: (1) the low level of investment in innovative defence programmes; and (2) the fragmentation of the defence industry and limited cooperation between undertakings. Both problems may pose substantial risks for the competitiveness of the EU defence industry in the longer term. The EDIDP work programme was geared towards fostering the competitiveness, efficiency, and innovation capacity of the European defence industry, supporting and leveraging cooperation and ensuring that results from the research phase are better exploited in the following phases of development.

– After comparison of the EDIDP's milestones with the results of the 2019 and 2020 calls, the following initial conclusions can be drawn.

    - The EDIDP calls have boosted cooperation between the Member States and their undertakings to a level more than the milestones set out. The calls for proposals were structured in close cooperation with the Member States to meet their requirements in terms of defence systems and technologies needed for their defence capabilities. This approach paid off in 2019, leading to larger consortia populated by entities established in more Member States than anticipated. This positive trend continued in 2020, with the consortia comprising some 16 entities from seven Member States.

    - The EDIDP contributed to the coherence of the EU's defence initiatives and to advancing the priorities defined at the EU level. 80% of the 2019 budget was allocated to projects with a link to permanent structured cooperation projects, i.e. joint projects initiated by Member States. In 2020, 14 out of the 26 projects supported have a link to permanent structured cooperation, and these projects are funded with a total of EUR 97.7 million. The EDIDP regulation promoted this link by awarding a bonus to such projects to increase the EU funding rate.

    - The EDIDP regulation also focused on supporting small and medium-sized enterprises, i.e. the critical part of the European defence industry. In 2019, the target number of small and medium-sized enterprises involved in projects was

exceeded by nearly 40%, with 83 such enterprises participating against a milestone of 60. The 2019 EDIDP work programme included a call that was open to consortia composed only of small and medium-sized enterprises, from which 21 enterprises received funding. This trend continued in 2020, with support being provided to 144 small and medium-sized enterprises following the 2020 calls (16 of them in a call that was open to consortia composed only of such enterprises). 35% of the entities in projects funded by EDIDP in 2020 are small and medium-sized enterprises, while 30% of the total funding is dedicated to them. The regulation promoted this involvement by awarding an increase in the EU funding rate for projects that invest in cross-border cooperation with small and medium-sized enterprises.

    - Research and development entities maintain a high level of interest for support from the EDIDP. Furthermore, the share of the projects funded that involve prototyping, which is a specifically sensitive phase of project development, exceeded expectations/targets by 6% and 15% in 2019 and 2020, respectively. This indicates the programme's increasing focus on supporting advanced stages in the development of defence systems or technologies.

- The preparatory action on defence research has contributed significantly to fostering collaborative defence research and technological development in Europe. The core of the preparatory action is a small-scale research programme with competitive calls for proposals defined in close consultation with the Member States.
- 16 out of 18 projects under the preparatory action on defence research were finished by the end 2023, so the following initial conclusions can be drawn.
    - Calls attracted applicants that were not previously active in defence research.
    - Funded projects included the participation of small and medium-sized enterprises in 15 consortia.
    - The action brought together stakeholders from the private sector (64%), research centres (23%) and academia (7%), with 22% of all applicants in the selected proposals being small or medium-sized enterprises.
    - Projects funded under the action cover a broad range of technological readiness levels and address different levels of system integration. The submission of more than 50 proposals following the 2019 open call on disruptive technologies reflects the high level of interest on the part of stakeholders.

Sustainable development goals

Contribution to the sustainable development goals

The EDF indirectly supports and contribute to some SDGs (e. g. gender equality and affordable and clean energy), but the programme was not created directly to deliver on all 17 SDGs. As example, we can present the EDF projects 'Energy independent and efficient deployable military camps' and 'Novel energy and propulsion systems for air dominance', which will study energy efficiency in aircraft domains, with a focus on energy-efficient propulsion, electrical and thermal systems, and management.

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3		
SDG4		
SDG5		
SDG6		
SDG7	X	Affordable and Clean Energy: The EDF supports research and development projects focused on increasing the energy efficiency of military equipment and facilities, and energy-saving technologies for defence applications.
SDG8	X	Decent Work and Economic Growth: The EDF investments in defence research and development stimulates economic growth by creating jobs and fostering innovation in the defence industry across Europe.
SDG9	X	Industry, Innovation, and Infrastructure: The EDF support projects aimed at fostering innovation in defence technology and infrastructure. This includes research into advanced materials, cybersecurity solutions, autonomous systems, and other cutting-edge technologies relevant to defence applications. By investing in these areas, the fund helps strengthen Europe's industrial base and improve its technological capabilities.
SDG10		
SDG11		
SDG12		
SDG13		
SDG14		
SDG15		
SDG16		
SDG17		

ASAP

ACT IN SUPPORT OF AMMUNITION PRODUCTION

Programme in a nutshell

Concrete examples of achievements

5	EUR 500 million	82	
calls for proposals were launched in 2023 on explosives production capacity, powder production capacity, shell production capacity, missile production capacity and testing and reconditioning certification.	was allocated to the regulation on supporting ammunition production (ASAP) programme in 2023-2025 to support the EU industry in ramping up its production capacities for ammunition and missiles.	proposals were submitted in response to five calls under the ASAP programme in 2023.	

Budget for 2021-2027

(million EUR)

Financial programming	500.0
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0
Total budget 2021-2027	**500.0**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

Russia’s full-scale invasion of Ukraine in 2022 re-vitalised the important role of the extensive use of large calibre-weapons in modern warfare. Specifically, artillery is a key determinant of the outcomes on the battlefield. As the necessities of the war drained Ukraine of stockpiles, Ukraine turned to its Western allies to replenish lost firepower, and therefore switched to NATO standard ammunition. Having downsized militaries and hardware after the Cold War, EU Member States' armed forces discerned the alarming levels of ammunition consumption needed by Ukraine to sustain the war. EU financial, political, and military support for Ukraine is of geostrategic importance to Europe. ASAP supports the industrial ramp-up of the 155 mm NATO standard artillery ammunition, whether through the adaptation of supply chain management or the creation of manufacturing capacities.

CHALLENGE

Russia’s war of aggression against Ukraine has put the European defence industry and defence equipment market to the test and exposed several flaws which undermine their ability to satisfy in the requisite, secure and timely manner the Member States’ urgent needs for defence products and systems, such as ammunition and missiles, considering the high consumption rate of those products and systems during a high-intensity conflict. The European Defence and Technological Base (EDTIB) must adjust in accordance with these challenges. These include improvement of the capacity of adaptation of supply chains for relevant defence products and the acceleration of such adaptation, the creation of manufacturing capacities or their ramp-up, and a reduction of the lead production time for relevant defence products throughout the EU, through the intensification and widening of cross-border cooperation between the relevant entities.

MISSION

ASAP establishes a set of measures and lays down a budget aimed at urgently strengthening the responsiveness and ability of the European Defence Technological and Industrial Base to ensure the timely availability and supply of ground-to-ground and artillery ammunition as well as missiles.

OBJECTIVES

The objective of the Instrument is to foster the efficiency and competitiveness of the European Defence Technological and Industrial Base to support the ramp-up of the production capacity and timely delivery of relevant defence products through industrial reinforcement.

The industrial reinforcement shall in particular consist of initiating and speeding up the adjustment of industry to the rapid structural changes imposed by the supply crisis affecting the relevant defence products which are necessary for the swift replenishment of the ammunition and missile stocks of the Member States and of Ukraine. That shall include the improvement of the capacity of adaptation of supply chains for relevant defence products and the acceleration of such adaptation, the creation of manufacturing capacities or their ramp-up, and a reduction of the lead production time for relevant defence products throughout the EU, in particular through the intensification and widening of cross-border cooperation between the relevant entities.

ACTIONS

The Instrument shall provide financial support for actions addressing identified bottlenecks in production capacities and supply chains with a view to securing and accelerating the production of relevant defence products in order to ensure their effective supply and timely availability. Eligible actions shall relate to one or more of the following activities and shall be exclusively related to the production capacities of relevant defence products, including their components and corresponding raw materials insofar as they are intended or used wholly for the production of relevant defence products:

(a) the optimisation, expansion, modernisation, upgrading or repurposing of existing, or the establishment of new, production capacities, in relation to relevant defence products or their components and corresponding raw materials, insofar as those components and raw materials are used as direct input for the production of relevant defence products, in particular with a view to increasing production capacity or reducing lead production times, including on the basis of the procurement or acquisition of the requisite machine tools and any other necessary input;

(b) the establishment of cross-border industrial partnerships, including through public private partnerships or other forms of industrial cooperation, in a joint industrial effort, including activities that aim to coordinate the sourcing or reservation of components and the corresponding raw materials insofar as those components and raw materials are used as direct input for the production of relevant defence products, as well as to coordinate production capacities and production plans;

(c) the building-up and making available of reserved surge manufacturing capacities of relevant defence products, their components and corresponding raw materials, insofar as those components and raw materials are used as direct input for the production of relevant defence products, in accordance with ordered or planned production volumes;

(d) the testing, including the necessary infrastructure, and, as appropriate, reconditioning certification of relevant defence products with a view to addressing their obsolescence and making them useable by end users;

(e) the training, reskilling or upskilling of personnel in relation to the activities referred to in points (a) to (d);

(f) the improvement of the access to finance for the relevant economic operators active in the production of or making available of relevant defence products, by means of the offset of any additional cost arising specifically from the defence industry sector, for investments related to activities referred to in points (a) to (e). .structural set-up of the programme

ASAP is implemented under direct management by the Directorate-General for Defence Industry and Space.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP

Regulation on Supporting Ammunition Production (ASAP)

MFF 2021-2027	EU BUDGET	MANAGEMENT MODE
ASAP	500 M€ 2023-25	• Direct Management • Lump sum grants • Specific eligibility compared to other EU programmes. • EU funding rate up to 45% (including 10%

SYNERGIES	BENEFICIARIES	SPECIFIC OBJECTIVES	ASAP CALLS
Task Force comprised of employees from across the	Legal entities established in EU Member States, ASAP Associated	Foster the efficiency and competitiveness of the European Defence Technological and Industrial Base (EDTIB) by initiating and speeding up the adjustment of industry to the rapid structural Ramp-up or creation of manufacturing capacities and timely delivery Strengthen supply chain resilience and robustness.	Explosives – 190 M€ Powder – 144 M€ Shells – 90 M€ Missiles – 40 M€ Testing and reconditioning certification – 4,35 M€



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

As this programme was adopted in 2023 to respond to urgent operational needs originated in 2022, there is no direct link to the 2014-2020 Multiannual Financial Framework. The ASAP budget resulted from a partial deployment of the budget of the European Defence Fund (EUR 260 M) and of the proposed budget for the European Defence Industry Reinforcement through common Procurement Act (240M€), within the 2021-2027 Multiannual Financial Framework.

FURTHER INFORMATION

- Programme website:
  - ◊ Act in Support of Ammunition Production (ASAP) (europa.eu)
- Impact assessment:
  - ◊ Due to the urgency of this instrument, no impact assessment was provided.
- Relevant regulation:
  - ◊ Regulation (EU) 2023/... of the European Parliament and of the Council of 20 July 2023 on supporting ammunition production (ASAP) (europa.eu)
- Evaluations:

◊ As per Article 23 of the ASAP regulation, the Commission shall draw up a report evaluating the implementation of the measures set out in this Regulation and their results, as well as the opportunity to extend their applicability and provide for their funding, particularly with regard to the evolution of the security context. The evaluation report shall build on consultations of the Member States and key stakeholders and be communicated to the European Parliament and to the Council.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	0.0	0.0	157.0	343.0	0.0	0.0	0.0	500.0
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**157.0**	**343.0**	**0.0**	**0.0**	**0.0**	**500.0**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

+ EUR 0.0 million (+ 0%)

compared to the legal basis.*

* Top-ups pursuant to Art. 5 MFF regulation are excluded from financial programming in this comparison.

The financial programming of ASAP is in line with the objectives of the ASAP regulation.

The financial programming covered above also includes amounts received from non-EU countries (Norway) in the form of assigned revenues.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	157.0	500.0	31.4%
Payments	0.0		0.0%

Voted budget implementation (million EUR):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	0.0	0.0	0.0	0.0
2022	0.0	0.0	0.0	0.0
2023	157.0	0.0	0.0	0.0

- The ASAP work programme for 2023-2025 was adopted on 18 October 2023. The total budget allocated for the implementation of the 2023-2025 work programme is EUR 500 million.
- The calls for proposals were opened on 18 October 2023. The industry from EU Member States and Norway showed significant interest by participating in the ASAP calls in 2023. In response, the European defence industry submitted 82 proposals covering all 5 calls for proposals. The total budget allocated to these calls is EUR 468.35 million**.** It is expected that grant agreements will be signed during the second quarter of 2024.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming									
Biodiversity mainstreaming									
Clean air									

The overall voted budget for implementation in 2024 under the ASAP regulation was not intended to directly target climate and biodiversity mainstreaming and clean air. However it may have some indirect positive climate effects on certain companies participating in the programme.

Contribution to gender equality (million EUR) (*)**:**

Gender Score	2021	2022	2023	Total
2				
1				
0*				
0				

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

The overall voted budget for implementation in 2024 under the ASAP regulation was not intended to directly target gender equality.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of the total envelope
Digital contribution					

The overall voted budget for implementation in 2023 under the ASAP regulation was not intended to directly target digital contribution.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Number of single entities in the selected projects	0	**N/A**	**N/A**	**N/A**	**N/A**
Number of Member States in which these entities are established	0	**N/A**	**N/A**	**N/A**	**N/A**

Number of submitted proposals.	0	**N/A**	**N/A**	**N/A**	**N/A**
Number of funded projects	0	**N/A**	**N/A**	**N/A**	**N/A**
Value and share of contracts awarded to small and medium-sized enterprises and mid-caps	0	**N/A**	**N/A**	**N/A**	**N/A**

(*) % of target achieved by the end of 2023.

- ASAP fosters the efficiency and competitiveness of the companies targeted by the European defence technology industrial base strategy to support the ramp-up of the production capacity and timely delivery of relevant defence products through industrial reinforcement. This is done by establishing a set of measures and laying down a budget aimed at urgently strengthening the responsiveness and ability of these companies to ensure the timely availability and supply of ground-to-ground and artillery ammunition, and missiles.
- The ASAP programme is in an early phase, and it is expected that grant agreements will be signed during the second quarter of 2024. Hence, it is not yet possible to make a full assessment of the performance of the programme, apart from some of the data retrieved from the submission of proposals process. The number of proposals submitted showed high interest. In total, there were 82 proposals submitted, which was higher than expected. A more thorough assessment will be made in 2025.

Sustainable development goals

Contribution to the sustainable development goals

The ASAP programme indirectly supports and contribute to some SDGs, but the programme was not created directly to deliver on all 17 SDGs. It contributes to SDG9 on building resilient infrastructure promote inclusive and sustainable industrialisation and foster innovation.

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3		
SDG4		
SDG5		
SDG6		

SDG7		
SDG8		
SDG9	X	The ASAP call for proposals focused on the increase of production capacities for explosives.
SDG10		
SDG11		
SDG12		
SDG13		
SDG14		
SDG15		
SDG16		
SDG17		

EDIRPA

EU Defence Industry Reinforcement through Common Procurement Act

Programme in a nutshell

Concrete examples of achievements

Edirpa was adopted by the co-legislators on 18 October 2023 and published in the *Official Journal of the European Union* on 26 October 2023. Edirpa is implemented through a multiannual work programme pursuant to Article 110 of the Financial regulation, which was adopted by the Commission and published on 15 March 2024.

Budget for 2021-2027

(million EUR)

Financial programming	290.0
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0
Total budget 2021-2027	**290.0**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The European Defence Industry Reinforcement through Common Procurement Act (Edirpa) was adopted by the co-legislators on 18 October 2023 and published in the Official Journal on 26 October 2023. The financial envelope for the implementation of the Instrument for the period from 27 October 2023 to 31 December 2025 is EUR 300 million in current prices to which a contribution from Norway is also added (around EUR 10 million). Edirpa is implemented through a multiannual work programme pursuant to Article 110 of the Financial Regulation.

The Instrument, responding to the European Council's request, aims to address the most urgent and critical needs for defence products, resulting from Russia's aggression against Ukraine. The Instrument will incentivise Member States, in a spirit of solidarity, to commonly procure defence products and will facilitate access for Member States to urgently needed defence products. It will avoid competition among Member States for the same products and facilitate cost savings. It will strengthen interoperability and allow the European Defence Technological and Industrial Base (EDTIB) to better adjust and ramp-up its manufacturing capacities to deliver the needed products. The Instrument will support actions from consortia composed of at least three Member States. Eligible actions can involve new defence procurement projects or the extension of those launched since the start of the war.

Challenge

Faced with new security challenges, Member States have announced their intention to spend more on defence. However, without more coordination and cooperation, these increased investments entail significant risks such as deepening the fragmentation of the European defence sector along national borders; limiting the potential for cooperation throughout the life cycle of the equipment; intensifying external dependencies; hampering interoperability and ability to act of Member States armed forces.

Mission

Choices made concerning short-term acquisitions will have a longer-term impact on the EU Defence Technological and Industrial Base market prospects for the next decades. Therefore, it is necessary for the Commission to support, in a timely and targeted manner, Member States willing to jointly reinforce their defence capacities.

Objectives

In particular, the Instrument will:

- Foster Member States cooperation in defence procurement. This contributes to solidarity, interoperability and efficiency of public spending; prevents crowding-out (impossibility for Member States to satisfy their demand of defence products because of a demand peak); and avoids fragmentation.
- Boost the competitiveness and efficiency of the European Defence Technological and Industrial Base, in particular by speeding up the adjustment of industry to structural changes, including ramp-up of its manufacturing capacities, resulting from the new security environment following Russia's aggression in Ukraine.

ACTIONS

Edirpa was signed by the co-legislators on 18 October 2023 and published in the Official Journal on 26 October 2023. Edirpa shall be implemented through a multiannual work programme pursuant to Article 110 of the Financial Regulation. The work programme has been published on the 15 March 2024.

Based on Article 8 of the Edirpa Regulation[44], only actions fulfilling all of the following criteria shall be eligible for Union funding under the Instrument:

(a) they involve cooperation between the eligible entities referred to in Article 10 for common procurement addressing the most urgent and critical defence products needs and implementing the objectives set out in Article 3;

(b) they involve new cooperation, including within an existing framework, or an extension of existing cooperation to at least one new Member State or associated country;

(c) they are carried out by a consortium of at least three Member States;

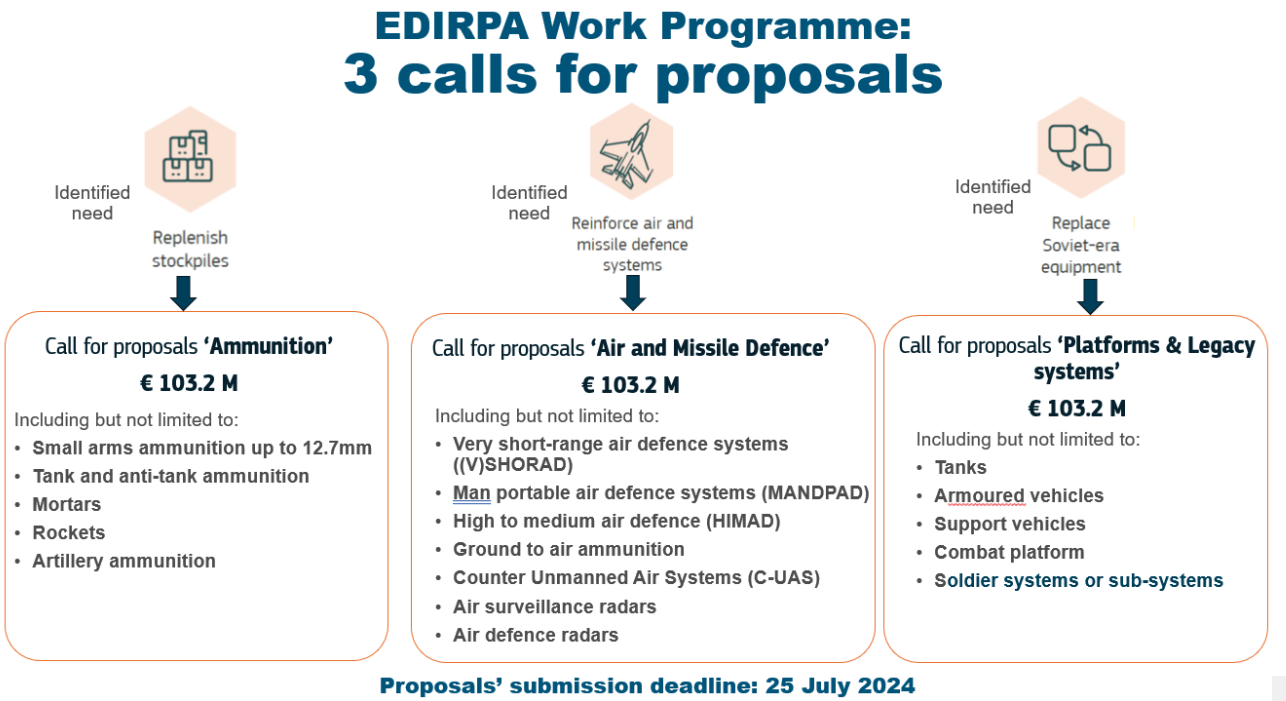
(d) they fulfil the additional conditions set out in Article 9.

Certain actions, further specified in Article 8 (2), are excluded from funding.

STRUCTURAL SET-UP OF THE PROGRAMME

The Instrument shall be implemented under direct management in accordance with the Financial Regulation. Grants implemented under direct management shall be awarded and managed in accordance with Title VIII of the Financial Regulation.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



[44] Regulation (EU) 2023/2418

No official visual available yet.

LINK TO THE 2014-2020 multiannual financial framework

Edirpa is a new programme agreed by the co-legislators during the current MFF and in the context of the Russian aggression against Ukraine. It does not build on previous MFF programmes as support for common procurement of defence products is a new area for the EU.

FURTHER INFORMATION

The following links are relevant for:

- The Edirpa Regulation: Regulation (EU) 2023/2418
- The Edirpa Work Programme: The Edirpa Implementing Decision and Work Programme
- The Edirpa Website (Factsheet, Q&A): The Edirpa website

By 31 December 2026, the Commission shall draw up a report evaluating the impact and effectiveness of the actions taken under the Instrument (the 'evaluation report') and shall submit it to the European Parliament and to the Council.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	0.0	0.0	0.0	260.0	30.0	0.0	0.0	290.0
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**260.0**	**30.0**	**0.0**	**0.0**	**290.0**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

-210.0 EUR million (-42%)

compared to the legal basis.*

* Top-ups pursuant to Art. 5 MFF regulation are excluded from financial programming in this comparison.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	0.0	290.0	0.0%
Payments	0.0		0.0%

Voted budget implementation (million EUR):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	0.0	0.0	0.0	0.0
2022	0.0	0.0	0.0	0.0
2023	0.0	157.0	0.0	72.0

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming									
Biodiversity mainstreaming									
Clean air									

The overall budget for Edirpa implementation was not intended to target climate and biodiversity mainstreaming and clean air directly.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1				
0*				
0				

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information:

- N/A

On equality, diversity and inclusion, Edirpa is not directly targeted at gender equality initiatives. Nevertheless, indirect contributions supporting the gradual raising of awareness about this horizontal Commission priority are continually being made as opportunities arise. For instance, gender equality

aspects will receive special mentions in communication activities and at events on various matters relating to Edirpa.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of the total envelope
Digital contribution					

Edirpa is not directly targeted at digital transitions but takes the digital transition into account in light of new technological developments in the EU's Defence Technological and Industrial Base (EDTIB). For example, the award criteria list actions relating to the competitiveness and adaptation of the EDTIB to structural changes, including technological changes.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Number of proposals submitted by applicants	N/A	N/A	N/A	N/A	N/A
Number of projects selected for funding.	N/A	N/A	N/A	N/A	N/A
Average of the number of Member States involved in a consortium / associated countries involved in a consortium concerning the projects selected for funding	N/A	N/A	N/A	N/A	N/A
Average estimated value of the common procurement contract per consortium of Member States and associated countries	N/A	N/A	N/A	N/A	N/A
Actual financial contribution of the EU to each action	N/A	N/A	N/A	N/A	N/A

(*) % of target achieved by the end of 2023.

www.parlament.gv.at

The Edirpa regulation ([45]) was published in the *Official Journal of the European Union* on 26 October 2023 and entered into force on 27 October 2023. The work programme was adopted by the Commission and published on 15 March 2024.

Sustainable development goals

Contribution to the sustainable development goals

Edirpa indirectly supports and contributes to some SDGs, but the programme was not created directly to deliver on all 17 SDGs.

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3		
SDG4		
SDG5		
SDG6		
SDG7		
SDG8		
SDG9		
SDG10		
SDG11		
SDG12		
SDG13		
SDG14		
SDG15		

([45]) Regulation (EU) 2023/2418 of the European Parliament and of the Council of 18 October 2023 on establishing an instrument for the reinforcement of the European defence industry through common procurement (EDIRPA), OJ L, 2023/2418, 26.10.2023, ELI: http://data.europa.eu/eli/reg/2023/2418/oj.

SDG16
SDG17

NDICI – GLOBAL EUROPE

NEIGHBOURHOOD, DEVELOPMENT AND INTERNATIONAL COOPERATION INSTRUMENT – GLOBAL EUROPE

Programme in a nutshell

Concrete examples of achievements

2 992 817 students enrolled in primary education with EU support under NDICI.	750 Ukrainian micro-enterprises received EUR 3 million in direct grants for recovery, development and sustainability in 2023.	10.5 million beneficiaries were supported by the EU Regional Trust Fund in response to the Syrian crisis in 2014-2023.	2.4 million Palestinian refugees were supported by contributions from the EU in 2023.
16 electoral processes and democratic cycles were supported, observed and monitored by means of electoral missions in 2023.	339 810 migrants, refugees and internally displaced people or individuals from host communities have been protected under NDICI.	214 regulatory instruments were reviewed in 2023 with EU support to contribute to Ukraine's deregulation reform. This input led to the planned abolition or optimalisation of 33 and 174 instruments respectively, expected to directly benefit about 380 000 businesses.	13 021 people benefited from voluntary assisted returns from North Africa to their country of origin.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming (**)	79 052.0
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	1076.9
Total budget 2021-2027	**80 128.9**

(*) Only Article 15(3) of the financial regulation.

(**) MFA loans that are officially part of the budget lines of NDICI and IPA are excluded for reporting here and relinked to the MFA PPS:

Rationale and design of the programme

Through the Neighbourhood, Development, and International Cooperation Instrument – Global Europe (NDICI – Global Europe), the EU aims to cooperate with partner countries, especially those most in need, in overcoming medium- and long-term developmental challenges and pursuing EU values and interests, while addressing urgent and immediate needs.

It contributes to achieving the EU's international commitments and the objectives that it has agreed to, the 2030 Agenda, its sustainable development goals (SDGs) and the Paris Agreement.

CHALLENGE

The EU is facing increasing external challenges. Political fragility, instability, and conflicts, shrinking civic and political space, terrorism, inequality and migratory pressures have combined with long-term trends such as population growth, climate change and environmental degradation. Added to this has been the lasting socio-economic consequences of the COVID-19 pandemic, along with the protracted Russian war of aggression against Ukraine and its worldwide consequences on food insecurity, rising inflation and increasing energy prices. These multiple crises are deeply affecting EU partner countries, in particular least-developed ones. Despite the unforeseeable series of crises that have put NDICI – Global Europe and its emerging challenges and priorities cushion, under great pressure from the outset, the EU has demonstrated its reliability to partner countries by providing a prompt answer to crises while ensuring the continuity of programmed support. The main challenge is to continue supporting partner countries with adequate resources, in a context of extremely tense geopolitical competition, scarcity of resources for external action and competing priorities.

As an actor of significant weight and reputation, the EU can also provide significant added value in coordinating measures and providing leverage to find multilateral answers to those challenges

MISSION

The general objectives of NDICI – Global Europe are as follows.

(1) To uphold and promote the EU's values, principles and fundamental interests worldwide, in order to pursue the objectives and principles of the EU's external action, as laid down in Article 3(5) and Articles 8 and 21 of the Treaty on European Union, thus contributing to reducing and, in the long term, eradicating poverty; to consolidating, supporting and promoting democracy, the rule of law, respect for human rights, sustainable development and the fight against climate change; and to addressing irregular migration and forced displacement, including their root causes.

(2) To contribute to promoting multilateralism and achieving the international commitments and objectives that the EU has agreed to, in particular the United Nations' SDGs, the 2030 Agenda and the Paris Agreement.

(3) To promote stronger partnerships with third countries, including with the European neighbourhood policy countries, based on mutual interests and ownership, with a view to fostering stabilisation and good governance and building resilience.

OBJECTIVES

NDICI – Global Europe's specific objectives are as follows.

1. To support and foster dialogue and cooperation with non-EU countries and regions in the neighbourhood, in sub-Saharan Africa, in Asia and the Pacific, and in the Americas and the Caribbean. To develop special strengthened partnerships and enhanced political cooperation with the European neighbourhood, founded on cooperation, peace, and stability and on a shared commitment to the universal values of democracy, the rule of law and respect for human rights, and aiming at deep and sustainable democracy and progressive socioeconomic integration, along with people-to-people contacts.
2. At the global level, to protect, promote and advance democracy and the rule of law, including accountability mechanisms, and human rights, including gender equality and the protection of human-rights defenders. To support civil-society organisations. To further stability and peace and prevent conflict, thereby contributing to the protection of civilians. To address other global challenges such as climate change, protection of biodiversity and the environment, and migration and mobility.
3. To respond rapidly to situations of crisis, instability, and conflict, including those that may result from migratory flows and forced displacement, along with hybrid threats, and to respond to resilience challenges, including natural and human-made disasters and the linking of humanitarian aid and development action, along with the EU's foreign-policy needs and priorities.

NDICI – Global Europe strengthens specific priorities through horizontal targets.

- At least 93% of expenditure should fulfil the criteria for official development assistance.
- At least 20% of official development assistance spending should be dedicated to social inclusion and human development.
- 30% of NDICI – Global Europe should contribute to climate objectives, while also contributing to the ambition of providing 7.5% of annual spending under the multiannual financial

framework to biodiversity objectives in 2024 and 10% in 2026 and 2027, while considering the existing overlaps between climate and biodiversity goals.

- Indicatively, 10% of NDICI – Global Europe should be dedicated to action supporting the management and governance of migration and forced displacement, and addressing the root causes of irregular migration and forced displacement when they directly target specific challenges relating to migration and forced displacement.
- At least 85% of new actions should have gender equality as a principal or a significant objective. At least 5% of these actions should have gender equality and women's and girls' rights and empowerment as a principal objective.

ACTIONS

NDICI – Global Europe's funding can be provided through grants, procurement contracts, budget support, budgetary guarantees, blending operations and financial assistance, along with all the types of financing listed in Article 27 of the NDICI regulation.

STRUCTURAL SET-UP OF THE PROGRAMME

NDICI – Global Europe is implemented under direct management (by the Commission and the EU delegations) and through indirect management (by entities such as EU Member State agencies, international organisations, or partner countries, and all the entities listed in Article 62(1)(c) of the financial regulation). The lead services involved in implementing the instrument are DG Neighbourhood and Enlargement Negotiations, DG International Partnerships, and the Service for Foreign Policy Instruments, in cooperation with the European External Action Service and line directorates-general, especially in relation to the external dimensions of internal policies such as climate, energy, trade, digital and education.

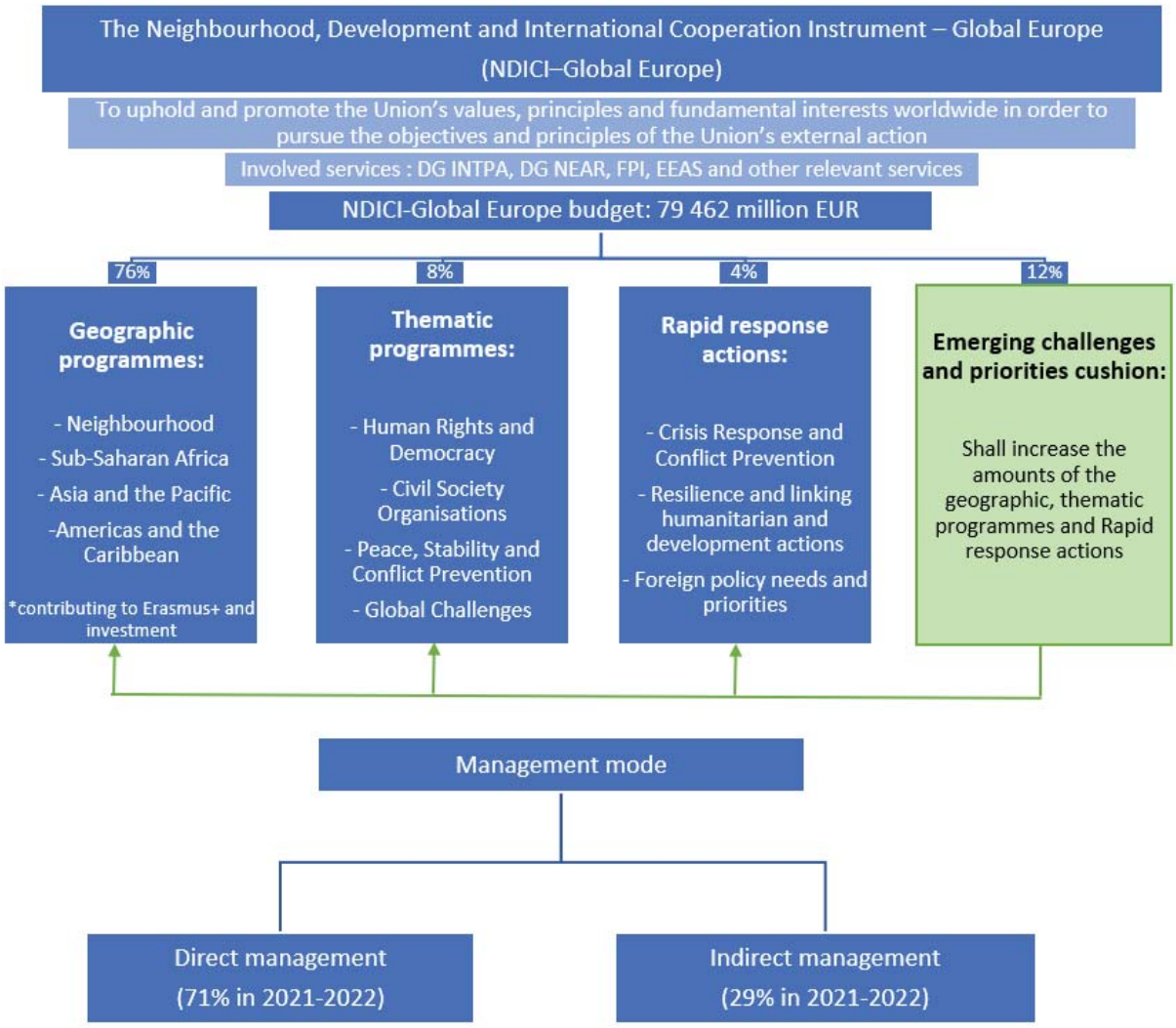
In line with its specific objectives, NDICI – Global Europe operates through three pillars:

- a geographical pillar, encompassing country and regional programmes;
- a thematic pillar, complementing the geographic pillar with global thematic programmes on human rights and democracy, civil-society organisations, peace, stability and conflict prevention, and global challenges;
- a non-programmable rapid-response pillar, dealing with crisis response, resilience and linking humanitarian and development nexuses, and EU foreign policy needs and priorities.

NDICI – Global Europe also has a buffer reserve for emerging challenges and priorities that can top up any of the three pillars mentioned above.

Through the External Action Guarantee, NDICI – Global Europe can raise additional financial resources from the private sector to support financing and investment operations in all its geographical areas, with special attention paid to least-developed countries and countries experiencing fragility and conflict.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The programme groups together several EU budget instruments from the 20142020 multiannual financial framework-, including the Development Cooperation Instrument and the European Neighbourhood Instrument. In addition, sub-Saharan African, Caribbean, and Pacific countries formerly covered under the off-budget European Development Fund are now also covered by the EU budget. Having such a comprehensive instrument allows the EU to carry out better, more coordinated external action and to deliver better results. The transition between the 2014-2020 and the 2021-2027 EFIs and the aspects mentioned above will be analysed as part of the Mid-Term Evaluation (MTE) of NDICI-Global Europe and the other EFIs, to be adopted in the first semester 2024. This MTE will address the efficiency, effectiveness, impact, sustainability and the continued relevance of the objectives of the Instrument, as well as the added value of integrating previously separated instruments into a streamlined instrument.

FURTHER INFORMATION

- Programme website:
  - ◊ NDICI – GLOBAL EUROPE.
- Impact assessment:
  - ◊ the impact assessment of the NDICI was carried out in 2018;
  - ◊ for further information please consult: https://europa.eu/!gh96VH.
- Relevant regulation:
  - ◊ Regulation (EU) 2021/947 of the European Parliament and of the Council.
- Evaluations:
  - ◊ Mid-term review reports of the 2014-2020 external financing instruments (SWD(2017) 463 final, SWD(2017) 600 final, SWD(2017) 601 final, SWD(2017) 602 final, SWD(2017) 604 final, SWD(2017) 605 final, SWD(2017) 606 final, SWD(2017) 607 final, SWD(2017) 608 final, SWD(2017) 609 final.]

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial (*) programming	12 259.0	12 424.0	12 016.8	11 431.9	10 755.9	9 950.2	10 214.2	79 052.0
NextGenerationEU	0	0	0	0	0	0	0	0
Decommitments made available again (**)	N/A	N/A	N/A					0
Contributions from other countries and entities	6	33.1	1 037.8	0	0	0	0	1076.9
Total	12 265.0	12 457.1	13 054.6	11 431.9	10 755.9	9 950.2	10 214.2	80 128.9

(*) MFA loans that are officially part of the budget lines of NDICI and IPA are excluded for reporting here and relinked to the MFA PPS:

(**) Only Article 15(3) of the financial regulation.

Financial programming:

- EUR 409.7 million (-1%)

compared to the legal basis.*

* Top-ups pursuant to Art. 5 MFF regulation are excluded from financial programming in this comparison.

The amount for the NDICI – Global Europe neighbourhood geographic programme has been increased through the adoption of the annual budgets or during budget implementation in the years 2021-2024 by EUR XXX million. EUR 1.1 billion of macrofinancial assistance loans provisioning in the Common Provisioning Fund is excluded from the financial programming.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR)(*):

	Implementation	Budget	Implementation rate
Commitments	38 570.2	80 128.9	48.1%
Payments	13 408.4		16.7%

(*) Excluding macrofinancial assistance loans provisioning.

Voted budget implementation (million EUR)(*):Voted budget implementation (million EUR)(*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	10 680.6	11 918.6	1 270.2	1 111.8
2022	12 390.5	12 560.4	4700.2	3 970.2
2023	11 951.3	12 055.5	6 033.9	6 104.1

(1) Voted appropriations (C1) only.

Overview

In 2023, NDICI-GE implementation was in full speed, with a good level of implementation of the geographic and thematic multiannual indicative programmes (MIPs) and the signature of the first guarantee agreements under the EFSD+ open architecture scheme. The implementation of Team Europe Initiatives

moved forward in 2023, with 166 Team Europe Initiatives either finalising their design or having started their implementation.

The Mid-Term Review of the programming was formally launched in June 2023. Services assessed the level of implementation of their respective MIPs (including achievement of the different targets), the geopolitical context and impact of recent crises, with a focus on potential for new Global Gateway initiatives.

Fight against climate change effects, loss of biodiversity and energy diversification

In 2023, the European Commission continued working with partner countries to tackle climate change, contributing to mitigation, adaptation and disaster risk reduction via the development and implementation of Team Europe Initiatives as part of the implementation of the Global Gateway, by increasing our contribution to the Global Methane Pledge and to Global Climate Funds, as well as continuing to assist partner countries in implementing their Nationally Determined Contributions (NDCs). The year 2023 was also marked by the decision taken at the COP28 UN Climate Conference on the operationalisation of Funding Arrangements including a fund to address loss and damage resulting from climate change impacts in vulnerable developing countries, to which the EC has pledged contributions. Finally, 2023 was marked by the first UN conference on water since 1977, featuring the launch of an ambitious Action Agenda to which the EU significantly contributed.

Energy transition remains a priority for the EU, as is securing access to key critical raw materials for the energy transition. In 2023, the Commission played an important role in convincing partner countries to join the global pledge on renewable energy and energy efficiency, endorsed during COP28 by 120 countries. Moreover, the Commission continued to support partner countries in promoting renewable energy, including renewable hydrogen, the development of transmission and distribution grids and energy efficiency across all sectors of the economy, as well as participating in the Just Energy Transition Partnerships. Developing renewable energy sources, including renewable hydrogen, is a triple win for energy security and for decarbonisation of economies for the benefit of our planet, as well as developing competitive and clean industries and markets contributing to growth and jobs, for mutual benefits for the EU and its partner countries.

The Commission supported the implementation of the post-2020 Global Biodiversity Framework, in particular through integrated approaches for the sustainable management of key biodiversity landscapes, enhanced support to Africa's Great Green Wall initiative and new partnerships on forests as well as renewed engagement for ocean protection, including in the Mediterranean region. Action has been launched to raise awareness on the new EU Regulation on deforestation and forest degradation in the Neighbourhood, Asia and Latin Americas.

Food security

Russia's war of aggression on Ukraine aggravated the global food systems crisis. Climate change, conflict and economic difficulties have eroded the resilience of food value chains. The EU and Member States – Team Europe – committed more than EUR 18 billion in grants for food security action in 2021-2024. The Commission continued to operationalise the four-pronged Team Europe response to global food insecurity, particularly focusing on the sustainable production pillar.

Critical raw materials

Critical raw materials are essential for the deployment of the technologies that enable the green and digital transitions. The Commission was directly involved in the discussions around the external dimension of the Critical Raw Materials Act expected to be adopted in 2024. Securing sustainable supply of raw materials, renewable hydrogen and batteries will be decisive to develop the resilience of industries in partner countries. Strategic partnerships on raw materials value chains were concluded with Argentina, Chile, the

Democratic Republic of Congo, Greenland and Zambia, in addition to Canada, Kazakhstan, Namibia and Ukraine.

Human development

In 2023, 27 new Global Gateway Flagships in human development have been approved, and education and skills are an important feature of most GG Flagships. At the same time, gender equality continues to be mainstreamed across GG flagships. 2023 also marked the launch of the Global Gateway CSO/Local Authorities Platform.

Following through with the Global Health Strategy adopted a the end of 2022, several initiatives in the field of health were adopted including on global pandemic preparedness through the Pandemic Fund, Africa regional TEIs with a focus on Manufacturing and Vaccines (MAV+), strengthening health systems and health security through a One Health approach and Sexual and Reproductive Health Rights actions.

The Regional Teacher Training Initiative was launched in South Africa in January 2023. This EU flagship brings together the EU and three EU Member States (Belgium, Finland and France) to support African partner countries in their efforts to bridge the teachers' gap and achieve a more competent, motivated and inclusive teacher workforce able to ensure quality learning in the classroom.

2023 also marked the first year of the implementation of the Youth Action Plan in EU's external relation and the launch of a Youth Empowerment Fund. the midterm report on the EU Gender Action Plan III illustrates progress towards the 85% target of gender responsive actions, currently reaching 72% across the external relations DGs).

The global Team Europe Democracy (TED) initiative launched in 2022 helps the EU and 14 EU Member States to enhance the impact of joint actions in promoting democratic governance in partner countries, creating a strong policy framework for thematic flagships on human rights and democracy, such as the "Global Initiative on Impunity".

The increasing number of politically estranged contexts and countries further reinforces the case for implementing a robust humanitarian-development-peace (HDP) nexus approach, and supporting the realisation of Nexus Collaborative Frameworks, based on joint analyses of conflict and the root causes of fragility and crises, while embracing a multi-dimensional and integrated approach tailored to the individual context of each country. In this regard, the Commission has supported a stronger and more focused approach to conflict-sensitivity, as prescribed by Article 12(2)(b) of the NDICI-Global Europe regulation, through the implementation of conflict analyses and the EU conflict Early Warning system for fragile and conflict affected countries, as well as conflict sensitivity assessments for specific programmes with partner countries.

Migration

In 2023, the Commission strongly contributed to ensure that the overall NDICI-Global Europe spending target on migration was met in 2023 through migration and forced displacement actions launched at national, regional and global level. At a global level, the Commission contributed to the successful International Conference on a Global Alliance to Counter Migrant Smuggling, hosted by the Commission President. The Commission pledged at the 2nd Global Forum on Refugees, including through the launch of new global actions aimed at improving the data and evidence on internal displacement. In the framework of the EU Presidency of the platform on Disaster Displacement (PDD), the Commission has contributed to better protecting people displaced across borders and internally in the context of disasters and climate change.

Inequality

In 2023, the Inequality-Marker was launched and used for the first time, allowing an enhanced understanding, tracking, and benchmarking of the impact of action supported across all sectors in relation

to inequalities, including in the midterm review of the MIPs. Likewise, the thematic flagship programme linking social protection and public finance management was finalized feeding into the new generation of social protection programmes. Additionally, flagship initiatives contracted under the NDICI Civil Society Thematic Programme in 2023 include the EU System for Enabling Environment (EU SEE) and the New Financial Framework Partnership Agreements with Global CSO networks. The Commission also launched a regional initiative in Asia to manage opportunities and risks related to labour rights and protection in the context of the megatrends affecting the Future of Work (climate change, demography, digital transition, shifting in societal attitudes).

Climate change In 2022 and 2023, the Commission continued to support the EU's bilateral relations with strategic partner countries on climate-related policies and investment through the EU Climate Dialogues initiative. Climate diplomacy interventions worldwide resulted in 17 high-level meetings, 49 events and 15 publications on adaptation, methane abatement, carbon pricing/Emission Trading Systems, sustainable finance, just energy transition and renewable energy, among others.

Digital

In 2023, the Commission continued to support a sustainable digital transition, including digital governance and connectivity, at the national, regional, and international levels. The Global Gateway and the Digital 4 Development Hub (D4D) proved to be fundamental tools in that respect. In 2023, the D4D hub was further enhanced with the launch of a new Neighbourhood regional window. Interventions were launched to accompany the implementation of new digital partnerships concluded by the EU in Asia (Japan, Korea, Singapore). Finally, a new action (Global Initiative on the Future of Internet) was launched to operationalise the commitments of the 70 signatories of the Declaration for the Future of the Internet. This formed an integral part of the EU's strategic digital diplomacy agenda, initiated and promoted jointly with the US and set out a shared and comprehensive vision for the future of the open Internet.

Disinformation

The Commission launched several interventions aiming to enhance the EU's ability to counter foreign information manipulation and interference (FIMI) through exchanges with like-minded partners and the provision of support to countries closely aligned with the EU in terms of threat analysis and approach to address it.

Sustainable and responsible supply chains

In 2023, action was launched to promote fair, responsible and resilient supply chains, with a view to reinforcing the EU's strategic autonomy, as well as promoting and raising awareness on the new EU legislation on mandatory due diligences ("Corporate Sustainability Due Diligence" Directive). Seemingly, the Commission has worked with governments, the private sector, and civil society to boost the uptake of environmental standards and human rights in business operations.

Neighbourhood

In 2023, the Commission's actions focused on addressing the consequences of the Russia's aggression in Ukraine, responding to instability and increased migration needs in the Neighbourhood South, continue supporting Syrian refugees and their host communities, supporting countries' resilience in the Middle East and North of Africa, and implementing economic and investment plans and priorities jointly agreed with partner countries.

The Commission mobilised or guaranteed EUR 19.5 billion to support Ukraine's economic, social, and financial resilience in 2023 (EUR 18.5 billion was disbursed), out of which direct support under the NDICI totalled to EUR 825 million and it was focused on fast recovery and reforms. In 2023, EUR 445 million in financial assistance programmes were approved for the six Neighbourhood East partner countries, excluding bilateral support to Ukraine. The assistance was designed to strengthen the reform agenda and

increase the capacity in the partner administrations. This was particularly important following the EU's agreement to open accession negotiations with Ukraine and Moldova, and to grant Georgia candidate status. In addition, substantial support was provided through a repurposing of the Annual Action Programme to help Armenia address the immediate-to-long-term needs of over 100,000 refugees displaced from Nagorno-Karabakh. The Commission continued to provide budget support operations to Moldova, amounting to EUR 241 million for the period 2021 to 2023. The implementation of the Economic and Investment Plan continued and to date the EU has mobilised EUR 8.5 billion worth of investments in the region, of which nearly EUR 1.8 billion were in support of the private sector, through concessional credit lines or business development services.

Migration remains high on the political agenda of the EU, its Member States and partner countries in the in the North of Africa. While the EU Trust Fund for Africa cannot make new funding available, through its ongoing operations it remains an important tool in supporting partner countries on legal migration and labour mobility, border management and the fight against trafficking of human beings and smuggling of migrants as well as protection and social cohesion. In 2023, EUR 318 million were committed under the regional Annual Action Plan covering the North of Africa with a focus on voluntary returns to countries of origin, strengthening the capacities of Egypt and Tunisia in border management, fighting trafficking and smuggling networks as well as ensuring protection of migrants and social cohesion across the region. Increasing instability in the Sahel region and the continued impact of the war in Ukraine to name just a few factors, pressure on migratory routes and for migration management in partner countries are likely to increase. In this context, the Commission will continue providing support under a comprehensive approach to migration.

Although formally it came to an end in December 2021, the EU Regional Trust Fund in Response to the Syria Crisis remained a major EU tool to address the needs of refugees from Syria and host communities in neighbouring countries throughout 2023. This was done through its ongoing operations, which have reached more than 10.5 million people since its inception, focusing primarily on education, livelihoods, health, water and sanitation, social assistance, and social protection, along the axes of the humanitarian–development–peace nexus. In 2023, EUR 287.5 million was committed under the neighbourhood geographic programme in support of Syrian refugees and host communities in Jordan, Lebanon, and Syria.

Following the Multiannual Financial Framework revision, the Southern Neighbourhood is reinforced under NDICI by EUR 3 billion[46], inter alia allowing continuation of migration related actions previously undertaken under the EU Trust fund for Africa as well as support to the Syrian refugees and host communities in the region.

The programming framework for Interreg NEXT programmes was adopted on 12 August 2022 ([1]). Commission Implementing Decision 2022/74 lays down the total NDICI commitment for each Interreg NEXT programme for 2022-2027. Following Russia's unprovoked and unjustified invasion of Ukraine, the programming of all cooperation programmes involving Belarus and Russia was stopped and programmes with Russia and Belarus were cancelled. The Commission had adopted seven Interreg NEXT programmes involving neighbourhood partner countries in the Eastern and Southern Neighbourhood. The NDICI allocation initially planned for programmes with Russia and Belarus for 2021-2027 (EUR 160 million) was transferred to programmes that benefit Moldova and Ukraine. The Interreg NEXT programmes that have been adopted are multiannual programmes implemented under shared management. The EU's contribution to these programmes covers multiple funds (ERDF, IPA III, NDICI). For 2023 a total of EUR 108 million was committed under NDICI (out of total EU funds of EUR 245 million), while EUR 101 million (out of total EU

[46] The MFF revision resulted in EUR 3.6 billion reinforcement, out of which EUR 2 billion for Southern Neighbourhood, including migration actions, and EUR 1.6 billion for support to the Syrian refuges in the region. EUR 600 million, out of EUR 1.6 billion will be channelled through the Humanitarian aid.

funds of EUR 240 million) is expected to be committed in 2024 and EUR 102 million (out of EU funds 256 million) in 2025.

Resilience

EUR 240 million was committed in 2023 through the individual measure in favour of socio-economic development support and infrastructure services for refugees and host communities in Türkiye following the February 2023 earthquakes. It is intended to allocate EUR 1 billion to support the Syrian refugees and host communities in Türkiye in 2024, out of which EUR 804 million from the NDICI-GE channelled through the Resilience component of the Rapid Response Action pillar.~~, while EUR 500 million in 2025 to cover for the socio-economic and education needs of the Syrian refugees and host communities. The mentioned EUR 500 million, represents part of the MFF revision reinforcement for support to the Syrian refugees and host communities in Türkiye (in total EUR 1.2 billion under NDICI and EUR 800 million under IPA III for 2025-2027).~~ As a result of the MFF revision, the support to the Syrian refugees in Türkiye is reinforced by EUR 2 billion, out of which EUR 1.2 billion channelled through the Resilience line [47]. The assistance in 2025 is expected to focus on addressing socio-economic and education needs.

Election Observation

Under the thematic programme for human rights and democracy, the deployment of electoral missions continued to provide substantial benefits to the democratic processes of partner countries and to the peaceful transition of countries emerging from civil strife or conflict. In 2023, the EU deployed 24 missions, six of which were full election observation missions.

Conflict Prevention, Peacebuilding, Global Threats & Crisis Response

Moreover, the 2023 annual action plans for programmable measures for conflict prevention, peacebuilding, and crisis preparedness and for addressing global, trans-regional and emerging threats were adopted, for EUR 39.4 million and EUR 98.4 million respectively. Initiatives under the annual action plan for 2022 were contracted and covered themes such as the following: support for in-country civil-society stakeholders on conflict prevention and peacebuilding; inclusivity in peace and security; conflict-sensitive natural-resource management; support for the EU–United Nations partnership on insider mediation and tripartite cooperation with the United Nations and the World Bank on post-crisis assessments; counterterrorism; chemical, biological, radiological and nuclear risk mitigation; disrupting organised crime; critical infrastructure protection; climate change; environmental degradation; and security.

By the end of 2023, 40 new crisis-response initiatives, as well as five increases to existing initiatives, had been adopted under the rapid response pillar with a budget of EUR 269.9 million, along with 29 initiatives (including 14 new ones) responding to foreign-policy needs with a budget of EUR 91.4 million. 30 new contracts were also signed under the global threats component with a budget of EUR 68.4 million while implementation continued for actions from previous years (145 ongoing for approximately EUR 127 million).

([47]) EUR 800 million will be channelled through IPA III.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	1 848.0	3 536.7	3 200.4	3 979.0	3 979.0	3 979.0	3 626.5	24 501.1	**31%**
Biodiversity mainstreaming	529.7	853.3	1 079.4	970.0	1 000.0	1 020.2	1 050.0	6 502.3	**8%**
Clean air									

A higher climate spending target (30%) has been set by the co-legislators for NDICI – Global Europe for 2021-2027 compared to the previous programming period (20% for 2014-2020). Ursula von der Leyen, President of the European Commission, pledged an additional EUR 4 billion in her 2021 State of the Union address.

As indicated in the table, 2021 data showed a performance level on the order of 18%, and 24.5% for 2022. The cumulative 2021-2022 figures resulted in contributions of 22% to the climate spending target. 2023 figures continue to show a positive trend, which places the overall figures closer to the targets to be achieved over the course of the entire 2021-2027 period. Positive trends will be reinforced after the midterm review, as climate is an essential component of the global gateway strategy, which is being mainstreamed across the programming documents. To ensure the delivery of the climate target, a number of actions are currently being put in place, including the following:

(a) strengthening of internal processes for the integration of climate change and biodiversity in the formulation of new actions, including the revision of existing guidance and manuals, or the development of specific webinars and trainings;

(b) significant outreach to EU delegations to reinforce knowledge and increase awareness with regards to the integration of climate change and support to biodiversity in the EU external action;

(c) operationalisation of the 'Green knowledge' hub comprising several technical assistance facilities in support of climate and biodiversity actions providing high-level policy advice and technical assistance, relevant knowledge, data, tools, products, and trainings.

– In the course of 2021-2023, as part of the implementation of the global gateway, Team Europe initiatives were developed. These included the TEI on adaptation and resilience in Africa, the green and blue alliance for the Pacific, or energy efficiency in buildings in the Southern Neighbourhood, just to cite a few.

Regarding biodiversity more specifically, the figures for 2022 and preliminary estimates for 2023 are consistent with the pathway provided in the NDICI – Global Europe programme statement. In 2022, the programme contributed 6.10% to biodiversity. Preliminary estimates for 2022 are around 8.10%, confirming the positive trajectory year after year. Pending final verification, spending under NDICI – Global Europe is in the range of the 7.5% target for 2024 defined for the whole multiannual financial framework. These efforts must be sustained in the second part of the framework, with a view to meeting the Commission's political ambitions for biodiversity. Therefore, a comprehensive approach that combines the development of a

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substantial portfolio of biodiversity-related actions and the mainstreaming of biodiversity into relevant sectors and actions continue to be deployed. Under the NaturAfrica initiative, it is confirmed that more than EUR 1 billion will have been allocated to biodiversity projects in sub-Saharan Africa between 2021 and 2024.

Accelerating the **global energy transition** is one of the priorities of the EU: energy is very prominent in its dialogue with partner countries and the list of global gateway flagships, covering a wide range of energy solutions, from hydropower to geothermal plant, but also green hydrogen, solar plant or biogas, transmission lines and regional interconnections as well as energy efficiency in buildings. In 2023, the implementation of the Just Energy Transition in Coal Regions – Inter-regional platform continued, promoting just energy transition pathways away from coal. In the Neighbourhood of the EU, following the successful coupling of electricity grids with Moldova and Ukraine, work has continued in the alignment of energy policies and energy market integration with, Moldova, Georgia and Ukraine, including support to investments. Moreover, the implementation of the TEI Africa-EU green energy initiative has been an important milestone in 2023. At the COP28 conference, Executive Vice President of the European Commission Maroš Šefčovič announced a pledge of more than EUR 20 billion from Team Europe partners of this initiative (12 Member States, the European Investment Bank and the European Bank for Reconstruction and Development).

Contribution to gender equality (million EUR) (*)**:**

Gender score	2021	2022	2023	Total
2	178.5	143.9	630.0	952.4
1	8 658.5	11 337.3	10 948.4	30 944.2
0*				
0	1 843.6	909.3	372.9	3 125.8

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information:

- NB: the numbers provided for 2023 are provisional and subject to quality review.
- According to the NDICI – Global Europe regulation, at least 85% of new initiatives implemented should have gender equality as a principal or a significant objective, as defined by the gender equality policy marker of the Development Assistance Committee of the Organisation for Economic Co-operation and Development. At least 5% of these actions should have gender equality and women's and girls' empowerment as a principal objective. On 25 November 2020, the gender action plan III (2021-2025), a joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy, was adopted with the

same objective of 85% towards the total number of adopted initiatives, following the Development Assistance Committee's methodology.

- The Commission's gender expenditure tracking methodology for the EU budget is in line with the Development Assistance Committee's gender equality policy marker methodology. Score 2 equals G2 and implies that gender equality is a principal objective; score 1 equals G1 and implies that gender equality is a significant objective; score 0 equals G0 and means that gender equality is not targeted.
- For 2022, under NDICI – Global Europe, 10 actions were marked as score 2, 417 actions were marked as score 1 and 128 were marked score 0, which gives a percentage of 77% of actions marked as score 1 or 2, of which 2.3% were marked as score 2. Data for 2023 had not yet been stabilised when this report was drafted.

1. Making the NDICI – Global Europe regulation deliver for implementation of the gender action plan III

- The gender action plan III has fostered a policy-driven, context-specific approach, in a Team Europe spirit. Country-level implementation plans are in place in 125 NDICI countries. Set up by EU delegations in cooperation with EU Member States and based on meaningful consultations with partners including civil society and women's rights organisations, they are the political and operational roadmaps for EU action for reaching NDICI – Global Europe gender targets and objectives. The simultaneous launch of the plan and the 2021-2027 programming cycle have significantly improved policy-programming alignment, resulting in increased actions and funding for gender equality and women's and girls' empowerment.
- A significant number of EU delegations have an up-to-date gender analysis at the country level, along with a sector analysis, and they have put measures in place to ensure the use of gender-specific and sex-disaggregated data, which are essential tools to ensure the high-quality mainstreaming of new initiatives.
- The EU also aims to ensure that investments mobilised through the European Fund for Sustainable Development (EFSD+) include a gender perspective. For instance, the Commission is working with international and development finance institutions to increase the impact of innovative finance on promoting gender equality and women's economic empowerment; to jointly enhance the expertise of financial officers on gender-mainstreaming; and to monitor the implementation of operations. In 2022, 75% of all reported NDICI EFSD+ guarantees and blending operations had gender equality as a significant or main objective.

2. Implementation of the gender action plan III by thematic area of engagement

- Combating gender-based violence is a priority for the EU in most partner countries, where many targeted interventions have been adopted or are under preparation to promote legal and policy reforms, changes in social norms and support for survivors.. In the previous multiannual financial framework, unprecedented support for the fight against gender-based violence was channelled through the EUR 500 million Spotlight initiative implemented in partnership with the United Nations. The initiative was showcased at the 2023 Sustainable Development Goals Summit as one of the 12 high-impact initiatives contributing to transformative progress and acceleration towards the SDGs. To build on the results and ensure the sustainability of the programme, in 2023, the EU has launched the high-impact programme for violence elimination by 2030 (EUR 16.5 million), which notably supports effective country programmes, increased global awareness and knowledge-sharing.

- For instance, in 2023, new targeted programmes (score G2) to combat violence against women and girls, improving prevention and survivor-centred services have been adopted for Bolivia (EUR 3.5 million), Colombia (EUR 3.8 million) and Paraguay (EUR 4 million). In El Salvador, the focus of a EUR 4 million intervention lies on the protection of girls and adolescents from gender-based violence and early pregnancy. In Bangladesh, a EUR 10 million score 2 project seeks to strengthen prevention and response to gender-based violence in the public sphere and at the workplace.
- The EU also continues its efforts to end gender-based violence in the Neighbourhood. For example, the EU support to women empowerment programme in Egypt (EUR 1 million) seeks to strengthen protection, response and prevention services that address gender-based violence.
- In the area of sexual and reproductive health and rights, in December 2022 the Commission and 10 Member States, in collaboration with sub-Saharan African partners, launched a regional Team Europe initiative for sub-Saharan Africa with a particular focus on adolescent and young women. Funding from the EU budget notably includes EUR 60 million in new funds for 2023-2027, in addition to EU Member States' financial contributions. Moreover, as part of the focus of the EU Resilience Facility for Azerbaijan (EUR 13.5 million), the European Commission supports women's access to economic opportunities, gender based budgeting, as well as social infrastructure and services. The Commission is also a long-standing partner of the United Nations Population Fund, including support for the fund's Supplies Partnership focusing on contraceptives and maternal health medicines, with a new score 2 commitment of EUR 45 million in 2022. Furthermore, the EU has made a record contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria (EUR 715 million for 2023-2025).
- Women's economic and social empowerment is a priority for the Commission. It is key to achieving poverty reduction, inclusive and sustainable growth in the framework of the UN 2030 Agenda for Sustainable Development and holds enormous potential for economic growth in our partner countries. The Commission promotes women's economic empowerment through (a) support to regulatory and policy reforms and practices to tackle the underlying direct and indirect barriers women face in their economic participation; (b) increased investments targeting women's economic empowerment, such as through the EFSD+ and the global gateway investments, and (c) targeted actions supporting increased economic opportunities for women, such as through support to women entrepreneurs and increased access to finance (c) working with business support services and other ecosystem actors to ensure that there an offer for women led business adapted to their needs and constraints (d) by promoting more and better access to education which is a key factor that will result in higher economic empowerment. For example, through the regional programme supporting women's economic empowerment in the Southern Neighbourhood (EUR 5 million), the European Commission seeks to support the economic empowerment of women focusing on the nexus between financial inclusion, access to finance and digitalisation.
- For instance, in 2023, the EU increased the funding for the Investment Climate Reform Facility, which works with public and private partners in African, Caribbean and Pacific countries, to focus on business environment reforms that support women's full participation in the economy. Among other, the facility supported the Tanzania Agricultural Development Bank to launch a gender scheme that will address financial and non-financial challenges women and youth face by relaxing some of the terms and conditions of existing bank products, allowing for wider access to credit facilities throughout the value chain.
- As regards gender-lens investing, the EU is working closely with international and development financing institutions to increase the impact of innovative finance and to further integrate a gender perspective in investments made by the European Fund for Sustainable

Development Plus (EFSD+). For instance, in 2023 the European Investment Bank, with the backing of the Commission, signed EUR 158 million in loans dedicated to women entrepreneurs and/or small and medium-sized enterprises (SMEs) providing quality leadership and employment opportunities for women, or services and products that close gender gaps. It is also at the centre of the 'Investing in young business in Africa' TEI, that brings together 11 Member States, the European Investment Bank, the European Bank for Reconstruction and Development and the European Development Finance Institutions to mobilise more and better financial and non-financial support to early-stage business, with an emphasis on women.

– The EU promotes gender-responsive and disability-inclusive social protection and care policies through sector interventions, public finance management reform and gender-responsive budgeting in partnership with the International Labour Organization, Unicef, the Global Coalition for Social Protection Floors and national partners. As an example of country-level intervention, the EUR 59 million 'Gender Responsive Social Protection – Kutukula Amai' programme (score G2) in Malawi, adopted and launched in 2023, will empower Malawi's poorest and most vulnerable girls and women by enhancing the effectiveness of the Malawi national social support programme, enhancing access to social services and reinforcing complementary services to support women's economic resilience and livelihoods. Supporting the development and implementation of gender-responsive care policies has also been one of the main priorities for EU cooperation with the Latin American region. At the EU–Latin America and the Caribbean Forum in 2023, the Commissioner for International Partnerships announced the new EU programme 'Inclusive Societies in LAC'. The EUR 60 million programme (score G2), contributing to a Team Europe initiative, aims to tackle gender and other inequalities, reduce poverty and social exclusion and enhance social cohesion within/among Latin American and Caribbean countries. It envisages a strong focus on gender equality and women's empowerment, addressing intersectionality with other forms of discrimination. It also seeks progress in social policies and inclusion with a focus on the bottom 40% income households, while encouraging social investment and innovation to foster just transitions. EU funding will start operations in 2024.
– The 'Gender for development Uganda' action adopted in 2023 contributes to the TEI on demography and social inclusion. The action is composed of two components: (i) adolescent girls' education (indicative EU budget: EUR 40 million) and (ii) reducing gender-based violence, including sexual violence, and promoting the building of sexual and reproductive health and rights on the successful spotlight initiative in Uganda (indicative EU budget: EUR 20 million). The second component of the action, building on the ongoing spotlight initiative, will aim at reducing forms of gender-based violence that contribute to girl-child school drop-outs and promoting sexual and reproductive health and rights at the national and sub-national levels. In a TEI approach, significant funding from both the German and Belgian Federal Governments will complement the EU contribution to increase the scope and impact of the action.
– To promote equal participation and leadership, in 2023 the Commission launched the women and youth for democracy programme (EUR 40 million), which will support women and youth-led initiatives, including capacity-building and funding for girl-led initiatives to tackle the legal, societal and economic barriers to equal participation The EU's Youth Empowerment Fund, a EUR 10 million pilot flagship initiative of the youth action plan designed by, with and for young people, will provide and facilitate access to vital resources for young women and men to contribute to the sustainable development of their local communities and societies in EU partner countries to reach the objectives of the UN 2030 Agenda for Sustainable Development. The activities of the Youth Empowerment Fund started in late 2023 and the first grants will be distributed in 2024. The digital democracy initiative (EUR 51 million), launched in 2023 and co-funded by the EU and Denmark, includes a focus on threats and opportunities to women's online democratic participation. An example of gender-responsive

action for women's equal participation and leadership at the country level is the EUR 15 million civil society support programme 'Cidadania activa' in Mozambique, which aims at enhancing civic engagement, including the participation of civil society organisations representing women, youth and persons with disabilities, in democratic participation and accountability processes, thus contributing to strengthen inclusive and participatory democracy in Mozambique. In Lebanon, through the 'Women empowerment' hub in Lebanon (EUR 6 million), the Commission supports political mentoring and coaching services to prepare women for political work and enhance their political skills.

- The EU action plan on women, peace and security was integrated as one of the thematic areas of engagement of the gender action plan III. It was implemented in 2022 and 2023 with initiatives shown below.
- In 2023, under the conflict prevention, peacebuilding and crisis preparedness pillar: the Commission continued contributing to the Global Survivors Fund (EUR 2 million under the 2022 annual action programme). The fund has provided reparations and other forms of redress (including medical interventions, psychological and/or psychiatric support and economic compensation) to 2 267 survivors of conflict-related sexual violence in the Democratic Republic of the Congo, Guinea, Iraq and Türkiye.
- In addition, the Commission funded the UNWOMEN project 'Promoting Women Peace and Security' with military stakeholders in transition countries in Africa, namely the Central African Republic and Mozambique. The project works to enhance women's inclusion and integration among military actors, and to ensure that armed forces are better prepared to integrate a gender perspective in the planning and conduct of operations and activities.
- Under the rapid response pillar, in 2023 the Commission continued to mainstream gender equality in its crisis response support to Ukraine.
- In Moldova, a EUR 4 million project supported the resilience of host communities and local authorities in their response to the arrival of Ukrainian refugees. The action focused on access to basic services, including the reception, referral and protection of individuals with enhanced vulnerability to sexual exploitation and trafficking such as women and children.
- Three projects supported victims of conflict-related sexual violence (EUR 6 million). (1) A project implemented by the Ukrainian Women's Fund strengthens local organisations as first responders to victims of conflict-related sexual violence in Ukraine. (2) A project implemented by Global Rights Compliance provides hands-on support and expertise on investigating cases of conflict-related sexual violence to the Office of the Prosecutor General of Ukraine via mobile justice teams. (3) A project implemented by the UN Special Representative of the Secretary-General for Conflict-Related Sexual Violence will support the government of Ukraine with specialised women protection advisors in line ministries and the implementation of the national action plan on violence against women.
- In Cameroon, a EUR 17 million civil society support programme will strengthen the contribution of women's organisations, women's rights defenders and civil society organisations in general to multi-partner efforts to protect displaced populations, in an effort to contribute to resilience, social cohesion and dialogue for peace in crisis-affected communities in the north-west and south-west regions, including neighbouring regions hosting displaced populations.
- Efforts to prevent and combat conflict-related sexual violence pursued a victim-centred approach supporting better accountability and the integration of survivors. For example, the EU continued to contribute to the Global Survivors Fund with an additional EUR 2 million in 2023. The fund provides reparations and other forms of redress (including medical interventions, psychological and/or psychiatric support and economic compensation) to

survivors of conflict-related sexual violence in the Democratic Republic of the Congo, Guinea, Iraq and Türkiye.

- Efforts to advance gender equality and women's empowerment in the Eastern Partnership region continued through support from the 'EU4 Gender Equality Reform Helpdesk' project, with an additional EUR 3 million allocated in 2023 for a second phase. A virtual forum in 2022 facilitated dialogue among civil society organisations in the Eastern Neighbourhood on collaboration opportunities for gender equality and women's empowerment. Key discussions included implementing the Women, Peace, and Security Agenda, addressing forced displacement, trafficking and security concerns. In May-June 2023, four webinars on 'Gender equality in the security sector' enhanced the capacity of gender focal points within the National Police of Ukraine.
- The gender action plan III introduced a new and innovative focus on the promotion of gender equality in the formulation of green transition and digital transformation policies and operations.
- For instance in 2023, the Commission adopted the action 'Skills for employment' in Mozambique (EUR 15 million), contributing to the TEI 'e-youth and green deal', with a focus on technical and vocational education and training, gender-sensitive insertion of youth in the labour market and support to young entrepreneurs, in particular women-led start-ups, through access to business development services (incubators, accelerators, training and mentoring technical assistance, and access to funding) with a focus in green and digital areas.
- As a major contributor to international public climate finance, the EU supports gender-responsive approaches through programmes for bilateral cooperation or through multilateral initiatives and platforms, supporting governments to adopt gender-responsive climate mitigation and climate-adaptation plans that involve women, girls and youth from a variety of backgrounds, along with local and marginalised communities. For instance, the TEI on 'Green recovery' in Nepal launched in February 2023 and will support the country's efforts to recover from the COVID-19 pandemic and grow greener through more jobs, energy access, increased resilience of society to shocks by better services in water supply, sanitation, nutrition and education, all while fostering increased participation of women in leadership and the economy. Moreover, the EU support to women empowerment programme in Egypt, for example, aims to support women and girls' empowerment and to promote overall gender equality. The action seeks to work towards these objectives also through the promotion of financial and digital inclusion, to strengthen women's access to sustainable income and climate-friendly economic opportunities. Moreover, through the State and Resilience Building Contract for the Republic of Moldova, aiming to assist Moldova in mitigating the socioeconomic impact of the rising energy prices and in the energy transition, special focus is dedicated to gender equality – including in terms of socio-economic inclusion and support.
- Score 0 programmes related to support measures and administrative costs, but also to initiatives in gender-relevant sectors like migration, water management, electoral observation and other sectors. To improve the quality of gender mainstreaming and to increase gender-targeted actions and funding, the EU will continue to enhance quality-review processes (including for the global gateway flagship projects and TEIs) to make sure that the gender equality policy marker criteria of the Organisation for Economic Co-operation and Development's Development Assistance Committee are being met.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	1 950.9	3 043.0	2 207.8	7 201.6	**20%**

– To calculate the above-mentioned values, the commitments for interventions marked with 1 or 2 by the digitalisation marker are aggregated, which is the Global Europe Results Framework indicator 3.2 'Amount and share of EU-funded external assistance directed towards digitalisation'.

– In 2021, the Commission continued to boost digitalisation and digital transformation in partner countries. The African Union–EU data flagship project was launched as a cooperation framework. Work continued in improving digital skills, by publishing a toolkit on digital and data technologies and by proposing e-learning tools and courses on space technologies, cybersecurity and digitalisation. Support for EU delegations and partner countries was strengthened in 2022 by means of various technical assistance facilities and the maturing of multi-stakeholder operations, memberships and outreach within the 'Digital for development' hub. Regional branches of the hub for the Americas and the Caribbean region and the Asia and Pacific region were launched in 2021 and 2022 respectively (in addition to the sub-Saharan Africa branch, which was launched in 2020). In 2023, the Neighbourhood branch of the Digital for development hub was launched. Relations with key multilateral organisations (such as the International Telecommunication Union) were strengthened, and exchanges with other important stakeholders (such as Smart Africa) were multiplied. Specific exchange formats have been created with the United Nations, but also with civil society and the private sector. The first African Union–EU Multistakeholder Forum was organised in March 2022 with support from the Digital for development hub. A support action was launched in 2023 to accompany the implementation of the digital partnerships concluded with Japan, Korea and Singapore, in line with the recommendation of the EU Indo-Pacific strategy.

– 2022 saw a move towards the concrete implementation of actions. Examples of global gateway flagship actions include the Team Europe initiative on data governance, the EurAfrica gateway, regional fibre optic backbones in Africa, the extension of the Bella project, the Team Europe initiative on digital connectivity in central Asia and the Earth observation flagship project with Africa. The Commission is also ready to start operationalising the Africa–Europe digital innovation bridge. Moreover, the Commission further supported cyber capacity building, especially in African countries, to enable a more efficient response to cyber threats, in addition to cybersecurity being mainstreamed across digital flagship projects.

– In 2023, several delegations across sub-Saharan Africa, Latin America and the Asia-Pacific region were supported through digital connectivity studies (Mozambique, Indo-Pacific region) and technical assistance (Burkina Faso, Democratic Republic of the Congo) through the Knowledge Hub Digital. In Rwanda, the government was supported in the introduction of a digitalised process of obtaining licenses for responsible mineral sourcing.

– The EUR 60 million Team Europe project 'Data governance in Africa' was officially signed in 2023. Through this project, the EU and the African Union agreed to leverage the potential of the data economy through the development of data policy frameworks and data use cases to showcase the value of data. Additionally, the project aims to support the identification of

investments in green and secure data infrastructure in Africa, by leveraging on partnerships with the private sector and financial institutions.

- Three digital economy packages were launched in Colombia, Democratic Republic of Congo and Kenya in 2023. These serve to foster collaboration between the EU and partner countries to advance digital transformation. Aligned with the global gateway strategy, they focus on critical areas such as private sector engagement, connectivity, governance, cybersecurity and Earth observation.
- In 2023, under the digital alliance, two Copernicus centres were launched in the Latin American and Caribbean region, namely in Chile and Panama. The Chilean centre plays a vital role in enhancing climate change mitigation through the use of advanced geo-spatial information, while the Panama centre focuses on supporting Latin American and Caribbean authorities in disaster prevention and management, offering essential geo-spatial products. Similarly, in Asia, a Copernicus centre was set up in the Philippines to reduce the vulnerability of populations and ecosystems to natural disasters. In Central Asia, the first component of a satellite connectivity programme was launched to create an enabling environment aimed at providing connectivity to the most unserved and underserved populations in the region.
- In 2023 the Medusa project was launched, providing high-speed internet connectivity between the European Union and North Africa. This strategic project aims at digitally connecting the two shores of the Mediterranean. Through the EU4Digital facility, the EU supported the digitalisation of economies in eastern Europe and in the Caucasus through the roll-out of secure and affordable broadband connectivity in rural areas, connecting more than 300 Eastern Partnership research and education institutions with their EU counterparts, benefiting 730 000 students, teachers and scientists; the development of an e-commerce accelerator benefiting 40 EaP SMEs, along with an online digital skills academy for thousands of SME staff to obtain training on how to promote, register, sell and ship their products to the EU. The EU4Digital facility also implemented key pilot projects between Moldova, Romania and Ukraine in the fields of e-customs, including in support of the Solidarity Lanes initiative and as part of wider roadmaps to develop digital transport corridors with the EU.
- EU policies were further strengthened in 2023 by developing internal digital policies and strategies such as the digital connectivity masterplan, the guidelines on education and skills and internal work about data centres) and by strategically supporting such policies while working with partners. This was done, for example, by working with multilateral organisations on strategic topics covered by EU policy (such as digital rights and principles and artificial intelligence). The EU is also working towards very concrete benefits for people, such as the adoption in 2022 of an action plan on reducing roaming charges in the Western Balkans and the development of a regional roaming agreement to be endorsed with Eastern Partner countries to reduce roaming charges in the region and in the future with the EU. The Commission is also stepping up its efforts to mainstream the digital domain across various thematic sectors, for instance by supporting the African Union in developing strategies on digital health, digital education (finalised in 2022) and digital agriculture (adopted in November 2023). Moreover, interlinkages between the digital and green transitions have been strengthened through the work of the Digital for development hub thematic working group on digital and green.
- In 2023, the EU CyberNet action enhanced its support to the EU's cyber capacity building efforts, including through expertise, project mapping, coordination activities, trainings to EU staff and the completion of the EU's operational guidance for cyber capacity building. The Latin America and Caribbean Cyber Competence Centre, based in the Dominican Republic, gained visibility and recognition in the region.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Proportion of population below the international poverty line	8.4%	**0%**	0% in 2030	No results	No data
Number of individuals with access to improved drinking water sources and/or sanitation facilitation with EU support	0	**0%**	25.6 million in 2030	6 997 compared to a target of 25.6 million	On track
Number of students enrolled in education: (a) primary education, (b) secondary education, and number of people who have benefited from institution- or workplace-based vocational education and training / skills-development interventions, supported by the EU	0	**0%**	114.8 million in 2030	890 867 compared to a target of 114.8 million	On track
Number of migrants, refugees and internally displaced people or individuals from host communities protected or assisted with EU support	0	**1.4%**	25.1 million in 2030	339 810 compared to a target of 25.1 million	On track

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Number of countries and cities with climate-change and/or disaster-risk-reduction strategies with EU support	0	**0%**	730 in 2030	0	On track
Greenhouse gas emissions avoided (thousand tonnes of carbon dioxide equivalent) with EU support	0	**0%**	62.8 million in 2030	0	On track
Leverage of investments and multiplier effect achieved	0	**0%**	12 in 2030	0	No data
Number of individuals directly benefiting from EU-supported interventions that specifically aim to support civilian post-conflict, peacebuilding or conflict prevention	0	**98%**	49.6 million in 2033	48.4 million compared to a target of 49.6 million in 2033	On track

(*) % of target achieved by the end of 2023.

In 2023, NDICI contracts are gradually starting to be implemented, which was anticipated in the milestones of relevant key performance indicators. The process before signing a contract and implementation starts can take several months up to more than a year, and also the preparation of the implementation itself takes time. Some indicators achieved their milestones, whereas others are not yet there. At the same time, the implementation of the predecessor programmes is and will still showcase aggregated results and indicate the direction in which the NDICI results should go. Also in the Neighbourhood regions, NDICI has demonstrated its general effectiveness during the reporting period and is on track on delivering against its main objectives, although it still faces some limitations. NDICI has been efficient in deploying a mix of modalities and tools, including budget support, grants, loans and guarantees to holistically respond to its objectives.

As illustrated by the Commission's proposal on the revision of the 2021-2027 multiannual financial framework, there is a mismatch between EU ambitions and the funds available to meet the challenges in the different regions and globally, or respond to the multiplicity of crises, notably in the Neighbourhood. Increased migratory pressures had to be addressed in the absence of adequate funding, also due to the ending of the relevant EU regional Trust Funds. In the case of Neighbourhood, the implementation of the

incentive-based approach has proven challenging and insufficient to promote political and economic reforms due to the limited funding available (indicatively 10% of the overall Neighbourhood envelope) and the complexity of assessing the progress along the several criteria set out by the NDICI-Global Europe regulation. The application of the incentive-based approach was further complicated by the negative economic impact of Russia's war of aggression against Ukraine and a democratic backsliding in several partner countries, particularly in the South Neighbourhood.

When looking at the key performance indicator on 'Number of individuals with access to improved drinking water sources and/or sanitation facilitation with EU support', an initial analysis of agreed NDICI action documents that include water and/or sanitation interventions has suggested that the targets will be achieved. There are several larger actions planned under NDICI that support this, such as the 'EU support to Aqaba-Antman Water Desalination & Conveyance Project' in Jordan, working on safe drinking water with a target of 10 900 000 people, the 'Punjab urban water and wastewater governance and services improvement for Faisalabad and Lahore cities' in Pakistan, with a target of 400 000 people and the 'NEPAL Sustainable WASH for all (SUSWA)' with a target of 252 500 people. For these three (and further) interventions, the contracts have been signed but no results have been reported so far; this is expected for the upcoming reporting exercises. Several multiannual indicative programmes and expected actions show a similar trend.

As with other cases of key performance indicators, the one on 'Number of migrants, refugees and internally displaced people or individuals from host communities protected or assisted with EU support' has also yet to start showing very concrete results. However, in line with the NDICI indicative 10% spending target on migration and forced displacement, allocations earmarked for migration featured prominently in country and regional multiannual indicative programmes in 2023, notably in sub-Saharan Africa, North Africa and Asia–Pacific regions, where they are most relevant. Cumulative figures of adopted initiatives in 2021-2022 resulted in contributions to the migration and forced displacement spending target of EUR 3.364 billion, or around 14% of the total NDICI annual budget. In 2023 the EU increased its engagement with partner countries in support of comprehensive Migration Partnerships, in line with the EU Pact on Migration and Asylum ([48]). Migration dialogues were strengthened and accompanied by significant EU funding support, taking partner countries' needs and priorities into account. Joint engagement with Member States in a Team Europe approach was strengthened in the area of migration and forced displacement. Two regional flagship TEIs launched in December 2022 and started to pick up speed in addressing all aspects of migration management, following a whole-of-the-route approach, notably along the central and western Mediterranean and Atlantic migration routes. A regional TEI addressing the situation of Afghan refugees in neighbouring countries, was also launched in 2023.

As regards the key performance indicator 'Number of individuals directly benefiting from EU-supported interventions that specifically aim to support civilian post-conflict, peacebuilding or conflict prevention', the corresponding actions were adopted only in late 2021. Regarding non-programmable actions under the rapid response pillar, crisis-response actions continued to display a high degree of flexibility and timeliness. The most important achievements of 2023 include the continued response to the war of aggression against Ukraine, with six crisis response packages for Ukraine and an additional two for Moldova. It also included significant responses in both the Western Balkans and in the South Caucasus in relation to Armenia and Azerbaijan, along with responses to new crises during the year, such as the January earthquake in northwest Syria, the war in Sudan that broke out in April, and the war in Gaza following the 7 October attack by Hamas. Furthermore, ongoing and new crises were addressed in a variety of countries and regions, including Afghanistan, the African Great Lakes region, Armenia/Azerbaijan, Belarus, Ecuador, Haiti, the Horn of Africa, Libya, Myanmar, Nigeria, the Sahel region and Yemen.

([48]) https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/promoting-our-european-way-life/new-pact-migration-and-asylum_en.

NDICI demonstrated adaptability and responded well to emerging crises. Various flexibility features in the NDICI have proved their relevance to pursue EU priorities and to provide support to partner countries in the context of the COVID-19 pandemic and the Russian war of aggression against Ukraine, notably in the Neighbourhood. However, 3 years into implementation, the cushion has almost been depleted, showing a mismatch between available funds and actual needs.

The ongoing Russian war of aggression in eastern Ukraine has had a direct negative impact on the region's socioeconomic development, decreasing the levels of community security and disrupting the ability of local governments to adequately address the needs of the people. This has worsened the inequalities and further eroded trust in public institutions, especially in judiciary and law enforcement. To address these challenges, the European Union finances the EUR 40 million project 'EU Support to the East of Ukraine – Recovery, Peacebuilding and Governance', implemented by the UN Development Programme, UN Women, the UN Population Fund and the Food and Agriculture Organization. One of the objectives is to stimulate employment and economic growth.

Through NDICI, good administration was supported, as the cornerstone for preventing corruption and fostering an environment conducive to investment and business. A notable example was Ukraine, which lacked a comprehensive administrative procedure framework, relying instead on over 400 laws and thousands of pieces of secondary legislation that offered various approaches. The new Law on Administrative Procedure, a legislative effort of some 20 years, took effect on 15 December 2023 to remedy this and the EU supported the Ukrainian government in a comprehensive manner. The EUR 18 billion EU Macro-Financial Assistance Plus Instrument for Ukraine included a conditionality, mutually agreed upon by the Ukrainian government and the EU, to ensure the alignment of sectoral legislation with the new law. This condition played a significant role in mobilising stakeholders support for the law's implementation process as part of the EU–Ukraine policy dialogue.

Three new Neighbourhood countries, Moldova, Georgia and Ukraine, became enlargement countries in 2022. Given that Instrument for Pre-accession Assistance III beneficiaries are defined in the annex of the related regulation, these three countries will continue to receive support to their EU accession process under the NDICI-Global Europe Instrument.

In 2023, the Commission was involved in the implementation of four distinct Just Energy Transition Partnerships (JETPs) with Indonesia, Senegal, South Africa and Vietnam, striving to deliver support and ambition for just energy transitions. The EU, together with other Group of Seven (known as G7) partners, concluded a JETP to support Senegal's efforts to achieve universal access to energy and consolidate a low-carbon, resilient and sustainable energy system to accelerate the deployment of renewable energies. Senegal pledged to increase the share of renewable energies in the electricity mix to 40% by 2030.

Renewable hydrogen is expected to play a key role for energy security and for decarbonisation of hard-to-abate sectors, with mutual benefits for EU and its partner countries, and the EU focused many assignments of the EU Technical Assistance Facility for Sustainable Energy on this topic, in Latin America, Africa and Asia. One of these assignments contributed to the launch of the Green Hydrogen Strategy and Roadmap of Kenya at the Africa Climate Summit in September 2023. Other examples of support from the EU in Africa include Mauritania, Namibia and South Africa. In 2023, the EU also signed memoranda of understanding with Argentina and Uruguay to develop cooperation on renewable hydrogen.

Digitalisation was at the forefront of NDICI – Global Europe. In 2022, the Commission gave a grant of EUR 40 million to the European Investment Bank to support the Medusa project: the deployment of a state-of-the art submarine cable connecting the Southern Neighbourhood. The Medusa submarine cable system is an initiative for a high-capacity, low-latency solution to connect North Africa with Europe. This flagship infrastructure project is intended to become operational in 2025 and will significantly improve connectivity capacity towards Europe, quality of service and resilience, as it will provide an alternative path for data

traffic towards targeted EU routes. In Rwanda, the government was supported in the introduction of a digitalised process of obtaining licenses for responsible mineral sourcing.

Furthermore, the EU made a commitment that at least 85% of all new external actions will have gender equality and women's and girls' empowerment as a significant or principal objective by 2025. For 2022 (the latest-known score), this percentage was 77%, or 427 out of 555 actions. This is leading to positive developments. For example, 23% of new actions that support public finance management reforms currently include a gender-budgeting component, which is beyond the 20% gender action plan III target.

Actions under NDICI also focus on horizontal priorities. Within this framework and, against the background of the gender action plan III and its key thematic areas of engagement, the European Commission's efforts towards gender equality and women's empowerment should take into account the challenges and opportunities offered by the green transition and the digital transformation. In this sense, actions financed under the NDICI instrument also approach gender equality from an intersecting point of view, by focusing on cross-cutting themes. The EU support to women empowerment in Egypt, for example, aims to support women and girls' empowerment and to overall promote gender equality. The action seeks to work towards these objectives also through the promotion of financial and digital inclusion, to strengthen women's access to sustainable income and climate friendly economic opportunities. Moreover, through the State and Resilience Building Contract for the Republic of Moldova, aiming to assist Moldova in mitigating the socio-economic impact of the rising energy prices and in the energy transition, special focus is dedicated to gender equality – including in terms of socioeconomic inclusion and support.

In 2023, the midterm evaluation of the implementation of the gender action plan III took place, providing two conclusions on the results. On one hand, the plan has provided greater specificity on what the EU means by women's economic empowerment, including important concepts of intersectionality and transformative change, but despite new opportunities for action in areas such as digital transformation and green economy, there is still more continuity than change in terms of what is being supported by EU external action. Furthermore, through the different gender action plans, the EU has made increasing commitments to women, peace and security, culminating in its identification in gender action plan III as a thematic priority requiring a transformative approach. However, the women, peace and security agenda has been lagging behind the broader gender equality and women's empowerment mainstreaming agenda. Further information on the gender action plan III implementation is available in the 'Horizontal priorities' section.

NDICI demontrated effectiveness in using the whole EU tool box for pursuing its objectives (such as grants, budget support and guarantees) In 2021-2023, the Commission made available EUR 12.6 billion of guarantee cover for European Investment Bank loans and EUR 399 million of guarantee cover under the 'open architecture' part of EFSD+ for the Neighbourhood. Negotiations of guarantee agreements are underway for another EUR 1.2 billion of EFSD+ guarantee cover to be deployed in the Neighbourhood. As regards European Investment Bank loans, under EFSD+ Investment Window 1, which is dedicated to public sector investments, eight operations amounting to around EUR 850 million in loans and expected to mobilise EUR 2.9 billion of investments were approved in 2023 for neighbourhood countries. In addition, 26 blending operations were approved, for a total EU contribution of more than EUR 340 million. All investments contribute significantly to the implementation of the Economic and Investment plans for the Eastern and Southern Neighbourhoods.

2014-2020 multiannual financial framework – Development Cooperation Instrument

The Development Cooperation Instrument was the main financial instrument in the EU budget for funding aid to developing countries during the 2014-2020.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	19 969.4	19 970.1	100.0%
Payments	14 979.5		75.0%

- To achieve its objectives, the Development Cooperation Instrument provided funding for: (1) geographical programmes covering most developing countries (approximately 60% of the instrument's budget); (2) thematic programmes (approximately 36%); (3) the Pan-African programme, which supports the Africa–EU Strategic Partnership (approximately 4%).
- The Development Cooperation Instrument is expected to complete its operations by the end of 2027. The remaining payments are mostly for Asia and the Middle East (49%).
- As the instrument winds down, 2023, has not seen significant new contracts signed. In Asia, while new contracts amounted to EUR 58 million, all new engagement were below EUR 10 million. Likewise in Latin America, where contracting amounts to EUR 23 million.
- In Asia and the Middle East, payments decreased, from EUR 734 million in 2022 to EUR 616 million disbursed in 2023. However, ongoing commitments still amount to EUR 1,529 million. Bangladesh, Iraq and Pakistan account for one third of the total disbursements.
- Latin America accounts for 20% of the remaining payments, which will occur over the next following years. For this region, the importance of sustainable investments continues to grow. The Development Cooperation Instrument's contribution through the Latin America Investment Facility continued 2023. The level of investment leveraged based on this contribution amounts to approximately EUR 3 billion. By the end of 2023, EUR 368 million have been paid out.
- In Latin America, EUR 216 million were disbursed in 2023, with ongoing commitments already down to EUR 401 million. Bolivia, Paraguay and Nicaragua accounted for 40% of disbursements, while almost one quarter of payments were managed centrally by Headquarters.
- The EU Trust Fund for Colombia continued to support the implementation of the peace agreement between the Colombian government and the FARC (the Revolutionary Armed Forces of Colombia). The trust fund has financed 34 projects, amounting to EUR 130 million.

– The midterm evaluation conducted in 2017 also considered the Development Cooperation Instrument to be generally cost-efficient when looking at indicators measuring organisational performance. It was considered to be largely on track to deliver on its objectives. Drawing on the report of the UN Secretary-General on SDG Progress in 2019, this conclusion can be extended for the full MFF 2014-2020.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Number of projects to promote democracy, the rule of law, good governance and respect for human rights	0	**> 100%** (*)	100 in 2021	Average of 167 projects compared to a target of 100	On track

(*) % of target achieved by the end of 2023.

– The specific, diverse and rapidly changing context of EU external action requires the use of all the existing implementation means and delivery methods to pursue the policy objectives and operational priorities. With a budget of approximately EUR 20 billion, the Development Cooperation Instrument has been a key financing instrument to support EU development policy.

– By using the Development Cooperation Instrument, the EU financed measures aimed at supporting geographic and thematic cooperation with developing countries.

– The Development Cooperation Instrument was monitored by the EU Results Framework. The final evaluation of the external Financing Instruments under the previous (2014-2020) multiannual financial framework is underway, together with the midterm evaluation of the external financing instruments under the current (2021-2027) multiannual financial framework. The '[Mid-term review report of External Financing Instruments]' for 2014-2020 was published in 2017.

– The EU's financial support via the Development Cooperation Instrument has improved the lives of millions of people worldwide, enabled young people to fulfil their potential, helped to fight inequality and supported equitable and sustainable growth.

– However, it remains difficult to measure the direct impact of the 2014-2020 Development Cooperation Instrument on development outcomes such as poverty reduction, because there are so many other contributing actors and factors, and separating the specific effect of the Development Cooperation Instrument is challenging.

– With the above caveat in mind on the impossibility of establishing a direct link with the programme measures, most of the population residing in Development Cooperation Instrument partner countries has seen progress in poverty reduction and human and economic development over the last 10 years.

- Indeed, the proportion of the world population below the international poverty line dropped every year between 2014 and 2019, when it reached 8.5%. Similarly, the mortality rate of children under the age of 5 and the prevalence of stunting also decreased every single year between 2014 and 2021. For these figures there is no newer data available.
- Despite these positive trends, the rates of change have slowed over time as numbers have approached (but not reached) their ambitious targets. The prevalence of stunting is the exception for which targets have consistently been met.
- On the other hand, most international indicators point to a sustained global decline in democracy and the rule of law over the last decade or more. Funding through thematic, regional, and country programmes has been shaped by analysis of these trends. Most programmes identify democratic governance as a key area of support and thematic programmes address some of the most problematic issues, for example through support to parliaments, political parties and independent media.

2014-2020 multiannual financial framework – European Neighbourhood Instrument

The European Neighbourhood Instrument financed, for the 2014-2020 period, the European neighbourhood policy, which aims at supporting political, economic, and social reform processes in the EU's neighbouring countries.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	17 566.4	17 568.3	100.0%
Payments	13 034.2		74.2%

- As of 31 December 2023, the whole of the European Neighbourhood Instrument envelope was committed, and 80.9% was paid.
- In average 2.1 years are needed to pay the total costs of legal commitments, less than the internal Commission target of 4 years for external action programmes. The implementation of the European Neighbourhood Instrument payment appropriations is expected at the level of EUR 727.6 million in 2024, and EUR 460 million in 2025. This should bring the implementation rate up to 78.3% at the end of 2024 and 81.0% at the end of 2025.

– 39.5% of European Neighbourhood Instrument payments in 2023 were dedicated to social infrastructure and services, 21.1% to humanitarian aid, and 17.2% to economic infrastructure and services, 10% to production sectors and 6.7% to multisector measures.

– Moreover, 57.5% of payment appropriations were implemented through direct management (out of which 44.5% through trust funds and 44.2% through EU Delegations), 29% through indirect management (out of which 39.1% through international organisations, 20.7% through European investment bank/fund, 18.7% through public law bodies and 16.8% through private law bodies with a public service mission) and 4.2% through shared management.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Eastern Partnership – mobility partnerships in place	3	**> 100%**	4 in 2023	6 compared to a target of 4	On track
Southern neighbourhood – mobility partnerships in place	1	**67%**	4 in 2023	3 compared to a target of 4	Moderate progress
Number of ministerial, platform and panel meetings under the Eastern Partnership	0	**< 0%**	90 in 2023	48 meetings compared to a target of 90	Deserves attention

(*) % of target achieved by the end of 2022.

– The European Neighbourhood Instrument remained relevant and overall fit for purpose. It allowed the EU to implement the reviewed Neighbourhood Policy. The implementation of the principle of differentiation, which was still paramount in 2018-2020, has allowed the EU to adapt its support to partner countries' needs and ambitions.
– ENI proved to be a flexible instrument, by allowing the EU to react to multiple crises and new challenges in the Neighbourhood. A part of the ongoing assistance covered by the instrument was repurposed to tailor- made interventions, following the Russia's war of aggression against Ukraine. On top of that, unallocated funds were mobilised quickly to sign new contracts to respond to urgent needs, especially at the grass root level.
– However, its flexibility was stretched to its limits in financial terms, and the indicative allocations had to be modified beyond the 10% range set in the multiannual programmes. This constraint remained valid from 2018 to 2020 and was addressed via the introduction of flexibilities in NDICI-Global Europe.

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- The EU managed to increase its visibility in a difficult environment. The EU continued to assist Neighbourhood countries in tackling the causes of instability through a sustained focus on good governance and the rule of law and human rights, both in the Eastern and Southern Neighbourhood. This dovetails with the work on implementing the Eastern Partnership agenda which calls for a more flexible, strategic, and streamlined way that is fit for the fundamentally new geopolitical context resulting from the Russian war of aggression against Ukraine and the Council conclusions of June 2022 for Ukraine, Moldova and Georgia. The contribution of the European Neighbourhood Instrument to good governance and the rule of law is reflected, for example, in the fact that Georgia, Moldova, and Ukraine demonstrated several achievements in these areas. This progress was also included in the 2023 enlargement reports.
- ENI has demonstrated efficiency in deploying a mix of modalities and tools, including budget support, grants, loans and guarantees to holistically respond to its objectives. A notable example is the Integrated Territorial Development-Budget Support Contract which, aims to promote regional development by increasing competitiveness and improving the living conditions of the population in the regions outside of Tbilisi and Batumi. Reducing regional inequalities and increasing territorial cohesion are at the centre of the Regional Development Programme, which targets all regions of Georgia. Implementation of activities under the programme started already in 2021 and the first tangible results were achieved in 2022, such as support to SMEs (trainings and entrepreneurship discovery), improvement of key infrastructure and municipal services (kindergartens, transport, street numbering, parks and other public facilities). In addition, the programme also promoted citizen participation in Georgian cities and communities to ensure higher relevance of local policy to the needs of local population.
- ENI has also continued to provide support for the green transition to partner countries in the Eastern Neighbourhood, in line with the external dimension of the European Green Deal ensuring a sustainable and green economic recovery. For example, EU for Climate Action in the Southern Neighbourhood (2018-2025) provides technical assistance to support the transition of Southern Neighbourhood countries towards sustainable, low-carbon and climate resilient development. By 2020, the project had reached 9 million people in eight countries through the development and implementation of sustainable energy and climate action plans. Six communication campaigns have been held; 138 cities have been trained and have benefited from a help desk on the Covenant of Majors; 420 cities' staff have been trained on developing sustainable local actions that helps municipalities drafting - and seeking funding for - their Sustainable Energy and Climate Action Plan (SECAP). By January 2024, the project reached 28 million people in 10 countries (8 southern Mediterranean countries plus Iraq and UAE) and in 189 cities, members of the Covenant of Mayors for the Mediterranean. Furthermore, 92 cities and unions of municipalities, with a population of 8,787 million, prepared Sustainable Energy and Climate Action Plans (SECAPs) in 69 published documents. The percentages of SECAP projects implemented and under implementation per country are: Egypt 80%, Jordan 47%, Lebanon 100%, Morocco 35%, Palestine 72%, and Tunisia 61%. Additionally, 8 Climate Action Strategies and 1 Climate Finance Guidebook were completed.
- Some 10.5 million beneficiaries were supported in 2014-2023 by the EU Regional Trust Fund in Response to the Syrian Crisis. In the eastern neighbourhood at least EUR 230 million has been spent, focusing mainly on legal migration – including mobility, circular migration, and diaspora cooperation – and on border management
- The opening of accession negotiations with Ukraine and Moldova and the granting of candidate status to Georgia have paved the way to the need to recalibrate the Eastern Partnership. As regards to the indicator ''Number of ministerial, platform and panel meetings under the Eastern Partnership'' the trend is not positive. In line with the request of a lighter institutional framework of the Eastern Partnership by Member States and EaP partners at the EaP Ministerial Meeting in December 2022, in 2023 EC and EEAS carried out a consultation

process on the Eastern Partnership Annual Work Plan. As outcome of this process, endorsed at the EaP Senior Officials Meeting in March 2023, there are no more formal panels and platforms meetings among Member States and partners per se. The regular fruitful discussions at expert or policy level were re-branded differently as meetings, workshops, seminars and events.

– Following the Pact on Migration and Asylum and the Communication on attracting skills and talent, the Commission's strategy on legal migration and mobility has been evolving with its focus moving from the concept of Mobility Partnerships to the one of Talent Partnerships. Current work under Talent Partnerships aims at establishing dialogue and common priorities between the EU, its Member States, and key North African partners (Tunisia, Egypt and Morocco). 3 partnerships have been launched in 2023 with Tunisia, Egypt and Morocco. Activities supporting these partnerships have so far been funded through the EUTF for Africa , North of Africa window notably the THAMM programme. With the phasing out of the Trust Fund funding for this type of activities is gradually coming from NDICI- GE.

2014-2020 multiannual financial framework – European Instrument for Democracy and Human Rights

The European Instrument for Democracy and Human Rights aimed at providing support for the promotion of democracy and human rights in non-EU countries. It focused on the following two objectives:

– (a) supporting, developing and consolidating democracy in non-EU countries, by enhancing participatory and representative democracy, strengthening the overall democratic cycle, in particular by reinforcing an active role for civil society within this cycle, and the rule of law, and improving the reliability of electoral processes, in particular by means of EU Election Observation Missions;

– (b) enhancing respect for and observance of human rights and fundamental freedoms, as proclaimed in the United Nations Universal Declaration of Human Rights and other international and regional human rights instruments, and strengthening their protection, promotion, implementation, and monitoring, mainly through support to relevant civil society organisations, human rights defenders and victims of repression and abuse.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	1 250.3	1 250.5	100%
Payments	1 040.0		83.2%

– In 2023, the programme, , still supported 333 initiatives, primarily led by civil-society organisations across the world.

– In addition, the implementation of some Flagship initiatives still continued in 2023, namely:

  • the Crisis facility for the most difficult human rights situations;

  • projects on parliamentary strengthening (INTER PARES) through peer-to-peer support between EU Member States and parliaments from partner countries;

  • the implementation of the four contracts awarded in the call for proposals launched in 2020 with the objective of countering the shrinking space for civil society (EUR 10 million);

– The full absorption of payments is expected in 2027.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Human-rights-defender individuals who have received EU support	230	**> 100%**	1 200 in 2021	7 068 compared to a target of 1 200	On track
Human-rights crisis-response projects	0	**87%**	15 in 2021	13 compared to a target of 15	On track

(*) % of target achieved by the end of 2022.

– The European Instrument for Democracy and Human Rights (EIDHR) was implemented against the backdrop of an overall slowdown in the consolidation of democracy, the rule of law, good governance, and human rights globally. In relation to the World Bank's rule-of-law score, the situation deteriorated between 2014 and 2016 and has not significantly improved since.

– In this context, the key added value of the EIDHR lay in the independence of its action and in its worldwide coverage, allowing for interventions in the most difficult country situations and without the consent of the host governments, and acting where other instruments and donors cannot or do not act. It has been able to address challenges relating to human rights and democracy in even the most difficult and challenging environments.

– The midterm evaluation conducted in 2017 judged the instrument to be generally efficient thanks to a relatively low level of administrative expenditure and its essential, built-in, flexible tools, for instance

its direct support for human-rights defenders, its direct small grants, and the way it works with informal partners.

– 333 projects were still ongoing in 2023.
– In addition, the implementation of some Flagship initiatives still continued in 2023, namely:
    - Crisis facility for the most difficult human rights situations;
    - projects on parliamentary strengthening (INTER PARES) through peer-to-peer support between EU Member States and parliaments from partner countries;
    - the implementation of the four contracts awarded in the call for proposals launched in 2020 with the objective of countering the shrinking space for civil society (EUR 10 million).

2014-2020 multiannual financial framework – Partnership Instrument for Cooperation with Third Countries

The Partnership Instrument for Cooperation with Third Countries was, in 2014-2020, the EU's first instrument specifically designed to promote the EU's strategic interests worldwide by reinforcing its external strategies, policies and initiatives. The Instrument also contributed to the trade-related aspects of the Union's external relations including supply-chain due diligence to ensure consistency and mutual support between Union trade policy and development goals and actions.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	961.3	961.7	99.9%
Payments	732.7		76.2%

– The 99.9% execution of commitment appropriations and 76% execution of payment appropriations reflect the way the Instrument is implemented through annual action programmes and multi-year contracts (on average 4 years). Consequently, the implementation

of interventions will continue over the coming years, with the last contracts ending around 2025-2026.

– In 2023, the Instrument continued to contribute to the EU's external action by supporting its foreign policy, articulating and implementing the external dimension of internal policies, leveraging its influence, interconnecting different policy areas and supporting multilateralism. Actions covered challenges of global concern such as climate change, environmental protection; improving access to markets and boosting trade, investment, and business opportunities for EU companies (with a particular emphasis on small and medium-sized enterprises); and public diplomacy.

– The requests for payment appropriations for the Partnership Instrument in 2024 and 2025 will allow for continued implementation of measures previously committed. For example, the implementation of important measures in the domain of policy dialogue support, trade, competition, intellectual property rights, urban cooperation, civil aviation, business and human rights, public health, climate change and digital cooperation will continue in 2024 and 2025.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Local and regional authorities signing the Covenant of Mayors	6 270	**> 100%**	10 270 in 2020	12 629 compared to a target of 10 270	Achieved

(*) % of target achieved by the end of 2021.

– Given the variety and diversity of themes covered by the Partnership Instrument, sectoral evaluations and project evaluations were carried to assess the efficiency of the instrument by examining how its specific objectives were achieved. In particular, in 2023 a sector evaluation of the Policy Dialogues Support Facilities (PDSF) was carried out.

– This evaluation assessed the relevance, outcomes, and approach of thirteen PDSF, as well as the added value of the activities in strengthening EU's partnerships/alliances and the EU's positioning as a global player in support multilateralism and rules-based order, in line with the objectives of the PI. The thirteen facilities cover the Americas and Asia.

– The evaluation concluded that PDSFs are demand-driven interventions. They focus on areas of dialogue, exchange and advocacy that are part of the EU agenda. They work best where there are clear agendas and priorities for the region and are aligned with EU Foreign Policy interests. The flexibility of the Facilities is recognised as one of their main advantages, providing sufficient scope for the EU Delegations to adapt their requests and support new emerging priorities and needs.

– The PDSFs reinforce cooperation and links between the Headquarters based EU central services and the EU Delegations, thus strengthening the advocacy's role of the delegations and overall EU's ability to reach out to its key partners.

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– Finally, the evaluation recommended that FPI's central services provide guidance on the different opportunities offered the facilities, encouraging exchange of lessons learnt and best practices, also in relation to monitoring and how to identify suitable indicators to capture results.

2014-2020 multiannual financial framework – Instrument contributing to Stability and Peace

Between 2014 and 2020, the Instrument contributing to Stability and Peace was one of the EU's main instruments in the areas of crisis response, conflict prevention, peacebuilding, and crisis preparedness, and in addressing global and transregional threats.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	2 366.9	2 367.1	100.0%
Payments	2 023.7		85.5%

– The implementation of financial programming in 2014-2020 was fully in line with expectations. By the end of 2023, 100% of the envelope had been committed and 85% had been paid.

– The 85% execution of payment appropriations for the Instrument contributing to Stability and Peace is explained by measures responding to conflict situations or situations at risk of conflict, with a high risk of unforeseen events impacting implementation and resulting in measures consequently being amended.

– The payment-appropriation requests for 2024 and 2025 will allow the continued implementation of measures under the Instrument committed until the adoption of the NDICI – Global Europe regulation. For example, the implementation of important measures focusing on challenges linked to counterterrorism, organised crime and disinformation, women, peace and security, climate change and conflict and to making digital solutions, including social media, work for peace and stability, will continue in 2024 and 2025.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Number of former weapon-scientist talents redirected to peaceful activities	17 844	**> 100%**	18 600 in 2020	20 538 compared to a target of 18 600	Achieved

(*) % of target achieved by the end of 2022.

- Between 2014 and 2020, the Instrument contributing to Stability and Peace funded activities in the areas of (1) crisis response, (2) conflict prevention, peacebuilding, and crisis preparedness and (3) response to global, transregional and emerging threats. The Instrument's activities were implemented in conflict zones, post-conflict environments and emerging crisis contexts.
- 70% of the Instrument's funds were allocated to the non-programmable crisis-response component enabling the EU to respond quickly to crises. Almost 1 000 actions were put in place during the 2014-2020 period, including EUR 100 million specifically for building capacity of military actors in security for development, following the amendment of the instrument's legal basis in 2017.
- Longer-term programmable measures on conflict prevention, peacebuilding, and crisis preparedness, along with responses to global, transregional and emerging threats, represented 9% and 21% of the overall budget, respectively.
- The Instrument delivered timely crisis-response measures: the percentage of measures adopted within 3 months of a crisis context has reached levels above the target.
- In terms of emerging crises, the instrument has been of great importance in developing the EU Early Warning System, which has subsequently allowed, among others, for the mobilisation of timely and targeted measures in the countries analysed.
- For the conflict prevention component, the Instrument has supported, through 75 action grants to civil-society organisations between 2014 and 2020, a multitude of locally driven conflict prevention measures in more than 30 countries, strengthening the role of women and young people in confidence-building activities and peace processes.
- Engagement in areas such as counterterrorism, prevention of violent extremism, fight against organised crime, climate change and security, protection of critical infrastructure and chemical, biological, radiological, and nuclear risk mitigation reinforced the EU's role as a credible and responsive external actor.
- Evaluations carried out in 2018 and 2022 on European Union external response to counterterrorism (CT) and preventing and countering violent extremism (P/CVE), both confirmed that the EU continues to be a major donor and implementer of CT and P/CVE actions across the globe and is increasingly seen in the field as a 'player' (i.e. implementer and source of good practice), not just as a 'payer' (i.e. donor).
- Regarding support to in-country civil society actors in conflict prevention, peacebuilding and crisis preparedness, an evaluation from October 2022, highlighted how interventions funded

by the Instrument contributing to Stability and Peace have contributed directly and indirectly to improving relations between stakeholders, promoting civil society participation in decision-making, and reducing or preventing conflict. The identified strengths of the Instrument contributing to Stability and Peace are its flexible and timely capacity to respond to crises worldwide, strong capacity to underpin and consolidate conflict prevention and peace building involving civil society and its global reach allowing the EU to respond proactively to major global and transregional threats.

– The final evaluation of the previous multiannual financial framework instruments (2014-2020), including the Instrument contributing to Stability and Peace, and the mid-term evaluation of NDICI-Global Europe are expected during 2024. These evaluations' conclusions will provide an objective assessment of the performance of the Instrument as a whole.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	Yes	The enhancing rural resilience in Yemen programme (ERRY III) aims to reduce vulnerability and strengthen resilience of crisis-affected communities in Yemen through the creation of sustainable livelihoods, improved food security, economic recovery, access to basic services, climate risk reduction and community conflict mitigation. The programme is implemented by a consortium of United Nations agencies under the lead of UNDP and comprising WFP, ILO, and FAO. The main local partner for the implementation in Yemen is the Social Fund for Development, a local non-governmental organisation with public-sector competences in basic service delivery and small business support. The programme is in its third phase and the benefits for the target communities include the creation of sustainable livelihoods opportunities through improved farming practices, support to micro, small and medium-sized enterprises to stimulate employment opportunities, community assets restoration (communal marketplaces, water infrastructure), agricultural value chains, supporting women's economic empowerment (targeted training and business skills support) as well as access to renewable energy (provision of solar power to public buildings and businesses). To date, the programme achieved significant results, such as the activation of 326 Village Cooperative Councils to define community needs; the creation of 50 Sub-district Development Committees; the implementation of 407 self-help initiatives to empower communities; development of 5 accredited vocational curricula for highly-demanded occupations and partnered with the Federation of Yemen Chambers of Commerce and Industry to develop an entrepreneurship training package. The EU contribution to the third phase of this programme, which lasts from 2022 to 2025, is EUR 35 million, with an additional contribution of EUR 1 million from Sweden. The overall investment of the EU in all three phases of the enhancing rural resilience in Yemen programme amounts to EUR 105 million since 2016.

SDG2	Yes	Extreme poverty and hunger are predominantly rural, with smallholder farmers and their families making up a very significant proportion of the poor and hungry. Understanding and acting on the inter linkages among supporting sustainable agriculture, empowering small farmers, promoting gender equality, ending rural poverty, ensuring healthy lifestyles, and tackling climate change is thus key to achieving SDG 2. The degree of complexity of SDG 2, require investments in research and innovation and in technical services. For example, the ***Green Deal Knowledge Hub – Farm-to-Fork***, developed in **2023** with a total multiannual allocation of EUR 32.5 million, allows the Commission and EU Delegations to access technical services that by looking into national food systems, nutrition services, specific value chains, policies, and legislation help identify and put in place solutions to increase food security and nutrition and help the transformation of food systems as a way of contributing to a more equal, fair, and sustainable society. In 2021, at the Nutrition for Growth event in Tokyo, the EU pledged EUR 2.5 billion to support nutrition for 2021-2024. Since then, the Commission has been promoting integration of nutrition objectives in sectorial programmes and tracking nutrition-related investments in view of the next N4G in France in 2025 where the report on progress made will be presented. Nutrition objectives have been included in relevant actions in health, education, WASH, agriculture and social protection also thanks to the policy and methodological support that the Commission provided to EU Delegations through, for example, the Nutrition Quick Tips in Capacity4Dev and the Nutrition Webinars in the INTPA Academy.

SDG3	Yes	The Team Europe Initiative on Manufacturing and Access to Vaccines, Medicines and Health Technologies (MAV+) collaborates with African partners to enhance local pharmaceutical systems and manufacturing capacity. This initiative adopts a comprehensive approach across supply, demand, and enabling environment, with six key work streams focusing on industrial development, market shaping, regulatory strengthening, technology transfer, access to finance, and research and development. Its goal is to facilitate access to quality, safe, effective, and affordable health products, aligning with the UN's Sustainable Development Goal target 3.8. With over 1.3 billion euros mobilized, MAV+ operates through 89 projects and 23 implementing partners, ensuring coordination among stakeholders. It supports specific countries like Senegal, Rwanda, South Africa, Ghana, Egypt, and Nigeria in improving their pharmaceutical ecosystems and production capabilities. MAV+ aims for continent-wide benefits, leaving no one behind and fostering collaboration with the African Union and its health agencies. At the regional level, MAV+ contributes to consolidating initiatives such as the Partnership for African Vaccine Manufacturing and the African Medicines Agency. It addresses financing gaps through partnerships and innovative financing mechanisms. Additionally, MAV+ supports regulatory strengthening, research and development, and market access to bolster Africa's self-reliance in pharmaceuticals, ultimately contributing to global health security and sustainable development.
SDG4	Yes	EU investments 2021-2023 through the Global Partnership for Education (GPE) have contributed to giving 2,594,647 girls and boys access to a primary education and 1,191,588 children to secondary education. GPE is the largest global fund solely dedicated to transforming education in lower-income countries, and a unique, multi-stakeholder partnership. GPE supports partner countries to develop their own pathway to transform their education system by identifying key challenges, implementing priority reforms and aligning all stakeholders to achieve results. The vision is to ensure that every girl and boy in all partner countries can get 12 years of quality education plus one year of preschool. The partnership includes currently around 68 partners countries, while most financial support goes to the lowest income and crisis-affected countries, making sure no child is left behind. This is directly contributing to SDG4 targets.

SDG5	Yes	All projects and programs marked as G1 (gender equality is a significant objective) or G2 (gender equality is the main objective) as per the gender equality policy marker of the Organisation for Economic Co-operation and Development's Development Assistance Committee contribute to SDG5. According to the NDICI – Global Europe regulation, at least 85% of new actions implemented should have gender equality as a principal or a significant objective, as defined by the gender equality policy marker. At least 5% of these actions should have gender equality and women's and girls' rights and empowerment as a principal objective. On 25 November 2020, the gender action plan III (2021-2025), a joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy, was adopted with the same objective of 85% towards the total number of adopted actions, following the Development Assistance Committee's methodology. In 2023, the Gender Action Plan III was extended to 2027, but the target date for institutional and strategic targets such as the 85% target remains 2025. . In 2022, over 555 committed projects and programmes, 427 were marked G1 or G2. In the Eastern Partnership, the EUR 9.7 million 'EU4Gender Equality' programme 2020-2023 continues to aim to strengthen equal rights and opportunities for women and men in the Eastern Neighbourhood by challenging gender stereotypes, work on violence prevention and championing men's participation in care work. The programme also includes a Reform Helpdesk that supports governments' reform work towards equal opportunities for women and men and contributes to SDG 5

SDG6	Yes	In 2022-23, four Eastern Partnership countries (Armenia, Azerbaijan, Georgia, and Moldova) received EU support to initiate wastewater-based epidemiological surveillance. This is a low-cost, early warning approach for detecting community transmission of infectious diseases, such as COVID-19. Ukraine has also started using this type of surveillance. The next step is strengthening the institutional basis for its use across the entire region. This work is part of a wider regional programme contributing to **SDG-6, as well as on SDG3.** To work on all dimensions of the SDG 6, and notably SDG 6. 5 target to implement integrated water resources management at all levels, including through transboundary cooperation as appropriate, in 2023 the EU launched the Team Europe Initiative on Transboundary Water Management for sustainable development and regional integration in Africa. The 2 first programmes were developed and begun implementation: i) the EUR 11 million Blue Africa Programme with the African Union Commission and the African Minister Council on Water aims at improving water governance in the continent and mobilising finance for the sector; ii) the EUR 31 million TAKIWAMA programme for integrated water resources management and circular economy in the basins of lake Kivu and Tanganyika, in a Team Europe approach notably with Belgium and Germany. This later action will notably consolidate the implementation of a complete monitoring of the quality of waters in this strategic basin while working on the diminution of pollution sources through waste and water treatment and management.

SDG7	Yes	In line with the Global Gateway, the EU supported partner countries in their just and green energy transition by promoting renewable energy including renewable hydrogen, transmission lines, electricity market reforms, energy efficiency and energy access. Important focus was given on the implementation of the Africa-EU Green Energy Initiative (AEGEI), a regional Team Europe Initiative: at COP 28, Executive Vice President of the European Commission Maroš Šefčovič announced a pledge of more than EUR 20 billion from Team Europe partners of this initiative. Among other priorities pursued and programmes implemented, focus was given on the further development and implementation of Just Energy Transition Partnerships (JETPs) (South Africa, India, Indonesia, Vietnam and Senegal). Many examples could be given on different programmes and initiatives, worldwide. For instance, the Regional Energy Transition Outlooks programme in Africa, Latin America and Caribbean, was implemented in 2023 to provide regional mapping to implement an energy transition towards long-term renewable energy integration. At the Global Gateway Forum in October 2023, the EU, the European Investment Bank (EIB) and Bangladesh signed agreements worth EUR 395 mln for renewable energy projects to contribute to a sustainable green transition of Bangladesh's power sector and to the achievement of the country's climate mitigation targets. Projects will contribute to boost renewable energy capacity and access to energy throughout Bangladesh. In many countries, the insufficient transmission and distribution grid is a limitation to the green transition. Therefore the European Union has included new power interconnection projects on the Global Gateway list of 2023 to accelerate the regional integration and contributing to future trade of clean electricity for mutual interest of the EU and its neighbouring partner countries (Egypt, Tunisia).

SDG8	Yes	In line with the Global Gateway and the need to focus on specific sectors to maximise our impact, the EU endeavours to keep on encouraging economic growth. This is notably the case through the support it brings in the development on specific value chains, notably at regional level where the EU committed EUR 2 million in Sub-Saharan Africa. In addition, the EU supports the development of surrounding communities and the building up of local industries and jobs. Through the European Partnership for Responsible Minerals (EPRM) the EU is committed to improve the business environment, in particular for artisanal and small-scale miners through formalisation and certification activities and increased access to international markets. The EPRM also includes activities to eradicate child labour. Together with other projects, the EU keeps focusing on achieving the Target 8.7 that aims at ending child labour in all its forms. That is why the EU launched in May 2023 a new flagship initiative on ending child labour in coffee and cobalt value chains with the total contribution of EUR 10 million. The project operates at global and national levels in Democratic Republic of Congo, Honduras, Uganda and Vietnam. The coffee stakeholders identification was finalised in Uganda, while in Honduras it is well advanced. Key activities will follow in 2024 while the final outcomes are expected in 2026. The EU continues contributing towards the development of sustainable and equitable economic growth models in the Eastern Partnership countries. The EU4Business initiative reported that EUR 2.532 billion in extra income was generated for small and medium-sized enterprises, which received EU support in 2022. Around 78,000 companies in Armenia, Azerbaijan, Georgia, Moldova and Ukraine received assistance and managed to create over 83,410 new jobs.

SDG9	Yes	The extension of the BELLA initiative is part of the Pillar 2 of the EU-LAC Digital Alliance. It aims at improving secure connectivity between Latin American and Caribbean (LAC) research and education networks with the European Union (EU). Building upon the success of the previous phase, which included the construction of a new submarine cable connecting Europe directly to Latin America (BELLA-S) and a South American terrestrial fiber-optic backbone (BELLA-T), the subsequent BELLA II phase seeks to strengthen and extend this network to, at least, five new countries. The primary objectives are to strengthen the LAC digital ecosystem, facilitate connectivity for countries like Peru, Costa Rica, Guatemala, El Salvador, and Honduras, and extending the cable to the Caribbean. This initiative not only signifies a groundbreaking regional digital partnership but also underscores a commitment to a human-centric vision of the digital transformation, emphasizing universal human rights, the rule of law, transparency, and cybersecurity. The enterprise also strives to enhance the adoption of digital technologies for research and education, fostering collaborative relationships with European counterparts. Anticipated outcomes include connecting new countries to the BELLA cable, developing impactful projects leveraging BELLA's digital ecosystem, and generating high-level agreements through open dialogues with at least nine LAC countries. The Action lasts from 2021 to 2024. Through the EU4Digital facility, the EU supported the digitalization of economies in eastern Europe and in the Caucasus through the roll-out of secure and affordable broadband connectivity in rural areas, connecting more than 300 Eastern Partnership Research and Education Institutions with their EU counterparts, benefiting 730,000 students, teachers and scientists; the development of an e-commerce accelerator benefiting 40 EaP SMEs as well as an online digital skills academy for thousands of SMEs' staff to obtain training on how to promote, register, sell and ship their products to the EU.

SDG10	Yes	The action 'Support to formalisation of the economy including social protection and support to public finance management' in Angola aims at addressing inequalities, by reducing the informality of the Angolan economy, providing social protection and promoting decent jobs, focusing on the most vulnerable. With an estimated budget of EUR 62.6 million for a 5-year period, the Action seeks to expand access to social protection, digital financial services and business-related trainings for informal vulnerable workers and businesses, in particular women, to foster their formalisation. The EU will provide financial transfers is providing budget support and technical assistance as well as conduct inclusive and gender-responsive policy dialogue towards defining a government plan to ensure continuous progress in accelerating the formalisation process, along with social benefits (access to social protection) and digital financial inclusion, and effective social dialogue. Through this Action, the EU will also support Public Finance Management reforms, an effective tool to address inequalities. Building on an 11th EDF-supported pilot, the programme started implementation in 2023, with progress at a political and strategic level, namely with intensive work on strategic and sectoral-guiding documents. In addition, permanent offices, where all formalisation services are accessible, were opened in some Angolan markets and there are plans to open more. Also, capacity-building initiatives took place in the markets where adequate infrastructure allowed. Contributing to SDG 10, the EU adopted a new initiative of EUR 30 M in 2023 to help Jordan set up a comprehensive and sustainable social protection system, to assist vulnerable Jordanians and Syrian refugees cope with the deterioration of their economic condition following the impact of numerous crisis hitting the country.

SDG11	Yes	The EU supported the development of the Global Covenant of Mayors for Climate and Energy across the world., in particular through its global secretariat but also through 13 regional windows including in the EU. . The GCoM is the largest global alliance for cities united in climate action, spread across 6 continents and in more than 132 countries. According to the Aggregation report 2023, GCoM comprises 13 239 cities which, by becoming signatories of the initiative, voluntarily committed to reduce their CO2 emissions by at least 30% in 2030. Support consists of enhancing the international visibility and the communications related to the GCoM initiative in coordination with the Regional Covenants, improving the global coherence and supporting the work of the Regional Covenants, as well as providing ad-hoc or on-demand support to specific regions and countries, particularly those not currently covered by EU-financed Regional Covenants. A regional level, the support aimed to accompany cities in the development of SECAPs and in developing bankable investment projects contributing to the sustainable urbanisation of cities, contributing to the Paris Agreement objectives and the resilience of cities towards climate change.
SDG12	Yes	The EU4Environment programme is making a significant impact on sustainable consumption and production in the Eastern Neighbourhood. It has increased awareness and adoption of circular economy principles and practices among both public and private actors. As a result of the programme, legislation has been brought in line with the EU acquis in areas such as green procurement (in Georgia and Moldova), waste management (in Armenia, Georgia, and Moldova), and extended producer responsibility (in Ukraine). Moldova has been able to introduce its own eco-label and incorporate sustainability criteria into public procurement tenders. Pilot projects for mapping industrial waste have also been implemented in Azerbaijan, Georgia, and Ukraine. Enterprises in the region have received expert guidance to enhance resource and energy efficiency and embrace eco-innovative business strategies in key sectors. For example, the EU4Environment programme has conducted assessments of Ukrainian companies using the Resource Efficient and Cleaner Production (RECP) methodology. To date, nine companies have implemented approximately one-fifth of the identified RECP measures, resulting in expected annual savings of around EUR 200,000.

SDG13	Yes	Year 2023 was characterised by tangible progresses in the roll-out of the TEI on Climate Change Adaptation and Resilience in Africa, with the EU and 7 Member States having joined the initiative, and contributions made to Global Climate Funds as well as to the Global Shield against Climate Risks and the African Risk Capacity. The initiative provides a way forward to mobilise additional finance and find new modalities between European and African institutions to promote resilience and adaptation. It responds to disaster risks by focusing on a comprehensive four-pillar framework. This TEI will support African partners by improving the understanding of risks, strengthening policy and governance, and leveraging public and private resources to that end. It also promote Climate and Disaster Risk Finance and Insurance (CDRFI) mechanisms to protect vulnerable populations against residual risks.

SDG14	Yes	In 2023, the EU allocated EUR 271 million towards ocean protection and supporting development of the blue economy in partner countries, in particular sustainable aquatic food value chains. This aims to enhance the availability and accessibility of nutritious aquatic foods, while safeguarding biodiversity and ensuring the sustainable utilization of oceans, seas, and marine resources. For example: - 20 million at global level to support the development of resilient and sustainable aquatic food product value chains. - a 7 EUR million to improve the protection and restoration of biodiversity and the environment, while enhancing the resilience to climate change in the Mediterranean region. - a EUR 59 million program on ocean governance in West Africa, targeting sustainable fisheries, IUU fishing, sustainable blue economy, and management and monitoring in MPAs - at the bilateral level, several programs in African countries focusing on fostering sustainable blue economies, including strengthening the sustainability of aquatic food value chains. Tanzania (EUR 110 million): Focus on environmental protection, climate-resilient coastal ecosystem management, and the development of sustainable aquatic food value chains. Mauritania (EUR 10 million): Emphasis on sustainable, inclusive, and climate-smart blue economy development, with a particular focus on fisheries and marine environment protection. Mozambique (EUR 35 million): Support for increased investments in the sustainable blue economy, development of sustainable fisheries and aquaculture value chains, and restoration of marine and coastal ecosystems. Angola (EUR 30 million): Prioritizing the sustainable management of marine biological resources, economic inclusiveness in aquatic foods value chains, and enhanced marketability of aquatic food products.

SDG15	Yes	As part of a large global and regional effort to halt and reverse land degradation, from 2017 to 2023 **'Regreening Africa'** has been improving smallholder livelihoods, food security, and resilience to climate change in eight countries in Sub-Saharan Africa by restoring ecosystem services. In its first phase, the programme has helped to reverse almost one million hectares of land degradation, benefitting 500,000 households in the process and catalysing an even larger scaling effort to restore tens of millions of hectares of degraded land across Africa. **'Regreening Africa'** works to support people in their efforts to restore their landscapes to secure sustainable benefits while boosting the impact of invested resources. At the local scale, the project works with smallholder farmers through lead farmers, farmer groups, community-based organizations, extension staff, and local government to provide technical support. On a sub-national and national scale, the programme works with a range of stakeholders to share lessons and technical support as well as to create an enabling policy and institutional environment. Capitalising on the 15 years' experience in supporting the country to develop a commercial forestry sector, a new 40 M EUR "Partnering for forests" programme has been approved for Uganda as part of the AAP 2022 under NDICI. The action aims at tackling the roots causes of deforestation in Uganda while promoting reforestation and sustainable economic development in an integrated and comprehensive manner. The programme is implementing the EU-Uganda Forest Partnership, signed at CoP27 by the President of the Commission Ursula von der Leyen. Moreover, it will contribute to several EU objectives and commitments such as the Paris Agreement on climate and the Global Biodiversity Framework by increasing forest cover by both decreasing deforestation & forest degradation and promoting forest restoration and community support to preservation efforts, the FLEGT Action Plan by improving forest governance and sustainable management and finally the EU Global Gateway by increasing inclusive investments and decent job opportunities for women and men in sustainable forestry and forest-based value chains. The different components of the programme have started to be contracted at the end of 2023 with a mix of modalities that allow to work with EU Member States, UN Agencies and the Government of Uganda. Furthermore, Foreign Policy Needs actions support the EU to manage the external impacts of its new regulation on deforestation and forest degradation, mitigating political and trade irritants and wrongful perceptions linked to the regulation by countering the negative narratives produced by the affected sectors in Latin America and Asia-Pacific.

SDG16	Yes	Within the framework of the EuroMed justice programme (2020-2023), Southern Neighbourhood countries contributed to the preparation of action plans on judicial cooperation for countering trafficking in human beings and smuggling of migrants, and on confiscation of crime proceeds and asset recovery. The overall objective is to contribute to protecting the EU neighbouring countries' citizens against criminal activities, respecting the rule of law and fundamental human rights. The programme builds sustainable cross-regional mechanisms of cooperation, strengthens regional judicial training platforms, develops practical tools. Partner countries are Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine and Tunisia. The programme 'Strengthening local governance and resilience in South Sudan' (launched in 2022) has been contributing to enhanced effectiveness of subnational governance structures on inter-and-intra communal peace dialogues and in addressing discriminatory gender/social norms as well as enhanced effectiveness of local communities to address and improve food security and develop job opportunities for youth and women specifically. It has also contributed to improved efficiency and accessibility of basic services provided by subnational governance structures, in particularly addressing the needs of women and youth. The observation of 16 electoral processes contributed to the promotion of peaceful societies, access to justice and building of strong institutions, while providing accountability and transparency in the electoral processes of partner countries.
SDG17	Yes	In line with the SDG 17 (Partnerships for the goals) the EU maintained its support to policy coherence and coordination as well as dialogue with regional organisations, notably the Union for the Mediterranean (UfM) as the main institutional interlocutor, but also with other actors, such as the Anna Lindh Foundation and the League of Arab States. The EU support to the UfM Secretariat contributes to enhancing multi-stakeholder partnerships which mobilise and share expertise aiming to the achievement of the sustainable development goals (SDG 3, 4, 5, 6, 7, 12, 13, 14, 15, among others) in the Euro-Med countries. In 2022, the UfM held several events and four Ministerial meetings (on Water, Research and Innovation, Employment, and Gender), thus confirming its convening power. The support to the Anna Lindh Foundation contributes to the promotion of more inclusive and pluralistic societies through its support to civil society and its focus on cultural diversity.

INSC

EUROPEAN INSTRUMENT FOR INTERNATIONAL NUCLEAR SAFETY COOPERATION

Programme in a nutshell

Concrete examples of achievements

2 852	28	45	34
people participated in the training and tutoring programme between 2014 and 2023.	countries benefited from EU assistance in relation to nuclear safety between 2014 and 2023.	regulatory documents were drafted and adopted between 2014 and 2023 with the support of the instrument.	nuclear waste management and strategy documents were produced between 2014 and 2022.
3	27	9	16
nuclear master's courses were continued by the education programme financed by the European Instrument for International Nuclear Safety Cooperation between 2022 and 2023.	countries benefited from EU assistance on nuclear safety between 2022 and 2023.	regulatory documents were drafted and adopted between 2022 and 2023.	nuclear waste management and strategy documents were produced between 2022 and 2023.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	300.0
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0
Total budget 2021-2027	**300.0**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The objective of the European Instrument for International Safety Cooperation (INSC) is to support the promotion of nuclear safety culture and radiation protection, the safe management of spent nuclear fuels and radioactive wastes and the application of effective and efficient safeguards of nuclear materials in non-EU countries.

CHALLENGE

The operation of nuclear power plants is the responsibility of any state that chooses to include nuclear in its energy mix. Nevertheless, as history showed with the accidents at Chernobyl in 1986 and Fukushima in 2011, any accident has transboundary consequences and affects the population and the environment of neighbouring countries and regions. In other words, ensuring nuclear safety and security has the features of a public good.

The EU thus has both a role to play and value to add in terms of safeguarding the safety and security of its citizens and protecting the environment, by ensuring that nuclear reactors are operated safely and according to the best international standards.

In addition, the unprovoked invasion of Ukraine by Russia in February 2022, with the subsequent destruction/looting of nuclear facilities and occupation of the Zaporizhzhia nuclear power plant, has made restoring nuclear safety capacity in Ukraine a priority for the INSC.

MISSION

The objective of the INSC is to promote nuclear safety culture and radiation protection, the safe management of spent nuclear fuel and radioactive waste and the application of effective and efficient safeguards related to nuclear materials in non-EU countries.

This is achieved by cooperating with the key stakeholders, and in particular with the national nuclear regulatory authorities, with the aim of transferring EU expertise and promoting transparency by non-EU countries' authorities in nuclear-related decision-making.

The support provided to Ukraine is a priority achieved through a combination of means, including direct bilateral support, the provision of equipment to restore nuclear safety capacities and contributions to

international organisations, the Science and Technology Centre in Ukraine, the International Atomic Energy Agency and the European Bank for Reconstruction and Development.

OBJECTIVES

The INSC's objectives are:

- to promote an effective nuclear safety and radiation protection culture and implement the highest nuclear safety and radiation protection standards, and to continuously improve nuclear safety, including by promoting transparency in the decision-making processes of authorities in non-EU countries relating to the safety of nuclear installations;
- to manage spent fuel and radioactive waste responsibly and safely and to decommission and remediate former nuclear sites and installations, including by promoting transparency in the decision-making processes of authorities in non-EU countries;
- to establish efficient and effective safeguards for nuclear material in non-EU countries.

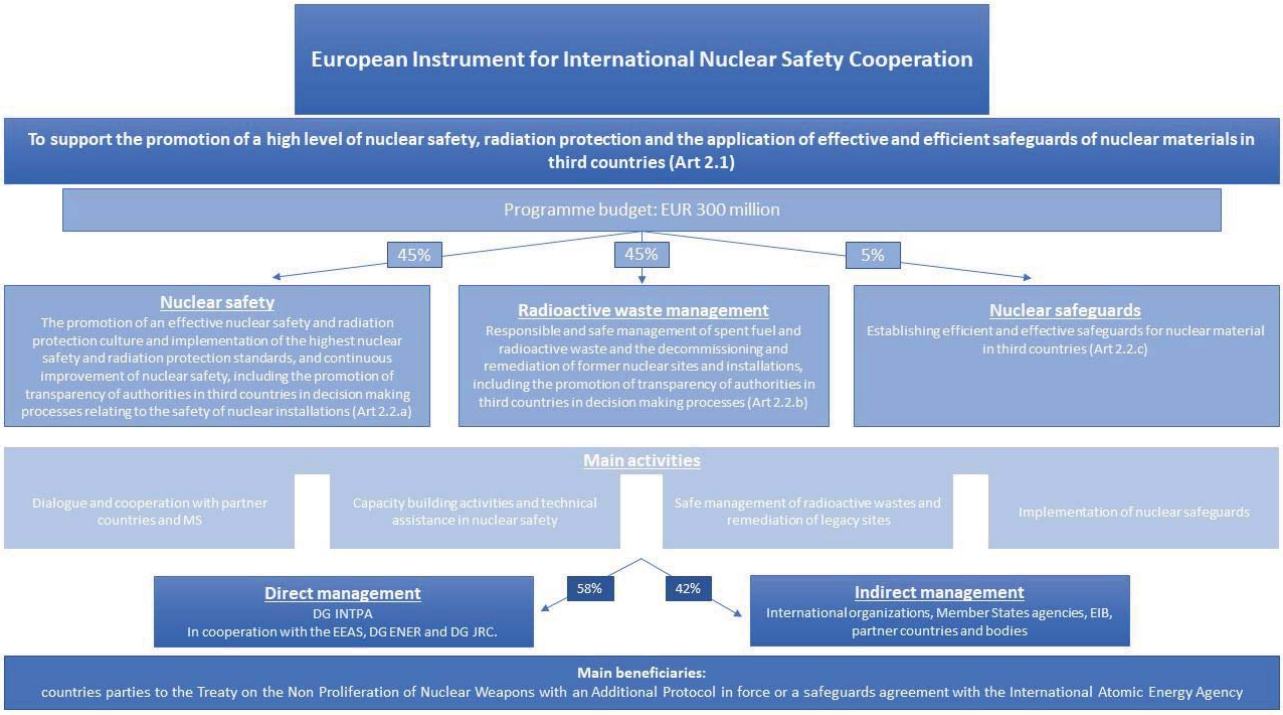
ACTIONS

The INSC will establish cooperation with and support beneficiary countries through a variety of means, including by providing services, equipment, technical assistance, training and tutoring and by exchanging information. The INSC can take part in multilateral assistance/cooperation projects together with Member States or international organisations.

STRUCTURAL SET-UP OF THE PROGRAMME

The INSC is implemented under direct centralised management by the Commission from the headquarters of DG International Partnerships (Unit F1), and under indirect management by entities such as Member State agencies following the Team Europe approach or international organisations that ensure a level of protection of the EU's financial interests equivalent to that under direct management. Innovative financing instruments are used, including in partnership with the European Bank for Reconstruction and Development and other international financial institutions.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The 2021-2027 INSC builds on the INSC under the 2014-2020 multiannual financial framework.

FURTHER INFORMATION

- Programme website: Projects: https://nuclear-safety-cooperation.ec.europa.eu/index_en.
- Programme statement: https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/programme-performance-statements/european-instrument-international-nuclear-safety-cooperation-performance_en.

– Impact assessment:
  - the impact assessment of the INSC was carried out in 2018;
  - for further information please consult: https://europa.eu/!gh96VH.

– Relevant regulation:
  - Council Regulation (Euratom) 2021/948.

– Evaluations:
  - Final evaluation of the 2014-2020 Instrument for Nuclear Safety Cooperation https://international-partnerships.ec.europa.eu/policies/climate-environment-and-energy/nuclear-safety_en#related-documents
  - Midterm evaluation, performed in 2023 together with the NDICI midterm evaluation, will be published in 2024.
  - Midterm review of the multiannual indicative programme performed in 2023, will be published in 2024.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	37.6	38.6	39.9	41.8	44.1	47.2	50.9	300.0
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	2021	2022	2023	2024	2025	2026	2027	Total
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**37.6**	**38.6**	**39.9**	**41.8**	**44.1**	**47.2**	**50.9**	**300.0**

(*) Only Article 15(3) of the financial regulation.

Financial programming:

+ EUR 0.0 million (+0 %)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	121.1	300.0	40.4%
Payments	24.5		8.2%

Voted budget implementation (million EUR) ([1]):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	37.6	37.6	0.9	1.5
2022	38.5	38.6	3.3	17.6
2023	39.8	39.9	19.1	15.3

([1]) Voted appropriations only.

– In 2021, the EUR 37.6 million in implemented commitments represented 100% of the voted budget and the payments 60%. The difference in payments from the initial voted budget can be explained by the late adoption of the legal basis.

– In 2021, the EUR 36.1 million in commitment appropriations is to finance 10 projects in nine countries in the areas of nuclear safety (42.5%) and the management of radioactive waste (42.5%).

– In 2022, the EUR 35.7 million in commitment appropriations is to finance eight projects in five countries and two regions (South-East Asia and Africa) in the areas of nuclear safety (53.6%), the management of radioactive waste (33.6%) and nuclear safeguards (12.8%).

– In 2023, nine projects are expected to be financed in eight countries and regions, with a commitment appropriation amount of EUR 35.9 million.

In line with the multiannual indicative programme, projects will be financed relating to the promotion of an effective nuclear safety culture (objective 1 of the programme) and to radioactive waste management (objective 2 of the programme) (41.9% each), and to establishing nuclear safeguards for nuclear material (objective 3) (12.3%) and support measures (3.9%).

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	0.0	0.0	0.0					**0.0**	0%
Biodiversity mainstreaming									
Clean air									

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1	34.3	31.5	35.1	**100.9**
0*				
0	3.3	7.0	4.7	**15.0**

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);

- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender-disaggregated information.

- N/A

– The INSC continues to promote gender equality through its training, tutoring and education programme, where the participation of partner countries is conditional upon the gender-balanced registration of students.

– In 2023, 22 students followed the master's course in European leadership for safety education financed by the INSC, 11 of whom were women, and 26 followed the master's course in nuclear safeguards, 12 of whom were women. The course started in 2022.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution					

N/A The objective of the programme is to [...]. The programme therefore does not contribute to the digital horizontal priority.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Number of countries benefiting from EU support in developing a culture of safety for nuclear energy	0	**80%**	20 in 2027	16 in 2023 compared to a target of 20	On track
Number of regulatory documents produced in beneficiary	0	**5%**	20 in 2027	1 in 2023 compared to a target of 20	On track

countries with the support of EU expertise					
Number of nuclear safeguards authorities benefiting from Commission-funded projects	0	**> 100%**	3 in 2027	4 in 2023 compared to a target of 3	On track

(*) % of target achieved by the end of 2023.

The INSC builds on the recognised and successful assistance and cooperation with partner countries that has been in place since 1991 within the scope of the Euratom Treaty.

Improvements in the governmental, legal and regulatory frameworks that ensure the safe use of nuclear energy is based on the transfer of regulatory practices used in the Member States.

The reaction to Russia's unprovoked aggression against Ukraine since February 2022 demonstrated that the instrument can meet the needs of partners under challenging and constantly evolving conditions. The provision of support to Ukraine to address the consequences of the unprovoked Russian invasion and continued aggression is a priority. This includes restoring stolen, looted and destroyed nuclear- and radiation-protection-related infrastructure in Ukraine.

The INSC-funded programmes in Ukraine continued to be implemented without delays, despite war-related hardship conditions such as insecurity and frequent electricity blackouts. These achievements are the result of the determination and resilient efforts of the Ukrainian beneficiaries and the implementing partners, and the coordination efforts of the EU through its support organisations in Ukraine.

Through regional cooperation with the African Commission on Nuclear Energy, the number of countries benefiting from the partnership on nuclear safeguards is much larger than originally expected.

The main achievements of the INSC are as follows.

- The EU's contribution to the International Chernobyl Cooperation Account, managed by the European Bank for Reconstruction and Development for the reconstruction of nuclear-safety-related infrastructure in Ukraine, allowed the bank to start its ambitious programme to support continued infrastructure development at the Chernobyl Nuclear Power Plant and to procure firefighting equipment and vehicles for the safe management of radioactive waste in the Chernobyl Exclusion Zone. This contribution in 2023 made the EU the biggest donor to the account.
- The EU has contributed to the financing of the International Atomic Energy Agency, which facilitated permanent and other expert missions to Ukrainian nuclear facilities, including the permanent mission to the temporarily occupied Zaporizhzhia Nuclear Power Plant.
- The EU continues to uphold its commitment to civil nuclear cooperation with Iran, as outlined in Annex 3 of the Joint Comprehensive Plan of Action.
- The environmental remediation in Central Asia, as implemented via the European Bank for Reconstruction and Development through the Environmental Remediation Account, addresses the legacy of former uranium mining and milling sites. So far, two sites in

Kyrgyzstan have been fully remediated, and work has started at a further site in Kyrgyzstan and two in Uzbekistan, in 2023 uses funding from both the previous and the present multiannual financial framework.

- INSC support for the development of a strategy on regulatory assessment in the event of the potential introduction of small modular reactors in Ghana was initiated.

2014-2020 multiannual financial framework – Instrument for Nuclear Safety Cooperation

The predecessor of the INSC in the 2014-2020 multiannual financial framework was the Instrument for Nuclear Safety Cooperation.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	314.4	314.4	100.0%
Payments	249.9		79.5%

The delays caused by the COVID-19 pandemic were largely addressed during 2022 and 2023, both in project implementation and contracting. This led to an increased contracting and payment rate in 2023, which is expected to further increase in 2024, before stabilising in 2025 or 2026.

The last contracts of the 2014-2020 multiannual financial framework will be contracted in 2024 and therefore implementation of the previous multiannual financial framework commitments is estimated to last until 2027. This is in line with the normal project management cycle and explained by the fact that some of the projects need the prior signature of a financing agreement with the beneficiary country, and contracting can take up to 3 years after the financing agreement is signed. Sometimes extensions in duration are granted, which prolongs the implementation time. The implementation rate is consistent with the outcome of previous exercises.

The payment appropriations for 2023 covered the costs contracted in previous years and contracts contracted in 2023.

Following the unprovoked invasion of Ukraine by Russia in February 2022, the INSC funded programmes in Ukraine continued to be implemented without significant delays, despite the war-related hardship conditions such as insecurity and frequent electricity blackouts. Those achievements are owing to the determination and resilient efforts of the Ukrainian beneficiaries, the implementing partners and the coordination efforts of the EU through its support organisations in Ukraine.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment

Nuclear safety culture and radiation protection standards – regulatory documents produced with the support of EU expertise	0	**> 100%**	8 in 2021	48 compared to a target of 8	Achieved
Responsible and safe management of spent fuel and radioactive waste – regulatory documents produced with the support of EU expertise	0	**> 100%**	9 in 2021	24 compared to a target of 9	On Achieved
Nuclear safeguard authorities benefiting from Commission-funded projects	0	**> 100%**	3 in 2021	4 compared to a target of 3	Achieved

(*) % of target achieved by the end of 2023.

While the report titled *Evaluation of the Instrument for Nuclear Safety Cooperation 2014-2020* ([49]) noted the high relevance and unique benefit of INSC, it also emphasised the need for improvements in cooperating with international organisations such as the Atomic Energy Agency.

Since 1991, cooperation with the regulatory authorities has primarily aimed at improving the governmental, legal and regulatory frameworks, based on experiences in the EU. This involved the transfer of regulatory practices used in the Member States, which is reflected in the number of regulatory documents indicator.

The competence of staff working in the nuclear area is of the utmost importance to ensure that the use of nuclear technology is safe. The instrument supported training and tutoring actions, which transfer EU knowledge to students and young professionals. Some 2 852 staff from partner countries were trained between 2014 and 2023. Around 42% of the trainees in 2021-2023 period were women, which contributes to the gender equality goal in a highly specialised scientific area. This confirms the success of the programme.

([49]) Nuclear safety (europa.eu).

In the area of radioactive waste management 16 new documents were produced as an indicator of the progress of the activity implementation under the financing of the 2014-2020 multiannual financial framework.

The main achievements with activities in 2023:

- Equipment delivery for the INSC initiative to upgrade the environmental radiation monitoring and dosimetric control within the Chernobyl Exclusion Zone commenced in November 2023. It is implemented by the Science and Technology Centre in Ukraine and co-funded with international donors (EU (30%), Norway (25%), Canada (22%), USA (18%), and UK (5%)). This international collaboration helped to ensure nuclear and radiation safety, not only in Ukraine, but also in the EU and beyond. The Ukraine contributes the measured environmental radiation data to the European Radiological Data Exchange Platform.
- The EU's continued implementation of its commitment under Annex 3 of the Joint Comprehensive Plan of Action relating to civil nuclear cooperation with Iran, led to the first supply of equipment related to nuclear safety.
- The environmental remediation in Central Asia as implemented via the European Bank for Reconstruction and Development through the Environmental Remediation Account, addresses the legacy of former uranium mining and milling sites. So far, two sites in Kyrgyzstan have been fully remediated, and work has started at three others, one in Kyrgyzstan and two in Uzbekistan, in 2023 uses funding from both the previous and the present multiannual financial framework.
- European Union inspection practices in nuclear safety were successfully transferred to the nuclear regulator of Türkiye, which are used in the regulatory oversight of the nuclear power plant under construction.
- The first master's degree programme in nuclear materials safeguards concluded successfully. This first curriculum of its kind contributes to the capacity-building of nuclear safeguards authorities in partner countries.
- With support from the EU and the Swedish International Development Cooperation Agency (Sida), Moldova has taken important steps in the implementation of its national waste management strategy. The radioactive waste management organisation in Moldova (RWMCo) received licenses for the construction of a radioactive waste management storage facility and a radiological and environmental monitoring system. These facilities are prerequisite for the decommissioning of the historical radioactive waste disposal facility.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	No	
SDG2	No	
SDG3	No	
SDG4	No	
SDG5	Yes	Almost half of all students benefiting from training, tutoring and educational programmes are women. One of the main objectives of the instrument is sustainability, which includes training and capacity building. Those are taking gender balance into account by design.
SDG6	No	
SDG7	No	
SDG8	No	
SDG9	No	
SDG10	No	
SDG11	Yes	Environmental remediation of uranium mining legacy sites in Central Asia provides a safer environment to the local population (EUR 4.8 million).
SDG12	No	
SDG13	No	
SDG14	No	
SDG15	No	
SDG16	Yes	For the first time implementation of cooperation with the Nigerian Nuclear Regulator Regulatory Authority (NNRA) was started (EUR 1 million). A new contract with the nuclear safety regulator of Ukraine for alignment with the EU acquis was contracted (EUR 4 million)
SDG17	No	

HUMA

HUMANITARIAN AID PROGRAMME

Programme in a nutshell

Concrete examples of achievements

EUR 2.4 billion	114	1.78 million	85
of humanitarian aid was provided to the most vulnerable in 2023.	countries received humanitarian aid from the EU in 2023.	girls and boys benefited from the education in emergencies initiative in 2023.	EU humanitarian air-bridge flights were organised in 2023, delivering 3 880 tonnes of humanitarian materials.

Budget for 2021-2027

(million EUR)

Financial programming	14 712.1
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	27.5
Total budget 2021-2027	**14 739.6**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

Humanitarian aid is a key pillar of the EU's external action and an important element of the EU's ability to project its values globally. The EU humanitarian aid programme provides emergency, life-saving assistance to people, particularly the most vulnerable, hit by human-induced or natural disasters.

CHALLENGE

The scale, frequency and duration of crises that demand international humanitarian response is increasing, aggravated by long-term trends such as climate change, population growth, rapid and unsustainable urbanisation, resource scarcities and increasingly protracted armed conflicts and insecurity. These are, and will continue to be, among the main drivers of humanitarian crises, which in turn generate growing humanitarian needs on a global scale.

The situation has been exacerbated by the long-lasting effects the Russian war of aggression against Ukraine, and the consequences deriving from the escalation of hostilities in the Middle East.

The '2024 global humanitarian overview' presents funding requirements of USD 46.4 billion to assist 180.5 million of the 299.4 million people in need in 72 countries. However, humanitarian funding is not increasing at the same speed as the needs. While USD 19.9 billion were mobilised in 2023 to respond to coordinated plans for that year, humanitarian needs amounted to USD 56.7 billion. This funding gap is expected to continue to grow, as well as the need for front-line lifesaving humanitarian assistance.

The EU can fill some of the gaps in global humanitarian aid, including by addressing needs in areas that are difficult to access, and by providing response not only to the biggest and most visible humanitarian crises, but also to those receiving no or insufficient international aid and political/media attention. Member States often look at the EU as a donor to provide assistance in crises where they are not able to intervene in a national capacity. Member States also benefit from the EU's 'humanitarian diplomacy', which aims to increase humanitarian space and lead to more effective provision of humanitarian aid, by encouraging economies of scale. Because of the financial weight (the EU and its Member States together are the second major donor), the EU is a leading player in humanitarian assistance on the international stage and a strong advocate for the respect of international humanitarian law. Another key element of EU added value for Member States lies in the strong operational knowledge and technical expertise of the EU's unique network of humanitarian field offices spread in 40 countries.

MISSION

The humanitarian aid programme provides emergency, life-saving assistance to people, particularly the most vulnerable, hit by man-made or natural disasters.

In line with the humanitarian aid regulation (Council Regulation (EC) No 1257/96), people affected by disaster or conflict, irrespective of their race, ethnic group, religion, sex, age, nationality or political affiliation benefit from humanitarian assistance, which must not be guided by, or subject to, political considerations. The EU acts on the basis of the international humanitarian principles of humanity, neutrality, impartiality and independence. Humanitarian aid is often the only EU instrument able to intervene concretely in acute conflict situations. Thanks to its flexibility, humanitarian aid has also made a

significant difference in many of the countries and crises at the origin of the global refugee and migration crisis.

OBJECTIVES

The humanitarian aid programme's main specific objectives are to:

- provide needs-based delivery of EU assistance to save and preserve life, prevent and alleviate human suffering and safeguard the integrity and dignity of populations affected by natural disasters or man-made crises, including protracted crises;
- build the resilience and recovery capacity of vulnerable or disaster-affected communities, in complementarity with other EU instruments.

ACTIONS

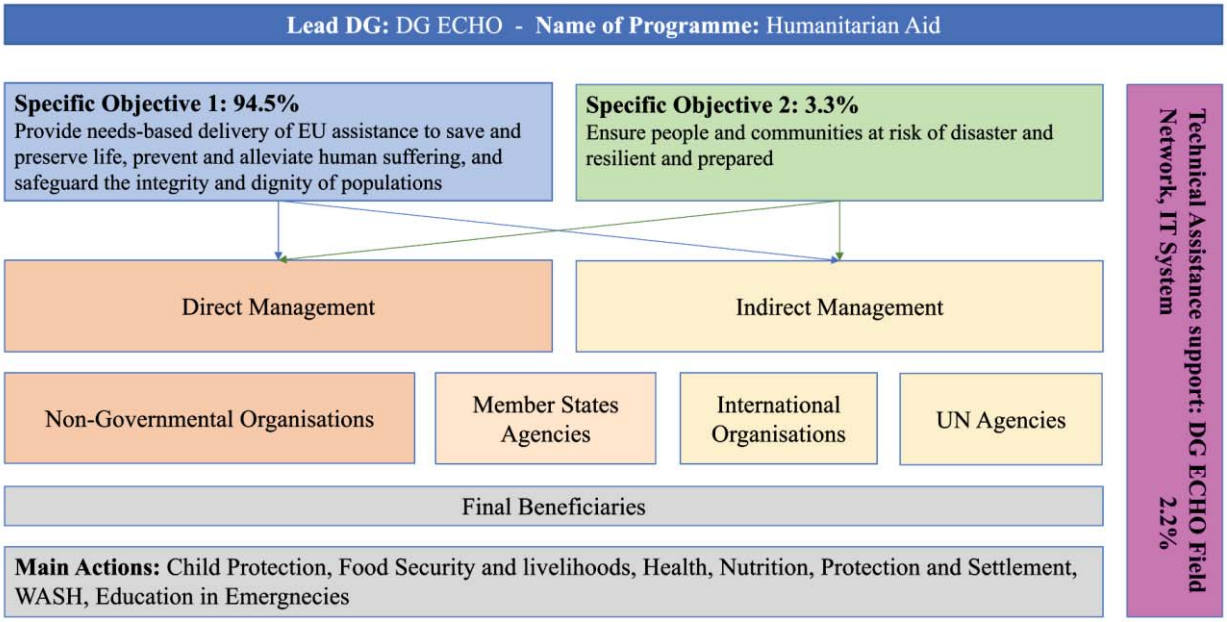
Humanitarian interventions mainly consist of funding projects carried out by around 220 partner organisations – non-governmental organisations (e.g. national societies of the Red Cross), international organisations (e.g. United Nations agencies and the Red Cross and Red Crescent movement), and Member States' specialised agencies. Most of the time, these interventions occur in complex, risky contexts with difficult access conditions. Besides being a lead donor, the EU has also been playing a leading role in the development of new policy approaches (e.g. education in emergencies, assessment of people-centred intersectoral needs) and innovative funding modalities (e.g. cash-based assistance).

STRUCTURAL SET-UP OF THE PROGRAMME

In most cases, the Commission delivers assistance through financial support via individual agreements with partner organisations (non-governmental organisations, United Nations agencies or other international organisations and specialised agencies from Member States). The management mode applied with non-governmental organisations is direct management, and the one applied with the United Nations and international organisations is indirect management. Both management modes can be used for specialised agencies from Member States.

The Commission delivers aid to the affected populations in parallel to humanitarian aid mobilised by Member States, as set out in the European Consensus on Humanitarian Aid and based on international humanitarian principles. EU action aims at providing needs-based delivery of EU assistance to save and preserve life, prevent and alleviate human suffering, and safeguard the integrity and dignity of populations, as well as at ensuring that people and communities at risk of disaster and resilient and prepared. To achieve these objectives, EU actions focus on child protection, food security and livelihoods, health, nutrition, protection and settlement, as well as the provision of water, sanitation and hygiene services.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The humanitarian aid regulation is not bound by duration to a specific multiannual financial framework, hence the policy and legal framework for the EU's humanitarian aid is not expected to change.

FURTHER INFORMATION

- Programme website:
  - HUMA
- Impact assessment: n/a
- Relevant regulation:
  - Council Regulation (EC) No 1257/96.
- Evaluations:

The following humanitarian aid evaluations were finalised in 2023.

- Evaluation of DG European Civil Protection and Humanitarian Aid Operations (ECHO)'s response to the Venezuelan regional crisis, 2017-2021.
- Evaluation of DG European Civil Protection and Humanitarian Aid Operations (ECHO)'s partnership with UNHCR, 2017-2021.
- Evaluation of humanitarian logistics in the European Commission's civil protection and humanitarian aid operations, 2018-2022.
- Evaluation of the mobility package within the emergency support instrument re-activation 2020-2022.

– Evaluation of DG European Civil Protection and Humanitarian Aid Operations (ECHO)'s partnership with the International Organization for Migration, 2018-2022.

In addition, the comprehensive evaluation of the European Commission's humanitarian aid, 2017-2022 is ongoing

All evaluations conducted by DG European Civil Protection and Humanitarian Aid Operations (ECHO) can be found by clicking here.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	2 168.1	2 441.8	2 408.0	1 910.7	1 893.6	1 927.5	1 962.4	14 712.1
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	9.9	5.7	11.9	0.0	0.0	0.0	0.0	27.5
Total	**2 177.9**	**2 447.4**	**2 420.0**	**1 910.7**	**1 893.6**	**1 927.5**	**1 962.4**	**14 739.6**

(*) Only Article 15(3) of the financial regulation.

Financial programming:

+ EUR 3 142.9 million (+ 27%)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

- Given its centrality in dealing with current crisis, the programme has been reinforced substantially at different times.
- In 2021, budget has been reinforced by EUR 665.1 million during the year through the Solidarity and Emergency Aid Reserve (SEAR), amending budget, redeployments from Heading VI instruments and the Virement d'Aide Humanitaire (VAH) cater for increasing humanitarian needs, such as the crises in Afghanistan and in the Nagorno-Karabakh or the Kenya and Somalia droughts.
- In 2022, the humanitarian aid budget was reinforced by EUR 635.7 million. In part, the transfers originated from the SEAR and redeployments from Heading VI instruments to cater for the needs arising in response to the Russian war against Ukraine and the worldwide deterioration of food security. Further funds became available through the VAH to tackle the security and displacement crisis in the Democratic Republic of the Congo. In addition to the reinforcements, ECHO also received frontloading of EUR 211 million from the Solidarity and Emergency Aid Reserve at the beginning of the year.
- For 2023, an initial budget increase was secured in the form of multiannual financial framework funding amending letter (AL/01) for EUR 150 million. The budget was further reinforced throughout the year by a total of EUR 631.1 million to address escalating humanitarian needs in various key crises (including Afghanistan, Sudan, Syria, Armenia/Nagorno-Karabakh, and the war in Gaza, amongst others). The extra funding was sourced from transfers via the SEAR, Heading VI instruments, and the VAH.

Budget implementation

Voted budget implementation (million EUR):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	2 168.1	1 503.0	2 400.5	1 900.1
2022	2 441.8	1 806.1	2 390.6	2 091.6
2023	2 408.0	1 776.9	2 464.6	1 834.2

([1]) Voted appropriations (C1) only.

- In 2021, the initial humanitarian aid budget (comprising humanitarian aid, disaster prevention and support expenditure) was EUR 1 503 million and the final implemented budget stands at EUR 2 168 million due to several reinforcements totalling EUR 665 million to address the rising needs of different humanitarian crises.
- The initial 2022 budget for humanitarian aid was EUR 1 806 million and included a frontload from the Solidarity and Emergency Aid Reserve (SEAR) of EUR 211 million. The final budget stands at EUR 2 441.8 million, as the Russian war of aggression against Ukraine, the ensuing global food crisis and other emergencies triggered budgetary reinforcements for a total of EUR 635.7 million ([50]) through transfers from the SEAR, Heading VI instruments and the Virement d'Aide Humanitaire (VAH). In addition to its humanitarian aid operations under the multiannual financial framework, the Commission received and committed EUR 145.5 million from the European Development Fund's 10th and 11th envelopes to address the global food security aggravated by Russia's invasion of Ukraine.
- The starting budget for 2023, which received an additional EUR 150 million (agreed in conciliation as part of the annual budgetary procedure), was initially EUR 1 776.9 million. It ultimately reached EUR 2 408 million ([51]). This increase was due to budgetary reinforcements of EUR 631.1 million to address escalating humanitarian needs in various key crises (including Afghanistan, Sudan, Syria, Armenia/Nagorno-Karabakh, and the war in Gaza, amongst others). The additional funding was sourced from transfers via the SEAR, Heading VI instruments, and the VAH.
- The humanitarian aid budget has been committed in full. The Commission allocated attributions to respond not only to humanitarian crises attracting widespread attention notably in Ukraine or Gaza, but also forgotten crises, i.e. severe, protracted humanitarian crises, often with a low media interest, where affected populations are receiving insufficient international aid.
- In 2023 funds were allocated as follows to address humanitarian crises in the various regions of the world as follows: EUR 895.3 million for Africa, EUR 582.4 million for the Middle East and Türkiye, EUR 411.4 million for Asia, Latin America, the Pacific and Caribbean, EUR 335.5 million for Ukraine, the Western Balkans and Caucasus, and EUR 197.2 for non-geographical allocations. Furthermore, the Commission mobilised in 2023 a total of EUR 300 million for Ukraine, over EUR 91 million for Gaza, EUR 125 million for Sudan, and EUR 149 million for Afghanistan (52).
- The Commission will continue responding to new and protracted crises in 2024. This objective will remain very challenging as humanitarian needs are expected to keep growing. As of March 2024, nearly 300 million people, an increase of 45 million from 2021, will require assistance. This surge is notably marked by the distressing reality that worldwide nearly one child in every five is living in or has fled from conflict zones. Economic turmoil, compounded by a spiralling climate crisis and phenomena like El Niño continue to escalate the situation. Displacement has soared to unprecedented levels, and acute food insecurity now affects one in every 33 people (258 million people) globally, indicating a severe hunger crisis.

([50]) Only C1 credits considered.

([51]) Only C1 credits considered.

([52]) Amounts for individual crises do not take into account external assigned revenues received from Member States in 2023.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	840.8	1 016.3	970.2					2 827.3	19%
Biodiversity mainstreaming									
Clean air									

– The figure for 2023 (EUR 970.2 million) is the result of the application of the methodology to track spending contributing to climate mainstreaming. The Commission is implementing central tracking at the commitment level, to improve the accuracy and reliability of data on climate action. The tracking is based on the EU's climate-marker methodology, made up of three scores (0%, 40%, and 100%). Generally, humanitarian aid projects have climate adaptation as a significant objective (40% coefficient), with some exceptions (such as ECHO flight, epidemics or communications actions, which have a 0% contribution to climate), while preparedness actions within humanitarian aid have a 100% contribution to climate, as climate adaptation and/or mitigation are fundamental to the design of their objectives or are the motivation for the activity.

– In order to reduce the carbon footprint and the environmental damage of humanitarian aid, minimum environmental requirements and associated guidance became mandatory in 2023 for all EU-funded humanitarian aid operations. New voluntary environmental indicators were also released in 2023 to help partners reflect the minimum environmental requirements in their projects.

– In the 2023 Conference of Parties to the United Nations Framework Convention on Climate Change (UNFCCC), the EU, represented by Commissioner Lenarčič, endorsed two relevant non-negotiation outcomes: (1) the 'Declaration on Climate, Relief, Recovery and Peace', focusing on climate action in fragile and conflict-affected settings, underpinned by a package of solutions encompassing individual pledges and announcements by signatories; and (2) 'Getting ahead of disasters: A charter on finance for managing risks', setting out principles for the future of finance for disasters. Furthermore, at the launch event of the Secretariat of the Climate and Environment Charter, the EU became the first financial supporter of the secretariat by announcing EUR 200 000 of financial support.

– The Commission continued to encourage partners to include preparedness measures and climate-, environmental- and conflict-risk considerations in all the humanitarian actions it funds, to help ensure that impacts, including those related to the climate, are accounted for in all sectoral interventions (e.g. displacement). The resilience marker is a tool that supports partners in doing so throughout the design of their interventions by ensuring that they consider and address these risks. The following examples illustrate the Commission's response to the consequences of climate change and the relief of affected populations in 2023.

– In response to the impact of Hurricane Otis on the west coast of Mexico, the EU provided EUR 1.3 million in humanitarian assistance to help address the most urgent needs of the affected population. As many as 270 000 homes were affected to varying extents. Key infrastructure sustained significant damage, with over 120 healthcare facilities and 33 educational institutions affected. The funding will provide assistance to the most vulnerable, including shelter, water, sanitation and hygiene, along with support for livelihoods and other basic needs. Furthermore, the EU activated its Copernicus satellite service to provide damage assessments, producing more than 14 maps to support the Mexican authorities. Moreover, since July 2023, the two regions have been working on the signature of a memorandum of understanding to strengthen their partnership and improve disaster preparedness, early warning and climate resilience for the years to come.

– In response to the devastating climate-induced floods affecting large areas of the Horn of Africa and the resulting overwhelming emergency needs in the region, an additional EUR 10 million in humanitarian assistance (including assistance from the Disaster Response Emergency Fund) was made available in 2023. One example of this intervention is a project entitled 'Improving living conditions of conflict and disaster affected populations in Somalia', implemented by IOM during a period of 5 months in 2023.

www.parlament.gv.at

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1	2 168.1	2 441.8	2 408.0	7 017.9
0*				
0				

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information.

Number of beneficiaries by age and sex reached by humanitarian aid operations available in EVA actions operational data (such data reflect information encoded in Fichops and in HOPE) ([53]). According to this database, the percentage of beneficiaries disaggregated by gender is as follows: 52% female, 45% male, 3% unknown.

- The Commission is committed to ensuring that EU humanitarian aid considers the different needs and capacities of women and men of all ages. Through the Commission methodology for gender expenditure tracking, a gender score of 1 has been assigned to the total voted humanitarian aid budget implementation for 2023 (EUR 2.408 billion). This is a Commission methodology for the whole EU budget and differs from other assessment methods used to track humanitarian funding, such as the Commission's humanitarian gender-age marker and the gender equality marker used by the Development Assistance Committee of the Organisation for Economic Co-operation and Development. The third assessment report on the gender-age marker for 2018-2021 (published in 2023) confirmed that in those years over 90% of humanitarian aid projects included gender and age considerations ([54]). On that basis, it was decided to mark the total voted budget of humanitarian aid as having a gender score of 1.
- The EU continued mainstreaming gender and age across all sectors of intervention, outlining the approach to gender and gender-based violence in humanitarian crises in the staff working document 'Gender: Different needs, adapted assistance'. The EU remained an active member of the 'Call to action on protection from gender-based violence in emergencies' initiative, reported on the commitments

([53]) Fichops are the forms containing the operational information of every humanitarian project. Data from fichops are consolidated in HOPE, a Commission internal platform.

([54]) gender-age_marker_2018-2021_web.pdf (europa.eu).

made on the road map for 2021-2025 and included a pledge linked to gender for the 2023 Global Refugee Forum. `

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution					

The programme does not have the contribution to the digital transition as an objective.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Geographical coverage of the EU humanitarian aid: percentage of countries in need of humanitarian assistance (according to United Nations humanitarian appeals) benefiting from EU-supported operations	0	**14%**	100% annually from 2022 to 2027	Milestone achieved for 2021. Milestones not achieved for 2022 and 2023	Deserves attention
Percentage of humanitarian aid funding targeting actions in forgotten crises	0%	**43%**	> 15% annually from 2021 to 2027	Milestones achieved for 2021, 2022 and 2023	On track
Number of interventions of humanitarian aid operations funded by DG European Civil Protection and Humanitarian Aid	0	**43%**	177 annually from 2021 to 2027	Milestones achieved for 2021, 2022 and 2023	On track

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Operations (ECHO) (beneficiaries)					
Percentage of the initial budget for humanitarian aid allocated to education in emergencies	0%	**43%**	10% annually from 2021 to 2027	Milestones achieved for 2021, 2022 and 2023	On track
Number of children reached with EU 'education in emergencies' assistance	0	**29%**	1.86 million children annually from 2021 to 2027	Milestones achieved for 2021 and 2022. Milestone not achieved for 2023	On track
Percentage of humanitarian assistance grants including elements of disaster preparedness, resilience and disaster risk reduction	0%	**0%**	75% from 2024 to 2027	Milestones not achieved in 2021, 2022 and 2023	Deserves attention

(*) % of years for which the milestones or target have been achieved during the 2021-2027 period.

– Russia's war of aggression against Ukraine has deeply impacted the global humanitarian landscape, both directly and indirectly, by raising food insecurity worldwide, thus significantly exacerbating the humanitarian situation in many parts of the world, which had already deteriorated drastically. Conflicts and escalating tensions in Sudan or in the Middle East, particularly in and around Gaza, and the major or complex crises in Afghanistan, the Democratic Republic of the Congo, Ethiopia and the Sahel region underscore the persistent challenges faced by vulnerable populations worldwide.

– Furthermore, a contested multilateral order and the challenges deriving from climate change are exacerbating tensions and fuelling existing regional conflicts and protracted crises. Other factors, such as failed governance and structural poverty, have contributed to the current outlook. The deterioration in the humanitarian situation is a visible illustration of a global and sustained increase in humanitarian needs, which are currently at an all-time high. In addition, continued widespread violations of international humanitarian law and impediments to humanitarian access are making the delivery of humanitarian aid even more difficult and dangerous.

– The EU humanitarian aid programme performed well in 2023 in providing emergency assistance to people worldwide, particularly the most vulnerable, hit by human-induced or natural disasters. However, despite these efforts, a record-high funding gap at the global level left millions of the most vulnerable people without needed assistance (according to the United Nations Office for the Coordination of Humanitarian Affairs, 60% of needs were not met in 2023). The Commission's share of the global humanitarian aid system decreased slightly

compared to the previous year ([55]). The EU and its Member States are no longer jointly the world's largest humanitarian aid donors, providing around 30.9% of the global share of committed humanitarian aid contributions. This is partially due to the maintained high share provided by other donors such as the United States (providing over 40% of the funds committed to the global humanitarian system since 2021).

– Owing to the high level of operational knowledge and technical expertise of its unique network of humanitarian field offices, present in 40 non-EU countries, in 2023 the EU maintained a solid platform for reaching most of the areas in the world where humanitarian aid is needed. The EU was able to fund more than 577 million interventions ([56]) ([57]) and provide aid in 95% of the countries for which the United Nations launched an appeal ([58]). The EU was able to take advantage of its comprehensive range of humanitarian partners (around 200 organisations, including United Nations agencies, the International Red Cross and Red Crescent Movement, non-governmental organisations and specialised agencies from Member States), through which people in need can receive assistance, even in the areas of the world that are most difficult to reach.

– In 2023, more than 17% of the initial budget was spent on forgotten crises, thus contributing to the objective of needs-based delivery of EU assistance to people faced with natural and human-made disasters and protracted crises.

– The programme also contributed to the objective of building the capacity and resilience of vulnerable and disaster-affected communities. In 2023, 32.3% ([59]) of EU-funded humanitarian

([55]) The 2023 result for this indicator decreased compared to figures reported in previous years (the EU share amounted to 11.7% in 2022, whereas the joint value for EU and Member States amounted to 30.9%). This decrease is due to a change in the methodology used in the source platform (UN Financial Tracking Service). From 2023, the indicator has been calculated on the basis of committed funds, whereas in previous years it considered consumed amounts. Applying the new methodology to 2022, the results for the indicator would have been 7.26% (compared to 9.4% in 2023) for the EU share and 30.05% (compared to 32.54% in 2023) for the joint EU and Member State share (including funds coordinated by the EU Facility for Refugees in Turkey (compared to 32.54% in 2023)).

([56]) Interventions refer in this case to the estimated number of action beneficiaries as declared by the partners implementing humanitarian projects funded by the programme.

([57]) The figure of 577 million interventions was extracted from Eva Actions (a data management tool compiling data from humanitarian operations) on 6 February 2024. It should be noted that a beneficiary might be covered by several interventions. The number of direct beneficiaries will be available during the second quarter of 2024. For reference, the number of direct beneficiaries for the Commission´s humanitarian aid actions in 2022 was 106.43 million.

This figure double-counts beneficiaries targeted by more than one intervention, as evidenced in 2021 where over 590 million interventions were recorded, reaching a total of 85 million direct beneficiaries. This difference is partly explained in 2021 due to the vaccination roll-out campaigns, where a single beneficiary received various vaccines.

- The number of interventions changes though time, increasing continually on the basis of the progressive encoding of data by partners (i.e. for 2021 data around 590 million interventions were noted in the first quarter of 2022, while 672 million interventions were registered for the same period in March 2023).

([58]) Of the 74 countries targeted by United Nations appeals in 2023, Bulgaria, Czechia, Estonia, Latvia, Lithuania, Hungary, Poland, Romania and Slovakia were included in the United Nations' Ukraine situation regional refugee response plan. Due to its specific mandate, DG European Civil Protection and Humanitarian Aid Operations (ECHO) does not provide humanitarian aid in Member States, however assistance was provided to them through civil protection actions. The abovementioned Member States were then left out of the calculation of this indicator. DG European Civil Protection and Humanitarian Aid Operations (ECHO) provided humanitarian aid to 63 of the 65 remaining countries targeted by United Nations appeals. The three countries not reached by the EU's humanitarian operations were included in United Nations regional appeals for which the EU a provided response to other countries.

([59]) The original methodology applied to set the baseline and targets for this indicator in the strategic plan was based on individual review of elements in disaster-preparedness projects, in collaboration with operational units. The methodology was changed in 2022 in order to simplify and speed up the procedure. It now only includes projects that have disaster-preparedness-specific results, and does not include those that have disaster-preparedness considerations

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operations included elements of disaster preparedness. In this context, in order to adapt to a higher number of climate-related disasters, initiatives such as adopting a risk-informed approach to projects (considering current and future risks), scaling up anticipatory action or greening humanitarian operations (through the adoption of the minimum environmental requirements compulsory for EU-funded humanitarian partners) are being implemented in the context of humanitarian aid.

– The following examples illustrate the wide variety and extensive reach of the EU's support in relation to humanitarian crises in 2023.

    - The response to Russia's war of aggression against Ukraine by allocating EUR 300 million to provide life-saving assistance, mainly through cash transfers and humanitarian protection, to populations directly exposed to war and displacement. More than 17.7 million people in the country needed humanitarian support in 2023. Since the start of Russia's war of aggression, almost 984 000 Ukrainian refugees have fled to Moldova, of whom nearly 112 000 remain in the country. In response, the EU made EUR 20 million in emergency assistance available to Moldova, including cash assistance and protection services, to address the needs of refugees and their host communities. Since February 2022, the European Commission has allocated EUR 926 million for humanitarian aid programmes to help civilians affected by the war in Ukraine. This includes EUR 860 million for Ukraine and EUR 66 million for refugees that have fled to neighbouring Moldova. Between January and November 2023, 10.5 million Ukrainians, including in hard-hit-areas, received humanitarian support in Ukraine thanks to the EU and other donors. EU humanitarian funding is helping people inside Ukraine by providing them with (1) food, (2) water, (3) essential household items, (4) healthcare, including mental health and psychosocial support, (5) psychosocial support, (6) emergency and winterised shelter, (7) protection, including education in emergencies, and (8) cash assistance to help cover their basic needs.
    - The escalation of violence in the Middle East following the terrorist attack on Israel on 7 October 2023 led to large-scale destruction in Gaza, the displacement of almost the entire Gazan population of 2.2 million people and massive humanitarian needs in all sectors, accentuated by the serious risk of famine. Violence also escalated in the West Bank, including East Jerusalem. The Commission responded by quadrupling its assistance to Palestine ([60]) to more than EUR 100 million, to address the most basic needs of Palestinians. In 2023, 33 humanitarian air bridge flights were operated in the context of this crisis, and 1 310 tonnes of essential supplies were mobilised. The aid transported includes nutritional items, shelter and logistical equipment, hygiene kits and medicines.
    - By the end of 2023, the conflict between the Sudanese Armed Forces and the Rapid Support Forces that erupted on 15 April had displaced 7.5 million people, half of whom were children. Sudan is estimated to be the country with the largest number of internally displaced persons, with more than half of the population (24.7 million people) in need of assistance, and one of the five countries with the highest risk of hunger requiring the most urgent attention. In 2023, the

in other sectors. The result for this indicator in 2022 is stable in comparison with 2022. Other possible methodologies are being discussed in order to overcome such issues.

([60]) This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

programme focused its assistance on basic multisectoral life-saving services, allocating EUR 128 million to address the deteriorating crisis, prioritising emergency actions in the most conflict-affected areas and the localities hosting displaced households. EU humanitarian aid provided health and nutritional care, cash, food assistance, water and sanitation, shelter, protection and education to the most vulnerable households – internally displaced people, refugee families and host communities. Furthermore, the EU contributed to the nutritional treatment and care of children under 5 and pregnant or breastfeeding women across Sudan.

- In February 2023, two earthquakes caused massive destruction and suffering in southeast Türkiye, creating new needs among both refugees and the Turkish people. This disaster further exacerbated the living conditions of the already vulnerable refugees. In 2023, the EU provided EUR 78.2 million in humanitarian funding in response to the earthquake, including some EUR 40 million in fresh funds. Key priorities to address after the earthquakes included access to social assistance and protection for vulnerable groups, namely psychosocial support; the rehabilitation of health and education services; water, sanitation and hygiene; and shelter and protection.
- In 2023, the number of people in need in Afghanistan increased to 29 million, mainly requiring support in the form of food, water, sanitation and hygiene, protection and education. The main drivers of the crisis remain droughts, insecurity and violence, restrictions for women's participation in society, food insecurity, global and local economic shocks and the deterioration of basic services. In 2023, the EU allocated over EUR 149 million of humanitarian aid to Afghanistan, focusing on emergency food assistance; healthcare and nutrition; education in emergencies; access to clean water and sanitation facilities; shelter, non-food items and winter support; and protection services, including de-mining activities. Moreover, Commission-funded humanitarian air bridge flights delivered 710 tonnes of life-saving medical relief items (mainly) to humanitarian organisations in Afghanistan. The Commission also supported the 5 million people affected by the floods in Pakistan.
- The severe humanitarian crisis in the Horn of Africa continued in 2023, with close to 35 million people in need of humanitarian assistance in Ethiopia, Kenya and Somalia. Conflicts and the impact of natural hazards, such as large-scale droughts and floods, aggravated by the El Niño phenomenon, are driving internal displacement, food insecurity and cross-border flows. Multiple and volatile conflicts are generating wide protection gaps, affecting particularly vulnerable groups, such as women and children. The regional context was further characterised by constrained access and international humanitarian law violations. The Commission continued to support the most vulnerable through multisectoral humanitarian action. Throughout the year, the Commission mobilised additional top-up funding to respond to cholera outbreaks, the regional flood situation and new population displacements, while facing a growing gap between needs and available funding, along with issues of aid accountability and effectiveness.
- The EU responded to the complex crisis in the Sahel and Lake Chad regions (where humanitarian needs are growing at an alarming pace for 50.5 million people), providing aid to meet the most urgent needs of conflict-affected populations that had been forcibly displaced across the region or affected by food and nutrition crises induced by climate conditions, poverty and insecurity.

– Delivering principled humanitarian assistance is at times extremely difficult in certain protracted crises, where warring parties occasionally disregard humanitarian principles, violate international humanitarian law and interfere with the delivery of assistance in the field. In addition to this, EU humanitarian partners may have to face difficult logistical challenges when delivering assistance in hard-to-reach areas, and other types of unexpected developments in the field that may hinder aid delivery. In that context, the Commission appropriately promoted the consistent inclusion of humanitarian exceptions, in particular humanitarian exemptions in line with the UN Security Council Resolution 2664(2022) in EU sanctions regimes. In 2023, the humanitarian exemption was introduced in approximately 30 EU sanctions regimes, including in Myanmar/Burma, Nicaragua, Niger, Sudan, Syria, Venezuela and Yemen.

– In order to cope with challenges in delivering humanitarian aid, the following two main risks are recurrently considered in activities under the programme.

    • A risk relating to access, referring to the increasing number of countries and set-ups where the governments, or de facto authorities, are limiting access in a way that affects seriously the delivery of humanitarian assistance, for instance in Ethiopia, Myanmar/Burma, Palestine, Ukraine, Venezuela and Yemen. To ensure full, safe, unhindered and durable humanitarian access to people in need, DG European Civil Protection and Humanitarian Aid Operations (ECHO) continuously engages with EU Member States, other donors and the broad humanitarian community on key issues such as humanitarian coordination.

    • A risk relating to physical security, referring to maintaining the security of Commission staff in a deteriorating context that seriously affects the operational environment for humanitarian actors and hinders their ability to carry out life-saving assistance. The Commission constantly monitors such volatile situations, and adapts its security set-up as necessary. In 2023, the Commission's security sector managed two security incidents involving staff and held several crisis management meetings on ongoing crises. Total evacuation was undertaken for our office in Sudan.

– In 2023, the Commission engaged at all levels with development and peace actors in all relevant settings, with the objective of increasing the coherence of the EU's action in a given context and thus jointly addressing the causes of fragility and seeking durable solutions for affected populations. In that context, the Emergency Social Safety Net was successfully handed over from humanitarian to development funding under the Neighbourhood, Development and International Cooperation Instrument – Global Europe in July 2023, in line with the EU humanitarian–development–peace nexus approach.

– The Commission also deployed the European Humanitarian Response Capacity, which is a set of operational tools designed to fill gaps in the humanitarian response to sudden-onset natural hazards and human-induced disasters. The mechanism was launched in 2022 and further developed in 2023. It responded to 16 crises affecting 15 countries (Afghanistan, Armenia, Burkina Faso, the Democratic Republic of the Congo, Egypt/Palestine, Kenya, Madagascar, Mali, Nepal, Niger, Somalia, Sudan, Chad, Syria and Ukraine). EUR 56 million has been allocated for the development and deployment of the European Humanitarian Response Capacity. Since its creation it has contributed to assisting more than 100 partners with logistical and stockpile services in 15 different countries, delivering humanitarian goods and transporting humanitarian workers to hard-to-reach areas. It has been a key tool in overcoming one of the main challenges of the programme, which is providing humanitarian aid assistance in zones where access is difficult.

– Regarding food security, the situation in 2023 remained largely unchanged compared to 2022, with 258 million people considered acutely food insecure in the world. At the end of 2023, five countries were considered at risk of famine, with Palestine being the most severe food crisis in recent times. This led to a surge in humanitarian needs throughout the year, far exceeding the available funding and resources. Food security appeals were funded only at around 35%. The proliferation and escalation of conflicts, high global food prices as a result of the Russian war of aggression in Ukraine, economic shocks and climatic events such as El Niño contributed to this situation. In this context, the Commission managed to mobilise additional resources from reserves, reaching around EUR 670 million for humanitarian food assistance in 2023. Whilst this is lower than the exceptional levels reached in 2022, it remains high compared to the average level of funding over the last several years. The Team Europe response to the global food crisis, adopted by the EU and its Member States in 2022, remains the frame of reference for a joint EU response. The European Commission committed EUR 8.3 billion for 2021-2024. Including Member State commitments, the pledge reached approximately EUR 18 billion for the same period.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	Yes	
SDG2	Yes	EU humanitarian funding for nutrition, which aims at providing life-saving interventions to the most vulnerable populations, has targeted severely malnourished children in Sudan, as well as children under 5 years of age and pregnant and lactating women in many countries including Syria. Moreover, the EU supports World Food Programme initiatives such as a voucher programme for fresh food with high nutritional values in Syria or emergency food distribution and cash in South Sudan.
SDG3	Yes	

SDG4	Yes	In Sudan – the third largest country in Africa – almost all school-age children (19 million) are currently not learning due to school closures related to the conflict that started in April 2023. The EU support specifically targets children affected by emergencies to continue their education. The project – implemented by UNICEF – will reach 15 000 girls and boys with digital education to ensure they can continue learning during the crisis. The support will also include establishing safe learning spaces in 100 conflict-affected communities or communities hosting displaced populations and training 200 facilitators on education-in-emergencies and psychosocial support. Total budget EUR 3 million.
SDG5	Yes	In Yemen, the Commission mobilised over EUR 5 million in partnership with Save the Children to monitor and report grave violations and other serious child rights violations and to deliver life-saving child protection. This action was implemented with a specific focus on gender: following specific consultations with girls; targeting specific problems for girls (child marriage, early pregnancies, school dropout and lack of safety); and with the aim of ensuring women and girls empowerment, equal access services as well as to community participation.
SDG6	Yes	Between 2021 and 2023 Water, Sanitation and Hygiene (WASH) services were provided were provided in Gambela, Tigray, Ethiopia under the programme and in collaboration with Oxfam. The budget of the project was around EUR 1.8 million.
SDG7	No	
SDG8	No	
SDG9	No	
SDG10	No	
SDG11	No	
SDG12	No	

SDG13	Yes	Following the impact of hurricane Otis on the West coast of Mexico, the EU provided EUR 1.3 million in humanitarian assistance to help address the most urgent needs of the affected population. As many as 270 000 homes have been impacted to varying extents. Key infrastructure has sustained significant damage, with over 120 healthcare facilities and 33 educational institutions affected. The funding will provide assistance to the most vulnerable, including shelter, water, sanitation and hygiene, as well as support for livelihoods and other basic needs. Furthermore, the EU has activated its Copernicus satellite service to provide damage assessments, producing over 14 maps to support the Mexican authorities. Moreover, since July 2023 the two regions are working on a signature of a memorandum of understanding to strengthen partnership to improve disaster preparedness, early warning, and climate resilience for the years to come.
SDG14	No	
SDG15	No	
SDG16	No	
SDG17	Yes	

CFSP

COMMON FOREIGN AND SECURITY POLICY

Programme in a nutshell

Concrete examples of achievements

1 000	137	11 401	> EUR 1.3 million
patrols were conducted by 50 ceasefire monitors of the European Union Mission in Armenia in 2023 to improve human security along the Armenia-Azerbaijan border.	public hearings on crimes against humanity, war crimes and other crimes under Kosovan (*) law were held in 2023 and streamed in the three languages of the court (Kosovo Specialist Chambers).	surplus or confiscated small arms and light weapons were destroyed worldwide under common foreign and security policy non-proliferation projects in 2023.	worth of equipment (information technology equipment, solar panels, backpacks, radios, bodycams, etc.) was provided in 2023 to Ukrainian civilian security sector authorities by the European Union Advisory Mission Ukraine.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

(*) This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

Budget for 2021-2027

(million EUR)

Financial programming	2 682.5
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0
Total budget 2021-2027	**2 682.5**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The common foreign and security policy (CFSP) contributes to the EU's objectives of preserving peace, strengthening international security, promoting international cooperation, and developing and consolidating democracy, the rule of law and respect for human rights and fundamental freedoms.

CHALLENGE

The EU faces several ongoing challenges in international security and stability. Key ones include organised crime, terrorism, people smuggling, irregular migration, the proliferation of conventional weapons and weapons of mass destruction, and security threats stemming from weak rule of law in some non-EU countries.

It is therefore essential for the EU to support non-EU countries in their related reforms, such as security sector reform and help them establish efficient civilian security services, thereby increasing their capacities to tackle internal and external security challenges.

Article 21 of the Treaty on European Union defines the common overarching principles and objectives of the EU's external action, which are namely to 'preserve peace, prevent conflicts and strengthen international security'. While the individual activities of Member States clearly contribute to achieving the goals of the EU's CFSP, the combined political weight of the EU helps to provide a critical mass to respond to global challenges. Regarding non-proliferation and disarmament activities, the EU's support provides significant benefits for the universalisation and effective implementation of international treaties, conventions and agreements addressing the proliferation of both conventional arms and weapons of mass destruction, including their delivery mechanisms.

MISSION

The CFSP actions aim to ensure the EU's ability to act and intervene to address civilian crises and to promote non-proliferation and disarmament through support for multilateral action. Interventions in both areas help the EU 'preserve peace, prevent conflict and strengthen international security', as envisaged under Article 21 of the Treaty on European Union.

OBJECTIVES

The CFSP pursues two specific objectives:

- to promote international cooperation in the field of security sector reform, to develop and consolidate democracy and rule of law, and promote human rights and fundamental freedoms;
- to promote strategic cooperation with international partners on the non-proliferation of weapons of mass destruction and on combating the illicit accumulation of small arms and light weapons and other conventional weapons, and to support the EU policy on conventional arms exports.

ACTIONS

The CFSP pursues its objectives by the following means.

- Various types of civilian common security and defence policy (CSDP) missions, depending on the Council of the European Union's mandate, for example advisory missions counselling host countries on drafting legislation in the security sector, or capacity-building missions providing hands-on operational activities.
- Various types of mandates of EU special representatives promoting EU policies all around the world.

Actions related to non-proliferation and disarmament. These are implemented through agreements with international organisations, notably within the United Nations family, and for specific purposes with other select organisations in the field of non-proliferation and disarmament.

STRUCTURAL SET-UP OF THE PROGRAMME

The CFSP is implemented primarily through indirect management for civilian CSDP missions and non-proliferation and disarmament actions, and to a lesser extent through direct management. The political direction of these actions is under the Political and Security Committee (PSC) and the High Representative of the Union for Foreign Affairs and Security Policy. The mandates of the civilian CSDP missions are agreed by the EU Member States. The lead service for the programming of CFSP actions is the European External Action Service, while the Commission is responsible for ensuring the sound financial management of the funds.

The CFSP is implemented based on individual decisions adopted by the Council. Under Articles 42(4) and 43(2) of the Treaty on European Union, the Council adopts the legal framework for civilian CSDP missions. Based on Article 28 of the treaty, Member States may decide to launch operational actions, for example

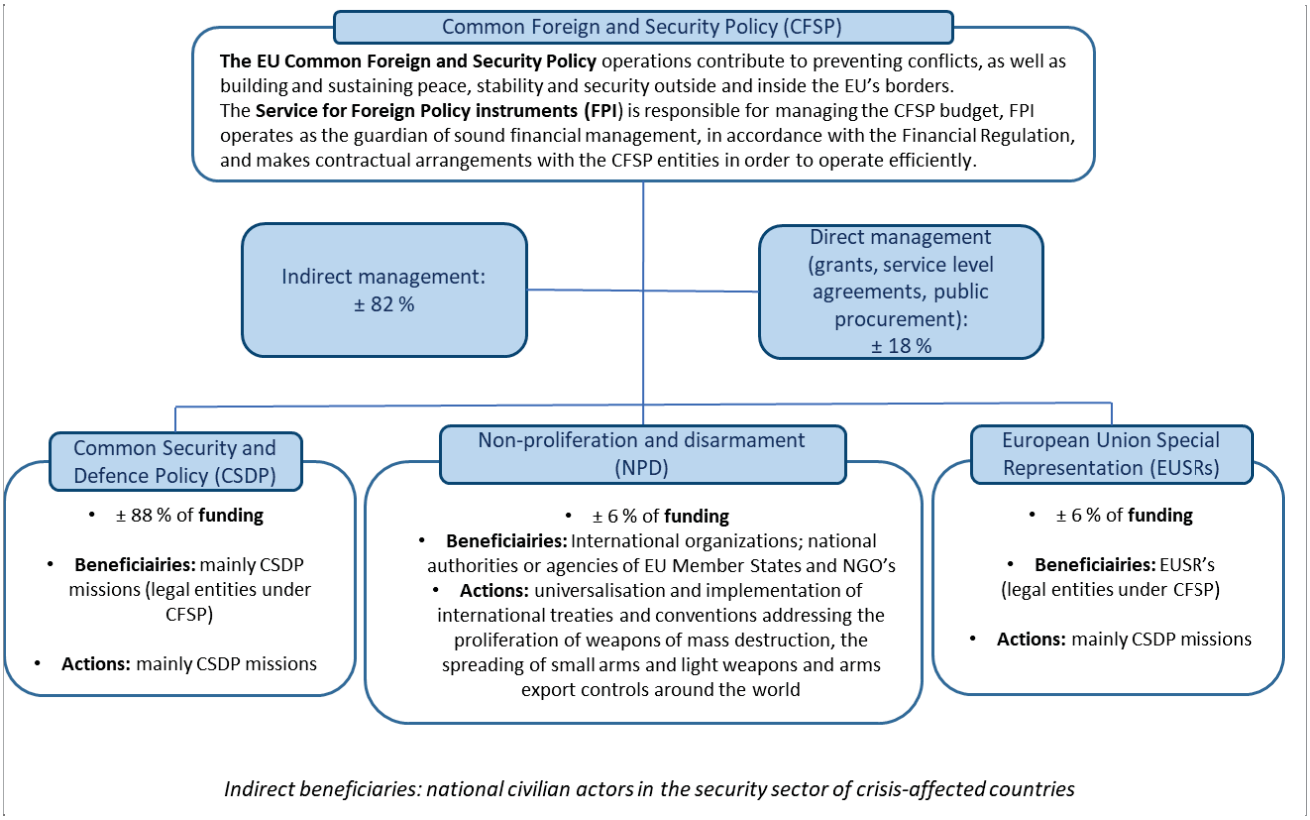
stabilisation actions. As regards actions in the field of non-proliferation and disarmament, the Council adopts decisions based on Articles 28(1) and 31(1) of the treaty.

The main share of funds is allocated to the budget lines in support of civilian CSDP missions to assist partner countries in border management, conflict prevention, combating organised crime and smuggling, reforming national security sectors, or monitoring the judicial system and the rule of law. Missions provide advice and training to local security sector actors and implement small-scale projects.

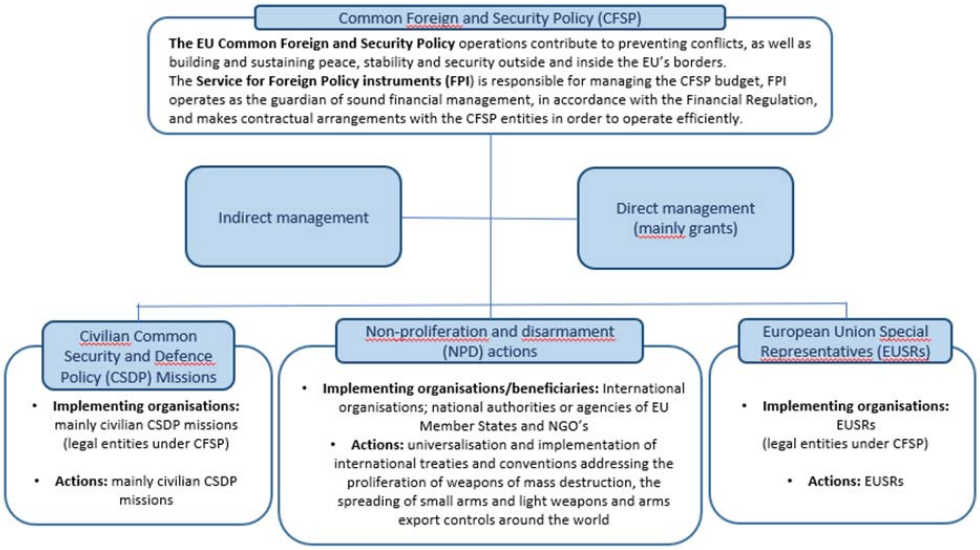
The European Union special representatives are independent CFSP entities that support the work of the High Representative in key regions and countries. They are appointed by the Council and entrusted with a mandate in relation to a particular policy issue.

CFSP-funded non-proliferation and disarmament actions contribute to the universalisation and implementation of international treaties and conventions addressing the proliferation of weapons of mass destruction, support measures to control the spreading of small arms and light weapons and promote effective arms export controls around the world. Actions are implemented through international partner organisations, in particular the United Nations, and for specific purposes by other select organisations in the field of non-proliferation and disarmament.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



Indirect beneficiaries: national civilian actors in the security sector of crisis-affected countries



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

Under the 2021-2027 multiannual financial framework, the CFSP remains a separate tool, but complementary to other conflict and crisis response instruments, for example the rapid response pillar of the Neighbourhood, Development, and International Cooperation Instrument (NDICI). It is expected to provide continued strong support for the non-proliferation of weapons of mass destruction and disarmament, with increased levels of support to match Member States' ambitions.

FURTHER INFORMATION

– CFSP-website. Impact assessment.

Reports on the implementation of the CFSP are produced annually by the European External Action Service. Further information is available in the CFSP annual reports.

– Relevant regulation.

- Tasks result from the European Commission's prerogatives at institutional level, as provided for in Article 58(2) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union.
  The CFSP is implemented based on individual decisions adopted by the Council.
  Under Articles 42(4) and 43(2) of the Treaty on European Union, the Council adopts the legal framework for civilian CSDP missions.
  Based on Article 28 of the treaty, Member States may decide to launch operational actions, for example stabilisation actions.

As regards actions in the field of non-proliferation and disarmament, the Council adopts decisions based on Articles 28(1) and 31(1) of the treaty.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	352.2	361.7	371.8	384.7	393.7	403.6	414.7	2 682.5
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**352.2**	**361.7**	**371.8**	**384.7**	**393.7**	**403.6**	**414.7**	**2 682.5**

(*) Only Article 15(3) of the financial regulation.



Financial programming:

+ EUR 3.8 million (+ 0%)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

Budget implementation

Voted budget implementation (million EUR) ([1]):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	352.0	351.9	345.9	328.7
2022	361.7	361.7	383.1	333.6
2023	371.8	371.8	386.1	380.6

(*) Voted appropriations (C1) only.(*) Voted appropriations (C1) only.

- CFSP actions funded under the 2014-2020 multiannual financial framework are still being implemented, and there continues to be a strong and direct link between the CFSP actions implemented under the 2014-2020 multiannual financial framework and the 2021-2027 multiannual financial framework.
- In 2021, 2022 and 2023, the Service for Foreign Policy Instruments committed and paid 100% of the voted appropriations to cover CFSP entities mainly operating through indirect management, as identified by Member States in the corresponding Council decisions.
- One of the main challenges is the structural oversubscription of the CFSP budget. Political ambitions from EU Member States in the Council are not aligned anymore with the available resources. Five new civilian CSDP missions have been established in Iraq, the Central African Republic, Armenia, Moldova and the Gulf of Guinea since 2017, including three in 2023, while only one mission (in Afghanistan) was closed during this period. The Commission has launched, together with the European External Action Service, a process to introduce some structural measures to generate savings and render the budget sustainable again. However, missions continue to struggle with the full implementation of their originally requested budgets. The Commission has therefore inter alia started to strictly implement a policy to allocate budgets based on past absorption rates.
- For 2024, the projected costs related to civilian CSDP missions, European Union special representatives and non-proliferation and disarmament actions already exceed the available commitment and payment credits. The High Representative submitted a proposal for a Council Decision on the EU Diplomatic Academy in 2023 and may submit a proposal for a new EU Special Representative for the Great Lakes in 2024.
- For 2025, the renewal of ongoing civilian CSDP missions, EU special representatives and non-proliferation and disarmament actions is projected to consume/exceed the requested commitment and payment appropriations. The Commission will continue to propose/implement mitigating measures to try and create some margin for new actions / urgent situations.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

CFSP actions and CSDP entities are not designed to tackle the green priorities, as is the case with action documents under cooperation instruments.

Some entities have internal procedures favouring green procurement. However, as operations mainly focus on providing advice and developing capacities in the civilian security sector, their impact on the abovementioned horizontal issues remains very limited.

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming									
Biodiversity mainstreaming									
Clean air									

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2	0.0	0.0	0.0	0.0
1	291.9	281.7	264.0	837.6
0*				
0	60.1	80.0	107.8	1 085.5

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender-disaggregated information.

- N/A

– The European External Action Service assessed that all civilian CSDP missions, except the newly established EU Partnership Mission in Moldova and the Gulf of Guinea initiative, have gender equality as an important objective (Development Assistance Committee gender equality marker 1 ([61])). This assessment is based on several elements. First, the missions have full-time gender advisers and gender focal point networks. In addition, the missions implement guidelines on gender mainstreaming. The missions also collect sex-disaggregated data, provide training courses on gender mainstreaming and on women, peace and security, and conduct operational activities to advance gender equality and/or the implementation of the women, peace and security agenda. Finally, the European External Action Service and the Member States are committed to enhancing the share of female staff in the missions. The 2023 civilian CSDP compact sets a target of 40% women among international mission staff by the end of 2027. The selection procedures prioritise women over men.

As mentioned above, 100% of the assessed civilian missions have gender equality as an important objective (Development Assistance Committee gender targets score 1), which represents the following paid amounts:

2021: score 1: EUR 341.9 million ([62]),
2022: score 1 : EUR 348.7 million,
2023: score 1: EUR 314.1 million.

Contribution to the digital transition (million EUR):

The objective of the programme is to promote international cooperation in security sector reform, democracy building and human rights protection, while also fostering strategic partnerships to address weapons non-proliferation and combat illicit arms accumulation. The programme therefore does not contribute to the digital horizontal priority.

	2021 implementation	2022 implementation	2023 implementation	Total	% of the total envelope
Digital contribution					

([61]) The OECD tracks and analyses development financing in support of gender equality and women's rights using the Development Assistance Committee gender equality policy marker.

([62]) As per European External Action Service note Ares(2023)6824349 of 9 October 2023, all civilian missions, except EU Partnership Mission in Moldova and the Gulf of Guinea initiative, are assessed as having Development Assistance Committee gender marker 1 from 2021.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Percentage of contribution agreements with EU special representatives and civilian CSDP missions signed within 4 weeks after the adoption of the Council decision	0	**70%**	100% in 2028	Average for 2021 to 2023: 70%, compared to a target of 100%.	On track
Percentage of civilian CSDP missions coordinating with interventions financed under other EU instruments	0	**100%**	100% annually between 2021 and 2027	Average for 2021 to 2023: 100%, compared to a target of 100%	On track
Percentage of positively pillar (or similar) assessed civilian CSDP missions not requiring supervisory measures	0	**94%**	100% in 2028	Average for 2021 to 2023: 94%, compared to a target of 100%.	On track
Percentage of relevant non-proliferation and disarmament actions that are complementary to actions funded under the peace, stability and conflict prevention programme of the Neighbourhood,	0	**100%**	100% annually between 2021 and 2027	Average for 2021 to 2023: 100%, compared to a target of 100%	On track

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Development and International Cooperation Instrument – Global Europe

(*) Average of results compared to average of milestones during the 2021-2022 period.

– The EU has significantly enhanced its operational capacity and footprint in recent years thanks to the key contributions to global peace and security of the 14 civilian CSDP missions and operations within the framework of the EU's integrated approach to external conflicts and crises. This improves the security of the EU and its citizens.

– The European Commission provided the necessary funds in a timely manner through contribution agreements, which ensured the missions' operational capacity. The funds allowed the recruitment and training of staff by the missions and the provision of the logistical support to carry out the operations. Nevertheless, civilian missions operating in sometimes insecure environments are facing continuous difficulties in recruiting the required number of staff with the necessary skills to carry out the relevant job functions.

– In 2023, the Commission continued to support efforts to curb the proliferation of weapons of mass destruction and the illicit accumulation and trafficking of small arms, light weapons and other conventional weapons by implementing 31 non-proliferation and disarmament actions.

– In general terms, despite delays due to the COVID-19 pandemic, the actions launched during the previous multiannual financial framework are performing well when measured against the indicators in the logical frameworks.

– The actions effectively supported the implementation of various non-proliferation treaties, conventions and other instruments or programmes by non-EU countries. This was achieved by strengthening the capacities of their relevant national authorities through training courses, workshops, study visits and other activities and by providing legal assistance, infrastructure investment and equipment. They also effectively supported the documentation and tracing of diverted or trafficked conventional arms and their ammunition, the disposal of surplus or confiscated small arms and light weapons and investigations into the alleged use of chemical weapons, along with outreach activities to support the universalisation of the various non-proliferation treaties, conventions and instruments.

– The EU's support for the non-proliferation multilateral architecture plays a key role in efforts to defend the international rules-based order, which is being undermined following Russia's war of aggression against Ukraine.

– With regard to the indicator 'Percentage of contribution agreements with EU special representatives and civilian CSDP missions signed within 4 weeks after the adoption of the Council decision', the Commission concluded 13 out of 15 agreements (i.e. 86.7%) within the deadline in 2023. The signature of the contribution agreement with the EU security and defence initiative in support of West African countries of the Gulf of Guinea was delayed, as the Political and Security Committee appointed the head of the Civilian Command and Support Cell of the initiative more than 2 months after the adoption of the Council decision establishing the initiative.

– For the indicator on pillar assessments, it should be noted that 10 out of the 14 civilian CSDP missions were exempted from the pillar assessment requirements in October 2023, in accordance with Article 154(6)(a) of the financial regulation. The EU Advisory Mission in the Central African Republic was positively pillar assessed in October 2023. The newly established EU Mission in Armenia and the EU Partnership Mission in Moldova are to be pillar assessed in 2024. None of the

positively pillar assessed civilian CSDP missions require any supervisory measures, and the result for this indicator is therefore 100%.

– Being able to deliver with the CFSP budget will largely depend on enhanced alignment between the political ambitions and the available resources, creating more budgetary space and thus the necessary flexibility to address new and upcoming emergencies and priorities.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	No	
SDG2	No	
SDG3	No	
SDG4	No	
SDG5	Yes	As mentioned above, all civilian CSDP Missions, except the newly established EUPM Moldova and the Gulf of Guinea Initiative, are assessed as having gender equality as an important objective (Development Assistance Committee gender equality marker 1). This assessment is based on the fact that the Missions have full time gender advisers and a gender focal point networks, implement guidelines on gender mainstreaming, implement the strategy and action plan to enhance women's participation in civilian CSDP missions, collect sex-disaggregated data, provide trainings on gender mainstreaming and women, peace and security, and conduct operational activities to advance gender equality and/or implementation of the women, peace and security agenda.
SDG6	No	
SDG7	No	
SDG8	No	
SDG9	No	
SDG10	No	
SDG11	No	
SDG12	No	

SDG13	No	
SDG14	No	
SDG15	No	
SDG16	Yes	**Civilian CSDP mission in Armenia supporting the reduction of violence** Through the conduct of routine patrolling and reporting on the situation on the ground and on any conflict related incidents, the newly established EU mission in Armenia contributes to confidence-building between Armenia and Azerbaijan. As an impartial and credible actor, the mission contributes to the creation of a safe and stable environment in conflict-affected areas in Armenia, within which improved human security and the normalisation of relations between Armenia and Azerbaijan on the ground will allow for further progress towards a potential peace agreement. In 2023, the Commission committed EUR 16.6 million for the mission. **Arms export control and non-proliferation** The iTrace IV action contributed to the prevention of diversion and illicit trafficking of conventional arms and their ammunition by documenting and tracing those arms and ammunition. In 2020-2023, the iTrace IV action documented 3 885 conventional weapons and 95 308 rounds of ammunition in conflict-affected areas, including Afghanistan, Northeast Syria, Somalia, and the Sahel region. The iTrace IV action also sent 2 488 trace requests to national authorities of the arms exporting states and received 891 responses. The maximum EU contribution for the iTrace IV action was EUR 5.5 million.
SDG17	No	

DOAG

DECISION ON THE OVERSEAS ASSOCIATION, INCLUDING GREENLAND

Programme in a nutshell

Concrete examples of achievements

13	76%	421	1
hotspots were connected to the fibre-optic cable in 2023 infrastructure to create an emergency public Wi-Fi network to allow Saint-Barthélemy's inhabitants to keep communicating and get help in post-disaster situations (63).	of Greenland's ([64]) children attend preschool in 2023, a rate that is 7 percentage points higher than 10 years ago and that has consistently been on the rise. This is particularly a success in hard-to-reach rural areas, where coverage has increased by almost 10 percentage points ([65]).	young people (around 30% of the total 'young' population) of Saint Pierre and Miquelon gained skills in sustainable tourism in 2023. This will enable decent jobs to be created and increase the employability of young people as a potential driver of the green and just transition (66).	Sustainable Island Solutions through Science, Technology, Engineering and Mathematics (67) faculty was established at the University of Aruba in 2023, with the capacity to train 29 bachelor's students (34% women), along with five master's students, 10 PhD students and one postdoctoral student (72% women).

([63]) Saint-Barthélemy disaster risk management budget support programme for 2021-2027 (DOAG),

([64]) Greenland education budget support programme for 2014-2020 (EU budget).

([65]) Greenland education budget support programme for 2021-2022 (EU budget – DOAG).

([66]) Saint Pierre and Miquelon budget support programme on sustainable tourism for 2021-2027 (DOAG).

([67]) Aruba higher education programme for 2014-2020 (11th European Development Fund).

1	13	4	
new solar park (with a capacity of 1 megawatt) has been operational in Saba (68) since 2019, achieving renewable energy coverage of 40%, with an ultimate target of 60% by 2025 thanks to new infrastructure (adding extra megawatts), which is yet to be built (69).	municipalities in French Polynesia benefited in 2022 from financial aid intended for the renovation of networks and reservoirs, the installation of meters and technical studies, within the framework of EU support for municipalities in implementing environmental competencies in drinking water and wastewater sanitation ([70]).	Caribbean OCTs' data, statistics or information systems were introduced or updated in 2023 for the protection of marine biodiversity as part of the Caribbean OCTs regional programme ([71]).	

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming	500.0
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	35.0**
Total budget 2021-2027	**535.0**

([68]) Saba renewable energy budget support programme for 2014-2020 (11th European Development Fund).

([69]) Saba renewable energy budget support programme for 2021-2027 (DOAG).

([70]) French Polynesia sustainable water management budget support for 2021-2027 (DOAG).

([71]) Regional Caribbean programme for 2014-2020 (11th European Development Fund).

(*) Only Article 15(3) of the financial regulation.

(**) Corresponds to Investment Facility reflows

Rationale and design of the programme

The decision on the association of the overseas countries and territories (OCTs), including Greenland, with the EU (under the decision on the overseas association, including Greenland – DOAG) providing an updated legal framework to support action by the 13 OCTs in tackling the challenges they face and ensuring their economic and social development. The three main building blocks of the EU OCT partnership are political and policy dialogue, commercial exchanges and financial cooperation. For the first time, the DOAG also incorporates Greenland, placing all OCTs firmly under the same instrument and under the same source of funding: the EU budget (OCTs other than Greenland previously benefited from the European Development Fund).

The OCTs have wide-ranging autonomy, covering areas such as economic affairs, labour market, public health, home affairs and customs. At the same time, as non-sovereign entities, they are part of the territory of three EU Member States (Denmark, France and the Netherlands). For instance, defence and foreign affairs usually remain within the remit of the Member States. While the around 1 million OCT inhabitants are EU citizens, their territory is not directly part of the EU, though they have been associated with the EU since the Treaties of Rome. Except for Wallis and Futuna, OCTs are not eligible for development aid under Organisation for Economic Co-operation and Development criteria.

CHALLENGE

OCTs are especially vulnerable to climate change and environmental degradation due to their geography (all are islands). At the same time, almost all are in global biodiversity hotspots and – together with the outermost regions – they account for the vast majority of EU biodiversity. They face major challenges in terms of ensuring economic diversification (including moving away from an overreliance on potentially volatile tourism revenues), competitiveness, digital transformation, education, and connectivity (several of the OCT islands are remote and isolated).

The DOAG provides an updated legal framework to support action by OCTs in tackling such challenges and ensuring their sustainable economic and social development.

MISSION

The EU–OCT associations constitutes a partnership to support the OCTs' sustainable development, as well as to promote the values and standards of the EU in the wider world. The general objective of the DOAG is to promote the economic and social development of the OCTs and to establish close economic relations between them and the EU, which can only be achieved through cooperation at EU level.

The DOAG pursues this general objective by enhancing competitiveness of the OCTs, strengthening their resilience, reducing their economic and environmental vulnerability, and promoting cooperation between them and other partners, including the EU as a whole.

The EU has an interest in supporting the OCTs. They belong to the EU family and share the same values and policy priorities. Located in the Atlantic, Antarctic, Arctic, Caribbean, Indian Ocean, and Pacific regions they connect the EU to all four corners of the globe. They are important EU ambassadors in their regions. OCTs bring with them important assets, such as a vast Exclusive Economic Zone (12 million sqm –highly relevant for ocean governance), host critical infrastructure (Galileo) and avail of many critical raw materials. At the same time, the OCTs benefit from the EU's significant expertise in sustainable development and the green transition as well as the privileged access to the EU market.

OBJECTIVES

The association between the EU and the OCTs is based on the pillars of political and policy dialogue, trade, and cooperation. The specific objectives of the DOAG are:

- to foster and support cooperation with OCTs, including addressing their major challenges and reaching the United Nations' sustainable development goals;
- to support and to cooperate with Greenland in addressing its major challenges, such as raising the education level, and to contribute to the capacity of its administration to formulate and implement national policies.

ACTIONS

Cooperation through the DOAG takes place via the following main types of action:

- geographic/bilateral cooperation with individual OCTs;
- regional programmes benefitting OCTs in the Caribbean, Pacific and Indian Ocean regions, based on shared needs;
- intraregional programmes for cooperation between one or a group of OCTs and one or more non-OCT neighbours, who would participate with their own funds;
- technical assistance and institutional support;
- additionally, the DOAG sets aside a 'reserve' to help OCTs respond to unexpected circumstances, emerging challenges (e.g., migratory pressures) and new international priorities.

STRUCTURAL SET-UP OF THE PROGRAMME

The programme is implemented under direct management by the Commission from its headquarters and/or through the EU delegations and EU offices, and under indirect management by entities such as Member State agencies or international organisations that ensure a level of protection of the EU's financial interests equivalent to that under direct management. Indirect management may also be entrusted to partner countries or the bodies they designate.

The lead directorate-general is DG International Partnerships, in cooperation with DG Regional and Urban Policy, DG Trade and other line directorates-general – especially on the external dimensions of internal policies such as climate, environment, energy and digital.

In line with its specific objectives, the DOAG operates through two main pillars:

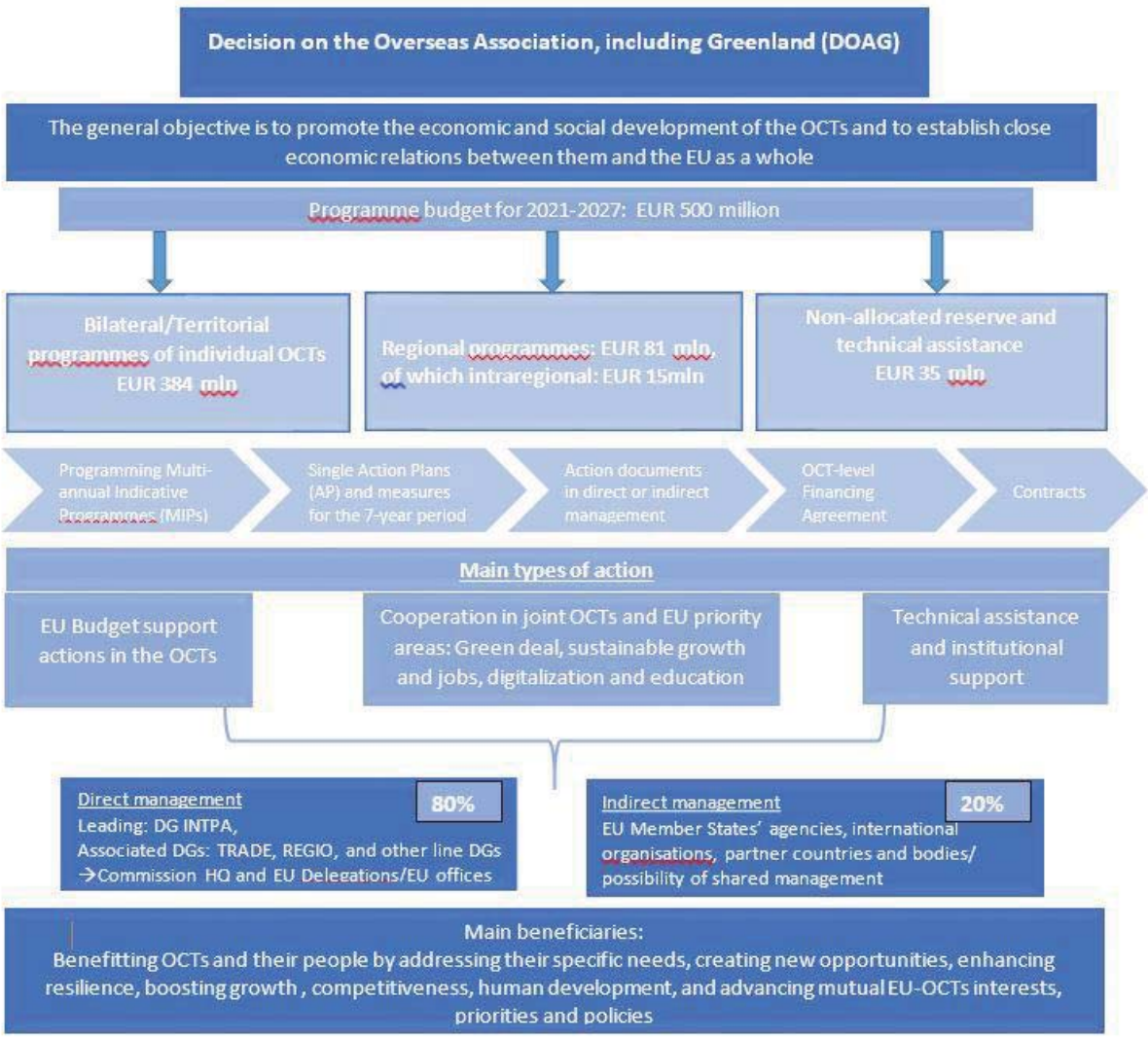
– bilaterally and (intra-)regionally, to support OCTs in addressing major challenges and to achieve the United Nations' sustainable development goals (SDGs);

– through a dedicated pillar for Greenland cooperation notably to raise educational levels and to address other major challenges and to enhance administrative capacity to formulate and implement national policies.

The programme has a reserve for emerging challenges and will also benefit from the EIB Investment Facility reflows.

Moreover, the DOAG programme is transversally reinforced through other EU programmes to which the OCTs are eligible, including for investment with InvestEU, the thematic programmes of the Neighbourhood, Development, as well as other International Cooperation Instruments – such as Global Europe, Erasmus+ and Horizon Europe.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

Under the 2014-2020 multiannual financial framework, cooperation with OCTs was carried out under both the overseas association decision (which also applied to Greenland) and the additional Greenland decision. For simplification purposes and taking into account the 2017 midterm evaluation of external financing instruments, the overseas association decision and the Greenland decision were merged into a single new DOAG under the 2021-2027 multiannual financial framework.

With the 'budgetisation' of the European Development Fund under the 2021-2027 multiannual financial framework, the EU budget became the unified source of financing for all OCTs. For the first time, the DOAG benefits from an earmarked envelope for strengthened cooperation with non-OCT neighbours and two horizontal spending targets: 25% of the overall DOAG envelope for climate-change objectives; and 7.5% of annual spending for biodiversity objectives in 2024 and 10% in 2026 and 2027.

With the new external financing architecture, OCTs are eligible for investment financing from InvestEU, as the DOAG no longer provides for a dedicated OCT investment facility.

OCTs are also eligible for the thematic and rapid response initiatives of the Neighbourhood, Development, and International Cooperation Instruments – Global Europe, and as a matter of principle they are eligible for EU horizontal programmes.

FURTHR INFORMATION

- Programme website:
  - DOAG.
- Impact assessment:
  - the impact assessment of the association of the OCTs with the EU was carried out in 2018;
  - for further information please consult: https://europa.eu/!gh96VH.
- Relevant regulation:
  - Council Decision EU 2021/1764.
- Evaluations:
  - strategic evaluation of the EU–OCT financial cooperation 1999-2009;
  - from 2023, the midterm evaluation of the instruments was prepared, including a staff working document – the final evaluation report should be available in 2024.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	67.0	69.0	70.0	71.4	72.9	74.3	75.4	500.0
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	35.0**	0.0	0.0	0.0	0.0	35.0
Total	**67.0**	**69.0**	**105.0**	**71.4**	**72.9**	**74.3**	**75.4**	**535.0**

(*) Only Article 15(3) of the financial regulation.

(**) Corresponds to Investment Facility reflows

Financial programming:

+ EUR 0.0 million (+ 0%)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	206.1	535.0	38.5%
Payments	77.9		14.6%

Voted budget implementation (million EUR) ([1]):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	63.3	67.0	0.7	25.2
2022	68.2	69.0	29.2	50.5
2023	69.6	70.0	46.3	58.6

([1]) Voted appropriations (C1) only. The DOAG allows for automatic carry-over and implementation of appropriations to year *n* + 1 (C2). The two items not reflected in this table are: automatic carryover of 3.7 million on CA that were committed in 2022 and automatic carry-over of 7 million in PA from 2023 to 2024. This additional information gives a more complete picture of financial performance.

- As of December 2023, all the 16 programming documents for OCT cooperation (called multiannual indicative programmes) were adopted.
- The implementation of the financial assistance is well on track.
- Five Commission decisions were adopted in 2023, for a total of EUR 119.75 million, consisting of two annual action plans for bilateral programmes in OCTs: water and sanitation in Bonaire (EUR 4.6 million) and Green Growth in Greenland (EUR 22.5 million), one for regional cooperation (biodiversity in the French Southern and Antarctic Lands, EUR 4 million), and three multiannual decisions on e-government in Aruba (EUR 14.2 million, out of which half of commitments credits in 2023 and the rest in 2024), education in Greenland (EUR 71.25million, out of which zero for commitment credits in 2023 and EUR 30 million in 2024 and EUR 41.25 million in 2025, and one for support initiatives (for a total of EUR 3.4 million, of which EUR 2.2 million commitments credits in 2023 and EUR 1.2 million in 2024).
- For 2024 five annual initiatives are planned for a total of EUR 115.85 million, also requiring multiannual decisions (EUR 58 million of the 2025 commitment appropriations).
- Summarising the above, in 2021 all available funds were focused on providing support to Greenland. In the following year, the attention shifted to territorial, i.e., bilateral programmes. Starting from 2023 onwards all components of the instrument will be covered.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

Implementation	Estimates	

	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming		53.4	54.7					108.1	22%
Biodiversity mainstreaming	0.0	12.9	42.6					55.5	11%
Clean air									

- The Green Deal is pivotal to the new EU–OCT cooperation. The DOAG, with its EUR 500 million envelope for 2021-2027, sets specific targets for priority areas of mutual interest, such as climate change and biodiversity. Spending targets for climate action (25%) and biodiversity (7.5% in 2024, 10% in 2026-2027) are therefore included.
- Given the vulnerabilities of the OCTs as islands, the major sectors of intervention under the 11th European Development Fund for the 2014-2020 period included the environment, climate change and sustainable energy. For 2021-2027, the Green Deal has even emerged as a key priority of EU–OCT cooperation. Most (9 out of 12) bilateral multiannual indicative programmes have a strong Green Deal focus (Bonaire, Curaçao, French Polynesia, Greenland, New Caledonia, Saba, Saint Barthélemy, Sint Eustatius, Sint Maarten), along with the three regional multiannual indicative programmes (Indian Ocean, Pacific and Caribbean). More than 40% of the overall resources will be mobilised for Green Deal cooperation, such as renewable energy, water, disaster risk reduction, sustainable agriculture and green growth.
- In 2021, the Greenland annual action programme and support initiatives were committed. They did not include markers on biodiversity or climate change. In 2022, seven initiatives were committed with positive climate coefficients.
- The 2022 implementing initiatives for French Polynesia, New Caledonia, Saba, Saint Barthélemy, Sint Eustatius, and Saint Pierre and Miquelon will contribute to the climate and biodiversity targets.
- In French Polynesia, the programme (EUR 31.1 million) aims, among other things, to preserve and restore ecosystems and biodiversity and to better monitor, report on and prevent water pollution. The initiative aims to safeguard the environment and biodiversity while also fostering adaptation to climate change by promoting the more efficient use of water.
- In Greenland, the multiannual indicative programme's second priority area – green growth (EUR 22.5 million) – will support the extension of a renewable energy supply, to ensure that the economic development of the island is sustainable and as carbon neutral as possible. Also in line with the Green Deal and climate adaptation goals is its second goal, the protection of biodiversity, as Greenland's flora and fauna are particularly affected by climate change in the Arctic region, and the island is heating up more quickly than the rest of the planet. Lastly, as Greenland is an important territory in which to study climate dynamics, the support for research coordination provided for in this priority area will contribute to a better understanding of the related challenges.
- In New Caledonia, the programme (EUR 30.9 million) aims to green the mining sector, develop decarbonised mobility and develop the sustainability and resilience of the territory. Therefore, the direct and indirect results of the programme will contribute to the fight against climate change and will foster environmental protection.
- A clean-energy transition with climate mitigation as the principal objective will be the focus of the 2021-2027 territorial cooperation with Saba (EUR 4.1 million, budget support,

implementation will start in 2023), and the multiannual programme for Sint Maarten (EUR 7.7 million) also focuses on the renewable energy transition.

– Saint Barthélemy's budget support programme for disaster risk management (EUR 2.5 million), is interlinked with climate adaptation. The EU's support in this sector will contribute to developing integrated risk reduction management in Saint Barthélemy, but also, more broadly, to the island asserting its role as a leader and main trusted partner in the fight against climate change in the Caribbean region, which one of the regions of the world most vulnerable to its impacts.

– In Saint Pierre and Miquelon, the programme (EUR 27 million) aims to support the development of sustainable tourism. Several planned initiatives with a contribution to the green priorities, to be carried out by the territorial collectivity, are in hand. The forest management plan provides for the protection of natural areas and remarkable sites. Furthermore, the territorial collectivity has developed a planning document for the sustainable development of the territory. This document is intended to both address the risks to the territory and protect the biodiversity of the coastal zone.

– For the first time, the sustainable agriculture sector was selected in an OCT, in Sint Eustatius (EUR 2.9 million, budget support, implementation started in 2023). This was instigated by the current disruptions in food supplies and the need to boost food security and increase the resilience of the island's own food-production systems (the Caribbean OCTs are highly dependent on food imports). The initiative will enhance food security in the face of climate change and biodiversity loss, reduce the island's environmental and climate footprint and provide opportunities for local operators in the different segments of the food value chain. The action is fully aligned with the Green Deal (under the farm-to-fork strategy). In 2023, the project started with the contractualisation of the technical assistance. The first results will be known by the end of 2024, with the first disbursement.

– In 2023, the Aruba programme intends to support Aruba's digital transition (EUR 14.2 million, budget support) by introducing digital technologies into the work processes of government, by ensuring accessible digital public services and by developing new businesses. It will also contribute significantly to gender equality.

– Bonaire's action focuses on water management and sanitation (EUR 4.6 million, budget support). The action will address sustainable sewage collection and treatment for the protection of biodiversity against pollution, safeguarding public health by increasing access to sanitation. It will also promote the circular economy by recycling wastewater resources for agricultural irrigation. It targets the climate, gender and biodiversity.

– The green growth project for Greenland (EUR 22 million, budget support) will support Greenland's sustainable development and economic diversification by increasing the use of renewable energy for the production of clean fuels, enhancing the development of new sustainable raw material value chains and expanding the protection of biodiversity, the environment and the climate. It targets the climate, gender, biodiversity and digitalisation.

– The education project for Greenland (EUR 71.25 million, budget support) will also contribute to the sustainable development and diversification of the Greenlandic economy by improving the quality of the education system, learning outcomes and entrepreneurial and innovation skills; emphasising projected labour market demands; reducing inequality; improving the well-being of students; boosting cohesion and inclusiveness in society; and increasing efficiency in the education sector (including spending) and completion rates in upper secondary education and vocational education and training, along with the rate of progression from lower secondary.

- The French Southern and Antarctic Lands project (EUR 4 million, project) will improve the management of marine ecosystems and natural resources by strengthening the knowledge and

monitoring of marine ecosystems in the south-west Indian Ocean in order to develop appropriate conservation measures.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1	60.0	2.4	64.7	**127.1**
0*				
0	3.3	65.8	4.9	**74**

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender-disaggregated information.

- N/A

– While no specific target was set for 2014-2020 EU–OCT cooperation concerning gender equality, care will continue to be taken to ensure that all cooperation programmes include a focus on gender equality. Indeed, the DOAG programme explicitly states that gender equality should be mainstreamed into all initiatives as a key contribution to the successful achievement of the SDGs. Consequently, all new initiatives aim to ensure that gender aspects are considered to the best extent possible, notably through sex-disaggregated data.

– With OCTs being Member State territory, they are subject to the respective national legislation, which includes the progressive application of EU legislation in this matter even though OCTs are not bound by the EU *acquis*. Therefore, no initiatives target gender equality specifically, but gender equality is mainstreamed in all new cooperation initiatives as a significant objective (G1 marker), while there are no initiatives with gender equality as the main target (G2).

– French Polynesia (G1). Action regarding equitable access to water and to appropriate hygiene conditions responds to a crucial issue regarding the health of women and children. However, gender-disaggregated data on access to water in French Polynesia do not yet exist. The gender issue in connection with the sustainable management of water will mainly be raised within the framework of the policy dialogue. The action will also support the production of sex-disaggregated data.

– Greenland (G1). Cooperation on education has several indicators disaggregated by gender, and one of its specific objectives is increased equality in the education system, including on gender. Female students perform particularly well in upper secondary and higher education. Young people in Greenland face the specific challenges of underperformance by male students and socio-psychological issues, along with gender-based violence.

– New Caledonia (G1). The energy sector is influenced by a set of persistent gender inequalities, which can be summarised as gender gaps in energy access, in the energy labour market, in energy-related education and in decision-making in the energy sector. The EU initiative and the policy dialogue will help the policies arising from the programme to address these inequalities. Moreover, the initiative will also support the production of sex-disaggregated data.

– Saba (G1). Action on energy transition will support a more affordable, sustainable and reliable energy supply, and will foster gender equality (better access to energy by women). It also has a gender-sensitive indicator, with a specific strategy for the sector to be drafted by 2025 (supported by technical assistance).

– Saint Barthélemy (G1). Cooperation on risk management has a gender-related goal (public policy documents taking gender into consideration).

– Saint Eustatius (G1). Cooperation in the field of sustainable agriculture, promoting a gender-sensitive agricultural-sector policy framework and minimum gender targets for the funding scheme. A gender-sensitive analysis of the agricultural sector will also be done, supported by technical assistance.

– Saint-Pierre and Miquelon (G1). The territorial government is committed to implementing several initiatives for the careers of young women and men in the territory, in particular e-training courses. This training contributes to the better integration of women into the labour market. Moreover, the EU initiative will support the production of sex-disaggregated data and gender analysis relating to the sector. It will also seek to build the capacity of stakeholders in relation to the gender and human-rights approach.

– Support initiatives are driven by demand; therefore, they do not specifically target gender issues and are scored at 0 in the above table.

- Greenland (G1). In 2023, two new programmes were adopted that include targets on gender equality as significant objectives. The new budget support programme on education has an increased focus on gender and a human-rights-based approach to how progress is measured, with additional indicators disaggregated by gender and by age, and is looking into helping the government of Greenland to be able to provide data on the disability status of students. While mainstreaming gender equality (which in Greenland is increasingly an issue for boys and young men, who are underperforming in the education sector), specific actions target student well-being and the issues faced by girls and women, such as gender-based violence. The new green growth programme – centred on renewable energy, critical raw materials and environmental protection – includes the goal of promoting the inclusion of women in these mostly male-dominated sectors.

- Aruba (G1). Cooperation on e-government/digital has the gender-related goal of approaching digitalisation as a key enabler for women's empowerment and gender equality, notably by addressing the differentiated impacts of technology and building capacities and partnerships to dismantle discrimination, stereotypes and other barriers.

- Bonaire (G1). Cooperation in the field of water management and sanitation, promoting a gender-sensitive water governance system and mainstreaming gender in the sanitation and wastewater sector (public policy documents taking into account gender responsiveness).

– French Southern Antarctic Lands (GO). These islands are uninhabited.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	0.0	11.8	15.7	27.5	13%

– During the 2014-2020 period, important work was carried out on digital connectivity with Wallis and Futuna (EUR 19.6 million) and Saint Helena (EUR 21.5 million).

– Under the DOAG programme, cooperation with Aruba in 2021-2027 will prioritise the digital transformation (e-government, EUR 14.2 million). As programming finished in 2022, the formulation of the implementing measure took place in 2023. Implementation will therefore only begin in 2024. The ongoing cooperation on education with Greenland includes the provision to extend and improve the use of digital technologies in the field, for instance to battle the chronic lack of qualified teaching staff in remote locations. The government launched an evaluation of the information technology strategy in education in 2022, and drafted a new action plan for digital and distance learning in 2023.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline (*)	Progress	Target	Results	Assessment
For OCTs except Greenland, exports of goods and services as a percentage of gross domestic product	19.2%	N/A		29.5% in 2022	Not applicable
For OCTs except Greenland, total government revenue as a percentage of gross domestic product	26.9%	N/A		27% in 2022	Not applicable
For Greenland, exports of goods and services as a percentage of gross domestic product	26.4%	N/A		24.9% in 2021	Not applicable
For Greenland, the percentage of the fisheries sector in total exports	91.4%	N/A		94.4% in 2021	Not applicable

(*) Baseline year is 2020.

The indicators presented above are based on data from various statistical sources in each OCT. The baseline was established by calculating a proxy based on available data, with the year 2020 serving as the reference point. As data for 2023 (and 2022 for Greenland) are not yet available, progress is shown using the most recent data available from each OCT, which, in most cases, is from 2022. It is important to note that a direct contribution by the cooperation provided for under the DOAG to the achievement of these indicators cannot be established, as most of the cooperation programmes do not directly support exports of goods and services, and only indirectly support government revenue generation (through cooperation on public financial management). Therefore, no targets are set.

However, the DOAG programme is performing well with efficient and completed programming, the adoption of numerous implementing initiatives and successful implementation, including meeting the targets for variable tranches of budget support. All of the programming documents for the DOAG are in place (16 in total, of which 12 are territorial, three are regional and one is intraregional), and implementation has started swiftly (42% of the total allocation is already committed for the end of 2027). The initiatives are both based on priority policies for the OCTs and in line with EU priorities. Of the 11 initiatives already under implementation, eight are Green Deal related (the clean-energy transition, sustainable agriculture, water management and biodiversity), one major initiative (to the amount of

EUR 60 million) supports Greenland in improving its education system, one will foster the sustainable economic transition by promoting sustainable jobs and growth and one action will improve digitalisation through e-government.

As an alternative to the general proxy indicators, a good marker of the DOAG's performance can be based on individual performance at programme level. One programme, the EU–Greenland education partnership, was running in 2022, using budget support to increase the quality, equality and efficiency of the island's education system. The programme reached all the variable tranche targets in 2022, resulting in the disbursement of the full related amount of EUR 30 million. These targets included: (1) enhancing institutional coordination in the sector (a coordinating body was created); (2) improving social guidance, student well-being and inclusion (an action plan was drafted); (3) embracing digitalisation through e-learning and an overhauled IT strategy (an evaluation was launched); and (4) fostering entrepreneurial skills and innovation (successful stakeholder consultations were held). These initiatives represent important steps towards the programme's goals and confirm budget support as a reform driver.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	yes	With the COVID-19 pandemic and, more recently, high inflation and the global impact of the war in Ukraine on food supplies and food security, global poverty has increased, and this is also the case in the OCTs. As part of the EU's global response to COVID-19, OCTs benefited from reorientations of ongoing programmes and the front-loading of budget support operations, as well as mobilising all remaining funds from the B-envelope (emergency assistance) to the total amount of EUR 111 million. This highlights the importance for the EU–OCT partnership to continue the fight against inequalities and poverty (see also below on SDG 10).
SDG2	yes	OCTs share vulnerabilities, resulting in a complex set of food security and nutrition challenges. For 2021-2027, the EU is supporting sustainable agriculture, food security and nutrition in the Pacific region (regional multiannual indicative programme, EUR 36 million), Caribbean OCTs (regional multiannual indicative programme, EUR 21 million) and in Sint Eustatius (EUR 2.9 million).

www.parlament.gv.at

SDG3	yes	The populations in the OCTs are highly dependent on the quality of resources and natural environments. Indeed, the latter provide a large part of the population with essential services such as means of subsistence and a vector of well-being. The regional Pacific multiannual indicative programme (EUR 36 million) is expected to promote sustainable and healthy food consumption, and to ensure that citizens are better informed to make healthy and sustainable choices. The regional Caribbean multiannual indicative programme (EUR 21 million) will also strengthen food and nutrition security through the development of sustainable and resilient local food value chains. Over 60% of the population of Wallis and Futuna suffer from obesity and other related health conditions (diabetes, gout, etc.). However, the local offer of treatments is limited. People with serious conditions often need to go to New Caledonia, Australia, or even France for consultations and treatments. The EU budget support under the 11th European Development Fund of EUR 19.6 million (with a EUR 0.56 million top-up for COVID-19 support) helped to finance the territory's connection to the TUISAMOA digital cable and to introduce broadband. This 'digital revolution' enabled the Health Agency to develop its telemedicine capabilities aiming at improving prevention, early detection and treatment of many diseases.
SDG4	yes	Access to quality education fosters equality and is an essential pre-condition for achieving sustainable growth and jobs. This is the rationale of one of the two priority areas of EU cooperation with Greenland 2021-2027. EUR 202.5 million is earmarked for education cooperation in Greenland. This will contribute to increase the quality, the access, and the efficiency of the territory's education system, which is facing a number of complex challenges (lack of skilled staff, geography, social issues). For instance, the rate of students staying in education, and the completion rates have recently shown a positive trend, and several institutional and policy changes are making progress. Through the Erasmus+ programme, the EU also supports OCTs in facilitating mobility of individuals and reinforcing intercultural dialogue and understanding. OCT participation has more than doubled since 2018, in the number of both projects and beneficiaries. From 87 projects with 41 beneficiaries (total EUR 3.2 million) in 2018, participation grew to 177 projects and 95 beneficiaries (EUR 5.5 million) in 2020 and to more than EUR 8.2 million in 2022.

SDG5	yes	Gender equality is a cross cutting issue of EU OCT cooperation. All new initiatives include gender-sensitive indicators and sex-disaggregated data whenever possible. Climate resilience, renewable energy development, water and sanitation are all crucial for gender equality. The education programme in Greenland is a good example on how EU action fostered equality, including on gender. Greenland's education policy, which the EU supports since 2007, aims to create a more equal and inclusive society, advancing gender equality. In 2022, the Commission disbursed EUR 30 million, translating to EUR 12 million for gender equality in a G1 action (gender equality as an important, but not principal objective). In fact, female students and pupils tend to outperform their male counterparts (e.g., having an eleven percentage points higher transition rate to upper secondary education). Educational attainment and participation of girls and women has been consistently high, with 65% and 64% of enrolments and completions in upper secondary education. Women outperform men even more in higher education (72% of completions for all diplomas, all numbers for 2020). Enrolment and completion of vocational education are more equally distributed between genders (49% and 50% respectively in 2020).
SDG6	yes	As part of the broader EU support for access to water and sanitation, interventions relating to the construction of water collection systems and of treatment facilities contribute to delivery on SDG 6. There is a focus of the new cooperation with French Polynesia (EUR 31.1 million), Bonaire (EUR 4.6 million) and Curaçao (EUR 18.6 million). In French Polynesia, the programme is contributing to the achievement of sustainable development objectives aiming at guaranteeing access to drinking water and sanitation while ensuring an integrated management of water resources in the face of climate change constraints. In Bonaire and Curaçao, the population and economic growth (notably linked to the tourism sector) led to increased production of wastewater and solid waste and more pressure on ecosystems. The programmes is therefore aiming to improve water management and increase access to sustainable sanitation.

SDG7	yes	Sustainable energy transition in New Caledonia (EUR 30.9 million), Saba (EUR 4.1 million) and Sint Maarten (EUR 7.7 million). In New Caledonia, the programme is contributing to the decarbonisation of the mining industry, which is the lungs of the economy and responsible for 77% of the territory's total energy consumption. Furthermore, New Caledonia aims at energy autonomy for the territory, based on reliable, decarbonised, resilient and affordable energy. The programme in Saba is accelerating the transition to a low carbon economy building on in the 11th European Development Fund action which substantially improved the energy mix of Saba with 40% of renewable energy produced. More action is needed to increase the share of renewable energy in the global energy mix (objective of 60% production by 2025) and energy efficiency (with the launch of a programme to promote the use of LED technologies and solar water heaters). In Greenland the cooperation aims at increasing the percentage of renewable energy in the public electricity provision to 90%, and there are initiatives to reduce the carbon footprint of current and future economic developments.
SDG8	yes	The EU envisaged support 2021-2027 to sustainable tourism (Saint Pierre and Miquelon, EUR 27 million), green growth (Greenland, EUR 22.5 million), sustainable agriculture (Sint Eustatius, EUR 2.9 million) and e-government (Aruba, EUR 14.2 million) will drive progress towards sustained economic growth, full employment and decent work. In Saint Pierre and Miquelon, the programme will contribute to the sustainable economic diversification of the territory, relying on the potential and multiplier effect for sustainable growth of the tourism sector. It will reinforce the attractiveness of the territory bringing decent jobs and new opportunities, including for local youth and women. For 2021-2027 the EU teams up with Aruba to implement its e-government-strategy. This entails the building of an e-government organisation, an e-ID development and implementation, national cyber security development and the creation and implementation the national digital payments infrastructure. Aruba's digital transformation is contributing to secure the digital access to government services and unlock new economic opportunities for all, including women and youth. In Greenland, the EU is supporting initiatives to make the territory's natural riches more accessible to foreign tourists in a manner that is sustainable and respectful of the unique environment, while supporting local populations.

SDG9	yes	Since 2019 the EU is boosting through a EUR 13.05 million programme (11th European Development Fund) the capacity of the University of Aruba. To this end, the EU also collaborated with the University of Leuven. The focus of the programme was put on science, technology, engineering, and mathematics to enhance teaching (at bachelor's and master's levels) and research (at PhD level). A new faculty has been set up, including research facilities and laboratories that comply with the European Qualifications Framework. This action contributes to boost innovation skills and partnerships between research and industries in Aruba. In Greenland, the ongoing programme for education includes a goal of including more innovative skills in the curriculum, formulation of which is under way.
SDG10	yes	The focus of our past territorial cooperation (9th and 10th European Development Fund) was on urban infrastructures (mainly street lighting, paved streets as well as sewage infrastructures) in the most deprived neighbourhoods of Curaçao. These programmes were very well received with a strong ownership of the inhabitants and local neighbourhood organisations. Our cooperation has resulted in important and sustainable impacts by strongly improving the quality lives of poor inhabitants, which represent 1/3 of the population of the island. The ongoing 11th European Development Fund programme on resilient infrastructures of EUR 16.95 million and the new programme for 2021-2027 on water and sanitation of EUR 18.6 million will continue to eliminate the inequalities in access basic infrastructure notably for clean water and sanitation. In Greenland, inequality is tackled with the improved access of all children to pre-school education, which lays the ground for future economic security independent of starting conditions.
SDG11	yes	An important part of Bonaire's young population faces social hardship due to growing up in vulnerable single-parent households. For this reason, the EU joined hands to build better social and developmental prospects for children in this Dutch overseas country and territory in the Caribbean. Youth empowerment is at the heart of the EU- Bonaire partnership agenda. The 11th European Development Fund budget support programme of EUR 3.95 million advanced well with the setting-up of a childcare regulation and comprehensive child development centres.

SDG12	yes	The EU support 2021-2027 to Bonaire and Curaçao on water management and sanitation aims to expand the application of the circular economy in water resources management, as a mechanism to achieve greater environmental and health protection (via increased sanitation coverage and greater wastewater treatment capacities as well as reuse of wastewater resources).
SDG13	yes	The OCTs are especially vulnerable to climate change and environmental degradation due to their geographical locations and characteristics. The ongoing all-OCT thematic programme green overseas and the Caribbean, Indian Ocean, and Pacific regional programmes (for a total of EUR 97.8 million) from the 11th European Development Fund are all dedicated to ensuring the sustainable use of natural resources, protecting biodiversity, and supporting climate initiatives and resilience, showing the vital importance of these areas to all OCTs. The regional initiatives under the DOAG (EUR 36 million for the Pacific OCTs, EUR 21 million for the Caribbean OCTs and EUR 4 million for the French Southern and Antarctic Lands) will build on these achievements. EU support to protect biodiversity will continue to be the priority area for cooperation with the French Southern and Antarctic Lands in 2021-2027 (EUR 4 million). This will build on the ongoing Indian Ocean regional programme (EUR 4 million) which aims at improving the surveillance and observation of terrestrial and marine ecosystems in the French Southern and Antarctic Lands, restoring ecosystems, and reinforcing impact prevention mechanisms. The programme 2021-2027 for Saint-Barthélemy (EUR 2.5 million) is also supporting disaster risk management and climate adaptation. In addition, the on-going BEST Initiative has helped OCTs to promote the EU's environmental standards and provided an incentive for local actors to engage in environmental initiatives. The new LIFE programme 2021-2027 will continue to scale up the initiatives in OCTs on biodiversity and nature conservation. All these programmes focus therefore on translating SDG 13, 14 and 15 into effective results on the ground and will prepare the work for the future.
SDG14	yes	Same as SDG13
SDG15	yes	Same as SDG13

SDG16	yes	All EU-funded initiatives in the OCTs intend to reinforce the capacity, the accountability and inclusiveness of their institutions. Budget support is generally a preferred implementation modality for OCTs' territorial allocations. It is an efficient way of addressing long-term and structural challenges, of improving the performance and accountability of administrations while focusing on the effective achievement of results of territorial policies and of maintaining a constructive policy dialogue. Practice confirms that this modality provides satisfactory results in OCTs through a high level of appropriation from local authorities. This is also supported via a specific instrument, the Technical Cooperation Facility, that OCTs have access to. As an example, the territory of Saint Pierre and Miquelon benefited from a public finance management assessment, funded by the facility, which, was finalised in 2022. As a result of the assessment, a plan for the improvement and modernisation of public finances for the 2023-2026 period has been prepared by the local authorities. This document serves as a basis for assessing the Territorial Authority's progress.
SDG17	yes	The special relationship between the EU and the OCTs is based on the association of the OCTs with the EU, which constitutes a partnership. This principle of partnership is embedded in the DOAG programme, which is the framework for political and policy dialogue and cooperation on issues of common interest. Recently, the partnership has been further reinforced by including dedicated cooperation on youth engagement. A new initiative of over EUR 560 000 funded by the OCT Technical Facility, the OCT Youth Network, was launched in July 2022 by the EU with the aim of increasing the ties between young people living in OCTs and the EU, and of enhancing the knowledge and involvement of young people in the EU–OCT partnership. A second youth network was launched in July 2023.

MFA

FINANCIAL STATEMENT FOR MACROFINANCIAL ASSISTANCE

Programme in a nutshell

Concrete examples of achievements

EUR 290 million	EUR 32.5 million	EUR 18 billion	EUR 30.2 billion
was disbursed in the form of loans in 2023 to support the financial stability of Jordan and Moldova.	of macrofinancial assistance support was disbursed to Moldova in 2023, in the context of the energy crisis, in the form of grants totalling EUR 32.5 million.	in macrofinancial assistance plus loans was disbursed to Ukraine in 2023 to provide financial support to the country in the context of Russia's war of aggression.	in loans have been disbursed to Ukraine since 2014 (under the macrofinancial assistance plus instrument in 2023, three emergency operations in 2022 and four regular macrofinancial assistance operations).

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming – grants (*)	318.4
Decommitments made available again (**)	N/A
Contributions from other countries and entities	0.0
MFA loans provisioning (**)	1 357.5
Total budget 2021-2027	1 675.9

(*) MFA loans that are officially part of the budget lines of NDICI – Global Europe and IPA are excluded for reporting in NDICI – Global Europe and IPA and relinked to the MFA PPS. The MFA loans line within NDICI – Global Europe will be reinforced by EUR 57.5 million in 2024, subject to the adoption of EUR 1 billion in MFA to Egypt.

(**) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

Macrofinancial assistance (MFA) is a form of EU financial aid for partner countries experiencing a balance-of-payments crisis, helping to restore their external stability and to bring their economies back to a sustainable path. By relieving the partner country of some financial stress, the MFA operation increases its fiscal space, improves its debt sustainability and allows it to focus on driving necessary reforms.

CHALLENGE

The economic stability and prosperity of its neighbourhood are of key geostrategic importance for the EU. All EU Member States have a significant interest in supporting neighbouring countries experiencing a balance-of-payments crisis or an unprecedented economic shock (such as the COVID-19 pandemic), to minimise adverse macroeconomic and social spill-overs. EU-level action is thereby justified, as the benefits of prosperity, stability and security in the EU's neighbourhood flow to all Member States.

Russia's unprovoked and unjustified military aggression against Ukraine, which started in February 2022, has inflicted massive human suffering and disrupted Ukraine's economic activity. Confronted with the

Russian aggression, the European Union and its Member States have shown unwavering solidarity, and immediately mobilised support to the Ukrainian government to maintain its functions. In 2023, a structural approach was found for the EU's support to Ukraine, alongside the international community, through the creation of the macrofinancial assistance plus (MFA+) instrument, which allowed the disbursement of EUR 18 billion of highly concessional loans in a constant and predictable manner over the entire year. This followed after three MFA operations to Ukraine in 2022 that had been established on an ad hoc basis in the face of the crisis inflicted by Russia's aggression, which allowed for a disbursement of EUR 7.2 billion. For 2024 and beyond, the EU is setting up a new instrument, the Ukraine Facility. This multi-year instrument will provide a predictable flow of highly concessional loans and non-repayable support of up to EUR 50 billion until 2027 to help Ukraine resist the aggression and rebuild a modern, prosperous country.

MISSION

MFA is an EU financial instrument extended to partner countries in the enlargement and European neighbourhood policy regions that are experiencing a balance-of-payments crisis. Its primary objective is to help countries overcome acute economic crises and restore their economy to a sustainable growth path, which is to be achieved through economic adjustments and structural reforms that are included in the policy conditionality of the instrument. MFA is usually provided in conjunction with International Monetary Fund financing.

MFA is part of the EU's toolkit for macroeconomic stabilisation, which also includes the balance-of-payments assistance mechanism for Member States outside the euro area and the rescue mechanisms for the euro area created in response to the global financial crisis.

OBJECTIVES

MFA has the following specific objectives.

- It fulfils a fundamental macroeconomic stabilisation function by addressing exceptional external financing needs faced by neighbouring countries and restoring their economy to a sustainable path.
- It provides a strong incentive for macroeconomic adjustment and policy reform by means of strict conditionality, and supports the EU's accession, pre-accession and association agendas in the beneficiary countries.

It complements the EU's other external instruments, along with resources made available by international financial institutions and other donors, by helping to ensure that beneficiary countries put in place appropriate macroeconomic frameworks and sound economic policies – which are preconditions for the success of other projects by the EU and the donor community aiming at sustainable socioeconomic development.

ACTIONS

MFA provides financial support to partner countries facing a balance-of-payments crisis. For standard operations, the amount of MFA provided is calculated based on the residual financing needs under an International Monetary Fund programme. MFA is predominantly provided in loans, or a mix of loans and

grants (the precise mix in any specific assistance depends on criteria such as the receiving country's level of development and its debt sustainability / creditworthiness). For the loans, the EU passes on to the beneficiary country its own funding costs (namely the interest rate it must pay to raise funds by issuing bonds) ([72]). This allows the countries receiving assistance to benefit from the low rates available to the EU as a top-rated borrower. The Commission typically disburses MFA assistance in instalments strictly tied to the beneficiary country's progress with respect to:

- macroeconomic and financial stabilisation and economic recovery;
- implementation of the agreed policy reforms, as outlined in the memorandum of understanding;
- sound progress with the International Monetary Fund programme; and
- adherence to respect for human rights, the rule of law and effective democratic mechanisms (the political precondition).

STRUCTURAL SET-UP OF THE PROGRAMME

MFA is implemented under direct management by the Commission, under the lead of DG Economic and Financial Affairs and with the participation of other Commission services and the European External Action Service.

Throughout the period of the 2021-2027 multiannual financial framework, MFA will continue to be granted based on case-by-case decisions adopted through the ordinary legislative procedure under Article 209, 212 or 213 of the Treaty on the Functioning of the European Union. In turn, the EU's operations and those of the Member States complement and reinforce each other.

The MFA loans are provisioned at a rate of 9% by the External Action Guarantee established by the regulation establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI – Global Europe) (Regulation (EU) 2021/947) ([73]). The guarantee is backed by the Common Provisioning Fund. The MFA decision-making process remains separate from the instrument.

MFA funds are not allocated to specific projects or spending categories and their destination, unless otherwise specified, is left to the national authorities to decide.

In order to ensure that the financial and control framework deployed by the beneficiary country is sufficiently prepared to start/continue implementing the received funds, an *ex ante* operational assessment of the public financial management environment is carried out by the Commission with technical support from consultants. An analysis of accounting procedures and segregation of duties is carried out to ensure a reasonable level of assurance for sound financial management, along with an internal/external audit of the country's central bank and ministry of finance. Should weaknesses be identified, they are translated into conditions, which must be implemented before the disbursement of the assistance. Also, when needed, specific arrangements for payments (e.g., ring-fenced accounts) are put in place.

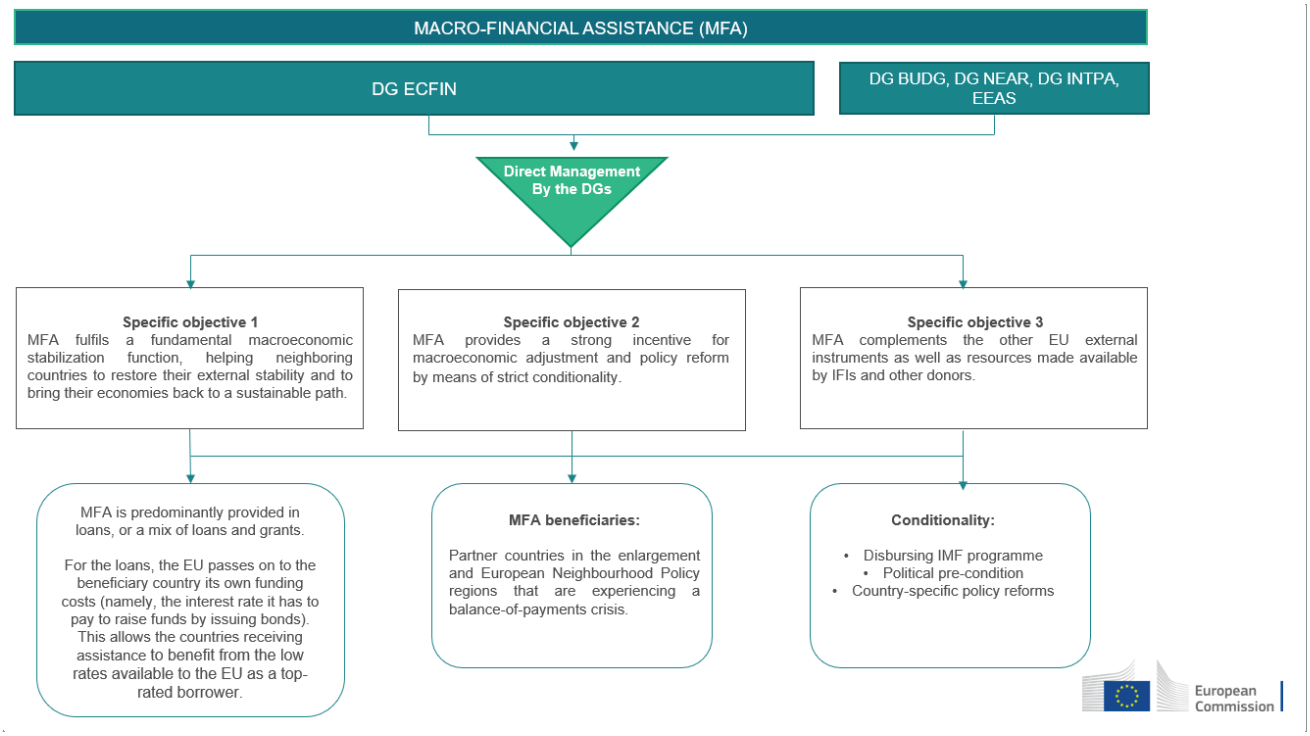
([72]) Given the pressure that Ukraine's fiscal sustainability faces because of Russia's war of aggression, it was decided to lessen the fiscal impact of the loans provided in 2023 under the MFA+ instrument by setting up a subsidy to cover interest costs. In combination with long maturities and grace periods, the debt service from this loan package to Ukraine could be reduced to zero for an extended period.

([73]) The loans provided under the MFA+ instrument deviate from the 9% provisioning from the EU budget. They are backed up by a guarantee from the EU budget headroom, i.e., the budgetary space above the ceiling for payment up to the limit of the own resources ceiling under the multiannual financial framework.

When the MFA is being disbursed, payments are subject to monitoring by staff from DG Economic and Financial Affairs to ensure that the payments/disbursements are eligible and regular, in close coordination with the EU delegations and with external stakeholders, such as the International Monetary Fund, of the implementation of the agreed conditionalities in the memorandum of understanding (the support is underpinned by a set of agreed policy conditions). The disbursement relating to MFA operations may be subject to additional independent *ex post* (documentary and/or on-the-spot) verifications.

MFA complements EU assistance under the EU budget's 'programmed' instruments (e.g., the Instrument for Pre-Accession Assistance III (2021-2027)) and maximises its effectiveness by alleviating the risks of disruption of the regular EU cooperation framework whilst, at the same time, laying the basis for structural change and sustainable economic and social development of the beneficiary countries. MFA is also complementary to the other EU crisis response mechanisms and European Investment Bank lending. Furthermore, by complementing the resources made available by the International Financial Institutions (particularly the International Monetary Fund) and other donors, EU MFA contributes to the overall impact and effectiveness of the financial support agreed by the international donor community.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

In the 2021-2027 multiannual financial framework, MFA maintains its legal status, with assistance being granted based on case-by-case decisions adopted by ordinary legislative procedure under Article 209, 212

or 213 of the Treaty on the Functioning of the European Union. While under the 2014-2020 multiannual financial framework, the provisioning of the guarantee for MFA loans was managed under the Guarantee Fund for External Action, MFA loans are now guaranteed by the External Action Guarantee under the regulation establishing NDICI – Global Europe, which is backed by the Common Provisioning Fund.

FURTHER INFORMATION

- Programme website: MFA.
- Relevant regulation: ad hoc decisions under Articles 209, 212 and 213 of the Treaty on the Functioning of the European Union.
- All final reports of completed *ex post* evaluations of MFA operations are published at: https://europa.eu/!pP67Jx.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming – grants (*)	0.2	30.1	45.4	57.4	59.3	61.5	64.5	318.4
Decommitments made available again (**)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MFA loans provisioning (**)	152.5	205.9	196.7	97.7	135.0	161.8	407.9	1 357.5
Total	152.7	236.0	242.1	155.1	194.3	223.3	472.4	1 675.9

(*) MFA loans that are officially part of the budget lines of NDICI – Global Europe and IPA are excluded for reporting in NDICI – Global Europe and IPA and relinked to the MFA PPS. The MFA loans line within NDICI – Global Europe will be reinforced by EUR 57.5 million in 2024, subject to the adoption of EUR 1 billion in MFA to Egypt.

(**) Only Article 15(3) of the financial regulation.

MFA is predominantly provided in the form of loans underpinned by provisions from the EU budget, and can also be provided in the form of grants. In the budget programming: EUR 1 255 million is dedicated to the provisioning of MFA loans, and EUR 318 million is dedicated to grants.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR)(*):

	Implementation	Budget	Implementation rate
Commitments	630.8	1 675.9	37.6%
Payments	269.3		16.1%

(*) MFA loans that are officially part of the budget lines of NDICI – Global Europe and IPA are excluded for reporting in NDICI – Global Europe and IPA and relinked to the MFA PPS, including grants and provisioning of loans.

Voted budget implementation (million EUR) ([1]):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	152.7	208.9	6.7	32.3
2022	236.0	207.6	95.9	57.5
2023	242.1	253.4	166.8	173.9

([1]) Grants and provisioning of loans. Including provisioning of MFA loans funded from NDICI – Global Europe and the IPA III instrument's budget.

MFA is predominantly provided in the form of loans, underpinned by guarantees provisioned from the EU budget. In 2023, EUR 290 million in MFA funds was disbursed in loans, while EUR 32.5 million was disbursed in grants. The budget lines for commitments related to provisioning of MFA loans in 2023 amounted to EUR 196.7 million.

- In 2023, a total of EUR 322.5 million in loans and grants were disbursed to aid Moldova in the context of the repercussions of Russia's war of aggression against Ukraine and the energy crisis, and to support Jordan concluding successfully the third MFA operation in the country.
- In 2023, a total of EUR 18 billion in loans was disbursed to Ukraine through the provision of unprecedented financial aid under the MFA+ instrument. DG Economic and Financial Affairs

was the lead for the implementation of this instrument, which established the EU's position as Ukraine's most important donor in 2023 thanks to the complete disbursement of the entire envelope of EUR 18 billion in highly concessional loans.

Ukraine

- In the context of the escalating geopolitical tensions preceding Russia's invasion of Ukraine, which found itself cut out of the financial markets; on 1 February 2022 the European Commission adopted a proposal for a Decision on providing new emergency MFA to Ukraine for up to EUR 1.2 billion in loans. The European Parliament and the Council adopted the Decision on 24 February 2022, thereby authorising the sixth MFA operation in Ukraine since 2014. While the first instalment of EUR 600 million in loans was disbursed in March 2022, the outbreak of the war impeded the capacity of the Ukrainian state to implement the structural policy measures associated with the second instalment of the assistance. The Commission decided, with the endorsement by Member States, to disburse the second instalment on 20 May given that the fulfilment of the conditionality was hampered by *force majeure*.
- As a part of the EU's extraordinary support for Ukraine, namely, to finance the immediate funding needs following the unprovoked and unjustified aggression by Russia, on 1 July 2022 the Commission proposed a new EUR 1 billion MFA operation for Ukraine in the form of a highly concessional long-term loan. The adoption of the MFA decision by the European Parliament and the Council on 12 July allowed for the full disbursement of the assistance in August 2022, in two tranches.
- On 7 September 2022, the Commission proposed additional EUR 5 billion in MFA loans to Ukraine. Following the adoption of the decision by the co-legislators on 20 September 2022, the financial assistance was fully disbursed by December 2022, in three instalments. This operation was underpinned by a set of targeted policy conditions that were considered feasible under the conditions of martial law and upon which the Ukrainian authorities delivered.
- Less than 2 months following the request from the European Council on 20 and 21 October 2022 to establish a more structural solution for aiding Ukraine in 2023, the MFA+ regulation entered into force on 17 December 2022. This new instrument ensured predictable, continuous, orderly, and timely financing to enable Ukraine to cover its immediate funding needs in 2023, the rehabilitation of critical infrastructure and initial support for post-war reconstruction, with a view to supporting the country on its path towards European integration. The 20 targeted policy conditions underpinning this operation have been carefully designed in relation to both their relevance and feasibility in the current situation. They covered the four areas of macrofinancial stability, structural reforms and good governance, the rule of law and energy. In its decision on 15 December 2023, the Commission concluded that Ukraine has fulfilled or broadly fulfilled all agreed policy conditions, and as a result disbursed the full amount of EUR 18 billion in highly concessional loans.

Moldova

- In November 2021, following the gas crisis in Moldova, which heavily impacted the economy and contributed to higher financing needs, the authorities sent an official request for a new MFA. In response to this, the EU agreed on a new operation for Moldova of EUR 150 million, of which EUR 120 million was provided in loans and EUR 30 million in grants. The first instalment was successfully disbursed on 1 August 2022. The second disbursement, still of EUR 50 million in loans and grants, was paid in two parts (EUR 10 million in grants on 5 April

2023, and EUR 40 million in loans on 3 May 2023). The availability period runs until December 2024.

– The Moldovan economy has been heavily impacted by Russia's invasion of Ukraine, which contributed to higher financing needs, further amplified by the ongoing energy crisis. Considering this, the authorities requested further international support. On 10 November 2022, the President of the European Commission announced an additional financial support package for Moldova of EUR 250 million, to be partly disbursed via the MFA. On 24 January 2023, the Commission adopted a proposal to increase the ongoing MFA operation by EUR 145 million, including EUR 100 million in loans on concessional terms and EUR 45 million in grants. The proposal was adopted by the European Parliament and Council on 14 June 2023.

– The first additional instalment took place in October 2023 (EUR 50 million in loans and EUR 22.5 million in grants), the second was expected for the first quarter of 2024, subject to new policy conditions added to the existing memorandum of understanding. In late December 2023, the governor of the National Bank of Moldova was dismissed. The procedure under which the governor was dismissed is a source of concern and a potential attack to the bank's independence. In coordination with the IMF, the disbursement of the MFA is expected to continue while remedying actions are undertaken by the country in this regard.

Jordan

The third MFA to Jordan was adopted by the co-legislators on 15 January 2020 initially for an amount of EUR 500 million, and later topped-up by EUR 200 million as part of the COVID-19 MFA package. MFA III was implemented in three instalments. The first instalment of EUR 250 million was disbursed on 25 November 2020. The second instalment of EUR 250 million was disbursed on 20 July 2021. On 3 May 2023, the third and final instalment of EUR 200 million in MFA was disbursed to Jordan, thereby successfully concluding the operation.

- In October 2023, the Jordanian authorities submitted a request for a follow-up MFA operation referring to challenging global economic prospects, restrictive credit conditions due to monetary tightening, high energy costs, inflationary pressures and the burden of the Syrian refugee crisis.
- The call for further assistance comes in a situation of increased uncertainty and regional instability, not least due to the outbreak of the war in neighbouring Israel and Gaza. A new MFA proposal to Jordan of up to EUR 500 million in loans was adopted by the European Commission on 8 April 2024. The MFA is expected to be adopted by the Council and future European Parliament after the summer.

North Macedonia

– Against the backdrop of tighter global financial conditions, higher energy prices and higher-than-expected losses by the domestic, state-owned electricity producer, in a letter dated 18 October 2022 the government of North Macedonia renewed its request for MFA (the first request for which was received on 18 April 2022). In April, the government had already secured staff approval from the International Monetary Fund for a 24-month precautionary and liquidity line, with an amount of up to EUR 530 million, which was officially approved by the International Monetary Fund Board on 22 November 2022. On 6 February, the Commission adopted a proposal to provide MFA to North Macedonia of up to EUR 100 million.

– On 12 July 2023, the European Parliament and the Council adopted the decision. The MFA is expected to be disbursed in two instalments of EUR 50 million each, in April 2024 and in the second half of 2024, respectively. The release of each instalment will be conditional on

progress being made with the implementation of a number of policy measures that are listed in a memorandum of understanding, which was adopted by the Commission in October 2023, along with a satisfactory track record in the implementation of the IMF programme.

Egypt

- Egypt and the European Union have agreed a strategic and comprehensive partnership. On 17 March 2024, Commission President Ursula von der Leyen and Egyptian President Abdel Fattah El-Sisi presented the partnership in Cairo. A EUR 7.4 billion financing package underpins the partnership, consisting of up to EUR 5 billion in MFA, EUR 1.8 billion in additional investments and EUR 600 million in grants, including EUR 200 million for migration management.

- The new MFA to Egypt of up to EUR 5 billion is currently being discussed by the co-legislators. It is divided into a short-term MFA of EUR 1 billion to be disbursed in 2024 and a regular MFA of up to EUR 4 billion over the 2025-2027 period.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming		0.9	0.0					0.9	0%
Biodiversity mainstreaming									
Clean air									

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1				
0*	152.7	236.0	242.1	630.8
0				

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;

- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution					

Performance assessment

- The evaluations carried out so far have concluded that MFA operations do contribute, albeit sometimes modestly and indirectly, to improving external sustainability and macroeconomic stability and to achieving structural reforms through conditionality in the recipient country.
- In most cases, MFA operations had a positive effect on the balance of payments of the beneficiary countries and contributed to relaxing their budgetary constraints. They also helped maintain or regain market access and led to slightly higher economic growth.
- An important attribute of the EU's MFA compared to alternative sources of financing is its highly concessional terms, i.e. relatively low interest rates, long maturity and a long grace period. This generates fiscal space and contributes to public debt sustainability in the beneficiary countries.
- The *ex post* evaluations also confirm that previous MFA programmes were implemented efficiently, and were well coordinated with other EU programmes and with the programmes of other donors (notably the International Monetary Fund and the World Bank). MFA policy conditionality is separate from International Monetary Fund conditionality, but is complementary to and reinforces it.
- However, given its specificities, MFA cannot be linked directly to identifiable outputs, and its concrete achievements are therefore difficult to assess, as effects on macroeconomic variables over time cannot solely be attributed to MFA operations.
- MFA disbursements are sometimes delayed compared to initial expectations. External factors that might impact programme timelines include the beneficiary country not fulfilling the political preconditions; the International Monetary Fund programme being off track or having expired; the slow implementation of agreed reforms; and changes of government resulting in shifting policy priorities.
- The most common shortcomings noted in the evaluations are the operation's lack of visibility and, in some cases, the lengthy legislative approval process for a crisis instrument. The experience with the COVID-19 MFA package and the emergency MFA to Ukraine shows that the current MFA set-up can allow for the flexibility necessary for swift adoption. The Commission worked with the Parliament and the Council to agree on the use of existing urgency procedures that allowed the assistance to be adopted within 1 month of the Commission's proposal.

– The COVID-19 pandemic and Russia's war of aggression in Ukraine have both severely challenged the already struggling economies of partners in the Eastern and Southern Neighbourhoods that benefit from MFA. Given the uncertain global outlook and the challenging situation many of our neighbouring countries face, a sustained, high level of demand for MFA support cannot be excluded.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3		
SDG4		
SDG5		
SDG6		
SDG7		
SDG8		
SDG9		
SDG10		
SDG11		
SDG12		
SDG13		
SDG14		
SDG15		
SDG16		
SDG17		

IPA III

INSTRUMENT FOR PRE-ACCESSION ASSISTANCE

Programme in a nutshell

Concrete examples of achievements

8%	11 300	112 721	258
reduction in the waiting time when goods cross borders within Central European Free Trade Area, as measured from 2021 to 2023.	housing units had been built for vulnerable refugees and displaced families under the regional housing programme by the end of 2023.	students, researchers, staff and others participated in Erasmus+ activities involving western Balkans partners in 2014-2020.	court cases involving organised crime and corruption were monitored in the western Balkans in 2023 as part of the cooperation with the Organisation for Security and Cooperation in Europe, leading to recommendations on how to improve the efficiency of judicial responses to those crimes.

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183	427 000	13 400	3 400 000
young people in Bosnia and Herzegovina were employed and 666 were trained through the EU-supported active labour measures.	vulnerable households received financial support to overcome the increase in the price of energy bills in Bosnia and Herzegovina, Kosovo ([74]), Montenegro and Serbia.	young people successfully completed the youth guarantee scheme in the three regions of North Macedonia facing the highest levels of unemployment in the period from 2020 to 2023 under the 'EU for youth' initiative.	Primary healthcare consultations have been provided by the EU's refugee support facilities in Türkiye.

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2021-2027

(million EUR)

Financial programming (*)	14 967.5
NextGenerationEU	0.0
Decommitments made available again (**)	N/A
Contributions from other countries and entities	39.2
Total budget 2021-2027	**15 006.8**

(*) Macrofinancial assistance loans that are officially part of the budget lines of the Neighbourhood, Development, and International Cooperation Instrument –Global Europe and the Instrument for Pre-accession Assistance are excluded for reporting here and relinked to the macrofinancial assistance PPS.

(**) Only Article 15(3) of the financial regulation.

([74]) This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

Rationale and design of the programme

The Instrument for Pre-accession Assistance (IPA) is how the EU has been supporting reforms in the enlargement region with financial and technical assistance since 2007.

CHALLENGE

For candidate countries and potential candidates, the path towards accession to the EU is a process of gradual and steady convergence with the membership criteria and the values and principles of the European Union. This requires ambitious political and economic reforms.

Ensuring progress on the fundamentals (rule of law, fundamental rights, functioning democratic institutions and a market economy) remains a key challenge that IPA will continue to pursue. It remains crucial to address the socioeconomic divide between the IPA beneficiaries and the EU, as well as their weak competitiveness, high unemployment and significant brain drain. These challenges have all been further exacerbated by the impact of Russia's war of aggression against Ukraine ([75]). The global economic situation is having an impact on financial assistance as well. With high inflation rates and increasing energy prices, project implementation is generally facing additional challenges, especially in the construction industry. Regional cooperation, good neighbourly relations, and reconciliation efforts to overcome open bilateral issues and the legacy of the past will continue to be a priority. These challenges will have to be addressed in a wider context where transition to a sustainable, socially just, resilient and climate neutral economy needs to be achieved as a global imperative and where digital transformation will continue to shape economies and societies, including those of the IPA beneficiaries.

The annual report on Türkiye, adopted on 8 November 2023, echoed the findings of previous years: Türkiye has been moving away from the EU over the years. Concerns over the rule of law and fundamental rights in Türkiye have grown, underlining the pivotal importance of addressing these key issues for the broader context of EU-Türkiye relations. A discernible deviation from EU values and standards, coupled with a noticeable absence of political commitment to implement the reforms necessary for the accession process persists. However, the EU and Türkiye continued high-level engagement in areas of common interest. Hence, IPA III bilateral assistance has prioritised key areas, notably the sectors covered under the Green and Connectivity agendas, civil society, people to people contacts, climate change and proper functioning of the Customs Union.

Following the European Council conclusions of June 2021, the Commission mobilised EUR 3 billion in additional support to refugees and host communities in Türkiye funded by the EU budget under both IPA III and the Neighbourhood, Development, and International Cooperation Instrument – Global Europe. Assistance focused in particular on basic needs, education, healthcare, socioeconomic support and migration management. The Commission is currently concluding the remaining contracts that are to be signed under this package.

One of the main challenges in the years to come will be the implementation of the EU commitment to provide EUR 1 billion in assistance to those affected by the catastrophic earthquakes of 6 February 2023, resulting in the loss of over 50 000 lives. The earthquakes had severe repercussions on critical sectors such as education, healthcare, livelihoods, and infrastructure, posing substantial challenges for both refugees and host communities. In addition, the Commission will focus on the mobilisation of EUR 1 billion, out of

([75]) This issue is further elaborated upon under the performance section.

which EUR 170 million under IPA III, in support of refugees and host communities in Türkiye under the EU budget for 2024.

In Kosovo, the escalation of violence in the north triggered political and financial measures by the EU, amounting to EUR 258 million by end of 2023 including putting on hold the signatures of new contracts, and the approval of the EU assistance under the Western Balkans Investment Framework and the IPA for the year 2024.

MISSION

IPA III will support beneficiaries in adopting and implementing the political, institutional, legal, administrative, social, and economic reforms required to comply with EU values and to progressively align with EU rules, standards, policies and practices, with a view to future EU membership, thereby contributing to mutual stability, security, peace and prosperity.

OBJECTIVES

- IPA III has the following specific objectives:
  - to strengthen the rule of law, democracy, the respect of human rights and fundamental freedoms, including through the promotion of an independent judiciary, reinforced security and the fight against corruption and organised crime, compliance with international law, freedom of media, academic freedom and an enabling environment for civil society;
  - to promote non-discrimination and tolerance, ensure respect for the rights of persons belonging to minorities, promote gender equality and improve migration management, namely by managing borders, tackling irregular migration and addressing forced displacement;
  - to reinforce the effectiveness of public administration and to support transparency, structural reforms and good governance at all levels, including in the areas of public procurement and State aid;
  - to shape the rules, standards, policies and practices of the IPA III beneficiaries in alignment with those of the EU and to reinforce regional cooperation, reconciliation, good neighbourly relations and people-to-people contacts and strategic communication;
  - to strengthen economic and social development and cohesion, with particular attention to youth, including through quality education and employment policies, by supporting investment and private sector development, with a focus on small and medium-sized enterprises and on agriculture and rural development;
  - to reinforce environmental protection, increase resilience to climate change, accelerate the shift towards a low-carbon economy, develop the digital economy and society and strengthen sustainable connectivity in all its dimensions;
  - to support territorial cohesion and cross-border cooperation across land and maritime borders, including transnational and interregional cooperation.

ACTIONS

Actions are based on the IPA III programming framework (Article 7 of Regulation (EU) 2021/1529 of the European Parliament and of the Council establishing the Instrument for Pre-accession Assistance (IPA) III; C(2021) 8914 final). It reflects the specific objectives of the IPA III regulation and is focused on the priorities of the enlargement process, articulated through five thematic windows:

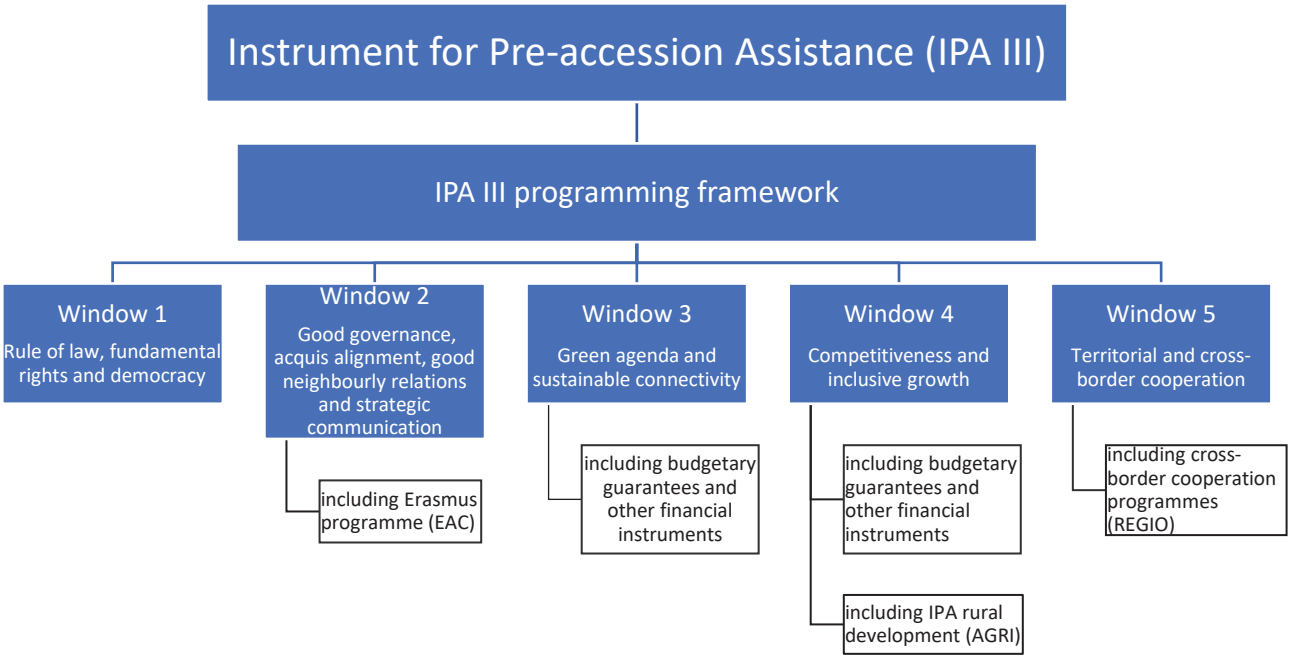
- Window 1: rule of law, fundamental rights and democracy;
- Window 2: good governance, EU *acquis* alignment, good neighbourly relations and strategic communication;
- Window 3: the green agenda and sustainable connectivity;
- Window 4: competitiveness and inclusive growth;
- Window 5: territorial and cross-border cooperation.

Actions are deployed, to the benefit of beneficiaries, through annual or multiannual action plans at national or regional level, or through horizontal initiatives targeting specific types of partners (e.g., civil society) or cross-cutting issues. In addition, several cross-cutting themes, such as climate change, environmental protection, civil society, gender equality, rights-based approach, is mainstreamed and therefore can be implemented under the five windows.

STRUCTURAL SET-UP OF THE PROGRAMME

IPA III is implemented through direct, indirect, and shared management. The Directorate-General for Neighbourhood and Enlargement Negotiations is the leading service. The Directorate-General for Agriculture and Rural Development is responsible for rural development programmes and the Directorate-General for Regional and Urban Policy for cross-border cooperation programmes between IPA beneficiaries and EU Member States.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

IPA II had been the catalyst for important reforms. IPA III builds on these achievements and ensures their continuation in terms of objectives and priorities. It further improves the alignment of assistance with the enlargement strategy.

The programming of IPA III ensures a stronger performance-based approach while at the same time guaranteeing the principle of fair share. There is also a stronger focus on relevance and maturity at the Commission selection stage, with the aim of ensuring stronger linkage with the reform agenda, accelerating implementation, and reducing backlog.

FURTHER INFORMATION

- Programme website:
  - IPA III
- Impact assessment.
  - The impact assessment of IPA III was carried out in 2018.
  - For further information, please consult: https://europa.eu/!KK86Tv.
- Relevant regulation:
  - Regulation (EU) 2021/1529 of the European Parliament and of the Council.
- Evaluations.
  - In 2023, several strategic evaluations covering the enlargement and neighbourhood regions were under implementation. These strategic evaluations will feed into high level strategic political priorities such as the global gateway and into the midterm review exercise.
  - The evaluation of budget support in Albania was finalised in 2023, providing a useful assessment of the contribution of EU budget support implemented between 2014 and 2020 as well as recommendations for future EU assistance including budget support.

The evaluation on EU cooperation with North Macedonia is being finalised in early 2024. Another evaluation which will be finalised in 2024 is the implementation of EU blending in neighbourhood and western Balkans regions.

- In line with the legal provisions ([76]), the final evaluation of the EU's instruments for financing external action under the 2014-2020 multiannual financial framework and the midterm evaluation of the EU's instruments for financing external action for the current multiannual financial framework were carried out during 2023. DG Neighbourhood and Enlargement Negotiations, the Service for Foreign Policy Instruments, DG International Partnerships, and the European External Action Service were in the driving seat for these exercises, which were tackled as one evaluation.
- The strategic evaluation of EU's support to Connectivity was launched at the end of 2022 and is currently under implementation. The overall objective of the evaluation is to provide the relevant EU Institutions and the wider public with an overall assessment of the EU support to connectivity for the 2014-2022 period in enlargement and neighbouring countries. It focuses on transport and energy and will result in extracting the lessons learnt.
- The strategic evaluation of EU support to private sector development in the enlargement and neighbourhood regions (2016-2022) was launched at the end of 2022 and is under implementation. Among the objectives of the evaluation is to assess the EU's support on private sector development in terms of policy and implementation. This evaluation is a follow-up to the previous evaluation on support for the competitiveness of small and medium-sized enterprises ([77]), which covered the period from 2010 to 2015.
- The strategic evaluation on EU's support on the waste management and urban wastewater treatment in the western Balkans region (2016-2022) was under implementation during 2023.. The overall objective of the evaluation is to provide the relevant EU Institutions and the wider public with an assessment of the support under a possible circular economy approach. This objective dovetails with the need to extract key lessons learnt in waste management and urban wastewater treatment in the western Balkans region.
- The strategic evaluation of EU support to youth in the enlargement and neighbourhood regions was under implementation during 2023. One of the aims of the evaluation is to provide an assessment in both qualitative and quantitative terms on the relevance, conditions of implementation and performance of EU external action support to youth, particularly its efficiency, effectiveness, coherence, sustainability, and impact.
- During 2023 the strategic evaluations of EU support to PAR/PFM in the enlargement and Neighbourhood regions, the EU cooperation on migration in the western Balkans, Kosovo and the European Union's support to Roma inclusion projects were launched and are going to be finalised at the end of 2024.

([76]) Common Implementing Regulation (EU) No 236/2014, Regulation (EU) 2021/947 on the Neighbourhood, Development and International Cooperation Instrument – Global Europe, Regulation (EU) 2021/1529 on IPA III, Regulation (Euratom) 2021/948 on the European Instrument for International Nuclear Safety Cooperation and Decision 2021/1764 on overseas association, including Greenland.

([77]) https://neighbourhood-enlargement.ec.europa.eu/evaluation-support-sme-competitiveness-enlargement-and-neighbourhood-countries_en.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming (*)	1 883.7	1 984.8	2 529.6	2 110.7	2 169.7	2 201.7	2 087.4	14 967.5
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (**)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	31.3	3.8	4.2	0.0	0.0	0.0	0.0	39.2
Total	**1915.0**	**1 988.6**	**2 533.8**	**2 110.7**	**2 169.7**	**2 201.7**	**2 087.4**	**15 006.8**

(*) Macrofinancial assistance loans that are officially part of the budget lines of the Neighbourhood, Development, and International Cooperation Instrument –Global Europe and the Instrument for Pre-accession Assistance are excluded for reporting here and relinked to the macrofinancial assistance PPS.

(**) Only Article 15(3) of the financial regulation.



Financial programming:

+ EUR 806.1 million (+ 5%)

compared to the legal basis (*)

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

Since the beginning of the current multiannual financial framework, IPA III has been reinforced by EUR 631 million for the support to the refugees and host communities in Türkiye, out of which EUR 71 million and EUR 106 million came from the Heading 6 margin in 2022 and in 2023, respectively, while EUR 454 million came from the special instruments in 2023. On the other hand, EUR 67.6 million was transferred from IPA III to the Solidarity and Emergency Aid Reserve, to DG European Civil Protection and Humanitarian Aid Operations (ECHO) (for the crisis in Afghanistan) ([78]), to DG International Partnerships (for technical assistance facilities) and to the European External Action Service (for staff expenditure in delegations).

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR) (*):

	Implementation	Budget	Implementation rate
Commitments	6 429.1	15 006.8	42.8%
Payments	1 644.9		11.0%

(*) Macrofinancial assistance loans that are officially part of the budget lines of the Neighbourhood, Development, and International Cooperation Instrument –Global Europe and the Instrument for Pre-accession Assistance are excluded for reporting here and relinked to the macrofinancial assistance PPS.

Voted budget implementation (million EUR) (*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	1 566.1	1 901.3	35.2	65.2
2022	1 981.2	2 010.1	407.0	635.8
2023	2 523.5	2 529.6	1 164.4	1 072.7

(*) Voted appropriations (C1) only. Excluding MFA loan provisioning.

([78]) Compensated for by the use of assigned revenue originating from recoveries originating from the Instrument for Pre-accession Assistance for rural development.

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– The regular programming of bilateral and multi-country assistance follows the key criteria of the IPA III programming framework: the policy-driven approach, the relevance of proposed IPA interventions, the maturity of the proposals and the progress of the beneficiaries on their enlargement agenda. The programming considered the performance of each beneficiary and the fair share principle, by targeting and adjusting assistance to the specific situation of each beneficiary.

– In 2023, the Commission committed EUR 2.5 billion (98%) of the initial voted appropriations. EUR 4.5 million of operational expenditures has been carried over to 2024 and is planned to be duly committed in early 2024. Appropriations were implemented through annual action plans contributing to the western Balkans energy support package in favour of beneficiaries adopted in 2022, and the annual action plan in favour of Türkiye, individual measures in support of the Syrian refugees and host communities in Türkiye, individual measures for migration-related actions in western Balkans, the individual measure in favour of the OHR in Bosnia and Herzegovina, multi-country multiannual action plans, multiannual support measures adopted in 2021, the Erasmus + programme, IPA rural development programmes, IPA III cross-border cooperation programmes between IPA III beneficiaries as well as between IPA III beneficiaries and Member States and finally the provisioning of the External Action Guarantee.

– After the devastating earthquakes of 6 February 2023, the European Commission and the Swedish Presidency of the Council moved swiftly to mobilise help for those affected in Türkiye and in Syria and organised on March 20th an International Donors' Conference that generated a total of EUR 7 billion in pledges. The EU pledged a total of EUR 1 billion for Türkiye. By the end of 2023, almost the entire amount had been mobilised.

– In 2024, the Commission plans to commit EUR 2.1 billion, including:

  • EUR 1.3 billion for western Balkans beneficiaries and Türkiye
  • EUR 170 million in support to the Syrian refugees and host communities in Türkiye.
  • EUR 62.4 million for the Erasmus+ programme;
  • EUR 158 million for the IPA rural development III programme;
  • EUR 22.87 million for IPA III cross-border cooperation programmes between IPA III beneficiaries;
  • EUR 69.96 million for the Interreg IPA III cross-border cooperation between Member States and IPA III beneficiaries;
  • EUR 229.7 million for provisioning of the external action guarantee ([79]);
  • EUR 18 million for support measures;
  • EUR 58 million for administrative expenditure.

– In 2025, the Commission plans to commit EUR 2.2-2.3 billion, out of which:

  • EUR 1.3 billion for western Balkans and Türkiye bilateral and multi-country action plans and other measures;
  • EUR 300 million in support of the Syrian refugees and host communities in Türkiye;
  • EUR 60.9 million for the Erasmus+ programme;
  • EUR 175 million to cover the IPA rural development III programmes;

([79]) Excluding macro-financial assistance.

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- EUR 11.1 million to cover for the 2021-2027 IPA III cross-border cooperation programmes between IPA III beneficiaries adopted in 2022;
- EUR 74.4 million to cover for the 2021-2027 Interreg IPA III cross-border cooperation between Member States and beneficiaries adopted in 2022;
- EUR 214.5-278.5 million for the provisioning;
- EUR 60.8 million for administrative expenditures.

– For the western Balkans, the assistance reflects the enlargement policy priorities, priorities of the economic and investment plan and of the green agenda for the western Balkans.

– For Türkiye, the assistance reflects the state of EU's relations with the country and focuses on strategic sectors of cooperation like the green and connectivity agendas.

– The continued support to the Syrian refugees and host communities in Türkiye under IPA III will focus in 2025 on migration management and socioeconomic support aimed to build capacity and strengthen refugee resilience and self-reliance. It should complement support provided under the Neighbourhood, Development and International Cooperation Instrument – Global Europe, which is to focus on education support, more particularly the continuation of the Promoting the Integration of Syrian Children into the Turkish Education System and the Conditional Cash Transfer for Education programmes implemented under direct grants with the Ministry of Education.

– When it comes to external factors affecting the implementation of IPA III, the Russian war of aggression against Ukraine resulted in the Commission moving quickly in adjusting the IPA III programming where this was warranted. The implementation of the western Balkans energy support package to stabilise the energy sector and support businesses and vulnerable households against increasing energy prices is well on track. The Commission has disbursed 90% (EUR 450 million) of the EUR 500 million in form of budget support. The disbursements have been made in favour of Serbia (EUR 148.5 million), North Macedonia (EUR 72 million), Montenegro (EUR 27 million), Kosovo (EUR 67.5 million), Albania (EUR 72 million) and Bosnia and Herzegovina (EUR 63 million). The remaining EUR 50 million will be disbursed in 2024 after the EC assessment confirming the positive implementation of the Energy Action Plans and the public finance management reform as well as the continuous positive track record in maintaining stable macroeconomic policy and budget transparency. The Commission also further scaled up the support to the energy transition, including renewable energy, energy efficiency and connectivity of gas and electricity networks. In addition, the multiannual IPA rural development programmes and bilateral measures on agriculture are key in addressing food security. By their nature, IPA rural development programmes have been designed to strengthen food security in the beneficiary countries, which has become even more relevant in the context of the war. Investment project implementation in the agriculture sector resulted in an increasing trend of project cancelations but to the more complex macroeconomic context.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

Implementation	Estimates	

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	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	671.7	550.7	603.4	560.0	566.0	568.0	569.0	4 088.8	27%
Biodiversity mainstreaming	33.1	71.7	91.9	96.0	96.0	97.0	102.0	587.5	4%
Clean air									

Climate mainstreaming

- It is estimated that IPA III measures will contribute EUR 4 billion to climate mainstreaming in 2021-2027, and that IPA III contributed EUR 617 million in 2023.
- IPA III contributes to mainstreaming climate action in the EU's policies and to achieving an overall target of 30% of EU budget expenditure supporting climate objectives. Measures under IPA III are expected to contribute 18% of the overall financial envelope of the programme to climate objectives, with the objective of increasing this percentage to 20% by 2027.
- Estimates reflect the reporting methodology of the Organisation for Economic Co-operation and Development's Development Assistance Committee for the Rio markers on climate change mitigation and climate change adaptation. The budget for interventions contributing to climate change is weighted at 100% if mitigation or adaptation is the 'principal objective' of the measure and 40% if it is a 'significant objective'.
- The partial results for 2021-2023 suggests that the evolution of this marker for IPA III is on track in relation to climate mainstreaming. The quality review of 2023 data will be performed during 2024. The Commission is committed to stepping up its efforts to achieve the climate target by the end of the multiannual financial framework.
- In 2023, two measures with climate adaptation and mitigation as a principal objective were adopted, namely the annual action plan in favour of Türkiye (environment and climate change, supporting climate-resilient sustainable agriculture and fisheries in Türkiye in line with European Green Deal objectives and its related policies).
- IPA III supports the beneficiaries in their efforts to align themselves with the climate change and energy package and in the implementation of the external dimension of the European Green Deal. In particular, the measures support the implementation of several priorities of the economic and investment plan for the western Balkans (clean energy, environment, transport) and the green agenda for the western Balkans, especially under thematic window 3 (green agenda and sustainable connectivity) of the IPA III programming framework. A great deal of support in relation to clean energy and smart transport is channelled to the beneficiaries via the Western Balkans Investment Framework, the European Fund for Sustainable Development Plus and the Green for Growth Fund. In Türkiye, the establishment of the Turkey Investment Platform in 2022 will ensure that the country can take advantage of the European Fund for Sustainable Development Plus and that investment is channelled to support the implementation of the Green Deal in Türkiye.
- In Bosnia and Herzegovina, climate action has been successfully mainstreamed through the EU's assistance. A successful example is the EU's support for the preparation of a flood risk management plan in Bosnia and Herzegovina, which contributes to climate change adaptation. This intervention has supported the implementation of the action plan for flood protection and water management and thus increases the capacities of key stakeholders in Bosnia Herzegovina

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to manage flood risks, including prevention, protection and preparedness to respond to potential hazards, all in relation to the EU integration process.

– In Kosovo, the 'support to waste management in Kosovo' project improved the knowledge and skills of authorities and civil society in waste management, the circular economy and inter-municipal cooperation. The introduction of online waste-fee payments and an improved reporting system has increased the number of municipality reports from three in 2018 to 35 in 2022. A total of 36 municipalities adopted waste management plans, and 28 of them also adopted municipal regulations for specific waste streams (organic, bulky, and construction and demolition waste). The first deposit refund system for beverage containers has been established, together with applied measures for reducing the use of plastic bags. This was paired with investment in waste collection and separation. As a result, the number of illegal landfills decreased from 2 246 in 2019 to 747 in 2023. Today, 94% of the population has access to basic waste services, which is 36% more than in 2016.

Biodiversity mainstreaming.

– It is estimated that IPA III measures will contribute EUR 587 million to biodiversity mainstreaming in the 2021-2027 period, and that they contributed EUR 91.7 million in 2023.

– Estimates reflect the reporting methodology of the Organisation for Economic Co-operation and Development's Development Assistance Committee for the Rio marker on biodiversity. The budget for interventions contributing to climate change is weighted at 100% if biodiversity is the 'principal objective' of the measure and 40% if it is a 'significant objective'.

– The partial results for 2021-2023 suggest that IPA III is in the early stages of implementation, while the evolution of this marker is on track. The quality review of 2023 data will be performed during 2024. The Commission is committed to stepping up its efforts to achieve the biodiversity target by the end of the multiannual financial framework.

– In 2022 and 2023, two new initiatives with biodiversity as a principal objective were adopted, namely the 2022 annual action plan in favour of Türkiye (environment and climate change) and the 2023 annual action plan in favour of Türkiye (climate resilient and sustainable agriculture and fisheries in the context of the European Green Deal).

– Biodiversity, ecosystem protection and ecosystem restoration are key pillars of the green agenda for the Western Balkans. The thematic window 'green agenda and sustainable connectivity' will be the primary entry point for supporting action on ecosystems and biodiversity. However, measures under other thematic windows of the IPA III programming framework, such as the 'competitiveness and inclusive growth' window, including the agriculture and rural development priority, will also contribute to biodiversity protection and the management of natural resources, in line with the goals of the European Green Deal. The EU biodiversity strategy for 2030 requires that all EU neighbourhood countries be on board, particularly those aspiring to EU membership. In those countries, which are biodiversity hotspots, specific support is provided to further align legislation with the EU's *acquis*, notably the EU birds and habitats directive, and to prepare for the designation of Natura 2000 sites. Technical assistance is targeted at, among other things, supporting the management of protected areas and forestry management. For example, the EU4green project is supporting the preparation of nature and biodiversity data for floodplains in protected areas that are potential Natura 2000 sites in the western Balkans. These sites will serve as an example for other ecologically important habitats to develop nature. Considerable progress has been made in terms of *acquis* alignment, but challenges remain in ensuring its effective implementation, for instance with respect to illegal logging and the use of environmental impact assessments.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2	0.0	11.0	72.7	83.6
1	521.9	896.4	1 138.7	2 557.0
0*				
0	1 044.2	1 073.8	1 312.2	3 430.2

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information:

- N/A

The initially estimated IPA III contribution to gender mainstreaming in 2023 was EUR 73.4 million through measures with gender equality as a principal objective (2) and EUR 1.2 billion through measures with gender equality as a significant objective (1). Please note that 2023 data are not final and will be quality checked.

Since 2021, 19 measures have been marked as G2, 225 have been marked as G1, and 108 have been marked as G0, which gives a percentage of 69% of measures marked as G1 or G2. In 2023, 18 measures were marked as G2, 88 were marked as G1 and 28 were marked as G0, which gives a percentage of 79% of measures marked as G1 or G2. Please note that data for 2023 are provisional and will be updated in the course of the year.

On 25 November 2020, the gender action plan III (2021-2025), a joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy, was adopted. It defines clear objectives and targets concerning gender mainstreaming in policies and programmes. The plan therefore established that, by 2025, at least 85% of all new external actions should have gender equality and women's and girls' empowerment as a significant objective or as a principal objective, and that at least one action with gender equality as a principal objective should be supported in each country and region. Such objectives apply to actions funded under IPA III, as established by recital 27 of the IPA III regulation and the IPA III programming framework. In November 2023, the European Commission and the European External Action Service adopted a joint midterm report on the implementation of the gender action plan III.

The Commission's gender expenditure tracking methodology for the EU budget is in line with the Development Assistance Committee's gender equality policy marker methodology. Score 2 equals G2 and implies that gender equality is principal objective; score 1 equals G1 and implies that gender equality is a significant objective; score 0 equals G0 and means that gender equality is not targeted. The use of the Organisation for Economic Co-operation and Development gender marker is also aligned with the methodology established by the gender action plan III.

1. Making IPA III deliver on the objectives of the gender action plan III

- The gender action plan III has fostered a policy-driven, context-specific approach, in a Team Europe spirit. Country-level implementation plans are in place in six (out of seven) IPA countries. Set up by EU delegations in cooperation with EU Member States and based on meaningful consultations with partners including civil society and women's rights organisations, they are the political and operational roadmaps for EU action to reach the objectives of the gender action plan III.

2. Implementation of the gender action plan III by thematic area of engagement

- Combating **gender-based violence** is a priority for the EU in the western Balkans and Türkiye, where we promote the alignment with the EU *acquis* and relevant international standards, namely the Istanbul Convention. Many targeted interventions have been adopted or are under preparation to promote legal and policy reforms, changes in social norms and support for survivors. Through the EU–Council of Europe Horizontal Facility for the Western Balkans and Türkiye (EUR 41 million), the EU supports the improvement of access to justice for women victims of gender-based violence and/or domestic violence.
- In the area of **sexual and reproductive health and rights**, through the EU for improved health, social protection and gender equality programme in North Macedonia (EUR 11 million), the European Commission contributes to the provision of adequate equipment for maternal and neonatal care, training for healthcare professionals and awareness-raising activities to improve access to safe and effective healthcare for women and newborn children.
- Women's **economic and social empowerment** is a priority for the Commission. It is key to achieving poverty reduction, inclusive and sustainable growth within the framework of the 2030 Agenda and holds enormous potential for economic growth in our partner countries. The Commission promotes women's economic empowerment through (a) support for regulatory and policy reforms and practices to tackle the underlying barriers women face in their economic participation; (b) increased investment targeting women's economic empowerment, such as through the European Fund for Sustainable Development Plus and global gateway investment; and (c) targeted actions supporting increased economic opportunities for women, such as through support for women entrepreneurs and increased access to finance. Through the EU4 mitigating socio-economic consequences of COVID-19 pandemic in Bosnia and Herzegovina programme (EUR 12 million), the European Commission seeks to improve women's access to finance and to formal employment, in view of, among other things, a future 'green' and 'digital' economy.
- To promote **equal participation and leadership**, for example through the annual action plan in favour of Turkey for 2021 (EUR 11 million), the European Commission supported an increase in women's participation in local decision-making processes for women-friendly cities.

- The EU action plan on **women, peace and security** was integrated as one of the thematic areas of engagement of the gender action plan III. While, under IPA III, there are currently no actions planned that focus specifically on women, peace and security, the gender perspective is integrated into a number of actions. For example, through the demining action – annual action plan in favour of Kosovo for 2021, the European Commission supports the clearance and release of minefields and cluster-strike areas, improving the protection of women and men civilians as a contribution to public safety and security. Gender equality is integrated through gender analyses in the background section, policy analysis and intervention logic of the action.
- The gender action plan III introduced a new and innovative focus on the promotion of gender equality in the formulation of **green transition and digital transformation** policies and operations. Through the EU for circular economy and green growth action in Albania, for example (EUR 30.9 million), the European Commission supports the systematic incorporation of a gender lens in the design of a circular economy, ensuring a more active role for women in the ecological transition, including through a comprehensive, gender-responsive and inclusive awareness-raising campaign.
- In Kosovo, gender equality has been successfully mainstreamed through EU assistance. A successful example is the EU's support for the digital transformation of the economy by improving the digital skills of the workforce. The share of women ICT professionals who successfully completed a high-quality business and management training programme is very high (48.5%). 38.33% of the 1 513 people who obtained in-demand certification in cybersecurity, web application development, Enterprise Java and mobile applications, web development, Python, big-data analytics, machine learning or artificial intelligence are young women.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution	306.4	385.0	268.5	959.9	15%

– Since 2021, the IPA III has contributed EUR 960 million to the digital transition, including EUR 286.5 million in 2023.

– Digitalisation is an indicator of the global Europe results framework level 3 (indicator 3.2), and is reported as such in the annual report on EU external action. The marker has been operational since late 2020, therefore the commitments and payments for 2021 correspond to a complete year. The marker exists for the whole of heading 6 of the budgets, including IPA III.

– The budget for interventions contributing to digital transformation is weighted at 100% if measures are marked as a 'principal objective' or 40% if they are marked as a 'significant objective'. No quality review has yet been performed. For an action to be considered to relate to digitalisation, the following general considerations must be taken into account.

- An analysis of the digitalisation context must be conducted to inform future steps and facilitate the identification of the measure's digital component.
- After the analysis, the existence of a digitalisation-situation specific objective or result should be identified. It is important to make sure that this objective is backed by at least one indicator from the sector indicator guidance on digitalisation.
- It should be kept in mind that the data and indicators found in the action document should be disaggregated by sex, age, socioeconomic status and region, where appropriate and applicable.
- In 2023, the Commission launched the neighbourhood regional window of the Digital for Development Hub. This hub aims to improve the EU's and Member States' coordination on digital issues in the western Balkans, in Türkiye and in other EU neighbourhood countries, with the possible development of Team Europe initiatives in the sector.

– Since 2021, the Commission has concentrated its efforts on reducing data roaming prices within the western Balkans and the EU. In this context, the following two main milestones were achieved: (1) on 1 October 2023, the voluntary agreement on gradual roaming charges between the EU and the western Balkans, agreed at the 2022 EU–Western Balkans Summit and signed by 38 operators, entered into force; (2) the removal of data roaming within the western Balkans since July 2021. In 2022, the Commission approved two digital infrastructure projects with a value of EUR 45 million in IPA funding within the Western Balkans Investment Framework. This concerns the roll-out of rural broadband in Serbia and the establishment of smart labs in the Albanian education system.

– In addition, concerning the western Balkans, the Commission is preparing an IPA regional digital programme for adoption in 2024 (EU4digital). This programme will accelerate the digital transition for the whole region, focusing on four main strands: (1) secure and sustainable digital and telecom infrastructure across the region; (2) enhancing the interoperability of public services; (3) digitalising businesses; and (4) developing digital skills.

– The IPA regional cybersecurity programme has been ongoing since 2023, aiming at increasing the cyber resilience of the western Balkans through (1) alignment with EU *acquis* and international standards; (2) supporting the design of governance frameworks; (3) increasing risk management capacities; and (4) building the capacities of computer security incident response teams.

– In 2023, executed commitment appropriations were adopted with regard to seven measures with digital transformation as a significant objective:
  - the multi-country multiannual action plan on an EU civil-society facility and media programme in favour of the western Balkans and Turkey for 2021-2023;
  - the EU's contribution to the Western Balkans Investment Framework for 2021-2023;
  - the annual action plan in favour of Türkiye for 2023;
  - the annual action plan in favour of Türkiye (employment, education, social policies, EU support for participation in EU programmes and agencies for 2023 and 2024, environment and climate change, improving road safety in the context of the European Union acquis and the EU road safety strategy, supporting climate resilient sustainable agriculture and fisheries in Türkiye in line with European Green Deal objectives and its related policies).

– Digitalisation and the digital transition are an important part of the common regional market action plan, which aims to create a regional digital area focusing on roaming, digital skills, the digital economy, the recognition of electronic signatures and other forms of electronic

identification, and the protection of data. This was the most important part of IPA III's digital contribution in 2021, 2022 and 2023. Digital has also been recognised as an enabler, and has been integrated as a component in measures across different sectors.

- In Türkiye, through IPA III's contribution to the third phase of the Horizontal Facility for the Western Balkans and Türkiye, a child-friendly digital citizenship education handbook was produced, and 42 teachers and school administrators from 14 pilot schools were trained on digital citizenship education.
- In Albania, through the support of the third phase of the Horizontal Facility for the Western Balkans and Türkiye, the IT Centre for the Justice Sector produced a roadmap for the development of the new content management interoperability services and a first draft of the interoperability framework for the justice sector of Albania, in line with European Commission for the Efficiency of Justice guidelines, on how to drive change towards cyberjustice. Moreover, in the run-up to the 14 May 2024 local elections, the Central Election Commission launched the Electronic Platform on Financial Monitoring and Reporting to help monitor the financing of political parties and electoral campaigns.
- In Kosovo, through the support of the third phase of the Horizontal Facility for the Western Balkans and Türkiye, the Judicial Council finalised its 2024-2029 IT strategic plan, taking into consideration the revised European Commission for the Efficiency of Justice cyberjustice methodology.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Composite indicator on political criteria – western Balkans	2.1	**0%**	2.8 in 2027	2.1 compared to a target of 2.8	On track
Composite indicator on political criteria – Türkiye	1.8	**< 0%**	2.0 in 2027	1.5 compared to a target of 2.0	Deserves attention
Readiness of enlargement countries on public administration reform – western Balkans	2.5	**0%**	3.0 in 2027	2.5 compared to a target of 3.0	On track
Readiness of enlargement countries on public	2.5	**0%**	3.0 in 2027	2.5 compared to a target of 3.0	Deserves attention

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administration reform – Türkiye					
Composite indicator on EU *acquis* alignment – western Balkans	2.50	**45%**	2.7 in 2027	2.59 compared to a target of 2.70	On track
Composite indicator on EU *acquis* alignment – Türkiye	2.90	**20%**	3.1 in 2027	2.94 compared to a target of 3.10	On track
Composite indicator on economic criteria – western Balkans	2.30	**34%**	3.0 in 2027	2.54 compared to a target of 3.00	On track
Composite indicator on economic criteria – Türkiye	4.5	**0%**	5.0 in 2027	4.5 compared to a target of 5.0	On track
Number of cross-border partnerships established, formalised and implemented	101	**39%**	300 in 2027	179 compared to a target of 300	On track

(*) % of target achieved by the end of 2023.

– With IPA III, the EU is the largest donor in the enlargement region, generating added value through its substantial financial resources. By the end of December 2023, the Commission had committed (for annual programmes) or earmarked (for multiannual programmes) around EUR 8.68 billion out of EUR 14.162 billion in IPA III funds.

– By the midterm of the multiannual financial framework, IPA III had demonstrated its general effectiveness as a pre-accession instrument and was on track to deliver its main objectives, although it still faced some limitations. This was confirmed by the annual IPA assessment and the midterm evaluation of external financing instruments, conducted in 2023 and adopted in May 2024 80.

– Assistance under IPA III is based on a performance-based approach and a fair-share principle. Assistance is differentiated in scope and intensity according to the performance of the beneficiaries, in particular as regards their commitment and progress in implementing

80 ([1]) European Commission (May2024), Commission evaluation report and SWD on the evaluation of the EU's External Financing Instruments for the 2014-2020 and 2021-2027 https://ec.europa.eu/transparency/documents-register/detail?ref=COM(2024)208&lang=en, backed by an independent study https://international-partnerships.ec.europa.eu/publications/evaluation-european-unions-external-financing-instruments-2014-2020-and-2021-2027_en

reforms, and also according to their needs. The fair-share principle means that no IPA III beneficiary committed to objectives of the instrument should receive a disproportionally low level of assistance compared to other beneficiaries. Therefore, the selection of actions prioritises their relevance in relation to the EU's key strategic priorities and their maturity, requiring strong ownership and strategic planning capacity by its beneficiaries on bilateral programming. However, balancing performance assessment with the fair-share principle has limited the financial reward to well-performing beneficiaries, as affirmed by the midterm evaluation of IPA III.

- Based on the IPA III indicators, the overall picture for the western Balkans remains positive.
- The key performance indicator on political criteria in the western Balkans has remained stable compared to 2022. Slight improvements were seen in the indicators on the functioning of the judiciary, the fight against corruption, the fight against organised crime and freedom of expression. Progress was achieved, for example, with the advancement of judicial reforms supported by IPA III in Albania and Serbia. Some efforts were also made to strengthen the fight against corruption, though progress was limited across the western Balkans.
- IPA III support for fundamental rights has contributed to a greater understanding of the importance of guaranteeing these rights and freedoms, but some negative trends have continued, for example in relation to gender-based violence, which remains prevalent.
- For Türkiye, the key performance indicator on political criteria remained stable compared to 2022, and it stills lags behind the value of 2018, confirming the continued backsliding on fundamentals. This in turn continues to impact the level of IPA III assistance, which is limited in the areas of common interest, given that Türkiye continues to move further away from the European Union and that Türkiye's accession negotiations have effectively come to a standstill.
- The key performance indicator on readiness for public administration reform remained stable from 2022. This was expected given the scale of reforms needed across the administration and the overall time it takes to implement comprehensive administrative reforms. However, as stated in the 2023 enlargement package, enlargement countries remain, overall, at best moderately prepared in terms of quality of their public administration.
- Concerning alignment with the acquis, the indicator is very close to reaching the target for 2027, both in the western Balkans and in Türkiye, which is in line with the funding allocated in 2021-2023 (39%) to IPA III window 2 'Good governance, EU acquis alignment, good neighbourly relations and strategic communication'. The value of the indicator 'Attitude towards the EU: percentage of population with a positive general attitude towards the EU' has surpassed the milestone value set for 2023, showing the positive trajectory of the main indicators of window 2 for both the western Balkans and Türkiye.
- Regarding the key performance indicator on economic criteria, progress was made in the western Balkans compared to 2022. As the October 2023 Berlin Process Summit confirmed, some progress was made with the common regional market following the signature of the Agreement on the Recognition of Professional Qualifications of Nurses, Veterinary Surgeons, Pharmacists, and Midwives and a number of joint statements relating to regional cooperation. However, as reaffirmed by the 2023 enlargement package, overall progress towards fulfilling the economic accession criteria remained too slow to substantially narrow the economic gap with the EU. The design of IPA III, especially the need to take into account a fair share according to the needs and capacities of the beneficiaries, along with performance, limits the possibility of accelerating the implementation of structural reforms.

– On this basis, in November 2023, the Commission proposed a complementary financing instrument, the Reform and Growth Facility for the Western Balkans, to accelerate fundamental socioeconomic reforms with a new type of funding and ex ante payment conditionalities.

– The midterm evaluation of external financing instruments, which was conducted in 2023 (along with the final evaluation of the external financing instruments of the previous multiannual financial framework), confirmed that IPA III has been efficient in deploying a mix of methods and tools, including budget support, grants, loans and guarantees to holistically respond to its objectives. This derives from the following developments, among others, which aim to promote socioeconomic development.

  i. A substantial proportion of IPA III funding has been allocated to the key enlargement policy priority: the economic and investment plan for the western Balkans. Since the adoption of the plan in October 2020, the Western Balkans Investment Framework has endorsed 59 flagship investments, amounting to EUR 8.9 billion, in key railway, road and waterway interconnections, renewable energy, energy efficiency and power interconnectors, waste and water management, new health and education facilities, digital infrastructure and private-sector development. The EU and bilateral donors contribute EUR 2.6 billion in grants to these investments.
  ii. Thanks to the European Fund for Sustainable Development Plus guarantee, further support is provided for reconstruction in Türkiye following the 2023 earthquake. Under window 1 of the fund, a framework loan for a total amount of European Investment Bank lending of EUR 400 million has been approved, which is expected to mobilise investment amounting to EUR 1.55 billion. The underlying operations will focus on the rehabilitation, construction and extension of facilities for sanitation and drinking water in the provinces affected by the earthquake in south-eastern Türkiye.

– Following the Russian war of aggression against Ukraine and the earthquakes in Türkiye, the flexibility of IPA III was tested. IPA III demonstrated adaptability and responded well to emerging crises. For example, the 2023 programming exercise for the western Balkans was refocused to address the immediate impact of the war in Ukraine, in order to cushion against increases in energy prices and their impact on vulnerable households and small and medium-sized enterprises, through the preparation and swift payout (90%) of six energy support packages amounting to EUR 450 million in budget support.

– IPA III exploits synergies and contributes to several cross-cutting priorities at the same time, such as climate and gender.

– IPA III supports the beneficiaries in their efforts to align to the climate change goals. Several priorities of the economic and investment plan for the western Balkans (clean energy, environment, transport), along with the green agenda for the western Balkans, showcase numerous interventions increasing this alignment. EU4green supports Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia in implementing the green agenda. It succeeds in building synergies, encouraging new ideas, improving the quality of decisions, enhancing regulatory reforms and improving monitoring and reporting. Furthermore, evaluations also point out that there is evidence that the EU has been in instrumental in encouraging the development of incentives and instruments for the greening of small and medium-sized enterprises, with an emphasis on energy efficiency and renewable energies, mostly through blending interventions, while also addressing gender.

– As concerns the gender equality target, IPA III has increased the number of actions with gender equality as a principal or a significant objective in the first 2 years of implementation, although more effort is needed to meet the target. Actions under IPA III focus on horizontal priorities. In line with the EU gender action plan III and its key thematic areas of engagement,

the European Commission's efforts in relation to gender equality and women's empowerment aim to take into account the challenges and opportunities offered by the green transition and the digital transformation. In this sense, actions financed under the IPA III instrument also approach gender equality from an intersecting point of view, by focusing on cross-cutting themes. Through the EU for circular economy and green growth action in Albania (EUR 30.9 million), for example, the Commission supports the systematic incorporation of a gender lens into the design of the circular economy, ensuring a more active role for women in the ecological transition, including through a comprehensive, gender-responsive and inclusive awareness-raising campaign.

– IPA III aims to ensure complementarity and synergies with the various types of programmes it supports. By the end of 2023, the Commission had adopted 2021-2027 IPA rural development programmes for Albania, Montenegro, North Macedonia, Serbia and Türkiye, along with nine cross-border cooperation programmes between western Balkans and IPA III beneficiaries, 10 cross-border cooperation programmes between IPA III beneficiaries and Member States, one transnational cooperation programme and one interregional cooperation programme, which is also available for western Balkan partners. Although implementation is at an early stage, the complementarity will build on the lessons learnt from IPA II.

2014-2020 multiannual financial framework – Instrument for Pre-accession Assistance (IPA) II

Prepared in partnership with the beneficiaries, IPA II set a new framework for providing pre-accession assistance for the 2014-2020 period.

IPA is a unique programme that supports IPA beneficiaries in their ambitious political and economic reforms and in their progressive alignment with the European Union's rules, standards, policies, and practices on their path towards EU membership. It fosters reforms in candidate and potential candidate countries through a combination of financial assistance and policy dialogue, preparing them for the rights and obligations that come with EU membership.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	12 813.1	12 893.6	99.4%
Payments	10 062.2		78.0%

- As of 31 December 2023, the Commission had implemented 99.4% of the IPA II commitment appropriations and 78% of the payment appropriations.
- The payment rate is the result of IPA II being first and foremost an investment budget that finances projects that run over a long period of time.
- In average 2.3 years are needed to pay the total costs of legal commitments, less than the internal Commission target of 4 years for external action programmes. The implementation of IPA II payment appropriations is expected at the level of EUR 0.7 billion in 2024 and EUR 0.5 billion in 2025. This should bring the implementation of payment appropriations up to 83.7% of the total 14-20 envelope at the end of 2024 and 87.5% at the end of 2025.
- In 2023, 43.1% of IPA II payments were dedicated to measures in social infrastructure and services and 13.1% to multisector measures. 75.1% were implemented through indirect management, 22.7% through direct management and 2.2% through shared management.
- Finally, 176.6 million of IPA II voted budget appropriations was paid in 2023 under the Facility for Refugees in Turkey, while Member States contributed EUR 112.7 million.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Cross-border cooperation programmes concluded (IPA–IPA)	8	50%	10 in 2023	9 compared to a target of 10	Moderate progress
Cross-border cooperation programmes concluded (IPA–	12	100%	10 in 2023	10 compared to a target of 10	Achieved

EU Member States)

(*) % of target achieved by the end of 2023.

- IPA II is making progress towards achieving its overall objectives despite the large influence of external factors. The Russia's war of aggression against Ukraine has left a heavy impact on the western Balkans, including on food and energy security, hindering the economic rebound following the COVID-19 pandemic.
- IPA II provided a clearer response to the pre-accession objectives in line with the Enlargement Strategy and its 'Fundamentals first' approach. In particular, a substantial portion of the IPA II funds was allocated to the sectors of Democracy and Governance and Rule of Law and Fundamental Rights. This approach made IPA II particularly fit for institution building.
- The most important novelty of IPA II was its strategic planning focus with Indicative Strategy Papers for each beneficiary for the 7-year period. These planning documents ensured a stronger ownership through integration of beneficiary reform agendas with enlargement priorities. A Multi-Country Strategy Paper addressed priorities for regional cooperation and territorial cooperation.
- According to evaluations (midterm evaluation of IPA II ([81]) in 2017 and the final evaluation of IPA II which was conducted in 2023), IPA II allowed for a more systematic use of sector budget support and gave more weight to performance measurement. It was nevertheless also noted that while the introduction of the sector approach improved the strategic focus of IPA II, there was uneven uptake and implementation among beneficiaries.
- Regarding the key performance indicator on political criteria in the western Balkans, this has remained stable compared to 2022. Based on the 2023 enlargement reports, progress was achieved, for example with the advancement of judicial reforms in Albania and Serbia. Some efforts were also made to strengthen the fight against corruption, however the progress was limited across the western Balkans.
- On the other hand, the 2023 annual report on Türkiye echoed the findings of previous years on backsliding from the EU values and standards, especially on rule of law and fundamental rights, and a lack of political commitment to implement the reforms necessary for the accession process, which has effectively come to a standstill in 2018, and therefore the EU and Türkiye relations continue on areas of common interest, subject to the conditions set out by the European Council.
- Regarding alignment with the EU *acquis*, the western Balkans partners have generally improved their preparations. One of the key EU-funded tools for *acquis* alignment, the Technical Assistance and Information Exchange Instrument (TAIEX), allows the sharing of EU best practices and supports the alignment of national legislation in all chapters of the *acquis*. The sector approach promoted structural reforms especially through budget support and helped to transform a given sector and bring it up to EU standards. The cooperation with Member States through twining has also paid an important role. The combination of sector budget support and other forms of assistance has allowed to move towards a more targeted assistance, ensuring efficiency, sustainability and focus on results. Furthermore, progress is made in aligning with EU standards in the agri-food sector via their respective IPA rural development programmes.
- Concerning the indicator on the Cross Border Cooperation (CBC) programmes concluded, this remained stable compared to 2022. The reason for not achieving the target value is related to the Serbia-Kosovo CBC programme. Despite the agreement on the path to normalisation that was reached last year, the situation has worsened after September 2023, impacting also the aforementioned programme. Of note, through the CBC Bosnia and Herzegovina – Montenegro programme, the project Increasing Capacities to Prevent, Prepare and Respond

([81]) LexUriServ.do (europa.eu).

to Disasters – Resilient Border (EUR 500 000) strengthened capacities for managing risks from natural and other disasters by building training grounds, equipping protection and rescue teams and holding training sessions for members of the cross-border team. In the CBC Kosovo–North Macedonia programme, the CBCEcoKid project (EUR 351 212.72) strengthened the capacity of partner municipalities in enforcing environmental protection standards and values, which led to a reduction in energy costs of up to 30% in financial costs and minimised the impact on climate change.

- The added value of the 2014-2020 Interreg IPA programmes is significant. These programmes have addressed issues that require both a territorial approach and coordination between all policies and funding instruments so that all go in the same direction. While transnational programmes focus more on 'soft' projects (e.g. studies, etc.), the cross-border ones emphasise rather on 'concrete' projects.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		

SDG3	Yes	The regional project 'Strengthening health systems resilience in the western Balkans' supports progress towards SDG 3 targets, by strengthening all-hazard emergency response capacities, helping to reform health financing systems to ensure universal health coverage, and increasing vaccination levels. In 2023, the project contributed to risk and capacity assessments, information management systems, and national plans on health security; produced reports and publications on financial protection based on data collection and analysis, and launched an online platform to track progress on affordable health care. The project helped to recover routine immunisations disrupted by the COVID-19 pandemic through catch-up vaccination, development of national action plans and normative guidance for national immunisation programs, and improvement of information systems. The EU supports North Macedonia in implementing its Health strategy 2021-2030. The needs for developing a national comprehensive psychiatric service focused on children and adolescents have been mapped, and the annual public health programmes have been assessed with recommendations to improve their planning, budgeting and monitoring in line with the EU member states' practices. Having appropriate budgets and staffing remain key for the country to implement these recommendations.
SDG4	Yes	The economic and investment plan for the western Balkans highlights the need to invest in human capital particularly in education and skills. The Western Balkans school exchange scheme is a regional initiative that contributes to increasing skills and knowledge of young people in the western Balkans. It enhances education systems and promotes cooperation by building capacities of schools to develop and implement quality school exchange projects. In total, 2 500 students aged 15-17 were expected to participate by the end of 2023 from participating 100 schools, including young people with mental disabilities and visual impairment. The EU invested in inclusive and equitable quality education and promoting lifelong learning opportunities by constructing the Faculty of Mathematics and Natural Sciences of the University of Pristina (EUR 8.9 million), and two schools in Prizren and Ferizaj (EUR 8.4 million). The EU also helped to reform the basic and upper secondary education zooming on curricula and teachers' qualification (EUR 2.9 million), and provided new learning and education opportunities for children with special needs and children from non-majority groups.

SDG5	Yes	The advancement of gender equality in the enlargement region has been supported by the European Institute for Gender Equality (EIGE), through the implementation of the regional programme 'Increased capacity of EU candidate countries and potential candidates to measure and monitor impact of gender equality policies (2018-2022)' with a total cost of EUR 0.93 million. As regards tackling gender-based violence, the regional programme 'Ending violence against women in the western Balkans and Turkey: Implementing Norms, Changing Minds, Phase II', implemented by the UN Women, finished in 2023. A total of 77 civil-society organisations were directly supported by the programme, thanks to which 376 civil-society organisations are engaged in monitoring and reporting on the implementation of the Istanbul Convention and CEDAW, and are thus able to provide services to survivors of gender-based violence and mobilise communities to build more equal societies.. The Commission has also supported the empowerment of women with minority backgrounds. Specific projects such as 'Romani women power of change in the western Balkans and Turkey' (EU contribution EUR 1 million) aimed to increase the participation of Roma women in the local decision-making. The Gender Equality Facility, implemented together with UN Women, helps aligning Kosovo's legislation with the EU *acquis* and international standards, supports Kosovo in gradual shift to gender responsive budgeting and planning, teaches central and local authorities how to enhancing the gender perspective in their operations, and mainstreams the gender perspective in programming of the EU funds.

SDG6	Yes	The EU is financing (EUR 22.9 million since 2009) the construction of a wastewater treatment plant in Podgorica, Montenegro, as well as a sludge incineration plant, and extension of the sewerage network. The investments will make possible the collection and treatment of the wastewater generated by the city in line with EU standards, increasing thus the hygienic and health conditions, as well as the quality of life of all people connected to the new system. Improved infrastructure will also create jobs, stimulate economic growth, and attract more investors to the region. The project will ensure responsible and sustainable use of natural resources for generations to come. In 2023, the EIB signed a EUR 70 million EU investment grant with the government of North Macedonia to build a central wastewater treatment plant in Skopje. The plant will service nine of the ten municipalities of the city with over a half a million residents. It will account for approximately 75% of the nation's wastewater treatment capacity by 2028, and ultimately purify 90% of the capital's wastewater. Currently, the wastewater generated by the city is discharged without treatment into the Vardar River, a major cross-border watercourse that flows into Greece. This investment will deliver significant environmental benefits, improve living standards, and contribute to the country's compliance with the EU *acquis*.

SDG7	Yes	The building sector accounts for over 40% of total energy consumption in the western Balkans. Renovating public and private buildings to meet energy performance standards can make a significant contribution to energy savings, reduce greenhouse gas emissions and improve living standards. Since 2023, the regional energy efficiency programme has blended policy support with loans, technical assistance and incentives to support energy efficiency and renewable energy investments in the public and private sectors in the western Balkans. Since its inception, the integrated package offered through the regional energy efficiency programme has reached over 1 000 small and medium-sized enterprises, 16 000 households and 400 public buildings across 700 cities and towns. Related investments translate into 964 000 MWh/year energy saved and 540 000 tCO_2/year emissions avoided, which is equivalent to removing 135 000 cars from the road. Vau i Dejës Floating Solar: Photovoltaic Power Plant. This investment project will install a 12.9 MW floating solar photovoltaic power plant at Vau i Dejës, a reservoir that hosts one of the largest hydropower plants in Albania. This will be the first medium-size hybrid floating solar and hydropower plant and the first application of pure floats technology in the western Balkans. The investments are expected to have a significant demonstration effect and be easily replicated on other hydro reservoirs in Albania and the region. The plant is expected to produce over 18 GWh of electricity and displace 8 700 tonnes of CO2 annually. The gas interconnector between Serbia (Niš) and Bulgaria (Sofia) was completed and inaugurated in 2023, allowing the transfer of 1.8 billion cubic metres of natural gas annually.

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SDG8	Yes	In North Macedonia, under the 'EU for Youth' budget support, over 13 400 young people successfully completed the youth guarantee scheme in the three regions facing the highest levels of unemployment in North Macedonia in the 2020-2023 period. The Youth Guarantee scheme, contributed to improving young people's skills and decreasing youth unemployment from 30.5% in 2019 to 24% in Q3 2023. Working in synergy, EU and national funds contributed to a decrease of the rate of early school leavers from 7.1% in 2019 to 6.2% in 2022. The EU supports North Macedonia in addressing the mismatch between the educational offer and the demand in the labour market through the reform of its vocational education and training. The enrolment in VET schools increased by 6% in the 2021–2022 school year compared to the previous school year. The Structural Reform Facility – competitiveness policy priorities for western Balkans programme contributes in particular to the fulfilment of SDG target 8.3. The action focuses on the needs of micro, small and medium-sized enterprises and promotes policy measures necessary to enable small, young and/or innovative firms to become more competitive within the region and internationally. Additionally, it supports digitalisation and innovation as enablers of competitiveness, while being aligned with green transition principles (energy efficiency, decarbonisation and circular economy). SMEs go green digital in the western Balkans (EUR 22.5 million) contributes to the fulfilment of SDG target 8.2 by increasing access to finance to enable higher utilisation of digitalisation, automation and competitiveness technologies, supporting greening of small and medium-sized enterprises, and increasing innovation, competitiveness, growth and trade potential of the private sector via targeted investments and increased awareness within small and medium-sized enterprises, thus facilitating regional and EU integration.
SDG9	Yes	

SDG10	Yes	In the enlargement region, the EU promoted the children's rights through a regional project (EUR 5 million), implemented by UNICEF, to mitigate the impact of COVID-19 on the lives of children and families, focusing on health and nutrition services, child protection services, education and early childhood development services. More than 290 000 children profited from equitable and inclusive digital learning in Bosnia and Herzegovina, Kosovo, Montenegro, and North Macedonia. In North Macedonia, the EU has supported the education of students with special needs in three consecutive years. Specifically, 467 students with special needs received scholarships, and 180 schools received guidance on how to enhance their ability to cater to the needs of children with disabilities. While financial support for families is a crucial aspect of the EU assistance, it is important to note that this initiative goes beyond mere financial aid. The project adopts an integrated approach aimed at making public-school education more inclusive. To achieve this inclusivity, the project involves individual tutoring for students with disabilities. Simultaneously, training courses are provided for school inclusion teams and education assistants. This comprehensive strategy ensures that the education system becomes more accessible and supportive for all students, regardless of their abilities. Moreover, another Works project has enabled 15 schools to enhance their physical accessibility for children with disabilities. The EU funding in North Macedonia not only offers financial aid through scholarships but also implements a holistic approach to transform the education system. By combining financial support, individual tutoring, training for education professionals, and physical improvements to school infrastructure, the project aims to create an inclusive learning environment and promote awareness of the benefits of inclusive education policies. In Kosovo, the EU funded community stabilisation programme channelled over EUR 500 000 to 51 individual family businesses and 25 community-based initiatives in non-majority communities securing 80 jobs and creating economic and development momentum for non-majority communities.

SDG11	Yes	In 2023 in Serbia, 127 families with 361 family members (171 male and 190 female) moved to the new constructed social housing flats and 819 beneficiaries received income generating support. In the area of sustainable transport, in North Macedonia as part of EU4Municipalities programme, the municipality of Strumica constructed more than 2km of cycling tracks with EU grant funding and organised promotion and awareness raising campaigns for the use of bicycles. The Municipality of Veles, also a grant beneficiary under the programme, marked and hosted the European Mobility Week 2023. In North Macedonia, the EU support for the regional and local development, along with the EU Delegation's continued communication effort towards municipalities, has enhanced the policy dialogue with local communities and has reaffirmed the role of local authorities in the development process and the EU accession (also SDG 8 and SDG 17). The support provided in this area through the IPA 2019 project EU for Growth and the IPA 2020 programme EU for municipalities, as well as the regional programme on local democracy in the western Balkans 2 (Reload2), continued to help the mobilisation of private and public resources for local development (8 municipal projects to introduce innovation in local service provision; 20 small-scale projects in 6 different municipalities and 21 small and medium-sized enterprises supported in the 3 least developed regions). 83 000 North Macedonians became more aware of the prevention and management of manmade risks and natural disasters thanks to the two projects under the IPA Cross Border Cooperation programme for North Macedonia-Albania. Border area of Struga and Librazd (222 703 ha) was covered by common monitoring actions against the effects of wildfires. More specifically one joint wildfire's emergency centre was established, and two joint wildfire emergency measures were developed and included in the routine of relevant bodies in the cross-border area. An information, coordination and notification system to prevent and mitigate the consequences of manmade hazards and natural disasters at local and central level was set up. The respective public administrations are equipped to better manage cross-border disasters and deal with climate change. 1 350 km^2 of cross-border area is now under monitoring for wildfires out of which 300 km^2 agricultural area and 1050 km^2 forest area. One cross-border team was established and empowered to deal with emergency situations. In Kosovo, the 'Support to Waste Management in Kosovo' project improved the basic services and modernised the waste management system in line with the EU legislation and the best international practices. The project improved the knowledge and skills of authorities and civil society in waste management, circular economy, and inter-municipal cooperation. 36

		municipalities adopted waste management plans and 28 of them - municipal regulations for specific waste streams (organic, bulky and construction and demolition waste). Waste separation was tested on a pilot basis in 7 municipalities bringing the separate collection rate to 21.63% of 189 630 households. 24 municipalities received waste management equipment (7 waste trucks, 3 tractors, 15 5000 and 3 500 home-composters). The number of illegal landfills decreased from 2 246 in 2019 to 747 in 2023. Online waste fee payment is introduced, and the reporting system was improved resulting in increased number of municipality reports from 3 in 2018, to 35 in 2022. Moreover, the project supported Kosovo in its transition to circular economy. The first in the country Deposit Refund System for beverage containers is established, together with applied measures for the reduction the use of plastic bags. Today, 94% of the population has access to basic waste services; this represents 36% increase compared to 2016.
SDG12	Yes	
SDG13	Yes	Under the EU4 Energy Transition project (EUR 8 million), the EU has been supporting cities and towns in the western Balkans and Türkiye in delivering on their pledges under the Covenant of Mayors for Climate and Energy initiative. From 2021 to 2025, among other measures, the programme is supporting 20 cities and towns in developing and implementing energy and climate action measures focusing on local solutions for energy efficiency and renewable energy. In Kosovo, the EU, through the Energy Support Package, provided energy subsidies for electricity and wood fuel to around 200 000 vulnerable households, and supported over 20 000 households to install solar water heating systems, efficient home appliances (e.g. washing machines, dishwashers, fridges), and efficient heating equipment such as heat pumps and biomass boilers and stoves. Over 2 000 families benefit from thermal insulation measures for single houses, in addition to the 28 social housing buildings hosting 785 families. About 1 000 small and medium enterprises are expected to benefit from the heating-related energy efficiency measures, launched in November 2023. In Bosnia and Herzegovina, the ‘Technical Assistance for preparation of the Flood Risk Management Plan in Bosnia and Herzegovina’ project increases country’s adaptation to the climate changes by increasing capacities of key stakeholders to manage flood risks, including their prevention, protection and preparedness to respond to potential hazards.
SDG14		

SDG15	Yes	In North Macedonia the EU supports the national land consolidation programme. Two consecutive projects foster land consolidation policy across the country and support the upgrade of the practice, legislation, and policy as well as the national land consolidation strategy and action plan for the new 2024-2034 strategic period. Overall, 6 267 farmers and landowners benefitted from a more efficient land structure in 14 areas in North Macedonia. The new land structures optimise the use of agriculture machinery and substances and contribute to reduction of pollutants in these areas. 10 plans for land re-allotment or for agricultural infrastructure improvement were developed. The first full land consolidation in North Macedonia in the village of Egri (Bitola Municipality) was fully completed in 2022. Two more land consolidation sites in the village of Chiflik and Dabjani are ongoing with EU support. The improved agricultural land structure in these locations is complemented with the construction of agricultural infrastructure based on the needs of the local community.
SDG16	Yes	The EU, through its partnership with the Council of Europe, supported the first ever training of police officers from Brčko District of Bosnia and Herzegovina on hate crime and hate speech towards the LGBTI community. In Türkiye, it supported the launching of a grant scheme for legal aid services to vulnerable women, as well as the training of 586 lawyers on women's access to justice. In North Macedonia, the new Law on Whistleblower protection was finalised and published for public opinion. In Serbia, IT equipment was provided to the National Anti-trafficking Co-ordination Office (NATCO), the National Rapporteur on trafficking in human beings, the Centre for Human Trafficking Victims' Protection and the NGO ASTRA, in order to strengthen their capacities in monitoring and reporting human trafficking and in protecting victims. The EU support helped to establish an online National Centralised Criminal Record in Kosovo (NCCR) providing opportunity for citizens to request and receive certificates of criminal records within few minutes. By September 2023, NCCR had provided 203 441 certificates of criminal records. The system enables Kosovo to meet one of the requirements for Schengen visa liberalisation for its citizens taking effect in 2024.

SDG17	The regional programme supporting to the Central European Free Trade Area Secretariat (EUR 4 million, started in 2022) facilitates trade negotiations, trade flows and strengthens trade surveillance in western Balkans and Moldova. Various rounds of trade negotiations took place in 2023 in relation to trade in goods and services and progress was observed at technical level, pending political approval of common decisions. Through the Systematic Exchange of Electronic Data platform, pre-arrival customs data contributed to reduce border-crossing time of containers. The programme also supports the exchange of certificates between customs authorities and phytosanitary, veterinary and medical agencies and various pilot activities are carried-out, in particular in the area of risk-management. Market surveillance authorities in the region are also supported through a common regional database for the sharing of information on unsafe products.

EGF

EUROPEAN GLOBALISATION ADJUSTMENT FUND FOR DISPLACED WORKERS

Programme in a nutshell

Concrete examples of achievements

69	61 269	3 369	EUR 217 941 277
applications were received between 2014 and 2023, including 15 between 2021 and 2023, excluding those that were withdrawn or rejected.	workers were offered assistance between 2014 and 2023, including 7 431 workers targeted in applications received between 2021 and 2023	young people not in employment, education or training were offered assistance between 2014 and 2020.	in contributions from the EGF was requested by 12 Member States between 2014 and 2023, including about EUR 38 million requested through the 2021-2023 applications.
60%			
is the average rate of beneficiaries who found employment following an EGF intervention between 2014 and 2020.			

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

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Budget for 2021-2027

(million EUR)

Financial programming	727.3
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0
Total budget 2021-2027	**727.3**

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

With a view to achieving economic, social, and territorial cohesion in the EU, it is necessary to develop a coordinated strategy for employment. This strategy should particularly focus on the promotion of a skilled, trained, and adaptable workforce as well as on labour markets' responsiveness to economic change. To this end, the EU will contribute to a high level of employment by supporting and, if necessary, complementing action by Member States through the mobilisation of the European Globalisation Adjustment Fund for Displaced Workers (EGF) to co-finance measures to support redundant workers in case of major restructuring events. These events, by their scale and effects, cause a significant impact and can test the limits of what regular national labour market programmes are able to provide to assist displaced workers.

CHALLENGE

Globalisation and technological change are likely to increase further the interconnectedness and interdependence of world economies. Labour reallocation is an integral and inevitable part of such economic change. These trends risk further tilting the already unequal distribution of the benefits from globalisation, causing a significant impact on the people and regions adversely affected.

Ensuring a fair distribution of the benefits of change calls for aiding displaced workers. When the number of displaced workers is particularly large, aiding may go beyond the means of the individual Member State, requiring EU-level action. EU intervention through the EGF generates European added value by increasing the number, variety and intensity of services offered to even more dismissed workers and for a longer period than would be possible without EGF funding.

MISSION

The EGF aims at supporting socioeconomic transformations that are the result of globalisation and of technological advance as well as of environmental changes by helping displaced workers and self-employed persons whose activity has ceased to adapt to structural change.

The EGF is an emergency fund that operates reactively to assist displaced workers affected by major restructuring events. It is guided by—and helps implement—the principles defined under the European Pillar of Social Rights ([82]) (including equal opportunities and access to the labour market, fair working conditions, and social protection and inclusion) and enhances social and economic cohesion among regions and Member States. It adds to existing mainstream restructuring assistance programmes and services for labour market actors, without replacing existing resources.

OBJECTIVES

The EGF's objectives are to demonstrate solidarity and promote decent and sustainable employment by helping in the case of major restructuring events. Emphasis shall be placed on measures that help the most disadvantaged groups.

ACTIONS

The EGF co-finances coordinated packages of personalised services designed to facilitate the re-integration of the beneficiaries, the most disadvantaged among them, into employment or self-employment. Its focus is on active labour market measures (e.g., training and retraining, up-skilling, job-search assistance and guidance, outplacement assistance, aid for self-employment or business start-ups, temporary financial incentives and allowances). Assistance is granted for a limited period.

STRUCTURAL SET-UP OF THE PROGRAMME

The EGF is implemented under shared management. DG Employment, Social Affairs and Inclusion is the lead for the Commission.

The employment policies are a shared competence between the EU and the Member States ([83]). The two parties shall work towards developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce, and labour markets' responsiveness to economic change with a view to achieving economic, social and territorial cohesion in the EU. The EU will contribute to a high level of employment by supporting and, if necessary, complementing action by Member States ([84]).

In compliance with the principles of subsidiarity and proportionality ([85]), funding from the EU budget concentrates on activities whose objectives cannot be sufficiently achieved by the Member States alone and where EU intervention can bring additional value compared to action by Member States alone.

([82]) European Pillar of Social Rights action plan.

([83]) Articles 2 to 5 of the Treaty on the Functioning of the European Union.

([84]) Articles 145 and 147 of the Treaty on the Functioning of the European Union.

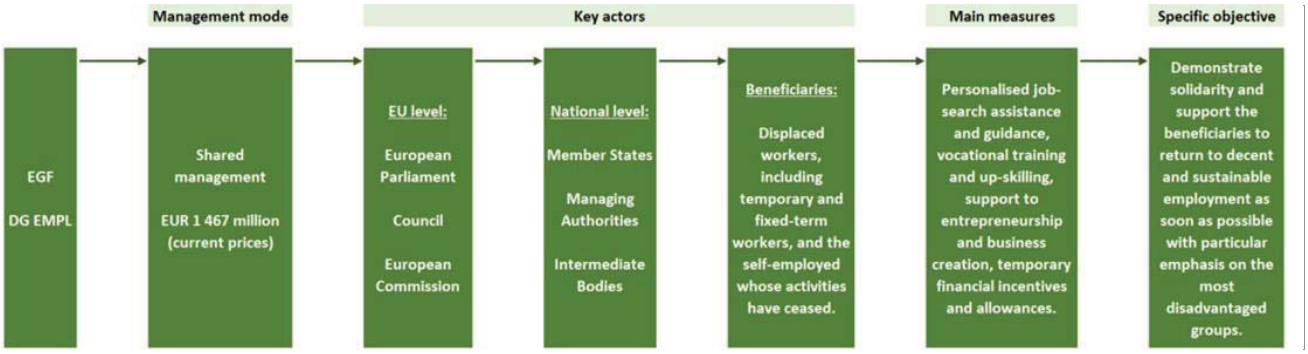
([85]) Article 5 of the Treaties (2002) C 325/01.

Therefore, the mobilisation of the EGF to co-finance measures to support redundant workers can be justified in case of major restructuring events that, by their scale and effects, cause a significant impact and can test the limits of what regular national labour market programmes are able to provide to assist displaced workers. Assistance from the EGF is always offered in addition to the efforts of the Member States at a national, regional and local level. The EGF generates European added value by increasing the number, variety and intensity of services offered to even more dismissed workers and for a longer period of time than would be possible without EGF funding ([86]) ([87]).

The 2021-2027 multiannual financial framework ([88]), the Interinstitutional Agreements on Better Law-Making ([89]) between the European Parliament, the Council of the European Union and the European Commission, and the Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources, of 16 December 2020 ([90]), determine the budgetary framework of the EGF. The objective, scope and conditions for the mobilisation are set out in the EGF regulation ([91]). For each eligible case, the EGF is mobilised jointly by the European Parliament and the Council through a decision adopted in accordance with the provisions of the EGF regulation and a transfer from the reserve budget line to the EGF operational budget line.

The EGF's design shows a clear complementarity with the more preventive assistance offered by the European Social Fund Plus which consists of multiannual programmes that support long-term goals such as the anticipation and management of changes and restructuring. Unlike the European Social Fund Plus, the EGF is established to provide support in exceptional circumstances and outside a multiannual programming scheme. EGF and European Social Fund Plus measures are sometimes used by Member States to complement each other to provide both short- and long-term solutions ([92]).

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



([86]) Mid-Term Evaluation of the European Globalisation Adjustment Fund (EGF) 2014-2020.

([87]) Ex-post evaluation of the European Globalisation Adjustment Fund (EGF) 2014-2020.

([88]) Council Regulation (EU, Euratom) 2020/2093.

([89]) Interinstitutional Agreements on Better Law-Making.

([90]) Interinstitutional Agreement of 16 December 2020.

([91]) Regulation (EU) 2021/691.

([92]) SWD(2018) 192 final, page 34.

LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The EGF builds on its predecessor under the 2014-2020 multiannual financial framework. It remains outside the budgetary ceiling of the multiannual financial framework given the non-programmable nature of its mandate. The maximum amount for the 2021–2027 period is set at almost EUR 1.467 billion in current prices.

For the 2021-2027 multiannual financial framework, the EGF was redesigned to ensure greater inclusiveness and flexibility to better respond to current and future economic challenges, such as automation and digitalisation, the transition to low-carbon economy, etc. Therefore, its scope has been broadened to any type of significant restructuring event regardless of the cause, and the eligibility threshold has been lowered from 500 to 200 displaced workers. Moreover, the EGF co-financing rate has been aligned with the highest European Social Fund Plus co-financing rate in the respective Member State.

FURTHER INFORMATION

- Programme website:
  - EGF
- Impact assessment:
  - The impact assessment of the EGF was carried out in 2018.
  - For further information please consult SWD(2018) 289 final.
- Relevant regulation:
  - Regulation (EU) 2021/691 of the European Parliament and of the Council.
- Biennial reports:
  Every 2 years the Commission reports to the European Parliament and the Council on the activities of the EGF. The latest report (August 2023) covers the 2021-2022 period.
- Evaluations:
- The midterm evaluation of the EGF 2014-2020 was published in 2018. For further information please consult SWD(2018) 192 final.
- The ex-post evaluation of the EGF 2014-2020 was published in 2021. For further information please consult SWD(2021) 381) final ([93]).
- To improve monitoring of the EGF, a beneficiary survey will be conducted at the end of each intervention. By means of the survey, the broader impacts of the EGF on beneficiaries' general employability, such as the acquisition of new skills, gain of self-confidence, increased motivation, etc. will be measured.
- The midterm evaluation of the EGF 2021-2027 is due by mid-2025 and is expected to offer first insights on the fund's performance.

([93]) SWD/2021/381 final.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	181.3	201.3	205.4	33.8	34.5	35.1	35.9	727.3
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**181.3**	**201.3**	**205.4**	**33.8**	**34.5**	**35.1**	**35.9**	**727.3**

(*) Only Article 15(3) of the financial regulation.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	44.2	727.3	6.1%
Payments	35.6		4.9%

Voted budget implementation (million EUR) (*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	8.0	197.4	6.6	20.0
2022	27.9	201.3	22.3	25.0
2023	8.4	205.4	6.7	30.0

(*) Voted appropriations (C1) only.(*) Voted appropriations (C1) only.

- In 2021, five applications, submitted at the end of 2020 by five Member States, were adopted. As a result, they were paid out partly from assigned revenues from the 2014-2020 period and partly from the budget allocated for 2021-2027. Four of these applications were submitted in relation to the repercussions of the COVID-19 crisis, and one application was linked to a trade-related restructuring event.
- The new EGF regulation for 2021-2027 only entered into force in May 2021 but it has been applied retroactively since 1 January of that year. A derogation clause was therefore introduced to ensure that funding gaps would be avoided. In 2021, eight applications were submitted by four Member States, requesting a total of EUR 18 million to assist 740 dismissed workers. In four cases, the COVID-19 pandemic was the main factor that led to the dismissals. Three cases had a trade-related background and one had crisis. The EGF was mobilised in 2021 in four cases while the rest, received in the second half of 2021, benefited from EGF support in the first half of 2022. In 2022, three applications were submitted by three Member States, requesting a total of EUR 21 million to assist 2 442 dismissed workers. The first case had the COVID-19 pandemic as the main factor that led to the dismissals, the second was due to a company take-over and the third one had a trade-related background. Only one case was mobilised in 2022 (EUR 17.7 million), while the remaining two benefited from EGF support in the first half of 2023 (EUR 3.2 million). In 2023, four applications were submitted by three Member States, requesting a total of EUR 9.8 million to assist 2 249 dismissed workers. The main factor that led to the dismissals was bankruptcy for two of the cases and trade for the other two. Two cases were mobilised (EUR 4.98 million). The other two received in November-December 2023 will be put forward to the Budgetary Authority in the first quarter of 2024.
- The low number of EGF applications after 2020 has been a surprise to the Commission. During the EGF Contact Persons meeting that took place on 24 November 2022, participants were invited to share their thoughts on the low uptake of the EGF in the current programming period. The principal reason behind the low number of applications is the good situation on national labour markets, often with many unfilled vacancies. Jobs have been preserved thanks to the measures to maintain them, such as short-term work schemes. Also, there is currently a lot of funding available to absorb from other EU programmes like the REACT-EU, which was oftentimes easier to access or offered more favourable conditions. Furthermore, considerable support was available to keep people in employment during the pandemic, which contributed to the underutilisation of the EGF. Furthermore, several countries are faced with administrative overload due to the launch of the 2021-2027 European Social Fund Plus programmes. The EGF and the European Social Fund Plus are usually implemented by the

same managing authorities and have limited capacity to concentrate on possible EGF applications due to the European Social Fund Plus negotiations.

– Despite the economic recovery and declining inflation (although still higher than before),, uncertainty persists, in relation to (i) geopolitical instability, (ii) the persistence of supply chain bottlenecks and (iii) the economic consequences of the EU sanctions against Russia over Ukraine.

– As an emergency response tool, the EGF will be ready to react to these challenges and to help in possible further major restructuring events in 2024, if needed.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming									
Biodiversity mainstreaming									
Clean air									

Not applicable to the EGF.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1				
0*	8.0	27.9	8.4	44.3
0				

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;

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- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information:

- N/A

The EGF regulation provides for the Commission and the Member States to ensure that equality between men and women and the integration of the gender perspective are integral parts of and promoted during all stages of the implementation of the financial contribution from the EGF. To that end, the Member States formally confirm the respect of this principle at the time of application, when they provide gender-disaggregated information on the workers expected to make use of the programme's assistance. In case of doubt, the Commission requests that Member States provide further information on the gender aspect during its assessment of an application. This is, however, a general principle applied across the implementation and final reporting of the EGF cases, and estimating budget contributions is not relevant. Evaluations of the EGF always include an analysis of both genders' disaggregated data and qualitative information (beneficiary surveys, interview with implementers, etc.) regarding possible gender discrimination. During EGF evaluations, external contractors conduct case studies on each EGF case, and they are also asked to take the gender perspective into account. Past evaluations did not detect gender discrimination in either the delivery of measures or the targeting of beneficiaries. Moreover, in many cases, authorities aim to help participants overcome gender stereotypes when looking for a new job.

Between 2014 and 2016, the greatest number of redundant workers benefiting from EGF support came from sectors that traditionally employ more men than women (automotive, computing, electronics, machinery and building construction). Therefore, most workers made redundant and then offered EGF assistance were male (75% men versus 25% women). However, from 2017, a significant number of redundancies took place in sectors that employ high numbers of women (retail trade, call centres, clothing, financial services and tourism-related activities). Therefore, 57% of those offered EGF assistance between 2017 and 2020 were men and 43% were women. In 31% of EGF cases, women represent at least 40% of workers offered assistance, and in 20% of cases they represent more than 50%.

Between 2021 and 2023, many redundancies occurred in sectors that employ a high proportion of men (metalworking, air transport, manufacture of motor vehicles, transport equipment logistics, electrical equipment), hence 65% of those offered EGF assistance were men and 35% were women.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of the total envelope
Digital contribution					

The EGF does not have any indicators that specifically measure the contribution to the digital transition. The indicators are general result indicators. However, the dissemination of digital skills is a horizontal element for the design of coordinated packages of measures. The need for and level of training is adapted to the qualifications and skills of each beneficiary. In theory, every beneficiary is thus expected to have received some sort of digital skills training.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Total EGF beneficiaries in a given case	NA	NA	NA	No results	NA
Percentage of EGF beneficiaries who gained a qualification	NA	NA	NA	No results	NA
Percentage of EGF beneficiaries in education or training	NA	NA	NA	No results	NA
Percentage of EGF beneficiaries in employment (dependent/self-employed)	NA	NA	NA	No results	NA

(*) % of target achieved by the end of 2023.

- The main sources of information on the EGF's results are (1) the final reports submitted by the Member States, 7 months after the end of implementation, and (2) the beneficiary surveys, which are conducted 6 months after the implementation of the case.
- Even though the EGF's main aim is sustainable reintegration into quality employment, the mere comparison of reintegration rates is not sufficient to measure the performance of the EGF. This is due, among other reasons, to differences in the characteristics of the beneficiaries offered the assistance and in the socioeconomic situations of the regions affected. Therefore, beneficiary surveys were introduced as a new tool in the 2021-2027 period. Beneficiary surveys will help assess the extent to which the assistance offered had an impact on the perceived change in the employability of beneficiaries or, for those who have already found employment, on the quality of the employment found (e.g. in terms of changes in working hours). Such information will be broken down by gender, age group, education level and level of professional experience. Furthermore, by broadening the scope of the EGF and by making the application procedure easier and faster in the current programming period, the fund is expected to be more inclusive and to reach more displaced workers in need of assistance.
- Considering the delayed start of the 2021-2027 programming period, and taking into account that the implementation of an EGF case takes 24 months from the date of the decision on the mobilisation of the fund, the aforementioned information, which is necessary to assess the EGF's performance, is only expected to be available as from mid 2024. In 2022, the Commission mobilised assistance for the natural disaster applications received in 2021.

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Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3		
SDG4	YES	In the 2019 'Goodyear' EGF case in Germany, 60% of the workers offered the assistance had no suitable qualification and used to hold elementary occupations (including a high number of people with migrant background). Backed by EGF with EUR 2 165 231, one third of 622 beneficiaries upskilled and improved their employment level. Overall, 58% of the workers had found a new job while the other 5% were participating in upskilling measures for a longer duration (e.g., getting a vocational qualification), by the reporting date.
SDG5	YES	The EGF is helping to achieve gender equality by providing support to all dismissed workers. Since 2017, a significant number of redundancies took place in sectors with high numbers of employed women (retail trade, call centre, wearing apparel, financial services, and tourism-related activities). For example, in the 2017 'Retail' case in Finland 1 173 women (representing 80% of total beneficiaries) were helped by EGF. EUR 2.5 million were mobilised from the EGF to support the ICT and language training, job and career coaching and job-seeking training. Overall, 84% of the beneficiaries had found a new job at the end of the implementation period.
SDG6		
SDG7		

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SDG8	YES	In NUTS 2 level regions where youth unemployment rates are at least 20%, the EGF may provide personalised services to young people not in employment, education, or training. For example, in cases implemented between 2017 and 2019 in Belgium ('Caterpillar' case, 1 931 beneficiaries and EUR 1.6 million of EGF funding mobilised), and in Spain (Castilla y León mining of coal case, 396 beneficiaries and EUR 1 million of EGF funding mobilised), the support offered to the young people provided them with the assistance that they would not have received through national mainstream services.
SDG9		
SDG10	YES	The EGF is an emergency fund and is only mobilised in redundancy events that have a significant impact on the regional economy. By offering upskilling measures to workers made redundant, the EGF helps regions to offer measures to make their workers ready for future labour market needs, thereby fostering economic growth. Some EGF cases include measures that improve labour mobility of displaced workers. For instance, in the 'Microsoft 2' case in Finland (883 beneficiaries and EUR 3.5 million of EGF funding mobilised) implemented between 2017 and 2019 the measures offered to the dismissed workers supported labour mobility in cooperation with the European Job Mobility Portal (EURES) services (i.e., foreign job advertisements and the exchange of experiences in online meetings)
SDG11		
SDG12		
SDG13		
SDG14		
SDG15		
SDG16		
SDG17		

EUSF

EUROPEAN UNION SOLIDARITY FUND

Programme in a nutshell

Concrete examples of achievements

Over EUR 454 million	4	Over EUR 755 million	5
in EUSF assistance was approved in 2023 to assist with disasters that occurred in 2022 and 2023.	EUSF applications were assessed in 2023.	was paid out to four Member States in 2023 to support the recovery and reconstruction of the regions affected by the natural disasters of 2021 and 2022 (*).	new EUSF natural-disaster-related applications were received. Assessments for two of the applications concluded in 2023, and assessments for the remaining three began in 2023 and will continue in 2024.

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(*) The amount includes the payment of carried-over payment credits from 2022 – the EUSF assistance awarded to Belgium and Germany. However, the amount does not include advances paid in 2023.

Budget for 2021-2027

(million EUR)

Financial programming	6 927.2
NextGenerationEU	0.0
Decommitments made available again (*)	N/A
Contributions from other countries and entities	0.0
Total budget 2021-2027 (**)	**6 927.2**

(*) Only Article 15(3) of the financial regulation.

(**) The total budget does not include the total amounts for the Solidarity and Emergency Aid Reserve.

Rationale and design of the programme

The European Union Solidarity Fund (EUSF), created in 2002, is activated at the request of an eligible state when major national or regional natural disasters occur (such as earthquakes, floods, droughts, forest fires or storms) or in the case of a major public health emergency.

The EUSF brings EU added value to Member States and accession countries, notably because of its readiness to intervene with additional financial resources. Its financial contribution to post-disaster efforts to assist the affected population and help with reconstruction is greatly appreciated. Despite its limited size, the fund is widely recognised as a particularly tangible expression of EU solidarity and support. It is also highly visible and raises a great deal of interest among politicians and the media.

CHALLENGE

Solidarity is one of the fundamental values of the EU and a guiding principle of the European integration process. The EUSF turns solidarity into tangible aid for Member States and countries negotiating their accession to the EU if they are affected by a major national or regional natural disaster or a major public health emergency.

Climate change is causing more frequent and extreme weather events in Europe and around the world. The increasing number and scale of natural disasters in the past few years and the inclusion of health emergencies within the scope of the EUSF have created unprecedented demand and considerable

budgetary pressure on the limited resources allocated to the EUSF in accordance with the 2021-2027 multiannual financial framework regulation. This, together with greater uncertainty about the available budget for the EUSF under the new Solidarity and Emergency Aid Reserve budgetary mechanism, has put a strain on the Fund, making it challenging to fully satisfy demand.

The available amount for the EUSF in 2023 was lower in absolute and relative terms than at the time of the Fund's inception in 2002. When the EUSF was created, it had a maximum annual allocation of EUR 1 billion in current prices, which was maintained from 2002 to 2013.

In February 2023, two very large earthquakes caused EUR 78.8 billion of direct physical damage in Türkiye. This was the largest damage caused by a disaster following which a Member State or accession country applied for EUSF assistance in the history of the Fund. EUR 400 million from the 2023 EUSF budget was allocated to support Türkiye following this disaster.

MISSION

The EUSF is designed to contribute to post-disaster relief in Member States and countries negotiating their accession to the EU that are confronted with devastating natural disasters or major public health emergencies.

OBJECTIVES

The EUSF's objective is to grant financial assistance to eligible states in the event of a major or regional natural disaster or a major public health emergency with serious repercussions on living conditions, the natural environment, or the economy. The fund's resources can be used to finance emergency and recovery operations undertaken by public authorities in support of the affected population.

Support from the EUSF is used to cover part of public expenditure incurred in response to the disaster. The fund is designed in such a way that the amount of support is related to the size of the disaster. It also considers the country's capacity to cope on its own with the financial burden triggered by the disaster.

ACTIONS

The EUSF can (re-)finance public emergency and recovery operations from the very onset of the disaster or health emergency. In the case of a natural disaster, it can provide financing for restoring to working order infrastructure and plants in the fields of energy, water and wastewater, telecommunications, transport, health, and education; provide temporary accommodation; fund rescue services to help the affected population; and secure preventive infrastructure and cleaning-up operations. In the case of a health emergency, it can finance rapid assistance, including medical aid to the population, and protect the population from the risk of being affected, including by preventing, monitoring, and controlling the spread of diseases, combating severe risks to public health, or mitigating the impact on public health.

STRUCTURAL SET-UP OF THE PROGRAMME

The EUSF is a targeted, flexible instrument aimed at assisting eligible States affected by major natural disasters and public health emergencies. As such EU-wide solidarity cannot be achieved by Member States

alone on an ad hoc basis, a systemic, regular, and equitable method of granting assistance was developed at the EU level. Financial assistance from the EUSF is mobilised from appropriations raised by the European Parliament and the Council over and above the normal EU budget appropriations.

Eligibility is determined by total direct damage exceeding a threshold specific to each Member State or country negotiating their accession to the EU. It is set at the national level (major disasters) or at the regional level (regional disasters). The number and size of eligible disasters determine the amount of aid each year.

The total annual budgetary allocation to the fund laid down in the multiannual financial framework is a ceiling rather than a spending target. Disbursements from the fund are therefore not programmable, as they entirely depend on the unpredictable occurrence, nature, and magnitude of these disasters.

The Commission may not activate the EUSF on its own initiative. Financial assistance from the EUSF is mobilised from appropriations raised by the European Parliament and the European Council over and above the normal EU budget appropriations. This ensures that, in each case, the aid comes as an expression of solidarity with the full backing of Member States and the Parliament, not just as an administrative act by the Commission.

Once the appropriations become available in the EU budget, the Commission adopts a decision awarding aid to the affected state, which receives it immediately and in a single instalment. Once paid out, the affected state is responsible for the implementation, including the selection of operations and their audit and control. Emergency and recovery operations may be financed retroactively from day one of the disaster.

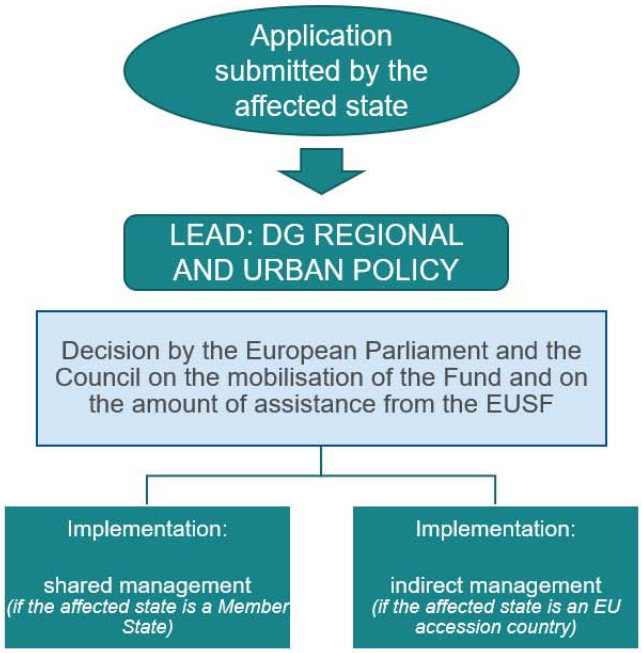
The Directorate-General for Regional and Urban Policy is the lead DG for EUSF implementation. EUSF assistance is implemented through shared management (indirect management for countries negotiating their accession to the EU). However, to minimise the administrative burden on countries struggling with a serious disaster and to maximise the budgetary effect, there are no programming or national co-financing requirements.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP

Figure 1. Concise EUSF process



Figure 2. Graphic overview of the EUSF implementation structure and actors


Application submitted by the affected state
LEAD: DG REGIONAL AND URBAN POLICY
Decision by the European Parliament and the Council on the mobilisation of the Fund and on the amount of assistance from the EUSF
Implementation:
shared management
(if the affected state is a Member State)
Implementation:
indirect management
(if the affected state is an EU accession country)


Associated DGs:
Secretariat-General
Legal Service
DG Budget
DG Employment, Social Affairs and Inclusion
DG Agriculture and Rural Development (*)
DG Environment (*)
Joint Research Centre
DG Health and Food Safety (*)
DG Neighbourhood and Enlargement Negotiations (**)
DG European Civil Protection and Humanitarian Aid Operations
(*) Involvement depends on they type of the disaster.
(**) in case the applicant is a candidate country.

LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The EUSF is a special instrument outside the normal EU budget. Its mobilisation requires the approval of the European Parliament and the Council. In the 2021-2027 multiannual financial framework, the EUSF will be financed through the Solidarity and Emergency Aid Reserve. The maximum annual amount of the reserve is EUR 1.2 billion (in 2018 prices).

According to Council Regulation 2024/765 of 29 February 2024 amending the multiannual financial framework (MFF) the annual allocation for the Solidarity and Emergency Aid Reserve (SEAR) was **increased for the years 2024-2027. The SEAR shall be constituted of two instruments,** the European Solidarity Reserve and the Emergency Aid Reserve (EAR) with a **specific maximum annual allocation per instrument**. The European Solidarity Reserve will provide assistance to respond to emergency situations resulting from disasters that are covered by the EUSF.

The maximum annual allocation of the European Solidarity Reserve between 2024-2027 is EUR 1 016 million (in 2018 prices).

In 2024 prices, the annual allocation for the EUSF is **EUR 1 144.1 million**.

- **EUR 50 million** is reserved for advance payments;
- The EUSF Regulation stipulates that **25% of the annual allocation (i.e. EUR 286 million for 2024) can be used only after 1 October**.

FURTHER INFORMATION

- Programme website:
  - EUSF.
- Impact assessment:
  - no impact assessment was carried out for the EUSF, however an *ex post* evaluation was completed in 2019 (https://ec.europa.eu/regional_policy/information-sources/publications/evaluations/2019/ex-post-evaluation-of-the-european-union-solidarity-fund-2002-2016_en).
- Relevant regulation:

  Council Regulation (EC) No 2012/2002 establishing the EUSF: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014R0661;

  2020 amendment (Regulation (EU) 2020/461): https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32020R0461.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming (**)	844.2	718.5	649.5	1 144	1 167	1 190	1 214	6 927.2
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**844.2**	**718.5**	**649.5**	**1 144**	**1 167**	**1 190**	**1 214**	**6 927.2**

(*) Only Article 15(3) of the financial regulation.

(**) The total budget does not include the total amounts for the Solidarity and Emergency Aid Reserve.

As part of the Coronavirus Response Investment Initiative, the EUSF regulation was amended to include major public health emergencies. Regulation (EU) 2020/461 increased the percentage of the advance payments from 10% to a maximum of 25% of the anticipated financial contribution from the EUSF, limited to EUR 100 million (increased from the previous EUR 30 million).

In accordance with Article 9(3) of the multiannual financial framework regulation, the appropriations from the SEAR are entered in the general budget of the EU as a provision. Therefore, whenever there is a need to mobilise the EUSF, a transfer from the reserve line of the SEAR to the operational line of the EUSF is proposed to the budgetary authority (Article 31 of the financial regulation).
In addition, Article 4a(4) of the EUSF regulation requires an amount of EUR 50 million out of the total available amount to be inscribed in the general budget of a given financial year (in commitments and payments) for the payment of advances.

According to Council Regulation 2024/765 of 29 February 2024 amending the MFF the **annual allocation for the Solidarity and Emergency Aid Reserve (SEAR) was increased for the years 2024-2027** and the **EUSF and the Emergency Aid Reserve (EAR) were split with a guaranteed amount per instrument**.
As a result, the annual budget of the EUSF and the EAR between 2024-2027 is:

- The European Solidarity Reserve (this is the budget line from which the EUSF is funded) will have an amount of EUR 1 016 million per year in total (in 2018 prices), i.e. the EUSF received an increase of EUR 216 million per year (in 2018 prices).

- The EAR will have an amount of EUR 400 million per year increased by EUR 108 million per year (in 2018 prices); i.e. EUR 508 million per year (in 2018 prices).

In 2024 prices, the annual allocation for the EUSF is EUR 1 144.1 million.
EUR 50 million is reserved for advance payments;
The EUSF Regulation stipulates that 25% of the annual allocation (i.e. EUR 286 million for 2024) can be used only after 1 October.

Budget implementation

Voted budget implementation (million EUR)(*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	791.4	477.5	791.4	477.5
2022	18.1	487.1	18.1	487.1
2023	249.5	496.8	249.5	496.8

(*) Voted appropriations (C1) only, does not include the total amounts for the Solidarity and Emergency Aid Reserve. The payments for 2022-2023 include carried over appropriations from the previous year (not C1s)

In 2023, the Commission finalised the assessment of four applications relating to natural disasters that occurred in 2022 and 2023: the 'major natural disaster' application from Romania relating to the drought in 2022; the 'regional natural disaster' from Italy regarding the flood in the Marche region in September 2022; the 'major natural disaster' application of Türkiye regarding the earthquakes of February 2023 and the 'major natural disaster' application of Italy regarding the floods in the Emilia Romagna region in May 2023. The Commission made a proposal based on the first three of these applications; while Italy (Emilia Romagna floods) will be treated in 2024.

As a result, based on the Commission's proposal, over EUR 454 million of EUSF was awarded in 2023 to Romania, Italy (Marche flood) and Türkiye.

In terms of payments, over EUR 755 million was paid out in 2023 to four Member States: Germany (floods in 2021), Belgium (floods in 2021), Romania (drought in 2022) and Italy (Marche flood 2022). Belgium and Germany were awarded EUR 87 million and EUR 612 million, respectively, based on the budget authority's mobilisation of the funds in December 2022. Accordingly, the payments were made in March and April 2023. Meanwhile, the payment of close to EUR 21 million to Italy (Marche flood) and close to EUR 34 million to Romania were made in December 2023. Türkiye received the EUR 400 million of EUSF assistance in April 2024.

In total, the Commission received five natural disaster applications in 2023:

- a 'major natural disaster' application from Türkiye relating to the earthquakes in February 2023;
- a 'major natural disaster' application from Italy following the floods in the Emilia Romagna region in May 2023;
- a 'major natural disaster' application from Slovenia regarding the floods in August 2023;
- a 'neighbouring country disaster' application from Austria for the same flooding event that hit Slovenia;
- and a 'major natural disaster' application from Greece related to the floods in September 2023.

The assessment of the Turkish and Italian applications were finalised, while the Slovenian, Austrian and Greek applications started at the end of 2023 and will continue in 2024.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming									
Biodiversity mainstreaming									
Clean air									

Due to its nature, the EUSF has no significant bearing on climate, clean air or biodiversity.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1				
0*				
0	791.4	18.1	249.5	**1 059.0**

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);

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- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information:

- N/A

Due to its nature, the EUSF has no specific bearing on gender equality.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of the total envelope
Digital contribution					

Due to its nature, the EUSF has no significant bearing on the digital transition.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Population of EUSF-supported countries and regions	0	**N/A**	No targets (demand driven)	115.3 million	N/A
Number of countries supported by the EUSF	0	**N/A**	No targets (demand driven)	4	N/A

(*) % of target achieved by the end of 2023.

In 2023, the Commission mobilised assistance for the natural-disaster applications received in 2022.

- Applications from Romania (drought) and Italy (Marche region flood) in 2022. Neither Member State requested an advance payment. The Commission mobilised over EUR 54 million in total. Romania received over EUR 34 million, while Italy received over EUR 21 million.

– Over EUR 87 million for Belgium and over EUR 612 million for Germany (floods) was paid out at the beginning of 2023.

The Commission also granted Türkiye (earthquakes) EUR 400 million, paid in April 2024. The Commission granted Italy (Emilia Romagna region floods) and Slovenia (floods) advance payments of close to EUR 95 million and EUR 100 million, respectively. The payments were made in December 2023. The balance payment will be mobilised in 2024.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	N/A	
SDG2	N/A	
SDG3	X	As part of the Coronavirus Response Investment Initiative, Regulation (EU) 2020/461 of the European Parliament and of the Council of March 2020 amended the EUSF regulation by including major public health emergencies within the scope of the EUSF. Since April 2020, EU Member States and accession countries have also been able to apply for support from the EUSF for public health emergency reasons, to alleviate the burden from the first-response measures.
SDG4	N/A	
SDG5	N/A	
SDG6	N/A	
SDG7	N/A	
SDG8	N/A	
SDG9	N/A	

SDG10	X	Solidarity is one of the core values of the European Union and a guiding principle of the European integration process. The EUSF is an instrument designed to provide financial means expressing EU solidarity by contributing to post-disaster relief in Member States and accession countries confronted with devastating natural disasters and major public health emergencies.
SDG11	N/A	
SDG12	N/A	
SDG13	X	The EUSF contributes to post-disaster emergency relief in Member States and accession countries confronted with devastating natural disasters, which often can be seen as manifestations of climate change.
SDG14	N/A	
SDG15	N/A	
SDG16	N/A	
SDG17	N/A	

INNOVATION FUND

INNOVATION FUND

Programme in a nutshell

Concrete examples of achievements

± EUR 6.5 billion had been committed in grants for innovative clean-tech projects by the end of 2023.	± EUR 35 billion worth of investment had been mobilised through projects that signed a grant agreement by the end of 2023.	104 large- and small-scale projects were under implementation in 2023.	66 proposals had been awarded project development assistance by the European Investment Bank by the end of 2023.
A 442-million-tonne reduction in carbon-dioxide-equivalent greenhouse gases was planned over the first 10 years of operation by ongoing projects at the end of 2023.			

(*) Key achievements in the table state which period they relate to. Some come from the implementation of the predecessor programmes under the 2014-2020 multiannual financial framework. This is expected and is due to the multiannual life cycle of EU programmes and the projects they finance, where results often follow only after completion of the programmes.

Budget for 2020-2030

The revised EU emissions trading system directive defines the basic elements of the Innovation Fund, such as its size, scope, maximum funding rate (i.e., the maximum support that can be given to a project) and disbursement rules. It stipulates that the Innovation Fund will be endowed with the revenues from the

auctioning of around 530 million allowances from 2020 to 2030 and any unspent revenues from the second call of the predecessor programme, the NER 300, which translates into around EUR 40 billion (at a carbon price of EUR 75 per tonne of carbon dioxide).

Rationale and design of the programme

The Innovation Fund aims at catalysing funding for highly innovative technologies and flagship projects in all Member States that can yield significant emission reductions.

CHALLENGE

To meet the objective of a climate-neutral EU by 2050 and the EU target of a domestic reduction in greenhouse gas emissions of at least 55% by 2030 compared to 1990, there is a need to support and incentivise innovative and low-carbon technologies. The challenge is to enable EU companies to take the lead in developing, deploying, and commercialising net-zero and low-carbon solutions. Low-carbon technology demonstration projects are inherently high-risk endeavours and struggle to attract the required capital. However, they have potentially vast positive beneficial effects, well beyond the individual company or Member State that finances them or carries them out, which warrants public support at the EU level.

MISSION

The Innovation Fund aims at catalysing funding for highly innovative technologies and flagship projects in all Member States that can yield significant emission reductions by:

- creating the right financial incentives to invest now in the next generation of technologies needed for the EU's low-carbon transition; and
- boosting growth and competitiveness by empowering EU companies with a first-mover advantage to become global technology leaders.

The goal is to help businesses and industry invest in clean technologies, thus boosting economic growth, creating local future-proof jobs and reinforcing the EU's technological leadership on a global scale.

OBJECTIVES

The Innovation Fund has the following operational objectives:

- to support projects demonstrating highly innovative technologies, processes or products, that are sufficiently mature and have a significant potential to reduce greenhouse gas emissions;
- to support projects that are sufficiently mature, have a significant potential to reduce greenhouse gas emissions and are aimed at scaling up innovative technologies, processes or products to achieve their broad commercial roll-out across the EU;

- to offer financial support tailored to market needs and risk profiles of eligible projects, while attracting additional public and private resources;to ensure that the revenues of the Innovation Fund are managed in accordance with the objectives of Directive 2003/87/EC.

ACTIONS

The Innovation Fund supports highly innovative technologies by sharing their risk with project promoters via:

- grants through calls for large-, medium- and small-scale projects focusing on:
    - innovative low-carbon technologies and processes in energy-intensive industries, including products substituting carbon-intensive ones,
    - carbon capture and utilisation,
    - construction and operation of carbon capture and storage,
    - innovative renewable energy generation,
    - energy storage;
    - net-zero mobility (maritime, road transport, aviation) and buildings.
- grants awarded through competitive bidding procedures (auctions). This instrument aims at being a cost-efficient allocation of funds to certain types of projects (e.g. subject to payments based on unitary production) that can also be directed to scaling up projects by covering the green premium (e.g. in the form of a fixed premium payment to production). This support helps in de-risking the projects and, therefore, in mobilising private investment.
- contributions to blending operations under the EU investment support instrument; and
- prizes and procurement.

The Innovation Fund resources may contribute to InvestEU financial instruments, to provide debt or equity financing to innovative clean-tech projects.

STRUCTURAL SET-UP OF THE PROGRAMME

The EU emissions trading system, the world's largest carbon pricing system, is providing the revenues for the Innovation Fund. The Innovation Fund was established by Article 10a(8) of Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union, and amending Council Directive 96/61/EC ([94]) to support innovation in low-carbon technologies and processes across all Member States. The actual implementation of the fund is detailed in Delegated Regulation (EU) 2019/856 of 26 February 2019, supplementing Directive 2003/87/EC on the operation of the Innovation Fund.

Both the emissions trading system directive and the innovation fund delegated regulation were amended in 2023 to extend the scope of the funding both in terms of sectors (maritime, buildings, road transport) and in terms of the level of innovation allowing support for upscaling innovative technologies; and to introduce new financing mechanisms whereby projects are selected based on competitive bidding (auction) and are supported through fixed premium contracts, contracts for difference or carbon contracts for difference.

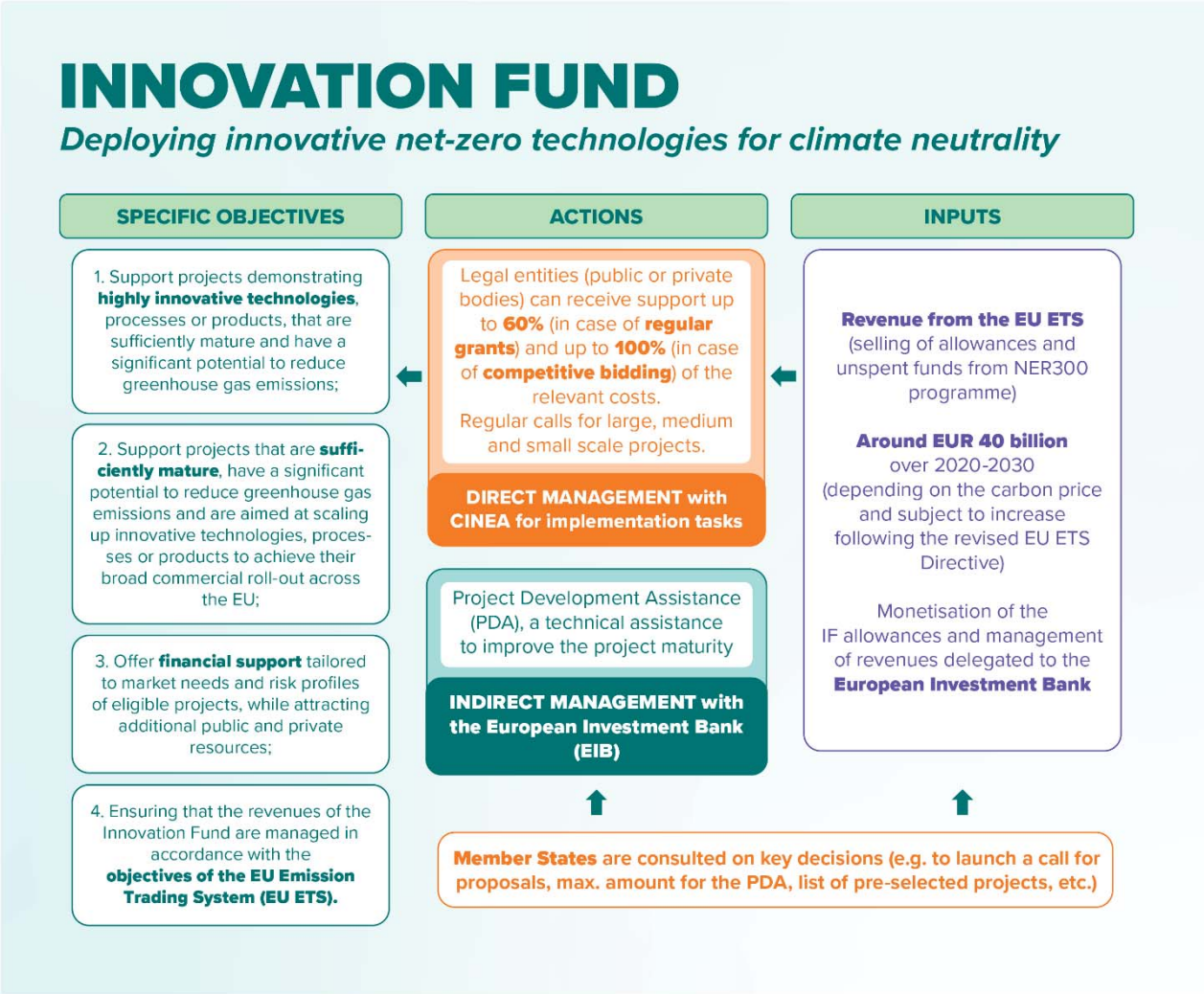
([94]) OJ L 275, 25.10.2003, p. 32. Consolidated version available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02003L0087-20210101.

Other amendments focused on the project development assistance and technical assistance for member states with low effective participation.

The Innovation Fund is a key funding instrument for delivering the EU's economy-wide commitments under the Paris Agreement and its objective to be climate neutral by 2050, as recognised in the European Green Deal investment plan. It aims to support the demonstration of breakthrough low-carbon technologies that are key for achieving the EU's climate and competitiveness objectives defined in the energy union and industrial policy strategy.

The Innovation Fund is implemented in direct management by the Commission (DG Climate Action) with the assistance of the European Climate, Infrastructure and Environment Executive Agency, to which the implementation of the grant component of the programme is delegated. Some activities are implemented in indirect management, through the European Investment Bank, for the management of the project development assistance support, and the channelling of Innovation Fund resources via financial instruments. The monetisation of the Innovation Fund allowances, and the management of the Innovation Fund revenues have also been delegated to the European Investment Bank.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The Innovation Fund builds on its predecessor, the NER 300 programme (which was an off-budget fund, thus not part of the 2014-2020 multiannual financial framework), but it is open also to projects from energy-intensive industries, has a larger grant coverage, provides support in more flexible ways, and – following recommendations from the European Court of Auditors – has a streamlined governance and simplified decision-making.

FURTHER INFORMATION

- Programme website:
  - Innovation Fund website
  - European Climate, Infrastructure and Environment Executive Agency website related to the Innovation Fund
  - Funding and tender portal
- Impact assessment:
  - The impact assessment of the Innovation Fund was carried out in 2019.
- Relevant regulation:
  - Commission Delegated Regulation (EU) 2019/856.
- Evaluations: first expected programme evaluation in 2025

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0

	2021	2022	2023	2024	2025	2026	2027	Total
Contributions from other countries and entities (revenues from auctions)	3 816.2	2 897.4	1 633.6	0.0	0.0	0.0	0.0	8 347.2
Total	**3 816.2**	**2 897.4**	**1 633.6**	**0.0**	**0.0**	**0.0**	**0.0**	**8 347.2**

(*) Only Article 15(3) of the financial regulation.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments	6 725.2	8 347.2	80.6%
Payments	201.3		2.4%

By the end of 2023, six different calls for proposals were launched under the Innovation Fund: three calls for large-scale projects and three calls for small scale projects. These resulted in 104 projects under implementation by 31 December 2023, and 20 other projects still in grant agreement preparation. Apart from these, two projects that were initially awarded a grant terminated their agreement with the European Climate, Infrastructure and Environment Executive Agency.

Project development assistance

Project development assistance under the Innovation Fund aims to accelerate the bankability and general maturity of projects, so that they are ready to reapply to the fund. The implementation of the contribution agreement on project development assistance signed with the European Investment Bank in April 2021 continued in 2023. In total, by the end of the reporting period, 66 projects were awarded project development assistance, worth in total EUR 21 940 000.

InvestEU financial instruments

In 2021, EUR 100 million from the Innovation Fund was allocated to InvestEU through Commission Decision C(2021) 7404 of 19.10.2021 and its Annex on the activities related to the Innovation Fund, serving as the financing decision for 2021 and as a decision launching the second calls for proposals. The guarantee agreement with the European Investment Bank was signed in 2022. The first results were achieved in 2023 with one project being signed.

On the revenue side, the implementation is progressing well. A contribution agreement was signed in January 2021 between the EU and the European Investment Bank, ensuring that the monetisation of the allowances set aside for the Innovation Fund is carried out in accordance with the auctioning regulation and the revenues of the Innovation Fund are managed in accordance with the objectives of the EU emissions trading system directive.

The Innovation Fund revenues from the auctioning of allowances need to cover the fund's contribution to RepowerEU for the 2023-2026 period, set at EUR 12 billion. Until December 2023 a total of EUR 1.5 billion has already been transferred from the Innovation Fund to RepowerEU. Additionally, in order to support the switch to electrification and hydrogen, including through an EU-wide auction instrument supporting the production of hydrogen as a renewable fuel of non-biological origin, and a dedicated call topic to enhance the EU's manufacturing capabilities for innovative zero and low carbon equipment, such as electrolysers, next generation solar/wind, and other technologies. part of the Innovation Fund resources was frontloaded i.e. auction volumes were increased rather than auctioning equal volumes over the duration of the IF.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming	146.2	2 944.8	3 520.8					6 611.7	100%
Biodiversity mainstreaming									
Clean air									

- The entire Innovation Fund contributes to green budgeting priorities, with a specific focus on climate-mitigation investments.
- In terms of taxonomy-relevant expenditure, the Innovation Fund only finances the most innovative decarbonisation projects on the basis of their potential for greenhouse gas emissions reduction. Since the revision of the emissions trading system directive in 2023, projects are also assessed on the basis of their contribution to environmental and circularity objectives. From 2025, only projects that meet the 'do no significant harm' criteria contained in the EU taxonomy will be eligible for support from the Innovation Fund.
- It is important to note that the fund is not part of the multiannual financial framework and does not count towards the achievement of the 30% climate target.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1				
0*	146.2	2 944.8	3 520.8	6 611.7
0				

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

- No gender-disaggregated information is available.

– Gender balance is not relevant for the programme, as it does not target gender policies. However, the programme may have a likely positive impact on gender equality.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of 2021-2023
Digital contribution					

– N/A.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Absolute greenhouse gas emissions avoidance planned (million tonnes of carbon dioxide equivalent)	0	**N/A**	N/A	442	N/A
Absolute greenhouse gas emissions avoidance achieved	0	**N/A**	N/A	39.9	N/A
Participants in knowledge events on clean-tech solutions	0	**58%**	2 000	1 155 compared to a target of 2 000	On track
Number of projects supported through grants	0	**N/A**	N/A	104	N/A
Investment mobilised by the	0	**N/A**	N/A	EUR 35.3 billion	N/A

Innovation Fund grants: planned					
Investment mobilised via financial instruments	0	**N/A**	N/A	EUR 60 million	N/A
Technology sectors covered	0	**> 100%**	18	19 compared to a target of 18	On track
Geographically balanced locations	0	**76%**	29	22 compared to a target of 29	On track

(*) % of target achieved by the end of 2023.

– The third round of Innovation Fund calls contributed significantly to increasing the planned volumes of greenhouse gas emissions to be avoided and to diversifying the Innovation Fund's beneficiaries in terms of sectors and Member States covered. The calls continue to be oversubscribed, especially in terms of large-scale projects, and the quality of applications was relatively higher. With a special focus on the priorities of the repowerEU plan, the third call for large-scale projects provided additional support towards ending the EU's dependence on imports of Russian fossil fuels and key priorities relating to the deployment of clean-technology manufacturing. The evaluation results still showed a very good project pipeline for large-scale projects, which were rejected due to insufficient budget being available.

– In terms of its specific objectives, the Innovation Fund has performed well in terms of supporting projects with highly innovative technologies, processes or products that are sufficiently mature and have significant potential to reduce greenhouse gas emissions. At the end of 2023, there were 104 projects in the fund's portfolio, planning to avoid 442 million tonnes of carbon dioxide equivalent in terms of absolute greenhouse gas emission reduction ([95]). Of these, 19 projects have already reached financial close ([96]) and four have entered into operation ([97]). For the first time, the projects started to report on the actually achieved greenhouse gas avoidance (the reporting takes place 1 year after entry into operation). The programme outcomes are aligned with the goals of the proposed Strategic Technologies for Europe Platform to support investment in clean technologies, as the portfolio of projects covers a wide range of sectors, from renewable energy to sustainable alternative fuels, hydrogen, and carbon capture, utilisation and storage.

– In addition, the public funds invested in these grants have a positive effect on attracting additional resources – public or private – as many of the successful projects are benefiting from other types of support. The overall amount of investment mobilised by the portfolio of projects under implementation at the end of 2023 was around EUR 35 billion, compared to

([95]) An additional project that expects to avoid 36.9 million tonnes of carbon dioxide equivalent over 10 years of operation (as calculated based on the methodology for calculating greenhouse gas emission avoidance for the specific call for proposals) is to be considered an outlier for statistical purposes and is thus excluded from the main indicator (project Greenfoil).

([96]) Financial close is defined as the moment in the project development cycle when all the project and financing agreements and permits have been signed and all the required conditions contained in them have been met.

([97]) Entry into operation is defined as the moment in the project development cycle when all elements and systems required for operation of the project have been tested and activities resulting in effective avoidance of greenhouse gas emissions have commenced. For projects with multiple phases (meaning several entry-into-operation dates in connection with the implementation of successive phases, e.g. for manufacturing projects), the entry into operation is defined as the entry into operation of the last phase of the project.

around EUR 6.5 billion worth of grants provided, meaning that EUR 1 of grants leverages EUR 5 in total investment in clean technologies. Lastly, through the Innovation Fund design and eligibility criteria, it can also be stated that the fund's revenues are managed in accordance with the objectives of the EU emissions trading system of cost-effectively reducing greenhouse gases emissions and combating climate change. In 2023, Delegated Regulation (EU) 2019/856 (the legal basis of the Innovation Fund) was amended to accommodate the modifications made necessary by the revision of the EU emissions trading system directive. The changes covered the expansion towards new sectors (such as maritime), new types of projects (medium-scale), project development assistance, technical assistance for Member States with a low level of effective participation in the context of more focus on geographical balance, etc.

– However, one of the most important amendments of the delegated regulation was the possibility to run competitive bidding procedures under the Innovation Fund, with the first such auction launched on 23 November 2023 within the framework of the European Hydrogen Bank. The auction was prepared following a broad process of consultation with stakeholders carried out in May 2023. The budget of EUR 800 million will be awarded in the form of a fixed premium payment upon production of verified and certified renewable hydrogen. Projects participating in the auction are expected to enter into operation within 5 years after signing the grant agreement. The auction also included the auctions-as-a-service scheme, through which Member States can allocate national budget to be awarded under the Innovation Fund's auction criteria for projects located in their territory and that cannot be funded within the fund's available budget. For the pilot auction, Germany contributed an additional EUR 350 million to the scheme.

– Further to the auction, a new call for regular grants was also launched in 2023, with a total budget of EUR 4 billion, the highest so far. The call is open to large-, medium- and small-scale projects, defined as follows:

  • 'small-scale project' means a project with a total capital expenditure not exceeding EUR 20 000 000;

  • 'medium-scale project' means a project with a total capital expenditure above EUR 20 000 000 and not exceeding EUR 100 000 000;

  • 'large-scale project' means a project with a total capital expenditure above EUR 100 000 000.

– The call also features topics dedicated to clean-technology manufacturing (with an indicative budget of EUR 1.4 billion, double the previous call) and pilot projects (focused on testing and validating the breakthrough technologies). The deadline to submit applications is 9 April 2024, and the results will be known in the last quarter of the year. This is in line with the priorities put forward in the Net-Zero Industry Act, which aims to scale up the manufacturing of clean technologies in the EU.

– The project development assistance feature of the Innovation Fund was also amended to ensure the greater eligibility of projects.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1	NO	
SDG2	NO	
SDG3	NO	
SDG4	NO	
SDG5	NO	
SDG6	NO	
SDG7	Yes	The Innovation Fund contributes to ensuring access to affordable, reliable, sustainable and modern energy for all through funding renewable energy or energy storage projects, such as the N2OWF – Nordsee 2 offshore windfarm innovation project, which aims to build and operate a first-of-its-kind offshore wind farm, with a capacity of 450 megawatts (MW), combined with on-site production, storage and offtake of green hydrogen. Through its pilot topic, the Innovation Fund is also supporting breakthrough innovations on offshore wind, such as HIPPOW – innovative prototype of a powerful offshore wind turbine generator.
SDG8	NO	
SDG9	Yes	The Innovation Fund supports energy intensive industries to foster innovation, such as these projects in the chemicals sector: PULSE – pre-treatment and upgrading of liquefied waste plastic to scale up circular economy. The project consists in the chemical recycling of waste plastic and gradually integrating it into the company's refinery operations in Porvoo, Finland. H2GreenSteel – integrated steel plant in Boden, Northern Sweden, for the large-scale production of renewable hydrogen, green iron and green steel.
SDG10	NO	
SDG11	NO	
SDG12	NO	

www.parlament.gv.at

SDG13	Yes	The entire Innovation Fund is designed to answer this goal and take urgent action to combat climate change and its impacts. All the projects funded contribute to this. Some of the best examples of supported projects include the following. Ecoplanta – reduction of carbon dioxide emissions from municipal non-recyclable waste to produce methanol. SUN2HY – first small-scale deployment of a pre-commercial plant based on photo electrocatalytic technology for hydrogen production. TANGO – Italian PV giga factory. ASTURIAS H2 VALLEY – production and supply of renewable hydrogen. TopSOEC – stack module factory for electrolysers
SDG14	NO	
SDG15	NO	
SDG16	NO	
SDG17	NO	

BAR

BREXIT ADJUSTMENT RESERVE

Programme in a nutshell

Concrete examples of achievements

Member States shall submit applications for a financial contribution from the Brexit Adjustment Reserve (BAR) by 30 September 2024. The Member States provide information on their expenditure stemming from measures carried out with BAR support, among other areas. Against this background, the achievements stemming from the BAR's implementation can only be examined after 2024.

Discussions with Member States suggest that measures in the following categories were set up: fisheries and coastal communities; private and public businesses, in particular small and medium-sized enterprises (including advisory support), export and trade promotion (some also considered tourism); customs and border controls/ports (installations and construction/rental of buildings to accommodate additional inspection services (customs/veterinary/phytosanitary); job creation and protection, reskilling and training.

EUR 296 million	EUR 2.1 billion		
was disbursed as 2023 pre-financing tranches to seven Member States.	Was transferred to repowerEU by 23 Member States in 2023.		

Budget for 2021-2027

(million EUR)

Financial programming(*)	2 796.7
NextGenerationEU	0.0
Decommitments made available again (**)	N/A
Contributions from other countries and entities	0.0
Total budget 2021-2027	**2 796.7**

(*) excluding amounts transferred/to be transferred to the RRF (REPowerEU) and redeployment.

(**) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The withdrawal of a Member State from the EU was unprecedented. The overarching logic behind the BAR was to provide support to the economies of Member States to master the transition from the United Kingdom being an EU Member State to it being a non-EU country.

In that regard the reserve supports regions, areas and local communities most adversely affected by the United Kingdom's withdrawal (due to decreased market share, employment, trade volumes, turnover, etc.), and thus mitigate the negative impact on economic, social, and territorial cohesion.

CHALLENGE

Since 1 February 2020, the United Kingdom is no longer a member of the EU. The withdrawal of a Member State from the EU is unprecedented. The challenge is to identify and counter the most adverse consequences of Brexit for Member States and specific regions.

Challenges encountered throughout the reference period:

a) Delays during the notification phase

Only two Member States (IT, IE) provided a timely notification whereas the last Member State (FI) did so two years later, i.e. end December 2023, which coincided with the closing of the reference period for this instrument.

It was not only constitutional set ups, which hindered a timely notification but also the need for the Member State to implement the crisis and recovery measures under 2014-2020 programmes, as well as the Recovery and Resilience Facility. The BAR regulation does not provide for any form of penalty in case of delayed notifications.

The notification delay directly impacted the adoption of the respective Implementing Acts and led to an uneven disbursement of pre-financing tranches for 2021, 2022 and 2023.

b) Hard vs soft Brexit and call for extension

Apart from the fishery sector where the impact was felt imminently, it has become clear over the last months that the impact of Brexit has been rather incremental than of a cliff-edge nature.

Reasons included (1) the repeated postponement of announced measures by the UK; (2) the COVID-19 pandemic; (3) negotiations of RRPs and cohesion programmes; and (4) challenges relating to complying with the State-aid framework.

As a consequence, several Member States have been struggling with delays in implementation and were pushing for an extension of the deadline. The Russian war of aggression against Ukraine and the intertwined energy crisis have further aggravated the situation. Therefore, the possibility of transfers from the BAR to the REPowerEU plan was introduced in the amended Recovery and Resilience Facility regulation. Member States were to notify the Commission by 1 March 2023 of any intention to transfer BAR funds (part or all) to the Recovery and Resilience Facility (even retroactively). This possibility enabled Member States with implementation delays to make use of the funds in a related instrument. 23 out of 27 Member States submitted a reasoned request for transfer from the BAR to REPowerEU (10 out of which called for a full transfer).

MISSION

In July 2020, the European Council agreed to establish a new special instrument with an allocation of EUR 5.5 billion (in current prices). The regulation establishing the BAR was adopted in October 2021. The BAR is a temporary, targeted instrument, which aimed to provide swift support to Member States to address their specific Brexit-related challenges. Support from the reserve can be used for national measures specifically taken between January 2020 and December 2023.]

OBJECTIVES

The BAR supports those regions, areas and local communities most adversely affected by the United Kingdom's withdrawal, and thus mitigate the related impact on economic, social, and territorial cohesion.

It aimed to provide swift support to Member States, allowing them to address their specific Brexit-related challenges while minimising administrative burden. For this reason, it did not ask for advance programming or planning of measures and offered flexibility in the implementation in line with the subsidiarity principle.

ACTIONS

The regulation left it to Member States to decide which sectors, regions or communities are worst affected and require support. It provides a list of indicative measures to counter the adverse consequences of the United Kingdom's withdrawal. This list is non-exhaustive to allow for the flexible use of funds according to the specific situation of the sectors, regions, and communities in Member States.

To be eligible, each Member State needs to demonstrate: (1) the adverse consequences of Brexit; (2) the direct link between consequences of Brexit and the measures taken; (3) fulfilment of the eligibility criteria set out by the regulation.

STRUCTURAL SET-UP OF THE PROGRAMME

The BAR is implemented through shared management. To minimise the administrative burden, there are neither programming nor national co-financing requirements.

80% of the total BAR allocation was paid in three tranches of pre-financing in 2021, 2022 and 2023, subject to having received complete notification by the Commission of the designated body or bodies to which the pre-financing will be paid and confirmation that the descriptions of the management and control systems have been drawn up. The remaining amount will be paid in 2025 against the assessment of eligible expenditure.

The EU's contribution takes the form of reimbursement of eligible costs actually incurred and paid by public authorities in Member States, including payments to public or private entities, for measures carried out and for the benefit of the Member State.

Each Member State must apply to the Commission for a financial contribution from the reserve by 30 September 2024. In this application, the Member States provide information on expenditure stemming from measures carried out with BAR support. Against this background, the Commission assesses and determines eligibility for the BAR and also assesses whether additional payments need to be made or whether funds need to be recovered.

The Directorate-General for Regional and Urban Policy is the lead DG for the implementation of the BAR.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



The notification phase is spread out over time as a pre-condition for the first, second and third instalments of pre-financing.

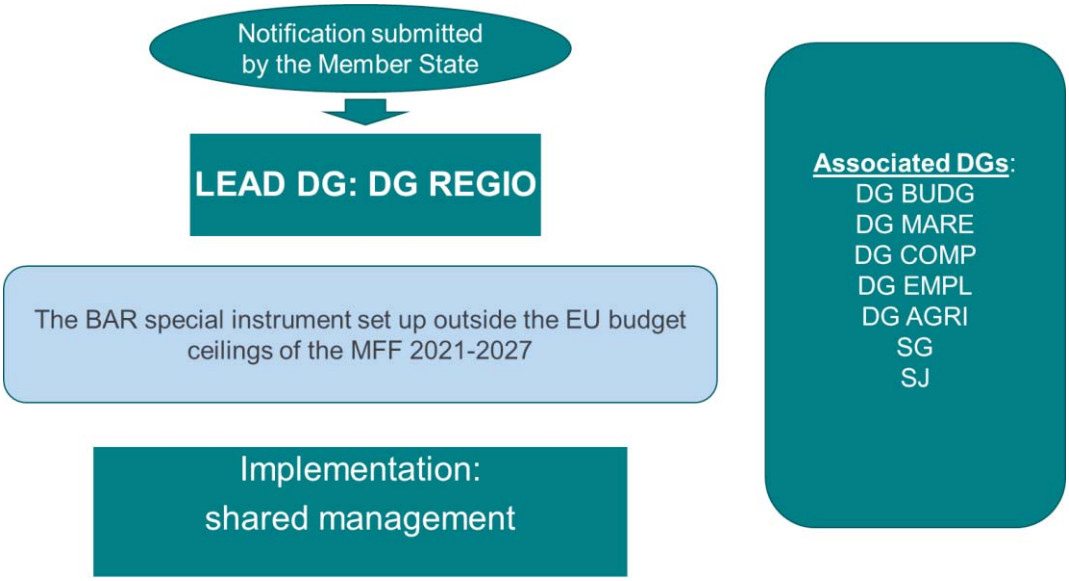
(*) Decision adoption – the Commission pays the 2021 instalment of pre-financing within 30 days following the adoption of the implementing act. For the second and third instalments, the implementing act is adopted to disburse funds to Member States by April 2022 and April 2023 respectively.

(**) Pre-financing is subject to a complete notification provided by the Member State; the first instalment of the pre-financing upon complete notification, the second by April 2022 and third by April 2023 (second and third payments only when complete notification is confirmed).

(***) The implementation phase runs from January 2020 (with retroactivity) to December 2023.

(****) The application phase covers the submission of Member States' application reports by 30 September 2024 and the Commission's assessment, including determining residual payments or recoveries in 2025 and 2026.

(*****) The evaluation phase encompasses three parts: (1) information provided by the Commission to the European Parliament and the Council of the European Union by June 2024; (2) an evaluation by the Commission by 30 June 2027; (3) a report on implementation by the Commission by 30 June 2028.



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The BAR is a programme under special instruments set up outside the annual ceilings of the multiannual financial framework (Chapter 16). It addresses challenges created by Brexit.

FURTHER INFORMATION

- Programme website:
    - Inforegio – Brexit Adjustment Reserve (europa.eu).
- Impact assessment:
    - no impact assessment was carried out for the BAR.
- Relevant regulation:
    - Regulation (EC) No 2021/1755 of the European Parliament and of the Council (OJ L 357, 8.10.2021, p. 1);
    - Commission Implementing Decision (EU) 2021/1803 (OJ L 362, 12.10.2021, p. 3)

      setting out the provisional amounts allocated to each Member State from the resources of the Brexit Adjustment Reserve and the minimum amount of support to local and regional coastal communities [notified under document (2021) 7330] (OJ L 362, 12.10.2021, p. 3).
    - Commission Implementing Decision (EU) 2023/837 of 17 April 2023 amending Implementing Decision (EU) 2021/1803 setting out the provisional amounts allocated to each Member State from the resources of the Brexit Adjustment Reserve and the minimum amount of support to local and regional coastal communities [notified under document C(2023) 2459] (OJ L 105, 20.4.2023, p. 55
    - Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 of February 2021 establishing the Recovery and Resilience Facility (OL L 57, 18.2.2021, p. 17)
    - Commission Implementing Decision C(2023)2451
    - Commission Implementing Decision (EU) 2023/837
- Evaluations: not available.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming(*)	1 574.9	964.0	257.8	0.0	0.0	0.0	0.0	2 796.7
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (**)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**1 574.9**	**964.0**	**257.8**	**0.0**	**0.0**	**0.0**	**0.0**	**2 796.7**

(*) excluding amounts transferred/to be transferred to the RRF (REPowerEU) and redeployment.

(**) Only Article 15(3) of the financial regulation.

Two-stage process:

- pre-financing phase 2021, 2022, 2023 (80%);
- 2025, for the final payment (20%) against the assessment of sufficient eligible expenditure.

Note on zeros in 2024: Member States submit their application for the final contribution. The final payments will take place in 2025; 2026 is zero due to unused commitment and payment appropriations that will be automatically carried over and may be used until 2026; 2027 is zero for possible delays in payments / financial corrections.

Based on the provisions of the Recovery and Resilience Facility regulation as amended by the REPowerEU regulation, which entered into force in March 2023, Member States had the possibility to request transfers from the BAR to the Recovery and Resilience Facility (largely take up by 23 Member States) According to the European Council Conclusions of 1 February 2024 concerning the midterm revision of the multiannual financial framework and in line with the revised multiannual financial framework regulation ([98]), the remaining 2025 funds of the BAR envelope will be redeployed for other purposes.

([98]) Council Regulation (EU, Euratom) 2024/765 of 29 February 2024.

Budget implementation

Cumulative implementation rate at the end of 2023(*) (million EUR):

	Implementation	Budget	Implementation rate
Commitments	2 789.6	2 796.7	99.7%
Payments	2 789.6		99.7%

(*) excluding amounts transferred/to be transferred to the RRF (REPowerEU) and redeployment

Voted budget implementation (million EUR) (*):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	284.1	1 574.9	284.1	1 574.9
2022	2 209.0	964.0	2 209.0	964.0
2023	296.4	257.8	296.4	257.8

(*) Voted and carried-over appropriations (C1 and C2), excluding amounts transferred/to be transferred to the RRF (REPowerEU) and redeployment.

Member States receive their first pre-financing instalment as soon as they submitted the complete notification to the Commission. As of December 2022, 25 Member States had notified the Commission and received their 2021 and 2022 pre-financing instalments. This represents 98.9%, with the remaining 1.5% of the total allocation for the first and second instalments that has not yet been paid out relating to Czechia (1%) and Slovenia (0.1%). Member States currently design and implement their measures under their own responsibility and will report to the Commission by September2024. The Commission assisted Member States in helping them identify eligible measures in informal dialogues. In line with shared management rules, the Commission does not provide written confirmation in advance on the eligibility of measures considered by Member States for support under the BAR.

Following the transfer to REPowerEU, the Commission timely disbursed the 2023 tranche to seven Member States. Since Finland only notified the Commission at the end of 2023, it received its remaining 2023 amount in the course of Q1 2024.

The regulation does not provide for any form of penalty in the case of delayed notifications.

In the context of the recovery from the COVID-19 pandemic, the Russian war of aggression against Ukraine, the ensuing migratory and energy crises and other recent geopolitical turbulences, the implementation of the BAR proved challenging. Several Member States experienced delays in implementation and called for an extension of the deadline. Therefore, the possibility of transfers from the BAR to the REPowerEU plan was introduced in the amended Recovery and Resilience Facility

regulation. Member States were to notify the Commission by 1 March 2023 of any intention to transfer BAR funds to the Recovery and Resilience Facility (even retroactively). As a result, 23 Member States took the opportunity to transfer to the Recovery and Resilience Facility all or part of the amounts of the provisional allocation set out in the implementing acts (10 called for full transfer and 13 for a partial transfer). The total requests for transfer amount to over EUR 2.1 billion and represent 38% of the total BAR allocation.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	2022	2023	2024	2025	2026	2027	Total	% of the total envelope
Climate mainstreaming									
Biodiversity mainstreaming									
Clean air									

Given the very specific and targeted purpose of the BAR, there is no pre-established requirement for Member States regarding the level of contributions to achieve climate objectives.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1				
0*				
0	407.2	1 253.2	250.7	1 911.1

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information:

- N/A

– Due to its specific nature, the BAR does not contribute to gender equality. However, the objectives of the reserve should be pursued in line with the principles set out in the European Pillar of Social Rights, including the inherent contribution to the elimination of inequalities and to the promotion of gender equality and gender mainstreaming, while ensuring respect for fundamental rights.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of the total envelope
Digital contribution					

Due to its specific nature, the BAR does not contribute to the digital transition.

Performance assessment

The BAR was established in October 2021. Support from the reserve can be used for national measures specifically taken between January 2020 and December 2023. The Commission will only assess and determine eligibility for BAR funds once Member States have applied for a financial contribution from the reserve, by 30 September 2024. In this application, the Member States will provide information on their expenditure stemming from measures carried out with BAR support, among other areas. Against this background, the achievements stemming from the BAR's implementation can only be examined after 2024.

Indicators to measure performance will become available as output indicators through the reports.

The Commission has provided and continues to provide support to Member State authorities through bilateral meetings, written replies, a website and seminars on the clarification of practicalities behind the BAR regulation and the preparation of their potential measures.

Performance assessment in a nutshell. The BAR was conceived and designed at a moment of uncertainty about the scale and speed of Brexit, and its gravity for on Member States. With the benefit of hindsight, several findings should be noted, such as the following. (1) Even though Brexit formally took effect 4 years ago, the economic and political consequences are still unfolding beyond the reference period of the BAR. (2) Evidence suggests that despite its high level of flexibility (neither programming nor national co-financing requirements; large pre-financing), numerous Member States have been struggling with setting up national measures with a clear direct link to Brexit endangering the full use of available funds – the innovative and simplified set-up with its own legal basis seems to have complicated implementation. (3) New challenges

stemming from multiple crises, geopolitical turbulences and uncertainty called for immediate action by Member States and further hampered the smooth implementation of the BAR. This included the programming and implementation of much bigger funding sources (such as the Recovery and Resilience Facility, recovery assistance for cohesion and the territories of Europe, etc.) crowding out the implementation of the rather small contribution by the BAR. As a result, large transfers by Member States from the BAR to REPowerEU were requested. The remaining BAR allocation stands at EUR 3.4 billion, of which EUR 584 million was envisaged to be paid in 2025 upon receipt of documentation attesting to sufficient eligible expenditure.

According to the European Council conclusions of 1 February 2024 concerning the midterm revision of the multiannual financial framework, and in line with the revised multiannual financial framework regulation ([99]), the remaining 2025 funds of the BAR envelope will be redeployed for other purposes. This decision will directly impact 12 Member States, most of which have already set up measures to counter the impact of Brexit and have incurred and paid the 2025 tranche. The Commission will carry out an evaluation of the reserve in 2027 and will submit a report to the Parliament and the Council in 2028.

Sustainable development goals

Contribution to the sustainable development goals

The objectives of the reserve will be pursued in line with the objective of promoting sustainable development as set out in article 11 TFEU, considering the United Nations sustainable development goals, the Paris Agreement and the 'do no significant harm' principle.

As there is no programming involved for this temporary instrument, it is up to Member States to carry out specific measures and report on these by 30 September 2024. No intermediate reporting from Member States is expected before this date.

Therefore, the Commission will assess the contribution of the measures to the sustainable development goals based on the information made available by Member States in the final report on the implementation of the reserve.

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3		
SDG4		
SDG5		

([99]) Council Regulation (EU, Euratom) 2024/765 of 29 February 2024

SDG6
SDG7
SDG8
SDG9
SDG10
SDG11
SDG12
SDG13
SDG14
SDG15
SDG16
SDG17

SOCIAL CLIMATE FUND

PROGRAMME FOR FINANCIALLY SUPPORTING PEOPLE AND BUSINESSES MOST IMPACTED BY THE INTRODUCTION OF A NEW EMISSIONS TRADING SYSTEM

Programme in a nutshell

Concrete examples of achievements

Budget for 2021-2027

(million EUR)

Financial programming
NextGenerationEU
Decommitments made available again (*)
Contributions from other countries and entities
Total budget 2021-2027

(*) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The Social Climate Fund is a funding programme designed to contribute to a socially fair transition in the Union's effort to reach climate neutrality by 2050. It aims to address the social and economic impact of the climate transition on vulnerable groups. Notably, it aims to tackle energy and transport poverty and counterbalance the rising costs of fossil fuels resulting from extending the scheme for greenhouse gas emission trading to additional sectors in the European Union.

A political agreement was reached between the Council and the European Parliament in mid December 2022. The adopted text was published in the *Official Journal of the European Union* on 16 May 2023 and entered into force on 5 June 2023. The regulation establishing the Social Climate Fund makes available funding to Member States for the period from January 2026 to December 2032 to tackle the social and distributional challenges and help finance investments in energy efficiency, new heating and cooling systems, and cleaner mobility. Overall, the aim is to address challenges linked to energy poverty for vulnerable households and micro-enterprises and support vulnerable transport users. In order to benefit from the available funding, Member States should submit their final social climate plans to the Commission indicatively by 30 June 2025.

CHALLENGE

The climate transition necessitates an urgent and coordinated response both at the EU level and the national level. In order to address the social and economic impact of climate action at the EU level and to cushion the increasing costs of fossil fuels on vulnerable groups, the Social Climate Fund provides support to Member States.

The European Union is implementing its commitment towards climate neutrality and taking coordinated action to accelerate the reduction of greenhouse gas emissions, while underlying the importance of considerations of fairness and solidarity and leaving no one behind. The Social Climate Fund is a bridging solution at the EU level to help Member States address the social and economic impact of introducing the emissions trading system for buildings and road transport on vulnerable groups in the medium term. It will provide funding to Member States for the 2026-2032 period and support a socially fair green transition.

MISSION

As part of the European Green Deal, the Social Climate Fund will tackle the adverse impact of the climate transition on vulnerable groups. It will provide a coordinated response at European level to help vulnerable households, micro-enterprises and transport users counter the additional cost resulting from the extension of the EU emissions trading system on additional sectors. The Social Climate Fund will provide funding to Member States for structural support measures and investments directed towards vulnerable groups affected by the inclusion of greenhouse gas emissions from buildings and road transport. Ultimately, the fund aims to enhance a socially fair transition towards climate neutrality.

OBJECTIVES

The general objective of the Social Climate Fund is to contribute to a socially fair transition towards climate neutrality by addressing the social impacts of the inclusion of greenhouse gas emissions from buildings and road transport. To this end, the fund aims at mitigating the adverse impact of the climate transition on vulnerable groups.

The specific objective of the fund is to support vulnerable households, vulnerable micro-enterprises and vulnerable transport users through temporary direct income support and through measures and investments intended to increase the energy efficiency of buildings; decarbonise the heating and cooling of buildings, including through the integration in buildings of renewable energy generation and storage; and grant improved access to zero- and low-emission mobility and transport. It will provide Member States with financial support with a view to achieving milestones and targets set out in social climate plans.

Each Member State is expected to submit a social climate plan detailing structural measures and investments it plans to implement between 2026 and 2032. Each disbursement is subject to the Member State's satisfactory fulfilment of a set of milestones and targets, identified in relation to the implementation of the plan.

ACTIONS

The Social Climate Fund provides non-repayable financial support (grants) to Member States to support the public investments and structural measures set out in the national social climate plans.

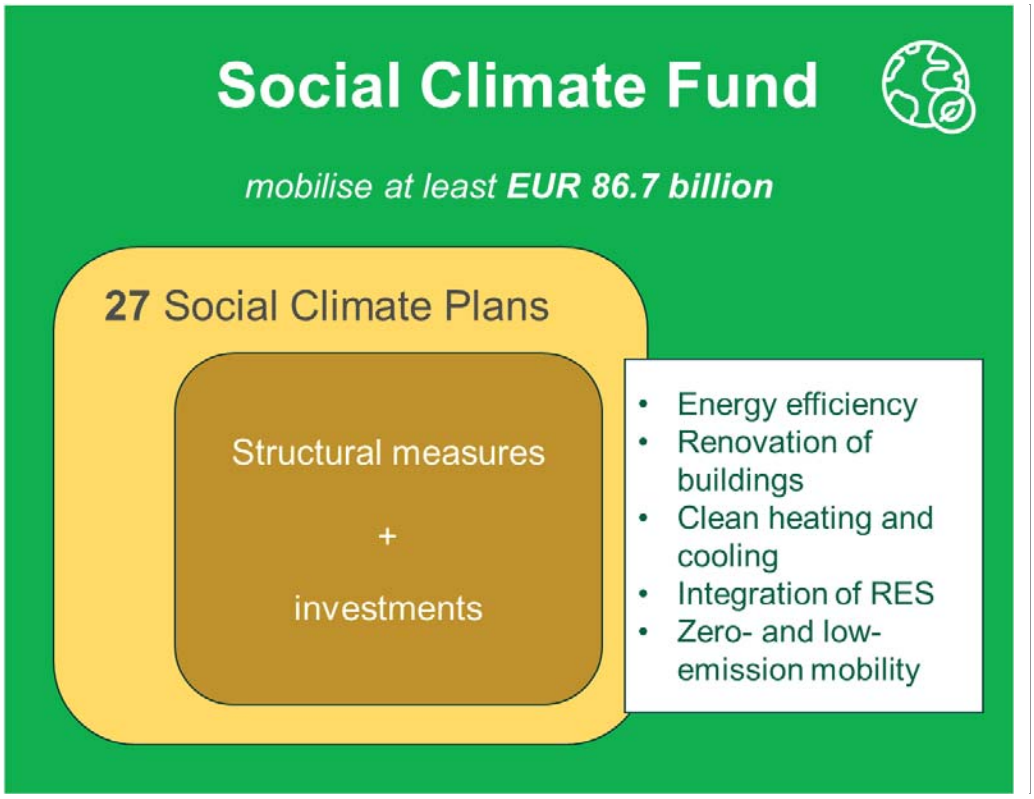
STRUCTURAL SET-UP OF THE PROGRAMME

The Social Climate Fund allows the Commission to disburse funds to support Member States in implementing structural measures and investments, which contribute to a socially fair transition towards climate neutrality by addressing the social impact of the inclusion of greenhouse gas emissions from buildings and road transport. The plan should help Member States reach the EU's 2030 climate and energy targets and, ultimately, achieve climate neutrality by 2050. Moreover, the plan should be in line with the reforms and commitments included in Member States' updated integrated national energy and climate plans, and also with the directive on energy efficiency, the European Pillar of Social Rights action plan, the cohesion policy programmes, the territorial just transition plans, the recovery and resilience plans, the Modernisation Fund and the Member States' long-term building renovation strategies.

The structural set-up consists in the provision of non-repayable financial support (grants) to Member States. This will be generated on an exceptional and temporary basis through the auctioning of allowances under the emissions trading system. Notably, the fund will make available a maximum amount of EUR 65 billion for its implementation for the 2026-2032 period, and together with the mandatory co-financing from Member States it will mobilise at least EUR 86.7 billion.

The Social Climate Fund is implemented by the Commission in direct management in accordance with the financial regulation. The Recovery and Resilience Task Force (part of the Secretariat-General) and DG Climate Action work in close cooperation to steer the design and implementation of the Social Climate Fund.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

The Social Climate Fund is a new fund. There are no precursors to it in the 2014-2020 multiannual financial framework.

FURTHER INFORMATION

Programme website:

Social Climate Fund – European Commission (europa.eu).

Relevant regulation:

Regulation (EU) 2023/955 of the European Parliament and of the Council of 10 May 2023 establishing a Social Climate Fund and amending Regulation (EU) 2021/1060.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming								
NextGenerationEU								
Decommitments made available again (*)								
Contributions from other countries and entities								
Total								

(*) Only Article 15(3) of the financial regulation.

Financial programming:

+ EUR million (+ %)

compared to the legal basis.*

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

No data are available yet since the implementation of the Social Climate Fund will only start as of 2026.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR):

	Implementation	Budget	Implementation rate
Commitments			%

	Implementation	Budget	Implementation rate
Payments			%

Voted budget implementation (million EUR):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021				
2022				
2023				

No information is available yet since the implementation of the Social Climate Fund will only start as of 2026.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**Total**	**% of the total envelope**
Climate mainstreaming									
Biodiversity mainstreaming									
Clean air									

No data are available yet since the implementation of the Social Climate Fund will only start as of 2026.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1				

0*
0

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Gender disaggregated information:

- N/A.

No data are available yet since the implementation of the Social Climate Fund will only start as of 2026.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of the total envelope
Digital contribution					

No data are available yet since the implementation of the Social Climate Fund will only start as of 2026.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment
Number of vulnerable households that have benefitted	N/A	N/A	N/A	N/A	N/A

from at least one structural measure reducing their emissions in the buildings sector					
Number of buildings having undergone deep renovation	N/A	N/A	N/A	N/A	N/A
Additional operational capacity installed for renewable energy (in MW)	N/A	N/A	N/A	N/A	N/A
Number of vulnerable transport users that have benefitted from at least one structural measure reducing their emissions in the road transport sector	N/A	N/A	N/A	N/A	N/A
Number of zero-emission vehicles supported by measures and investments financed under the Fund					
Reduced or free public transport tickets (Number of users of public transport supported by measures	N/A	N/A	N/A	N/A	N/A
Dedicated cycling infrastructure supported in number of km	N/A	N/A	N/A	N/A	N/A
Number of vulnerable micro-enterprises that have benefitted from at least one structural measure reducing their	N/A	N/A	N/A	N/A	N/A

emissions in the buildings sector and road transport sector					
Number of vulnerable households and vulnerable transport users (measured unit: by households) that have received temporary direct income support	N/A	N/A	N/A	N/A	N/A

(*) % of target achieved by the end of 2023.

No data are available yet since the implementation of the Social Climate Fund will only start as of 2026.

Sustainable development goals

Contribution to the sustainable development goals

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3		
SDG4		
SDG5		
SDG6		
SDG7		
SDG8		
SDG9		
SDG10		
SDG11		
SDG12		
SDG13		
SDG14		
SDG15		
SDG16		
SDG17		

UKRAINE FACILITY

THE EU PROGRAMME TO SUPPORT UKRAINE

Programme in a nutshell

Concrete examples of achievements

Budget for 2021-2027

(million EUR)

Financial programming – grants	17 **000.0**
Loans	33 000.0
NextGenerationEU	
Decommitments made available again (*)	N/A
Contributions from other countries and entities	
Total budget 2021-2027	**50 000.0**

(*) Only Article 15(3) of the financial regulation.

www.parlament.gv.at

Rationale and design of the programme

In the context of Russia's war of aggression against Ukraine, the Ukraine Facility will bring together the bilateral support provided by the EU to Ukraine, providing predictable medium-term financial support for the recovery, reconstruction and modernisation of Ukraine over the 2024-2027 period.

CHALLENGE

Russia's war of aggression has had devastating consequences for Ukraine – for its people, its economy and its infrastructure. While fighting an existential war, Ukraine has also engaged in its EU accession path. Given the scale and complexity of the challenges for both the reconstruction and the reforms underpinning the enlargement process, Ukraine needs the EU's sustained support in addressing these challenges. Significant and flexible support to the Ukrainian government is needed for it to maintain its functions and provide public services, and to support the recovery, reconstruction and modernisation of the country.

MISSION

The general objectives of the facility will be to support Ukraine to:

(a) address the social, economic and environmental consequences of Russia's war of aggression, thereby contributing to the peaceful recovery, reconstruction, restoration and modernisation of the country and to the post-war recovery of Ukrainian society, including by creating the social and economic conditions for internally displaced persons and persons under temporary protection to return;

(b) foster social and territorial cohesion, democratic, economic, environmental resilience, progressive integration into the EU and global economy and markets, and upward economic, social and environmental convergence towards EU standards;

(c) adopt and implement the political, institutional, legal, administrative, social and economic reforms required to align with EU values and to progressively align with EU rules, standards, policies and practices (the *acquis*) with a view to future EU membership, thereby contributing to mutual stability, security, peace, prosperity and sustainability.

OBJECTIVES

The specific objectives of the facility will include:

(a) helping to maintain the macrofinancial stability of the country and easing Ukraine's external and internal financing constraints to ensure the continued functioning of the Ukrainian state;

(b) rebuilding and modernising infrastructure damaged by the war;

(c) contributing to demining and other mine action efforts, restoring food production capacities, helping to address social and health challenges, and improving and strengthening the social care systems and their accessibility, in particular for vulnerable groups;

(d) strengthening security against hybrid threats, such as cyber threats, and strengthening resilience against disinformation, foreign information manipulation and interference;

(e) fostering the transition to a sustainable, climate-neutral and inclusive economy and a stable investment environment;

(f) supporting the integration of Ukraine into the internal market; repairing, rebuilding, safeguarding and improving social infrastructure; and strengthening economic and social development and inclusion, with particular attention paid to women and young people;

(g) promoting science and research, the creative sector and independent media and culture and cultural heritage, including cultural infrastructure; strengthening strategic economic sectors and fostering an institutional framework for investment and competition; supporting sustainable agriculture and rural development, aquaculture and fisheries; reforming Ukraine's financial and banking sector, improving access to loans and insurance coverage;

(h) further strengthening the rule of law, democracy, respect for human rights and fundamental freedoms, including through strengthening democratic institutions, and promoting an independent judiciary to support deoligarchisation efforts and strengthen the fight against fraud and all forms of corruption;

(i) strengthening the freedom and independence of the media and artistic and academic freedom, along with an enabling environment for civil society; promoting non-discrimination to ensure and strengthen respect for the rights of people belonging to all minorities and promote of gender equality; reinforcing the effectiveness of public administration; encouraging access to information and the participation of civil society in decision-making processes and public scrutiny; and supporting transparency, structural reforms and good governance at all levels;

(j) developing and strengthening environmental protection and a sustainable and just green transition in all economic sectors, including Ukraine's transition towards climate neutrality, in accordance with the Paris Agreement; supporting ecological rehabilitation following the environmental damage inflicted by military operations;

(k) supporting political and administrative decentralisation and local development, especially by supporting meaningful consultation and a level playing field for all levels of government;

(l) supporting cross-border cooperation with the Member States bordering Ukraine in areas such as trade, environmental protection and the fight against international crime.

ACTIONS

The Ukraine Facility provides predictable, flexible and continued support to Ukraine of up to €50 billion in non-repayable support and highly concessional loans for the 2024-2027 period.

To obtain the budget support under the first pillar of the facility, Ukraine must fulfil the quantitative and qualitative steps linked to reforms and investments set out in the Ukraine plan.

Under the second pillar, the facility supports public and private investment by providing guarantees and blending operations through implementing partners such as international finance institutions.

The third pillar provides technical assistance to Ukraine and support to civil society through project-based activities.

All support under the facility is conditional upon Ukraine upholding democratic mechanisms, including a multiparty parliamentary system, the rule of law and human rights, including the rights of persons belonging to minorities.

STRUCTURAL SET-UP OF THE PROGRAMME

The facility will be implemented either under direct management or under indirect management. EU funding may be provided in any of the forms laid down in Regulation (EU, Euratom) 2018/1046, in particular grants, prizes, procurement, budget support, financial instruments, budgetary guarantees, blending operations and financial assistance.

The facility will provide support to Ukraine under the following three pillars:

(a) pillar I: financial support provided to Ukraine for the delivery of reforms and investment to implement the Ukraine plan and to maintain the macrofinancial stability of the country;

(b) pillar II: a specific Ukraine investment framework to support investment and provide access to finance;

(c) pillar III: technical assistance and related support to Ukraine to design and implement EU accession-related reforms and to foster Ukraine's administrative capacity, borrowing costs subsidies and provisioning, along with other relevant activities.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

N/A.

FURTHER INFORMATION

- The Ukraine Facility – European Commission (europa.eu).
- https://neighbourhood-enlargement.ec.europa.eu/european-neighbourhood-policy/countries-region/ukraine/ukraine-facility_en.
- Regulation (EU) 2024/792 of the European Parliament and of the Council of 29 February 2024 establishing the Ukraine Facility.

Budget implementation and performance

Budget programming

Budget programming (million EUR):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming - Grants	**0.0**	**0.0**	**0.0**	**4 767.5**	**4 320.4**	**3 895.2**	**4 016.9**	**17 000.0**
Loans	**0.0**	**0.0**	**0.0**	**13 000.0**	**11 000.0**	**6 075.0**	**2 250.0**	**33 000.0**
NextGenerationEU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Decommitments made available again (*)	N/A	N/A	N/A					0.0
Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**17 767.5**	**15 320.4**	**9 970.2**	**6 266.9**	**50 000.0**

(*) Only Article 15(3) of the financial regulation.

Financial programming:

+ EUR 0.0 million (+ 0%)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR, only grants):

	Implementation	Budget	Implementation rate
Commitments	0.0	17 000.0	0.0%
Payments	0.0		0.0%

Voted budget implementation (million EUR, only grants):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	0.0	0.0	0.0	0.0
2022	0.0	0.0	0.0	0.0
2023	0.0	0.0	0.0	0.0

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**Total**	**% of the total envelope**
Climate mainstreaming									

Biodiversity mainstreaming	
Clean air	

At least 20% of the overall amount corresponding to support under the Ukraine investment framework and to investment under the Ukraine plan will contribute, to the extent possible in a war-torn country, to climate-change mitigation and adaptation; environmental protection, including biodiversity conservation; and the green transition.

Activities under the facility will comply, to the extent possible in a war-torn country, with the climate and environmental standards of the EU. Those activities will mainstream climate-change mitigation and adaptation, environmental protection and biodiversity conservation, and to the extent possible will be compatible with the principle of 'do no harm' and with the sustainability-mainstreaming approach underpinning the European Green Deal.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1				
0*				
0				

(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

Activities under the facility will mainstream gender equality and non-discrimination, where relevant.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of the total envelope
Digital contribution					

The medium-term perspective provided by the Ukraine plan through a single instrument will encourage Ukraine to channel investment and reforms towards the transition to a digital economy.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment

(*) % of target achieved by the end of 2023.

Sustainable development goals

Contribution to the sustainable development goals

Those activities financed by the Ukraine Facility will support progress towards the United Nations sustainable development goals (SDGs).

SDG	Does the programme contribute to the goal?	Example
SDG1		
SDG2		
SDG3		
SDG4		
SDG5		
SDG6		
SDG7		
SDG8		
SDG9		
SDG10		
SDG11		

SDG12
SDG13
SDG14
SDG15
SDG16
SDG17

REFORM AND GROWTH FACILITY FOR THE WESTERN BALKANS

Programme in a nutshell

Concrete examples of achievements

N/A.

Budget for 2021-2027

(million EUR)

Financial programming (*)	
Grants (**)	2 000.0
Of which provisioning for loans	*360.0*
Loans	4 000.0
NextGenerationEU	
Decommitments made available again (***)	N/A
Contributions from other countries and entities	
Total budget 2021-2027	**6 000.0**

(*) Financial programming corresponds to EUR 2 billion in non-repayable support (grants), and an additional EUR 4 billion will be concessional loans provided by the EU.

(**) Provisioning for loans (EUR 360 million) and technical and administrative support for the implementation of the facility (EUR 30 million) are financed from the grant component. The total grant support to be disbursed is EUR 1 610 million.

(***) Only Article 15(3) of the financial regulation.

Rationale and design of the programme

The new growth plan for the Western Balkans has the aim of bringing the Western Balkan partners closer to the EU through offering some of the benefits of EU membership to the region in advance of accession, boosting economic growth and accelerating socioeconomic convergence.

Insufficient socioeconomic convergence between the Western Balkans and the EU has been a long-standing issue, exacerbated by the economic impact of Russia's unprovoked and unjustified war of aggression against Ukraine and before that by the COVID-19 pandemic. The Western Balkans' level of economic convergence in terms of GDP per capita in purchasing power standards, currently stands at 30% to 50% of the EU average and is not progressing at a satisfactory pace.

The facility is an integral part of the new growth plan for the Western Balkans, which is structured around four pillars and aims to:

- Enhance economic integration with the European Union's single market, subject to the Western Balkans aligning with single market rules and opening the relevant sectors and areas to all their neighbours at the same time, in line with the Common Regional Market.
- Boost economic integration within the Western Balkans through the Common Regional Market, based on EU rules and standards, which could potentially boost their economic growth by 10%.
- Accelerate fundamental reforms, including on the fundamentals cluster, supporting the Western Balkans' path towards EU membership, improving sustainable economic growth including through attracting foreign investments and strengthening regional stability;
- Increase financial assistance to support the reforms through a Reform and Growth Facility for the Western Balkans for the 2024-2027 period with a new instrument worth EUR 6 billion, consisting of EUR 2 billion in grants and EUR 4 billion in concessional loans, with payment conditioned on the Western Balkans partners fulfilling specific socioeconomic and fundamental reforms.

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CHALLENGE

It is essential for the Western Balkans, for the European Union and for the accession process that this rate of convergence accelerates. A higher level of convergence will greatly facilitate the integration of the Western Balkans into the EU. Economic convergence is a key benefit of EU membership, as seen in the fifth round of enlargement where some newer Member States have achieved income levels close to the EU average. This shows how economic integration and market access through the single market, combined with cohesion policy, can drive economic convergence. Given the specificities of the region, progressive integration into the single market even prior to accession may be able to unlock some of the benefits earlier. Prior to such progressive integration, it is crucial to engage in through regional cooperation and integration as a preparatory measure.

The facility will introduce an innovative mix of grants and loans, disbursed upon fulfilment of *ex ante* conditionality set out in tailor made plans, the reform agendas. It represents a performance-based instrument whereby all payments are directly linked to successful delivery of key socioeconomic and fundamental reforms.

MISSION

The general objectives of the facility shall be to:

(a) support the enlargement process by accelerating the alignment with EU values, laws, rules, standards, policies and practices (the *acquis*) through the adoption and implementation of reforms with a view to future EU membership;

(b) accelerate regional economic integration and progressive integration into the EU's single market;

(c) accelerate the socioeconomic convergence of the beneficiaries' economies with the EU;

(d) Foster regional cooperation, good neighbourly relations, reconciliation and the settlement of disputes in the Western Balkans, as well as people-to-people contact,

OBJECTIVES

The specific objectives of the facility shall be to:

(a) further strengthen the fundamentals of the enlargement process, including the rule of law and fundamental rights, the functioning of democratic institutions, including at regional and local level and including de-polarisation, public administration and fulfil the economic criteria; this includes promoting an independent judiciary, reinforcing security and stability in the region, strengthening the fight against fraud and all forms of corruption, including high-level corruption and nepotism, organised crime, cross-border crime and money laundering as well as terrorism financing, tax evasion and tax fraud, tax avoidance; increasing compliance with international law; strengthening freedom and independence of media and academic freedom; combating hate speech; enabling an environment for civil society, fostering social dialogue; promoting gender equality, gender mainstreaming and the empowerment of women and girls, non-discrimination and tolerance, to ensure and strengthen respect for the rights of persons belonging to minorities, including national minorities and Roma, as well as rights of lesbian, gay, bisexual, transgender and intersex persons;

(b) move towards full alignment of the beneficiaries with the EU's common foreign and security policy, including EU restrictive measures;

(c) fight disinformation and foreign information manipulation and interference against the EU and its values;

(d) move towards harmonisation of visa policies with the EU;

(e) reinforce the effectiveness of public administration, build local capacities and invest in administrative staff in the beneficiaries; ensure access to information, public scrutiny and the involvement of civil society in decision-making processes; support transparency, accountability, structural reforms and good governance at all levels, including as regards their powers of oversight and inquiry over the distribution of and access to public funds as well as in the areas of public financial management and public procurement and State aid control; support initiatives and bodies involved in supporting and enforcing international justice in the beneficiaries;

(f) accelerate the transition of the beneficiaries to sustainable, climate-neutral and inclusive economies, that are capable of withstanding competitive market pressures of the EU's single market, and to a stable investment environment and reduce their strategic dependencies;

(g) boost regional economic integration in particular through progress in the establishment of the Common Regional Market;

(h) foster economic integration of the beneficiaries with the EU's single market, in particular through increased trade and investment flows, and resilient value chains;

(i) support regional economic integration and enhanced integration with the EU's single market through improved and sustainable connectivity in the region in line with trans-European networks to reinforce regional cooperation, good neighbourly relations, reconciliation, as well as people-to-people contact;

(j) accelerate the inclusive and sustainable green transition to climate neutrality by 2050, in accordance with the Paris Agreement and the Green Deal, in line with the 2020 green agenda for the Western Balkans and covering all economic sectors, particularly energy, including the transition towards a de-carbonised, climate-neutral, climate-resilient and circular economy, while ensuring that investments respect the 'do no significant harm' principle;

(k) promote the digital transformation and digital skills as an enabler of sustainable development and inclusive growth;

(l) boost innovation, research, and cooperation between academic institutions and industry in support of the green and digital transitions, promoting local industries with a particular emphasis on locally based micro, small and medium-sized enterprises and start-ups;

(m) boost quality education, training, reskilling and upskilling at all levels, with a particular focus on youth, including tackling youth unemployment, preventing brain drain and supporting vulnerable communities and support employment policies, including labour rights, in line with the European Pillar of Social Rights, and fighting poverty.

ACTIONS

Actions carried out through the programme will be based on reform agendas of each beneficiary. Those will represent a comprehensive, coherent and prioritised set of targeted reforms and priority investment areas in each beneficiary, including payment conditions that indicate satisfactory progress or completion of related measures, and an indicative timetable for their implementation. They will focus on key socioeconomic reforms, as well as reforms related to the fundamentals of the enlargement process. Upon fulfilment of a given payment condition, a pre-defined amount will be released either directly to the beneficiary's treasury, or to the Western Balkans Investment Framework Operation Board for consideration of eligible projects.

The current financial assistance to the Western Balkans and Türkiye under the Instrument for Pre-Accession Assistance will continue in its current form and target the increasing alignment of national legislation and public administration to the EU *acquis* and standards with a view to future EU membership. The new facility will therefore complement the approach of the Instrument for Pre-Accession Assistance by focusing on the specific determinants for social and economic growth. In addition, this new facility will have a payment mechanism based on *ex ante* conditionality, mixing in an innovative manner grants and loans, which will bring about a stronger incentive to implement key structural reforms by the beneficiaries. Such delivery, as well as setting of *ex ante* conditionality, is not possible under the Instrument for Pre-Accession Assistance.

The funds under this facility will be disbursed through two delivery mechanisms:

- Direct financial assistance will follow the logic of budget support and will be released in the form of loans.
- Investments will be delivered through the Western Balkans Investment Framework using a mix of loans and grants. These investments will target sectors that will function as key multipliers for socioeconomic development: connectivity, including transport, energy, green and digital transitions,

education and skills development. Related projects or programmes will be implemented in cooperation with international financial institutions and EU Member States development banks and will attract additional investments from them and the private sector.

The release of funds under the facility will be fully dependent on meeting of all layers of conditionality, including:

- Preconditions: the beneficiaries will need to uphold and respect effective democratic mechanisms, including a multiparty parliamentary system, free and fair elections, pluralistic media, an independent judiciary and the rule of law, and guarantee respect for all human rights obligations, including the rights of persons belonging to minorities. A specific precondition will be that Kosovo ([100]) and Serbia engage constructively with measurable progress and tangible results in the normalisation of their relations with a view to fully implementing all of their respective obligations stemming from the Agreement on the Path to Normalisation and its Implementation Annex as well as all past dialogue agreements and engage in negotiations on the Comprehensive Agreement on normalisation of relations.
- General conditions: macrofinancial stability, sound public financial management, transparency and oversight of the budget, representing the founding conditions for budget support.
- Payment conditions: tailored conditions for the release of funds that take the form of observable and measurable qualitative or quantitative steps to be implemented by a beneficiary, as set out in the reform agenda.

In case of non-fulfilment of a given payment condition as per the indicative timeline set in the decision approving the reform agenda, the disbursement of funds corresponding to that condition will be withheld. The beneficiary will be given up to twelve months after the original deadline set out in the indicative timeline to fulfil the payment conditions. In the first year of implementation, that deadline should be extended to 24 months from the initial negative assessment. Should a beneficiary fail to meet the conditions after the grace period, the amounts will be reduced and may be redistributed among other beneficiaries.

STRUCTURAL SET-UP OF THE PROGRAMME

The facility has a total budget of EUR 6 billion, provided in the following forms.

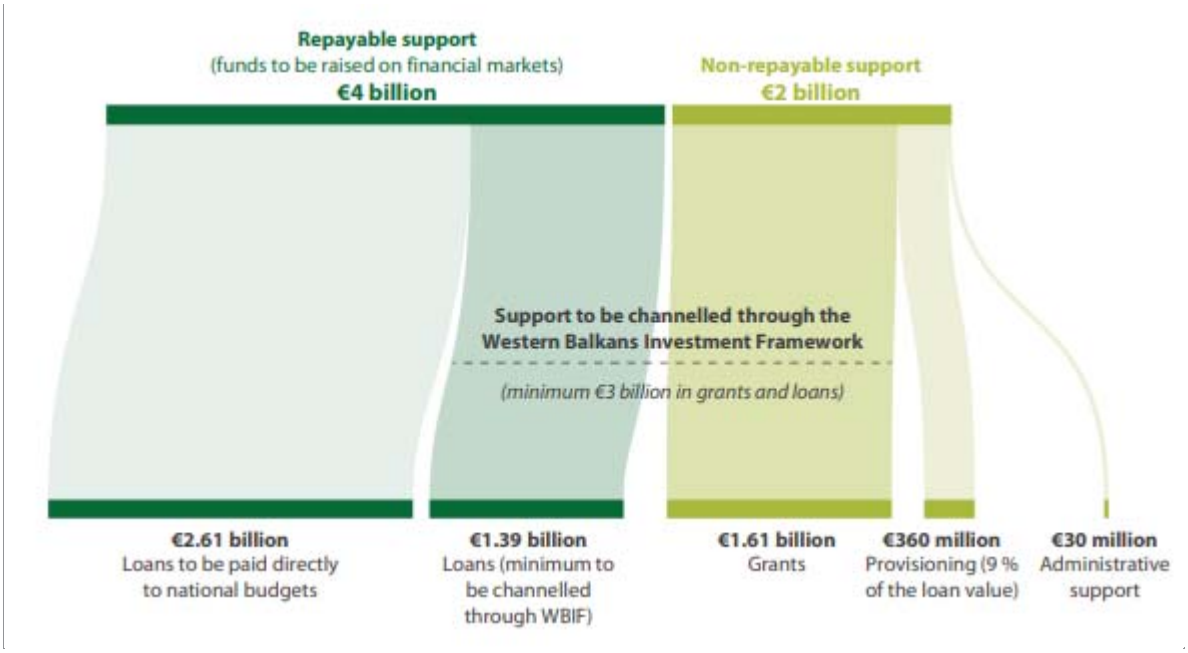
- Loans: EUR 4 billion, raised by the Commission on behalf of the EU on the capital markets or from financial institutions in accordance with Article 220a of the financial regulation.
- Grants: EUR 2 billion, granted in the revision of the multiannual financial framework. Provisioning for loans at 9% provisioning rate, as well as administrative and technical assistance are provided from the grant component.

The facility shall be implemented in accordance either in direct management or in indirect management. It will be implemented through two delivery mechanisms:

- (1) as direct financial assistance disbursed directly to the beneficiaries' treasuries only the form of loans, or
- (2) through the existing Western Balkans Investment Framework in the form of loans and grants, representing at least 50% of the total budget.

([100]) This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

VISUAL REPRESENTATION OF THE STRUCTURAL SET-UP



LINK TO THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

N/A

FURTHER INFORMATION

- New growth plan for the Western Balkans
- Commission welcomes political agreement
- Website Latest news: EU enhance engagement with the Western Balkans – European Commission (europa.eu).
- Communication from the Commission: New growth plan for the Western Balkans
- Regulation of the European Parliament and of the Council

Budget implementation and performance

Budget programming

Budget programming (million EUR, only grants):

	2021	2022	2023	2024	2025	2026	2027	Total
Financial programming (*)								
Grants (**)	0.0	0.0	0.0	500.0	500.0	500.0	500.0	2 000.0
Of which grants	*0.0*	*0.0*	*0.0*	*90.0*	*90.0*	*90.0*	*90.0*	*360.0*
Loans	0.0	0.0	0.0	1 000.0	1 000.0	1 000.0	1 000.0	4 000.0
NextGeneration EU	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Decommitments made available again (***)	N/A	N/A	N/A					0.0

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Contributions from other countries and entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	1 500.0	1 500.0	1 500.0	1 500.0	6 000.0

(*) Financial programming corresponds to EUR 2 billion in non-repayable support (grants), and an additional EUR 4 billion will be in concessional loans provided by the EU.

(**) Provisioning for loans (EUR 360 million) and technical and administrative support for the implementation of the facility (EUR 30 million) are financed from the grant component. Total grant support to be disbursed is EUR 1 610 million.

(***) Only Article 15(3) of the financial regulation.



Financial programming:

+ EUR 0.0 million (+ 0%)

compared to the legal basis (*).

(*) Top-ups pursuant to Article 5 of the multiannual financial framework regulation are excluded from financial programming in this comparison.

Implementation of the facility will start over the course of 2024, following adoption of the legal basis on 14 May 2024.

Budget implementation

Cumulative implementation rate at the end of 2023 (million EUR, only grants):

	Implementation	Budget	Implementation rate
Commitments	0.0	2 000.0	0.0%
Payments	0.0		0.0%

Voted budget implementation (million EUR):

	Commitments		Payments	
	Voted budget implementation	**Initial voted budget**	**Voted budget implementation**	**Initial voted budget**
2021	0.0	0.0	0.0	0.0
2022	0.0	0.0	0.0	0.0
2023	0.0	0.0	0.0	0.0

Implementation of the facility will start over the course of 2024, following adoption of the legal basis on 14 May 2024.

Contribution to horizontal priorities

Contribution to green budgeting priorities (million EUR):

	Implementation			Estimates					
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**Total**	**% of the total envelope**
Climate mainstreaming									
Biodiversity mainstreaming									
Clean air									

– Activities under the facility will support progress towards EU social, climate and environmental standards and support progress towards the United Nations' sustainable development goals (SDGs), the Paris Agreement adopted under the United Nations Framework Convention on Climate Change, the United Nations Convention on Biological Diversity and the United Nations Convention to Combat Desertification. Activities should not contribute to environmental degradation or cause harm to the environment or the climate.

– Measures funded under the facility will be in line with the beneficiaries' energy and climate plans, their nationally determined contribution and their ambition to reach climate neutrality by 2050. The facility will contribute to the mitigation of climate change and to the ability to

adapt to its adverse effects, and will foster climate resilience. In particular, funding under the facility will promote the transition towards a decarbonised, climate-neutral, climate-resilient and circular economy.

– The facility will contribute to the achievement of an overall target of 30% of EU budget expenditure supporting climate objectives, and of 7.5% of expenditure in 2024 and 10% in 2026 and 2027 supporting biodiversity objectives.

– At least 37% of the non-repayable financial support channelled through the Western Balkans Investment Framework should go towards climate objectives. That amount should be calculated using the Rio markers following the obligation to report the EU's international climate finance to the Organisation for Economic Co-operation and Development, along with other international agreements or frameworks. As early as June 2025, the EU climate coefficients, applicable across all programmes under the 2021-2027 multiannual financial framework and set out in the Commission staff working document entitled 'Climate mainstreaming architecture in the 2021-2027 multiannual financial framework' (SWD(2022) 225), will also be applied to climate expenditure under the multiannual financial framework's heading 6 ('Neighbourhood and the world'). The facility will align with the approach of other heading 6 instruments, including the Instrument for Pre-Accession Assistance, in order to ensure consistent climate reporting in the region.

– The facility should support activities that fully respect the climate and environmental standards and priorities of the EU and the principle of 'do no significant harm' within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council.

– The reform agendas will be consistent with and support the reform priorities identified in the context of the beneficiary's accession path, and other relevant documents, such as the stabilisation and association agreement, the national energy and climate plan, the nationally determined contribution under the Paris Agreement and the ambition to reach climate neutrality by 2050.

– Each reform agenda will include an explanation of the extent to which the measures are expected to contribute to climate and environmental objectives and their compatibility with the 'do no significant harm' principle.

– Implementation of the facility will start in the course of 2024, pending the adoption of the legal basis. Estimates of contribution to horizontal priorities will be calculated once implementation starts.

Contribution to gender equality (million EUR) (*):

Gender score	2021	2022	2023	Total
2				
1				
0*				
0				

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(*) Based on the applied gender contribution methodology, the following scores are attributed at the most granular level of intervention possible:

- 2: interventions the principal objective of which is to improve gender equality;
- 1: interventions that have gender equality as an important and deliberate objective but not as the main reason for the intervention;
- 0: non-targeted interventions (interventions that are expected to have no significant bearing on gender equality);
- 0*: score to be assigned to interventions with a likely but not yet clear positive impact on gender equality.

– Activities under the facility will mainstream gender equality.

– Beneficiaries and the Commission will ensure that gender equality, gender mainstreaming and the integration of a gender perspective are taken into account and promoted throughout the preparation of the reform agendas and the implementation of the facility. Beneficiaries and the Commission will take appropriate steps to prevent any discrimination based upon gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation. The Commission will report on these measures in the context of its regular reporting under the gender action plans.

– Each reform agenda will contain an explanation of the extent to which the measures are expected to contribute to gender equality and the empowerment of women and girls, and the promotion of women and girls' rights.

– Implementation of the facility will start over the course of 2024, following adoption of the legal basis on 14 May 2024.

Contribution to the digital transition (million EUR):

	2021 implementation	2022 implementation	2023 implementation	Total	% of the total envelope
Digital contribution					

– Digitalisation is one of the key components of the facility. It represents both one of the key areas for reforms, to be identified under the reform agendas, and one of the key priority areas for investment under the Western Balkans Investment Framework.

– The specific objectives of this facility include promoting digital transformation and digital skills as an enabler of sustainable development and inclusive growth and boosting innovation, research and cooperation between academic institutions and industry in support of the green and digital transitions.

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– The facility should support investment and reforms that promote the beneficiaries' path to the digital transformation of their economy and society in line with the EU vision for 2030 presented in the Commission communication '2030 digital compass'.
– Implementation of the facility will start over the course of 2024, following adoption of the legal basis on 14 May 2024.
– Each reform agenda will contain an explanation of the extent to which the measures are expected to contribute to digital transformation.

Performance assessment

KEY PERFORMANCE INDICATORS

	Baseline	Progress (*)	Target	Results	Assessment

(*) % of target achieved by the end of 2023.

– Implementation of the facility will start over the course of 2024, following adoption of the legal basis on 14 May 2024.

Sustainable development goals

Contribution to the sustainable development goals

Those activities financed by the Reform and Growth Facility for the Western Balkans will support progress towards the UN SDGs.

Implementation of the facility will start over the course of 2024, following adoption of the legal basis on 14 May 2024. Action level information will only be available after the adoption of the reform agendas.

SDG	Does the programme contribute to the goal?	Example

SDG1
SDG2
SDG3
SDG4
SDG5
SDG6
SDG7
SDG8
SDG9
SDG10
SDG11
SDG12
SDG13
SDG14
SDG15
SDG16
SDG17

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ANNEXES 5 to 11

ANNEXES

to the

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Annex 5 – Multiannual control cycle and control results

Annex 5 – Multiannual control cycle and control results

This annex describes the preventive and corrective measures taken by the European Commission and the Member States for expenditure under shared management, to protect the EU budget from illegal or irregular expenditure. More specifically, the annex presents:

- **Section 5.1**: the preventive and corrective measures to protect the EU budget and related concepts;
- **Section 5.2:** the risk at payment/closure reported in the 2023 annual activity reports, which measure the effectiveness of the controls;
- **Section 5.3**: the reservations qualifying the assurance provided by the authorising officers by delegation;
- **Section 5.4**: the quantification of the preventive and corrective measures implemented in 2023.

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5.1. Preventive and corrective measures to protect the EU budget and related concepts

The Commission has put in place multiannual control strategies to ensure the sound financial management of EU funds (see figure below). These control strategies aim to prevent errors before payments are made and, when errors could not be avoided, to correct them after the payments and until the closure of the programmes. Therefore, the control results are reported at two points in the programme cycle through the estimated **risk at payment** and the estimated **risk at closure.**

Main features of the Commission's control strategies

CONTROL OBJECTIVES

1	2	3	4	5
Ensure legality and regularity of transactions	Prevent, detect, correct and follow up on fraud	Ensure economy, efficiency and effectiveness	Safeguard assets and information	Produce reliable reporting

CONTROLS

Preventive measures *Ex ante*	Corrective measures *Ex post*
Simplification of programmes (based on lessons learnt from previous programmes)	**Ex post verifications** (e.g. audits of cost statements, system and compliance audits, on-the-spot checks)
Prevention of double funding (e.g. each beneficiary cannot receive more than one grant for the same expenditure)	**Fraud investigations** (e.g. fraud cases pursued by the European Anti-fraud Office)
Ex ante assessments and checks (e.g. desk reviews, compliance checks, authorisation of payments)	**Financial recoveries and corrections**
Funding suspensions and corrections (e.g. recovery of unused pre-financing, rejection of costs claimed, financial corrections and deductions made by Member States)	
Fraud proofing (e.g. European Anti-Fraud Office reviewing programmes)	
Awareness-raising actions	

Source: European Commission.

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5.1.1. Preventive measures

Preventive measures take place before the Commission makes payments. They result from *ex ante* controls (mostly desk reviews) carried out by the Member States and entrusted entities before submitting expenditure/annual accounts to the Commission, and by the Commission itself before accepting and reimbursing expenditure, clearing pre-financing (i.e. transferring its ownership to the beneficiary) and making interim/final payments. As required by Article 74(5) of the financial regulation ([1]), all financial operations are subject to controls before payment, under all management modes.

The amounts corrected at the Member State level may be reused under certain circumstances, which serves as an incentive for Member States to carry out the necessary verifications and audits and correct irregular expenditure before submitting their cost claims to the Commission.

5.1.2. Corrective measures

Corrective measures take place after the Commission has made the payment or accepted the expenditure. In line with Article 74(6) of the financial regulation, they result from *ex post* controls typically performed on-site, on a sample basis, and are either statistically representative or based on a risk assessment. In shared management, the Commission also performs risk-based, system audits of Member States' controls and/or the work of their audit bodies. The errors found may lead to financial corrections ([2]) implemented by the Commission during the same or subsequent years, by way of recoveries or offsetting from final recipients under direct and indirect management, or from the Member States under shared management.

The Commission improves its processes and internal control systems on a continuous basis by addressing detected weaknesses. For shared and indirect management, the Member States and implementing partners are mainly responsible for improving their management and control systems. The root causes of errors are taken into account when preparing future (simplified) legislation and when (re)designing controls to further reduce the level of error in the next generation of funding programmes.

The **quantification** of the preventive and corrective measures implemented as a result of Member States and EU controls during the 2023 reporting year is presented in Section 5.4 of this annex.

5.1.2. Risk at payment

The risk at payment quantifies the errors that remain after applying preventive controls and processing payments ([3]), but before applying corrective measures. These errors are typically detected by Commission departments through *ex post* audits and assessments of the results of audits carried out by Member State authorities for shared management. Measurement at this stage enables the Commission to correct the errors, to take additional preventive measures (e.g. additional guidance for Member States, entrusted entities or beneficiaries), and to assess the effectiveness of the *ex ante* controls and adapt them, if necessary.

([1]) Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012, OJ L 193, 30.7.2018, p. 1, ELI: http://data.europa.eu/eli/reg/2018/1046/oj (financial regulation).

([2]) Such corrections are not sanctions and do not include penalties and fines.

([3]) Or equivalent, such as after the expenditure is accepted (i.e. registered in the Commission's accounting system) or after the pre-financing is cleared.

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Each Commission department estimates its **detected error rates** per programme or other payment segment. Some departments may use different terminology in their annual activity reports to reflect the specificity of their internal control system ([4]). Nevertheless, the departments use a consistent methodology to assess the risk of error in their financial operations, based on an institutional framework.

For low-risk expenditure, where there are indications that the error rate might be close to zero (e.g. administrative expenditure or operating subsidies for agencies), some Commission departments use a conservative error rate of 0.5%.

The Commission calculates the actual financial impact of the errors on the EU budget. This is obtained by aggregating the financial impact of errors determined per programme or segment of expenditure at the level of the department, the policy area and the Commission. This results in the overall risk at payment as a value, which is the sum of all the amounts of risk at payment, and as a percentage, which is the overall weighted average of the risk at payment.

5.1.3. Estimated future corrections

A detected error is corrected either via a recovery or by offsetting against future payments. As both detection and remedy may not be immediate, corrections resulting from *ex post* controls rarely take place within the same financial year as the payment. As a result, the risk at payment may provide an incomplete picture, as errors can still be corrected during subsequent years, up to the closure of the programme.

Therefore, Commission departments estimate the percentage of future corrections that could still be implemented until the closure of the programme. These are conservative and forward-looking estimates of the corrections that will be implemented in subsequent years. They are based on the average of corrections implemented during the last 7 years, adjusted to exclude exceptional recoveries, taking into account the incidence of the implementation of new programmes (simples rules leading to less corrections) and possible trends (decrease of increase in the last years).

For programmes with no set closure point (e.g. the European Agricultural Guarantee Fund) and for some multiannual programmes for which corrections are still possible after the end of the programmes (e.g. the European structural and investment funds, including the European Agricultural Fund for Rural Development), all possible corrections are considered for this estimate.

The future corrections can never be fully equal to the risk at payment, because some errors, although deserving of attention, do not always result from undue payments and, therefore, do not always give rise to financial corrections or recovery orders: when the risk at payment is based on statistical estimation, it cannot lead to corrections (no flat-rate correction may be applied to all beneficiaries, only a correction where an error has been found). In addition, for cohesion policy funds, only programmes with residual total error rates above 2% are subject to corrections to reach at least the 2% threshold, and not all the cases used to determine the upper value of the range of the risk at payment (i.e. the worst-case scenario) materialise after the contradictory procedure of the audit/control is finalised.

Estimated future corrections must not be confused with the actual corrective measures implemented during 2023 (detailed in Section 5.4). The estimated future corrections relate to the corrections that will happen in the future until the closure, whereas the corrections implemented correspond to the recovery orders, withdrawals by Member States and net financial corrections implemented in 2023.

([4]) For example, ‘adjusted error rates’ is used by DG Agriculture and Rural Development and ‘residual total error rates’ is used by DG Employment, Social Affairs and Inclusion, DG Maritime Affairs and Fisheries and DG Regional and Urban Policy.

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5.1.4. Risk at closure

This risk is estimated at programme closure ([5]) ([6]), meaning when all *ex post* controls are completed, all corrections are applied and no further action may legally be taken. The risk at closure is obtained by deducting the estimated future corrections from the risk at payment, as a value and as a percentage. These amounts and percentages represent the most up-to-date estimations of the outcome expected by the closure of each programme. As such, the risk at closure is more representative of the real risk to the expenditure than the risk at payment.

Similarly to the risk at payment, the results per programme or segment are aggregated to provide – at the level of the department, the policy area and the Commission – the overall risk at closure as a value, which is the sum of all the amounts of risk at closure, and as a percentage, which is the overall weighted average of the risk at closure.

5.1.5. A bottom-up approach that fits the Commission's management context

To be able to provide bottom-up management assurance and to identify and address issues in specific areas, the Commission calculates the error rates per programme or other relevant segment. Moreover, the Commission's methodology takes into account the multiannual nature of the spending programmes for the risk at closure. In this sense, the Commission's approach differs from that of the European Court of Auditors, as it comes from a management perspective and provides more detailed information. Even if these approaches can lead to differences between the error rates reported by the Court of Auditors and those reported by the Commission, there is a convergence regarding key concepts and the riskiest areas or types of expenditure (i.e. cohesion, research, some programmes in natural resources).

The risk at payment is conceptually closer ([7]) to the Court of Auditors' 'estimated level of error'. In 2022, the main differences in the error rates determined by the Court of Auditors and the risk at payment determined by the Commission concern the cohesion policy programmes. For the programmes related to international relations, the Court does not determine a specific error rate but considers that these expenditures are high risk.

In general, the differences with the Court may be explained by: differences in approach and methodology; divergences in interpreting rules and regulations, including national rules; timing differences between the Commission's checks and the Court's audits (in particular in the external relations area); and differences in the error rates applied for procedural errors in procurements.

As a basis for calculating the amount(s) at risk, 'relevant expenditure' corresponds to the payments made, minus new pre-financing paid (still owned by the Commission), plus pre-financing paid in previous years and cleared (ownership transferred to the beneficiaries) during the current financial year. This is fully in line with the Court approach ([8]).

([5]) In the case of the common agricultural policy, the term 'estimated final amount at risk' is used instead, to better reflect the fact that there is no set closure point for European Agricultural Guarantee Fund measures.

([6]) For cohesion policy funds, after the final assessment of legality and regularity of the programmes.

([7]) European Court of Auditors, *Annual report on the implementation of the EU budget for the 2021 financial year*, paragraph 1.35.

([8]) European Court of Auditors, *Annual report on the implementation of the EU budget for the 2022 financial year*, Annex 1.1 (on methodology), paragraph 18.

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The 'materiality threshold' set, in most cases, at 2% of the relevant expenditure ([9]) is also in line with the Court methodology ([10]).

5.2. Risk at payment/closure reported in the 2023 annual activity reports

The risk at payment and risk at closure are determined against the **relevant expenditure** of the year, in line with the approach of the European Court of Auditors.

5.2.1. Relevant expenditure

The amount of the Commission's relevant expenditure is established in line with the Court of Auditors' scope of transactions reviewed ([11]). In this approach, pre-financing and retentions are only taken into account when the final recipient of EU funds has provided evidence of their use and the Commission (or another body managing EU funds) has accepted the final use of the funds (by clearing the pre-financing or releasing the amount retained), because this is where errors of legality or regularity may occur (see overall calculation in Table A). Therefore, the risks at payment and at closure are determined against this amount.

Furthermore, to show a complete picture of the funds for which the Commission is responsible ([12]), the expenditures made under the **European Development Fund** and those related to the **four EU trust funds have been added** (see overall calculation in Table A).

- **European Development Fund.** Until 2020, this budget was separate from the EU budget, and it is currently co-managed by five departments. In Tables B and C, the corresponding European Development Fund expenditure is included in the policy areas and the departments concerned (DG Education, Youth, Sport and Culture, DG International Partnerships, DG European Civil Protection and Humanitarian Aid Operations and the European Education and Culture Executive Agency).
- **EU trust funds.** These are the EU Trust Fund for the Central African Republic, the EU Regional Trust Fund in Response to the Syrian Crisis, the EU Emergency Trust Fund for Africa and the EU Trust Fund for Colombia (see also Volume III, Annex 11). In Table B, this expenditure is included in the external relations policy area. In Table C, it is included in DG Neighbourhood and Enlargement Negotiations, DG International Partnerships and DG European Civil Protection and Humanitarian Aid Operations. These three departments ensure the transparent and complete coverage of the relevant trust fund(s) in their annual activity reports, based on the reports from the trust fund managers. They make a distinction between their accountability for the contributions from the EU budget and/or the European Development Fund paid into the trust funds, on the one hand, and for the transactions made from the trust funds, i.e. with the funds collected from the EU budget, the European Development Fund and other donors, as a trust fund manager, on the other hand.

For the relevant expenditure of 2023 for policy area of the EU budget, please refer to **Table A** below.

([9]) The only exceptions are: (i) 1% for revenue, which is stricter than the Court, in view of the very large amounts; and (ii) the range of 2-5% for the Horizon 2020 programme (see details in Section 2.1.2, Annex II, Volume II of this report).

([10]) European Court of Auditors, *Annual report on the implementation of the EU budget for the 2022 financial year*, Annex 1.1 (on methodology), paragraph 35.

([11]) European Court of Auditors, *Annual report on the implementation of the EU budget for the 2022 financial year*, Annex 1.1 (on methodology), paragraph 18.

([12]) In line with Volume II Annex 2, this does not include the payments made under the Resilience and Recovery Facility, which are presented separately in Volume II, Annex 3.

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5.2.2. Overview of the Commission's risk at payment and at closure

Table A presents an overview of the Commission's risk at payment/closure, by policy area. The splitting of the budget into these headings does not fully correspond to the budget as allocated to the 51 managing Commission departments, and thus as accounted for in their annual activity reports. For the purposes of this report, each department is allocated entirely to only one of the seven policy areas, except for DG Defence Industry and Space.

Table A – Risk at payment/closure by policy area for the whole Commission in 2023 (in million EUR)

Policy area	Total relevant expenditure (f)	Estimated risk at payment		Estimated future corrections		Estimated risk at closure	
		(g)		(h)		(i) = (g) – (h)	
		Value	Percent	Value	Percent	Value	Percent
Single market, innovation and digital	**19 082.7**	265.2	1.4%	69.8	0.4%	195.4	1.0%
Cohesion, resilience and values	**67 291.7**	1 749.2	2.6%	941.0	1.4%	808.2	1.2%
Natural resources and environment (*)	**58 090.4**	1 077.0	1.9%	763.9	1.3%	313.1	0.5%
Migration and border management	**3 045.9**	34.4	1.1%	3.5	0.1%	30.9	1.0%
Security and defence	**136.7**	0.7	0.5%	0	0.0%	0.7	0.5%
Neighbourhood and the world	**14 243.9**	118.8	0.8%	18.8	0.1%	100.0	0.7%
European public administration	**8 860.7**	48.1	0.5%	0	0.0%	48.1	0.5%
Natural resources and environment – performance based	**215.5**						
Total 2023	**170 752.2**	**3 293.4**	**1.9%**	**1 796.9**	**1.0%**	**1 496.5**	**0.9%**
Total 2022	169 396.0	3 275.8	1.9%	1 767.1	1.0%	1 508.6	0.9%

Source: European Commission annual activity reports.

NB: Due to the rounding of figures to the nearest million EUR, some financial data in the table above may appear not to add up.

(*) Without segments of expenditure which are performance based, for which no error rate can be determined.
Together with segments of expenditure which are performance based, the total of relevant expenditure for natural resources and the environment amounts to EUR 58 305.9 million.

Specifications of columns in Table A

(a) Estimated risk at payment (as value and as percentage). Only the cohesion policy departments (see Table B below) and a few other departments use a range of 'minimum–maximum' rates/amounts for their estimated risk at payment, but with rather minor variances between the two values.

(b) Estimated future corrections (as a value and a percentage).

(c) Estimated risk at closure (as a value and a percentage).

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Cohesion

The two cohesion-related departments present a range of values:

- the lower value corresponds to the departments' risk at payment for the 2023 relevant expenditure based on their confirmed residual total error rate for the 2021/2022 accounting year;
- the upper value corresponds to a worst-case scenario (i.e. maximum risk), taking into account possible additional risks in parts of expenditure not reviewed under EU audits that indicate the possibility for higher error rates for some programmes.

Table B – Risk at payment for cohesion policy funds in 2023

		Lower value	Upper value
DG Employment, Social Affairs and Inclusion	Entire DG	1.6%	2.5%
	European Social Fund, Youth Employment Initiative, Fund for European Aid to the Most Deprived	1.6%	2.6%
DG Regional and Urban Policy	Entire DG	2.0%	2.8%
	European Regional Development Fund and Cohesion Fund	2.0%	2.9%
Total	**Two DGs cumulated**	**1.9%**	**2.7%**
	Cohesion policy funds altogether	**1.9%**	**2.8%**

Source: European Commission departments' annual activity reports.

5.3. Reservations reported in the 2023 annual activity reports

Each annual activity report includes a declaration of assurance, signed by the authorising officer by delegation and qualified by one more reservations, if necessary, which ensures transparency concerning any challenges or weaknesses encountered and their potential financial impact. Reservations preserve the principle of sound financial management by being a tool to address weaknesses and prevent them in future, through the development of action plans to mitigate risks and to strengthen control systems.

To conclude on their assurance, at the end of each financial year, the authorising officers by delegation perform a detailed analysis for each segment of expenditure of their portfolio and determine the **residual error rate** for each programme. This residual error rate is based on the (gross) detected error rate but takes into account any corrections made until the end of 2023. It is a snapshot of the level of error still affecting the 2023 expenditure at the year-end. Where this residual error rate is above the materiality threshold of 2%, the authorising officers duly qualify their declarations of assurance with a reservation. This is in line with the materiality threshold used by the European Court of Auditors ([13]) to form their opinion. A reservation may or may not have a quantifiable financial impact ([14]). The authorising officers may also issue a reservation in other situations, such as significant weaknesses in the management of funds or an event creating reputational damage to their department and/or the entire Commission.

([13]) European Court of Auditors, *Annual report on the implementation of the EU budget for the 2022 financial year*, Chapter 1, Annex 1.1 – Audit approach and methodology, paragraph 35.

([14]) Reservations are non-quantified when the financial impact is zero, when it is not possible to assess the financial impact accurately or when the consequences are only reputational.

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5.3.1. 2023 reservations

For the 2023 reporting year, all 51 authorising officers by delegation declared in their annual activity reports ([15]) **that they had reasonable assurance.** The majority, 41 authorising officers by delegation, issued unqualified declarations of assurance, while 10 qualified their declarations with a total of 14 reservations. These reservations concern mainly the expenditure side of the budget and relate to a programme or a specific portfolio area affected by a weakness (see figure below). In all these cases, the authorising officers by delegation adopted action plans to address the underlying weaknesses and mitigate the resulting risks. The situation regarding reservations can be summarised as follows.

- **Ten reservations are recurrent** from previous year(s), of which four are entirely or partially non-quantified. Most of the recurrent reservations concern programmes under shared management, with weaknesses identified at the level of individual Member State, paying agency or programme, that vary every year and rarely persist thanks to the action plans in place. The root causes of the material level of error can be partially mitigated but not fully eradicated.
- **Four reservations are new**, but only one is quantified. One reservation is related to the programme for the promotion of agricultural products, regarding issues of conflict of interest and underperformance in the multi-beneficiary grant part. The other three concern programmes of the 2021-2027 multiannual financial framework: one reservation has a rather administrative content, and it is related to issues encountered with the launch of a new online testing procedure for the recruitment of EU staff, whilst the other two reservations concern weaknesses identified at the level of individual Member States.
- **Five reservations** from 2022 were lifted. Two of them concerned non-quantified reservations of the 2007-2013 multiannual financial framework, where the implementation of the programmes' multiannual corrective capacity has come to a closure with a residual error rate close to 0%. Three reservations concerned the 2014-2020 multiannual financial framework, out of which two were issued on reputational grounds in 2022 and related to the investment component of the European Innovation Council programme within Horizon Europe. The identified causes were the late implementation and weaknesses affecting the governance and control systems; however, corrective actions were immediately adopted, and, in both cases, the underlying issues have been addressed. The third reservation was issued in 2022 for the weaknesses identified in grants under EU actions and emergency assistance, however the decrease of the errors in 2023 led to the lifting of the reservation.

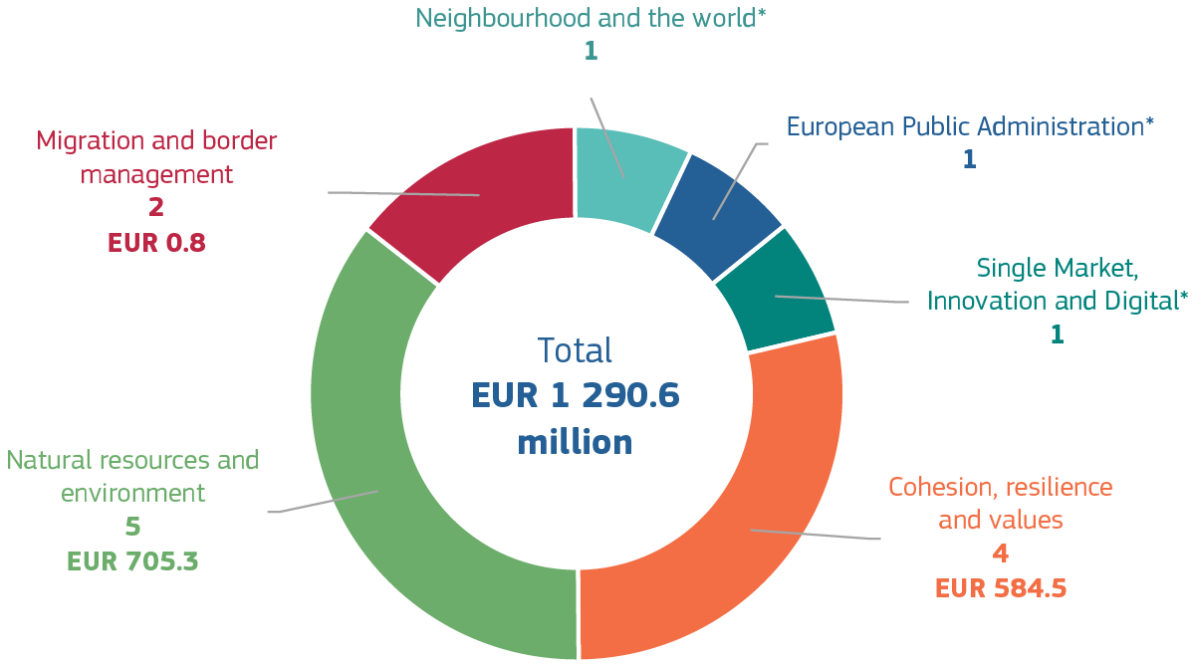
According to the *de minimis* rule, a financial quantified reservation is deemed not to be substantial and will not be issued ([16]) for residual error rates above 2% if the financial impact is less than EUR 5 million and the related segment represents less than 5% of the department's total payments. In 2023, eleven cases with a residual error rate above the 2% were found not to exceed the two thresholds of the *de minimis* rule, and therefore were deemed as not substantial for issuing a financial quantified reservation. The total financial impact amounted to EUR 6.4 million.

([15]) European Commission (n.d.), 'Annual activity reports', https://commission.europa.eu/strategy-and-policy/strategy-documents/annual-activity-reports_en.

([16]) Without prejudice to issuing a reservation for reputational reasons, if applicable.

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Number of reservations and financial impact (in million EUR) by policy area in 2023



(*) Non-quantified reservation.
Source: European Commission annual activity reports.

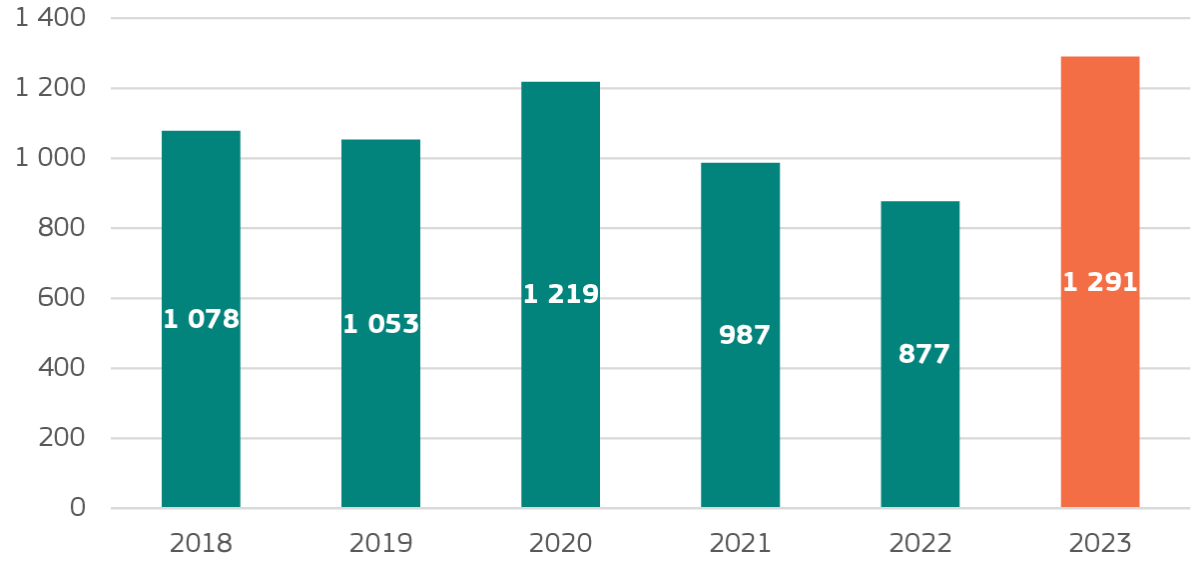
5.3.2. Financial impact of reservations

The financial impact of reservations is obtained by multiplying the relevant programme or segment expenditure by the residual error rate. The total financial impact from all reservations was EUR 1 291 million for 2023, representing 0.8% of the total expenditure, and has increased by 47% compared to 2022 (EUR 877 million). This is attributed to the higher financial impact in the policy areas of cohesion, resilience and values, and natural resources and the environment.

The composition and evolution of the financial impact over the years are presented in the following figure below and Table C.

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Financial impact of quantified reservations for the years 2018-2023 (in million EUR)



Source: European Commission annual activity reports.

Table C – Financial impact of quantified reservations 2023 by heading (million EUR)

Policy area	Payments in 2023	Relevant expenditure in 2023	Financial impact of the reservations	
			in 2023	in 2022
Single market, innovation and digital	28 055.7	19 082.7	0	0
Cohesion, resilience, and values	71 789.0	67 291.7	584.5	312.1
Natural resources and environment	57 999.4	58 090.4	705.3	555.6
Migration and border management	3 062.9	3 045.9	0.8	9.5
Security and defence	527.0	136.7	0	0
Neighbourhood and the world	16 993.6	14 243.9	0	0
European public administration	8 862.2	8 860.7	0	0
Total	**187 289.9**	**170 752.2**	**1 290.6**	**877.2**
2021-2027 programmes			0.6	0
2014-2020 programmes			1 290.0	877.2

Source: European Commission annual activity reports.

The tables below present the detailed situation concerning the reservations for 2023.

- Table D presents the 14 reservations for 2023 affecting the expenditure, divided according to the 2021-2027 and 2014-2020 programme periods.
- Table E presents all the reservations from 2022 that were lifted, because the underlying issues were addressed.
- Table F presents all the cases where the *de minimis* rule applied and were deemed as not substantial for issuing a quantified reservation.

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5.3.3. Full list of reservations

Table D – 2023 list of reservations (million EUR)

Policy areas	Description of reservation	Department	Impact on legality and regularity	Financial impact
Programmes of the 2021-2027 multiannual financial framework				
Cohesion, resilience and values	European Regional Development Fund / Cohesion Fund / Just Transition Fund (5 programmes in 4 Member States)	DG Regional and Urban Policy	Reservation issued in 2023 Non-quantified	
Migration and border management	Financial support for Border Management and Visa policy Instrument (in 1 Member State)	DG Migration and Home Affairs	Reservation issued in 2023 Quantified	0.6
European public administration	Reputational reservation for the issues encountered when implementing the new selection procedures and competitions for EU staff	European Personnel Selection Office	Reservation issued in 2023 Non-quantified	
Total	**3 reservations**	**3 departments**		**0.6**
Programmes of the 2014-2020 multiannual financial framework				
Single market, innovation and digital	Promotion of agricultural products – direct management: multi-beneficiary grants scheme	European Research Executive Agency	Reservation issued in 2023 Non-quantified	
Cohesion, resilience, and values	European Social Fund, the Youth Employment Initiative and Fund for European Aid to the Most Deprived (15 programmes in 7 Member States)	DG Employment, Social Affairs and Inclusion	Quantified	**440.0**
	Programme for citizens, equality, rights and values and programme for justice – direct grants	DG Justice and Consumers	Quantified	**1.6**
	European Regional Development Fund / Cohesion Fund (38 programmes in 16 Member States and the United Kingdom, out of which 9 European territorial cooperation programmes)	DG Regional and Urban Policy	Quantified	**142.8**

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Policy areas	Description of reservation	Department	Impact on legality and regularity	Financial impact
Natural resources and environment	European Agricultural Guarantee Fund - market measures (4 reservations in 3 Member States)	DG Agriculture and Rural Development	Quantified	**38.4**
	European Agricultural Guarantee Fund - direct payments (12 paying agencies in 11 Member States)	DG Agriculture and Rural Development	Quantified	**305.2**
	European Agricultural Fund for Rural Development (21 paying agencies in 17 Member States and the United Kingdom)	DG Agriculture and Rural Development	Quantified	**361.6**
	EU emissions trading system registry – security weakness	DG Climate Action	Non-quantified	
	European Maritime and Fisheries Fund (in 1 Member State)	DG Maritime Affairs and Fisheries	Non-quantified	
Migration and border management	Management and control systems for the Asylum, Migration and Integration Fund (in 3 Member States) and for the Internal Security Fund (in 6 Member States and Iceland)	DG Migration and Home Affairs	Non-quantified (6 Member States) Quantified (Iceland)	**0.2**
Neighbourhood and the world	External restrictions to control financial programmes in Libya, Syria and Ukraine.	DG Neighbourhood and Enlargement Negotiations	Non-quantified	
Total	**11 reservations**	**9 departments**		**1 290.0**
Total for 2023	**14 reservations**	**10 departments**		**1 290.6**

Source: European Commission annual activity reports.

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Table E – 2022 reservations lifted during 2023 because the underlying issues had been resolved (million EUR)

Policy area	Description of reservation	Department	Financial impact in 2022	Financial impact in 2023	Assessment result
Programmes of the 2014-2020 multiannual financial framework					
Single market, innovation and digital	European Innovation Council – late implementation and weaknesses in the governance and control systems of the investment component	European Innovation Council and SMEs Executive Agency	Non-quantified	Non-quantified	Lifted (mitigated)
	European Innovation Council – weaknesses in the governance and control systems of the investment component delegated to European Innovation Council and SMEs Executive Agency	DG Research and Innovation	Non-quantified	Non-quantified	Lifted (mitigated)
Migration and border management	Centralised direct management – EU actions and emergency assistance grants	DG Migration and Home Affairs	7.0	Non-quantified	Lifted (mitigated)
Programmes of the 2007-2013 multiannual financial framework					
Cohesion, resilience and values	European Social Fund (1 programme in 1 Member State)	DG Employment, Social Affairs and Inclusion	Non-quantified	Non-quantified	Lifted (mitigated)
	European Regional Development Fund / Cohesion Fund (6 programmes in 3 Member States)	DG Regional and Urban Policy	Non-quantified	Non-quantified	Lifted (mitigated)
Total for 2023	**5 reservations**	**5 departments**	**7.0**		

Source: European Commission annual activity reports.

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Table F – Application of the *de minimis* rule – reservations not issued during 2023 (million EUR)

Policy area	Description of reservation	Department	Impact on legality and regularity	Financial impact in 2023
Single market, innovation and digital	Programme for the competitiveness of small and medium-sized enterprises	European Innovation Council and SMEs Executive Agency	Quantified	0.71
	Consumer programme 2014-2020, grants segment	European Innovation Council and SMEs Executive Agency	Quantified	0.05
	Emergency Support Instrument	DG Communications Networks, Content and Technology	Quantified	0.03
	Pilot projects and preparatory actions	DG Communications Networks, Content and Technology	Quantified	0.63
	Connecting Europe Facility Telecom sector – digital service infrastructure	European Health and Digital Executive Agency	Quantified	1.48
	Seventh framework programme	DG Energy	Quantified	0.72
	Seventh framework programme	European Research Executive Agency	Quantified	0.00 ([17])
	Seventh framework programme	DG Research and Innovation	Quantified	0.01
Natural Resources and Environment	Instrument for Pre-accession Assistance Rural Development programmes (IPARD II) - Indirect management (1 reservation for Albania)	DG Agriculture and Rural Development	Quantified	1.43
Cohesion, Resilience and Values	Technical Support Instrument – Non-pillar assessed grants	DG Structural Reform Support	Quantified	0.11
Recovery and Resilience Facility	Recovery procedure not correctly applied by the MS	DG Economic and Financial Affairs	Quantified	1.23
Total for 2023	**11 reservations**	**9 departments**		**6.4**

Source: European Commission annual activity reports.

([17]) The financial impact amounts to EUR 167.03.

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5.4. Preventive and corrective measures implemented in 2023

This subsection presents the preventive and corrective measures implemented in 2023, which mainly relate to expenditure from previous years. They result from both the Commission and the Member States' audits and controls.

Under shared management, the Member States are primarily responsible for identifying any amounts unduly paid and recovering them from beneficiaries. Controls carried out by Member States represent an essential layer of control in the activities to protect the EU budget. These controls lead to corrections implemented by the Member States before and after they submit their payment claims or annual accounts to the Commission. As such, they are a key component of the preventive and corrective mechanisms. The Commission can apply preventive measures and/or financial corrections due to: irregularities or serious deficiencies identified but not corrected by Member State authorities; its own verifications and audits; investigations by the European Anti-Fraud Office; and audits by the European Court of Auditors.

Table G provides a complete overview of all the preventive and corrective measures implemented ([18]) in 2023 by the Commission and the Member States to protect the EU budget, irrespective of the year in which the initial expenditure was made.

([18]) In general, for corrective measures we use corrections implemented as booked in the accounting system of the Commission.
For agriculture, this includes financial corrections applied by the Commission and Member States' recoveries reported to and booked into the Commission's accounting system:

- a financial correction is implemented when: (i) it is recorded in the Commission's accounts; (ii) it is deducted from the amounts declared by the Member State in an interim, final payment claim or the annual accounts; and (iii) the commitment appropriations corresponding to the financial correction amount have been cancelled.
- for the Member State recoveries, corrections are implemented when the Member States have issued the recovery orders (or equivalent) to the final beneficiaries and reported them accordingly to the Commission (DG Agriculture and Rural Development) in the updated 'debtors ledger' of year *n* (usually in February *n* + 1).

For cohesion, the situation differs depending on the programming periods in question and not all the data comes from the Commission's accounting system.

- **Pre-2014 programmes.** In case no financial transaction will take place at the closure of the programme, a correction is implemented by the Commission when it has been applied and included in the pre-closure / closure letter accepted by the Member State.
- **Post-2014 programmes.** All corrections are implemented by Member States. The amounts are obtained from the assurance packages submitted to the Commission.

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Table G – Overview of the preventive and corrective measures resulting from the controls of the Commission and of the Member States, amounts implemented in 2023 (million EUR)

Multiannual financial framework heading	Preventive			Relevant expenditure	Corrective			% of relevant expenditure	Total preventive and corrective
	Member State controls	EU controls	Total		Member State controls	EU controls	Total		
	(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f)	(g) = (e) + (f)	(h) = (g) / (d)	(i) = (c) + (g)
1. Single market, innovation and digital		121.1	**121.1**	19 082.7		28.6	**28.6**	**0.15%**	**149.8**
2. Cohesion, resilience and values	1 631.6	12.1	**1 643.7**	67 291.7	565.9	161.3	**727.2**	**1.08%**	**2 370.9**
3. Natural resources and environment	489.9	0.3	**490.3**	58 090.4	428.9	238.5	**667.4**	**1.15%**	**1 157.6**
4. Migration and border management	0.1	1.2	**1.3**	3 045.9		1.1	**1.1**	**0.04%**	**2.5**
5. Security and defence		1.9	**1.9**	136.7				**0.00%**	**1.9**
6. Neighbourhood and the world		138.1	**138.1**	14 243.9		12.4	**12.4**	**0.09%**	**150.5**
7. European public administration		2.7	**2.7**	8 860.7		0.8	**0.8**	**0.01%**	**3.5**
Total	**2 121.6**	**277.5**	**2 399.1**	**170 752.2**	**994.8**	**442.7**	**1 437.6**	**0.84% ([19])**	**3 836.7**

Source: European Commission and the annual activity reports of the DGs.

(a) For shared management, details for each Member State are provided in the annual activity reports of DG Employment, Social Affairs and Inclusion, DG Agriculture and Rural Development, DG Maritime Affairs and Fisheries and DG Regional and Urban Policy.

(b) For cohesion, under corrective EU controls, part of the corrections corresponds to the results of the audits of the Commission, the Court of Auditors, and the European Anti-fraud Office, as decided and agreed with the Member States in 2023, and are implemented directly by the Member States (EUR 32 million). The remainder corresponds to corrections related to the previous programming period (EUR 126 million).

(d) Relevant expenditure without performance-based expenditure for DG Agriculture and Rural Development.

(f) The total of EUR 442.7 million is composed of: (i) the amounts booked in the Commission's accounting system: recovery orders issued by the Commission in all headings and the financial corrections in the agriculture sector; and (ii) amounts decided and agreed following the Commission's audits (and the follow-up of European Anti-Fraud Office investigations and Court of Auditors audits) in cohesion.

NB: due to the rounding of figures to the nearest million EUR, some financial data in the table above may appear not to add up.

5.4.1. Cohesion, resilience and values

Under this heading, the **preventive measures** (EUR 1 644 million) implemented in 2023 are lower than in 2022 (EUR 2 317 million), which is consistent with the decrease of around 40% of the expenditure declared in the Member State accounts. The **corrective measures** implemented in 2023 (EUR 727 million) have slightly decreased compared to 2022 (EUR 789 million). Most of this amount, EUR 598 million, is related to the 2014-2020 programming period cohesion policy funds and corresponds to withdrawals and recoveries deducted in the 2022-2023 annual accounts, out of which EUR 566 million) ([20]) is attributed to Member State audits and controls and EUR 32 million corresponds to the results of the audits of the Commission, along with the follow-up of European Anti-Fraud Office investigations and Court of Auditors audits. The decrease compared to 2022 (EUR 138 million) is due to the fact that significant amounts of corrections resulting from Commission audits and controls were accepted by the Member States in 2022. Other corrections might be

([19]) This is in line with the overall estimated future corrections for 2023, in the range of 0.7% to 1.1%.

([20]) This amount includes the corrections made to ensure a risk at closure below 2% for all programmes.

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linked to the Commission's work ([21]). However, given the difficulty to trace them and the risk of overlap with the results of the audits, the Commission conservatively only reports this minimum amount.

In addition to systematic controls of all operations by management authorities, there is also a wide coverage of the expenditure through the audit operations carried out by the national audit authorities, around 10% of the expenditure declared in 2023. The Commission relies on all this work and takes it into account to plan its own audits in a cost-effective manner. This explains why the share of corrections attributed to the Commission is lower than that of the Member States.

For cohesion policy funds, the **assurance model for the 2014-2020 programming period** has been designed to reduce the risk of a material level of error in the annual accounts submitted by the Member States. This is evidenced by the significant decrease, over the years and in comparison with the 2007-2013 programming period, of the risk at payment determined by the Commission, after the deductions and withdrawals made by the Member States. During the accounting year, the Commission retains 10% of all interim payments until the national control cycle is finalised.

So far, the Commission has not decided to implement net financial corrections for cases where Member States have not appropriately addressed serious deficiencies before submitting their annual accounts. The co-legislators have set restrictive conditions, which in practice limits the application of net financial corrections. The regulation for the 2021-2027 programming period aims to bring simplification in this area.

In 2023, no preventive or corrective measures were implemented for the 2021-2027 programming period. For 2007-2013 and previous programming periods, the Commission applied corrective measures of EUR 126 million, which is comparable to EUR 130 million in 2022.

5.4.2. Natural resources and environment

The **corrective measures** applied in 2023 amounted to **EUR 667 million**, which is a decrease compared to 2022 at EUR 956 million. Most of these corrections, **EUR 660.7 million, concern agriculture and rural development**. In this area, **Member States controls** resulted in **EUR 425 million** of corrective measures ([22]), whereas the **Commission's net financial corrections amounted to EUR 235 million**, a decrease compared to 2022 (EUR 613 million).

Net financial corrections are characteristic of the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development. The decrease in the amount of the Commission's net financial corrections in 2023 compared to 2022 is mostly explained by the fact that these corrections are not linear and may be higher some years and lower in others. While the overall trend is a decrease, as the programming period for the European Agricultural Guarantee Fund nears its conclusion (the last implementation years are claim years 2021-2022, i.e. financial years 2022 and 2023) and Member States have improved their systems by learning from experience, there may still be significant net financial corrections for previous financial years. In 2023, these net financial corrections related notably to weaknesses in on-the-spot checks, insufficient control procedures for checking eligibility, public procurement verifications or deficiencies in the administrative checks for reasonableness of costs.

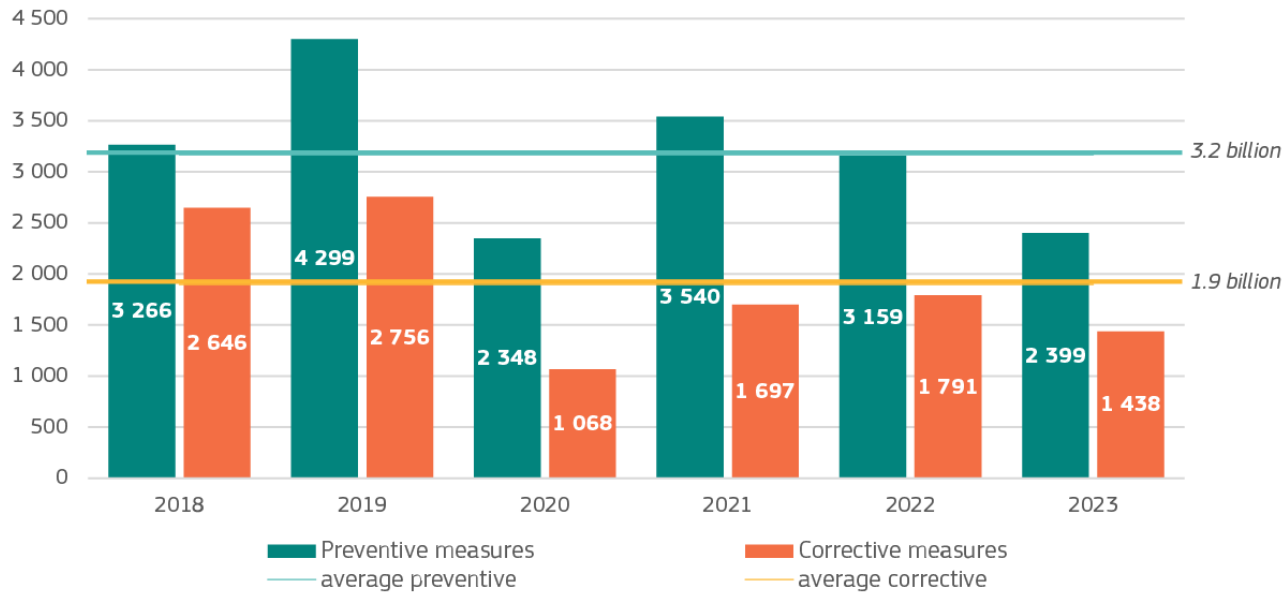
([21]) For example, for the assurance packages received in 2023, DG Employment, Social Affairs and Inclusion and DG Regional and Urban Policy adjusted the reported residual error rate for 168 programmes following desk reviews of the Commission and audits of the European Court of Auditors.

([22]) Out of the EUR 425 million: EUR 230 million were penalties/reductions imposed on final beneficiaries by the Member States, recovered and reimbursed to the EU budget and EUR 195 million were penalties/reductions applied by the Member States, recovered and reused as regular expenditure to other final beneficiaries without reimbursement to the EU budget.

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5.4.4. Multiannual overview

Preventive and corrective measures implemented for the years 2018-2023 (in million EUR)



Source: European Commission – 2018-2023 annual activity reports and annual management and performance reports.

For 2018-2023, the preventive and corrective measures amounted to EUR 30.4 billion. The highest amounts of preventive and corrective measures are under heading 2 (Cohesion, resilience, and values) and heading 3 (Natural resources and environment), which is consistent with the high level of expenditure under these headings.

Preventive measures amounted to EUR 19 billion for the period, which substantiates the important role of the Member States in protecting the EU budget through their controls before the Commission accepts and reimburses expenditure. **Corrective measures amounted to EUR 11.4 billion**; the evolution over time of corrective measures in shared management is to be interpreted considering the significant backlog in their implementation according to the applicable legislation. Especially for cohesion policy funds, significant corrective measures were applied during the first years analysed. These corrections still referred mostly to expenditure declared in previous programming periods (for which the risk at payment determined at the Commission level was significantly higher), while corrective measures applied for the 2014-2020 programming period have increased, in line with the maturity of the expenditure implementation.

5.4.5. Net financial corrections implemented by the Commission in 2023

The following table presents the types of net financial corrections applied by the Commission as corrective measures in shared management in 2023.

Table H – 2023 net financial corrections implemented by the Commission (corrective measures in shared management) (in million EUR)

Multiannual financial framework heading/fund	Net financial corrections						
	2014-2020 multiannual financial framework and previous frameworks			2021-2027 multiannual financial framework			Total net financial corrections
	Recovery order	Decommitment	Total	Recovery order	Decommitment	Total	
	(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (d) + (e)	(g) = (c) + (f)
2. Cohesion, resilience and values (*)	**55.3**	**43.6**	**98.9**				**98.9**
European Regional Development Fund and Cohesion Fund	47.6	43.6	91.2				91.2
European Social Fund / Youth Employment Initiative and Fund for European Aid to the Most Deprived	7.7		7.7				7.7
3. Natural resources and environment (**)	**181.8**		**181.8**	**53.7**		**53.7**	**235.5**
European Agricultural Guarantee Fund	99.6		99.6	23.6		23.6	123.2
European Agricultural Fund for Rural Development	82.2		82.2	30.0		30.0	112.2
European Maritime and Fisheries Fund / European Fisheries Fund / Financial Instrument for Fisheries Guidance	0.0		0.0				0.0
4. Migration and border management							
Total	**237.2**	**43.6**	**280.7**	**53.7**		**53.7**	**334.4**
European Globalisation Fund (special instruments)	0.0		0.0				0.0
Total, including special instruments	**237.2**	**43.6**	**280.7**	**53.7**		**53.7**	**334.4**

Source: European Commission.

NB: due to the rounding of figures to the nearest million EUR, some financial data in the table above may appear not to add up.

(*) For cohesion funds, all the amounts presented in the table above concern **net financial corrections applied in respect of pre-2014 programmes.**

During the 2000-2006 and 2007-2013 programming periods, the applicable legislation allowed Member States to replace irregular expenditure with new expenditure if they took the necessary corrective actions and applied the related financial corrections (confirmed financial corrections). However, if the Member States did not have such additional expenditure to declare, the financial corrections became (at least in part) net corrections.

Net financial corrections also originate from Commission decisions ('decided' financial corrections), which always had a direct and net impact on the Member State, as it was not possible to reuse the corrected amount for other eligible operations and the Member States had to return the financial corrections amounts to the EU budget.

In both cases of net financial corrections, the operational programmes' envelopes were reduced, and the Member States had to pay the amounts back to the EU budget (**implementation by recovery order issued by the Commission** – column a) and/or at closure they got a lower overall funding envelope (**implementation by decommitment** – column b).

(**) For the purposes of calculating its corrective capacity in the annual activity report, DG Agriculture and Rural Development only takes into account the executed amounts that relate to conformity clearance decisions adopted by the Commission and published in the *Official Journal of the European Union* and deducts the corrections in respect of cross-compliance infringements.

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Annex 6 – Assurance provided by the Internal Audit Service

Annex 6 – Assurance provided by the Internal Audit Service

The work of the Internal Audit Service, its audit findings and recommendations, along with the results of the oversight provided by the Audit Progress Committee, contribute to the overall assurance-building process at the Commission level. For the 2023 reporting year, the Internal Audit Service produced an annual internal audit report, in line with Article 118(4) of the financial regulation ([23]), which: (i) summarised the performance audits completed in 2023; (ii) presented the overall opinion on financial management for the year 2023; (iii) recalled the contribution of the Internal Audit Service to the annual activity reporting of the Commission's directorates-general and the executive agencies; and (iv) reported on progress in implementing its audit recommendations.

Financial management: Internal Auditor's overall opinion

Based on:

- the work done by the Internal Audit Service covering the years 2021-2023, the principal findings and recommendations of which are summarised in its reports and annexes submitted under Article 118(4) of the Financial Regulation issued in parallel to the annual overall opinion,
- reviews of the related accountability reports provided by management and the assurances given by management in their annual activity reports and annexed declarations of assurance,
- information presented in the draft Annual Management and Performance Report for the EU Budget – financial year 2023 (Volume II, Annexes 2 and 3, and Volume III, Annex 5), the Annual Management and Performance Report for the EU Budget – financial year 2022 (Annexes 2 and 3 in Volume II, and Annex 5 in Volume III), and the Annual Management and Performance Reports for the EU Budget – financial year 2021 (section 2 and annex 5) as part of the integrated set of financial and accountability reports (Article 247 of the Financial Regulation),
- information from other sources, the European Court of Auditors' reports,

and taking into account that:

- management has adopted plans which the Internal Audit Service considers are adequate to address the residual risks identified by auditors, and to implement the accepted recommendations made by the Internal Audit Service, and
- the implementation of these plans is monitored through reports by management and through follow-up audits by the Internal Audit Service,

([23]) Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012, OJ L 193, 30.7.2018, p. 1, ELI: http://data.europa.eu/eli/reg/2018/1046/oj (financial regulation).

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the Internal Auditor considers that in 2023 the Commission put into place governance, risk management and internal control procedures which, taken as a whole, are adequate to give reasonable assurance over the achievement of its financial objectives, with the exception of those areas of financial management over which authorising officers by delegation have expressed reservations in their declaration of assurance.

Without further qualifying the overall opinion on the year 2023, the Internal Auditor issues an emphasis of matter by drawing the attention of the Members of the College and the authorising officers by delegation to the need to build on the lessons from managing its financial resources in a challenging context.

The response to challenges over the past few years has underlined the strengths and flexibility of the EU budget and NextGenerationEU to react to crises. However, new high risks that may affect assurance and performance have arisen due to the fast-paced and volatile environment, where responding to crises is becoming the norm, coupled with the unprecedented amounts mobilised, the creation of innovative and complex instruments and new approaches to existing programmes.

To ensure that the budget is duly protected over time, it is important to keep the focus on measures to mitigate these risks. In addition to collaboration with Member States and with third parties, areas that will continue to require particular attention include performance-based programmes and financial instruments. This is against a backdrop of extraordinary pressure on human resources, already identified within the Commission as a crosscutting risk, which makes the achievement of policy and financial management objectives even more challenging.

Furthermore, the Commission needs to ensure that adequate governance, risk management and internal control arrangements are designed for the programmes and instruments conceived for the next Multiannual Financial Framework.

The IAS will continue to monitor the impact of the risks on the soundness of the Commission's financial management.

Performance: results of audits by the Internal Audit Service

With a view to contributing to the Commission's performance-based culture and greater focus on value for money, the Internal Audit Service carried out performance audits and audits that included important performance elements (comprehensive audits) in 2023 as part of its 2021-2024 strategic audit plan. The Internal Audit Service made recommendations to help improve the overall performance of several key processes. The need for significant improvements was identified in the following audits.

Performance management

Political stakeholders and the public increasingly require clear evidence of the Commission's delivery on its political and operational objectives.

The Commission uses evaluations as an important tool for the effective and efficient management of interventions. The Internal Audit Service assessed the adequacy of the process in the Directorates-General for International Partnerships, and for Neighbourhood and Enlargement Negotiations and the Service for Foreign Policy Instruments, along with the effectiveness and efficiency of evaluations in achieving their main objectives. Although the audited directorates-general and the Service for Foreign Policy Instruments put in place an evaluation framework, the process to evaluate interventions requires further improvements for the efficient and effective achievement of the main evaluation objectives.

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Horizon Europe is the key instrument to steer and support the European Union's research and innovation for the 2021-2027 period. The Internal Audit Service assessed its governance and found that although the governance arrangements and the processes to prepare the work programmes and the budget planning are, overall, adequately designed and effectively implemented, further improvement is needed regarding the specific governance arrangements for EU missions.

Internal control systems: legality and regularity

Providing reassurance to the College and the directorates-general and services on the efficient and effective implementation of the internal controls as regards financial management remains one of the priorities of the Internal Audit Service.

The Internal Audit Service conducted a thematic review of the Commission's risk at payment in the Directorate-General for Budget and a sample of directorates-general and services. The Internal Audit Service recognised that the Commission has made efforts to improve the quality and clarity of the reporting on the risk at payment both at the directorate-general/service level (in the annual activity reports) and at the corporate level (in the annual management and performance report). The corporate instructions for the reporting on the risk at payment and risk categorisation are overall well-designed and effectively implemented by the sampled directorates-general and services. However, further improvement is required in the Commission's analysis and reporting of the root causes of errors in relation with the European Court of Auditor's findings.

In addition, an audit was conducted to assess the adequacy of the design of the management and control systems put in place by the Joint Audit Directorate for Cohesion to ensure the efficient and effective implementation of its mandate. The structure of the Joint Audit Directorate for Cohesion presents several challenges, relating to managing corporate administrative processes, some of which are not under the direct control of the directorates-generals and the Joint Audit Directorate. Although the Joint Audit Directorate for Cohesion has put in place adequately designed management and control systems to implement its mandate effectively, there remains a need for further improvement in the internal efficiency of its activities due to its complex organisational structure. In addition, the Joint Audit Directorate has not made a documented comprehensive assessment of the efficiency gains achieved from its creation. Furthermore, the Joint Audit Directorate continues to use different information technology systems and tools to support its processes, which are not fully integrated, and which impacts on the efficiency of operations.

The Internal Audit Service also carried out an audit on the implementation of the Innovation Fund, up to the signature of the grant agreements, in the Directorate-General for Climate Action and the European Climate, Infrastructure and Environment Executive Agency. While overall the audited services have designed and put in place adequate controls and processes for the implementation of the Innovation Fund, there is a need for further improvement in the efficiency and effectiveness of the process for the evaluation of proposals.

As a performance-based instrument, payments from the Recovery and Resilience Facility are solely linked to the satisfactory achievement by the Member States of the pre-defined milestones and targets set in the national recovery and resilience plans. The Internal Audit Service conducted an audit on *ex ante* controls of the Recovery and Resilience Facility payment requests in the Directorate-General for Economic and Financial Affairs and in the Recovery and Resilience Task Force, and concluded that the design and implementation of the *ex ante* controls for the assessment of the Member States' payment requests need to be further enhanced, both in the assessment of the audit and control milestones and in the protection of sensitive non-classified information.

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Information security and technology

In view of increased information security concerns, legal obligations, Member States' expectations, new user requirements and a corporate approach to information management, the Commission adopted (i) in 2018, a digital strategy aiming to bring new innovative digital solutions to support its policies and activities, and (ii) in 2022, a proposal for a regulation on information security, which proposes common information security rules for all EU institutions and agencies.

The European Commission is exposed to high inherent information security risks, including the risk to confidentiality of information. In this context, the audit on protection of confidentiality of information was conducted in the three key actors responsible for information security at the corporate level – the Secretariat-General, the Directorate-General for Human Resources and Security and the Directorate-General for Digital Services. The Commission has progressed in putting in place an adequate corporate framework and effective corporate controls, including effective risk management, for protecting the confidentiality of information. However, significant actions are still required at the corporate level, to more effectively support the Commission services in their responsibility to protect the confidentiality of information. These relate to external service providers, information technology controls and the process for managing information security incidents.

The 'Case management rationalisation' project is the flagship of the Commission's information systems rationalisation exercise in the case management area. Based on its audit work, the Internal Audit Service concluded that, although the Directorate-General for Competition has made progress in designing and implementing governance and internal control processes for the project, there is a need for further improvement as regards the way in which certain information technology security controls have been designed, applied or documented.

The EU Emissions Trading System is a cornerstone of the EU's policy to combat climate change as a key tool for reducing greenhouse gas emissions cost-effectively. The Internal Audit Service conducted the limited review of the security plan and associated security measures of the system, which is managed by the Directorate-General for Climate Action. While the security processes of the system have gradually become more mature, further improvement is required in the design of the 2022 information technology security plan for the system and the governance framework for its implementation.

Internal Audit Service limited conclusions

The Internal Audit Service issued limited conclusions on the state of internal control to all DGs and services ([24]) in February 2024. These limited conclusions contributed to the 2023 annual activity reports of the directorates-general and services concerned. They drew on the audit work carried out in the last 5 years and cover all open recommendations issued by the Internal Audit Service. The Internal Audit Service's conclusions on the state of internal control in the directorates-general are limited to the management and control systems that were audited in the past 5 years.

Follow-up of previous Internal Audit Service recommendations

The Internal Audit Service's follow-up work on its previous recommendations confirmed that, overall, these are being implemented satisfactorily by the Commission's directorates-general, services and executive agencies and that the control systems in the audited departments are improving.

([24]) No audits were carried out in the advisory service Inspire, Debate, Engage and Accelerate Action during the 2019-2023 period, as no high risks were identified, and therefore no limited conclusion was provided.

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Over the 2019-2023 period, 70% (i.e. 557 out of a total of 791) of the (partially) accepted recommendations ([25]) made by the Internal Audit Service to the Commission departments were assessed by the auditees as implemented, while 30% (234 recommendations) were still in progress (stemming notably from recently completed audits for which the action plans are ongoing) at the cut-off date of 31 January 2024. Out of these 234 recommendations in progress, none are rated as critical and 64 are rated as very important. A further 38 recommendations still in progress are overdue and only three (very important) are long overdue (i.e. still open more than 6 months after the original implementation date), representing 0.4% of the total number of (partially) accepted recommendations of the past 5 years.

Once management reports that the recommendations have been completed, the Internal Audit Service conducts follow-up audits to assess the effectiveness of their implementation. The Internal Audit Service concluded that 97% of the recommendations followed up in 2019-2023 had been adequately and effectively implemented by the auditees.

([25]) Out of 795 recommendations issued in 2019-2023, 789 recommendations were fully accepted, two were partially accepted and four were rejected.

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Annex 7 – Summary of the work and conclusions of the Audit Progress Committee

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The Audit Progress Committee held four ([26]) rounds of meetings between June 2023 and May 2024. The committee's work was structured around the four key objectives set out in the 2023 and 2024 work programmes. During this reporting period, the committee also considered a number of other issues.

Considering the very significant impact of the Russian invasion of Ukraine, the ensuing energy crisis and the COVID-19 pandemic, the Commission formulated unprecedented response initiatives and took measures to ensure its own business continuity. At various occasions in 2023 and 2024, the committee took stock of the potential impact of these events on the internal audit work and capacity, and was informed about the risks on performance, control, audit and assurance-building aspects of the implementation of the EU budget. This occurred especially when considering the internal and external audit planning for 2023 and 2024, the list of critical risks identified by management for 2024 and the Internal Auditor's overall opinion on financial management for 2023.

The majority of the committee's work between June 2023 and May 2024 related to the four main objectives of its annual work programme: (i) considering the **audit planning**; (ii) analysing **audit reports** and other relevant communications to identify potentially significant risks, including where appropriate in a thematic manner; (iii) monitoring the **follow-up to significant residual risks** identified by internal or external audit work, including where appropriate in a thematic manner; and (iv) ensuring the **independence and objectivity** of the Internal Auditor and monitoring the quality of internal audit work.

When considering the Internal Audit Service's audit plan for 2024, the committee welcomed the fact that it takes due account of the **high risks that were identified in key areas for the Commission**, such as performance, legality, regularity and NextGenerationEU, along with evolving topics such as geopolitical and external risks. It also took note of the important reassurances provided by the Internal Auditor that the audit plan will provide **sufficient coverage** for delivering the overall opinion on the Commission's financial management, along with the limited conclusions on internal control, notwithstanding the challenges which the Internal Audit Services faces in an ever-more complex audit environment.

The committee also welcomed the convergence between the critical risks identified by management and the high risks identified by the Internal Audit Service as translated by the audit topics included in the audit plan, which continues to illustrate the robustness of the institution's approach to risk management.

The committee took note of the **draft annual internal audit report and the draft overall opinion for 2023**, which was only qualified by the reservations set out by the Directors-General in their annual activity reports. It welcomed the reassurance provided by the Internal Auditor that the risks identified through the audit work were properly reported by the Commission services and, where appropriate, the subject of reservations. The committee took note of the emphasis of matter raised by the Internal Auditor, which does not qualify the overall opinion, but require the attention of the College and the authorising officers by delegation. This concerned the need to build on the lessons from managing its financial resources in a challenging context, in particular the new emerging high risks that may affect assurance and performance due to the fast-paced and volatile environment. The committee underlined the importance of the elements raised by the Internal Auditor under the emphasis of matter and called on the Commission's Directorates-

([26]) The 111th, 112th, 113th and 114th rounds of the Audit Progress Committee. Each round comprised two to three meetings of the Preparatory Group to prepare the committee meeting.

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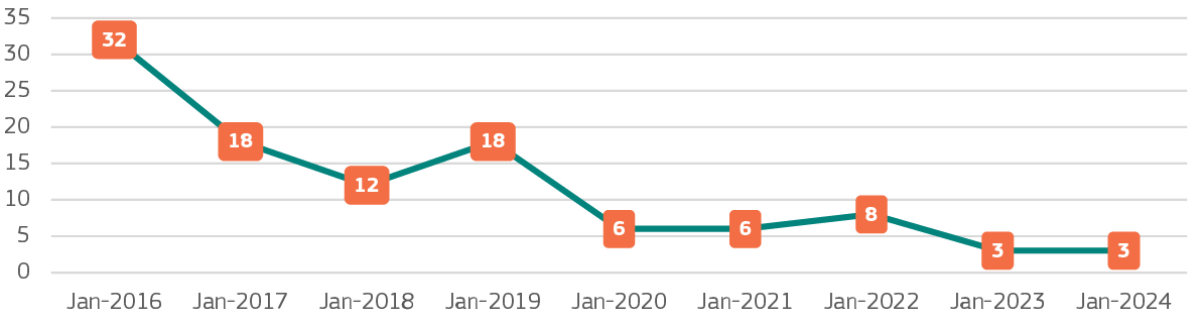
General and services to continue to pay due attention to these matters in view of ensuring the sound financial management of EU funds and the effective protection of the EU budget over time.

During the reporting period, the committee examined audit reports on an individual or thematic basis according to the seriousness or significance of the findings. It examined 10 final audit reports from the Internal Audit Service in the presence of the auditees. The committee held discussions on important topics such as the Commission's risk at payment and the controls of the Recovery and Resilience Facility given their importance in ensuring and demonstrating the Commission's capacity in the protection of the EU budget. It also held discussions on information technology security-related topics, which are especially relevant in the current cybersecurity environment.

During the reporting period, the committee monitored the effective implementation of internal audit recommendations by reviewing and discussing the quarterly reports on long-overdue recommendations. Almost all 'very important' recommendations ([27]) issued by the Internal Audit Service and discussed during the reporting period were accepted by the auditees, and management established action plans to address the risks identified. Overall, **the situation for the implementation of the recommendations was very satisfactory.**

The rate of the Internal Auditor's recommendations issued between 2019 and 2023 that were found to have been effectively implemented in an Internal Audit Service follow-up audit was 97%. Based on the information provided by the Internal Audit Service, overall, the number of 'very important' audit recommendations that are more than 6 months overdue has fallen considerably over recent years, as shown in the chart below.

Number of critical and very important Internal Audit Service recommendations overdue for more than 6 months



Source: European Commission.

During the reporting period, the Audit Progress Committee also continued its exchanges with the European Court of Auditors and held a discussion with the external auditor on its 2024 annual work programme. It also continued to scrutinise the state of play of implementation of the Court's recommendations, which improved and remained satisfactory, along with the Commission's follow-up to the Court's 16th consecutive unqualified opinion on the reliability of the consolidated EU accounts.

The Audit Progress Committee remains an effective player in the Commission's governance structures and continues to play an important role in enhancing governance, organisational performance and accountability across the entire organisation.

([27]) For one 'very important' finding, the services rejected the associated recommendations but developed alternative measures to address the high risks.

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Annex 8 – Compliance with payment time limits

Annex 8 – Compliance with payment time limits

The **statutory time limits** for payments are laid down in the financial regulation on the financial rules applicable to the general budget of the EU ([28]). There are also some exceptionally applied time limits, which are detailed in sector-specific regulations.

Article 116 of the financial regulation foresees that payments to creditors must be made within the deadlines of 30, 60 or 90 days, depending on how demanding and complex it is to test the deliverables against the contractual obligations. Most of the payments have to be executed within 30 days; this represents a global average of 86% of the total annual payments in the last five years (2019 to 2023) and a global average of 85% of the total annual payments in the current multiannual financial framework (2021 to 2023). For contracts and grant agreements for which payment depends on the approval of a report or a certificate, the time limit for the purposes of the payment periods is no longer automatically suspended until the report or certificate in question has been approved.

The period of 2 months remains valid for payments under Article 93 of the common provisions regulation ([29]) laying down the general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund.

Compliance with payment time limits has been reported by the services in their annual activity reports since 2007. In accordance with the applicable rules, the payment times reported in this annex have been calculated based on the data available in the Commission's corporate accounting system, ABAC, as follows.

For payments relating to contracts and grant agreements signed before 2013, the time limits specified in the 2007 financial regulation are applied:

- where the payment is contingent upon the approval of a report, the time from approval of the report until payment;
- where no report is required, the time from reception of the payment request until payment.

For payments relating to contracts and grant agreements signed as from 2013, the 2018 financial regulation is applied:

- where no report is required and where the payment is contingent upon the approval of a report, the time from reception of the payment request until payment.

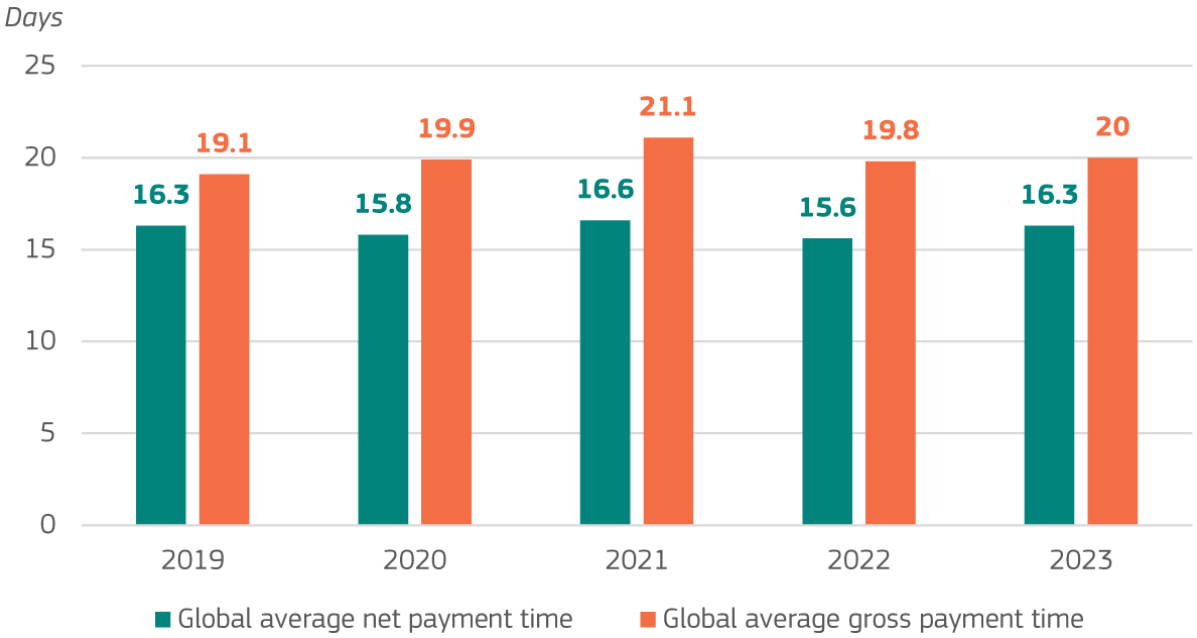
([28]) Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012, OJ L 193, 30.7.2018, p 1, ELI: http://data.europa.eu/eli/reg/2018/1046/oj (financial regulation).

([29]) Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy, OJ L 231, 30.6.2021, p. 159, ELI: http://data.europa.eu/eli/reg/2021/1060/oj.

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The Commission's global average payment time is monitored by the Accounting Officer. It evolved as follows in the last 5 monitored years.

Global average payment time in days

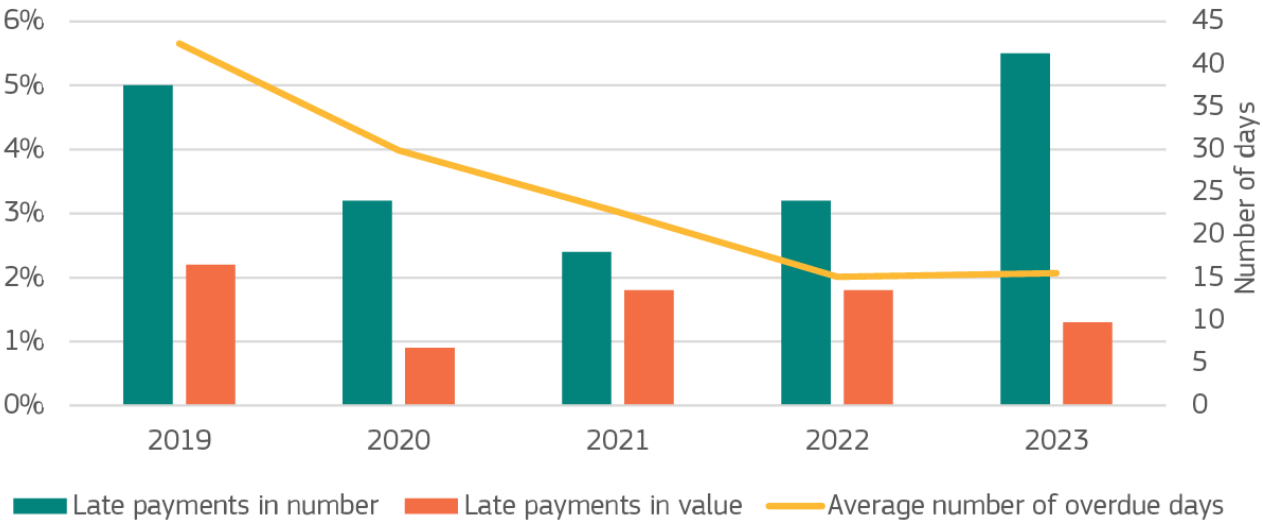


Source: European Commission.

The data shows that the global average net payment time of the Commission services, i.e. including the time of suspensions, and the global average gross payment time, i.e., excluding the time of suspensions, was below 30 days in the last 5 years for all time limits combined. The average payment time with and without suspensions improved in comparison with the previous year. Services are encouraged to continue their efforts in this regard and to implement follow-up measures whenever payment time challenges are identified.

The table below illustrates the evolution of '**late payments**', i.e. payments made after expiry of the statutory time limit in recent years for all payments combined.

Late payments evolution (2018-2022)



Source: European Commission.

Even though the share of late payments in numbers increased compared to the previous year, it decreased when looking at the values. An overall improvement of late payment results, taking 2019 as a basis year, is believed to be linked to the more stringent requirements associated with the financial regulation and regular monitoring. Another reason is associated with the sufficient availability of payment appropriations.

Concerning the **interest paid for late payments** ([30]), **the total amount paid by the Commission in 2023 increased compared to 2021 and 2022 but remain lower compared to 2019 and 2020**.

	2019	2020	2021	2022	2023
Interest paid for late payments (in EUR)	**380 653**	**341 495**	**235 456**	**164 535**	**327 473**

Source: European Commission.

In general, the **causes of late payments** include the complexities of evaluating the supporting documents that are a prerequisite for all payments. This is particularly onerous when the supporting documents are reports of a technical nature that sometimes have to be assessed by external experts. Other causes are associated with difficulties in coordinating the financial and operational checks of payment requests, issues with the management of payment suspensions and a temporary lack of payment appropriations.

The 2009 communication establishing Commission-internal payment targets provided a clear incentive to services to reduce their payment times. Despite the results achieved, there is scope for decreasing payment times even more. When setting up action plans in this area, services should focus on further reducing late payments from their current levels of 5.5% of payments in terms of their number and 1.3% in terms of their value. **The aim is to meet the statutory payment time for every payment.**

The table below shows the number of suspensions of payments over the last 5 years.

	2019	2020	2021	2022	2023
Total number of suspensions	**24 765**	**22 095**	**20 552**	**23 856**	**23 015**

Source: European Commission.

Suspensions are a tool that allows the responsible authorising officer to withhold temporarily the execution of a payment because the amount is not due, because of the absence of appropriate supporting documentation or because there are doubts on the eligibility of the expenditure concerned. It is a basic tool for the authorising officer in the payment process towards avoiding irregular or erroneous payments and fundamental towards ensuring sound financial management and protecting the EU's financial interest.

([30]) In other words, no longer conditional upon the presentation of a request for payment (with the exception of amounts below EUR 200).

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Annex 9 – Summary of waivers of recoveries of established amounts receivable

Annex 9 – Summary of waivers of recoveries of established amounts receivable

In accordance with Article 101(5) of the financial regulation ([31]), the Commission reports to the budgetary authority each year on the waivers it has granted in an annex to the summary of the annual activity reports. The table below shows the total value and the number of waivers above and below EUR 60 000 in 2023. The individual annual activity reports of the Commission's departments provide more details on the individual waivers above EUR 60 000.

EU budget area	Total value of waivers	Waivers above EUR 60 000		Waivers below EUR 60 000	
		in number	in value (EUR)	in number	in value (EUR)
European Commission					
Legal Service	705	0	0	1	705
DG Human Resources and Security	1 700	0	0	1	1 700
DG Agriculture and Rural Development	3 997			1	3 997
DG Mobility and Transport	26 793	0	0	1	26 793
DG Energy	119 314	1	119 314	0	0
DG Environment	1 827 397	4	1 827 397	0	0
DG Research and Innovation	1 756 165	8	1 688 266	5	67 899
DG Communications Networks, Content and Technology	3 532 320	12	3 071 025	19	461 295
DG for Structural Reform Support	134 630	1	134 630	0	0
DG Health and Food Safety	47 124	0	0		

([31]) Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012, OJ L 193, 30.7.2018, p. 1, ELI: http://data.europa.eu/eli/reg/2018/1046/oj (financial regulation).

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EU budget area	Total value of waivers	Waivers above EUR 60 000		Waivers below EUR 60 000	
		in number	in value (EUR)	in number	in value (EUR)
DG Migration and Home Affairs	287 457	1	277 072	2	60 386
DG Justice and Consumers	69 372	1	69 372	0	0
DG Neighbourhood and Enlargement Negotiations	5 471 770	27	5 223 543	15	248 227
DG International Partnerships	2 133 391	10	1 823 320	12	310 071
DG European Civil Protection and Humanitarian Aid Operations	113 248	1	106 213	1	7 035
Service for Foreign Policy Instruments	136 178	1	110 460	3	25 717
Office for the Administration and Payment of Individual Entitlements	272 758	2	272 758	0	0
Office for Infrastructure and Logistics in Luxembourg	200	0	0	1	200
European Innovation Council and SMEs Executive Agency	8 799	0	0	1	8 799
European Education and Culture Executive Agency	3 650 511	14	2 904 027	34	746 484
European Climate, Infrastructure and Environment Executive Agency	620 813	3	577 538	3	43 275

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EU budget area	Total value of waivers	Waivers above EUR 60 000		Waivers below EUR 60 000	
		in number	in value (EUR)	in number	in value (EUR)
European Research Executive Agency	1 174 123	8	953 545	13	220 578
European Health and Digital Executive Agency	183 797	1	183 797	0	0
European Commission Total	**21 572 562**	**95**	**19 292 277**	**114**	**2 280 285**
European Development Fund	431 042	2	256 487	17	174 554
Mutual Insurance Mechanism	23 259 758	117	22 102 904	48	1 156 880
Total	**45 263 388**	**214**	**41 651 669**	**179**	**3 611 719**

Source: European Commission.

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Annex 10 – Report on negotiated procedures

Annex 10 – Report on negotiated procedures

This annex presents the overall results of negotiated procedures recorded during the year under reporting, together with the analysis of the justifications and corrective measures taken to redress the use of negotiated procedures when other alternatives could be available.

10.1. Legal basis

Article 74(10) of the financial regulation ([32]) requires authorising officers by delegation to record contracts concluded under negotiated procedures. Furthermore, the European Commission is required to annex a report on negotiated procedures to the summary of the annual activity reports referred to in Article 74(9) of the financial regulation.

10.2. Methodology

A distinction has been made between the 48 departments that normally do not provide external aid and those three departments (Directorates-General for International Partnerships and for Neighbourhood and Enlargement Negotiations, and Service for Foreign Policy Instruments) that conclude procurement contracts in the area of external relations ([33]) or award contracts on their own account but outside of the territory of the European Union.

These three departments have special characteristics as regards data collection (decentralised services, etc.), the total number of contracts concluded and thresholds to be applied for the recording of negotiated procedures (EUR 20 000), along with the possibility of having recourse to negotiated procedures in the framework of the Rapid Reaction Mechanism (extreme urgency). For these reasons, a separate approach has been used for procurement contracts awarded by these three departments and the number of their negotiated procedures is compared to each other instead of being compared with the rest 48 departments..

10.3. Overall results of negotiated procedures recorded

10.3.1. The 48 departments, excluding 'external relations'

Concerning the 48 departments, excluding 'external relations' departments, there were 85 negotiated procedures with a total value of EUR 593 million processed out of a total of 635 procurement procedures (negotiated, restricted or open) for contracts over EUR 60 000 with a total value of EUR 9.26 billion.

([32]) Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, pp. 1, ELI: http://data.europa.eu/eli/reg/2018/1046/oj.

([33]) They have a different legal basis, see Articles 178 and 179 of the financial regulation.

For the Commission, the average proportion of negotiated procedures in relation to all procedures amounted to **13.4%** in number (14.2% in 2022), which represented **6.4%** of all procedures in value (8.6% in 2022). The assessment of negotiated procedures compared with the previous year showed a decrease in the order of **0.8** percentage points in terms of relative number and a decrease of **2.2** percentage points in terms of relative value.

An authorising department shall report to the institution if the proportion of negotiated procedures awarded in relation to the number of the contracts is 'distinctly higher than the average recorded for the institution' ([34]) (i.e. if it exceeds the average proportion by 50% or if the increase from one year to the next is over 10% in proportion). Thus, the reference threshold for 2023 was **20.1%** (21.3% in 2022).

In total, 14 departments exceeded the reference threshold, and 14 increased their number of negotiated procedures by more than 10% in proportion when compared to last year, with 11 of them exceeding the reference threshold as well. It should be noted that, among these 14 departments, 11 departments concluded between one to two negotiated procedures, and the low total number of procedures conducted (below or equal to six) makes their average high; consequently, their respective results are to be considered non-significant. Three departments, although not exceeding the reference threshold, increased their number of negotiated procedures by more than 10% in proportion when compared to last year.

It should be noted that 17 departments did not use any negotiated procedure.

10.3.2. The 'external relations' departments

Concerning the 'external relations' departments, there were 115 negotiated procedures for a total value of contracts of EUR 196.6 million processed out of a total of 325 procedures for contracts over EUR 20 000 with a total value of about EUR 1.3 billion.

For the three 'external relations' departments, the average proportion of negotiated procedures in relation to all procedures amounted to **35.4%** in number (37.4% in 2022), which represented **15.1%** of all procedures in value (35.8% in 2022). Compared with the previous year, these departments registered a decrease of **2** percentage points in number of negotiated procedures in relation to all procedures and a decrease of **20.7** percentage points in terms of relative value.

An authorising service shall report to the institution if the proportion of negotiated procedures awarded in relation to the number of the contracts is 'distinctly higher than the average recorded for the Institution' ([35]) (i.e. if it exceeds the average proportion by 50%, or if the increase from one year to the next is over 10% in the proportion). Thus, the reference threshold for 2023 was fixed at **53.1%** (56.2% in 2022); one of the three departments exceeded it.

([34]) The average proportion for the Commission of the number of negotiated procedures in relation to the total number of contracts they awarded in 2023 was 13.4% for all directorates-general (excluding the three 'external relations' departments). Thus, a percentage higher than 20.3% is to be considered distinctly higher than the average recorded for the institution.

([35]) The average proportion for the three 'external relations' departments of the number of negotiated procedures in relation to the total number of contracts they awarded in 2023 was 35.4%. Thus, a percentage higher than 53.1% is to be considered distinctly higher than the average recorded for those departments.

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10.4. Analysis of the justifications and corrective measures

The number of negotiated procedures in 2023 compared to 2022 decreased (from 90 to 85), however the total number of procurement procedures stayed the same (635 for both years).

The following categories of justifications for the use of a negotiated procedure were presented by the departments exceeding the thresholds.

- **Similar services/works as provided for in the initial tender specifications.** Some services in charge of large interinstitutional procurement procedures realised during the implementation of the contract (most likely in framework contract procedures) that the needs initially foreseen did not often match with the consumption trend during the execution of the contract. Therefore, the leading service needed to start a negotiated procedure on behalf of all institutions to increase the ceiling of the framework contract in question.
- **Objective situations of the economic activity sector.** This occurs when the number of operators may be very limited or in a monopoly situation (for reasons of specific technical expertise/reasons, exclusivity rights, highly specialised markets, where competition is limited to very few economic operators or is even completely absent, limited choice of financial software for trading systems and of the rating agencies, etc.). Monopoly situations related to technical compatibility requirements of previous purchases of scientific equipment, for example, maintenance and upgrades that the Commission cannot give to any other organisation aside from the original equipment contractor, which holds intellectual property rights. Situations of technical captivity may also arise, especially in the IT domain (absence of competition for technical reasons and/or because of the protection of exclusive rights related to the purchase of proprietary licenses or the maintenance and continuity of existing applications (i.e. upgrades). For instance, the Joint Research Centre frequently needs to do maintenance and upgrades requiring services from the original contractor, which holds exclusive intellectual property rights. A similar example was raised by the Directorate-General for Digital Services as it operates in areas where services or supplies can only be provided by a single economic operator, either because competition is absent for technical reasons and/or because of the protection of exclusive rights, including the protection of intellectual property rights. Another example was described by the Directorate-General for Structural Reform Support, which, due to the peculiarity of the specificities of the aid programme, led to negotiated procedures with a specific entity having exclusive rights in phytosanitary control and protected designation of origin control.
- **Unsuccessful open or restricted procedures.** These led to a negotiated procedure, as described by several services.
- **Additional services.** These were not included in the initial contract but became necessary due to extreme urgency brought by unforeseen circumstances.

Regularly available measures were proposed or implemented by the budget department and other departments concerned to redress the use of negotiated procedures when other alternatives are available, including:

- an **improved programming** of procurement procedures;
- **improving the system of evaluation of needs**: the Commission's central services will continue their active communication and consultation policy with the other Commission departments, institutions, agencies and other bodies along the following axes:
  - permanent exchange of information via regular meetings with user services and agencies in appropriate fora,
  - ad hoc detailed surveys prior to the initiation of (interinstitutional) procurement procedures for the evaluation of needs,

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  - better estimating of needs of interinstitutional framework contracts and better monitoring with semester consumption reports from user services or agencies,
  - requirement of a positive *ex ante* visa by the financial legal services when an exceptional negotiated procedure is launched;
- **training and improved interservice communication**: the budget department's Central Financial Service provides regular practical training sessions on procurement and community of practice sessions;
- **presenting alternative approaches**, such as open-source solutions;
- ***ex post* analysis and review** of launched exceptional negotiated procedures by public procurement advisory groups of the services, before the contracts' signatures;
- regular updating of **standard corporate model documents and guidance documents** on procurement;
- rolling out the **corporate e-procurement solution** process from end to end for all Commission departments;
- **encoding the budgetary ceiling of the framework contracts** to ensure closer monitoring and help prevent the depletion of the budgetary ceiling too fast after the contract signature and the need to resort to negotiated procedures for ceiling increases.

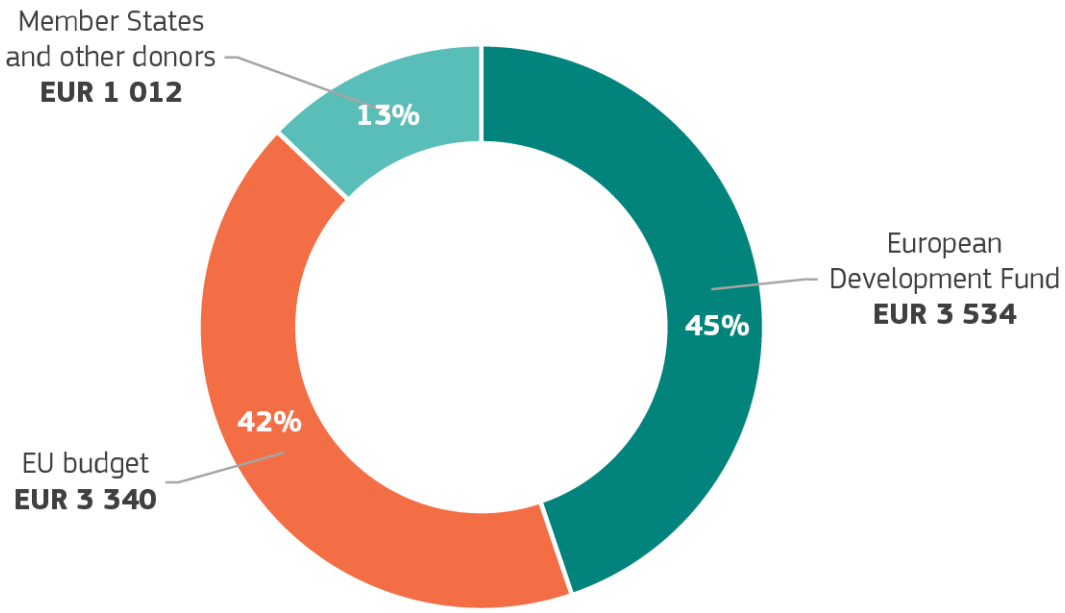
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Annex 11 – EU trust funds

Annex 11 – EU trust funds

The European Commission, with several external donors, established four EU trust funds between 2014 and 2016. During their life cycle, up to the end of 2023, the four EU trust funds have received approximately EUR 7.9 billion in contributions from the EU budget, the European Development Fund, EU Member States and other external donors.

Source of financing of EU trust funds (in million EUR)



Source: European Commission

The EU trust funds' annual reports set out, in accordance with Article 252 of the financial regulation ([36]), the activities they supported, their implementation and performance and their accounts. These reports are annexed to the annual activity reports of the Commission's Directorate-General for Neighbourhood and Enlargement Negotiations and Directorate-General for International Partnerships as follows.

([36]) Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012, OJ L 193, 30.7.2018, p. 1, ELI: http://data.europa.eu/eli/reg/2018/1046/oj (financial regulation).

Established in	EU trust funds	Annual report annexed to the annual activity report of
2014	**Bêkou Trust Fund** – EU Trust Fund for the Central African Republic	DG International Partnerships
2014	**EU Regional Trust Fund in Response to the Syrian Crisis Trust Fund** – EU Regional Trust Fund in Response to the Syrian Crisis	DG Neighbourhood and Enlargement Negotiations
2015	**Africa Trust Fund** – European Union Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa. This EU trust fund involves three regions: the Horn of Africa, the Sahel and Lake Chad, and the North of Africa (management cross-sub-delegated to DG Neighbourhood and Enlargement Negotiations)	DG International Partnerships
2016	**Colombia Trust Fund** – European Union Trust Fund for Colombia	DG International Partnerships

The constitutive act of the EU trust funds signed by the Commission and donors details the main features of each EU trust fund, including its specific objectives, the rules for its composition and the internal rules of its board, and the duration of the trust fund, which is always limited in time.

The EU trust funds were set up for an initial 60 months (5 years), apart from the Colombia Trust Fund, which was set up for 4 years. Before their end date, they were all subject to a 1-year extension that was adopted after consultation with the European Parliament and the European Council. This 1-year extension allowed the EU trust funds to adapt their activities in order to address the COVID-19 challenges in the countries within their scope. This also gave the EU trust funds the necessary time to adapt to the ongoing actions to the new challenges and to finalise their contracting by the end of 2021. The implementation of the existing projects will, however, continue until 2025.

11.1. The Bêkou Trust Fund

The total contributions from external donors, the European Development Fund and the EU budget reached over EUR 310 million. France, Germany, Italy, the Netherlands and Switzerland have contributed to this EU trust fund. By 31 December 2023, the Bêkou Trust Fund had funded actions for a total value of EUR 307 million in commitments and contracted EUR 306 million in total, corresponding to an implementation rate of 98%.

The priority sectors that the trust fund supports include basic services, notably in health, agriculture development, the restoration of national and local administrations, economic recovery and reconciliation within the Central African Republic's society.

11.2. The EU Regional Trust Fund in Response to the Syrian Crisis

By the end of 2023, the contributions from the EU budget amounted to more than EUR 2.1 billion, while the contributions received from Member States and other donors amounted to EUR 262 million, including EUR 24.7 million from Turkey. By 31 December 2023, the following donors had contributed to the trust fund:

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the EU budget, 22 Member States and Turkey, with total contributions available reaching more than EUR 2.3 billion.

Projects mainly focus on education, livelihoods and health, of which more than EUR 2.3 billion have been contracted to the trust fund's implementing partners on the ground. The benefiting region is the Middle East, mainly Lebanon, Jordan, Iraq and Turkey.

These programmes support refugees and host communities with their needs for basic education and child protection, training and higher education, better access to healthcare, improved water, and wastewater infrastructure, along with support for projects promoting resilience, economic opportunities and social inclusion.

11.3. The Africa Trust Fund

In total, the 27 EU Member States and Norway, Switzerland and the United Kingdom had, by the end of 2023, contributed EUR 623 million to this EU trust fund. The contributions through EU instruments and the European Development Fund amount to EUR 4 438 million.

As of 31 December 2023, EUR 5 billion was made available for commitments, of which nearly 100% was committed: the split was EUR 2 218 million (45%) for the Sahel and Lake Chad region, EUR 1 810 million (37%) for the Horn of Africa and EUR 907 million (18%) for the North of Africa region. Contracts were signed with implementing partners for a total amount of more than EUR 5 billion.

The trust fund aims to help foster stability and contribute to better migration management. In line with the EU development-led approach to forced displacement, it also helps address the root causes of destabilisation, forced displacement and irregular migration by promoting economic and equal opportunities, security and development. The EU Trust Fund for Africa has addressed a comprehensive group of African countries crossed by the major migration routes.

11.4. The Colombia Trust Fund

By the end of 2023, the contributions from the EU budget amounted to EUR 94 million, while the contributions from 21 Member States, along with a contribution by Chile, amounted to EUR 37 million.

The Colombia Trust Fund committed a total amount of EUR 133 million, and the full amount was contracted.

The trust fund helps to support the implementation of the peace agreement in the early recovery and stabilisation phases of the post-conflict environment. The overall objective is to help Colombia to secure stable and lasting peace, to rebuild its social and economic fabric and to give new hope to the people of Colombia.

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