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REPORT FROM THE COMMISSION

**TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE COURT OF
AUDITORS**

Annual Management and Performance Report for the EU Budget - Financial Year 2020



European
Commission

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Annual Management and Performance Report for the EU Budget

Volume I

#EUBUDGET

FINANCIAL YEAR

2020

INTEGRATED FINANCIAL AND
ACCOUNTABILITY REPORTING 2020

Budget

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Annual Management and Performance Report for the EU Budget

Volume I

Introduction

The *Annual Management and Performance Report for the EU Budget – Financial year 2020* together with its annexes is the Commission's main contribution to the annual discharge procedure ⁽¹⁾ by which the European Parliament and the Council scrutinise the implementation of the EU budget. It fulfils the Commission's obligations under the Treaty on the Functioning of the EU ⁽²⁾ and the financial regulation ⁽³⁾.

Implementing the EU budget is a shared responsibility. 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 of budgetary management for 2020.
- **Volume II** presents a more comprehensive picture of the implementation of the EU budget. **Annex 1** provides a high-level overview of the performance of the EU budget in 2020. **Annex 2** provides a high-level overview of internal control and financial management.
- **Volume III** contains technical annexes supporting the report. It includes Annex 3, detailed programme-by-programme performance information in the '**Programme performance overview**'.

This report is part of the broader integrated financial and accountability reporting package ⁽⁴⁾, which also includes the 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 ⁽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 EU.

⁽³⁾ Articles 247(1)(b) and 247(1)(e) of the 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.

Annual Management and Performance Report

The EU budget and the response to the COVID-19 pandemic

Facing unprecedented challenges due to the COVID-19 pandemic, the EU relied on its strength of solidarity. It reacted swiftly and decisively to protect lives and livelihoods.

The EU budget was at the heart of this response. It took the Commission only 3 weeks from the designation of the COVID-19 outbreak as a pandemic by the World Health Organisation on 11 March 2020 to put forward proposals for a coordinated and comprehensive response through the EU budget. This involved mobilising financing quickly and flexibly to address the most pressing needs, without making any compromises on applying the highest standards of financial management. That response included the following measures (see Annex 1 for more details):

- the **Coronavirus Response Investment Initiatives (CRII)** under cohesion policy facilitating flexibility arrangements and mobilising some EUR 23 billion in liquidity to Member States. The initiatives help fighting the COVID-19 pandemic by supporting healthcare, small businesses and workers;
- the reactivation of the **Emergency Support Instrument**, with a budget of EUR 2.7 billion to fight the cross-border health emergency;
- EUR 415 million in additional financing for the **Union Civil Protection Mechanism / rescEU** to provide immediate disaster relief to the most affected areas;
- the extension of the **EU Solidarity Fund** to cover major health crises in addition to natural disasters; and
- a novel financial assistance instrument – the **support to mitigate unemployment risks in an emergency programme (SURE)** – with a budget of up to EUR 100 billion.

The European Parliament, the Council of the European Union and the Commission worked together seamlessly and rapidly to adopt these measures in record time and they had entered into force by the end of April 2020. The highly innovative SURE programme came into force on 19 May 2020.

The Commission's objectives for combating the COVID-19 crisis

Implement EU vaccine strategy

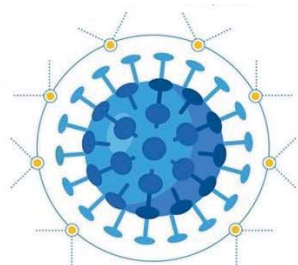
Use Emergency Support Instrument to ramp up manufacturing capacity and procure access to vaccines.

Express European solidarity

European Union Solidarity Fund; Emergency Support Instrument; rescEU common medical stockpile.

Organise global response

Organise Team Europe to provide financing to partner countries and support COVAX.



Support Research

Redirect Horizon 2020 to finance research into vaccines, diagnostics and treatment.

Stand by citizens and companies

Coronavirus response investment initiatives; Support to mitigate unemployment risks in an Emergency (SURE).

Drive the economic recovery

Establish next long-term budget with NextGenerationEU recovery plan.

Financing these measures required the mobilisation of all means and flexibilities. In total, the 2020 budget was increased by EUR 10.2 billion in payments, activating all remaining resources under the 2014-2020 multiannual financial framework and redirecting EUR 70 billion overall towards addressing the COVID-19 crisis. In particular, the Coronavirus Response Investment Initiatives made it easier for Member States to tap liquidity and redirect cohesion funding quickly, while the Emergency Support Instrument allowed the Commission to coordinate and assist procurement efforts necessary to combat the crisis.

Proactive budgetary management ensured the speedy and effective implementation of the 2020 budget. Nine amending budgets were adopted as proposed by the Commission, more than in any other year in the 2014-2020 period and often in record time. Moreover, 28 budgetary authority transfers and hundreds of autonomous Commission transfers were made. As a result, the 2020 EU budget was spent almost entirely, in both commitments and payments – the best outcome since 2014, and achieved despite the challenging environment.

Crisis fighting and paving the way for a safe vaccine

The early response through the EU budget focused on immediate disaster relief. The EU provided support in particular for logistical needs, such as the repatriation of EU citizens, delivery of medical goods from abroad, and the distribution across EU borders of medical goods and training of medical staff in areas such as intensive care.

- 90 000 EU citizens received help in returning home from abroad;
- 1 500 cargo operations by air, road, rail and sea were carried out, bringing essential medical supplies into the EU at a time when cargo transport availability was seriously limited;
- 15 000 medical professionals across 750 hospitals received training in intensive care and 3 500 medical staff were trained in coronavirus testing techniques;
- 200 disinfection robots that use ultraviolet light to disinfect patient rooms in hospitals in just 15 minutes are being sent to hospitals throughout the EU.

Securing a safe and effective vaccine was the cornerstone of the Commission's strategy to contain the health crisis and enable a strong economic recovery.

- **As early as 31 January 2020, Horizon 2020 published an emergency call to support research related to the new disease.**
- **By 18 June, the Commission and the Member States had agreed that the Commission would procure vaccines on behalf of all Member States.** This first-of-a-kind agreement demonstrated the strength of solidarity among the Member States and their confidence in the agility of the EU budget and in the Commission as its manager. The coordinated approach ensured that Member States could share the inherent risk of investing in as-yet unproven vaccine development, giving access to a broad portfolio of potential vaccine technologies and companies.
- **The Commission secured 2.6 billion doses of COVID-19 vaccines for all Member States⁽⁹⁾, using EUR 2.3 billion from the Emergency Support Instrument.** As a result, the first EU citizens had already been vaccinated before the end of 2020, after the European Medicines Agency had confirmed the safety and effectiveness of the vaccine used. By the end of the year, Member States had made additional contributions of EUR 750 million in external assigned revenue available for the purchase of further vaccines.

⁽⁹⁾ Through the agreement of advance purchase agreements with the potential manufacturers (AstraZeneca, BioNTech/Pfizer, CureVac, Johnson and Johnson, Moderna and Sanofi/GlaxoSmithKline), 2 billion doses had been agreed before year-end 2020. A further 0.6 billion doses were agreed in the first half of 2021. The Commission agreed also the optional acquisition of 1.8 billion doses.

For the EU, solidarity does not end at its borders. The Commission stood firm in its intention of making vaccines available globally. The EU took the lead in global efforts to fund a viable vaccine and make it available worldwide when the Commission organised a global pledging conference on 4 May 2020, collecting almost EUR 15.9 billion by the end of December 2020, including a contribution of EUR 1.4 billion from the EU budget as part of the wider Team Europe ⁽¹⁰⁾ efforts. With over EUR 2.2 billion, Team Europe is one of the leading contributors to COVAX, a platform that is leading efforts to secure fair and equitable access to COVID-19 vaccines in low- and middle-income countries.

Economic and social relief

The Commission's swift and ambitious reaction ensured that every available euro addressed the most pressing needs, as follows.

- **The Coronavirus Response Investment Initiatives gave Member States the flexibility to reallocate EUR 23.3 billion ⁽¹¹⁾ to the most urgent needs**, using all available money from the European Structural and Investment Funds. Through this measure, by June 2021, EUR 8.4 billion was reallocated to health-related measures, such as the purchase of medical supplies, testing and hiring of additional health personnel. To contain the spread of the crisis and the damage caused, EUR 12.8 billion was made available in direct support for businesses and EUR 3.9 billion for people, including workers and vulnerable groups ⁽¹²⁾.
- **SURE provided financing to Member States at advantageous rates to alleviate the pressure on the economy and support employment.** The budget is up to EUR 100 billion and by the end of 2020, more than EUR 90 billion in loan support had been requested and allocated to Member States. EUR 40 billion had already been paid out, mostly supporting short-term employment schemes in beneficiary Member States. By early 2021, between 25 and 30 million employees had benefited from support under SURE – a significant portion of the job market in beneficiary Member States, which saved an estimated EUR 5.8 billion in interest payments.
- **Through Team Europe, the EU adopted a broader outlook, providing support beyond its borders.** Team Europe secured financial support for partner countries amounting to more than EUR 40 billion in total, including EUR 15 billion from the EU budget. Team Europe's focus is on addressing the immediate health crisis and humanitarian needs, strengthening partner countries' health, water and sanitation systems and their research and preparedness capacities, along with mitigating the socioeconomic impact.

The EU crisis response turns a challenge into an opportunity. In 2020, the EU not only used its 2020 budget effectively but also agreed its new long-term budget for 2021-2027, amounting to EUR 1 074 billion in 2018 prices, reinforced by the temporary recovery instrument, **NextGenerationEU**, worth an additional EUR 750 billion in 2018 prices. This stimulus package of EUR 1.8 trillion, the largest ever financed by the EU budget, will provide the necessary scale and ambition to help repair the economic and social damage caused by the COVID-19 pandemic and lay the foundations for a greener, more digital and more resilient EU.

⁽¹⁰⁾ Team Europe is a package launched by the EU in April 2020 to support partner countries in the fight against the COVID-19 pandemic and its consequences. Its overall financial allocation amounts to almost EUR 38.5 billion, and combines resources from the EU, its Member States, and financial institutions, in particular the European Investment Bank and the European Bank for Reconstruction and Development.

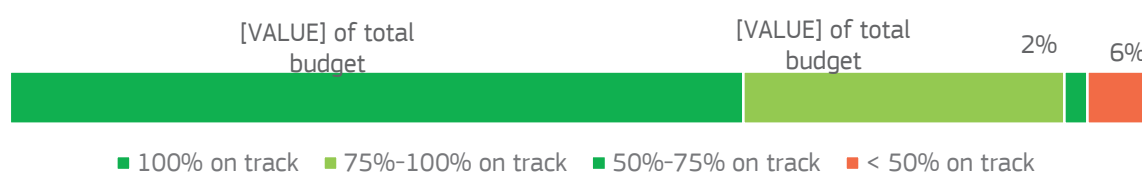
⁽¹¹⁾ Cumulative reprogramming since the creation of the initiatives until June 2021.

⁽¹²⁾ Overall support for people of EUR 3.9 billion includes EUR 2.1 billion of direct support to citizens as allocations reflected under the EUR 7.4 billion health and under the EUR 12.8 billion enterprise reprogramming. It is therefore not double counted in the total of EUR 23.3 billion.

A high-performing budget driving the EU's priorities

While fighting the pandemic, the EU continued to deliver on its political priorities. In 2020, the final year of the 2014-2020 multiannual financial framework, strong progress was made towards the programme objectives for the 2014-2020 period as a whole. Despite the delays in the launch of some programmes, progress is now accelerating across the board.

Progress with EU budget implementation is monitored through state-of-the-art control and performance frameworks. The programme performance overview in Annex 3 provides detailed reporting on the progress made and on the steps that have been taken to overcome challenges in the implementation. The information available at the end of 2020 presented in the programme performance overview shows that overall, the large majority of programmes – 40 out of 61 – are making very good progress towards achieving their objectives. These programmes correspond to 92% of the budget in terms of amounts in euro.



Percentage of programme indicators that are on track.

Source: European Commission.

The Commission ensures that all programmes deliver results until closure. Major programmes such as the European Structural and Investment Funds and the Connecting Europe Facility will continue to be a source of financing for a number of years. Together, these programmes represent roughly 50% of the budget. And while the 2020 budget was spent in full, almost 28% of overall payments under the 2014-2020 framework are still outstanding. That means that these programmes will continue to deliver results over the next few years. The Commission will work with all involved in budget implementation to ensure that these programmes continue to make a strong contribution to EU priorities (more details are provided in Annex 2). A full assessment of the 2014-2020 programmes will only be possible after this period – on the basis of final evaluations.

Pursuing the EU's cross-cutting political goals through the EU budget

The EU budget is much more than the sum of its parts. Every spending programme is designed to tackle a particular set of challenges. However, the EU budget is at its most powerful when programmes work together to unlock synergies, catalyse private and public funding, and coherently promote the overarching political priorities which are central to the headline ambitions of the von der Leyen Commission⁽¹³⁾.

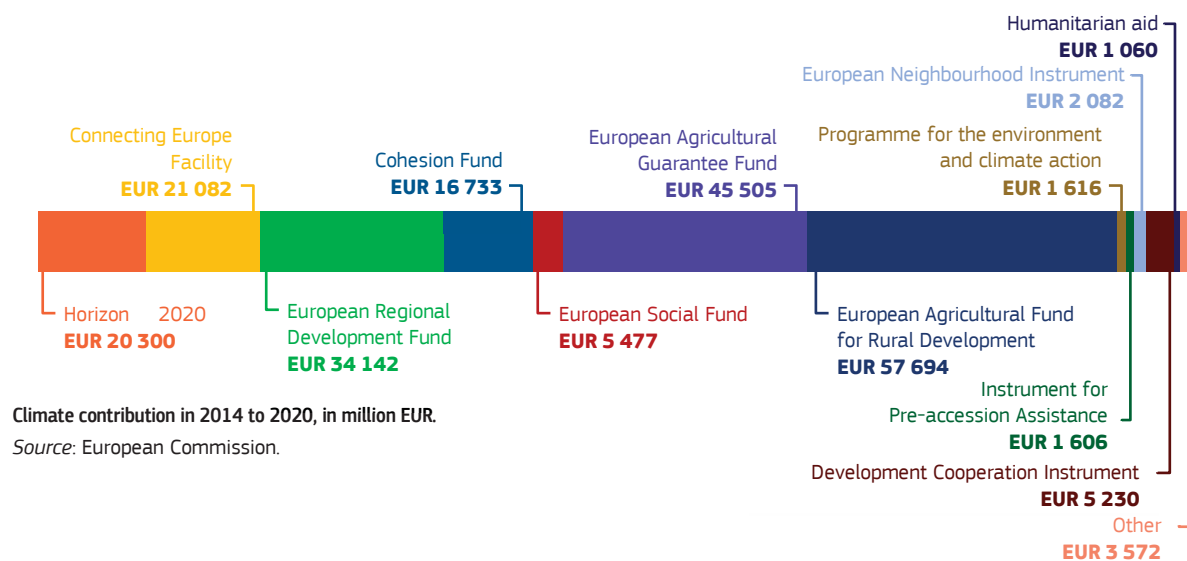
The EU's goal to become climate neutral by 2050 as part of the European Green Deal⁽¹⁴⁾ is a prime example. Hitting this target will require leveraging all available means, both legislative and financial, cutting across different policy areas and programmes, as follows.

- **The EU spent 20.1% of its 2014-2020 budget, or EUR 216 billion, on combating climate change,** delivering on its objective of investing at least 20% of the 2014-2020 budget in this area.
- **The EU has spent 8% of its 2014-2020 budget, or EUR 85 billion, on initiatives supporting or protecting biodiversity.** This is well in line with the EU's strong commitment to halting and reversing biodiversity enshrined in the European Green Deal. The EU biodiversity strategy⁽¹⁵⁾ outlines the scope of the major investments required, to which the EU budget can make a major contribution.

⁽¹³⁾ See https://ec.europa.eu/info/files/political-guidelines-new-commission_en

⁽¹⁴⁾ See https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

⁽¹⁵⁾ For Biodiversity strategy for 2030, see https://ec.europa.eu/environment/strategy/biodiversity-strategy-2030_en



- **The EU budget has supported major investments in energy generation and usage** – both key factors for the transition to a more sustainable economy. In particular, through cohesion funds, it has financed more than 2 000 megawatts of new renewable energy installation, along with energy efficiency measures leading to energy savings of 1 200 gigawatt hours per year. The EU budget also funds the experimental fusion project ITER, which could provide access to a potentially limitless source of clean energy.

Investing in the future requires not only a green but also a digital transition. The COVID-19 crisis has further accelerated the trend towards digitalisation. More important than ever in times of lockdown, the EU budget has supported investments in high-speed internet connections through, for example, the cohesion funds and the European Fund for Strategic Investments, connecting almost 25 million households to the internet through those two programmes. Digitalisation is also a key driver of innovation. To strengthen the EU's industrial base, the EU budget is financing key projects such as satellite-based services (such as Galileo's space-based location service or the innovative climate change service provided by Copernicus) or artificial intelligence (funded by Horizon 2020).

Excellence in research and innovation contributes to an economy that works for people. Horizon 2020 is part of this EU success story. The 2020 Nobel Prize in Chemistry was awarded to Horizon 2020 alumna Dr Emmanuelle Charpentier together with Jennifer A. Doudna for the development of a method for genome editing. Dr Charpentier is the 10th Horizon 2020-funded researcher to be honoured with a Nobel Prize to date.

The EU budget helps to foster EU values, both in the EU and more widely. For Erasmus+, 2020 was a year of formidable challenges caused by the COVID-19 pandemic, which resulted in almost 30% fewer people going abroad. Nonetheless, Erasmus+ still provided almost 700 000 people with the opportunity to experience life differently, in higher education, in vocational training and through various other exchange possibilities.

More broadly, the EU is committed to the United Nations sustainable development goals. They are already widely and deeply integrated into the EU budget. In 2020, 46 EU spending programmes, or 75% of the total, contributed to at least one of the 17 sustainable development goals. Those 46 programmes represented 96% of the entire EU budget.

A strengthened commitment to performance

The Commission is aware of the responsibility that comes with the increased budget. The multiannual financial framework plays a critical role in supporting the economic recovery and transformation. The Commission expects and welcomes the associated increase in scrutiny by stakeholders of the effectiveness of EU spending. This effectiveness is at the heart of the work that the Commission has already done to build a robust performance framework for the EU budget. Such a framework is key in order to

monitor budgetary implementation, to steer the budget towards its objectives, to respond rapidly and effectively to unforeseen events and to generate data and information showcasing how the EU budget provides concrete value to EU citizens.

The Commission has adopted a communication on the performance framework of the EU budget ⁽¹⁶⁾. The communication explains the framework's guiding principles, describes recent improvements and outlines plans for its further development during the implementation of the 2021-2027 multiannual financial framework and beyond.

EU funds are well managed and protected in the context of a crisis

The Commission attaches great importance to the sound financial management of EU taxpayers' money. It is fully committed to ensuring the highest standards of management.

Even under unprecedented and challenging conditions, the solid chain of assurance and accountability worked. Under the governance system used by the Commission, the College of Commissioners delegates the day-to-day operational management to the 51 Directors-General and Heads of Service. This safeguards a clear division of responsibilities, well-defined management responsibilities and solid reporting (see details in Annex 2, Section 2.1.3).

Strong organisation allowed for a swift and efficient reaction – despite the circumstances of the COVID-19 pandemic. Thanks to good crisis preparedness, the Commission remained fully operational, with almost 30 000 people switching to teleworking within a few days. This allowed the Commission to play a leading role in all aspects of the crisis response, from public health to the economic recovery plan.

An early risk assessment ensured the checks for the effective and efficient use of the EU budget. Before summer 2020, the Commission analysed the risks arising from the COVID-19 pandemic and made sure that appropriate mitigating measures were in place. For instance, on-the-spot audits were replaced by desk reviews and remote audits, which proved to be effective. During the year, all services monitored these risks closely and in real time, with support and oversight from the Commission's corporate governance bodies (Annex 2, Section 2.1.2).

The Commission helped beneficiaries and Member States to implement the budget under the difficult circumstances. It extended the deadlines for the implementation of projects or recoveries and supported Member States by providing some flexibility in the way they implement and control EU funds, without reducing the level of assurance. The European Anti-fraud Office issued targeted guidance to the services to help them identify and address new emerging threats from fraudsters abusing the opportunities provided by the COVID-19 pandemic.

The measures allowed for the effective implementation of the budget despite the difficult situation created by COVID-19. As a result of the abovementioned initiatives, the level of assurance was maintained, and the time needed to pay beneficiaries remained similar to previous years. Moreover, the level of implementation of the budget increased to 99% (compared to 98% in 2019).



Robust corporate internal control framework

The Commission's control framework withstood the test. The Commission relies on its multiannual control strategies to prevent, detect and correct errors and weaknesses. These strategies are also risk differentiated, i.e. adjusted to the different management modes, actors involved, policy areas and/or funding arrangements and their respective associated risks. This differentiation of the control strategies is necessary to ensure that the controls remain cost-effective, i.e. that they strike the right balance between a low level of errors (effectiveness), fast payments (efficiency) and reasonable costs (economy).

⁽¹⁶⁾ Communication from the Commission to the European Parliament and the Council on the performance framework of the EU budget under the 2021-2027 MFF, COM(2021) 366, 8 June 2021.

Hundreds of thousands of payments were checked and system audits performed. The Commission builds its assurance from the bottom up and at a detailed level. This means that hundreds of thousands of payments are checked every year by the Commission and the Member States, who share the management of 70% of the funds with the Commission.

Hundreds of thousands of payments are checked every year

In agriculture: 	In cohesion: 
more than 900 000 on-the-spot checks were carried out by the Member States	Assurance packages for 508 programmes were reviewed
68 audits were carried out by the Commission	89 audits were carried out by the Commission

Number of checks and audits by the European Commission in 2020, in agriculture and cohesion.

Source: European, Commission annual activity reports.

The root causes of errors are identified and addressed. The detailed level of information allows the Commission, as the manager of the EU funds, to find system weaknesses, to identify their root causes (e.g. complexity of rules) and to take targeted corrective actions. It also enhances preventive actions and ensures that any lessons learned are factored into the design of future financial programmes.

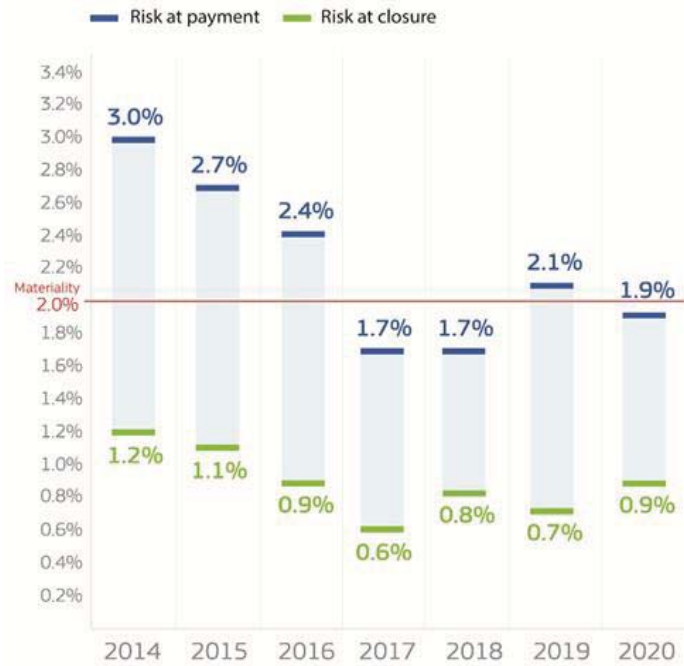
Preventive and corrective actions are implemented. As a result of its controls, the Commission applies financial corrections and recoveries. In 2020, the controls carried out before the payments along with other preventive measures have allowed EUR 301 million to be saved. For the controls carried out after the payments, the corrections and recoveries applied amounted to EUR 596 million and EUR 5.2 billion cumulatively since 2017.

Overall, the level of risk at payment is below the materiality threshold of 2%. The Commission estimates that, after its preventive controls, the remaining level of error – i.e. its risk at the time of payment – is 1.9%, representing a decrease compared to 2019. Given the multiannual character of the funding programmes, the Commission deploys substantial efforts to perform controls after the payments and to continue to make corrections until the closure of the programmes. These efforts are reflected in the estimated risk at the closure of the programmes. This corresponds to the risk at payment minus the Commission's forecast future corrections, which are estimated at 1% in 2020 (see Annex 2, Section 2.2.2).

The Commission's future corrections forecast is based on the historical average level of corrections. This average is adjusted to take out elements that are no longer relevant for the future, in order to make the best and most conservative estimate.

For 2020, the risk at closure is estimated at 0.9%. As this is below the threshold of 2% – also used by the Court of Auditors – the Commission considers that the budget as a whole is effectively protected. This is confirmed by the internal auditor's opinion ⁽¹⁷⁾.

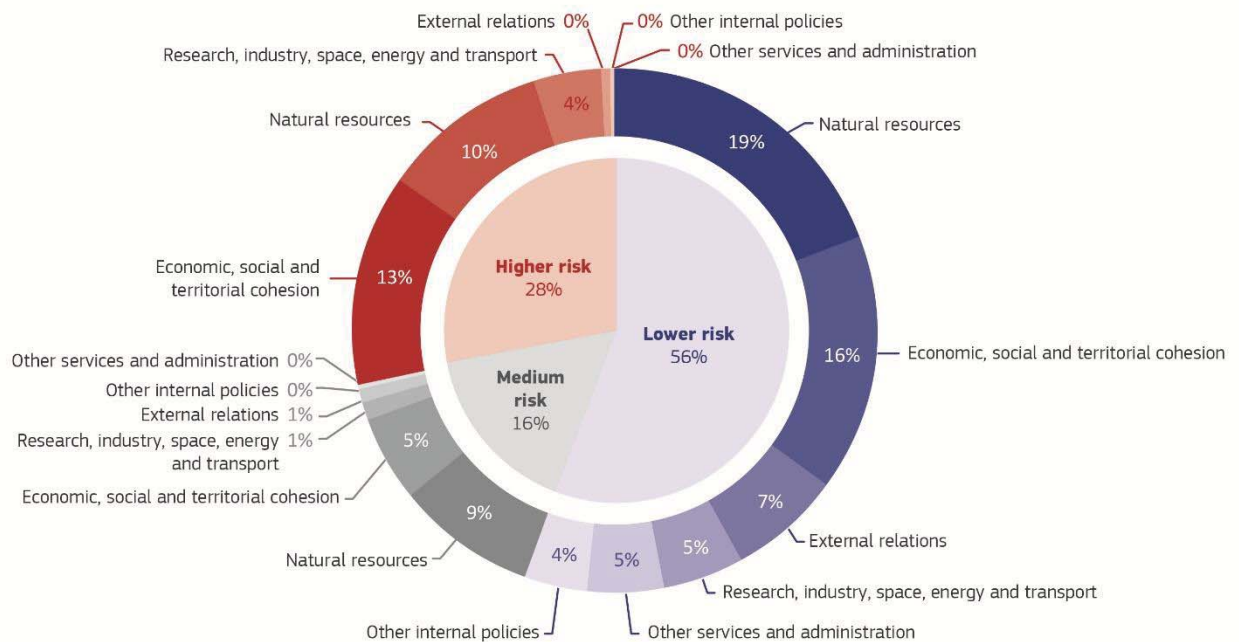
⁽¹⁷⁾ See Annex 2, Section 2.3.2, 'Work of the Internal Audit Service and overall opinion'.



Risks at payment and closure for the European Commission for 2014-2020.

Source: European Commission, 2014-2020 annual management and performance reports for the EU budget.

The Commission identifies which programmes are higher risk, allowing it to focus its action where it matters most. Thanks to its in-depth empirical approach, the Commission has robust evidence that demonstrates the differentiated situation for the funds managed. Based on the risk at payment, the Commission can precisely divide the annual expenditure into lower risk at payment (where the risk is below 1.9%), medium risk at payment (between 1.9% and 2.5%) and higher risk at payment (above 2.5%) (see Annex 2, Section 2.2.3). For natural resources and cohesion, this analysis is also done at the level of individual paying agencies and operational programmes in the Member States. This allows the Commission to focus its efforts appropriately, to provide its support efficiently and to address specific weaknesses even for policies which, taken globally, are low risk, such as the common agricultural policy.



The Commission's categorisation of expenditure into higher-, medium- and lower-risk segments, as percentages of the total amount of relevant expenditure for 2020.

Source: European Commission, annual activity reports.

In particular, the following involve **higher-risk** expenditure: some operational programmes for cohesion policy funds that show serious deficiencies and/or have error rates above 2.5%; the grants for the research programme Horizon 2020; the paying agencies for the agriculture-related direct payments and market measures and rural development that have error rates above 2.5%; and other complex grants ⁽¹⁸⁾. Where the level of risk remains high, this is reported transparently through the issuance of reservations ⁽¹⁹⁾. For 2020, there are 19 reservations with a total financial impact of EUR 1 219 million, which is less than 1% of the total expenditure. They correspond to the expenditure identified as high risk.

In addition to applying financial corrections and recoveries, **the Commission is taking action to address weaknesses leading to medium and higher risks**. This includes targeted remedial actions, such as raising awareness of applicable EU rules among beneficiaries and implementing partners that are more error prone. It also means better use of controls and audit results to adjust the control strategies and focus them on expenditure, increasing the capacity of national authorities that have deficiencies in their management and control systems along with applying the lessons learned to the future programmes.

Further developments: outlook for 2021 and beyond

The Commission is committed to continuing to improve its management and control systems. For 2021, the Commission will pursue its efforts to address the weaknesses leading to the issuance of reservations and to higher levels of risk, especially for cohesion funds and the research programme for the 2014-2020 period. As the pandemic is still ongoing, the related risks and mitigating measures remain under constant monitoring and this will continue for as long as the crisis lasts.

The new multiannual financial framework for 2021-2027 takes into account lessons learned. The new programmes will benefit from **many simplification measures** that were introduced following the lessons learned from previous programmes (in 2014-2020 and 2007-2013).

New elements for the protection of EU funds will be rolled out in 2021 (see Annex 2, Section 2.4), such as the following.

- The new guidance on the **avoidance of conflicts of interest** ⁽²⁰⁾ to help managers of EU funds avoid conflicts of interest and to maintain a uniform interpretation and application of the rules among all stakeholders, along with the implementation of the regulation on a general **regime of conditionality** for the protection of the EU budget ⁽²¹⁾ whereby, for the first time, the EU has a specific tool to protect its budget from breaches of the **principles of the rule of law**.
- The single **data-mining tool** the Commission makes available to Member States, for control and audit purposes under the European Structural and Investment funds will be extended to the common agricultural policy and the Recovery and Resilience Facility. This tool will allow for the identification of irregularities and fraud across all funds.
- Enhanced procedures for the **assessment of implementing partners' control systems**, prior to entrusting them with EU funds, to obtain the certainty that they offer the same level of assurance as the Commission's own control systems.

In 2021, the Commission will make the first disbursements under the Recovery and Resilience Facility. In 2020, the Commission took unprecedented measures to set up the facility in record time. This included putting in place a dedicated governance structure and the relevant internal processes and control strategies. These are tailored to the fact that disbursements to Member States are based on the fulfilment of

⁽¹⁸⁾ See details in Annex 6.

⁽¹⁹⁾ In the annual activity reports for each Commission department and the annual management and performance report for the Commission as a whole.

⁽²⁰⁾ Commission Notice – Guidance on the avoidance and management of conflicts of interest under the financial regulation (C/2021/2119) (OJ C 121, 9.4.2021, p. 1).

⁽²¹⁾ 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 4331, 22.12.2020, p. 1) (<https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32020R2092>).

predefined milestones and targets. Payments will therefore not be subject to controls on the costs actually incurred by the Member State. Unlike in shared management, the Member States are the beneficiaries of the EU funds, which, once paid, become fungible in the national budgets. Member States bear the responsibility for ensuring that the facility is implemented in compliance with EU and national rules and with the principles of sound financial management.

The Commission will complement the Member States' controls. In order to build its assurance, the Commission will rely on the Member States' controls and supplement them with its own controls as necessary. These will be applied at three stages: during the assessment of the Member States' recovery and resilience plans; during the assessment of the Member States' payment requests; and after disbursements. In addition to controls on the fulfilment of milestones and targets, the Commission may perform risk-based controls to verify the absence of serious irregularities (i.e. fraud, corruption or conflicts of interest) or serious breaches of obligations. If necessary, the Commission will recover proportionate amounts, if Member States themselves have failed to do so, or require early repayment of the loans.

Conclusion

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

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ANNEX 1 – PART 1/2

ANNEX

to the

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ACCOUNTABILITY REPORTING 2020

Budget

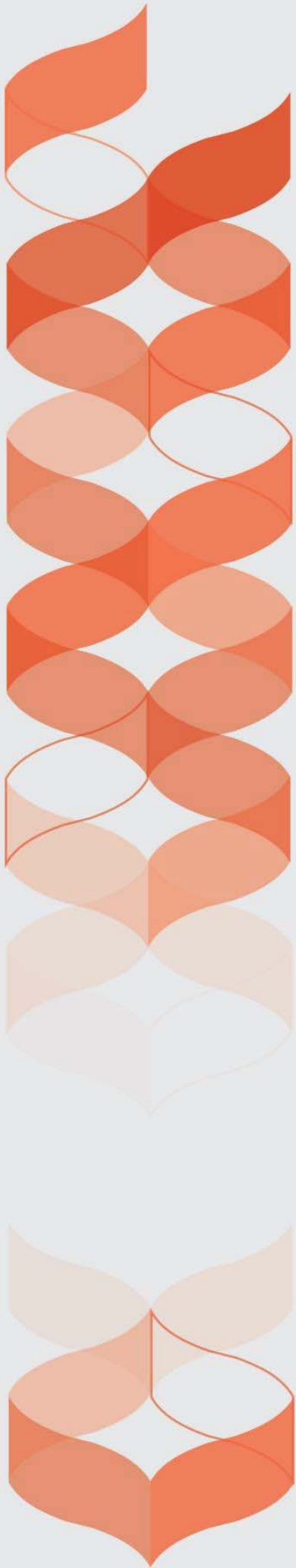
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Annual Management and Performance Report for the EU Budget

Volume II
Annexes

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Annex 1 – Performance and results

1.1. A result-oriented EU budget

The Commission continues to give the highest priority to the performance of EU spending. It is fully committed to ensuring that the EU budget is implemented in accordance with the strongest financial management standards and is as effective as possible in achieving its objectives.

As it did last year, the Commission has annexed the 'Programme performance overview' to the annual management and performance report to highlight this priority. It has further strengthened the systematic assessment of the performance of the programmes in both the programme statements accompanying the draft budget and the 'Programme performance overview'.

In November 2020, the European Court of Auditors published a new report on the performance of the EU budget. The Court looked in detail at the Commission's high-level performance reports and at nine spending programmes across the budget. The report concluded that the Commission has solid procedures in place to produce performance reports and noted the many improvements that have been made, while identifying targeted areas for further improvement.

Due to the multiannual nature of the EU programmes, achievements in the field can only be assessed in a multiannual context. This report draws on the latest-known performance results. The reporting information available at the end of 2020, as presented in the 'Programme performance overview' in Annex 3, shows that **most programmes are progressing well towards the targets set at the beginning of the programming period**. For example, progress under the cohesion policy programme is accelerating quickly despite delays earlier in the period. Where there were specific issues in relation to the implementation of particular programmes, the 'Programme performance overview' provides further explanation on how this has affected performance and the mitigating measures that have been taken.

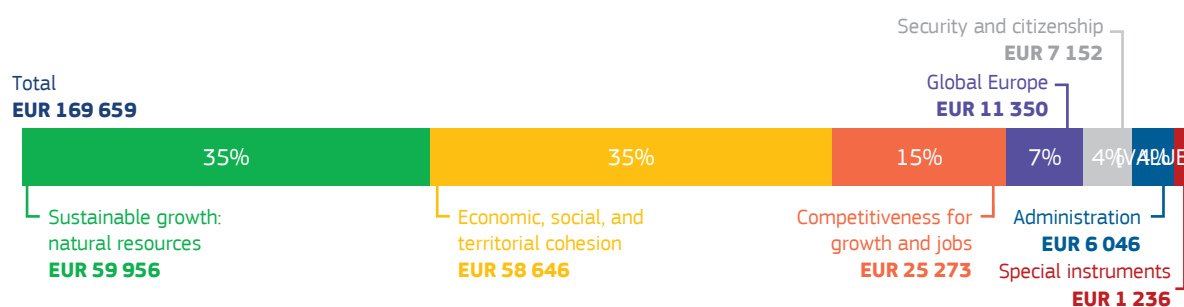
While monitoring information provides useful insights into progress, definitive conclusions on programme performance will only be possible on the basis of detailed evaluations after the closure of the current programmes. The impact of the COVID-19 pandemic and the steps taken to redirect and reprioritise EU funding to support crisis repair and recovery will need to be given due consideration in this assessment.

1.1.1. The EU budget for 2020 – a budget in transition

2020 was a pivotal year for the EU budget in many ways. It was the first full year of the von der Leyen Commission. The 2020 EU budget played an important role in supporting the von der Leyen Commission's ambitious headline goals. It helped, for example, with preparing the green and digital transitions and with promoting solidarity and security, not only within the EU, but also in cooperation with our international partners. 2020 was also the year of the COVID-19 outbreak, which made swift and significant modifications necessary for crisis repair and recovery (see section 1.1.2 below).

Finally, 2020 was the last year of the 2014-2020 multiannual financial framework. The new and ambitious 2021-2027 multiannual financial framework, together with the temporary recovery instrument NextGenerationEU, was adopted in December, putting the EU budget at the heart of the recovery and the transition towards a more sustainable and digital future (see section 1.3 below).

In the new long-term budget, the structure of the budgetary headings has been reviewed to provide greater transparency and to ensure close alignment with the key political priorities. **The performance analysis presented in sections 1.2 to 1.7 of this annex is structured around the new 2021-2027 budget headings.**



The 2020 EU budget: commitment appropriations per budget heading. Administrative expenditure only reflects the Commission section, and excludes administrative expenditure in other institutions. All amounts in million EUR.

Source: European Commission.



Primarily as a result of COVID-19-related measures, **the budget for 2020 evolved significantly compared to the budget initially adopted by the budgetary authority**. Amendments adopted by the European Parliament and the Council increased the EU budget for 2020 by EUR 10.2 billion ⁽¹⁾ in payment appropriations and EUR 5.2 billion in commitment appropriations to address the COVID-19 crisis, in particular to cover the additional needs for payment appropriations for the Emergency Support Instrument to finance the COVID-19 vaccines strategy and the additional payment needs for cohesion following the adoption of the Coronavirus Response Investment Initiatives. Significant funding has also been reprioritised and redirected towards objectives relating to the COVID-19 crisis.

The EU's **administrative budget**, which supports both budgetary management and the full spectrum of activities of the European Union institutions, accounted for a small share of the total budget in 2020. Together with the other institutions, the Commission has taken steps to **improve the efficiency** of all of its operations, and delivered significant savings under the 2014-2020 financial framework, including by implementing a 5% staff reduction between 2013 and 2017 ⁽²⁾. The European Court of Auditors has confirmed these savings, while noting the negative consequences they have had for staff ⁽³⁾.

These savings have been made at a time when there are ever-increasing expectations on the Commission to deliver in areas such as the green and digital transitions, industrial policy, economic and social recovery, migration, the rule of law and defence cooperation. These pressures have been heightened by the workload involved in developing and deploying a comprehensive EU response to the COVID-19 pandemic and its aftermath. Despite this, the Commission has redeployed a significant number of staff to support the delivery of its flagship initiatives and a swift response to the pandemic. Budgetary constraints under the new financial framework will require even stronger prioritisation and further efficiency improvements to ensure that the EU is able to continue to deliver on its priorities.

⁽¹⁾ Reflects the reinforcement provided by draft amending budgets 2, 8 and 10 to the 2020 budget.

⁽²⁾ Further details on the steps the Commission is continuing to take to improve efficiency in budgetary management are provided in Annex 2 of this report.

⁽³⁾ European Court of Auditors, *Special Report No 15/2019 – Implementation of the 2014 staff reform package at the Commission – Big savings but not without consequences for staff*.

1.1.2. The EU budget was mobilised quickly and flexibly in response to the COVID-19 pandemic

The onset of the COVID-19 pandemic in Europe led to human tragedy, lockdowns and an unprecedented economic slowdown⁽⁴⁾. The EU moved decisively to prove its solidarity in the face of this crisis, protecting lives and livelihoods by focusing on actions that delivered an immediate and effective response. Throughout 2020, the Commission adopted over 1 350 measures to mitigate the crisis, including 598 state-aid decisions giving European companies a lifeline and thereby preserving the continuity of economic activity during and after the outbreak. By the end of 2020, around EUR 3.1 trillion⁽⁵⁾, or more than 30% of the EU's gross domestic product, had been mobilised by Member States to mitigate the effects of the crisis.

EUR 70 billion was mobilised quickly and flexibly through the EU budget as part of a coordinated European response to the COVID-19 pandemic through a variety of measures. For that purpose, the budget for 2020 was increased by EUR 10.2 billion⁽⁶⁾. The European Parliament, the Council of the European Union and the Commission changed the 2014-2020 multiannual financial framework regulation as quickly as possible to provide maximum flexibility for the implementation of the 2020 budget. Moreover, the Emergency Support Instrument allowed the Commission to coordinate and assist procurement efforts necessary to combat the crisis.

Proactive budgetary management ensured the speedy and effective implementation of the 2020 budget. Nine amending budgets were adopted as proposed by the Commission, more than in any other year of the 2014-2020 period and often in record time. Moreover, 28 budgetary authority transfers and hundreds of autonomous Commission transfers were made. As a result, the 2020 EU budget was spent almost entirely, in both commitments and payments.

The sections below summarise the main pillars of the EU's response to the pandemic and how the EU budget has contributed.

The Commission is also mobilising EU resources outside the long-term budget, for example through the European Investment Bank and other instruments. The European Union's temporary **support to mitigate unemployment risks in an emergency** programme (SURE) was created to help Member States protect jobs and workers' incomes in the context of the COVID-19 pandemic. It provides financial assistance in the form of loans from the EU to support short-term work schemes and similar measures, to help Member States protect employees and the self-employed against the risk of unemployment and loss of income. The programme is a strong expression of solidarity. To reflect this social motivation, financing is issued in the form of social bonds. Its budget is up to EUR 100 billion and by the end of 2020, EUR 40 billion⁽⁷⁾ in support had already been provided to Member States.

- By early 2021, **between 25 and 30 million employees had benefited** from support under the support to mitigate unemployment risks emergency programme SURE – a significant portion of the job market in participating Member States, which saved an estimated EUR 5.8 billion in interest payments.

⁽⁴⁾ Communication from the Commission from the commission to the European Parliament, the European Council, the Council, the European Central Bank, the European Investment Bank and the Eurogroup – Coordinated economic response to the COVID-19 outbreak (COM(2020) 112).

⁽⁵⁾ The EU's economic response amounts to EUR 3.08 trillion. This includes EUR 70 billion in expenditure directly from the EU budget, EUR 524 billion in national measures taken under the flexibility of EU budgetary rules, EUR 100 billion through the support to mitigate unemployment risks in an emergency programme, EUR 2 553 billion in national liquidity measures, EUR 240 billion through the European Stability Mechanism Pandemic Crisis Support for Member States and EUR 200 billion in European Investment Bank Group financing for businesses. In addition, the European Central Bank launched a EUR 1 850 billion pandemic emergency purchase programme.

⁽⁶⁾ In payment appropriations.

⁽⁷⁾ https://ec.europa.eu/info/files/sure-taking-stock-after-six-months_en

Coordinate European solidarity and ensure sufficient supplies through advance purchase agreements with vaccine producers

The **Emergency Support Instrument** was reactivated in April 2020 with a budget of EUR 2.7 billion to provide needs-based emergency support complementing Member States' efforts and the contributions of other EU instruments in tackling the COVID-19 pandemic and helping save lives. The reactivation allowed for the very broad use of this instrument through targeted measures deployed strategically where the scale, speed or cross-border nature of the solutions needed are best addressed through coordinated EU intervention and for novel, fast procurement mechanisms. The Emergency Support Instrument is centrally managed by the Commission and implemented largely through direct management. The instrument was also used in the procurement of healthcare-related material, assistance for medical personnel and operational support for mobile medical-response capacities. This makes medical personnel and teams available where they are most needed in Europe, and assists with transporting cargo.

In setting priorities for the actions to be funded, the Commission engaged with Member States regularly to understand their needs. Based on this, the Commission decided early on that the instrument could add the most value by supporting the **EU vaccines initiative**, in which all 27 Member States are taking part.

- The major priority in 2020 was securing 2.6 billion doses ⁽⁸⁾ of COVID-19 vaccines, once proven to be safe and effective, under the **advance purchase agreements** with vaccine developers. Through these agreements, the Emergency Support Instrument acquired purchase rights for EU Member States to up to 2.6 billion vaccine doses from six vaccine manufacturers (AstraZeneca, BioNTech–Pfizer, CureVac, Johnson & Johnson, Moderna and Sanofi–GlaxoSmithKline) as part of the EU's vaccine strategy. By diversifying the portfolio, the Commission maximised the chances of EU citizens having access to any successful vaccine candidate at the earliest possible opportunity, and at the scale required. As a result, the first vaccine was deployed in the EU before the end of 2020 ⁽⁹⁾. 86% of the available funding from the EU budget was allocated to this, and at the end of the year Member States also made contributions available for this action totalling EUR 750 million in externally assigned revenue. The coordinated EU approach ensured that Member States could share the inherent risk of investing in what was at that point unproven vaccine development, and had access to a broad portfolio of potential vaccine technologies and companies.
- | | | | |
|--------------------------------------|--------------------------------------|-----------------------------------|---------------------------------------|
| BIONTECH–
PFIZER | MODERNA | ASTRAZENECA | JOHNSON &
JOHNSON |
| up to
600
million doses | up to
460
million doses | up to
400 million doses | up to
400
million doses* |
| | | CUREVAC | SANOFI–
GLAXOSMITHKLINE |
| | | up to
405 million doses | up to
300
million doses |
- Funding was provided for **training in testing and intensive care**. Additionally, a contract was signed for the purchase of disinfection robots, which are donated to hospitals. These robots use ultraviolet light and disinfect standard patient rooms in hospitals in just 15 minutes, thus helping to prevent and reduce the spread of COVID-19. The European Commission distributed approximately 200 such robots to hospitals around the EU through the Emergency Support Instrument.
 - The Emergency Support Instrument was used to organise **1 500 cargo operations** involving over 1 000 flights and 500 journeys by road, rail and sea between April and September 2020, to bring essential medical supplies into the EU when cargo transport availability was seriously limited; the **transport of over 300 medical staff and patients** for care across borders; the **training of 3 500 medical staff** in testing techniques; 75 **mobile testing teams**; increased capacity in 150 local **blood or plasma collection centres**; and intensive-care training for 15 000 medical professionals across 750 hospitals.

⁽⁸⁾ 2 billion doses had been agreed before year-end 2020. A further 0.6 billion doses were agreed in the first half of 2021. The Commission agreed also the optional acquisition of 1.8 billion doses.

⁽⁹⁾ On 21 December, the European Commission granted conditional marketing authorisation for the COVID-19 vaccine developed by BioNTech–Pfizer.

The instrument also financed the **establishment of an IT platform for interoperability between national tracing apps**, to which 17 national apps ⁽¹⁰⁾ are now connected, along with a pilot system for the exchange of passenger locator forms.

- Under the instrument the Commission has procured for distribution to Member States more than **10 million masks for medical staff**; some **200 million rapid antigen tests**; and **34 000 courses of the therapeutic Remdesivir**, which was in high demand in all Member States as the only EU-approved medicine to treat COVID-19, but national contracts were unavailable.

As many Member States faced a third wave of infections and new variants in the first quarter of 2021, the Emergency Support Instrument has been reinforced in 2021 with an additional EUR 232 million ⁽¹¹⁾ in commitment appropriations. This will support new actions such as the **interoperability of digital green certificates**, an **EU waste-water monitoring system**, the further development of the **passenger locator form exchange platform** and the purchase for donation to Member States of specialised tests for identifying variants.

The **budget of the EU Civil Protection Mechanism** was increased by EUR 415 million in 2020 and supported hospitals across the EU, many of which were treating patients from other countries. Mobile health teams were dispatched to respond to the most urgent needs.

- More than 400 flights **helped 90 000 EU citizens stranded abroad to return home**.
- Hosted in EU Member States, rescEU delivered over **3 million items of personal protective equipment (masks, gloves, etc.)** for first responders, including medical and civil protection workers.
- The Commission set up the **Clearing House for medical equipment** ⁽¹²⁾, the main role of which was to get an overview of the essential medical-equipment needs in Member States so as to match supply and demand at the EU level. It also provided help to industry and stakeholders faced with technical and regulatory obstacles. For example, the EU Civil Protection Mechanism sent ventilators, protective clothing and disinfectant to countries in need and deployed emergency medical teams. National medical emergency teams were deployed under the EU Civil Protection Mechanism to support Italy and Lithuania in the first wave of the COVID-19 crisis. Similarly, medical teams from the EU also supported partner countries, such as Armenia and Azerbaijan. Under the Emergency Support Instrument, the Commission also implemented a mobility package to help finance the transport of patients, medical teams and essential medical supplies.

In addition, the scope of the **EU Solidarity Fund** was extended as of 1 April 2020 to encompass major public-health emergencies. A total of almost EUR 530 million will be made available to Member States in 2021 and candidate countries seriously affected by the COVID-19 crisis to finance assistance to the population (medical, health-sector and civil-protection measures) and measures taken to contain the spread of the virus.

⁽¹⁰⁾ 16 from EU Member States, plus one from Norway.

⁽¹¹⁾ Draft amending budget 2 for 2021, adopted by Council on 23 April 2021 and by the European Parliament on 17 May 2021.

⁽¹²⁾ https://ec.europa.eu/info/live-work-travel-eu/coronavirus-response/emergency-support-instrument/covid-19-clearing-house-medical-equipment_en

Supporting research on vaccines, diagnostics and treatment

Public and private investment was mobilised to develop safe and effective vaccines for everyone across the world. The Commission has mobilised more than EUR 781 million under **Horizon 2020** since January 2020 to develop vaccines, new treatments, diagnostic tests and medical systems to prevent the spread of COVID-19 and save lives. This includes mobilising the **special fund for emergency research**, the **IMI 2 Joint Undertaking** and EUR 164 million through a call launched by the **European Innovation Council** pilot project.



(Picture: President Ursula von der Leyen (right) with Özlem Türeci, co-developer of the BioNTech–Pfizer vaccine.
Source: European Commission.)

The development of a **new generation of vaccines – mRNA** ⁽¹³⁾ vaccines – is supported through several Horizon 2020 grants. In the European AIDS Vaccine Initiative 2020, BioNTech made use of its mRNA technology to develop and manufacture HIV vaccine candidates. Financial support provided by the European Fund for Strategic Investments helped BioNTech to use this mRNA technology for the development of a COVID-19 vaccine. The advance purchase agreement mediated by the Commission further enabled the manufacturing of the BioNTech–Pfizer vaccine, which was the first to receive marketing authorisation in the EU.

The EU promotes a global response

The **EU, as a global actor and in collective action as Team Europe**, secured financial support for partner countries and fragile populations amounting to more than EUR 40 billion ⁽¹⁴⁾. The main contributions from Team Europe were EUR 7 billion from the European Investment Bank, EUR 4 billion from the European Bank for Reconstruction and Development, EUR 15 billion from the EU budget and EUR 14 billion from the Member States. Team Europe efforts focus on addressing the immediate health crisis and the resulting humanitarian needs; strengthening partner countries' health, water and sanitation systems and their research and preparedness capacities to deal with the pandemic; and mitigating the socioeconomic impact.

In addition, the **EU is promoting a coronavirus global response with multilateral partners**, launched by President Ursula von der Leyen. The international pledging conference collected pledges of more than EUR 15.9 billion ⁽¹⁵⁾ to ensure the collaborative development and universal deployment of diagnostics, treatments and vaccines against the coronavirus.

COVID-19 Vaccines Global Access (COVAX) is leading efforts to secure fair and equitable access to COVID-19 vaccines in low- and middle-income countries. Team Europe is one of the leading contributors to COVAX, with over EUR 2.2 billion. The Commission is participating in the COVAX Facility for equitable access to affordable COVID-19 vaccines and is contributing EUR 1 billion in EU grants and guarantees.

⁽¹³⁾ mRNA stands for messenger ribonucleic acid.

⁽¹⁴⁾ The breakdown of Team Europe efforts up to January 2021 is available online (https://ec.europa.eu/international-partnerships/system/files/20210101-team-europe-response-to-covid_en.pdf).

⁽¹⁵⁾ https://global-response.europa.eu/index_en

Alleviating the effects of the social and economic crisis: the Coronavirus Response Investment Initiatives

The COVID-19 pandemic caused a major shock to the global and EU economies, with severe socioeconomic consequences. It led to a drop of 7.4 percentage points in the EU's gross domestic product, with a subsequent gain of 4.1 percentage points expected in 2021 ⁽¹⁶⁾. Cohesion policy programmes were also adapted and mobilised to support the crisis response through the **Coronavirus Response Investment Initiatives** ⁽¹⁷⁾. The Commission focused on increasing the flexibility of these instruments to the maximum extent to allow for the swift treatment of all requests under lighter and faster procedures. This included increasing the maximum co-financing rate to 100%, facilitating transfers between funds and regions and increasing the financing envelopes through financial instruments. Overall, this flexibility allowed the initiative to mobilise EUR 23.3 billion to date ⁽¹⁸⁾ from the European Structural and Investment Funds. These initiatives helped meet the most pressing needs for medical supplies and equipment and helped address the effects of the economic crisis through short-term work schemes aiming to keep people in employment during the pandemic, financial support for small and medium-sized enterprises and an immediate liquidity injection.

The Commission also provided guidance to the Member States on how to make use of the **European Globalisation Adjustment Fund** under the circumstances of the COVID-19 crisis to support workers who had lost their jobs as a consequence of the pandemic. Four COVID-19-related applications had been received from Member States by the end of 2020.

- **Supporting fishers and the seafood sector.** The Commission provided for specific measures to mitigate the impact of the coronavirus outbreak, such as support for fishers relating to the temporary cessation of fishing activities, support for aquaculture farmers relating to the temporary suspension of production and support for producer organisations relating to the storage of fishery and aquaculture products, along with budgetary flexibility for Member States to allocate resources at short notice.
- **Supporting farmers.** Financial instruments under the European Agricultural Fund for Rural Development may provide stand-alone working capital financing of up to EUR 200 000 to agricultural and rural small and medium-sized enterprises affected by COVID-19, under favourable conditions, including very low interest rates, fewer collateral requirements, favourable payment schedules, etc.

⁽¹⁶⁾ Gross domestic product, volume, in the EU-27 (Source: *European Economic Forecast – Winter 2021* – https://ec.europa.eu/info/publications/european-economic-forecast-winter-2021_en).

⁽¹⁷⁾ The coronavirus response investment initiative (https://ec.europa.eu/regional_policy/en/newsroom/news/2020/03/16-03-2020-cohesion-policy-and-eu-solidarity-fund-contribute-to-the-coronavirus-response-investment-initiative) and the coronavirus response investment initiative plus (https://ec.europa.eu/regional_policy/en/newsroom/news/2020/04/04-02-2020-coronavirus-response-investment-initiative-plus-new-actions-to-mobilise-essential-investments-and-resources).

⁽¹⁸⁾ As of June 2021, the headline figures on the volume of resources mobilised were as follows: EUR 8.4 billion in EU reallocations for health actions, resulting in a net increase of EUR 8.1 billion at the EU level; EUR 12.8 billion in EU reallocations for business support, resulting in a net increase of EUR 5.2 billion at the EU level; EUR 3.9 billion in direct support for people, including workers and vulnerable groups. The overall support for people of EUR 3.9 billion includes EUR 2.1 billion of direct support to citizens as allocations reflected under the EUR 7.4 billion health and the EUR 12.8 billion enterprise reprogramming. It is therefore not double counted in the total of EUR 23.3 billion.

1.1.3. The European recovery plan: a revamped multiannual financial framework and NextGenerationEU

A modernised EU long-term budget, powered by NextGenerationEU

The Commission put forward revamped proposals in May 2020 for the EU's long-term budget for 2021-2027 (amounting to EUR 1 074 billion), to be coupled with a temporary recovery instrument, NextGenerationEU (worth EUR 750 billion). These proposals were formally adopted by the European Parliament and the Council in December 2020.

This will be the **largest stimulus package ever financed** by the EU budget. A total of EUR 1.8 trillion will help rebuild a post-COVID-19 Europe. This unprecedented response will help **repair the economic and social damage** caused by the COVID-19 pandemic and lay the foundations for a modern and more sustainable future for a **greener, more digital and more resilient Europe**.

- The EU has set a target of 50% or more of the total amount of the long-term budget, including NextGenerationEU, to be used to support the modernisation of the European Union through research and innovation; fair climate and digital transitions; preparedness, recovery and resilience.
- 32% of the long-term budget will be used to accelerate the achievement of the new and reinforced priorities, the highest share ever.
- The EU has set a target of spending at least 30% of the long term budget and NextGenerationEU on combating climate change.
- The EU will work towards the goal of spending 10% of the long-term budget in 2026 and 2027 on halting and reversing the decline in biodiversity.
- In order to contribute to the digital transformation, the EU will work to invest 20% of the Recovery and Resilience Facility funds in this area.
- 30% of NextGenerationEU financing will be raised through green bonds.

NextGenerationEU: EUR 750 billion for the EU's recovery

NextGenerationEU is a EUR 750 billion temporary recovery instrument consisting of non-repayable and loan support in addition to the EU's long-term budget, with a focus on the crucial first years of recovery. Funding from NextGenerationEU will be invested across several programmes contributing to economic recovery.

The majority of funds from NextGenerationEU (up to EUR 672.5 billion) will be invested through the **Recovery and Resilience Facility**. This facility will provide large-scale financial support for public investment and reforms in key areas such as the green and digital transition. In order to receive support from the Recovery and Resilience Facility, EU Member States will submit recovery and resilience plans to the Commission, in which they explain how the money will be used to support recovery and build resilience. These plans need to take into account the challenges identified in the European semester, along with those relating to the green and digital transitions. The Commission will assess these plans, and that assessment will then be approved by the Council. Funding will be disbursed in several instalments upon the achievement of milestones and targets to which Member States have committed themselves.

Financed by NextGenerationEU, in 2021 and 2022, the **recovery assistance for cohesion and the territories of Europe** (REACT EU) will help bridge the gap between the initial response to the crisis and the longer-term recovery. An additional EUR 50.6 billion for the ongoing 2014-2020 cohesion policy programmes will provide vital rapid and additional support to Member States and regions. The recovery assistance continues emergency support for the health sector, small and medium-sized enterprises and short-term

employment schemes, while introducing the possibility to step up digital and green investments as part of crisis repair.

A strengthened performance framework

The transition to the 2021-2027 long-term budget will also represent another major step forward for the EU budget performance framework. The Commission has taken very seriously the lessons learnt from the 2014-2020 period and the recommendations from the Parliament, the Council and the Court of Auditors.

Through the new spending programmes, the Commission is introducing a more comprehensive and coherent performance framework for the EU budget⁽¹⁹⁾. This will be based on (1) integrating performance into policy design through programme evaluations; (2) robust monitoring and reporting on the performance of individual programmes and the progress towards their objectives in the annual budgetary cycle; and (3) ensuring the contribution of the EU budget towards overarching horizontal policy objectives such as the climate, the digital sphere and economic recovery. A streamlined set of high-quality indicators will be used to monitor performance during all stages of programme implementation, with a clear methodology to estimate baselines and targets. A robust monitoring and evaluation framework will provide the evidence base for the design of future financial programmes.

1.1.4. The EU budget is a key driver of cross-cutting policy priorities

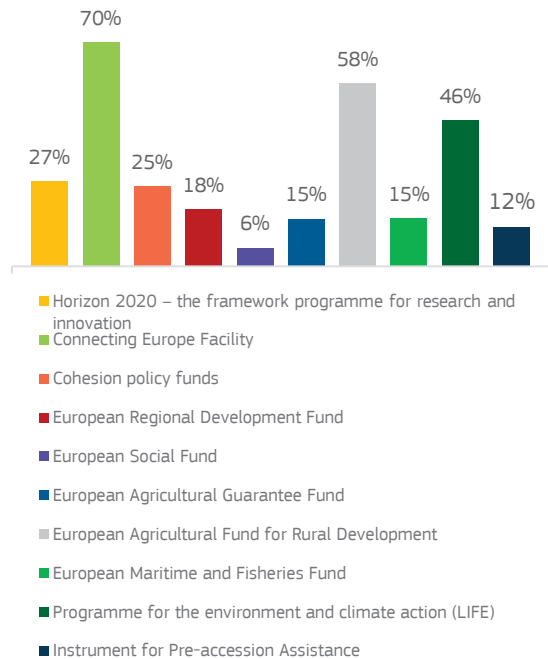
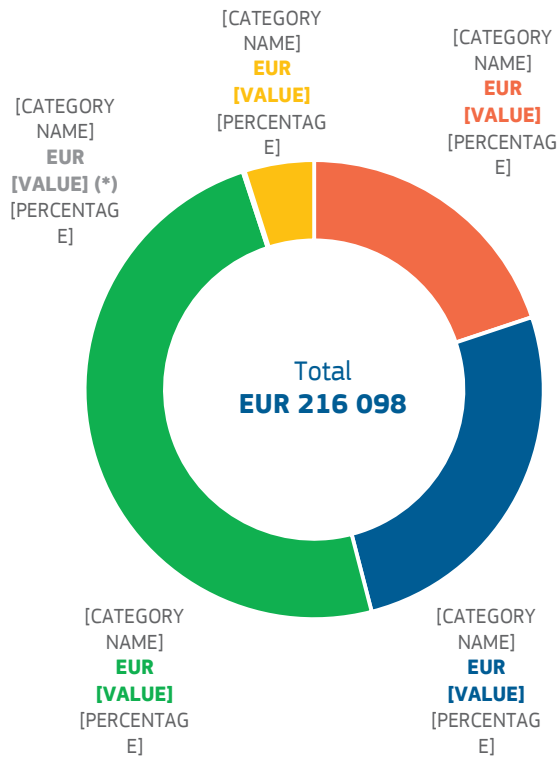
Mainstreaming is the inclusion of horizontal priorities and cross-cutting policy areas in the design, preparation, implementation and evaluation phases of programmes for both internal and external actions. Since the same action can pursue different objectives at the same time, mainstreaming in the EU budget promotes synergies in the use of funds for a limited number of cross-cutting priorities, resulting in increased consistency and cost-efficiency in spending. This section explains how the EU budget is pursuing cross-cutting policies to fight climate change, protect biodiversity, pursue the United Nations sustainable development goals and promote gender equality.

Fighting climate change

To fight climate change⁽²⁰⁾ and environmental degradation and to become the world's first climate-neutral economy by 2050, the EU needs to move to a more sustainable economy. In the 2014-2020 period, the EU integrated EUR 216 billion in spending on climate action across all of its programmes, in particular cohesion policy, energy, transport, research and innovation and the common agricultural policy, along with the EU's development policy, making the EU budget a key driver of sustainability. In 2021, the Commission continued to revise and update all available information, including further consolidating existing data and applying a more granular methodology where possible. **Overall, 20.1% of the EU budget was allocated to measures to address climate change, achieving the political ambition of dedicating 20% of the 2014-2020 long-term budget to fighting climate change.**

⁽¹⁹⁾ Communication from the Commission to the European Parliament and the Council on the performance framework of the EU budget under the 2021-2027 MFF, COM(2021) 366, 8 June 2021.

⁽²⁰⁾ https://ec.europa.eu/clima/sites/default/files/eu_climate_action_factsheet_en.pdf



(* This includes both strands of the EU Civil Protection Mechanism.

Left: 2014-2020 contribution of climate-related expenditure by budget heading (in million EUR).

Right: Climate-relevant share of the main contributing programmes in 2014-2020.

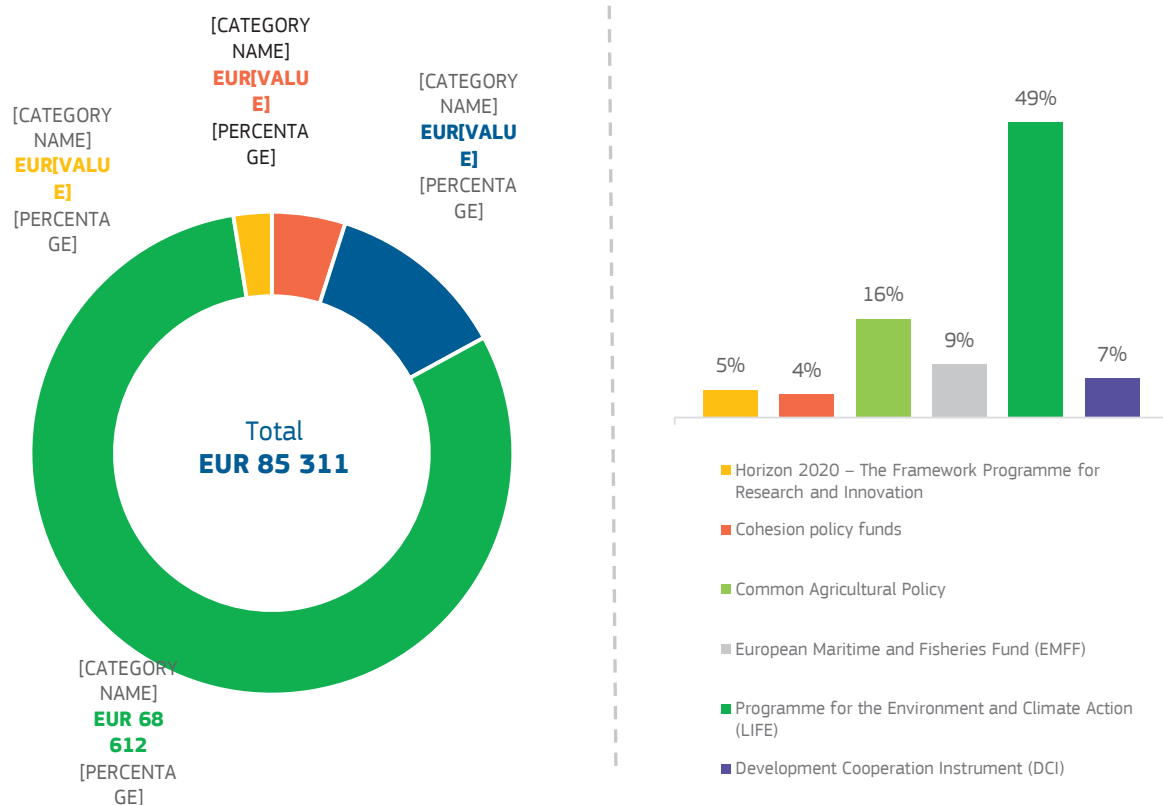
Source: European Commission.

For the 2021–2027 long-term budget, the EU has further increased its ambition with respect to fighting climate change. The budget will contribute at least 30% of the funds from the multiannual financial framework and NextGenerationEU to achieving the EU’s climate objectives. To ensure the success of the EU budget in delivering on this objective, several improvements have been made through the agreed package and during the political negotiations:

- translating the increase in the overall target from 20% to 30% into specific sectoral targets in the relevant legislation;
- embedding EU budget actions into the European Green Deal policy framework, including through the adoption of the biodiversity strategy and the farm-to-fork strategy;
- enhancing the climate responsiveness of the budget for programmes that do not directly tackle the climate challenge, through reinforced climate proofing and the application of the ‘do no significant harm’ principle;
- changing how climate-relevant financing is identified in the EU budget from the intent-based Rio markers of the Organisation for Economic Co-operation and Development to EU climate markers that put a greater emphasis on results.

Halting and reversing the decline in biodiversity

Halting and reversing the decline of biodiversity is a major objective for the EU, as also provided for in the political guidelines ⁽²¹⁾ of President von der Leyen and the European Green Deal. The EU biodiversity strategy provides orientations regarding biodiversity financing and resource mobilisation. The EU finances the protection of biodiversity by including the objectives of the EU biodiversity strategy for 2030 in the main funding instruments.



Left: 2014-2020 contribution of biodiversity-related expenditure by budget heading (in million EUR).

Right: Biodiversity-relevant share of the main contributing programmes in 2014-2020.

Source: European Commission.

In the 2014-2020 period, the EU dedicated EUR 85 billion to the fight against biodiversity loss, or cumulatively an average of 8% of the multiannual financial framework. Annex 4 contains several examples of concrete achievements funded from the EU budget that contributed to protecting biodiversity.

In line with the **European Green Deal**, the Parliament, the Council and the Commission have agreed ⁽²²⁾ that biodiversity will also be mainstreamed in the EU budget, with a 7.5% annual target for 2024 ensuring that the contribution will not backslide, and with a 10% annual target for 2026 and 2027. Cumulatively, for the next long-term budget, this will translate into a higher level of ambition than was the case in the previous period. This is in line with the statement in the biodiversity strategy for 2030 that biodiversity action requirements are at least EUR 20 billion per year from 'private and public funding at national and EU level', of which the EU budget will be a key enabler.

⁽²¹⁾ 'A Union that strives for more – Political guidelines for the next European Commission 2019-2024'.

⁽²²⁾ Interinstitutional agreement (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.LI.2020.433.01.0028.01.ENG>).

Delivering the 2030 agenda for sustainable development

The EU, together with its Member States, is fully committed to being at the forefront of implementing the **2030 agenda for sustainable development** and achieving a transformative shift by 2030 that leaves no one behind. The 2030 agenda is the shared roadmap adopted under the auspices of the United Nations for a peaceful and prosperous world, and is of paramount importance to the values of the EU and the future of Europe. The EU has committed to implementing the sustainable development goals ⁽²³⁾ in both internal and external policies. Since the adoption of the agenda in 2015, the EU has made significant progress in delivering on the sustainable development goals, and is continuing to strengthen its efforts. The COVID-19 pandemic has shown that the full implementation of the 2030 agenda is crucial in order to build back better after the crisis. The sustainable development goals provide the universal blueprint for a sustainable recovery.

The EU has embarked on a transition towards a low-carbon, climate-neutral, resource-efficient and circular economy that goes hand in hand with increased security, prosperity, equality and inclusion. In this light, the design and implementation of EU spending programmes aim at delivering on the objectives in each policy field while promoting sustainability through the actions and interventions of the relevant programmes. Through the **European consensus on development**, the EU has also aligned its approach to international cooperation and development policy with the 2030 agenda, placing the sustainable development goals and the Paris Agreement at the heart of its external action.

In the light of the interlinked nature of these goals, most of the EU's budgetary programmes are designed to address multiple sustainable development goals. Currently, almost 75% of the EU budget programmes (46 out of 61) contribute towards these goals. Those 46 programmes represented 96% of the entire EU budget. The following infographic illustrates, in a non-exhaustive manner, some of the many examples of how EU programmes contribute to the sustainable development goals. The EU's coherent approach supports a variety of initiatives in a wide range of policy fields in the EU and across the globe, with the aim of promoting sustainable development for all.

⁽²³⁾ The sustainable development goals (<https://www.un.org/sustainabledevelopment/sustainable-development-goals/>) are a roadmap for humanity encompassing almost every aspect of human and planetary well-being. They are a key tool to reboot the EU's growth strategy towards competitive sustainability, ensuring that the economy works for everyone and that growth is sustainable. To support the central role of the sustainable development goals in economic policymaking, and in particular in the European semester, Eurostat publishes an annual monitoring report (<https://ec.europa.eu/eurostat/documents/3217494/11011074/KS-02-20-202-EN-N.pdf/334a8cfe-636a-bb8a-294a-73a052882f7f>).

Examples of the EU budget's contribution to the agenda for sustainable development can be found below.

	<p>The Asylum, Migration and Integration Fund contributed EUR 7.5 million in 2020 to a call under Greece's national programme to subsidise the operation of semi-independent-living apartments for unaccompanied minors above 16 years old. The current call covers 500 accommodation places.</p> <p>The EU and its 27 Member States significantly increased their official development assistance for partner countries to almost EUR 67 billion ⁽²⁴⁾ in 2020. The EU and its Member States thereby consolidate their position as the world's leading donor, and have taken a major leap forward towards meeting the target they have committed to for 2030.</p>		<p>Under the implementation of the European Globalisation Adjustment Fund's 'Microsoft 2' case in Finland between 2017 and 2019, EUR 3.5 million in funding from the European Globalisation Adjustment Fund was mobilised to finance measures offered to 883 dismissed workers in support of labour mobility and in cooperation with the European Job Mobility Portal services (i.e. foreign job advertisements and the exchange of experience in online meetings).</p>
	<p>Approximately EUR 4.9 million was invested between 2014 and 2020 to support the testing and eradication of animal diseases such as brucellosis in local sheep, goat and cattle herds and the training of local veterinarians through the Instrument of Financial Support for Encouraging the Economic Development of the Turkish Cypriot Community.</p>		<p>The Cohesion Fund contributed approximately EUR 39 million to Poland's largest project for developing smart electricity distribution networks in seven Polish provinces. The project offers fewer network failures, increased security of supply and better quality of life for nearly 3 million inhabitants, and it is expected to reduce primary energy consumption by 1 054 gigajoules/year, resulting in savings of 98 megawatt hours/year.</p>
	<p>The LIFE programme has contributed EUR 10 million to the Polish integrated project Małopolska, which was launched in 2013 and aims to reduce fine particle pollution ⁽²⁵⁾.</p> <p>EU interventions for improved diets and breastfeeding, household resilience, food security, healthcare and the reduction of stunting reached almost 20 million women, adolescent girls and children in 2013-2019 under the Development Cooperation Instrument.</p>		<p>The LIFE material match making platform enabled waste reduction amounting to about 60 000 tonnes (a 10% reduction within the context of the project) from October 2016 to December 2019, through the systematic application of eco-design techniques to facilitate the recovery and reuse of parts that would previously have become waste.</p>
	<p>In Belgium, thanks to European Social Fund support in the amount of approximately EUR 3.6 million, since 2015 the TechnocITé Competence Centre has helped more than 9 000 people develop new skills in the fields of information and communications technology through qualifying and continuous training in one of the 20 courses organised in these fields. The project will run until the end of 2021.</p>		<p>Under the Connecting Europe Facility action, a maximum contribution of approximately EUR 14 million was allocated to the 'AMBRA-Electrify Europe' action to support the deployment between 2018 and 2022 of 6 458 electrical supply points at 3 169 electric charging stations for electric vehicles on six trans-European transport network core network corridors in Spain, Italy and Romania.</p>

⁽²⁴⁾ This is a 15% increase in nominal terms and equivalent to 0.5% of the collective gross national income, up from 0.4% in 2019, according to preliminary figures published by the Organisation for Economic Co-operation and Development's Development Assistance Committee. The commitment for 2030 is 0.7%.

⁽²⁵⁾ The reduction in fine particle emissions targeted by 2023 is about 25 000 kilograms per day for particles smaller than 2½ microns and 21 000 kilograms per day for particles smaller than 10 microns.

	<p>The Erasmus Mundus master's degree in women's and gender studies was funded in 2019 with a total budget of EUR 4.5 million for the following 5 years. Its mission is to produce gender experts able to contribute to greater equality between men and women, and the consortium consists of six universities in four Member States and the United Kingdom.</p>		<p>To date, the European Maritime and Fisheries Fund has funded nearly 15 000 projects on preserving the marine environment and ensuring better resource efficiency.</p>
	<p>In 2020, the Copernicus Land Monitoring Service systematically provided near-real-time information on 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.</p>		<p>In the 2014-2020 period, the common agricultural policy's rural development support planned for organic farming amounted to EUR 11.2 billion. Furthermore, the share of the EU's agricultural area used for organic farming increased from 5.9% in 2012 to 8.5% in 2019, corresponding to an increase from 9.46 to 13.79 million hectares.</p>
	<p>The European Fund for Strategic Investments helped provide renewable energy to approximately 14.5 million households and save over 7 150 gigawatt hours of energy per year.</p>		<p>At the end of 2020, actions worth EUR 501 million to counter terrorism and prevent and counter violent extremism outside of the EU were ongoing. This represents an 8% increase compared to the previous year.</p>
	<p>The European Regional Development Fund contributed EUR 1.2 million to the 'house of digitalisation' project in Lower Austria. The project supported regional companies in strengthening their online trading opportunities in the midst of the COVID-19 crisis through the development of a mobile application allowing small enterprises to quickly and easily become involved in online retailing.</p>		<p>In 2014-2020, creative Europe – MEDIA supported 114 co-productions and 83 distribution deals between EU and developing-country partners.</p>
	<p>Galileo's search-and-rescue service allows the time required to detect emergency distress beacons to be reduced to less than 10 minutes. As from 2020, a response is sent to the distress beacon in less than 15 minutes, acknowledging that the request has been received and that help is on the way, a unique new feature offered only by Galileo.</p>		

Promoting gender equality

The Commission's long-standing commitment to gender equality has been reaffirmed with the adoption of the 2020-2025 gender equality strategy ⁽²⁶⁾, which states the Commission's strengthened commitment to achieving a Union of equality. The Commission has embedded gender mainstreaming into the strategy and has established gender equality and equal opportunities for all as cross-cutting objectives for all policy areas. The strategy sets out policy objectives and actions to achieve significant progress towards a gender-equal Europe by 2025.

⁽²⁶⁾ <https://europa.eu/!QR89gN>

On 25 November 2020, the College of Commissioners adopted the joint communication on the gender action plan III (2021-2025) ⁽²⁷⁾ to contribute to achieving a world of equality. In line with its commitment under the gender equality strategy, and as reaffirmed in the interinstitutional agreement accompanying the 2021-2027 multiannual financial framework, the Commission is working on developing a methodology to measure expenditure relating to gender equality in the 2021-2027 long-term budget, with a view to further reinforcing gender mainstreaming in the post-2020 programming period.

The following infographic presents examples of the EU budget's multifaceted contribution to the promotion of gender equality in the 2014-2020 programming period.

Under priority 6 of the **rural development policy**, the European Agricultural Fund for Rural Development supports the development of basic services in rural areas and for local initiatives. This helps to address the particular challenges that women may face in some rural areas and in the agricultural sector, such as the lack of good-quality basic services (e.g. childcare, broadband and transport).

The **programme for the competitiveness of enterprises and small and medium-sized enterprises** supports the WeGate platform, with more than 2 000 members, which creates a network where women entrepreneurs and would-be entrepreneurs can do business together and can benefit from services that can help their businesses grow, such as access to finance, mentoring and coaching, including on financial literacy.

The 'nidi gratis' ('free kindergarten') initiative in the Lombardy region of Italy, with a total budget of about EUR 70 million, was supported by the **European Social Fund** with the aim of reducing gender gaps in employment. So far, it has provided 30 000 low-income families with free access to kindergartens for their 0-3-year-old children.

Under the Horizon 2020 'science with and for society' work programme, over EUR 83 million has been allocated to more than 40 collaborative projects and other actions on gender equality in **research and innovation**, benefiting around 300 organisations.

The 'Police' strand of the **Internal Security Fund** supported the activities of the European Multidisciplinary Platform Against Criminal Threats, the results from which in 2019 in the field of trafficking in human beings included 825 arrests and 1 307 potential victims.

In 2019 and 2020, the Commission allocated approximately EUR 56 million to preventing and responding to sexual and gender-based violence and approximately EUR 45 million to reproductive health from its humanitarian health programmes.

With the support of the **Development Cooperation Instrument**, and in the light of the upsurge in domestic violence against women and children triggered by the COVID-19 crisis, in 2020 the EU–United Nations Spotlight initiative redirected over EUR 20 million to boost prevention and to increase support for victims and for women's grassroots organisations that provide essential services.

The **European Regional Development Fund** has provided EUR 573 000 to support the 'Gendered landscape – gender + equal + cities' project, which creates awareness among urban planners and decision-makers in seven EU cities about how gendered power structures are perpetuated in cities and how to use this knowledge to make their policies and services gender equal.

⁽²⁷⁾ Joint communication to the European Parliament and the Council – EU gender action plan (GAP) III – an ambitious agenda for gender equality and women's empowerment in EU external action (JOIN(2020) 17) (https://ec.europa.eu/international-partnerships/system/files/join-2020-17-final_en.pdf). For further information: https://ec.europa.eu/commission/presscorner/detail/en/IP_20_2184



Strasbourg, 8.6.2021
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ANNEX 1 – 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 - Financial Year 2020

1.2. Single market, innovation and digital

The EU budget contributes to research and innovation investment intended not only to keep the EU at the competitive edge of today's global markets, but also to strengthen its leadership in future. It provides research and innovation funding, including targeted support for small and medium-sized enterprises, which represent 99% of businesses in the EU. These programmes and initiatives also contribute to all the political priorities of the von der Leyen Commission, with an emphasis on the European Green Deal, a Europe fit for the digital age and an economy that works for people. **In the 2021-2027 long-term budget, the initiatives in this domain are grouped together under the heading 'Single market, innovation and digital'.**

1.2.1. Research and infrastructure investments support the European Green Deal

More than ever, the EU budget is a catalyst for the transformation of Europe into a climate-neutral continent by 2050. For that to happen, investment needs to be focused on the dual green and digital transitions, to sustain economic growth. Hence the importance of investing in research and innovation, through programmes like **Horizon 2020**. This programme aids the green transition and climate action by supporting research projects and helping energy-intensive industries reduce their carbon footprint. These activities are key to adapting to the circular economy⁽²⁸⁾, and to exploring new forms of sustainable consumption by reducing single-use plastics⁽²⁹⁾.

S2S4E is a Horizon 2020 project that is active across the EU⁽³⁰⁾ and contributes to developing a clean and resilient energy system. The project has developed a decision-support tool combining climate forecasts and key energy indicators, with the objective of making the energy sector more resilient to climate variability and change. The tool supports energy operators in optimising energy production from renewable sources and favouring the wider integration of renewable energy into the grid, and also contributes to decarbonising the energy system.

The green transition is a journey that includes many different areas, from improving transport infrastructure to finding new ways of creating energy. For advancing the latter, the EU's collaboration in the **ITER project**, which aims to demonstrate the feasibility of fusion as a sustainable energy source, is key. The manufacturing of the main components has begun and is progressing well, the construction of the main buildings has been completed and the assembly of the experimental device has commenced. In July 2020, the ITER Organization officially launched the assembly phase of the device's reactor, under the patronage of French President Emmanuel Macron. (Photo © ITER organization, <http://www.iter.org/>)



The **Connecting Europe Facility** has funded projects for safer, smarter and greener transport infrastructure, such as better cross-border rail links, inland waterway transport infrastructure, improved urban infrastructure and multimodal logistics platforms, contributing more than EUR 2 billion in co-funding and triggering an

⁽²⁸⁾ See Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A new circular economy action plan for a cleaner and more competitive Europe (COM(2020) 98).

⁽²⁹⁾ Following the directive on single-use plastics, such products will be banned from 3 July 2021 (Directive (EU) 2019/904).

⁽³⁰⁾ Twelve partner organisations are cooperating on this project, from France, Germany, Italy, Norway, Spain, Sweden and the United Kingdom.

overall investment of more than EUR 4.5 billion. Investment to boost the sustainability and security of energy supplies included EUR 800 million for priority infrastructure, EUR 750 million for projects with cross-border benefits and EUR 215 million for Baltic gas infrastructure connecting Denmark and Poland with Norway.



Furthermore, the European Union launched **Copernicus Sentinel-6**⁽³¹⁾, an Earth observation satellite, on 21 November 2020. It uses the latest radar technology to gather data on the topography of the oceans, including vital measurements on rising sea levels. These data are essential for climate science and policymaking and to protect the lives of millions of people at risk from a rise in sea levels. Copernicus currently has eight satellites in orbit, producing and providing high-quality, free and open observation data every day, followed by more than 400 000 registered users on the European data-access points.

The **Copernicus climate change service** works together with businesses across the globe to turn raw climate data into sector-specific information aimed at users within the field, such as businesses, researchers and policymakers. One of these projects is the **global biodiversity service**, which aims to support those working to preserve species, to protect the areas that are most climate sensitive, to increase the resilience of ecosystems and to reduce biodiversity loss around the world by providing the information needed to create plans to sustain ecosystems under present and future climate conditions. (Photo © ESA/ATG medialab)

1.2.2. The EU budget invests in Europe's digital future

The von der Leyen Commission presented an ambitious strategy in its digital package of 19 February 2020⁽³²⁾. The **Connecting Europe Facility** deployed **digital service infrastructures** that ensure the cross-border interoperability of online services for citizens, businesses and public administrations in the EU. For instance, almost EUR 630 million has been invested in the EU-wide interoperability of specific digital services such as eHealth, public open data, electronic identification and cybersecurity. Another important building block of the EU's autonomous digital future is having the capability of processing vast amounts of data for a wide range of purposes and applications. The investments undertaken in 2020 for the acquisition of **high-performance computers** (amounting to EUR 158 million) via the European High-Performance Computing Joint Undertaking pave the way for this goal to be achieved in the near future.

Projects to build new capabilities in the areas of artificial intelligence and robotics, advanced computing, microelectronics, photonics, future internet, content technologies and cybersecurity were among the initiatives funded under **Horizon 2020**. The protection of consumers is also fundamental in shaping our digital future. Under the **rights, equality and citizenship** programme, the Commission supported an expert group that helped it analyse the safety and liability implications of artificial intelligence, the internet of things, robotics and other emerging digital technologies.

The Horizon 2020 project **cost-effective neural technique to alleviate urban flood risk**⁽³³⁾ developed a new approach to the real-time control of sewer networks to reduce local flood risks in urban areas. These projects support the digital transformation as a critical enabler in attaining the sustainability goals of the

⁽³¹⁾ More information on the Sentinel-6 satellite is available online (http://www.esa.int/Applications/Observing_the_Earth/Copernicus/Sentinel-6).

⁽³²⁾ European Commission, *Shaping Europe's Digital Future*, Publications Office of the European Union, Luxembourg, 2020 (https://ec.europa.eu/info/files/communication-shaping-europes-digital-future_en). This ambition was confirmed by the Council conclusions on shaping Europe's digital future, adopted on 9 June 2020 (<https://www.consilium.europa.eu/media/44389/st08711-en20.pdf>).

⁽³³⁾ For more information on the project, see: <https://www.sheffield.ac.uk/centaur>

European Green Deal by contributing to the EU's climate ambition and the zero-pollution ambition, as well as mobilising industry for a clean and circular economy.

Space technologies, data and services can strengthen the EU's industrial base by supporting the development of innovative products and services, including the emergence of cutting-edge innovative technologies. To give just one example, Galileo, the satellite navigation component of the EU space programme, strengthened its presence on the market in 2020 by reaching more than 2 billion Galileo-enabled smartphones. With Galileo, the positioning information provided by mobile devices is more accurate and reliable, particularly in urban areas.



On 5 June 2020, the Commission launched the rapid action coronavirus Earth observation tool in collaboration with the European Space Agency. It uses satellite data to measure the impact of lockdowns and monitor post-lockdown recovery through 185 dashboard economic indicators.

1.2.3. The EU budget provides support to and promotes small businesses and entrepreneurs for an economy that works for people

Small businesses and entrepreneurs are among the strongest drivers of change in the EU economy. Even before the pandemic, the EU had created a set of investment tools to sustain long-term growth in the face of technological change and global competitiveness, in order to address societal challenges and improve innovation, upskilling and improvement of infrastructure, among other aims. Among these tools, **the European Fund for Strategic Investments** had mobilised EUR 547 billion as of December 2020, boosting the EU economy in a sustainable way. It has also contributed significantly to job creation and growth, contributing to the creation of more than 1.1 million jobs under the infrastructure and innovation window and helping to preserve more than 9 million more. Moreover, economic estimates suggest that by 2022, investment under the European Fund for Strategic Investments will increase gross domestic product by 1.9% and add 1.8 million jobs. In June 2020, the Commission set up the **European Innovation Council** as a pilot initiative under Horizon 2020. Its aim is to make direct equity and quasi-equity investments (between EUR 0.5 million and EUR 15 million) in the capital of start-ups and small and medium-sized enterprises. In this pilot phase, 36 such companies have already received funds from Horizon 2020 through the European Innovation Council (nearly EUR 166 million). By May 2020, the companies included in the European Innovation Council Accelerator portfolio had attracted over EUR 5.3 billion in private funding. Moreover, 66% of the companies supported saw an increase in their workforce of 108% over 2 years.

Small and medium-sized enterprises represent 99% of businesses in the EU. For them, the COVID-19 pandemic in 2020 brought to an abrupt halt or even reversed the gains made over the previous decade. Despite the necessary adjustments made, some specific projects showed a growth trend. This was possible due to the financial instruments of the **programme for the competitiveness of enterprises and small and medium-sized enterprises**. By 2020, the **Loan Guarantee Facility** had allowed more than 600 000 small and medium-sized enterprises to receive more than EUR 35 billion in financial support ⁽³⁴⁾.

The **employment and social innovation programme** provided access to microfinance for vulnerable groups and microenterprises, and supported social entrepreneurship. Between 2014 and 2020, EUR 223 million was used in guarantees for loans providing support to 97 271 microenterprises, mobilising an amount of over EUR 1.2 billion in loans. Overall, the instrument is expected to unlock over EUR 4 billion in financing for microenterprises and social enterprises by the end of the borrowing period thanks to the 141 contracts under the programme's microfinance and social entrepreneurship axis.

⁽³⁴⁾ European Investment Fund, 'Competitiveness of Enterprises and SMEs – Loan Guarantee Facility – Implementation update', 2020 (https://www.eif.org/what_we_do/guarantees/single_eu_debt_instrument/cosme-loan-facility-growth/implementation_status.pdf).



Moreover, and due to the pandemic, EUR 714 million from the European Fund for Strategic Investments was redirected to the Loan Guarantee Facility, allowing the European Investment Fund to incentivise banks to provide liquidity to small and medium-sized enterprises affected by the COVID-19 crisis.

Supporting research is one of the key features of Horizon 2020, which through its **Marie Skłodowska-Curie actions** initiative contributed to excellent research, boosting jobs, growth and investment by equipping researchers with the necessary knowledge, skills and international and intersectoral exposure to fill the top positions of tomorrow, thus solving current and future societal challenges. In 2020, it funded 600 research projects relating to climate change. Since 2014, the programme has supported over 11 780 projects with an associated budget of around EUR 6.2 billion.



The EU pledged over EUR 1 billion from Horizon 2020 to tackle the pandemic, of which EUR 781 million has already been mobilised, including at least EUR 350 million to support COVID-19 vaccine development.

With the aim of contributing to the health industry, under the Horizon 2020 innovative medicine initiative eight large-scale projects on treatments and diagnostics have been selected, and a partnership with the pharmaceutical industry has been established (EUR 117 million).

1.3. Cohesion, resilience and values

One important objective of the EU budget is to contribute to the creation of a cohesive and resilient European Union based on common values. This touches upon virtually all policy fields, from the environment and the green transition to digitalisation and innovation or socioeconomic cohesion. The programmes under this heading all support the continued convergence of EU Member States and regions, both through physical infrastructure and socioeconomic measures and by strengthening the EU's resilience against disruptive factors. These programmes work in concert to achieve a safe, prosperous and connected EU.

The budget contributed to **regional development and cohesion** through the European Regional Development Fund and the Cohesion Fund. Both aim at strengthening economic, social, digital and territorial cohesion in the EU, which are all important and visible expressions of solidarity in all Member States.

Based on core EU values, the budget **invests in people** to create and strengthen the EU's economic, social and territorial cohesion⁽³⁵⁾, for example through the European Social Fund, Erasmus+ and the Fund for European Aid to the Most Deprived. They work to improve life for EU citizens by providing training and employment opportunities, investing in the EU's young people and reducing inequalities.

The EU budget also protects and builds resilience. Numerous programmes address disasters and emergencies, including the COVID-19 health and economic crisis. rescEU works to prevent and respond to natural and human-made disasters, while the European Solidarity Corps brings help from young Europeans to those most in need. The EU has mounted an unprecedented response to alleviate the effects of the COVID-19 crisis through a multitude of operations.

In the 2021-2027 long-term budget, these programmes are grouped together under the heading 'Cohesion, resilience and values'. Most are implemented through shared management with the Member States. The performance framework is organised around a number of performance indicators agreed with the Member States and consolidated in July for the previous year. Therefore, 2020 data were not yet available at the time this report was adopted. The Cohesion Data Platform⁽³⁶⁾ provides up-to-date data on investment financing and achievements under the European Structural and Investment Funds.



Funding from the European Regional Development Fund, the Cohesion Fund and the European Social Fund has played a central role in mitigating the impact of the COVID-19 crisis. Exceptional flexibility was offered under the Coronavirus Response Investment Initiatives, allowing EUR 23.3 billion to be mobilised to date.

1.3.1. The EU budget builds a more connected and innovative Europe

Cohesion policy contributes to delivering the EU's key priorities, supporting a smarter and more connected Europe by enhancing mobility, along with innovative and smart economic and digital transformation. Neither physical nor digital connections can be seen separately in this regard, as both serve to bring EU citizens, goods, services and businesses together. A more connected Europe further serves as a stimulating ground for cutting-edge research, as innovation thrives from cooperation. Innovation is crucial to furthering the EU's digital and green transitions.

⁽³⁵⁾ In accordance with Article 174 of the Treaty on the Functioning of the European Union.

⁽³⁶⁾ <https://cohesiondata.ec.europa.eu>

EU spending connects the European Union physically and digitally

Connecting the Member States through rail, road and waterways is vital to an integrated EU, enabling the further development of supported regions by increasing their participation in the internal market. At the same time, the cohesion policy is the largest EU source for modernising network infrastructure in Europe, with over EUR 67 billion allocated under the 2014-2020 programmes.

The European Regional Development Fund is also the main investment tool for the **digitalisation of industry and small and medium-sized enterprises, along with the public sector, and for rolling out broadband**. The cohesion policy furthermore helps to enhance access to, the use of and the quality of information and communications technology. By 2023, investment in the digital economy from the 2014-2020 programme should reach more than EUR 16 billion ⁽³⁷⁾.

Within the framework of its own evaluation activities, the Commission published two staff working documents ⁽³⁸⁾ in 2020 that present the *ex post* evaluation of major projects supported by the European Regional Development Fund and the Cohesion Fund between 2000 and 2013. The first focused on transport and the second on environmental infrastructure projects. These evaluations have confirmed the importance of EU support for these projects in achieving EU objectives.

With support from regional funds ⁽³⁹⁾:

- 1 200 km of railway lines were reconstructed or upgraded;
- 4.6 million households obtained broadband access of at least 30 megabits per second.

The digital transformation strengthens the potential of businesses and can foster innovation. For the workforce, this is only possible if citizens are fully equipped with the skills they need to thrive in the competitive environment that stems from technological advancement. The European Social Fund investments help ensure inclusive and equitable high-quality education and promote lifelong learning opportunities for all, including upskilling in the digital sphere. Moreover, it also supports the digitalisation of public administrations to improve institutional capacity building and enable them to assist citizens swiftly and efficiently ⁽⁴⁰⁾.

Research support and economic transformation create an innovative EU

Improving access to research, establishing innovative small and medium-sized enterprises and creating a productive work environment for researchers are essential for the EU to maintain its position as a **leading centre of research and innovation**. Cohesion policy supports this, with the European Regional Development Fund being one of the main vehicles of research support from the EU budget, along with Horizon 2020. Through the cohesion programmes, EUR 62 billion has been allocated to strengthening research, technological development and innovation, to be invested by 2023.

⁽³⁷⁾ Over EUR 3.5 billion of the investments flowing to the digital economy are channelled to e-government services and applications. EUR 3.8 billion are dedicated to investments in high-speed or very high-speed broadband. Other digital investments include information and communications technology services and applications for small and medium-sized enterprises, intelligent transport systems, e-inclusion, etc.

⁽³⁸⁾ Commission staff working document – *Ex post* evaluation of major projects in transport financed by the European Regional Development Fund and the Cohesion Fund between 2000 and 2013 (SWD(2020) 41); Commission staff working document – *Ex post* evaluation of major projects in environment financed by the European Regional Development Fund and the Cohesion Fund between 2000 and 2013 (SWD(2020) 43).

⁽³⁹⁾ These and all following figures in the boxes are cumulative achievements of 2014-2020 programmes up to the end of 2019.

⁽⁴⁰⁾ The European Social Fund+ for the 2021-2027 period will incorporate three 2014-2020 programmes, namely the European Social Fund, the Fund for European Aid to the Most Deprived and the Employment and Social Innovation programme.

- 8 200 researchers were employed in entities supported by the European Regional Development Fund.
- More than 34 000 companies were able to cooperate with research institutions thanks to regional funding.
- Roughly 17 500 new products were introduced to the market by enterprises supported by the European Regional Development Fund and the Cohesion Fund.

1.3.2. Cohesion spending is key to delivering the green transition

The **transition towards a sustainable future** is a key priority for the EU. A more sustainable future encompasses addressing climate change through both **climate change mitigation actions** (projects that address the underlying causes of climate change to slow it down or halt it) and **climate change adaptation actions** (projects that make the EU's economy and infrastructure resilient against the expected or actual impacts on the climate and enhance preparedness). It also includes investment in biodiversity, water, waste and other environmental priorities. The shift towards a low-carbon economy in all sectors must ensure that the transition is socially just and leaves no one behind.

The European Regional Development Fund and the Cohesion Fund are the important vehicles through which environmental investments are made. The accumulated delays from the beginning of the period, combined with the difficult situation in 2020, resulted in a delay in achieving the results. However, recent trends on the ground lead the Commission to remain confident that these programmes will make a strong contribution to the overall achievement of its green ambitions. The reskilling interventions under the European Social Fund supported citizens in mining regions to gain a greater variety of skills and so to fit for work in non-mining industries. In parallel, more businesses were structurally attracted to the coal-transition areas to diversify the spectrum of opportunities for the local population.

EU funds support the 2050 climate-neutrality target and the just transition

Cohesion funds provide the main investment support for the EU's ambitious climate and energy policies under the European Green Deal, supporting regions and cities on their path to reach the targets of climate neutrality and circular economy by 2050 and contributing to a just transition, in line with the objectives of the EU's recovery plan.

Investments in climate action were set to represent EUR 51 billion ⁽⁴¹⁾ of the funding in the 2014–2020 period. Support for the renovation of buildings remains a key priority, in particular within the framework of the Commission communication on a renovation wave ⁽⁴²⁾.

Cohesion policy has a particular role in **managing the transition towards climate neutrality**. While fighting climate change is a common endeavour, not all regions and Member States are starting from the same point. Cohesion policy fully recognises that there is often an inverse link between economic development and the challenges of climate-proofing the economy. Thus, the Cohesion Fund and the European Regional Development Fund are geared to support climate and environmental objectives in economically less-developed Member States and regions, respectively. The European Social Fund+ complements the efforts with support for reskilling, to enable a just transition to climate neutrality.

⁽⁴¹⁾ The main climate-related fields of intervention are energy-efficient renovation of public infrastructure (EUR 8.9 billion), adaptation to climate change and prevention of climate change-related risks (EUR 6.3 billion), clean urban transport infrastructure (EUR 5.1 billion), energy-efficient renovation of housing stock (EUR 4 billion), railways (EUR 2.9 billion) and cycle tracks and footpaths (EUR 2 billion).

⁽⁴²⁾ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives (COM(2020) 662).

Climate change adaptation measures⁽⁴³⁾ are essential to enhance preparedness and resilience, and to protect EU citizens against the adverse effects caused by climate-driven extreme weather events, which are likely to intensify even if global warming is kept within the 1.5 °C target.

- 2.8 million tonnes of carbon dioxide equivalent and 1 200 gigawatt hours per year of annual primary energy consumption by public buildings were saved as a result of European Regional Development Fund and Cohesion Fund investment.
- An increase in additional renewable-energy production capacity of over 2 000 megawatt hours was achieved thanks to regional funding.
- Almost 7.5 million people benefit from flood protection measures and almost 15.3 million people from forest-fire protection measures through regional funding.
- The European Social Fund supported reskilling of citizens in mining regions. In parallel, more businesses were structurally attracted to the coal-transition areas to diversify the spectrum of opportunities for the local population. These were possible through, for example, the *Kooperative Ausbildung an Kohlestandorten*, a programme from the Land of North-Rhine Westphalia co-financed by European Social Fund with EUR 7.7 million, which supported 1 300 participants between 2014 and 2020.

The EU promotes a green, sustainable environment and protects biodiversity

In addition to climate measures, cohesion-policy investments through the European Regional Development Fund and the Cohesion Fund also support the EU's **nature and biodiversity policies**, for instance by strengthening the Natura 2000 network of protected areas and restoring natural ecosystems. Such investments also contribute to EU objectives in the fields of water quality, air quality and climate change adaptation, which in turn are important for regional development.

At the same time, the cohesion policy ensures that EU citizens have access to clean water and waste recycling, ensuring a healthy living environment across all EU Member States.

Through funding from the 2014-2020 European Regional Development Fund and Cohesion Fund:

- 1.2 million tonnes/year of additional waste recycling capacity has been installed;
- nearly 2.5 million additional people have been provided with an improved water supply;
- more than 1 700 hectares of land have been rehabilitated and nearly 6 million hectares of habitats have achieved better conservation status.

1.3.3. Building an economy that works for people

Beyond infrastructure, it is people that bring the EU together, economically and through shared experiences and values. Both social and economic exchanges encountered particularly difficult challenges during the COVID-19 crisis and EU-wide lockdowns, with citizens unable to cross borders and businesses unable to reach customers. This made it all the more important to support small and medium-sized enterprises in alleviating the economic effects, maintaining competitiveness and finding novel ways to deliver training, networking and contact opportunities to people in the EU.

⁽⁴³⁾ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Forging a climate-resilient Europe – The new EU strategy on adaptation to climate change (COM(2021) 82).

Support for small and medium-sized enterprises is a key focus

The European Regional Development Fund has supported investment in over 613 000 small and medium-sized enterprises, which has helped to create an additional 185 000 jobs and has made an important contribution to economic growth. By the end of 2019, i.e. prior to the COVID-19 outbreak, the forecast rate of job creation, based on the selected projects, had reached 94% of the overall expectations for total job creation by the end of 2023. This demonstrates the strong support that the EU budget was able to deliver, even in times of crisis. It is as yet unclear, however, how the shock of the pandemic will affect the achievements of targets for job creation. Over EUR 57 billion will be invested in improving the business environment and entrepreneurship from the 2014-2020 programmes.

- More than 310 000 small and medium-sized enterprises received non-financial support.
- Approximately 88 000 new small and medium-sized enterprises were supported.
- Private investment of almost EUR 11.5 billion in grants and EUR 2.6 billion in non-grants was leveraged with the help of regional funding.

The EU invests in people

The EU budget also invests directly in people and institutions. It supports the continued professional development of the European workforce, keeping it competitive through training. It also helps ensure that jobs are created in numerous fields and that EU citizens have the opportunity to earn a sufficient livelihood. Since young people represent the future of the European Union, it is of the utmost importance for the EU to ensure that there are opportunities for them, to create jobs and to promote the EU's values.

In particular, the **European Social Fund** had helped 36.4 million people through various projects from 2014 to 2019. Of these, 4.5 million people had found a job and 5.5 million had gained a qualification as a result of EU intervention. This included 2.5 million persons with disabilities as well as 5.6 million migrants and participants with foreign background and 6.5 million disadvantaged people.

The specific **Youth Employment Initiative** supports young people living in regions with particularly high youth unemployment. By the end of 2019, nearly EUR 6 billion was paid to Member States and 3 million young people were in education and training as a result of the support.

More widely, the **Youth Guarantee, reinforced in 2020**, provides the EU's policy framework in the fight against youth unemployment. Since 2014, it has ensured that more than 31 million young people⁽⁴⁴⁾ have taken up an offer of employment, education, training or apprenticeship.

The 2020 Commission evaluation⁽⁴⁵⁾ of the European Social Fund and the Youth Employment Initiative found that EU support has provided clear benefits, as it has increased the number and range of young people receiving support and raised the profile of youth employment issues across the EU. Both are the most prominent spending channels supporting the implementation of the European Pillar of Social Rights⁽⁴⁶⁾.

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⁽⁴⁵⁾ Commission staff working document – Evaluation of the ESF and YEI support to youth employment (SWD(2020) 216).

⁽⁴⁵⁾ Commission staff working document – Evaluation of the ESF and YEI support to youth employment (SWD(2020) 216).

⁽⁴⁶⁾ https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights_en

2019, 3 million ⁽⁴⁷⁾ young people along with a further 1.8 million people were in education and training as a result of the support received from both the European Social Fund and the Youth Employment initiative ⁽⁴⁸⁾. Both are the most prominent spending channels supporting the implementation of the European Pillar of Social Rights ⁽⁴⁹⁾ and cover a wide range of participants by targeting all people in need. From this perspective, by the end of 2019, 2.5 million persons with disabilities benefitted from support as well as 5.6 million migrants and participants with foreign background and 6.5 million disadvantaged people.

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Erasmus+ offers opportunities for learners and staff of all ages to study, train and volunteer within Europe and beyond. In 2020, almost EUR 3 billion from the EU budget was spent on education through this programme (+ 4% compared to 2019). Due to the COVID-19 crisis, Erasmus+ encountered formidable challenges in sending people abroad. While this resulted in almost 30% fewer people going abroad, in 2020 Erasmus+ still provided nearly 700 000 people with the opportunity to experience life differently, in higher education, in vocational training and through various other exchange possibilities. The sometimes life-changing effects of these experiences are making an important contribution to improving employment prospects ⁽⁵¹⁾ and promoting the idea of EU citizenship. Over its more than 30 years of existence, Erasmus+ has increased its scope, involving more and more citizens and leading to a total of more than 10 million mobility periods since 1987.



To respond to the outbreak of the COVID-19 pandemic, the maximum possible flexibility and support measures within the applicable legal framework were activated for Erasmus+ to allow participants and beneficiary organisations to adapt to the extraordinary circumstances. The programme has proved its resilience and adaptability to a unique and unprecedented context. The number of projects submitted showed only a very minor decrease.

Support and co-financing for the **Erasmus for young entrepreneurs programme** gave 1 300 newly established and aspiring entrepreneurs the opportunity to train with an experienced person running a small or medium-sized enterprise in another country.

The **European Solidarity Corps** created opportunities to volunteer or work for a large variety of projects at home or abroad, with funding of EUR 170 million (+ 16% compared to 2019). These projects span a wide range of domains, such as education and training, citizenship and democratic participation, the environment and natural protection, migration and culture.

The **Fund for European Aid to the Most Deprived** is providing much needed food and basic material assistance to the most vulnerable of our society. It reaches on average 12.5 million people every year. The food and basic goods support is complemented by accompanying measures providing guidance and advice aiming at the social inclusion of the most deprived people. In 2019, an estimated 12.2 million people

⁽⁴⁷⁾ Communication from the Commission to the European parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Youth employment support: a bridge to jobs for the next generation (COM(2020) 276).

⁽⁴⁸⁾ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Youth employment support: A bridge to jobs for the next generation (COM/2020) 276) (<https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52020DC0276>).

⁽⁴⁹⁾ https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights_en

⁽⁵⁰⁾ Commission staff working document – Evaluation of the ESF and YEI support to youth employment (SWD(2020) 216).

⁽⁵¹⁾ European Commission, *The Erasmus Impact Study – Effects of mobility on the skills and employability of students and the internationalisation of higher education institutions* (https://ec.europa.eu/assets/eac/education/library/study/2014/erasmus-impact-summary_en.pdf).

benefited from food assistance (345 000 tonnes of food were distributed), over 800 000 people received material assistance, and 30 000 benefited from social inclusion support.



The cultural and creative sectors were among the hardest hit by the COVID-19 pandemic crisis in 2020. Due to this external shock, adaptations were essential and flexible measures were introduced, such as switching in-person project activities to an online format. The media subprogramme also provided additional support for Europa Cinemas members suffering from forced closures (with a total of EUR 16 million). Nonetheless, the COVID-19-related restrictions meant that the subprogramme underperformed in relation to some indicators, in particular in terms of the size of in-person audiences at events.

1.3.4. The EU budget protects the livelihoods of EU citizens

Bringing the EU closer together on the basis of its shared values includes improved protection. Here, the EU is continuing to show solidarity within its borders by coordinating and financing disaster-relief efforts. Disasters have affected every region of the EU in recent years, causing hundreds of casualties and billions of euro in damage. Epidemics, flash floods, storms, forest fires, earthquakes and human-made disasters are continually putting Member States' response capabilities under pressure. Additionally, security concerns have intensified and climate change is expected to worsen the impact of disasters in the future.

As an additional safety net, the European Commission created a strategic rescEU medical reserve and distribution mechanism under the umbrella of the **EU Civil Protection Mechanism**. The reserve enables the swift delivery of medical equipment such as ventilators and personal protective equipment. The stockpile, currently hosted by nine EU Member States (Belgium, Denmark, Germany, Greece, Hungary, the Netherlands, Romania, Slovenia and Sweden), allows the EU to react to health crises more quickly. Over 3 million items of personal protective equipment were distributed to the countries that needed them most. More medical and personal protective equipment is constantly being acquired to replenish the rescEU reserve.

Under the scope of rescEU, the following activities were carried out.

- 3.8 million items of personal protective equipment were provided to health services (e.g. 2 million masks and 1.4 million gloves).
- Denmark, responding to Slovakia's request for medical staff to help treat COVID-19 patients, offered to send three doctors and five nurses via the EU Civil Protection Mechanism. Belgium offered to deploy a doctor, two nurses and a team leader to Slovakia. There were 45 activations of the Civil Protection Mechanism inside the EU in 2020, with a 100% response rate.
- For the 2020 forest-fire season, the European Commission co-financed the standby availability of a rescEU **firefighting fleet** to address potential shortcomings in Member States' responses to forest fires. The 2020 fleet was composed of a total of 17 aircraft (eight Canadairs, one De Havilland Canada DHC-8, two Air Tractors and six helicopters).

The **fight against online disinformation** is essential for protecting our democracies and societies. For this reason, in addition to policy initiatives, last year the Commission provided funding (EUR 2.5 million) for the creation of the European Digital Media Observatory, whose purpose is to support the work of multidisciplinary communities composed of fact checkers, academic researchers and media literacy professionals.

The EU also protects against the worst forms of poverty. The **Fund for European Aid to the Most Deprived** effectively provides much-needed food and basic material assistance to an average of 12.5 million people every year. The food and basic goods are complemented by measures providing guidance and advice aiming to ensure the social inclusion of the most deprived people.

1.4. Natural resources and environment

The EU budget aims to safeguard natural resources, protect the environment and fight climate change. It is a crucial factor in implementing the green transition, improving food safety and quality, supporting jobs and tackling rural challenges, including in the light of the COVID-19 crisis. It does so via multiple funds, including the European Agricultural Guarantee Fund, the European Agricultural Fund for Rural Development, the European Maritime and Fisheries Fund and fisheries agreements, and the LIFE programme. The budget allocated to the programmes in this area amounted to almost EUR 60 billion in 2020, representing 35% of total annual budget expenditure. **In the 2021-2027 long-term budget, the initiatives in this area are grouped together under the heading ‘Natural resources and environment’.**

1.4.1. The EU budget supports sustainable agriculture and fisheries, protects natural resources, fights climate change and preserves biodiversity

Various aspects need to be addressed for the greening of the agricultural sector, such as reducing greenhouse gas emissions, transitioning to sustainable agriculture and preserving biodiversity. The EU budget supports and promotes these changes, mainly through the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development, but also with the LIFE programme.

The European Agricultural Guarantee Fund supports farm income through **direct payments**, 30% of which are linked to farmers’ three agricultural practices that benefit the environment: crop diversification, the maintenance of permanent grassland and the preservation of ecological areas on farms.

The total share of the EU’s agricultural area covered by practices beneficial for the environment increased from 75% in 2015 to 79% in 2019, and the area under organic farming increased from 8.0% in 2018 to 8.5% in 2019. However, a number of measures linked to farmland biodiversity did not show the desired impact, as was also found by the European Court of Auditors⁽⁵²⁾, which furthermore raised concerns about the protection of wild pollinators⁽⁵³⁾. Moreover, the reduction in greenhouse gas emissions from EU agriculture, whether from livestock or soil management, has stagnated in recent years, and has even reversed in some Member States.

The farm-to-fork and the biodiversity strategies, adopted in 2020, aim to ensure a transition to sustainable agriculture by, inter alia, setting a number of targets for 2030, and to strengthen the contribution of the common agricultural policy to tackling the climate crisis, protect the environment and preserve biodiversity. The future national strategic plans should translate this ambition into concrete actions, in line with the recommendations issued in December 2020. Important challenges remain, notably in terms of the environmental impact of the common agricultural policy, of climate change mitigation and adaptation, and of meeting the 2030 targets.

Two external evaluation support studies, published in March 2020, assessed the impact of the common agricultural policy on habitats, landscape and biodiversity, and on water. The study on biodiversity concluded that the presence of the common agricultural policy has raised Member States’ ambitions in addressing biodiversity objectives as well as the level of funding. However, the policy’s contribution and benefits are highly dependent on Member States’ implementation choices and priorities. The study on water found the common agricultural policy framework to be effective in maintaining minimum practices that are beneficial for water quality. Again, the implementation choices by Member States are a determining factor, with only a few measures actually supporting operations directly targeting water quality and quantity issues. The absence of suitable monitoring data was identified as a limitation in both studies. The two studies, along with a third evaluation support study on soil (published in February 2021) form the basis of a Commission evaluation staff working document that is expected to be published in the second half of 2021.

⁽⁵²⁾ European Court of Auditors, *Special Report 13/2020 – Biodiversity on farmland: CAP contribution has not halted the decline*.

⁽⁵³⁾ European Court of Auditors, *Special Report 15/2020 – Protection of wild pollinators in the EU: Commission initiatives have not borne fruit*.

Concerning **rural development**, the European Agricultural Fund for Rural Development supports the transition to green and sustainable production. At the end of 2019, the fund had, for example, already reached its targets set for 2023 under its objective of restoring, preserving and enhancing ecosystems relating to agriculture and forestry, notably by supporting land-management practices that are beneficial for biodiversity, water and soil. Climate action is also directly addressed by the fund, although with fewer means, notably through investment in renewable energy or areas under management contracts to reduce greenhouse gas emissions. In 2020, compensation for the costs or income forgone of implementing practices beneficial for the environment and the climate allowed farmers to stay in the market and to continue delivering public goods.

The LIFE programme addresses the green transition through focused actions relating to the protection of nature and biodiversity, climate action, awareness raising and supporting the implementation and enforcement of environmental and climate legislation and policies. This includes actions that contribute to the transition towards sustainable food systems along the whole food value chain, seek to protect, reduce negative impacts on, preserve and improve the quality of water, air, and soil and contribute to the protection of biodiversity, as well as encourage environmentally friendly agricultural practices for the protection of threatened species, land, forests and water, and promote sustainable nutrient management in agriculture. The LIFE programme also seeks to improve resource efficiency and supports climate change mitigation and adaptation actions. LIFE has for example increased resilience to the climate crisis for at least 650 000 people by adopting new processes and technologies developed to counter extreme weather events.

The common fisheries policy also puts a strong emphasis on greening fishing practices. As an example, in 2020, further progress was achieved towards more sustainable fisheries: in the North-East Atlantic, stocks are broadly fished at healthy levels, although some challenges remain; in the Mediterranean and the Black Sea, some stocks saw slight recovery, but many remain overexploited, and therefore emphasis was put on action to address this situation. Finally, in the EU, 20% of fishing gear is lost at sea and is the source of a third of the marine litter found in European seas. To address this situation, standardisation authorities will have to address requests for the circular design of fishing gear. The major challenges relating to achieving good environmental/conservation status are linked to implementation gaps and a lack of ambition and resources ⁽⁵⁴⁾.

- 79% of the EU's total agricultural area was subject to at least one greening obligation under the common agricultural policy by 2019.
- Via the European Maritime and Fisheries Fund, 5 000 operations relating to the better management of the Natura 2000 network and other marine protected areas had been supported by the end of 2019, along with 8 445 projects addressing the environment and resource efficiency.
- Under the LIFE programme for 2014-2020, 1.7 million hectares of natural and semi-natural habitats are being improved or maintained, and action is ongoing to improve conditions for 247 wildlife species.
- LIFE Diademe developed a new adaptive street-lighting system integrating sensors for noise, traffic and air quality ⁽⁵⁵⁾. The project successfully reduced the greenhouse gas emissions and energy consumption of cities, generating significant economic savings. The system is now used in Rome, Piacenza and Rimini, and is ready to be commercialised on the market.

⁽⁵⁴⁾ Report from the Commission to the European Parliament and the Council on the implementation of the marine strategy framework directive (Directive 2008/56/EC) (COM(2020) 259); Commission staff working document – Fitness check of the EU nature legislation (birds and habitats directives) – Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds and Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (SWD(2016) 472).

⁽⁵⁵⁾ <https://www.diademe.it/en/>

1.4.2. EU action helps achieve better food safety and quality for all EU citizens

Ensuring sustainability in agriculture yields positive effects for EU citizens: both the European Agricultural Guarantee Fund and European Agricultural Fund for Rural Development are key to ensuring viable food production, food safety and security. The EU school fruit, vegetables and milk scheme reached over 19 million children in the 2018/2019 school year, and several educational measures were funded, including tasting classes and visits to farms.

Sustainability, food safety and quality are also addressed in the fishing sector, notably through the promotion of aquaculture. Having already exceeded in 2016 the production target level set for 2020, aquaculture is a strong and growing sector in the EU that will continue to play a key role in the future in providing sustainable food that is safe, nutritious and of high quality. In practice, close to half of the budget of the European Maritime and Fisheries Fund that was allocated to innovation related to aquaculture, supporting the move to more efficient systems with less impact and better-quality produce.

An interim evaluation of the direct management component of the European Maritime and Fisheries Fund was published in October 2020. The evaluation concluded that this part of the fund is relevant in meeting the objectives of the EU's maritime and fisheries policies. It is effective and efficient in that the results could not have been achieved at a lower cost and would not have happened without EU financial support. Nevertheless, beneficiaries of grants and contracts did report that some of the procedures were administratively heavy. Additionally, there is a need for key performance indicators to help demonstrate the results and impacts in a more structured way.

Finally, the **international ocean governance** agenda saw further progress in 2020. Challenges and solutions for better ocean governance were discussed in the EU Stakeholder Forum for International Ocean Governance. A negotiation mandate adopted in 2020 provided the starting point for the EU's efforts to reach an agreement that would prevent unregulated high-seas fisheries in the central Arctic Ocean. The EU, through regional fisheries management organisations, further promoted the sustainable management of stocks, supported by scientific advice, compliance actions and the fight against illegal fishing.

1.4.3. The EU provides essential support to farmers and coastal communities and helps face challenges in rural areas

The EU budget provides valuable support, which is fundamental for the development of the EU's rural areas, to millions of beneficiaries in the agricultural sector ⁽⁵⁶⁾.

A system of schemes and interventions is implemented to attract young people to agriculture and facilitate business development in rural areas – such as by developing local processing capabilities. The share of agricultural holdings with support for business development / investments for young farmers has increased significantly over the last few years. While common agricultural policy measures on generational renewal have had a positive impact on attracting young people to rural areas and improving employment, it remains difficult to isolate the effects of individual measures due to the strong influence of external factors, including difficulties with access to land and capital that depend mostly on national legal, social and fiscal policies.

In addition to the agricultural sector, the European Agricultural Fund for Rural Development also creates tens of thousands of jobs via its projects, with the objective of addressing social inclusion and poverty reduction. This is part of the fund's objective to support wider challenges in rural areas. Through its various initiatives, according to targets aggregated from the 2014-2020 rural development programmes, during this period the

⁽⁵⁶⁾ There were approximately 6.2 million beneficiaries of direct support schemes, around 3.5 million beneficiaries of rural development measures and some 0.10 million beneficiaries of market measures in the 2020 financial year. The number of direct support beneficiaries has dropped from 6.5 million in the last couple of years, mainly due to structural adjustments in the European agricultural sector. In the fishing and coastal community sectors, at least 100 000 fishers had been supported by the European Maritime and Fisheries Fund by the end of 2019, and 15 000 jobs had been created or maintained through sustainable fisheries partnership agreements.

common agricultural policy helped 17 million people living in rural areas benefit from improved access to information and communication technology services and infrastructure. A long-term vision for rural areas, to address the multiple challenges they face (from demographic change to connectivity, the risk of poverty and limited access to services), is currently under preparation. A large consultation with several different streams has already taken place, designed to pay particular attention to people living in rural areas as well as local and regional authorities. It will be combined with the evaluation of the common agricultural policy in terms of its impact on territorial development and with a forward-looking exercise. The vision aims to address challenges and concerns by building on the emerging opportunities of the EU's green and digital transition and by identifying means to improve rural quality of life, ensuring coherence, consistency and complementarities between policies to benefit rural areas and communities. It will also contribute to future-proofing of the agricultural system and help boost its resilience, by looking at the capacities of the sector and making the most of any opportunities.

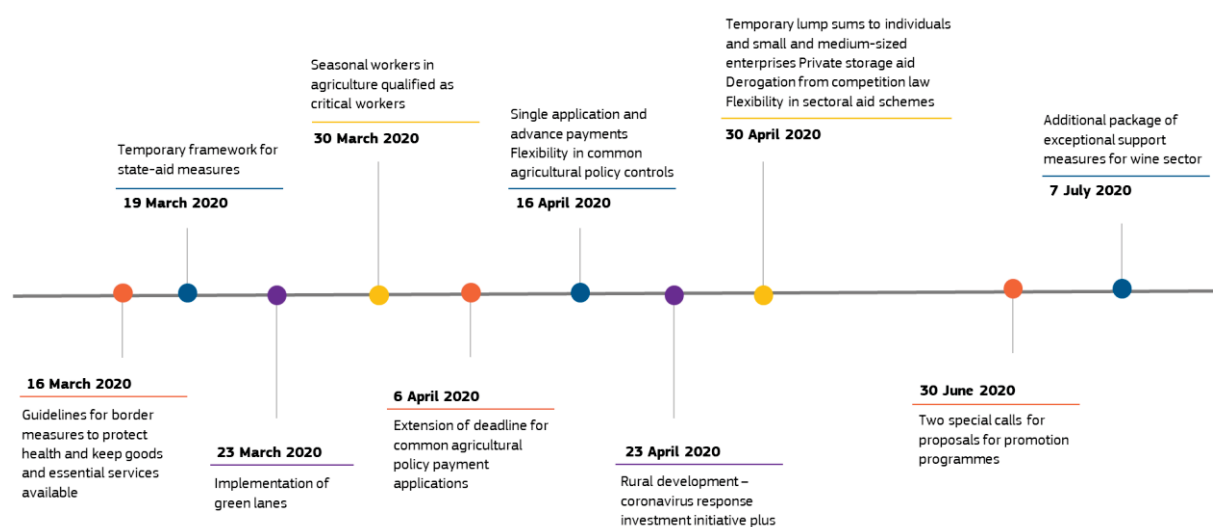
Multiple facets of the coastal communities received support through the European Maritime and Fisheries Fund. At the end of 2019, the fund supported nearly 15% of the active fishing fleet, along with more than 4 000 vessels in small-scale coastal fisheries. The fund also addresses the challenges facing the outermost regions, notably to ensure that fishing and aquaculture products produced in those regions benefit from a level playing field.

- 6.2 million farmers benefited from direct payments in the 2020 financial year, and 500 000 farmers benefited from the young farmers scheme.
- As part of the European Agricultural Fund for Rural Development, 1.5 million beneficiaries had received vocational training in agriculture by the end of 2019 – with the goal of reaching 3.6 million beneficiaries by 2023.

1.4.4. EU action helped farmers and coastal communities to mitigate the challenges posed by the COVID-19 pandemic

In 2020, both the agricultural and fisheries funds proved agile when it came to addressing the issues faced due to the COVID-19 crisis. In the agricultural sector, several measures on simplification and greater flexibility were put in place to prevent negative consequences.

Examples of concrete measures taken in 2020 to support the common agricultural policy in addressing the COVID-19 crisis.



In response to the COVID-19 pandemic, **market measures** provided the necessary support to make farm income viable and to enhance food security. The EU budget financed private storage aid for dairy and meat products to stabilise the markets by temporarily reducing the available supply. The temporary easing of competition rules through a COVID-19-specific State-aid framework helped further address the severe market imbalance, and thus helped farmers and their associations in hard-hit sectors (e.g. milk, potatoes, flowers, wine). Exceptional market measures allowed more flexibility in market-support programmes (e.g. fruits, vegetables, olives and olive oil, apiculture, wine). Flexibility was also provided in the EU school fruit, vegetables and milk scheme, due to school closures, as well as in the management of trade. Rural development programmes were allowed more flexibility, and rules were simplified to provide exceptional temporary support under the European Agricultural Fund for Rural Development.

Fisheries and aquaculture were also among the sectors most immediately affected by the disruption caused by the COVID-19 outbreak. A first package of support measures was adopted in March 2020 under the coronavirus response investment initiative while the temporary easing of competition rules through the COVID-19-specific State-aid framework helped to ensure that sufficient liquidity remained available in the market.



A special 'Adapting to COVID-19 Award' went to Italy's LIFE Prepair project for its work during the COVID-19 crisis. This project tackles air pollution caused by traffic, domestic heating, industry and energy production.

1.5. Migration and border management

In 2020, more than EUR 1.7 billion⁽⁵⁷⁾ was dedicated to migration and border management through the **Asylum, Migration and Integration Fund**, the **Internal Security Fund** and the **four agencies** established in the area of migration and home affairs: the European Asylum Support Office, the European Border and Coast Guard Agency, the European Union Agency for Law Enforcement Cooperation and the European Union Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice. **In the 2021-2027 long-term budget, the initiatives in this area are grouped together under the heading ‘Migration and border management’.**

1.5.1. The EU budget supports solidarity between the Member States in addressing migration challenges and protecting people in need

Supporting solidarity between Member States

- 32 256 asylum seekers and beneficiaries **transferred from one Member State** to another with the support of the Asylum, Migration and Integration Fund during the 2014-2020 period.

Despite the relatively small size of the funds involved in comparison with the significant challenges, the main benefit of action at the EU level arises from the benefits of burden sharing. Member States that were under greater migration pressure received support to improve their asylum systems and reception capacities, and were provided with urgent and strategic operational support, ensuring the fair sharing of responsibilities. By the end of January 2021, the total amount of emergency assistance provided since 2014 had reached over EUR 2.4 billion⁽⁵⁸⁾, allowing several Member States, including Greece, Spain and Italy, to save lives at sea, to improve reception facilities for arriving migrants, to provide basic healthcare and to protect vulnerable groups. The role of the emergency assistance tool under the 2021-2027 multiannual financial framework will remain critical in addressing unforeseen events linked to the volatile migration situation.

As the arrival of migrants continues across the Mediterranean, voluntary solidarity in the shorter term, through the relocation of asylum seekers and beneficiaries from one Member State to another, can help build confidence among Member States. Since 2019, the Commission has been coordinating the voluntary relocation of asylum applicants disembarked in Italy and Malta after rescue operations in the central Mediterranean to other Member States that are voluntarily showing solidarity. In March 2020, voluntary relocation also began in Greece, from where 2 213 of the most vulnerable applicants have already been relocated.

⁽⁵⁷⁾ This amount consists of the budget in commitment appropriations in 2020 to the following funds: EUR 1 389 million for the Asylum, Migration and Integration Fund and EUR 323 million for the Internal Security Fund – Borders and Visa.

⁽⁵⁸⁾ This amount consists of EUR 2 029 million allocated via the Asylum, Migration and Integration Fund and EUR 414 million allocated via the Internal Security Fund – Borders.

Strengthening the common asylum system and providing help to people in need

- 2 442 140 asylum seekers were provided with **assistance** in 2014-2020 with the support of the Asylum, Migration and Integration Fund.
- 6 924 718 non-EU nationals received **help with integration** in 2014-2020. This included language and civic-orientation training; preparatory action to facilitate access to the labour market; and capacity building.

During 2020, people continued to flee persecution in their home countries in search of a better life. With the support of the EU budget, Member States assisted more than 2 million asylum seekers between 2014 and 2020. Special attention was paid to the most vulnerable, particularly unaccompanied minors.

In 2020, following the fires that destroyed the Moria Reception and Identification Centre on Lesbos in September, the Commission financed the transfer of 406 unaccompanied minors from Moria to the mainland, and also moved unaccompanied children on other islands to safety. The Commission provided emergency-assistance contracts worth EUR 121 million for the construction of three new centres on the islands of Samos, Kos and Leros. In addition, and in full agreement with the Greek authorities, the Commission set up a task force to support migration management in Greece in a sustainable way, which is implementing a joint pilot project for a new reception facility on Lesbos.

New pact on migration and asylum, setting out a fairer, more European approach to managing migration and asylum

To respond to the need for the structural reform of EU migration policy, and build on the progress made in this field since 2016, the Commission put forward a new pact on migration and asylum and a number of legislative proposals, which were adopted by the Commission in September 2020. The initiative covers all of the elements needed for a comprehensive EU approach to migration management based on solidarity and the fair sharing of responsibility.

1.5.2. The EU budget supports strong external borders

The Commission worked in 2020 to ensure strong external borders and the harmonised implementation of the common visa policy, which will allow for a fully functioning Schengen area, a key driver of our prosperity, security and freedoms.

Strengthening border management

- By the end of 2020, 33 516 items of **border-control infrastructure and means for checks and surveillance** had been developed or upgraded with the support of the Internal Security Fund for border management.
- There were 209 178 **hits in the Schengen information systems** in 2020.

The European Union has invested considerably in the effective control of the external borders through the various information systems ⁽⁵⁹⁾ at the EU level and their interoperability, providing border guards and police officers with access to up-to-date information. The Internal Security Fund has also contributed to strengthening Member State authorities' border management capacities, which act as the national components of the European Border and Coast Guard, mainly by funding their technical capabilities and infrastructure. Preparatory work was also ongoing during 2020 on the deployment of the first teams of the European Border and Coast Guard standing corps in 2021. In addition, the Commission prepared the secondary legislation necessary to enable the European Union Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice to begin designing and developing the new information systems and their interoperability.

Interinstitutional negotiations on the reform of the visa information system were successfully concluded with the support of the Commission. Together with the entry/exit system and the European travel information and authorisation system, the reformed visa information system will strengthen border management and security within the Schengen area.

Reducing the incentives for migrants to arrive irregularly and providing legal pathways

With the support of Commission activities and EU funding, including in the context of the COVID-19 crisis, the total number of irregular border crossings that were detected decreased further in 2020 to 125 000, compared to 142 000 in 2019.

The root causes of migration, including local conflicts, poverty and inequalities exacerbated due to the COVID-19 crisis and climate change ⁽⁶⁰⁾, will remain. The Commission is working closely with non-EU countries to address irregular migration. Under the EU Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa, financial support provided to Morocco helped reduce the number of irregular migrants on the western Mediterranean route. Information campaigns in non-EU countries were also funded to provide information on the risks of irregular migration and the smuggling of migrants.

- 77 463 people were resettled in 2014-2020 with the support of the Asylum, Migration and Integration Fund, including 14 812 in 2020 despite the disruption caused by the COVID-19 pandemic.

Coordinated resettlement efforts, providing a safe and legal way to reach the EU to people in need of international protection, have increased continually since 2015. The new pact on migration and asylum, published on 23 September 2020, confirmed the importance of providing safe legal pathways, and the focus in recent years has increasingly been on legal migration and integration addressing various target groups, along with establishing legal pathways at the EU level, complementing and developing Member States' efforts. Almost EUR 1 billion was allocated for resettlement in the 2014-2020 programming period.

The Commission put in place a new ad hoc resettlement scheme for 2020-2021 with a target of 20 000 people, to which the Member States collectively pledged almost 30 000 resettlement places. This confirms the Member States' commitment to resettlement and their resolve to scale up safe and legal pathways to protection in the EU. The collective EU pledge for 2020 represents almost 50% of global pledges.

⁽⁵⁹⁾ Schengen information system, visa information system, Eurodac, entry/exit system and European travel information and authorisation system. A 'hit' in the Schengen information system (second generation) means that the person or object has been located in a Member State and thus further action is required.

⁽⁶⁰⁾ The World Bank estimates that, by 2050, climate change could force over 140 million people to become internal climate migrants across Africa, South Asia and Latin America (<https://www.worldbank.org/en/news/press-release/2018/03/19/climate-change-could-force-over-140-million-to-migrate-within-countries-by-2050-world-bank-report>).

Returning migrants with no right to stay

- 316 463 people with no right to stay were returned with the support of the Asylum, Migration and Integration Fund in 2014-2020.

For the EU asylum system to be credible, migrants with no right to stay need to be returned to their countries of origin. In 2020, the Commission continued to take action to increase the return rate, for instance by further improving the cooperation with key countries of origin and pushing for an adoption of the recast returns directive.

The EU budget supports the Member States in implementing the return decisions they issue for migrants with no right to stay via the Asylum, Migration and Integration Fund and the European Border and Coast Guard Agency.

However, the rates of return remain unsatisfactory. The prospects for improvement depend both on better cooperation by non-EU countries and on Member States' effectiveness in implementing returns. In this respect, Schengen evaluations, financed by the Asylum, Migration and Integration Fund in the field of return, help to orient Member States towards specific actions that have to be prioritised in order to achieve set objectives. Action is also being taken to enhance the role of the European Border and Coast Guard Agency: in 2020, through flights coordinated by the agency, 12 072 non-EU nationals were returned, despite the severe restrictions due to the COVID-19 pandemic.

The **new pact on migration and asylum** announced a new strategy to reinforce voluntary return and reintegration, and provides for the appointment of a return coordinator supported by a new high-level network for return. This will help ensuring return is a common responsibility and is managed in a coherent way.

1.6. Security and defence

Over the last several years, challenges in the field of security have increased. The EU has increasingly faced situations that have prompted the strengthening of its security capacity. The following initiatives are instrumental in this domain: the European defence industrial development programme, the preparatory action on defence research and the 'Police' strand of the Internal Security Fund. **In the 2021-2027 long-term budget, the initiatives in this domain are grouped together under the heading 'Security and defence'.**

1.6.1. The EU budget strengthens the European Union's security and defence capacity

A strong defence industry lies at the core of a more autonomous EU in the field of security. Research on security and promoting innovation underpin a coordinated EU response to complex challenges and allow for concrete steps to mitigate risks. The security union was one of four focus areas under the **2018-2020 work programme for Horizon 2020**, which represented 50% of overall public funding for security research in the EU.

To address the fragmentation of the defence industry in the EU, and with the aim of building the next generation of critical defence capabilities, the **European defence industrial development programme** was adopted in July 2018 for a duration of 2 years until 31 December 2020, with a budget of EUR 500 million. It enhanced the competitiveness and the innovative capacity of the defence industry in the EU, and collaboration between Member States, in the development phase of defence products and technologies, thus facilitating better exploitation of economies of scale. By supporting the development phase, the programme contributes to the better exploitation of the results of defence research and helps to cover the gap between research and production. Given that the aim of the programme is, in particular, to enhance cooperation between undertakings across Member States, the only activities that are eligible for funding under the programme are those carried out by a consortium of at least three undertakings based in at least three different Member States. The programme fosters a collaborative approach between defence industry players in the Member States, with the EU's financial contribution unlocking defence development projects that otherwise would not have started due to their financing needs or the technological risks involved. Almost 40% of the beneficiaries receiving funding following the 2019 European defence industrial development programme calls are small and medium-sized enterprises, a critical part of the European defence industry. Another pilot programme is the **preparatory action on defence research**. In 2020, it provided EUR 23 million in funding to 10 defence research projects. The programmes pave the way for a fully fledged European Defence Fund, which, from 2021, will help create an integrated defence industrial base across the EU.



In order to support the defence industry during the COVID-19 crisis, both the preparatory action on defence research and the European defence industrial development programme were fully implemented through the signing of grant agreements and the pre-financing of all projects retained for funding. However, and to accommodate the effects of the crisis in the procedures and working arrangements, it was decided to extend the submission deadline for the 2020 call for proposals until December 2020, with no impact on the financial implementation of the programme in 2020.

1.6.2. The EU budget facilitates cross-border cooperation in the field of security

The EU institutions aim to strengthen security in the European Union, facilitating cross-border cooperation and the exchange of information between Member States' competent authorities, enabling the interoperability of the relevant EU security information systems. This is done through the Internal Security Fund, which also facilitates joint operations and enables the upgrading of security-relevant constructions, promoting the implementation of the internal security strategy and law enforcement cooperation.

The **'Police' strand of the Internal Security Fund** ⁽⁶¹⁾ contributes to the fight against criminal threats, terrorism and security threats. A total of 21 EU networks have been put in place to strengthen mutual trust and information sharing between national authorities, and this strand finances the setting-up of national passenger name record systems, allowing national law enforcement authorities to exchange information on suspect air passengers. Moreover, the EU is fighting to protect freedom of religion and worship. Hence, EUR 23 million was provided in 2020 for Member States and religious communities to protect places of worship and public spaces. The new counterterrorism agenda ⁽⁶²⁾ sets out the way forward for actions at EU level to better anticipate, prevent, protect against and respond to terrorist threats.

The efforts made throughout the years in this area have had tangible results. According to the European Union Agency for Law Enforcement Cooperation's *European Union Terrorism Situation and Trend Report 2020*, cases of terrorist attacks fell to 119 in 2019, compared to 129 in 2018. As terrorism cannot be dealt with by Member States acting alone, the EU budget supports increased cooperation between Member States in this field, as well as training and capacity building.

- 287 joint investigation teams and European Multidisciplinary Platform against Criminal Threats operational projects were supported by the Internal Security Fund in 2014-2020.
- 406 tools have been put in place or further upgraded to facilitate the protection of critical infrastructure by Member States in all sectors of the economy.

⁽⁶¹⁾ The Internal Security Fund also has a 'Borders and Visa' strand, which is described in Section 1.5 above.

⁽⁶²⁾ Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions – A counter-terrorism agenda for the EU: anticipate, prevent, protect, respond (COM(2020) 795).

1.7. Neighbourhood and the world

As challenges become ever more global, the EU needs to have a more active role and a stronger voice in the world by enhancing its standing as a champion of democracy and promoting open and fair trade, partnership, multilateralism and a rules-based global order. The aim is to enhance relations with partner countries, promote sustainable development and build up the EU's crisis management capabilities.

Through its external action programmes, the EU promotes its core values across the globe, financing action to help promote democracy, peace, solidarity, stability, poverty eradication, prosperity and the preservation of natural resources in the EU's neighbourhood and around the world. Moreover, the EU's engagement in connectivity is part of its international promotion of the twin green and digital transitions. The EU budget helps foster a sustainable economy; social and digital development; and the protection of human rights, good governance and the rule of law. Both the strategic intent and the practical implementation of EU connectivity will remain at the heart of the EU's geopolitical agenda. **In the 2021-2027 long-term budget, the initiatives in this domain are grouped together under the heading 'Neighbourhood and the world'.**



COVAX is leading the effort to secure fair and equitable access to COVID-19 vaccines in low- and middle-income countries. Team Europe is one of the lead contributors to COVAX, having provided close to EUR 2.5 billion. The Commission participates in the COVAX Facility for equitable access to affordable COVID-19 vaccines and had contributed EUR 1 billion in guarantees by January 2021. The COVAX Facility aims to procure at least 2 billion doses of COVID-19 vaccines – enough so that at least 20% of the population can be immunised in every country.

1.7.1. The EU is striving to achieve a free and prosperous neighbourhood

The European neighbourhood policy seeks to establish special relations with 16 of the EU's neighbours in the southern Mediterranean and the Eastern Partnership, and focuses on four priority areas (good governance, democracy, the rule of law and human rights; economic development; security; and migration and mobility) with the objective of enhancing the resilience of the EU's neighbouring states and societies. The enlargement policy guides, supports and monitors reforms in countries wishing to join the EU, in line with EU values, laws and standards. It fosters peace and stability and helps to improve the quality of people's lives.

The EU provides assistance to neighbourhood countries and accession candidates not only through institutional support, but also through economic support and infrastructure development, which act as key building blocks in ensuring stability, prosperity and sustainability. The main budgetary vehicles to support the neighbourhood policy and enlargement countries in 2020 were the **European Neighbourhood Instrument** and the **Instrument for Pre-accession Assistance II**.



The EUR 5.1 billion European external investment plan is set to generate investment of over EUR 50 billion in countries neighbouring the EU and in Africa. It is already benefiting individuals, communities and small businesses. In 2020, the plan was refocused to help respond to the COVID-19 pandemic, including EUR 400 million in financing for COVAX.

The **Instrument for Pre-accession Assistance** is the means by which the EU supports reforms in the enlargement countries with financial and technical help. The funds build up the capacities of the countries throughout the accession process, resulting in progressive, positive developments in the region. During the 2014-2020 period, significant milestones were reached. The Commission adopted its opinion on Bosnia and

Herzegovina's application in May 2019, identifying 14 key priorities for the country to fulfil with a view to opening EU accession negotiations. In July 2018, the Commission confirmed that Kosovo⁽⁶³⁾ had fulfilled all outstanding visa liberalisation benchmarks. In March 2020, the European Council endorsed the decision to open accession negotiations with Albania and North Macedonia. Since January 2014, negotiations on 18 chapters have been opened with Serbia, while two have been provisionally closed. As of 2020, 33 chapters were open with Montenegro. To further support long-term economic recovery and to speed up the convergence with the EU in the region, in October 2020 the Commission put forward an **economic and investment plan for the western Balkans**, mobilising up to EUR 9 billion in grants, while a new **Western Balkans Guarantee Facility** will boost investments of up to EUR 20 billion. The plan also promotes strong regional integration through a common regional market, which the leaders of the western Balkans endorsed in November 2020⁽⁶⁴⁾. In 2020, the Commission continued to support the social and economic reforms in the region through the **economic reform programmes** and also through (1) incentivising the application of the principles of the European Pillar of Social Rights in these countries, (2) strengthening the regional cooperation in partnership with the International Labour Organization and the Regional Cooperation Council, and (3) the roll-out of the EU *acquis*.

- 100 000 people, including students, researchers and staff, participated in the Erasmus+ activities involving partners in the western Balkans between 2014 and 2020.
- 75 000 citizens were connected to cleaner and more efficient district heating in Pristina and Gjakova between 2014 and 2020.

The **Eastern Partnership** was launched in 2009, with the intention of promoting more thorough democratic and economic development and anti-corruption measures in former countries of the Soviet Union. No current prospects for EU membership are evident, and progress towards implementing measures to support EU principles has been slow at times in several partnership countries. This is particularly the case with regard to democracy, freedom of speech and anti-corruption measures. Nevertheless, the EU has supported more than 125 000 enterprises, backed EUR 2 billion worth of loans, sustained over 250 000 jobs and helped create around 34 000 new jobs since the partnership began.

In the eastern neighbourhood, Ukraine remains a key focus for support as it faces continued internal and external aggression. The EU supported Ukraine in increasing its resilience in order to reduce the damaging influence. EU assistance contributed to Ukraine's comprehensive reform programme and to the stabilisation of its economy with unprecedented assistance packages (around EUR 1.6 billion of bilateral assistance between 2014 and 2020). Assistance was provided through programmes on, among other topics, decentralisation (Ukraine – local empowerment, accountability and development programme), anti-corruption (European Union anti-corruption initiative), rule-of-law (Pravo-Justice) and public administration reform (support to comprehensive reform of public administration in Ukraine).

Among other successes, through EU support in **Ukraine**, the following successes have been achieved.

- 900 municipalities have benefited from policy advice from the Ukraine – local empowerment, accountability and development programme.
- 300 high-level corruption cases against senior officials, politicians and businessmen have already been handled by the High Anti-Corruption Court, which was established with EU support.
- 197 judges of the Supreme Court, which was reformed in 2016, were selected following a transparent and merit-based process, including an integrity check and advanced psychological testing.
- 9 800 prosecutors at the regional and local levels are undergoing a rigid vetting procedure, including professionalism and integrity checks and adaptive ability testing. 8 400 of them have already completed the procedure, with 6 500 successfully passing.

⁽⁶³⁾ 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.

⁽⁶⁴⁾ European Commission press release, 'Western Balkans Summit in Sofia: Important steps taken to advance regional cooperation to boost socio-economic recovery and convergence with the EU', 10 November 2020.

In the **southern neighbourhood**, EU relations with the Middle East and North Africa are shaped through the Union for the Mediterranean and the European neighbourhood policy. The former focuses on regional cooperation, complementing the latter, which encourages political and economic reform coupled with financial or technical assistance at country level.

For example, the EU's support for Palestine⁽⁶⁵⁾ reached 55 000 beneficiaries in the West Bank, providing salaries and pensions to the Palestinian Authority's civilian workers. It also provided 22 000 poor and vulnerable families in the West Bank and 65 000 such families in the Gaza Strip with cash assistance. Moreover, the Commission contributed to the payment of medical referrals to hospitals in eastern Jerusalem, maintaining the availability, access and sustainability of essential tertiary healthcare services to the Palestinian population, most of which are not available elsewhere in Palestine. In Syria, support was also addressed to the healthcare sector, with results including 1.8 million primary healthcare consultations, 15 085 referrals, 6 751 deliveries, the restoration of eight primary healthcare clinics, support for 320 primary health staff and robust capacity building to increase the competency of health staff across several needs-based areas.

Via the EU Regional Trust Fund in Response to the Syrian crisis, since 2015:

- 43 155 people have been trained and 6 229 local facilities have been supported as part of the programme to strengthen local infrastructure;
- 504 225 children have gained access to basic formal and non-formal education, while 19 362 teachers have been trained and 324 education facilities have been constructed or refurbished;
- more than 4.3 million individuals have been reached by primary healthcare consultations and health education activities, 7 380 professional staff have been trained in healthcare services and 204 pieces of health infrastructure have been upgraded, refurbished or equipped;
- access to services in the water, sanitation and hygiene sector has been improved for 483 704 individuals, notably in terms of drinking-water sources and hygiene promotion, and 265 municipal/regional water and waste-water facilities have been constructed or restored.

In Tunisia and Morocco, the joint EU–Council of Europe programme 'Ensuring sustainable democratic governance and human rights in the southern Mediterranean' has actively worked to address gender-based violence as a human rights violation. Tunisia requested accession to the Istanbul Convention in November 2019.

1.7.2. The EU budget promotes sustainable development, peace and democracy through international partnerships

As a global force for peace, the rule of law, democracy and sustainable development, the EU seeks to establish these objectives and values worldwide. It does so through various instruments and trust funds that aim to reduce poverty and conflict potential, increase economic development and promote human rights and gender equality.

When world leaders adopted the **UN 2030 Agenda**, they had anticipated the need for a **shared framework to address multiple global challenges simultaneously**. With the pandemic and its repercussions, progressing on sustainable development became acutely urgent. In 2020, COVID-19 deepened existing **inequalities** and reversed years of progress. Taking forward a transformative agenda, the EU together with its partners, started to deliver a Global Recovery Initiative that seeks to reduce inequalities and to promote **human development and just, green transition** at global level.

The EU's relationship with **Africa** remained a key priority over the course of 2020. In March, the Communication detailing the EU's partnership with Africa and the EU's vision towards strengthening the EU's

⁽⁶⁵⁾ 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.

alliance with Africa was launched in a Joint Communication together with the EEAS - **“Towards a Comprehensive Strategy with Africa”**.

2020 also brought us closer towards a new Partnership Agreement with the 79 members of the **Organisation of African, Caribbean and Pacific States**. The new ambitious agreement, also known as “post-Cotonou”, is not only set to redesign partners’ relations with a specific focus on the regions, but will also better address global challenges in the next two decades.

The **Team Europe** approach was launched as a joint response to COVID-19 by the EU, its Member States and European Financial institutions and it mobilised successfully EUR 40 billion. As part of the programming process launched in 2020, around 150 ideas for Team Europe Initiatives have been identified. These are flagship transformational projects that will be designed, funded and implemented jointly, in a Team Europe approach.

Concerning actions on climate change, in 2020 **the EU remained the leading global provider of climate finance** and the most progressive actor in the international climate negotiation process. The Commission contributed to fulfilling the EU’s commitments under the Paris Agreement on climate change by supporting the upgrading and implementation of partner countries’ Nationally Determined Contributions and by assisting them in building their capacities to adapt to climate change through the establishment of a new EUR 100 million programme on disaster risk reduction.

The COVID-19 pandemic has forced global leaders to re-think **education systems** and highlighted the importance of investing in **connectivity and digitalisation**. Digital and data technologies have been a key driver of the EU’s response; about EUR 60 million were mobilised in a Team Europe approach and redirected to immediate response interventions to provide relief in partner countries’ socio-economic systems, giving means to people to be able to continue with their education and to get access to health information and services.

Human rights and democracy are under severe stress in many countries, a situation that has deteriorated further with the COVID-19 crisis. In 2020, the EU collaborated with consortia of civil society organisations to support journalists in Latin America and Africa and funded the creation of the global monitor of COVID-19’s impact on democracy and human rights ⁽⁶⁶⁾.

Under the **Instrument contributing to Stability and Peace**, 56 actions responding to crisis situations in 2020 were adopted, 16 of which related to the COVID-19 crisis. The instrument played a pioneering role in responses to global, trans-regional and emerging threats, engaging in areas not previously covered by EU cooperation instruments through pilot actions that in some cases were later scaled up under more traditional development cooperation instruments such as the European Development Fund. Pertinent examples include those in the Sahel (on police cooperation and counterterrorism), the Horn of Africa (on the prevention and financing of terrorism) and Latin America (on police cooperation).

The non-proliferation and disarmament actions funded from the **common foreign and security policy** budget contributed to international peace and security by strengthening the norms against the proliferation of weapons of mass destruction. This was achieved through advancements in universalisation, institutional strength and the effective implementation of the relevant treaties and mechanisms (e.g. the Comprehensive Nuclear-Test-Ban Treaty), and by preventing and combating the illicit accumulation and trafficking of small arms and light weapons and their ammunition. It also supported the implementation of the Arms Trade Treaty and the adoption of policies on exports of military technology and equipment. Substantial common security and defence policy missions and the mandates of EU special representatives also ensured the preservation of stability.

The **Partnership Instrument** continued to contribute to the EU external action by supporting its foreign policy, covering challenges of global concern such as climate change and environmental protection; the international dimension of the Europe 2020 strategy for smart, sustainable and inclusive jobs and growth; and improving access to markets and boosting trade, investment and public diplomacy.

In 2020, the **EU Trust Fund for Colombia, partially funded from the Development Cooperation Instrument**, continued to support the implementation of the peace agreement between the Colombian government and FARC (the Revolutionary Armed Forces of Colombia). It translated the EU’s political support into the peace agreement, in particular on the elements relating to rural reform, land reform and the social and economic reincorporation of former FARC combatants. In 2020, the fund also provided 39 partner

⁽⁶⁶⁾ <http://www.idea.int/gsod-indices/covid19globalmonitor>

countries with support to make their national social protection systems more inclusive, financially sustainable and responsive to shocks like the COVID-19 crisis.

The EU's support for its core values is further strengthened by the **European Instrument for Democracy and Human Rights**. Despite increasing attacks against the international human rights system and the international justice system, the Commission has continued to support the key institutions, including the International Criminal Court and the United Nations Office of the High Commissioner for Human Rights. The Human Rights Crises Facility of the European Instrument for Democracy and Human Rights provides a flexible funding method to respond to situations where there is a serious lack of fundamental freedoms, where human security is most at risk, where human rights organisations and defenders work in exceptionally difficult conditions or where the publication of a call for proposals would be inappropriate. For instance, in 2020, the implementation of the EU election observation missions required flexibility and adaptability to travel restrictions and to challenging sanitary conditions due to the COVID-19 pandemic.

- 1 035 staff of the Palestinian Authority were trained by the EU border assistance mission in Rafah from 2015 to 2020.
- 500 000 small arms and light weapons and pieces of ammunition were destroyed in the western Balkans in 2017-2019 (Instrument contributing to Stability and Peace).
- 19 fact-finding missions of the Organisation for the Prohibition of Chemical Weapons relating to the alleged use of chemicals as weapons were deployed to Syria in 2016-2017 (common foreign and security policy).
- 80 pairings were established between cities of EU and non-EU countries in Asia and the Americas in the context of the new urban agenda under the international urban cooperation programme in 2020 (Partnership Instrument).
- 7 700 at-risk human rights defenders were supported in 2014-2020 (European Instrument for Democracy and Human Rights).
- 14 electoral processes and democratic cycles were supported, observed and monitored in 2020 (European Instrument for Democracy and Human Rights).

1.7.3. The EU is the leading global humanitarian aid donor

Firmly rooted in the core humanitarian principles of humanity, neutrality, impartiality and independence, the EU's humanitarian aid has contributed to saving lives and alleviating suffering wherever it can worldwide. From protracted conflicts in Africa and the Middle East to severe food crises, humanitarian needs are increasing faster than available resources, putting aid delivery to those most in need at risk. The EU continued its humanitarian mission by distributing more than EUR 2 billion in humanitarian aid in 2020 to countries hit by natural and human-made disasters. The EU and its Member States thereby remain, together, the world's largest humanitarian aid donor, contributing more than 36% of the global share of humanitarian aid contributions.

In 2020, most ongoing humanitarian crises were further compounded by the short- and medium-term impact of COVID-19, which received special focus in 2020. In parallel, the EU has continued addressing other new or pre-existing humanitarian needs, including for example the fight against the desert locust outbreak in East Africa, the humanitarian emergency in seven countries of the wider Sahel region, or the need for support for the most vulnerable impacted by the Syrian crisis.

In 2020, EU humanitarian aid funded more than 170 million interventions, providing assistance in 97% of the countries for which the United Nations launched an appeal. 68% of the humanitarian aid budget was spent in countries ranked as being at very high risk of disaster, and more than 28% of the initial budget was spent on forgotten crises. The initial budget was topped up to respond to sudden-onset crises in 2020: for instance, in Lebanon, the EU mobilised more than EUR 30 million to tackle emergency humanitarian needs in the immediate aftermath of the devastating explosion that took place on 4 August in Beirut.

In parallel to the humanitarian response, EU funding also contributed to disaster preparedness, with the objective of building the capacity and resilience of vulnerable or disaster-affected communities. In 2020, approximately 35 million people worldwide benefited from disaster-preparedness actions in disaster-prone regions. In addition, the EU furthered its commitment to strengthening preparedness capacities for response and early action in relation to vulnerable or disaster-affected communities (e.g. in Mozambique, Nepal and the Philippines) through dedicated funding.

A key asset for EU humanitarian action is a very strong field presence and the technical and operational expertise of its network of humanitarian field offices spread over almost 40 countries. The EU channels its aid through its network of around 200 organisations, including United Nations agencies, the International Red Cross and Red Crescent Movement and non-governmental organisations through which people in need can receive assistance even in hard-to-reach areas.



Sixty-seven flights were organised by the EU Humanitarian Air Bridge, reaching 20 countries on four continents to deliver more than 1.2 tonnes of medical and humanitarian equipment and to transport more than 1 700 medical and humanitarian staff and other passengers.

As part of **Team Europe**, the Commission allocated EUR 450 million in humanitarian assistance for the urgent short-term emergency response to the health crisis and the resulting humanitarian needs, strengthening health and water systems.

- In 2020, EUR 2.1 billion in humanitarian aid was provided to the most vulnerable.
- Of that group, 1.8 million children living in crises and conflict had received education by 2020, with the EU standing by its earlier commitment to devote 10% of its initial humanitarian budget to education in emergencies.

1.7.4. The EU budget helps address the refugee crisis by offering dignity and assistance to refugees to meet their basic needs

The EU budget put a clear focus on development cooperation, and particularly on improving the conditions of refugees hosted by non-EU countries and investing in their health, education and skills and in infrastructure, sustainable growth and security. It also helps countries hosting refugees to provide them with humanitarian conditions that uphold their dignity.

In 2020, the European Commission continued to be fully committed to assisting the most vulnerable refugees in Turkey and to providing support to their host communities. In 2020, areas of assistance covered support for basic needs, healthcare, protection and municipal infrastructure, along with training, employment and business development for refugees and vulnerable local populations alike. In the same year, the Commission completed the allocation and contracting of EUR 6 billion in operational budget for the Facility for Refugees in Turkey, in order to ensure that the needs of refugees and host communities in Turkey are addressed in a comprehensive and coordinated manner.

The 2016 EU–Turkey statement has also provided safe and legal pathways to the EU for 28 621 people in need of international protection through resettlement.

- Through the Facility, some 1 800 000 refugees received basic needs support, 668 900 refugee children receive educational support, and healthcare and protection services are being delivered to millions of refugees and host communities in Turkey. Up to 365 schools will be built in Turkey.
- Over 3 400 healthcare service staff in Turkey are employed in 177 migrant health centres. Over 14 million healthcare consultations have been delivered, and over 4 million vaccination doses have been provided to migrant infants and pregnant women.
- In response to the COVID-19 crisis in Turkey, close to EUR 105 million in support has been mobilised, in particular for the most vulnerable refugees.

In 2020, the EU continued to play a pivotal role in supporting the most vulnerable refugees with partner countries in the southern neighbourhood. By December 2020, the EU Regional Trust Fund in Response to the Syrian Crisis had directly reached more than 7.8 million people through education, livelihood and social assistance, and measures for health, water and sanitation, as well as protection, most importantly in **Iraq, Jordan, Lebanon and Turkey**.

In 2020, the Commission also mobilised EUR 70 million to support Venezuelan migrants and refugees as well as their host communities in Columbia, Costa Rica, Ecuador, Peru and Venezuela.



Strasbourg, 8.6.2021
COM(2021) 301 final

ANNEX 2

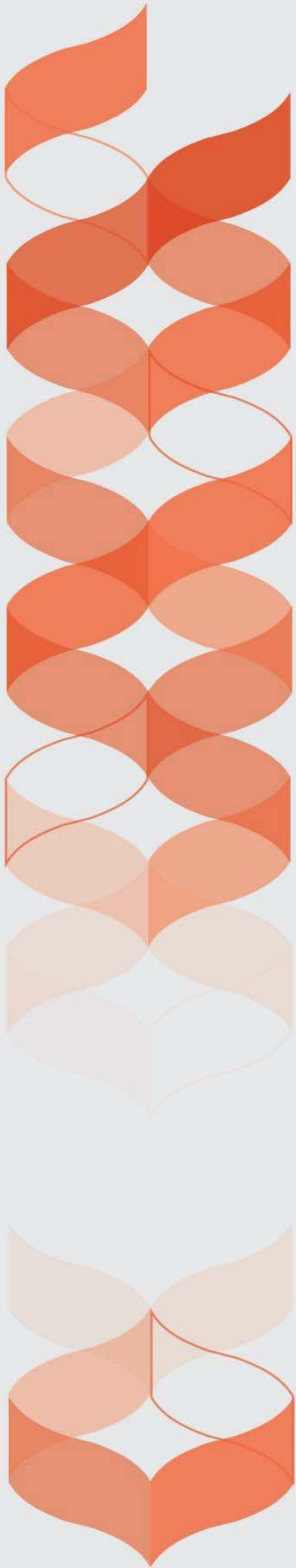
ANNEX

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 - Financial Year 2020



Annex 2 – Internal control and financial management

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






2.1.1. The Commission manages the EU budget in a complex environment

It is the Commission's duty to make the best possible use of taxpayers' money to support the achievement of the EU's policy objectives. It is therefore essential to ensure both that funding reaches the intended beneficiaries in an effective, efficient and economical manner and a high level of compliance 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 errors, fast payments and reasonable costs of controls.

The Commission attaches great importance to the sound financial management of the EU budget, as well as of the European Development Fund ⁽⁶⁷⁾ and the EU trust funds.

The EU budget: a wide variety of areas, recipients and spending

In 2020, the expenditure managed by the Commission amounted to **EUR 158 billion** (see chart below), corresponding to more than 242 000 payments, ranging from a few hundred euros (for Erasmus+ mobility grants) to hundreds of millions of euros (for large projects such as the International Thermonuclear Experimental Reactor or Galileo and Copernicus, as well as budgetary support to developing countries) ⁽⁶⁸⁾. The recipients of EU funds are very diverse and numerous.

Natural resources	Cohesion	Research, industry, space, energy and transport	External relations	Other internal policies	Other services and administration EUR 8 billion (5%)
EUR 60 billion (38%)	EUR 54 billion (34%)	EUR 16 billion (10%)	EUR 13 billion (8%)	EUR 7 billion (5%)	
					
Up to 6.7 million beneficiaries supported with agricultural funds	Over 610 000 enterprises and 36.4 million people participating in social inclusion activities since 2014	More than 14 000 grants signed with small and medium-sized enterprises	Assistance provided to 130 non-EU countries in five continents	Erasmus+: almost 412 000 student and staff mobility opportunities supported in 2020	

Relevant expenditure of the EU budget implemented by the Commission in 2020, per policy area, in % and billion EUR.

Source: European Commission annual activity reports.

⁽⁶⁷⁾ It should be noted that until 2020 the European Development Fund was managed by the European Commission and the European Investment Bank. The fund has been incorporated into the EU's general budget for the 2021-2027 multiannual financial framework.

⁽⁶⁸⁾ The amount of the Commission's relevant expenditure corresponds to the payments made in 2020 minus the pre-financing paid out in 2020, plus the pre-financing paid out in previous years and cleared in 2020 (see Annex 5 for definitions and more details).

More than two thirds of the budget (e.g. expenditure on cohesion policy and natural resources) is implemented under shared management. This means that Member States, or bodies designated by them, distribute funds and manage expenditure in accordance with EU and national law and share this responsibility with the Commission. The rest of the budget is spent either directly by the Commission or indirectly in cooperation with entrusted entities. The table below describes the three management modes.

Management mode	Description	% of relevant 2020 expenditure	Examples of programmes/spending	Other actors involved, in cooperation with the Commission
Direct management	Funds are implemented by the Commission	23%	Horizon 2020; Connecting Europe Facility; administrative expenditure	n/a (funding goes directly to the beneficiaries)
Indirect management	Funds are entrusted to external entities	7%	Erasmus+; part of development and humanitarian aid; pre-accession assistance	e.g. EU agencies, United Nations, World Bank, European Investment Bank, European Bank for Reconstruction and Development, non-EU countries ⁽⁶⁹⁾
Shared management	Funds are implemented in cooperation with Member States' national and/or regional authorities, which have a first level of responsibility	70%	Agricultural funds; European Maritime and Fisheries Fund; European Regional Development Fund; Cohesion Fund; European Social Fund; migration and security funds	76 paying agencies for common agricultural policy; 492 managing authorities for cohesion funds, in all Member States

Given that the EU budget is implemented in many different ways, involving different actors, the associated risks vary between programmes and management modes (see Annex 6). This is taken into account when developing the control strategies (see under 'Multiannual control strategies ensure that the taxpayers' money is well spent', in Section 2.1.3).

2.1.2. The COVID-19 crisis

The Commission is fully committed to ensuring that the management of the EU budget remains subject to the highest standards of sound financial management, even during these unprecedented times.

Thanks to good crisis preparedness, the Commission was able to remain fully operational in 2020. Its administration (comprising almost 30 000 people) switched to teleworking in the span of only a few days. This allowed the Commission to play a leading role in all aspects of the crisis response, from public health to the economic recovery plan. It also put in place extraordinary measures to give staff the tools, flexibility and support they needed to adapt to this new reality.

⁽⁶⁹⁾ See Article 62(1)(c) of the financial regulation.

In parallel, the Commission took specific measures to support beneficiaries along with Member States facing difficulties in the implementation of projects due to COVID-19-related restrictions. Examples of measures taken to minimise the impact of the COVID-19 crisis are given in the box below.

Thanks to the mitigating measures implemented, including targeted adjustments to the audit and control plans, overall the COVID-19 pandemic did not have an impact on the level of assurance reached for 2020.

Flexibility offered to recipients

The Commission extended the deadlines for the implementation of projects in order to support recipients facing difficulties in implementation due to COVID-19-related restrictions. This is evidenced by the high number of contractual amendments. More time has also been given to tenderers to submit their offers or proposals.

Flexibility introduced into Member States' control procedures

Common agricultural policy: soon after the outbreak of the pandemic, the Commission adopted a regulation providing rules for realistic and attainable control requirements for the Member States under the common agricultural policy ⁽⁷⁰⁾. The amended rules were limited in time and scope (only affecting some administrative and on-the-spot checks). It also proposed alternative methods by which Member States could carry out the controls even under the COVID-19 restrictions (e.g. geotagged photographs, dated drone surveillance reports, administrative checks or videoconferences with the beneficiaries) and continued to provide a good basis for assurance. The regulation also required the paying agencies to include explanations of the measures taken in their management declarations.

In cohesion, the Commission provided further targeted support to programme authorities to address the situation caused by lockdowns, proposed the flexibilities required to carry out controls and audits despite travel restrictions and worked with the audit authorities to ensure a robust and harmonised approach.

Remote audits

In order to minimise the impact of travel restrictions and local lockdowns, the Commission carried out the majority of its financial audits remotely. It also instructed its contracted external audit firms to perform as many audit tests as possible remotely, complementing them with on-the-spot visits as soon as restrictions were eased. This allowed the Commission to maintain a high level of audit coverage. For instance, for the research programme Horizon 2020, 94% of the audits planned for 2020 were successfully finalised, even though there were some delays in the reporting and certification.

Reinforcement of security mechanisms and governance of information technology tools

In 2020, a 50% increase in cyberattacks against the Commission was observed, exploiting new opportunities created by the COVID-19 pandemic. As a response, the Commission invested considerable resources in enhancing the security of its information technology infrastructure following the institution of the policy of remote working by default, and has also enhanced the cyberculture, namely through cyber-awareness campaigns and initiatives. Overall, in 2020 security mechanisms and governance of information technology tools were reinforced to safeguard the Commission's infrastructure assets.

Early risk assessment

At an early stage – before summer 2020 – the Commission assessed the risks posed by the COVID-19 pandemic to the EU budget, in terms of both compliance and performance. These were mainly related to challenges in conducting audits and controls on the spot, hindrances to the implementation of policies and programmes, or reduced staff capacity and the impact on staff well-being. These assessments also took into account the increased exposure to fraud in the context of the COVID-19 pandemic, for example the potential abuse of new instruments and simplified rules (see box under 'Fight against fraud: the legal framework of the European Anti-Fraud Office to protect the EU budget', p. 58, in Section 2.1.3).

⁽⁷⁰⁾ Commission Implementing Regulation (EU) 2020/532, of 16 April 2020.

For all those risks, Commission services put in place, or already had in place, robust mitigating measures to prevent or limit any negative impact on the implementation of the EU budget. During the year, all services monitored the risks closely and in real time, with support and oversight from the Commission's corporate governance bodies, and mitigating actions were adapted when needed.

As the pandemic is still ongoing in early 2021, its consequences for the management and performance of the EU budget will need to be assessed. The related risks and mitigating measures remain under constant monitoring by the various services and are followed up on at corporate level. This is a dynamic assessment which is kept under constant review and will continue for as long as the crisis situation lasts.

2.1.3. The Commission relies on strong instruments to protect the EU budget

In order to ensure that the budget is well implemented and protected from weaknesses, fraud and irregularities in this complex environment, the Commission has several instruments at its disposal.

A robust governance system

The Commission's internal functioning is based on a number of key principles underpinning robust governance: clear roles and responsibilities and accountability mechanisms, a strong commitment to performance management and compliance with the legal framework, transparency and high standards of ethical behaviour.

The chain of accountability and the governance system used by the European Commission are tailored to its unique structure and role. The Commission's governance arrangements have been strengthened over time and adapted to changing circumstances, as reflected in the latest communication, issued in June 2020 ⁽⁷¹⁾. Recent work by the internal and external auditors has confirmed that these arrangements are robust.

As authorising officer of the European Commission, the **College of Commissioners is politically responsible** for the management of the EU budget, which encompasses accountability for the work of the Commission's departments. The main building blocks of the EU budget's governance, underpinned by a clear division of responsibilities between the political and the management levels, and well-defined reporting, lead to a solid chain of assurance building and accountability.

Under the Commission's unique model of decentralised decision-making in budget implementation, the College of Commissioners delegates the day-to-day operational management to the **51 Directors-General** ⁽⁷²⁾ who manage and steer their departments towards delivering on their objectives as defined in their strategic plans, taking into account available resources. **They are accountable** for the share of the EU budget implemented in their department.

In their **annual activity reports**, the Directors-General 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. The annual activity report contains the Director-General's declaration of assurance. The latter may be qualified with a reservation if they identify any weaknesses that have a significant impact. In parallel, they put in place action plans to mitigate future risks and to strengthen their control systems (see Section 2.2.2 below).

⁽⁷¹⁾ Communication to the Commission – Governance in the European Commission (C(2020) 4240).

⁽⁷²⁾ In this document, the term 'Director-General' also covers heads of executive agencies, offices, services, task forces, etc. In this context, they are formally named 'authorising officers by delegation'. 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.'

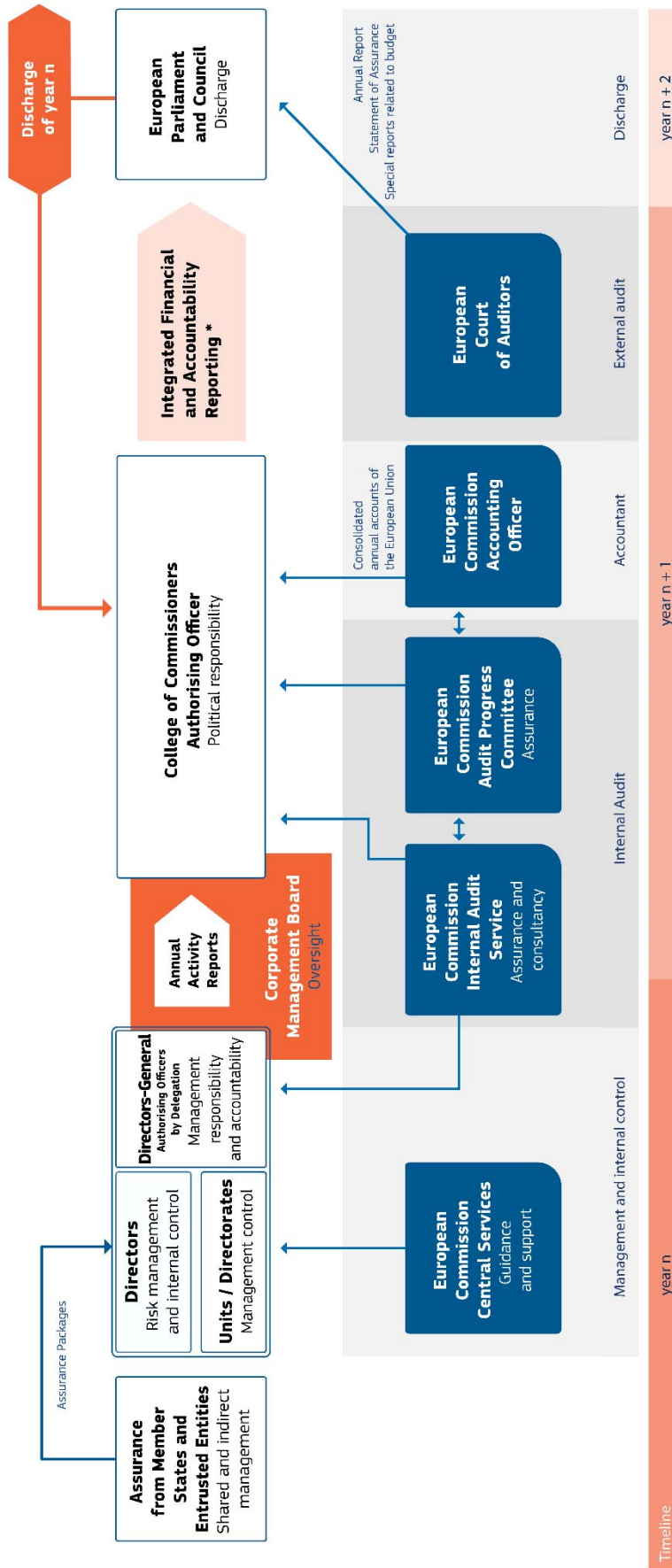
The **annual management and performance report presents the annual results** for the EU budget, based on the assurance and reservations contained in all the annual activity reports. This report is part of the Commission's integrated financial and accountability reporting package, which is **adopted by the College of Commissioners** ⁽⁷³⁾.

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 European Parliament's decision takes into consideration the Commission's integrated financial and accountability reporting, the annual and special reports of the Court of Auditors, as well as its 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 below.

⁽⁷³⁾ As required by Article 247 of the financial regulation, the integrated financial and accountability reporting package also includes the consolidated annual accounts of the European Union, 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.

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

Source: European Commission.

A strong internal control framework

The Commission has in place a **strong corporate internal control framework** based on the highest international standards ⁽⁷⁴⁾.

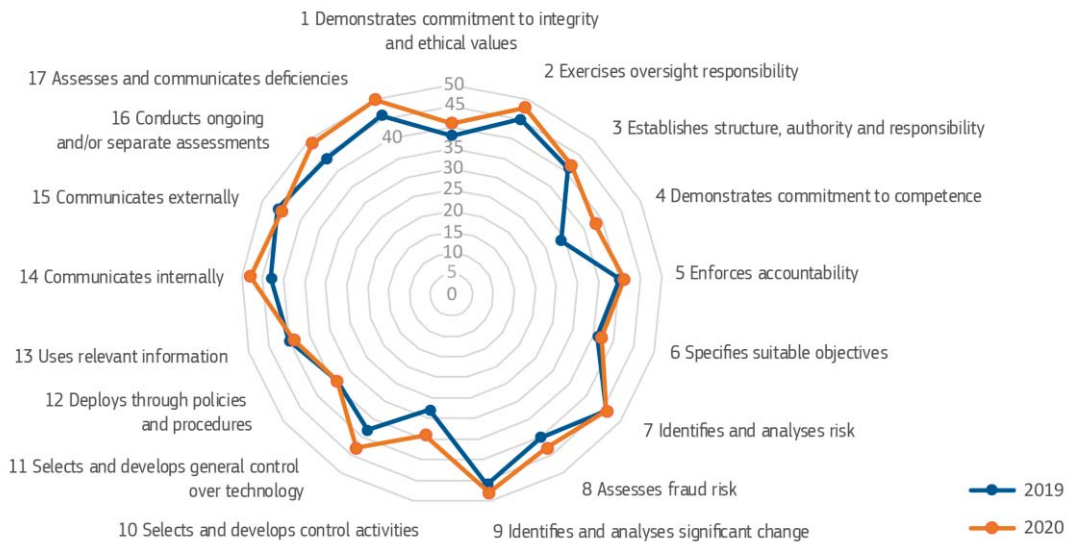
The Directors-General implement this corporate framework within their departments through tailored internal control systems, taking into account their specific operating environments, risks and needs. They are supported in this task by the central services ⁽⁷⁵⁾, which provide instructions, guidance, training and advice and facilitate the sharing of good practices. Each year, they assess the functioning of their internal control systems according to a common methodology and summarise their conclusions in their annual activity reports. Those conclusions are subject to peer reviews by horizontal services, aiming at ensuring a consistent approach and that any remedial measures envisaged are appropriate.

In addition, the Internal Audit Service may advise Commission services and conduct audits on the functioning of the internal control systems and on the assessment of the systems by Commission directorates-general and services (see Annex 8).

On 17 March 2020, the central services drew the attention of all Commission departments to the importance of the Commission’s internal control framework as an essential safeguard for the Commission’s operations in the context of the COVID-19 crisis. In particular, the importance of the business continuity arrangements and the need to properly justify and document exceptional changes to the applicable procedures was highlighted.

For 2020, the assessments by the Commission departments indicate that in spite of the COVID-19 pandemic their internal control systems remain effective.

The assessment confirms that the departments have made continuous efforts in relation to control activities, that the reinforced corporate oversight of risk identification and risk management has had a positive impact, and that improvements have been made in the field of information technology. This can be seen in the graph below, where most of the internal control principles appear to be upheld and functioning well.



Assessment of the functioning of the 17 internal control principles: number of Commission department having reported that internal control principles are upheld and functioning well in 2019 and 2020.

Source: European Commission annual activity reports.

⁽⁷⁴⁾ As established by the Committee of Sponsoring Organizations of the Treadway Commission.

⁽⁷⁵⁾ Specifically, DG Budget, in cooperation with the Secretariat-General, DG Communication, DG Human Resources and Security and the European Anti-Fraud Office.

While many Commission departments acknowledge that for some principles there is room for improvement, at the end of 2020, only a small number identified deficiencies that required major improvements, in a limited number of internal control principles. To improve the situation, services have drawn up action plans, which have been considered adequate by the Internal Audit Service. As remedial measures, several actions were already put in place in the first quarter of 2021, such as the publication of updated guidance on indirect management.

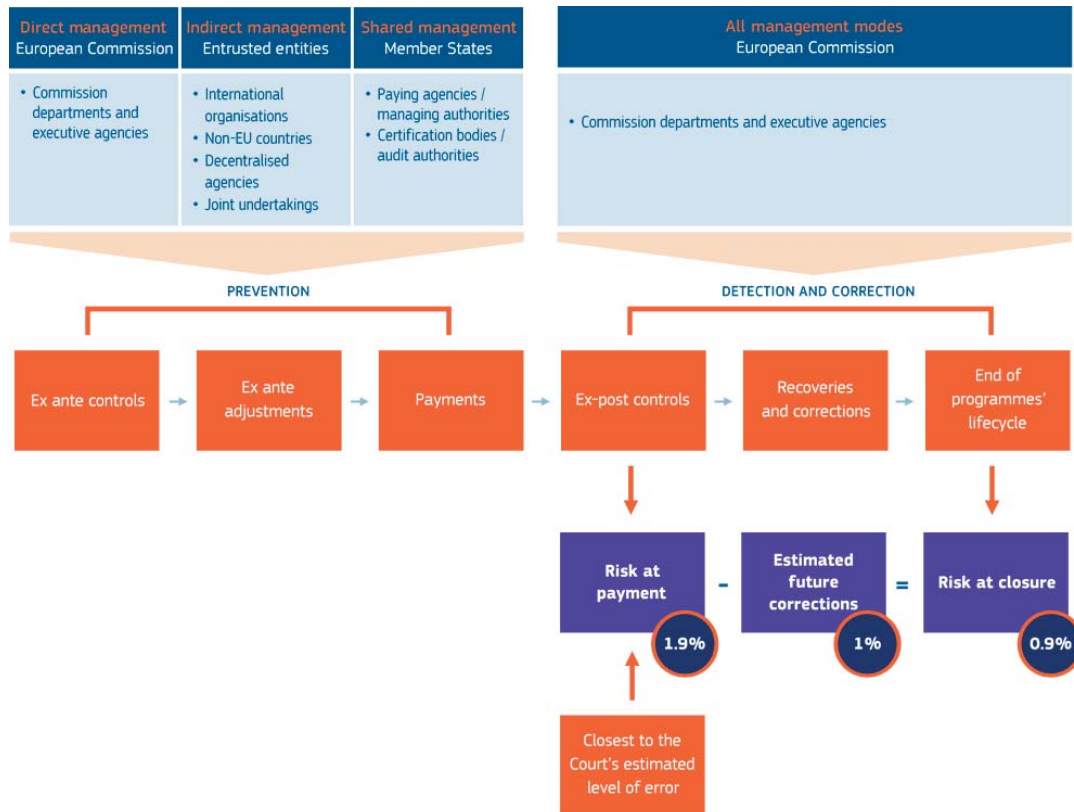
These results demonstrate that the Commission has reached an advanced level of internal control. The central services will continue to provide guidance and facilitate the sharing of good practices and the development of corporate information technology tools in order to further promote the internal control framework as a management tool that helps the organisation to achieve its objectives.

Multiannual control strategies ensure that the taxpayers' money is well spent

Within their internal control systems, the Directors-General, as managers of the EU budget, put in place **multiannual control strategies** designed to **prevent** errors and, if they cannot be prevented, **detect** and **correct** them. To do so, 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, to **identify the root causes** of systemic errors (e.g. the complexity of rules), to **take targeted corrective actions** and to ensure that any lessons learned are factored into the design of future financial programmes.

From prevention to detection and correction

As EU spending programmes are **multiannual** by design, the related control systems and management cycles also cover multiple years. This means that errors may be detected at any point in the whole of the programme cycle, sometimes several years after the payment took place. In addition, while errors may be detected in a given year, they are corrected in the same year or in subsequent years, up to the point of closure at the end of the programmes' life cycle. Moreover, the control strategies are **risk differentiated**, i.e. they are adjusted to the different management modes, actors involved, policy areas and/or funding arrangements and associated risks.



The Commission's multiannual control cycle.

NB: For the 2020 results mentioned in the circles, see Section 2.3.1.

Source: European Commission.

Prevention of errors

Prevention is the first line of defence against errors. The Commission's key preventive mechanisms include *ex ante* controls leading to the rejection of ineligible amounts before the Commission makes payments, verifications by Member States' authorities under shared management, system audits to detect weaknesses in the implementing partners' management and control systems (these have a preventive effect for future expenditure) and the interruption and suspension of payments until the deficiencies in the systems are fixed. In addition, guidance provided to beneficiaries and implementing partners also helps to prevent errors.

In shared management, for the European Structural and Investment Funds amounts corrected at Member State level under certain circumstances can be reused in the Member State. This serves as an incentive for Member States to correct payments before they submit their cost claims to the Commission.

In 2020, the preventive measures resulted in confirmed deductions and other adjustments before payment/acceptance by the Commission amounting to EUR 301 million.

Furthermore, for cohesion policy funds, the Member States have applied corrections amounting to EUR 440 million for the 2019/2020 accounting year (see details by fund and by Member State in Annex 7, Section 5). This is a result of the strengthened regulatory provisions that increase managing authorities' accountability and significantly strengthen the Commission's position in protecting the EU budget from irregular expenditure. For the common agricultural policy, Member States recovered EUR 491 million from beneficiaries and returned them to the EU funds.

Detection and correction of errors affecting EU expenditure

Where preventive mechanisms have not been effective, it is important that errors affecting EU expenditure are **detected** a posteriori, through controls on amounts the Commission has accepted and paid out (i.e. *ex post* controls) (see Annex 5).

These errors are then **corrected** by the Commission during the same year or in subsequent years, by way of financial corrections or replacement of ineligible expenditure in shared management, by the Member States, and recoveries or offsetting from final recipients in direct and indirect management. The bulk of the financial corrections correspond to cases where systemic errors have been identified and flat-rate corrections applied to all the expenditure for a given paying agency or operational programme, or to all the grants for a given beneficiary.

In 2020, the corrective measures confirmed amounted to EUR 596 million. These relate mainly to errors affecting payments made in previous years.

Weaknesses in control systems, detected through risk-based and/or system audits, are also addressed and systems are corrected to avoid the recurrence of the same errors in the future. In the context of shared and indirect management, this is done in the first place by the implementing Member States and partners.

For more information on the protection of the EU budget, see Annexes 5 and 7.

Reliance on implementing partners' control systems

Almost 80% of the budget is implemented in **cooperation with the Member States and other implementing partners** (see second table in Section 2.1.1). It is thus important to ensure that these partners demonstrate a level of protection of the EU's financial interests equivalent to that achieved when the Commission manages the budget itself, before being entrusted with implementing the EU budget on behalf of the Commission. To this end, the Commission carries out an assessment of the systems, rules and procedures of the persons or entities implementing EU funds. This involves in particular an assessment of the Member States' and entrusted entities' management and control systems through system audits and through compliance testing, accompanied for some by substantive testing on expenditure and by other types of verification, called 'pillar assessments', by accreditation audits or by 'designation procedures'.

In **indirect management**, each year the implementing partners report on the sound financial management of the entrusted budget through a management declaration and a summary of the audits and controls carried out, including an analysis of the nature and extent of any errors and weaknesses identified in the systems, along with any corrective action taken or planned.

In addition to the recent issuance of the general guidance on indirect management and instructions to operational services, the Commission is currently increasing its corporate oversight by setting up an automated workflow for the different verification procedures related to the assessment of the systems, rules and procedures of the persons or entities implementing EU funds. This tool will ensure that all the necessary phases allowing an entity to qualify for working with the Commission in indirect management are harmonised, centralised and can be easily monitored.

In the area of **shared management**, Member States' authorities report each year on their controls on the use of EU funds at national and regional level and on the sound financial management of their respective programmes. This is done through an assurance package, containing a management declaration, an annual summary of the verifications carried out and an annual control report containing an error rate based on representative samples and an audit opinion on the legality and regularity of the expenditure. This reporting is the basis for the Commission's acceptance of programme accounts and for enabling the related Commission departments to build their assurance. It is also used for determining the potential risks to the EU budget, and for identifying weaknesses and areas where further checks are needed.

Best practices on internal control matters are currently shared with and among Member States through the networks for structural and agricultural funds and, as from 2021, through the better spending network as well, led by the Commission.

The Commission and the European Court of Auditors: different roles lead to different control approaches

The **Commission and the European Court of Auditors play different roles** in the chain of controls on the EU budget and therefore, although both institutions converge on several concepts, their approaches are different. The **Commission's** duty as manager of the EU budget is to prevent errors and, if necessary, to correct them and recover unduly spent funds, on a **multiannual** basis. This requires a **detailed, bottom-up** assessment of the control systems in order to identify where the weaknesses are, so that **targeted corrective measures** can be taken at the level of the programmes, the implementing partners and the Member States' authorities. On the other hand, the role of the **European Court of Auditors** is to provide an **annual audit opinion** on the legality and regularity of **EU spending as a whole**, which may be supplemented by specific assessments of major areas of the EU budget (see also Annex 5).

These approaches can lead to **differences between the error rates** reported by the European Court of Auditors and those reported by the Commission. The Commission's **approach** and the resulting **detailed information** at its disposal allow for a **differentiated view** of the level of errors across the payments made (providing higher granularity) and enable areas where improvements are needed to be better identified.

Fight against fraud: the legal framework of the European Anti-Fraud Office to protect the EU budget

The Commission has zero tolerance for fraud. It should be underlined that fraud represents a very limited part of illegal or irregular spending, most of which relates to errors.

The Commission's anti-fraud strategy is taking hold

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. On the initiative of the European Anti-Fraud Office, the Commission adopted the current corporate anti-fraud strategy in April 2019. The strategy and its action plan containing 63 actions play a significant role in preventing the possible misuse of EU money. In September 2020, good progress had already been achieved, with a quarter of the actions completed and more than half of them partially done or ongoing.

The strategy has two priority objectives: (1) improving data collection and analysis and (2) improving coordination, cooperation and processes. During 2020, in line with the first objective, the European Anti-Fraud Office intensified its analytical work and further developed the Irregularity Management System. This database is hosted by the European Anti-Fraud Office and fed by authorities of the Member States with information about cases of fraud and other irregularities detected in shared management. The European Anti-Fraud Office is also the lead service for drafting the Commission's annual reports on the protection of the EU's financial interests, adopted in accordance with Article 325 of the Treaty on the Functioning of the European Union. The last report, published in September 2020, included an analysis of irregularities and fraud affecting the European Structural and Investment Funds in healthcare infrastructure. In line with the second objective of the Commission's anti-fraud strategy, good progress was made in 2020 on a number of actions designed to increase coordination and cooperation between Commission services in the area of fraud, and to equip the Commission with a more effective system of fraud oversight. The Fraud Prevention and Detection Network held two plenary meetings, and work resumed in the subgroups, organised by management mode.

The European Anti-Fraud Office is essential to the fight against fraud, not only as a policymaking service but, crucially, as an independent investigative body. Its administrative investigations into fraud, corruption and other irregularities help bring criminals to justice and repair damage done to the EU budget. It reports on its investigative activities in its annual reports ⁽⁷⁶⁾.

⁽⁷⁶⁾ For more information, see the European Anti-Fraud Office's annual reports (available here: https://ec.europa.eu/anti-fraud/about-us/reports/olaf-report_en).



Fighting fraud in practice: investigation into fake COVID-19-related products by the European Anti-Fraud Office

The COVID-19 pandemic led to a sudden and massive increase in demand for personal protective equipment – in particular face masks, hand sanitisers and testing kits. Demand came not only from the medical profession tasked with treating the virus but also from consumers wanting to keep themselves safe. Both were targeted by fraudsters, who saw major opportunities in what very quickly became a big business.

This massive increase in demand highlighted in particular the extent to which the EU is dependent on non-EU-country suppliers for many products, including medical equipment. As a result of the COVID-19 outbreak, EU imports from China of healthcare products – from protective garments to disinfectants and testing kits – grew by a massive 900% in the second quarter of 2020, compared to the virus-free previous year.

Faced with exponential growth in the number of infections and deaths at the start of the outbreak, EU public authorities were forced to act quickly to try to contain the spread. One decision taken was to accelerate the certification processes for face masks, hand sanitisers, ventilators and medicines coming from outside the EU, mainly from China, in order to better meet demand.

However, it soon became clear that while relaxing the rules did indeed help speed up the supply of legitimate, safe products to the EU, it also made it easier for millions of substandard or fake medical products, with invalid EU certificates of conformity, to be imported into the EU.

The speed with which this happened is reflected in the fact that the European Anti-Fraud Office opened its investigation into this trade in fake and counterfeit goods on 19 March 2020 – right at the very start of the outbreak of the virus in Europe. Teaming up with nearly every customs and enforcement authority in the EU, and many more worldwide, and with international organisations such as the European Union Agency for Law Enforcement Cooperation, Interpol and the European Union Intellectual Property Office, the European Anti-Fraud Office set to work identifying the many suspicious companies acting as intermediaries or traders of counterfeit or substandard products linked to the COVID-19 pandemic. A year later, with the investigation (and the pandemic) still ongoing, the European Anti-Fraud Office and its partners have identified more than 1 000 of these suspicious companies, many of which are based outside the EU.

Not all are fraudulent operators, however. The European Anti-Fraud Office also identified many opportunistic companies, trying to profit from the pandemic by moving into a new line of business, despite having no track record in the area and with little or no control over their supply chain. These companies are often easy targets for fraudsters, who create artificially long chains of intermediary shell companies that open and close quickly to hide their tracks – and which pass off fake and counterfeit products as the genuine article to unsuspecting clients.

The following are fake and substandard medical products seized so far in the investigation by the European Anti-Fraud Office:

- 31 500 fake COVID-19 test kits,
- 2 416 000 face masks,
- 140 000 litres of hand sanitiser,
- 105 000 spray cans,
- 3 636 litres of counterfeit antiseptic disinfectants from a renowned company.

In parallel, and to a large extent on the basis of information collected through the investigations of the European Anti-Fraud Office, fraud prevention and sanctioning continue through the **early detection and exclusion system**, which allows for the early detection of unreliable economic operators and their exclusion from implementing EU funds in direct and indirect management.

The year 2020 was marked by an increase in cases registered in the early detection system and a continuous upward trend in cases submitted to the interinstitutional panel for possible administrative sanctions (i.e. exclusion and/or financial penalties and, where applicable, the publication of the sanctions). These are determined in line with the proportionality principle (i.e. taking into account the seriousness of the situation, including the impact on the EU's financial interests and image; the time that has elapsed since the misconduct occurred; the duration and recurrence of the misconduct; the degree of ill intention or negligence; and the amount at stake). In addition, several companies submitted remedial measures in order to restore their business's reliability.

In its efforts to fight corruption, the Commission has also adopted a communication which reinforces and complements other EU instruments and sets out the approach for conducting the necessary steps in the review process, with full respect for the principle of sincere cooperation among the institutions and for their administrative autonomy ⁽⁷⁷⁾.

In December 2020, the co-legislators adopted Regulation (EU, Euratom) 2020/2223, amending Regulation (EU, Euratom) No 883/2013 ⁽⁷⁸⁾. The new regulation makes changes to the operation of the European Anti-Fraud Office's investigations in order to ensure maximum complementarity with the recently established European Public Prosecutor's Office. It also contributes to enhancing the effectiveness of the European Anti-Fraud Office's investigative function as regards the on-the-spot checks, inspections, access to bank account information, the admissibility of evidence that it collects as well as the assistance that it receives from the national anti-fraud coordination services and cooperation between the European Anti-Fraud Office and national authorities. Finally, the new regulation strengthens the procedural guarantees of the persons concerned by the European Anti-Fraud Office investigations and reinforces the protection of whistle-blowers ⁽⁷⁹⁾.

2.1.4. Overall the general implementation of the new data protection rules is progressing well

In order to ensure a coherent and harmonised approach to personal data protection across the EU institutions and bodies, Regulation (EU) 2018/1725 was adopted on 23 October 2018, and entered into force on 11 December 2018. The main objective of this regulation is to ensure that the EU institutions process personal data fairly and transparently. This means notably that the institutions are obliged to inform citizens in a timely and intelligible manner about what the institutions do with their personal data and why, and to subsequently protect the data adequately.

Overall the general implementation of these data protection rules is functioning well. However, a specific challenge arose in 2020 in relation to the recent invalidation of the 'European Union–United States Privacy Shield' by the Court of Justice of the European Union (the *Schrems II* judgment). This poses concrete challenges in relation to transferring personal data to the United States (and other non-EU countries, as explained below) or using cloud-based solutions which involve such a transfer.

⁽⁷⁷⁾ Communication from the Commission to the European Parliament, the European Council, the Council, the Court of Justice of the European Union, the European Central Bank and the Court of Auditors on the review of the European Union under the Implementation Review Mechanism of the United Nations Conventions against Corruption (UNCAC) (COM(2020) 793).

⁽⁷⁸⁾ Regulation (EU, Euratom) 2020/2223 of the European Parliament and of the Council of 23 December 2020 amending Regulation (EU, Euratom) No 883/2013, as regards cooperation with the European Public Prosecutor's Office and the effectiveness of the European Anti-Fraud Office investigations (OJ L 437, 28.12.2020, p. 49) (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2020.437.01.0049.01.ENG&toc=OJ%3AL%3A2020%3A437%3ATOC).

⁽⁷⁹⁾ Communication from the Commission to the European Parliament pursuant to Article 294(6) of the Treaty on the Functioning of the European Union concerning the position of the Council on the adoption of a regulation amending Regulation (EU, Euratom) No 883/2013, as regards cooperation with the European Public Prosecutor's Office and the effectiveness of the European Anti-Fraud Office investigations (COM(2020) 805).

The Commission continues to assess its data processing activities in light of the requirements of the *Schrems II* judgment. All affected Commission services are working together with the information technology governance bodies and the Commission's Data Protection Officer to implement coherent solutions. The Commission services, coordinated by the Data Protection Officer, have already fulfilled a request from the European Data Protection Supervisor to all EU institutions to identify and map their international data transfers and to report certain categories of transfers. The European Data Protection Supervisor's response and further guidance are pending. In parallel, the Commission services, assisted by the Data Protection Officer, are continuing to assess data processing activities that involve international transfers with a view to ensuring compliance with Regulation (EU) 2018/1725. The goal is to minimise the risks linked to ongoing and future international transfers of personal data, including by informing all data subjects of the legal context in which such transfers take place, in order for operations undertaken by the Commission services to comply with EU data protection law.

2.2. Cost-effective controls protecting the EU budget

2.2.1. The Commission aims at striking the right balance between a low level of errors, fast payments and reasonable costs of controls

All Commission departments apply the **common control features** described above, by which measures to detect, prevent and correct irregularities are applied on a multiannual basis at the level of specific programmes or other expenditure segments. As seen in Section 2.1.3, individual spending programmes may be very diverse and therefore **control strategies need to be adapted** to different management modes, policy areas, beneficiaries and/or funding modalities and their associated risks.

This differentiation of the control strategies is needed to ensure that the controls remain **cost-effective**, i.e. that they strike the right balance between ensuring a low level of errors (effectiveness), fast payments (efficiency) and reasonable costs (economy). Riskier areas will trigger a higher level of scrutiny and/or frequency of controls, whereas low-risk areas should lead to less intensive, costly and burdensome controls. In addition, the actual recovery potential of unduly spent EU funds will be considered when setting up the control strategy (e.g. through the cost-benefit analysis of on-site audits).

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.

In order to measure the cost-effectiveness of its controls, the Commission uses the following indicators.

- Effectiveness. The level of errors found based on the controls carried out, which allow 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.



2.2.2. At the end of the programmes' life cycle, the risk is below 2%

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



To measure the effectiveness of the audits and controls carried out as described above and based on their results, every year each Commission directorate-general and service estimates the level of risk to the legality and regularity of EU spending at two stages in the multiannual control cycle: payment and closure.

The **risk at payment** is an estimate of the errors that have not been prevented and may still affect the payments (made to Member States, intermediary organisations, beneficiaries, etc.) despite the *ex ante* controls. The errors are detected through *ex post* controls and audits on the payments made.

The **risk at closure** is an estimate of the errors that will remain at the end of the programmes' life cycle, once all *ex post* controls and corrections have been made. It is equal to the risk at payment minus a conservative estimate of the **future corrections**, which will take place between the reporting year and the end of the programmes' life cycle.

For more details on these concepts and the methodology used to determine these estimates, as well as the rates per policy area and per Commission DG, see Annex 5.

The Commission considers that the budget has been effectively protected when, by the closure of the programme at the latest – i.e. when all controls, corrections, recoveries, etc. have been made – the risk at closure is below 2% of the relevant expenditure, which is the materiality threshold also used by the European Court of Auditors.

For **2020, the Commission's overall risk at payment and risk at closure are both below** the materiality threshold of 2%. The risk at payment and the risk at closure are below 2% in most of the individual policy areas as well (for details by DG, see Annex 5).

The decrease in the overall risk at payment compared to 2019 is due to the decrease in the risk at payment in cohesion.

The increase in the overall risk at closure is related to an increase in the risk at closure for agriculture.

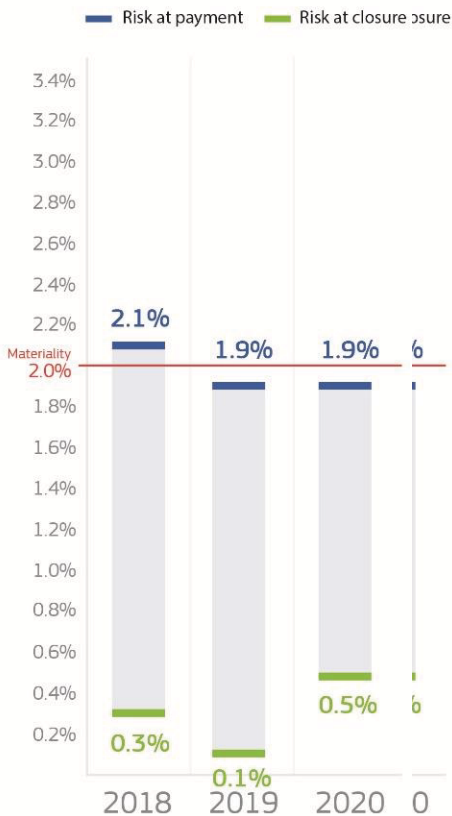
This means that, overall, the Commission's multiannual control systems ensured the effective **protection of the EU budget** in 2020.

The situation regarding risks at payment and at closure for 2020 per policy area is described below and their evolution over the 2018-2020 period is shown in graph format. For more details, including about the departments covered in each policy area, see Annex 5.

Overall results for 2020
Risk at payment. 1.9%
Risk at closure. 0.9%
Corrections of past payments. EUR 596 million
Reservations. 19, with a total financial impact of EUR 1 219 million

Natural resources

For **natural resources**, the **risk at payment** is **stable**, at **1.9%** in 2020. This is **similar to 2019⁽⁸⁰⁾** and remains below the materiality threshold of 2%. It corresponds to the risk at payment for agriculture expenditure, which represents the bulk of the expenditure in this policy area (98%), the rest being dedicated to maritime and fisheries ⁽⁸¹⁾, environment and climate expenditure.



The estimated **risk at closure** remains very **low**, at **0.5%**, which nevertheless represents an increase compared to 2019 (when the risk at closure was 0.1%) ⁽⁸²⁾. This is due to the decrease in the estimated future corrections – which stand at 1.4%, compared to 1.8% in 2019. This is partly explained by the decrease that has been observed in recent years in the error rate in agriculture. For the European Agricultural Guarantee Fund, net financial corrections were lower in 2020 due to reimbursements following judgments by the Court of Justice of the European Union. It is expected that the financial corrections in 2021 will be at the same level as in previous years for this fund. In 2020, the Commission **recovered** an amount of **EUR 348 million** for natural resources (see also Annex 7). In agriculture, direct payments under the European Agricultural Guarantee Fund account for 70% of payments, with a risk at payment estimated at 1.6%. This is well below 2% and remains free of material error for the 6th consecutive year. This type of expenditure is inherently low risk due to the entitlement-based reimbursement mechanism (see also Section 2.2.3). This is also the case for fisheries and the environment and climate actions. For spending areas where the expenditure is subject to complex eligibility conditions, such as rural development and market measures, the levels of risk at payment remain above the materiality threshold, at 2.9% and 2.4% respectively. Nevertheless, this risk has been decreasing over recent years due to the efficient management and control systems applied, in particular the Integrated Administration and Control System, including the Land Parcel Identification System. Moreover, the successful cooperation between the Commission and the Member States has proven to be an effective tool to remedy the weaknesses identified in certain paying agencies.

At the end of 2020, there were **five reservations** for segments of expenditure or programmes where control weaknesses and/or error rates above 2% had been identified (see more details in Annex 6), namely:

- three reservations for agriculture, for the **European Agricultural Guarantee Fund market measures** (affecting 8 Member States) and **direct payments** (affecting 17 paying agencies in 9 Member States), and the **European Agricultural Fund for Rural Development measures**, corresponding to those Member States and paying agencies that (temporarily) experienced control weaknesses and/or high error rates;
- one recurrent non-quantified reservation for the **EU emissions trading system registry**;
- one new non-quantified reservation in 2020 for the **European Maritime and Fisheries Fund**, corresponding to a control system weakness identified in **one Member State**.

⁽⁸⁰⁾ The risk at payment was estimated at 1,9% in 2019 which in line with the level of error for natural resources estimated by the Court of Auditors in its 2019 annual report (See Annex 6.1, p. 185 of the annual report on the implementation of the EU budget for the 2019 financial year (<https://op.europa.eu/en/publication-detail/-/publication/58a200f9-a180-11eb-b85c-01aa75ed71a1/language-en/format-PDF/source-206369444>)).

⁽⁸¹⁾ The European Maritime and Fisheries Fund expenditure, although included under the ‘Natural resources’ heading, follows the same delivery mechanism as cohesion expenditure.

⁽⁸²⁾ As there is no closure of the European Agricultural Guarantee Fund measures, in the area of agricultural expenditure the risk at closure is replaced by the final amount at risk.

In all cases where the deficiencies identified have led to reservations, there are follow-ups: 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.

Cohesion



For **cohesion**, the **risk at payment** is estimated in the range of **1.9% to 2.4%**, a **decrease** compared to 2019. The upper limit of the range is determined taking into account the worst-case scenario in light of ongoing audit procedures. The **estimated future corrections** have also **decreased**. Therefore, the **risk at closure** is estimated at **1.2%**, which is in line with 2019 (1.1%). In 2020, the Commission applied **corrections and recoveries** for an amount of **EUR 186 million**.

The decrease in the risk at payment can be attributed in particular to the **European Regional Development Fund** and the **Cohesion Fund**, which have the largest share of expenditure under this policy area. In these funds, the risk at payment has decreased from a range of 2.7% to 3.8% in 2019 (83) to a range of 2.1% to 2.6% in 2020.

For the **European Social Fund**, the risk at payment has also decreased from a range of 1.7% to 2.4% in 2019 to a range of 1.4% to 1.9% in 2020. The difference from the European Regional Development Fund and the Cohesion Fund risk level is mainly explained by differences in the complexity of the projects financed by each fund and the fact that the European Social Fund uses a higher proportion of simpler delivery mechanisms such as simplified cost options.

After the initial ramping-up of payments in 2018 and 2019, which resulted in an increase in the level of errors and the number of programmes under reservation (from less than 35 in 2017 to more than 90 in 2019), the implementation was fully up to speed in 2020. This allowed the actions that the Commission had put in place, building on the lessons learned from the previous years, to start to bear fruit. As a result, the number of operational programmes under reservation is down to under 65 and the risk at payment has also decreased.

More specifically for cohesion policy, in 2020, the Commission, in close cooperation with the audit authorities from the Member States, has taken all necessary initiatives to further consolidate the compliance level through:

- contributing to the assurance process by performing audits and presenting assurance packages on time, notwithstanding special COVID-19-related conditions (affecting all audit authorities);
- improving administrative capacity by increasing the number of audit personnel and their auditing qualifications;

⁽⁸³⁾ This is within the error-level range of between 2.1% and 6.7% estimated by the Court of Auditors in its 2019 annual report (Annex 5.1, p. 156). The higher level of error estimated by the Court can sometimes be explained by divergences in the interpretation of national rules, by the calculation of the level of error related to procedural procurement errors and by the Court's methodology, which extrapolates any errors found in one Member State to all Member States.

- updating and completing checklists with a view to achieving coverage of all legal requirements and leaving a full audit trail; and
- entering reservations on the basis of the system assessments and reportable error rates, adjusted, as the case may be, based on the previous year's confirmed error rates after all controls were applied.

However, despite these improvements, for the European Regional Development Fund and the Cohesion Fund, the risk at payment remains above the 2% materiality threshold. The main categories of irregularities identified by the Member States' audit authorities and the Commission are similar to those identified by the Court of Auditors: ineligible expenditure, public procurement errors, deficient audit trails and the absence of essential supporting documents. This shows that **most audit authorities detect the different types of irregularities** contributing to the error rate appropriately, but not always entirely. This issue is inherent in complex projects and rules. In most cases, overall the weaknesses detected are not systemic and, usually, with the remedial action put in place, the situation becomes satisfactory again within a year or two. In addition, errors or weaknesses found in one operational programme do not mean that similar errors or weaknesses are present in the whole Member State. Only in a **limited number of cases are the deficiencies systemic and recurrent** ⁽⁸⁴⁾.

At the end of 2020, there were **four reservations** issued by the two directorates-general dealing with cohesion:

- two reservations correspond to the **2014-2020 period** and include all the programmes which, 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 Member State level was deemed insufficient or unsatisfactory;
- two reservations correspond to the **2007-2013 period**, where a few operational programmes still need to be closed, but are not quantified because no payments were made.

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, with the support provided by the Commission, for a reservation to be lifted for an operational programme. For instance, for the European Regional Development Fund and the Cohesion Fund, in 87% of the cases, the reservations are lifted less than 2 years after being issued. See more details on reservations in Annex 6.

When the Commission identifies that programme authorities (i.e. managing or audit authorities) missed errors or did not appropriately or exhaustively detect errors, it provides them with targeted technical support (e.g. revision of (audit) checklists, clarification of applicable rules and training of staff) to improve the quality of their work and their detection capacity and to ensure that their work meets the expected standards. The Commission also provides targeted support so that the managing authorities are better equipped to deal with the most complex parts of the implementation of the funds. For instance, given the importance of procurement procedures, which are one of the main sources of errors for the implementation of the funds, the Commission continues implementing its action plan to improve the compliance with these procedures. Particular emphasis is being given to actions helping Member States to further professionalise procurers. In general, the Commission has also drawn up extensive guidance, examples of good practices and explanations, which are available online. Peer-to-peer exchanges are being promoted to support contracting and programme authorities in dealing with these issues and reducing errors at their level. Where necessary, when the deficiencies are persistent, the Commission proposes more targeted remedial action to improve the authorities' administrative capacity, which entails requests for more staff, additional training for staff or increased recourse to outsourcing.

The Commission is taking action to bring the risk at closure for the Cohesion Fund and the European Regional Development Fund below 2%. In order to achieve this goal, targeted efforts are being made, under the guidance and scrutiny of the central services. These highlight the wealth of actions put in place by the Commission to improve, where necessary, the work of the managing authorities along with

⁽⁸⁴⁾ This concerns 30 out of 293 programmes for the European Regional Development Fund and the Cohesion Fund and 34 out of 214 programmes for the European Social Fund.

that of the audit authorities. The Commission will further focus these actions on the more problematic operational programmes.

In addition, in relation to previous accounting years, after finalisation of further contradictory procedures additional financial corrections have been implemented. The residual error rates have decreased accordingly, which confirms that progress is being made towards reaching the estimated risk at closure⁽⁸⁵⁾. This percentage will continue to drop until the closure of the programmes.

For **the 2021-2027 period**, the Commission proposed significant **simplification measures** for cohesion policy. A handbook of 80 key administrative simplifications was developed and largely followed. Furthermore, the Commission has set up a subgroup on simplification, in the framework of the Transnational Network of European Regional Development Fund / Cohesion Fund Simplified Cost Options Practitioners, in order to identify and discuss the most burdensome activities in the implementation of European Structural and Investment Funds and facilitate the exchange of replicable best practices and their dissemination to the Member States. Furthermore, peer-to-peer exchanges have taken place to allow the transfer of knowledge between Member States and the Commission, in the form of bilateral meetings and training on specific issues raised by Member States. The burden on beneficiaries will be significantly reduced by moving to sample-based management verifications, instead of systematic verifications.

External relations



For **external relations**, both the **risk at payment (1.1%)** and the **risk at closure (0.9%)** remained **stable** and were well below 2%. In 2020, the Commission's **preventive and corrective measures** amounted to **EUR 126 million** – EUR 110 million preventive and EUR 16 million corrective.

In previous years, one important source of errors was inadequate or missing supporting documents from entrusted entities. This remains true in some segments of expenditure, like direct grants, for DG International Partnerships, as duly reflected in the yearly action plans.

Consequently, considerable efforts have been made to address the causes of these recurrent errors that will continue to have a positive impact in 2021. In particular, actions to raise awareness were maintained (and covered all types of recurrent errors) and the cooperation with international organisations was reinforced. More precise guidelines and checklists were also issued and an evaluation of the use of terms of reference for expenditure verifications adopted in 2018 was also conducted. In addition, the recommendations of the European Court of Auditors were a useful resource for continuously improving the building blocks of assurance, such as by fine-tuning the residual error rate studies.

However, in spite of these efforts, high risks were encountered in the area of neighbourhood and enlargement negotiations for grants in direct management where the reimbursement mechanism is based on eligible actual costs: this mechanism is inherently more prone to errors because of the relatively complex contractual provisions. As a result, the main source of errors was costs incurred that were not in compliance with the eligibility requirements.

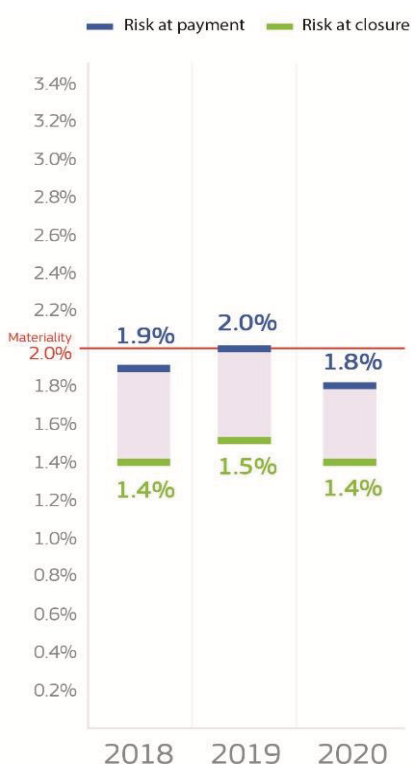
⁽⁸⁵⁾ For example, when taking into account all corrections related to the 2017/2018 accounting year, made between 2019 and the end of 2020, the residual error rate for 2017/2018 is:

- 1.8% for the European Regional Development Fund and the Cohesion Fund, down from a risk at payment estimated between 2.7% and 3.8%, as reported in DG Regional and Urban Policy's *2019 Annual Activity Report*, and getting closer to the risk at closure of 1.1%; and
- 1.3% for the European Social Fund, down from a risk at payment estimated between 1.7% and 2.4%, as reported in DG Employment, Social Affairs and Inclusion's *2019 Annual Activity Report*, and already corresponding to the risk at closure of 1.3%.

At the end of 2020, DG Neighbourhood and Enlargement Negotiations maintained its **two reservations**, as follows.

- One relates to **projects in Libya and Syria**, where the delegations cannot implement standard monitoring and evaluation activities due to the virtual impossibility of sending staff to conduct on-site project visits or of other verifications in the vast majority of locations in the countries due to security, political and, lately, COVID-19 constraints. DG Neighbourhood and Enlargement Negotiations has taken and will continue to adopt risk-mitigating measures, such as third-party monitoring or cross-checking and cross-referencing oral, written and visual information obtained from different sources. These measures will allow for the mitigation of the systemic risks related to the operations even without a Commission presence on the ground, but the countries remain two active conflict zones, and therefore the potential impact in terms of assurance remains significant.
- The other relates to **grants under direct management**, where the risk at payment minus corrections already applied is 3.17%, and therefore above the materiality threshold of 2% (see more details in Annex 6). An action plan including preventive actions (e.g. enhanced scrutiny of the financial capacity of the potential beneficiaries, kick-off meetings with new beneficiaries, including a dedicated session on financial and contractual issues, and on-the-spot checks of grants towards the beginning of projects) is currently in force.

Research, industry, space, energy and transport



For the **research, industry, space, energy and transport** policy area as a whole, the **risk at payment (1.8%)** decreased slightly compared to 2019. The **risk at closure (1.4%)** remained stable. In 2020, the Commission's **preventive and corrective measures** amounted to **EUR 172 million** – EUR 146 million preventive and EUR 26 million corrective. Most spending on these programmes is directly managed by the Commission, including through executive agencies and joint undertakings, and takes the form of grants to public or private beneficiaries participating in projects.

Within this policy area, the risk at payment for the **Horizon 2020** research programmes (2.95%) remains well above 2%⁽⁸⁶⁾. This higher risk is inherent in this type of expenditure, where payments are still largely based on the reimbursement of actual eligible costs (see Section 2.2.3) as per the related legal bases. Nevertheless, some parts of Horizon 2020, such as the Marie Skłodowska-Curie actions or the European Research Council grants, are considered low risk, with error rates below 2%.

As in previous years, the research departments have not qualified their declarations of assurance with any reservations in relation to the Horizon 2020 programme despite the fact that the risk at payment minus applied corrections is 2.3%. This is because they apply the programme's specific materiality threshold of 2% to 5% in order to take into account its inherent risks and the control limitations ⁽⁸⁷⁾.

The Commission is taking action to bring the risk at closure for

⁽⁸⁶⁾ In 2019, the risk at payment for Horizon 2020 was estimated at 3,3% which was within the range estimated by the Court of Auditors' in its Annual Report 2019 (see Annex 6.1, p. 128).

⁽⁸⁷⁾ The legislative financial statement accompanying the Commission's proposal for the Horizon 2020 regulation states: '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 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%.' (<https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A52011PC0811>)

Horizon 2020 below or as close as possible to 2%.

Several waves of simplification have been introduced in the research programmes, making life easier for beneficiaries and contributing to the reduction of the risk of error over the years. Still, the remaining complexities, in determining the exact costs that can be charged to projects, lead to errors in the related payments. In order to achieve this goal, an action plan has been set up under the guidance and scrutiny of the central services. Targeted efforts are being made to enhance the communication with Horizon 2020 participants, focusing on the most error-prone beneficiaries such as small and medium-sized enterprises, newcomers and one-time participants. Dedicated webinars are being put in place which aim to better explain the cost categories that contribute the most to the error rate. In addition, Commission staff in charge of carrying out *ex ante* controls are receiving additional training and guidance on how to focus more on riskier areas while maintaining the balance between mitigating risk and building trust, while enhanced online training of external firms performing audits on behalf of the Commission will also be organised. All the while, existing controls are being assessed and, where possible, enhanced and/or automated. In addition, the detection of plagiarism and double funding has been improved through a dedicated information technology tool.

For the next research programme, **Horizon Europe**, the Commission's proposal (to be adopted in 2021) further expands the use of simplified cost options, enabling beneficiaries to comply with the rules more easily and dedicate more focus to their actual research project.

Regarding the other programmes, the risks at payment and closure for the **Connecting Europe Facility** (covering transport, energy and telecommunications), implemented by the European Climate, Infrastructure and Environment Executive Agency (formerly the Innovation and Networks Executive Agency), are globally below 2%. The EU **space** programmes⁽⁸⁸⁾, implemented by the European Space Agency and the European GNSS Agency, also have inherently lower risks thanks to the type of funding and the level of auditing carried out.

For 2020, there is only one **reservation** for the grants under the EU programme for the competitiveness of enterprises and small and medium-sized enterprises implemented by the **European Innovation Council and SMEs Executive Agency** (formerly the Executive Agency for Small and Medium-sized Enterprises), because the risk at payment minus the corrections made during 2020 (2.96%) is above the materiality threshold of 2% (see more details in Annex 6).

Other internal policies



For **other internal policies**, comprising mainly education and culture, migration and home affairs, and economic and financial affairs, the **risks at payment and at closure** increased slightly, from 1.0% to 1.3% and from 0.8% to 1% respectively, and are **well below 2%**. In 2020, the Commission's **preventive and corrective measures** amounted to **EUR 51 million** – EUR 35 million preventive and EUR 16 million corrective.

The Commission's main education and culture programmes have undergone progressive simplification over many years, leading to an overall low risk profile thanks to the recurrent nature of activities and beneficiaries. The overall amount at risk is a reflection of this low inherent risk combined with effective control systems.

Under this policy area, last year's **reservations** have all been maintained, as follows (see more details in Annex 6).

DG Justice and Consumers. One reservation for a material error rate in grants under direct management. As in the previous years this is due to the complexity of the rules defining the eligibility of the costs and the lack of supporting documents.

As remedial actions, a number of concrete measures have been introduced, such as the systematic organisation of kick-off meetings to

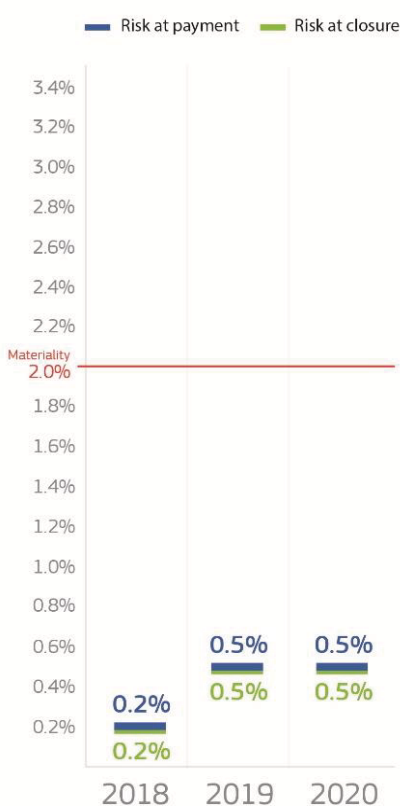
⁽⁸⁸⁾ Such as Galileo and the European Geostationary Navigation Overlay Service (the European satellite navigation systems) and Copernicus (the EU earth-observation system).

explain the applicable rules to the grant beneficiaries in detail. In addition, the approval of the new multiannual financial framework has led to the application of further simplifications, such as a single, simple way of determining the number of productive hours for the calculation of personnel costs.

DG Migration and Home Affairs. One reservation for shared management in the 2014-2020 funding period concerning the Asylum, Migration and Integration Fund and the Internal Security Fund, one for the instruments of the 2007-2013 funding period, and one for the EU actions and emergency assistance grants. Where these reservations are quantifiable, it is because of a material level of error.

In addition, DG Migration and Home Affairs has issued a reservation on reputational grounds related to weaknesses identified in the effective implementation of the European Border and Coast Guard Agency's new mandate.

Other services and administration



Finally, the Commission's **other services and administration** departments cover mostly low-risk types of expenditure, such as the administrative expenditure by the Office for the Administration and Payment of Individual Entitlements. Nevertheless, the **risk at payment** is prudently set at **0.5%**. As most of the corresponding control systems involve predominantly *ex ante* controls, the estimated future corrections are often set at a conservative 0.0%. Thus, the risk at closure is equal to the **risk at payment** and remains very low, at **0.5%**. In 2020, the Commission's **preventive and corrective measures** amounted to **EUR 7 million** – EUR 6 million preventive and EUR 1 million corrective.

From the revenue side, following the **loss of traditional own resources** due to undervalued imports of textiles and footwear from China – which led to a **reservation** – the quantification process of the inaccuracy of the traditional own resources amounts transferred to the EU budget is ongoing. Provisional calculations indicate that, in 2020, the inaccuracy might have reached more than 1% of the total amount of traditional own resources transferred to the EU budget in 2020, which would justify a reservation. The case is still pending before the Court of Justice of the European Union.

In this policy area, **DG Structural Reform Support** has maintained its reservation limited to grant agreements signed under direct management with beneficiaries for which no *ex ante* assessment of their internal control systems had taken place ⁽⁸⁹⁾ (see more details in Annex 6).

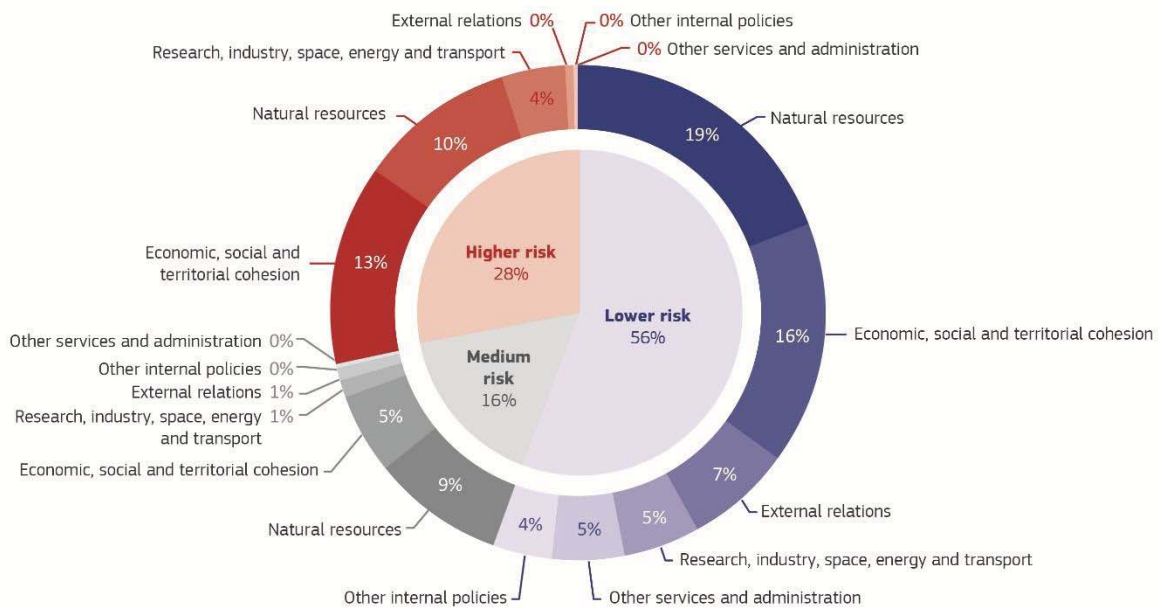
2.2.3. Lower, medium and higher risk programmes

From the above, it appears that there are programmes or segments of expenditure with fairly low levels of error and others with relatively higher ones. This is closely related to the nature of the funding, notably the difference between rather complex reimbursement-based schemes on the one hand and fairly

⁽⁸⁹⁾ For the European Structural and Investment Funds and the Structural Reform Support Programme.

straightforward entitlement-based payments on the other hand⁽⁹⁰⁾. But the control systems in place allow the risks related to some of the more complex programmes to be mitigated and as a result reduce the level of error.

The Commission identifies which programmes are higher risk allowing it to focus its action where it matters most. Given its in depth empirical approach, the Commission has robust evidence that demonstrates the differentiated situation for the funds managed. Based on the **risk at payment** – before any future correction is implemented – the Commission can divide the annual expenditure precisely into lower risk at payment (where the risk is below 1.9%), medium risk at payment (between 1.9% and 2.5%) and higher risk at payment (above 2.5%). For natural resources and cohesion, this analysis is also applied at the level of individual paying agencies and operational programmes in the Member States, irrespective of the financial corrections and recoveries to be made in subsequent years. (see chart below). This allows the Commission to focus its efforts and to efficiently provide its support and to address specific weaknesses even for policies which, taken globally, are low risk, such as the common agricultural policy.



The Commission's relevant expenditure for 2020, split into higher, medium and lower risk segments, per policy area, in % and billion EUR.

Source: European Commission annual activity reports.

The division of the Commission's portfolio into lower, medium and higher risk strata is as follows.

- **Lower risk.** This segment amounted to EUR 88 billion in 2020 (56% of the expenditure). This includes the expenditure of the paying agencies in agriculture and the European Maritime and Fisheries Fund as well as the operational programmes for cohesion with a low error rate; expenditure related to the Marie Skłodowska-Curie actions; the European Research Council grants; the European Space Agency and the European GNSS Agency; the Connecting Europe Facility; Erasmus+; the Asylum, Migration and Integration Fund; and budget support, subsidies and administrative expenditure.
- **Medium risk.** This amounted to EUR 26 billion in 2020 (16% of the expenditure). This includes the expenditure of the paying agencies in agriculture as well as the operational programmes for cohesion with an estimated error rate between 1.9% and 2.5%.

⁽⁹⁰⁾ This is also recognised by the European Court of Auditors (in its 2018 annual report on the implementation of the budget, paragraphs 1.16-1.32 (https://www.eca.europa.eu/Lists/ECADocuments/annualreports-2018/annualreports-2018_EN.pdf)).

- **Higher risk.** This amounted to EUR 44 billion in 2020 (28% of the expenditure). This includes the expenditure of the paying agencies in agriculture as well as the operational programmes for cohesion with an estimated error rate above 2.5% or with serious deficiencies⁹¹; the expenditure related to the Horizon 2020 research grants; and the complex grants of other departments.

The Commission is closely monitoring the risk at payment and risk at closure for the different programmes and policy areas and is taking further action to reduce error rates.

For the medium and higher risk strata in particular, the services will continue to work closely with the central services on ways to further decrease the error rates by raising beneficiaries' and implementing partners' awareness of issues, adjusting the control strategies where necessary and applying the lessons learned to the future programmes.

It is important to highlight that this estimated split results from an analysis of the risk at payment at the level of programmes and other relevant expenditure segments. This split is different from that of the European Court of Auditors, which is based on the type of reimbursements made – i.e. entitlements are considered inherently low risk and reimbursements are considered inherently high risk – regardless of the level of error actually found. From a management perspective, thanks to the results of the controls in place, the actual level of error can be lower than the materiality threshold and programmes that are considered high risk by the Court of Auditors can actually be quite low risk in reality.

2.2.4. The Commission is further improving the efficiency of its operations

In a context of tight budgetary constraints, the Commission is striving to improve efficiency in all areas of its activity while maintaining a high level of delivery. The Corporate Management Board directs work across the Commission in domains such as human resources management, strategic planning, security, business continuity, financial management, information technology governance and information management, communication, logistics and event management. Working methods and processes are being streamlined to ensure the most efficient use of limited resources.

This work will continue in order to ensure optimal allocation of resources and a high level of performance in a context of increasing workload in many areas, including most recently in relation to the response to the ongoing COVID-19 pandemic.


- In 2020, the College of Commissioners adopted the legal acts establishing the future executive agencies under the 2021-2027 multiannual financial framework⁽⁹²⁾. This was accompanied by guidance to optimise staffing and administrative procedures in these agencies.
- In her mission letter to Commissioner Hahn, President von der Leyen requested that he develop a new human resources strategy for the Commission in order to continue the modernisation of the organisation. The Corporate Management Board provided guidance on the development of this strategy, taking into account the experience gained from the COVID-19 pandemic and the need for alignment with the policy for the greening of the Commission and the new real estate policy.
- In 2020, the Corporate Management Board presided over the preparation of a comprehensive action plan for greening the Commission's administration in line with the objectives of the European Green Deal. This plan will lead the Commission, as a public institution, towards climate neutrality by 2030.

⁽⁹¹⁾ 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, irrespectively of the percentage of error, when the audit opinion issued by the national audit authorities on the functioning of the management and control system and on legality and regularity of the operational programmes was either adverse or qualified.

⁽⁹²⁾ Communication to the Commission – Delegation of the management of the 2021-2027 EU programmes to executive agencies (C(2021) 946).

- In 2020, the Commission swiftly decided on an allocation of human resources with a view to strengthening the delivery of the key political priorities and the Commission’s response to the impact of the COVID-19 pandemic. This included in particular staff reinforcement for the European Green Deal and the implementation of the NextGenerationEU package.

COVID-19 not only required Commission departments to adjust the way they carry out their controls, but also presented an opportunity to rethink the way they work in all areas.



In supporting the Commission’s response to the COVID-19 crisis, Eurostat promptly implemented a number of actions to ensure business continuity for the provision of relevant and high-quality statistics. In parallel, it also implemented new methods of producing statistics with new data sources, experimental statistics and innovative tools, to respond to emerging data needs during the pandemic and the recovery period. These advancements are here to stay and will be capitalised on even after the crisis.

Simplification can be achieved through the simplification of rules; through harmonised and, as far as possible, standardised corporate models of legal instruments and modern corporate financial information technology tools; and through ensuring consistency in relations with beneficiaries, Member States and partners implementing EU funds under indirect management.

Actions undertaken **at corporate level** during 2020 include developing more efficient corporate workflows (for grants, procurement and financial instruments) through simplified corporate models and procedures (building on the single electronic data interchange area). In addition, the Commission has stepped up guidance and coordination vis-à-vis both Member States and other Commission departments in areas that are relevant to the implementation of the EU budget (e.g. internal control systems in Member States, conflicts of interest, rule of law and anti-fraud measures).

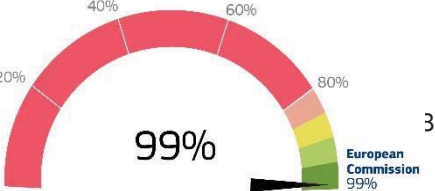
The single data-mining tool the Commission makes available to Member States, for control and audit purposes under the European Structural and Investment funds, will be extended to the common agricultural policy and the Recovery and Resilience Facility. The tool aims at enhancing the interoperability of the data on recipients of EU funds and helping identify which measures, recipients, contracts and contractors might be susceptible to fraud, conflicts of interest and irregularities. It will thus ensure an additional layer of protection for the EU budget.

Other information technology initiatives are e-cohesion in shared management and the geospatial system used for agriculture. Further digitalisation of the processes is being encouraged and tested.

Initiatives to further progress in making the Commission agile and modern also continued **at the level of the Commission departments**, in particular to reinforce the efficiency of financial management and as a response to the COVID-19 pandemic, as follows.

- A number of Commission departments have further digitalised their financial processes. This contributes to a leaner, less bureaucratic, better integrated and more flexible Commission. As a result, resources are increasingly focused on front-line activities. Moreover, automated dashboarding tools have enhanced the monitoring process and facilitated improved management and better use of data, while reducing the chances of missing opportunities for early response.
- Several Commission departments also reported that they have adapted their control strategies and/or their financial workflows, with a view to simplifying procedures and further aligning the frequency and intensity of controls with the level of risk associated with transactions and with the travel restrictions imposed by the COVID-19 pandemic.

Despite the difficult situation created by COVID-19 and thanks to the abovementioned initiatives to ensure the effective implementation and protection of the EU budget, the time needed to complete the financial processes remained similar to previous years. In particular, the main efficiency indicators for



the use of the EU budget – the level of implementation of the budget and the timeliness of the payments – remained at a very high level, as shown in the following.

- 99% of the payment appropriations expiring in 2020 were paid in 2020.
- 99% of the payments made (in terms of amounts) were within the legal payment deadline (see details in Annex 10). This is important as many beneficiaries rely on these payments to carry out their activities and projects, which, in turn, contribute to the Commission's objectives.

Given the COVID-19 pandemic, the Commission made use of the option of accelerated procurement procedures, to allow projects to start early and to ensure timely results.

2.2.5. The cost of controls remains proportionate to the associated risks

Overall, the estimated cost of controls is **reasonable** in view of the nature of the programmes and/or the contexts of the controls. Furthermore, the costs remain **stable**. In some cases they decreased slightly due to the adjustments made to the control plans in the context of COVID-19, where on-the-spot audits were replaced with remote audits. In other, limited cases, their relative weight increased slightly when the amount of expenditure decreased compared to the previous year. A direct comparison between programmes is often not possible because of their different features and cost drivers, examples of which are given in the box below.

Examples of common cost drivers

- The degree of complexity of the programmes managed.
- The volumes and amounts to be processed – processing a high number of low-value transactions is more labour intensive than processing a low number of high-value transactions.
- The specific risk profiles of the programmes managed, for instance programmes in external relations where funds are mostly spent in non-EU countries.
- Possible diseconomies of scale for certain smaller programmes, in terms of amounts of funding, as well as programmes that are being phased out, or funds managed by smaller entrusted entities, or Commission departments managing smaller amounts of funds, as there is always an irreducible number of controls to be carried out regardless of the amounts of funding involved.
- The type of management: under indirect and shared management, the costs of controls are shared between the Commission and its implementing partners, national authorities or entrusted entities, and so the costs at Commission level may be much lower for such programmes than for those that are directly managed by the Commission.

For the sake of transparency and completeness, those departments dealing with shared and/or indirect management have also reported in their annual activity reports on the cost of controls in Member States and entrusted entities, separately from the Commission's own cost of controls. For example, for common agricultural policy, the costs reported by Member States for delivery represented 3.4% of the expenditure for 2020.

In 2020, following the combined assessment of their effectiveness, efficiency and economy, all Commission departments concluded that, overall, their **controls were cost-effective**.

2.3. Management assurance

2.3.1. Assessments, assurance and reservations declared by Directors-General

In their 2020 declarations of assurance ⁽⁹³⁾, **all 51 Directors-General (or equivalent) declared they had reasonable assurance** of the following: (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 the context of their overall assurance-building processes and from their management perspectives, the Directors-General 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 is likely to 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 portfolio segment affected.

For 2020, 11 Directors-General issued a qualified declaration, resulting in a total of 19 reservations (this is similar to 2019, where 18 reservations were reported, by 11 departments as follows.

- A total of 16 reservations are **recurrent** from previous year(s), 15 of which are related to the spending programmes and the other is related to the revenue side of the EU budget. 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.
- Three reservations are **new** in 2020. They are due to a material level of error, or serious weaknesses found in the control systems of the implementing partners (Member States or agencies).
- Two reservations that were present in 2019 were lifted in 2020: in one case this was because of the application of the ‘de minimis’ rule whereby reservations are no longer considered meaningful under certain conditions, namely where limited expenditure is involved (less than 5% of the payments of the directorate-general or service) and the resulting financial impact is low (less than EUR 5 million), and in the other case it was because the issues leading to the reservation were resolved.

The total financial impact of all reservations was EUR 1 219 million for 2020, i.e. 16% higher than the EUR 1 053 million in 2019. This increase is related to the slight increase in the error rates found in agriculture. For each reservation, mitigating actions are put in place to address the underlying weaknesses and mitigate the resulting risks (see details in Section 2.2.2).

Annex 6 provides a complete list of the reservations for 2020 as well as further explanations and details.

2.3.2. Work of the Internal Audit Service and overall opinion

The Commission directorates-general and services also base their assurance on the work done by the Internal Audit Service.

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. As required by its mission charter ⁽⁹⁴⁾, the Internal Audit Service issued an annual overall opinion on the

⁽⁹³⁾ https://ec.europa.eu/info/publications/annual-activity-reports_en

⁽⁹⁴⁾ Communication to the Commission – Mission charter of the Internal Audit Service of the European Commission (C(2020) 1760).

Commission's financial management, based on the audit work it had carried out in the area of financial management in the Commission during the previous 3 years (2018-2020). 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 considered that, in 2020, the Commission had put in place governance, risk management and internal control procedures which, taken as a whole, are adequate to give reasonable assurance on the achievement of its financial objectives.**

However, the overall opinion is qualified with regard to the reservations the authorising officers by delegation made in their declarations of assurance issued in their respective annual activity reports. In arriving at the overall opinion, the internal auditor also considered the combined impact of (1) all amounts estimated to be at risk at payment as these go beyond the amounts put under reservation and (2) the financial corrections and recoveries related to deficiencies and errors the Commission directorates-general and services will detect and correct in the coming years due to the multiannual corrective mechanisms built into the Commission's internal control systems. Given these elements, the Internal Audit Service considers that the EU budget is adequately protected in total and over time.

Without further qualifying the opinion, the internal auditor added two 'emphases of matter', which are described in Annex 8 to this report, regarding:

- the implementation of the EU budget in the context of the current crisis related to the COVID-19 pandemic, notably the ongoing need for **continuous monitoring** and assessment of new and/or emerging risks and for defining and implementing corresponding mitigating measures **as well as appropriate financial management, audit and control strategies for operations to support the recovery under NextGenerationEU, in particular as concerns the Recovery and Resilience Facility**; and
- supervision strategies for third parties implementing policies and programmes, in particular as concerns the fulfilment of the preconditions for entrusting third parties with the management of EU funds.

With a view to contributing to the Commission's performance-based culture and greater focus on value for money, the Internal Audit Service also carried out performance audits in 2020 as part of its strategic audit plan. These audits resulted in recommendations, all accepted by the auditees, concerning data and information management, data protection, supervision strategies regarding the implementation of programmes by third parties, control strategies for selected directorates-general and services, human resources management processes, and reviews assessing the implementation of the new internal control framework in the Commission. For all recommendations, the auditees drafted action plans, which were submitted to and assessed as satisfactory by the Internal Audit Service.

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 95% of the recommendations issued during 2016 to 2020 and followed up on 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. Annex 8 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.

2.3.3. 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 (i.e. from the Internal Audit Service) and external (i.e. from the European Court of Auditors) audit recommendations are properly taken into account by the Commission directorates-general and services and that they receive appropriate follow-up.

During this first full reporting year of its 2019-2024 mandate, marked by the outbreak of the COVID-19 pandemic, the Audit Progress Committee continued to play its important role in enhancing governance, organisational performance and accountability across the entire organisation. It held four rounds of meetings.



While the committee focused its work on the four key objectives set out in the 2020 and 2021 work programmes, it also closely monitored the COVID-19 situation in connection with its areas of responsibility, for example when considering the results of COVID-19-related risk assessments and their relevance for the audit planning.

It also discussed three critical audit findings raised by the Internal Audit Service with the relevant auditees, urging the auditees to complete their mitigating actions as soon as possible. The Audit Progress Committee was satisfied with the independence and quality of the internal audit work. It also found that the internal auditor's new multiannual strategic plan for the 2021-2023 period adequately covers the audit universe and continues to cover the key risk areas, such as performance, legality and regularity, data protection and COVID-19 response and recovery measures. The committee considered it encouraging that the effective implementation rate of the internal auditor's recommendations remained high (i.e. covering 95% of recommendations issued and followed up on during the 2016-2020 period) and that only six very important audit recommendations were overdue by more than 6 months as of January 2021. The committee also continued to monitor the progress in implementing the Court's recommendations.

Finally, it was satisfied when for the 13th time in a row the Court of Auditors gave a clean opinion on the reliability of the EU consolidated accounts.

Annex 9 to this annual management and performance report includes more information on the work and conclusions of the committee.

2.3.4. The opinions of the Court of Auditors on the 2019 accounts and on the legality and regularity of transactions

The 2019 annual report of the European Court of Auditors, published in November 2020, **once again gave a clean opinion on the EU accounts, for the 13th year in a row.**

Validation of local systems

The accounting officer is required to sign off on the annual accounts, certifying that they have reasonable assurance that the accounts present a true and fair view of the financial situation of the Commission. The validation of local systems consists of a number of monitoring and supervisory controls aimed at providing assurance that the accounting officer can rely on the information entered by the various Commission departments in the accounting systems. This is in addition to the departments' own management assessments of the internal control systems in place.

The work carried out in 2020 identified strengths as well as a number of weaknesses and issues, resulting in recommendations intended to improve the control environment and accounting quality in the departments – mitigating risks to the accuracy of the financial and regulatory management reporting⁽⁹⁵⁾. Action plans are being implemented to address the recommendations. None of the weaknesses identified are likely to have a material impact on the annual accounts.

⁽⁹⁵⁾ The recommendations mainly concerned six directorates-general: DG Economic and Financial Affairs, DG Internal Market, Industry, Entrepreneurship and SMEs, DG Employment, Social Affairs and Inclusion, DG Energy, DG Environment and DG Climate Action.

The main risks concerned various issues with the following: the accounting control environment; the fact that the European Agricultural Guarantee Fund was not included, which might have an impact on charges accrued during the year, the timely clearing of pre-financing (but mitigating measures are taken at the end of the year for the cut-off); the timely issuance of recovery orders; and the synchronisation of accrual-based accounting with local information technology systems.

While **revenue** also continues to be **free from material error**, the European Court of Auditors issued an **adverse opinion on the legality and regularity of 2019** expenditure instead of a qualified opinion as in the last 3 years. The overall **level of error** for the EU budget (**2.7%**) estimated by the European Court of Auditors was relatively **stable** compared to the last 2 years, and significantly lower than in the years before 2017.

The Court's decision to move from a qualified to an adverse opinion is mainly explained by the increase in the share of what it considers to be high-risk expenditure. High-risk expenditure, which is often subject to complex rules and is mainly based on reimbursement of costs, increased from 51% of the audited population in 2018 to 53% in 2019. It therefore came to account for more than half of the EU budget and covers in particular cohesion, research expenditure, rural development, European Agricultural Guarantee Fund market measures and some parts of external actions. For the biggest areas of EU expenditure – natural resources (accounting for 47% of audited expenditure) and cohesion policy (23%) – the Court's estimated levels of error decreased compared to the year before: in cohesion, the level fell from 5% to 4.4% and in natural resources it fell from 2.4% to 1.9%, the latter being, according to the Court, close to the materiality threshold of 2%.

The Commission follows up on the Court's recommendations, and reports on the measures taken in the annual activity reports. Moreover, it reports on the implementation of the Court's recommendations to the Audit Progress Committee on a regular basis, which performs certain monitoring activities in this respect under its updated mandate ⁽⁹⁶⁾.

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 *Report on the Performance of the EU Budget – Status at the end of 2019*, the Court of Auditors reviewed the extent to which the Commission had pursued the implementation of 270 audit recommendations addressed to it in 33 special reports published in 2016. The Court of Auditors noted that the Commission had implemented slightly more than three quarters of the recommendations either fully (63%) or in most respects (14%), and another 14% in some respects. Out of the 24 recommendations that the Court considered had not been implemented, the Commission had initially not accepted 20. These results are broadly in line with previous years.

2.3.5. Discharge of the budget for 2019

The European Parliament granted discharge to the Commission for the 2019 financial year by a clear majority on 27 April 2021 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 improve the results delivered by the EU budget and how to further reduce the level of error. The debate also touched upon issues such as the rule of law and fundamental rights, smoother implementation, distribution of funds, information on beneficiaries of EU funds, financial instruments managed by the European Investment Bank Group, and traditional own resources. As usual, **the Commission is taking appropriate action to implement these recommendations** and report on the follow-up in a dedicated report ⁽⁹⁷⁾.

2.3.6. Conclusion on management achievements

The annual activity reports demonstrate that all Commission departments have put in place solid internal controls and provide evidence of the efforts undertaken to improve cost-effectiveness, further simplify the rules and adequately protect the budget from fraud, errors and irregularities.

⁽⁹⁶⁾ 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 (C(2020) 1165).

⁽⁹⁷⁾ This will be the report on the follow-up to the discharge for the 2019 financial year, which will also be part of the integrated financial and accountability reporting package.

All authorising officers by delegation have provided reasonable assurance, although qualified with reservations where appropriate. These reservations are a keystone in the accountability chain. They outline the challenges and weaknesses encountered along with the measures envisaged to address them and an estimation of their impact.

The departments implementing the budget for regional cohesion policy will work with the relevant national authorities to further strengthen the controls in place to further reduce the amount at risk.

The departments implementing research policy will pursue various initiatives aiming at reducing the amount at risk through further promotion of simplified cost options and by exhausting the benefits of the different information technology tools, and adjusting the control strategies in place both to detect errors and to identify and implement best practices to prevent them.

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 – Financial year 2020* and takes overall political responsibility for the management of the EU budget.

2.4. Further developments: outlook for 2021 and beyond

2.4.1. Recovery and Resilience Facility: establishment, progress and challenges

In 2021, the Commission will make the first disbursements under the Recovery and Resilience Facility. During 2020, the Commission took unprecedented measures to set up the facility in record time.

The main actions consisted of putting in place a dedicated governance structure and the relevant internal processes and control strategies, tailored to the fact that the facility is a performance-based instrument and that disbursements to Member States are based on the achievement of predefined milestones and targets. Payments will therefore not be subject to controls on the costs actually incurred by the beneficiary. Unlike in shared management, the Member States are the beneficiaries of the EU funds, which, once paid, become fungible in their national budgets. The Member States bear the responsibility of ensuring that the facility is implemented in compliance with EU and national rules and with the principles of sound financial management.

In order to build its assurance, the Commission will rely on the Member States' controls and complement them with its own controls as necessary, at three stages.

- During the assessment of the Member States' recovery and resilience plans, the Commission will assess whether the control systems outlined by the Member States in the plans provide sufficient assurance that the management and control systems function. If a control system is deemed insufficient, the plan cannot be approved.

In particular, Member States must explain in their plans how they will demonstrate to the Commission that the predefined milestones or targets have been met and ensure that the related data are reliable, including control mechanisms to ensure such reliability.

Moreover, Member States will describe the control system in place to prevent, detect and correct fraud, corruption, conflicts of interest and double funding. For that purpose, Member States must also collect certain standardised data on the final recipients of funds for the reform and investment projects.

- During the implementation of the facility, once Member States submit their payment requests, the Commission will assess whether the milestones and targets have been satisfactorily achieved and all other conditions for disbursement met. In particular, Member States must accompany each payment request with:
 - a management declaration confirming that the funds were used for their intended purpose, that the information provided is correct, and that the control systems in place give the necessary assurance that the funds were used in accordance with applicable rules; and
 - a summary of the audits carried out, including any weaknesses identified and corrective actions taken.

The Commission may ask for additional information and may decide to carry out additional controls in order to obtain the necessary complementary assurance of the achievement of the milestones and targets before making the payment. If the milestones and targets have not been satisfactorily fulfilled, payments will be suspended or proportionally reduced.

- After disbursements, the Commission will perform *ex post* controls, in particular in cases of doubt or if the Member States' control systems are deemed insufficient. These *ex post* controls may be related to the legality and regularity of the disbursements (i.e. to the achievement of milestones and targets).

In addition to the controls on the fulfilment of milestones and targets, although it is the Member States' responsibility to ensure the sound financial management of the funds disbursed under the facility and to

recover misappropriated amounts, the Commission will perform risk-based controls to verify that there are no serious irregularities (i.e. fraud, corruption or conflicts of interest), or serious breaches of the obligations of the financing agreement and that, in case such issues are noted, they have been or are in the process of being corrected. If necessary, the Commission will recover proportionate amounts if these have not already been recovered by the Member States themselves or require early repayment of the loans.

2.4.2. Managing the transition of the delegation to executive agencies

Based on the successful experience of the 2014-2020 multiannual financial framework, the Commission decided, in 2020, to make greater use of executive agencies for implementing the 2021-2027 EU programmes. Six new executive agencies have been established as of 1 April 2021. Five are the successors to previous agencies, with some important changes to their portfolios. Setting up the new agencies in a single establishment act has simplified the legal basis by integrating six decisions into one, setting out the portfolio changes in a clear manner.

The new portfolios ensure that each executive agency is of sufficient size to operate efficiently and to facilitate synergies between EU programmes, ensuring sound financial management. Synergies are also supported by the new provisions allowing agencies to, for example, be entrusted with pilot projects and preparatory actions and implement transfers from funds under shared management. This structure is underpinned by a cost-benefit analysis finalised in 2020 that demonstrates its advantages for the quality and efficiency of programme implementation and its cost-effectiveness.

The staffing for each programme and executive agency has been determined based on the new portfolios. Productivity targets have been set for each programme to promote further efficiency improvements to be achieved by the end of the multiannual financial framework. Staff increases in agencies are offset by a reduction in Commission staffing levels.

In early 2021, the Commission has continued to work to ensure a smooth transition to the new agencies and programmes. The management of the new programmes will be formally delegated to the executive agencies once the co-legislator has adopted the basic acts of the programmes. This process is currently ongoing.

2.4.3. Better avoidance of conflicts of interest

In order to help the managers of EU funds and thereby contribute to the effectiveness of the internal control of the budget implementation, the Commission has published guidance on the avoidance and management of conflicts of interest under the financial regulation, which covers all management modes (direct, indirect and shared management)⁽⁹⁸⁾. It aims at raising awareness and promoting the uniform interpretation and application of the rules among staff of the EU institutions and Member States' authorities as well as any person involved in the implementation of EU funds.

Following the publication of the guidance, the Commission has planned promotion actions targeted at Member States, through Member States' authorities and respective expert networks, including a workshop in the context of the better spending network, as well as at its internal specialised networks. Such targeted actions and presentations will take place over the course of 2021 and beyond.

⁽⁹⁸⁾ Commission Notice – Guidance on the avoidance and management of conflicts of interest under the financial regulation (C/2021/2119) (OJ C 121, 9.4.2021, p. 1).

2.4.4. Implementing the conditionality for the protection of the EU budget

Regulation 2020/2092 on a general regime of conditionality for the protection of the EU budget was adopted on 16 December 2020 ⁽⁹⁹⁾. This is a major achievement as, for the first time, the EU has a specific tool to protect its budget from breaches of the principles of the rule of law.

The regulation came into effect on 1 January 2021 and complements other procedures established by EU legislation for the protection of the budget. It aims at protecting the EU budget against breaches of the principles of the rule of law that affect (or seriously risk affecting) its sound financial management or the protection of the financial interests of the EU. The Commission has started to draw up guidelines on the application of the regulation, and is already assessing available information to identify possible breaches relevant under the regulation.

⁽⁹⁹⁾ 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 433I, 22.12.2020, p. 1) (<https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32020R2092>).

Key terms

TERM	DEFINITION
Agency	<ul style="list-style-type: none"> • An executive agency is a body governed by EU public law and which has its own legal personality, to which the Commission entrusts, under its own control and responsibility, certain tasks relating to the management of EU programmes. • A decentralised agency is a body governed by EU public law and which has its own legal personality. A decentralised agency is subject to the external control of the Court of Auditors and to the annual discharge from the European Parliament.
Annual management and performance report	The annual report providing a comprehensive overview of the performance, management and protection of the EU budget. The Commission, by adopting this report, takes overall political responsibility for the management of the EU budget.
Appropriations	Amount of commitments/payments that can be committed/paid after receipt of contributions.
Basic act	An act of secondary law (regulation, directive or decision) laying down the objectives and conditions for budget implementation. It usually relates to the type of action (programmes).
Budget execution	Consumption of the budget through expenditure and revenue operations.
Budgetary commitment	The reserving of appropriations to cover subsequent specific payments.
Department	The Commission applies a decentralised model of financial management. According to the financial regulation, the College of Commissioners acts as the Authorising Officer. The College delegates financial management tasks to the Authorising Officers by Delegation, who become responsible for their Commission department. These 51 departments comprise 6 'types' of entities: directorates-general, executive agencies, offices, services, a centre and a task force.
Direct management	A form of implementation of the EU budget where the implementation is carried out by the Commission or one of its executive agencies.
Discharge	Decision by which the European Parliament closes an annual budget execution process, on the basis of a recommendation from the Council and a declaration of assurance from the Court of Auditors. It covers the accounts of all the EU's revenue and expenditure, the resulting balance, and assets and liabilities, as shown in the balance sheet.

TERM	DEFINITION
Draft budget	The proposal of the European Commission for an annual financial plan drawn up according to budgetary principles, which provides forecasts and authorises an estimate of future costs and revenue and expenditures, with detailed descriptions and justifications (the latter in 'budgetary remarks'). Once adopted, the voted budget will be available in the following year for the intended purpose.
Evaluation	Tool to provide a reliable and objective assessment of how efficient and effective interventions financed from or guaranteed by the EU budget have been or are expected to be. Commission services assess the extent to which interventions have achieved their policy objectives, and how their performance could be improved in the future.
Financial instrument	Means of providing EU financial support from the budget to address one or more of the EU's specific policy objectives through a risk-sharing mechanism. Such instruments may take the form of equity or quasi-equity investments, loans or guarantees or other risk-sharing instruments and may, where appropriate, be combined with other forms of financial support or with funds under shared implementation.
Financial Regulation	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 (OJ L 193, 30.7.2018, p.1).
Grant	A direct financial contribution, by way of donation, from the budget to finance either an action intended to help achieve an objective of an EU policy or the functioning of a body that pursues an aim of general European interest or has an objective corresponding to part of an EU policy.
Heading	<p>A group of EU activities covering a broad category of expenditure under the multiannual financial framework. The current multiannual financial framework (2014-2020) is composed of six headings, as follows.</p> <ul style="list-style-type: none"> • Heading 1. 'Smart and inclusive growth', which has two subheadings: (a) Competitiveness for growth and jobs and (b) Economic, social and territorial cohesion. • Heading 2. 'Sustainable growth – Natural resources', which includes agriculture, fisheries and the environment. • Heading 3. 'Security and citizenship'. • Heading 4. 'Global Europe'. • Heading 5. 'Administration'. • Special instruments. These are for areas that fall outside the multiannual financial framework ceilings or its other headings.

TERM	DEFINITION
Implementation rate	Share of available amounts committed or paid compared to the amount of the voted budget.
Indirect management	A form of implementation of the EU budget based on entrustment by the Commission of one or more third parties (e.g. non-EU countries, international organisations, European Investment Bank Group).
Joint undertaking	A legal EU body established under the Treaty on the Functioning of the European Union. The term can be used to describe any collaborative structure proposed for the 'efficient execution of Union research, technological development and demonstration programmes'.
Payment appropriations	Amount of money covering expenditure due in the year, arising from legal commitments entered into in the current year and/or earlier years.
Programme	Set of related measures and activities for implementing EU policies. EU policies are implemented through a wide range of programmes and funds providing financial support to hundreds of thousands of beneficiaries – farmers, students, scientists, non-governmental organisations, businesses, towns, regions, etc.
Shared management	A form of implementation of an EU fund or programme where the task of management is delegated to EU Member States (as opposed to direct management). This applies to the vast majority of EU-funded projects.
Special instruments	A means of providing EU financial support from the budget to allow the EU to react to specified unforeseen circumstances or to allow the financing of clearly identified expenditure that cannot be financed within the limits of the ceilings available for one or more headings. The mobilisation of special instruments is subject to a decision by the budgetary authority, acting on a proposal for a transfer from the 'reserve' title to the item concerned.

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For access to legal information from the EU, including all EU law since 1952 in all the official language versions, go to EUR-Lex at: <http://eur-lex.europa.eu>

Open data from the EU

The EU Open Data Portal (<http://data.europa.eu/euodp/en>) provides access to datasets from the EU. Data can be downloaded and reused for free, for both commercial and non-commercial purposes.



Strasbourg, 8.6.2021
COM(2021) 301 final

ANNEX 3 – PART 1/3

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 - Financial Year 2020



Annual Management and Performance Report for the EU Budget

Volume III
Technical annexes

#EUBUDGET

FINANCIAL YEAR

2020

INTEGRATED FINANCIAL AND
ACCOUNTABILITY REPORTING 2020

Annual Management and Performance Report for the EU Budget

Volume III

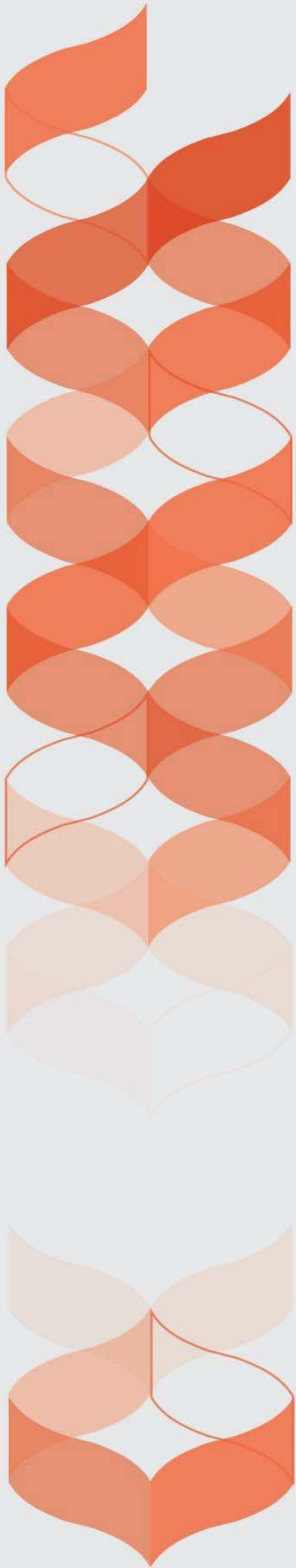
Technical Annexes

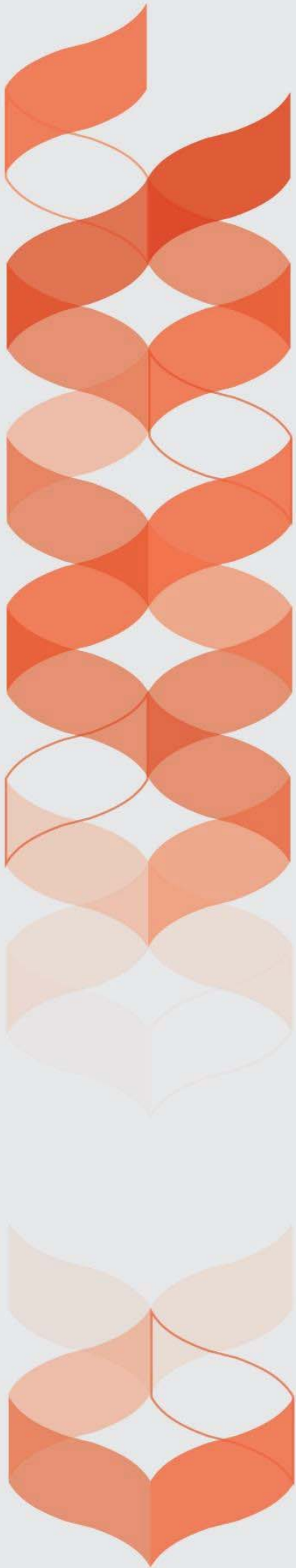
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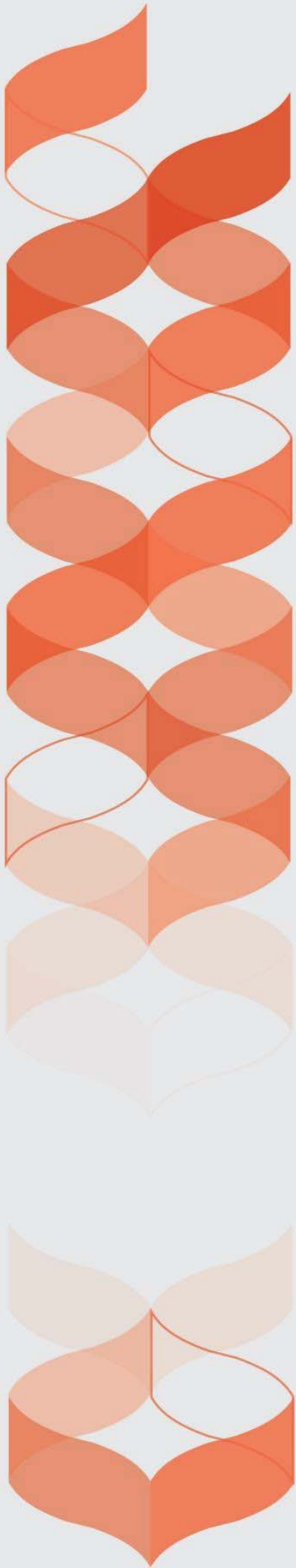
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Annex 3 – Programme performance overview



Annex 3:

Programme performance overview

Introduction

The Commission is committed to presenting accurate, reliable and understandable performance information relating to EU spending programmes. This annex contains the programme performance overview, which is drawn from the programme statements attached to the 2022 draft budget. It presents all EU spending programmes for the 2014-2020 period in a concise and uniform way. For each programme, the overview provides information on:

- what the programme is about;
- why it is necessary;
- an outlook for the 2021-2027 period;
- a selection of key performance indicators;
- where we are in the implementation;
- an assessment of the performance information;
- some concrete examples of achievements.

The 'Performance assessment' section, which was first included last year, presents a summary of the overall progress towards achieving the programme objectives. This year, the 'Key performance indicators' section also includes an assessment of whether the indicators are on track to reach their targets. While 2020 is the last year of the 2014-2020 programming period, the implementation of certain programmes will continue for a number of years beyond the end of the period, as provided for in their legal bases. This applies in particular to the European Structural and Investment Funds. Depending on the final year of implementation, 'on track' can mean that the target has been reached or is expected to be reached by the final year of implementation.

The information summarised and presented in this overview for each individual programme does not replace the full set of data and performance information as required by Article 41(3)(h) of the financial regulation ⁽¹⁾. A complete overview of all 61 EU spending programmes is presented in the *Working Document Part I – Programme statements of operational expenditure* of the 2022 draft budget.

Financial information: methodology

The purpose of the financial information presented in the programme performance overview is to make the link between the funds made available for a specific topic and the results actually achieved through the use of these funds. In particular, each programme fiche comprises a graph that aims to present the **multiannual implementation rate** of the programme at the end of 2020, as compared to its total budget allocation for the 2014-2020 period.

The methodology takes into account the fact that the EU budget uses different categories of expenditure (or 'fund sources'). Excluding some of them would not give a full picture of the financial efforts made towards achieving the objectives. The first, and main, envelope of expenditure relates to the appropriations authorised on an annual basis by the European Parliament and the Council: the **voted budget**. In addition to this envelope, this year's report contains the implementation made on the basis of two further envelopes of expenditure, as follows.

⁽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 (OJ L 193, 30.7.2018, p. 1).

1. Expenditure related to amounts **carried over** from the previous year.
2. Payments made on the basis of **recoveries and repaid advances** for the programmes that the Commission implements in cooperation with the Member States: the European Regional Development Fund, the Cohesion Fund, the European Social Fund, the Fund for European Aid to the Most Deprived, the European Globalisation Adjustment Fund, the European Agricultural Guarantee Fund, the European Agricultural Fund for Rural Development, the Asylum, Migration and Integration Fund, the Internal Security Fund and the European Maritime and Fisheries Fund.

Finally, in order to focus only on the implementation of the 2014-2020 programmes and the related achievements, payments made in the course of the 2014-2020 period on the outstanding commitments from the 2007-2013 period are not included in the calculations.

Any exceptions to the above methodology are specified in a footnote in the programme fiches concerned.

Key performance indicators: methodology

Selection of indicators

The performance framework for the 2014-2020 spending programmes includes more than 1 100 indicators measuring performance against more than 60 general objectives and more than 220 specific objectives. The programme performance overview presents the most relevant indicators from the programme statements.

The selection of indicators for the programme performance overview was made based on the following criteria, aiming to present a balanced or representative picture of programme performance.

- Availability of data: quantitative targets, results available for either 2020 or 2019, and results available for at least 3 years of the 2014-2020 period.
- Professional judgement, taking into account the relevance of the indicator, aiming to present a balanced or representative picture of programme performance in relation to the specific objectives of the programme and to what extent the indicator reflects the results of EU budget intervention.

It is crucial to bear in mind that the information contained in the indicators can only provide an indication of the overall performance and achievements of each specific programme. It is only possible to make comprehensive statements about the ultimate performance of programmes by taking into account the specific implementation context, including qualitative as well as quantitative elements. The Commission does this in the context of regular evaluations of its spending programmes.

Definition of targets

Targets are defined at the beginning of the programme implementation period and come in various forms (e.g. quotas, benchmarks, numerical goals). In some cases, the final target is set for 2020, the end of the programming period. However, account should be taken of the specific nature of the shared management programmes (in particular in the areas of agriculture and cohesion), which are characterised by a long start-up phase (e.g. planning, programming, project selection, authorisations) followed by a long implementation cycle. As such, the appropriations for the European Structural and Investment Funds can be implemented in the 3 years following the commitment of the funding, therefore the final target is set for 2023, in accordance with the ' $n + 3$ ' rule.

Definition of baselines

A baseline is a measurement taken prior to a specific intervention, which allows the results before and after (i.e. with and without) the intervention to be compared. In the context of the EU budget, the baseline is the measurement of the indicator before the start of EU budget funding for the current programming period.

Because of its nature, a baseline is not always available for all the indicators, whereas in other cases the baseline should be considered to be zero. This is the case, for example, for the 'output indicators' relating to the specific deliverables of the intervention, such as the number of projects funded by the EU budget. In the case of output indicators, the measurement prior to the EU budget intervention (baseline) is considered to be zero.

It is important to make a distinction between a baseline and a historic benchmark or reference. The measurement of an indicator before the 2014-2020 period should not automatically be considered as a baseline, since its measurement could have been influenced by the EU budget actions from the previous period (2007-2013).

The baseline of an indicator is used when the indicator meets the following three conditions.

- A quantitative baseline is available in the programme statements.
- The baseline meets the definition of measurement before EU budget intervention.
- The target represents an improvement (i.e. a better result) compared to the baseline – otherwise the progress could not be calculated. Depending on the indicator, an improvement can be an increase or a decrease compared to the baseline.

Definition of ‘progress towards the target’ charts

The ‘progress towards the target’ charts present a snapshot of selected indicators providing a consistent presentation of performance information across programmes.

General formula

The general formula to calculate the ‘progress towards the target’ percentage is as follows:

$$\text{Progress \%} = (\text{last year result} - \text{baseline}) / (\text{target} - \text{baseline})$$

Example

Programme: Implementation and exploration of European satellite navigation systems (Galileo and EGNOS) ⁽²⁾

Specific objective 1: To develop and provide global satellite-based radio navigation infrastructures and services (Galileo) by 2020

Indicator 1: Galileo infrastructure – cumulative number of operational satellites

Baseline 2013	Actual results							Target 2020
	2014	2015	2016	2017	2018	2019	2020	
4	3	9	18	22	26	26	26	30

$$\text{Progress \%} = (26 - 4) / (30 - 4) = 85\%$$

Adaptations

Specific adaptations, if any, are noted in the footnotes at the bottom of the respective figures. Examples of such adaptations are as follows.

- a) In cases where the progress should be expressed in a cumulative way from the beginning of the 2014-2020 period, and the annual results are not cumulative, then the ‘last year result’ is replaced in the formula by the ‘sum of the annual results from the beginning of the period’:

$$\text{Progress \%} = (\text{sum (results 2014:2020)} - \text{baseline}) / (\text{target} - \text{baseline})$$

- b) In cases where the progress cannot be expressed in a cumulative way, and the ‘last year result’ does not reflect the progress of the programme during the period as a whole, then the ‘last year result’ is replaced in the formula by the ‘average of the annual results from the beginning of the period’:

$$\text{Progress \%} = (\text{average (results 2014:2020)} - \text{baseline}) / (\text{target} - \text{baseline})$$

⁽²⁾ Information presented in the Working Document Part I – Programme statements of operational expenditure attached to the 2022 draft budget.

- c) Whenever the target is not expressed in a cumulative way for the 2014-2020 period, and the annual milestones are available for all the years, in cases where the progress of the programme is better reflected comparing the results to the annual milestones, then targets are replaced in the formula by annual milestones (sum or average of the annual milestones, depending on the formula selected for the annual results). For example:

$$\text{Progress \%} = (\text{sum (results 2014:2020)} - \text{baseline}) / (\text{sum (milestones 2014:2020)} - \text{baseline})$$

$$\text{Progress \%} = (\text{average (results 2014:2020)} - \text{baseline}) / (\text{sum (milestones 2014:2020)} - \text{baseline})$$

Indicator assessment

The results of the indicators are assessed based on the following definitions.

- 'On track': if the indicator is expected to reach its target based on the evolution of the results and the ongoing actions.
- 'Moderate progress': if the indicator shows a positive evolution, but the results so far do not allow a conclusion to be drawn on whether the indicator is on track to reach its target.
- 'Deserves attention': if there is a risk that the indicator will not reach the target unless significant changes are implemented.
- 'No data': the data available are not enough to assess the progress of the indicator towards the target, for example there is no target or no recent results.

Cut-off date of performance information

The most recent performance information available is used. For the programmes that are directly managed by the Commission, this mostly concerns reported achievements measured at the end of 2020. The programmes under shared management present values recorded and reported by Member States of the situation at the end of 2019. The programmes under indirect management present a mixed picture: some have achievements reported up to 2020, while others depend on data sources provided by the international organisations that implement the actions (e.g. the UN family), and may therefore be delayed.

Heading 1

Single market, innovation and digital

The EU wants to step up investment in areas such as research and innovation, digital transformation, strategic infrastructure and the single market, as they will be key to unlocking future growth. Programmes under this heading will help tackle shared challenges such as decarbonisation and demographic change, and boost the competitiveness of enterprises and small and medium-sized companies.

Multiannual financial framework
2014-2020

Multiannual financial framework
2021-2027

Heading 1a Competitiveness for growth and jobs	Galileo and Egnos	EU space programme	Heading 1 Single market, innovation and digital
	ITER	ITER	
	Copernicus	EU space programme	
	EFSI	InvestEU	
	Horizon 2020	Horizon Europe	
	Euratom research	Euratom research and training programme	
	COSME	SMP	
	Customs 2020	Customs	
	Fiscalis 2020	Fiscalis	
	Hercule III	Anti-fraud	
	AFIS	Anti-fraud	
	CEF	CEF and Digital Europe programme	
	ISA ²	Digital Europe programme	
	Statistical programme	SMP	
	Financial reporting	SMP	
Consumer involvement	SMP		
Heading 3 Security and citizenship	Food and feed	SMP	
	Consumer programme	SMP	
		Digital Europe programme	

LEGAL BASIS

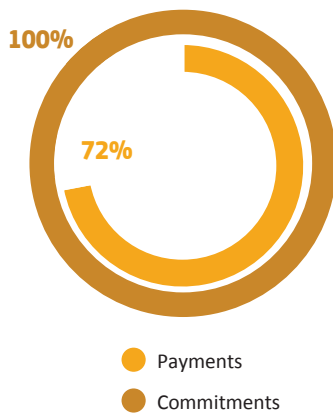
Regulation (EU) No 1291/2013 of the European Parliament and of the Council and repealing Decision No 1982/2006/EC Council Decision 2013/743/EU

MORE INFORMATION

<http://europa.eu/!gW68pY>

BUDGET ALLOCATION 2014-2020

EUR 75 623.6 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

The interim evaluation of Horizon 2020 was carried out in 2017. For further information, see: <http://europa.eu/!pm48VY>

How is it implemented?

The Directorate-General for Research and Innovation is the lead DG for the implementation of the programme, and 10 other DGs are also involved. The programme is implemented through direct grants, procurements, prizes, direct actions of the Joint Research Centre, delegation agreements (eight public-private partnerships, five public-public partnerships and four executive agencies), financial instruments (the European Investment Bank and the European Investment Fund) and the European Institute of Innovation and Technology.

HORIZON 2020

THE FRAMEWORK PROGRAMME FOR RESEARCH AND INNOVATION

What is Horizon 2020?

Horizon 2020 is the EU's flagship research and innovation programme. It aims at more breakthroughs, discoveries and world firsts by taking great ideas from the laboratory to the market. Investment in research and innovation is essential for the EU's future. The goal is to ensure that the EU produces world-class scientific results and technology, removes barriers to innovation and makes it easier for the public and private sectors to work together on delivering solutions to big challenges facing our society.

Horizon 2020 consists of three main pillars:

- excellent science – producing and promoting world-class science in the EU;
- industrial leadership – boosting the EU's economic competitiveness;
- societal challenges – finding solutions to the big challenges facing our society.

**Specific objectives**

- Excellence in science.
- Industrial leadership.
- Addressing societal challenges.
- Ensuring widespread excellence and widening participation (in research).
- Science with and for society.
- Non-nuclear direct actions of the Joint Research Centre.
- The work of the European Institute of Innovation and Technology.

Why is it necessary?

Research and innovation are public goods with a strong European dimension. EU investments in these areas leverage additional funds at national level (without evidence of substitution). Due to their ambitious nature, most of the EU-funded projects would not have gone ahead with national or regional funding alone. The main benefits of EU investments are:

- boosting EU competitiveness through the creation of transnational and multidisciplinary networks and markets, with positive knowledge spillovers and technology transfer across the EU;
- pooling public and private resources and knowledge to achieve a critical mass for tackling global challenges and for assuming leadership;
- strengthening scientific excellence through EU-wide competition and cooperation;
- increasing the EU's attractiveness as a place for education, research, innovation and business (EU funding supports over 300 000 researchers and innovators);

- leveraging private investment;
- having a positive structuring effect on national research and innovation ecosystems.

Horizon 2020 plays a central role in the delivery of EU political priorities such as the European Green Deal. It provides a common strategic framework for the EU's research and innovation funding, thus acting as a vehicle for leveraging private investment, creating new job opportunities and ensuring the EU's long-term sustainable growth and competitiveness.






Outlook for the 2021-2027 period

Building on the success of Horizon 2020, the next multiannual financial framework will include a new programme called Horizon Europe.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS			EXECUTED PAYMENTS	
11 214.4		2018		9 810.9
12 391.1		2019		10 486.5
13 485.3		2020		11 513.3

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Share of European Research Council-funded publications among the top 1% cited		 > B/M/U	1.8%	7.0% compared to 1.8%	On track
Cross-sector and cross-country circulation of researcher (in number of researchers)		 > B/M/U	65 000	69 000 researchers compared to target of 65 000	On track
Cross-sector and cross-country circulation of PhD candidate (in number of candidates)		 > B/M/U	25 000	27 000 PhD candidates compared to target of 25 000	On track
Researchers who have access to research infrastructures		 > B/M/U	20 000	115 053 researchers compared to target of 20 000	On track
Total investment mobilised via debt financing and venture capital investments (in billion EUR)		 > B/M/U	15	EUR 70 billion compared to target of EUR 15 billion	On track
Amount of private funds leveraged (in billion EUR)		 > B/M/U	35	EUR 41 billion compared to target of EUR 35 billion	On track
Share of research activities in renewable energy, end-user energy efficiency, smart grids and energy storage activities		 > B/M/U	85%	90% of the research activities compared to 85% target	On track
Number of peer-reviewed publications in high-impact journals – direct research		 > B/M/U	3 360	3 659 publications compared to 3 360	On track
Collaboration within the knowledge triangle leading to the development of innovative products, services and processes – number of start-up and spin-offs		 78%	600	466 start-ups and spin-offs out of 600	On track

 % of target achieved by the end of 2020

Where are we in the implementation?

- The total Horizon 2020 budget for the whole of the 2014–2020 period has been fully implemented in commitment appropriations. On the payment side, 71.7% of the programme had been paid to beneficiaries by the end of 2020; the level of outstanding commitments to be cleared in the next period amounts to EUR 21.4 billion, reflecting the long-term policy cycle in the area of research and innovation. In 2021, the Commission plans to pay EUR 8 billion, consisting of payments for the pre-financing of research projects starting in 2021, as well as intermediate and final payments related to the ongoing research projects. The outstanding commitments will therefore be around EUR 13.4 billion.
- The COVID-19 pandemic has also had an impact on the implementation of research and innovation projects. During 2020, beneficiaries requested to postpone the start of some future projects, and others submitted lower cost claims or requested extensions of ongoing projects.
- Due to the flexibility of Horizon 2020, it was possible to make an immediate redeployment of significant resources for COVID-19 actions, while taking the goals and the level of ambition of the programme into consideration. The EU has pledged over EUR 1 billion from Horizon 2020 to tackle the pandemic, of which EUR 780.8 million has already been mobilised. So far, EUR 602.3 million has been awarded to support research and innovation projects, including at least EUR 350 million to support coronavirus vaccine development. These projects address the development of diagnostics, treatments, vaccines, epidemiology, preparedness and response to outbreaks, socioeconomics, mental health, production and digital technologies, as well as the infrastructures and data resources that enable this research. A further EUR 21.4 million in grants will be awarded in the coming months. The EU also mobilised EUR 400 million in financing from the Horizon 2020 InnovFin initiative, including from the InnovFin European Fund for Strategic Investments and Infectious Diseases Finance Facility, of which EUR 178.5 million has been allocated to accelerate the development of vaccines (e.g. through allocations to BioNTech and CureVac) and other interventions, drugs, medical and diagnostic devices or novel critical research and innovation infrastructures, including production facilities. A further EUR 221.6 million in financing for the Infectious Diseases Finance Facility will be awarded in the remaining months of the programme.

Performance assessment

- To strengthen and facilitate knowledge sharing and evidence-based policymaking, the Commission has developed a dashboard that provides reports on most (i.e. 18 out of 23) of the key performance indicators of Horizon 2020 (the 'Horizon dashboard'). For example, the dashboard illustrates the number of high-impact, peer-reviewed publications for a given objective, along with the objective's progress in relation to the target throughout the implementation of the programme. It thus makes it possible to gauge the performance of Horizon 2020. It responds to the need for more transparency as regards EU funding for research and innovation. The dashboard is available to everyone (at: <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/opportunities/horizon-dashboard>).
- As indicated above, by the end of 2020, 71.7% of the programme's financial allocation had been paid to beneficiaries. This reflects the fact that the targets of some of the key performance indicators relate to the year when the last actions financed under Horizon 2020 will be finished. The final figures will be collected after the projects are closed and the results reported, i.e. several years after the formal end of the programme in 2020.
- As far as the '**excellence in science**' pillar is concerned, the performance of the programme is satisfactory. Horizon 2020 has succeeded in attracting and involving the EU's and the world's best research institutions and researchers.
 - Since 2014, 6 517 high-quality research projects have been funded by the European Research Council via Horizon 2020. The share of publications from European Research Council-funded projects that are among the top 1% highly cited remains high, at about 7%, considerably exceeding the target of 1.8%.
 - The EU has increasingly invested in future technologies, whether for economic, social or environmental reasons, including through the 'future and emerging technologies' programme, with a budget under Horizon 2020 of over EUR 2.5 billion. The future and emerging technologies programme has already generated more than 2 300 publications and more than 70 patents. Since its creation, the European Innovation Council's pathfinder programme (see below) includes the two open actions and the proactive actions by the future and emerging technologies programme.
 - Since 2014, the Marie Skłodowska-Curie actions have supported the mobility and training of around 69 000 researchers at all stages of their careers, including around 27 000 PhD candidates. They have funded more than 1 000 excellent international doctoral programmes involving universities, research centres and enterprises, including small and medium-sized enterprises. Based on the completion of the selected projects up to 2020, the programme has exceeded its target of 65 000 researchers, including 25 000 PhD candidates.

- Since 2014, 115 053 researchers have had access to research infrastructures (with 102 949 researchers having access electronically and 12 104 in person). This number exceeded by far the number targeted.
- As far as the **'industrial leadership'** pillar is concerned, the programme is progressing well.
 - 'Leadership in enabling and industrial technologies' projects have already produced numerous results: there have been more than 5 700 public-private publications, and 15 434 firms have introduced innovations with the potential to generate scientific breakthroughs. As regards the patents (556 applications and 217 awarded) the rate of 0.7 patent applications per EUR 10 million is making slow progress towards the target of 3. Since patents are generally filed at the end of a project, the Commission expects to be close to the target at the end of all funded projects.
 - Under the 'access to risk finance' programme, more than 32 000 organisations have been funded – which is above the target of 5 000 – whereas an amount of EUR 41 billion in private funding has been leveraged. The total investments mobilised via debt financing and venture capital investments stand at EUR 71 billion, which is above the target of EUR 15 billion. The data provided are based on data reported by the entrusted entities implementing Horizon 2020 financial instruments as of 1 March 2021.
 - The small and medium-sized enterprises instrument is producing more close-to-market outputs than other types of action, followed by innovation actions. So far, 2 676 innovations have been introduced to the market and 3 797 innovations to the companies. 88% of participating small and medium-sized enterprises introduced innovations that were new to the company or the market, exceeding the target of 50%. The small and medium-sized enterprises instrument has generated around 1 100 jobs and a growth of EUR 9.6 billion.
- The **'societal challenges'** pillar shows moderate progress according to the key performance indicators.
 - So far, this pillar has already generated more than 8 800 peer-reviewed publications in high-impact journals, about 7 340 public-private publications, 742 patent applications (patents not yet awarded) and 370 awarded patents, and has already generated 44 000 innovations, which include prototypes and testing activities.
 - According to the information available, the societal challenges pillar as a whole reports the following: 4 peer-reviewed publications in high-impact journals per EUR 10 million, which is lower than the target of 20, and 0.5 patent applications per EUR 10 million, below the target of 2. Since publications and patents are generally produced at the end of a project, the Commission expects to be closer to the target at the end of all projects. The Commission notes that the targets were set in 2011 based on some preliminary data from the previous research programme (the seventh framework programme), which made it difficult to estimate the targets for Horizon 2020. This difficulty was taken into account in the design of Horizon Europe's performance framework, for which a more precise estimate of targets is being carried out. The achievement of the key performance indicator on the share of the overall energy-challenge funds allocated to research activities in renewable energy, end-user energy efficiency, smart grids and energy storage activities, which is linked to the 'secure, clean and efficient energy' objective, has exceeded its target of 85% (currently, the share is 90%).
- As far as the **European Institute of Technology** is concerned, 2 153 university, business and research organisations have been integrated into the knowledge and innovation communities, slightly above the target of 1 200. The performance results also show that the collaboration within the knowledge triangle, leading to the development of innovative products, services and processes, is slightly behind in achieving its innovation target and in meeting the 'start-ups and spin-offs' target.

Concrete examples of achievements

58 328	31 339	3 089	69 000	186 510
publications in high-impact, peer-reviewed journals.	joint public-private publications in peer-reviewed journals.	patent applications.	researchers, including PhD candidates, having international or sectoral mobility.	innovations financed.

LEGAL BASIS

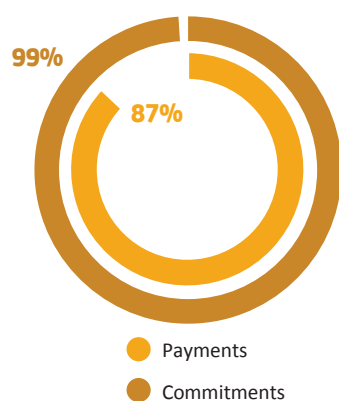
Council Regulation (Euratom)
2018/1563, and Council
Regulation (Euratom)
No 1314/2013

MORE INFORMATION

<http://europa.eu/lnj69xp>
<http://europa.eu/HW64Gy>

BUDGET ALLOCATION 2014-2020

EUR 2 368.9 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

The interim evaluation of the 2014–2018 Euratom research and training programme was carried out in 2017 (see COM(2017) 697).

For further information, see:
<http://europa.eu/pm48VY>

How is it implemented?

The Directorate-General for Research and Innovation is the lead DG for the implementation of the programme, together with the Joint Research Centre.

EURATOM RESEARCH AND TRAINING

EURATOM RESEARCH AND TRAINING PROGRAMME 2014-2020

What is the Euratom research and training programme?

The objective of the Euratom programme is to pursue nuclear research and training activities. The programme focuses on safe use of nuclear fission for power and non-power applications, maintaining and developing necessary expertise, fostering fusion energy and supporting the policy of the EU and its Member States on nuclear safety, safeguards and security. The programme supports research on all aspects of nuclear safety and security, reducing risks associated with exposure to radiation from medical or industrial devices and supporting emergency preparedness and response in relation to accidents involving radiation. The programme will work towards solutions for the management and disposal of spent fuel and radioactive waste, and for nuclear decommissioning. The Euratom programme provides scientific and technical support for the implementation of EU policy in the field of nuclear safety, nuclear safeguards, non-proliferation of nuclear weapons and nuclear security. In accordance with the European research roadmap towards the realisation of fusion energy, the programme will fund research for the development of fusion energy, supporting the future ITER operations and the preparation for the demonstration reactor known as 'DEMO'. The research results of the programme could potentially contribute towards a climate-neutral energy system in a safe, efficient and secure way.



Specific objectives

For indirect actions

- To support the safety of nuclear systems.
- To contribute to the development of solutions for the management of nuclear waste.
- To support the development and sustainability of nuclear expertise and excellence in the EU.
- To support radiation protection and the development of medical applications for radiation, including the secure and safe supply and use of radioisotopes.
- To move towards demonstrating the feasibility of fusion as a power source by exploiting existing and future fusion facilities.
- To lay the foundations for future fusion power plants by developing materials, technologies and conceptual designs.

- To promote innovation and industrial competitiveness.
- To ensure the availability and use of research infrastructures of pan-European relevance.

For direct actions

- To improve nuclear safety, including nuclear reactor and fuel safety, waste management, decommissioning and emergency preparedness.
- To improve nuclear security, including nuclear safeguards, non-proliferation of nuclear weapons, combating illicit trafficking and nuclear forensics.
- To increase excellence in the foundations of nuclear science for standardisation.
- To foster knowledge management, education and training.
- To support the EU's policy on nuclear safety and security.

Why is it necessary?

The Euratom research and training programme's main EU added value is the mobilisation of a wider pool of excellence and multidisciplinary capabilities in the nuclear field than is available at the level of individual Member States. Nuclear and ionising radiation technologies play an important role in the lives of EU citizens, whether through energy and the security of its supply or the use of radiation and radionuclides in medical and industrial applications. Safe and secure use of these technologies is of paramount importance and research programmes help to maintain the highest safety, security and safeguarding standards in this field.

The direct actions of the Euratom programme complement national research programmes, provide essential scientific and technical support to the Commission in the preparation, implementation and monitoring of EU policies and in fulfilling its legal obligations and competences, support standardisation and provide training in the fields of the programme's objectives.







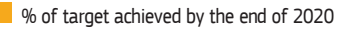
Outlook for the 2021-2027 period

The Commission has proposed a continuation of the programme for the next multiannual financial framework.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
352.9		2018	289.2
370.8		2019	347.0
388.6		2020	330.7

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Projects in nuclear safety leading to a demonstrable improvement in nuclear safety practices in Europe		 > 100%	44	47 projects compared to a target of 44	On track
Projects contributing to the development of safe long-term solutions for the management of nuclear waste		 86%	14	12 projects out of 14	On track
Fellows and trainees in the fusion strand of the Euratom programme ⁽¹⁾		 64%	50	32 fellows and trainees out of 50	Moderate progress
Publications in peer-reviewed high-impact journals ⁽¹⁾		 > 100%	800	822 publications compared to a target of 800	On track
Achievement of fusion roadmap's milestones ⁽¹⁾		 91%	90%	82% of milestones reached out of 90%	On track
Instances of direct actions leading to scientific productivity ⁽²⁾		 86%	435	374 occurrences out of 435	Moderate progress
Technical and scientific policy support provided by the Joint Research Centre ⁽²⁾		 100%	1 164	1 136 occurrences out of 1 164	On track

 % of target achieved by the end of 2020

⁽¹⁾ Latest results are from 2019. ⁽²⁾ Cumulative results for 2014-2020.

Where are we in the implementation?

Indirect actions. The activities related to fission research were implemented through call for proposals. In 2020, five calls closed with 254 eligible proposals submitted, requiring a total Euratom financial contribution of EUR 726 million. As regards fusion research, the Commission awarded a 5-year grant to the EUROfusion consortium in 2014 to implement a European joint programme based on the fusion roadmap. The EUROfusion grant was extended in 2019 to the end of 2022, following the adoption of the Council regulation on the Euratom research and training programme for 2019-2020. The total budget contribution from Euratom to the joint programme amounted to EUR 678 million, representing 55% of the total budget of the consortium.

Direct actions. Direct actions of the programme were implemented according to the evolution of Euratom's needs: about 38% of direct actions were dedicated to nuclear safety research, 33% to research on nuclear safeguards, non-proliferation of nuclear weapons and security, 10% to research for establishing the foundations of nuclear science for standardisation and for non-energy applications of ionising radiation, 11% to knowledge management, education and training activities and 8% to support provided to Euratom policies.

Performance assessment

The performance results achieved by the Euratom programme in accordance with the objectives are very good. So far, 16 indicators out of 20 have been recorded as on track and only three indicators show moderate progress. No indicator deserves further attention. Only one key performance indicator has not yet been measured.

- The indirect actions in fission research are making progress towards achieving the objectives of supporting the safety of nuclear systems and developing solutions for nuclear waste, which are fundamental for the transition of the EU economy towards a sustainable future. This is confirmed by the number of projects likely to lead to an improvement in nuclear safety practices in Member States and in the management of nuclear waste (indicators 1 and 2). Output from projects in other technical areas also indicates that the Euratom programme is delivering on its objectives, even though delays were encountered in the case of a few projects.
- The European joint programme on radioactive waste management, which has been supported with EUR 32.5 million of Euratom funding, represents a step forward in European collaboration on safe radioactive waste management, including disposal. The training provided under the European joint programme on radioactive waste management enables the maintenance and development of expertise in radioactive waste management. The topics of the 2020 course stretched from the legislative framework for radioactive disposal, nuclear fuel cycles and radioactive waste to disposal concepts, facility design and safety analysis and case studies in safety and civil society involvement. The 2020 course was successful, attracting 261 attendees, including 95 organisations, from 28 countries.
- The Euratom programme has also made substantial progress in providing scientific support for the ITER construction and its future exploitation. The EUROfusion consortium, established in 2014 and involving national fusion laboratories from all over Europe, has created the conditions for implementing a joint programme in line with the European fusion roadmap (indicators 3, 4 and 5). Euratom-funded research is enabling the setting of the parameters for the successful start-up and safe operation of ITER.
- The results achieved by the direct actions of the Euratom programme are encouraging. The Joint Research Centre has been successfully supporting the Commission in its policymaking activities through research related to the overarching political priorities. In 2014 to 2020, Joint Research Centre scientists published 1 150 articles in peer-reviewed periodicals, 340 articles in monographs or other periodicals, 31 books with Joint Research Centre editorship and 24 PhD theses. The Joint Research Centre organised 221 training courses for professionals and students from Member States and Commission services.
- In March 2020, the Joint Research Centre directly investigated how to continue the safe operation of nuclear power plants during the COVID-19 pandemic. It delivered a report that provides an overview of the findings of an investigation into the pandemic preparedness and response actions of organisations operating nuclear power plants in the EU and some non-EU countries. This report contributed to several initiatives undertaken by the Commission and the Nuclear Energy Agency of the Organisation for Economic Co-operation and Development.

Concrete examples of achievements

98 projects	95% of deliverables	3 273 scientific publications	774 PhDs
funded by the programme to support research into nuclear safety, radioactive waste management, radiation protection and medical applications of radiation.	achieved by the EUROfusion consortium in 2019, including setting of parameters for the successful start-up and safe operation of the International Thermonuclear Experimental Reactor.	in peer-reviewed journals.	supported, including 750 PhDs in fusion physics and technology.

LEGAL BASIS

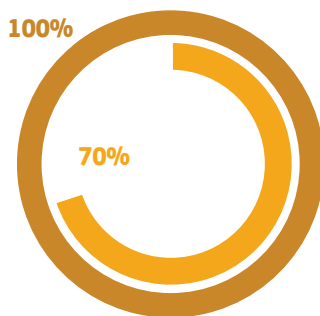
Council Decision
2013/791/Euratom

MORE INFORMATION

<http://fusionforenergy.europa.eu/>
<http://www.iter.org/>

BUDGET ALLOCATION 2014-2020

EUR 2 926.4 million

**OVERALL EXECUTION
(2014-2020)**

- Payments
- Commitments

**Evaluations/
studies conducted**

The midterm progress report for ITER and the development of fusion energy was adopted on 21 March 2019 – see: <https://europa.eu/Hq99Nh>

How is it implemented?

The Directorate-General for Energy is the DG responsible for the implementation. The implementation of the programme is entrusted to the Fusion for Energy Joint Undertaking.

ITER

EUROPEAN JOINT UNDERTAKING FOR ITER AND THE DEVELOPMENT OF FUSION ENERGY

What is ITER?

ITER – ‘the way’ in Latin) is a unique international scientific project that aims at building and operating an experimental fusion device to prove that fusion can be a viable and sustainable source of energy. It is a major step towards demonstrating that fusion can contribute to the EU’s long term goal of decarbonising the energy system. The device is being built in Saint-Paul-lès-Durance, France, through a collaboration of seven international partners (Euratom, China, India, Japan, Russia, South Korea and the United States). The programme covers the EU’s contribution to the construction of the ITER facility through design procurement and installation of equipment under the EU’s responsibility, along with general technical and administrative support for the construction phase, and participation in commissioning and operations. The programme also covers other activities, such as the ‘broader approach’ activities with Japan that aim to complement the ITER project and to accelerate the realisation of fusion energy through research and development and advanced technologies. These contributions are delivered through a dedicated entity, the Fusion for Energy Joint Undertaking, located in Barcelona, Spain.

**Specific objectives**

- To provide Euratom’s contribution to ITER and ITER-related activities.
- To support EU industry and research through the construction of ITER and ITER-related activities.

Why is it necessary?

ITER will achieve what no single country can do on its own. The risk, the cost and the long-term nature of a large research project such as ITER put it beyond the reach of individual Member States, and even of the EU itself. Thus, the establishment of a global framework through an international agreement between Euratom and six other parties was essential in order to undertake this large-scale scientific experiment. The construction of ITER started in 2007, and Euratom, through the Fusion for Energy Joint Undertaking, provides about 45% of all components and cash required for the project.

ITER is stimulating the EU’s industrial investment in new advanced technologies for the components of the facility and in advanced civil engineering for its construction. In addition, thanks to its leadership in fusion research and the construction of ITER, the EU will be in a privileged position to construct the first generation of fusion power plants in the future. Regarding ITER’s place in energy

policy and decarbonisation, the project remains an important part of the EU’s energy and innovation policy, and although it does not contribute directly to energy and climate targets in the short to medium term, its potential role in the decarbonisation of the energy landscape post 2050 is very significant.



Outlook for the 2021-2027 period

This long-term project will be continued in the next multiannual financial framework.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
376.4	2018	398.8	2018
409.1	2019	360.5	2019
366.9	2020	444.5	2020

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Share of Euratom's obligations discharged	6%	 68%	63%	45% of obligations discharged out of 63%, through the Fusion for Energy Joint Undertaking	Deserves attention
Budget committed to industry and laboratories		 100%	100%	100% of budget committed out of 100%	On track

 % of target achieved by the end of 2020

Where are we in the implementation?

- The ITER Organization and the ITER domestic agencies have continued implementing the revised construction strategy. Significant progress in installation activities on the ITER site is noticeable. The uncertainties of the project have been reduced as the manufacturing of the important and technically complex first-of-a-kind components (vacuum vessel sectors, and toroidal field and poloidal field coils) proved to be feasible. On the other hand, it has become clear that due to the technical complexity of the components, the design, prototyping and final manufacturing will take longer than expected. The management and administration of this multinational project also pose significant challenges.
- The European in-kind contribution to the ITER project progressed over the course of 2020 from around 42.90% (in December 2019) to almost 49.82% (in December 2020) against a planned target of 58.66% by the end of 2020.
- The amount of the EU budget transferred to the Fusion for Energy Joint Undertaking, together with the French contribution (some 20% of the total operational budget), serve as the delivery of the EU in-kind and cash contributions to the ITER project. For the in-kind portion, there are large gaps over the years between the signing of the contracts (i.e. the execution of the commitments) and the payments, which are only made after deliveries, which are themselves spread over several years. This is why in some years, payments can be higher than commitments.
- In July 2020, the ITER Organization officially launched the device's assembly phase. The launch event took place under the patronage of France's President Macron.

Performance assessment

- The ITER project is performing well. The deficiencies identified at the beginning of the 2014-2020 period, such as the immaturity of the design, project management issues and a lack of cooperation between the parties involved and the ITER Organization, have been addressed. This has improved the overall effectiveness of the project. The project has advanced and moved to the device's assembly phase.
- As regards project management, the ITER parties launched a major overhaul of the project in 2015. It set up the action plan, which envisaged the complete reorganisation of the ITER Organization, including the appointment of new management, close cooperation with the domestic agencies, the freezing of the design to allow for the construction of buildings and other components, and the establishment of a reserve fund for limited project changes by the ITER Organization. A new, reliable schedule was approved in November 2016, stabilising the project and providing a realistic basis for its progress.
- Work towards achieving first plasma continues to advance, with the project execution at 72.7%; however, this is still below the planned rate of 77.3%. The gradual slippage of this indicator's value is related to the complexity of the first-of-a-kind nature of the components to be delivered to the ITER project and its engineering.
- The progress of the project has been impacted by the COVID-19 pandemic. In December 2020 the Governing Board of the Fusion for Energy Joint Undertaking presented an estimation of the impact of the pandemic on the undertaking's deliveries. It showed a delay of up to 4 months, depending on the component. The project schedule will be reviewed as soon as the full effects of the COVID-19 pandemic can be quantified and first experience with the assembly of the machine is gained.
- Nuclear fusion can be a clean and virtually limitless energy source. The general potential of fusion is nowadays more widely recognised thanks to the strong advancement of fusion science in recent years: ITER is the biggest and most intensive project of the European Union, China, India, Japan, Russia, South Korea and the United States, and there are more than a dozen additional fusion research initiatives underway (for example in Canada or the United Kingdom, or in a collaboration between the Massachusetts Institute of Technology and the Commonwealth Fusion Systems start-up). The Commission will count ITER expenditure as 100% relevant towards the achievement of the 30% climate spending target of the 2021-2027 multiannual financial framework.

Concrete examples of achievements

49.82%	55.28%	29 500	614	EUR 4 824 billion
of obligations to ITER discharged.	commitment implementation of project budget achieved.	jobs in total per year directly or indirectly created by ITER between 2007 and 2019.	procurement contracts signed in total by the Fusion for Energy Joint Undertaking between 2007 and 2020.	paid to European companies involved in ITER between 2007 and 2019.

LEGAL BASIS

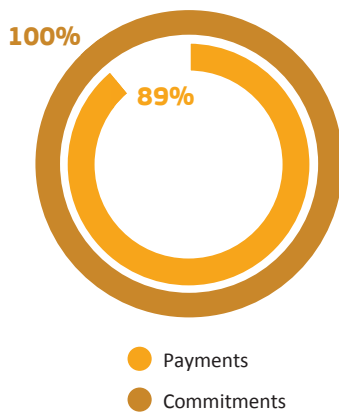
Regulation (EU) 2017/2396 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/!kD37xn>
<http://www.eib.org/efsi/index.htm>

BUDGET ALLOCATION 2014-2020

EUR 8 548.5 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

An independent evaluation of the EFSI was carried out in 2018. For further information please consult: <https://europa.eu/!YK63VR>

How is it implemented?

The Directorate-General for Economic and Financial Affairs is the lead DG. The EFSI is implemented by the European Investment Bank Group and projects supported by it are subject to standard European Investment Bank procedures.

EFSI

EUROPEAN FUND FOR STRATEGIC INVESTMENTS

What is the EFSI?

The European Fund for Strategic Investments (EFSI) is an initiative to help overcome the current investment gap in the EU. Jointly launched by the European Investment Bank Group and the European Commission, it aims to mobilise private investment in projects that are strategically important.

The EFSI is one of the three pillars of the investment plan for Europe (or the Juncker plan), which aims to revive investment in strategic projects around the continent to ensure that money reaches the real economy. The Juncker plan also includes the European Investment Advisory Hub and the European Investment Project Portal. The European Investment Advisory Hub offers a single access point to a 360-degree offer of advisory and technical assistance services to identify, prepare and develop investment projects across the European Union. The European Investment Project Portal is an online meeting place for project promoters and investors providing visibility for investment projects. With EFSI support, the European Investment Bank Group is providing funding for economically viable projects, especially for projects with a higher risk profile than those usually taken on by the Bank. The focus is on sectors of key importance for the EU economy, including:

- strategic infrastructure, including digital, transport and energy;
- education, research, development and innovation;
- renewable energy and resource efficiency;
- support for small and medium-sized enterprises.

The EFSI started as a EUR 16 billion guarantee from the EU budget, complemented by a EUR 5 billion allocation of the European Investment Bank's own capital. These amounts were increased to EUR 26 billion and EUR 7.5 billion, respectively, by the EFSI 2.0 regulation. The total amount of EUR 33.5 billion aimed to unlock additional investment of at least EUR 500 billion by the end of 2020.



Specific objectives

- To increase the volume of European Investment Bank Group financing and investment operations in priority areas.
- To provide advisory support for investment project identification, preparation and development to public and private counterparts, not necessarily linked to EFSI operations, through the European Investment Advisory Hub.
- To create a publicly available web portal where EU-based project promoters will be given the opportunity to boost the visibility of their projects to potential international investors.

Why is it necessary?

The Investment Plan for Europe focuses on making smarter use of new and existing financial resources (through the EFSI), providing visibility and technical assistance to investment projects, and removing obstacles to investment. The EFSI aims to overcome current market failures by addressing market gaps and mobilising private investment. Action at the EU level will allow for economies of scale in the use of the EU budget funds in combination with the European Investment Bank Group financing by catalysing private investment in the whole of the European Union and making the best use of the EU institutions and their expertise and knowledge for that purpose. The multiplier effect and the impact on the ground will thus be much greater than could be achieved by an investment offensive in a single Member State or a group of Member States.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
2 038.3	2018	1 979.0	
186.9	2019	1,022.9	
172.8	2020	1,102.7	

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Cumulative volume of investment mobilised under the EFSI (in billion EUR)		 > IVALLI	500	EUR 545 billion compared to a target of EUR 500 billion	On track
Number of projects to receive support under the EFSI		 > IVALLI	1 000	1 549 projects compared to a target of 1 000	On track
Cumulative number of Member States receiving European Investment Bank Group financing under the EFSI		 100%	28	28 out of 28 Member States	On track
Multiplier effect		 > IVALLI	15	15 compared to a target of 15	On track
Share of EFSI financing under the infrastructure and innovation window (project components that contribute to climate action)		 > IVALLI	40%	43% compared to a target of 40%	On track
Projects for which European Investment Advisory Hub support has been requested ⁽¹⁾		 > IVALLI	1 000	1 837 projects compared to a target of 1 000	On track
Number of projects receiving European Investment Advisory Hub support ⁽¹⁾		 > IVALLI	395	657 projects compared to a target of 395	On track
Number of projects published on the European Investment Project Portal		 > IVALLI	500	1 163 projects compared to a target of 500	On track
Member States represented on the European Investment Project Portal		 100%	28	28 out of 28 Member States	On track

 % of target achieved by the end of 2020

⁽¹⁾ Cumulative results for 2014-2020 compared to cumulative milestones for 2014-2020.

Where are we in the implementation?

- A regulation to extend and enhance the EFSI (EFSI 2.0) entered in force on 30 December 2017, prolonging the EFSI's lifetime to the end of 2020 and raising its investment target to EUR 500 billion.
- Under the EFSI, the EU provides funding support through an EU guarantee of EUR 26 billion covering potential losses to the European Investment Bank. Cumulative provisioning amounted to EUR 8.9 billion at the end of 2020. It comprises contributions from the EU budget and assigned revenues, and is expected to reach EUR 9.1 billion by the end of 2022 (provision rate: 35% of the EU guarantee). New commitments for the EFSI programme in 2020 amounted to EUR 173 million, which is less than in previous years because the portfolio is now largely established.
- As of 31 December 2020, 1 549 EFSI projects had been approved by the European Investment Bank Group for a total investment value of EUR 545 billion, more than the target of EUR 500 billion.
- The EFSI investment period for approvals of operations ended on 31 December 2020. Given the long-term nature of support under the EFSI, EU guarantee coverage and operational monitoring will continue until the repayment of all supported financing and investment operations is complete (until 2080).

Performance assessment

- The EFSI is on track to achieve its objectives. It has supported investment by providing additional risk-bearing capacity to increase the volume of European Investment Bank financing and investment operations in priority areas. The EFSI has exceeded its target of unlocking EUR 500 billion in additional investment, and about 1.5 million small and medium-sized enterprises are expected to benefit from it.
- The EFSI provides EU added value by addressing market failures and by supporting riskier operations that could not otherwise have been carried out, or not to the same extent, by the European Investment Bank or under existing EU financial instruments. The EFSI 2.0 regulation strengthened the criteria for ensuring additionality by including a qualitative assessment by the European Investment Bank.
- Following the outbreak of the COVID-19 pandemic the EFSI provided guarantees to unlock EUR 8 billion in available financing for businesses. Furthermore, the EFSI supported the German company BioNTech SE with EUR 100 million in debt financing for the development and manufacturing of its COVID-19 vaccine.
- The EFSI is on track to achieve the target of a total multiplier effect of investments worth 15 times the EU contribution.
- As of the end of 2020, 43% of operations signed under the infrastructure and innovation window contributed to climate action – slightly surpassing the 40% objective – providing focused support for climate-related projects such as renewable energy and energy efficiency.
- The evaluations underlined that the variety of financial instruments delivered under the 2014-2020 multiannual financial framework led to overlaps in their scope and produced complexity. The Commission proposed to set up a single fund for the 2021-2027 period, the InvestEU Fund, building on the EFSI, in order to provide more efficient support to final recipients.
- In terms of geographical spread, as of 31 December 2020 the share of the top three Member States (France, Italy and Spain) accounted for 48.5% of signed EFSI financing and for 45.4% of investment mobilised by signatures under the infrastructure and innovation window. Both metrics are slightly above the indicative limit of 45% set out in the strategic orientation information. It is expected that at end of the signature period, on 31 December 2022, the actual share will be close to 45%.

Concrete examples of achievements by the end of 2020

11.6 million	1.5 million	1.5 million	14.5 million	20 million	22 million
jobs sustained and supported by funding from the EFSI.	small and medium-sized enterprises supported.	affordable flats built or renovated through EFSI investment.	additional households being powered by renewable energy through investment in generation.	additional households with high-speed internet.	people covered by improved healthcare services.

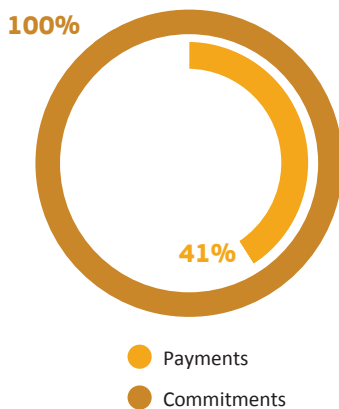
LEGAL BASIS

Regulation (EU) No 1316/2013 of the European Parliament and of the Council and Regulation (EU) 2015/1017 of the European Parliament and of the Council

MORE INFORMATION

<https://europa.eu/!Px98ju>

BUDGET ALLOCATION 2014-2020:
EUR 29 904.3 million ⁽³⁾

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

The midterm evaluation of the CEF was carried out in 2017. For further information please consult: <http://europa.eu/!Rc38MC>

How is it implemented?

The Directorate-General for Mobility and Transport is the lead DG for the implementation of the programme, in association with DG Energy and DG Communications Networks, Content and Technology. The CEF is implemented through direct management, mainly in the form of grants. In addition, it offers financial support to projects through innovative financial instruments such as guarantees and project bonds.

CEF

CONNECTING EUROPE FACILITY

What is the CEF?

The Connecting Europe Facility (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.

Specific objectives

CEF Transport

- Removing bottlenecks, enhancing rail interoperability, bridging missing links and, in particular, improving cross-border sections.
- Ensuring sustainable and efficient transport systems in the long run, with a view to preparing for expected future transport flows, and enabling all modes of transport to be decarbonised through a transition to innovative low-carbon and energy-efficient transport technologies, while optimising safety.
- Optimising the integration and interconnection of transport modes and enhancing the interoperability of transport services, while ensuring the accessibility of transport infrastructures.

CEF Energy

- Increasing competitiveness by promoting the further integration of the internal energy market and the interoperability of electricity and gas networks across borders.
- Enhancing the security of the EU's energy supply.
- Contributing to sustainable development and the protection of the environment by integrating energy from renewable sources into the transmission network and by developing smart energy networks and carbon dioxide networks.

CEF Telecom

- Contributing to the interoperability, connectivity, sustainable deployment, operation and upgrading of trans-European digital service infrastructures and coordination at the EU level.
- Contributing to the efficient flow of private and public investments to stimulate the deployment and modernisation of broadband networks.

Why is it necessary?

CEF Transport makes travel easier and more sustainable. It contributes to the decarbonisation of the European economy by investing heavily in environmentally friendly transport modes, including railways, which receive around 70% of the funding. The CEF focuses on cross-border projects, efficient traffic management systems and alternative fuels, thus increasing safety and sustainability.

CEF Energy enhances the EU's energy security and enables wider use of renewables. It promotes the further integration of the internal energy market and the interoperability of electricity and gas networks across borders, and ensures that no Member State is isolated. It enhances the EU's security of supply and contributes to the sustainable development and protection of the environment by fostering the integration of more renewable electricity.

CEF Telecom facilitates cross-border interactions between public administrations, businesses and citizens. It supports the vision of public services being digital and cross-border. It also promotes free wireless connectivity in local communities and stimulates investment in deploying and modernising broadband networks, therefore sustaining the digital single market.

Outlook for the 2021-2027 period

For the Transport and Energy sectors, the CEF will continue the successful work of the 2014-2020 programme, with continuity in its mission and specific objectives but a focus on new priority actions. For the digital strand, the programme will have a new focus on the deployment of high-performance digital communication infrastructures.

Budget implementation (in EUR million)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
2 747.5	2018	1 391.8	
3 758.7	2019	1 756.0	
4 070.8	2020	1 850.8	

⁽³⁾ Including Cohesion Fund contribution.

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
CEF Transport – volume of private, public or public-private partnership investment in projects of common interest (billion EUR)		59%	530	EUR 31.3 billion out of EUR 53.0 billion	Moderate progress
CEF Transport – lines in service equipped with the European Railway Traffic Management System		1% 7%	5 971	30 km (estimated value: 434) out of 5 971 km ⁽¹⁾	Moderate progress
CEF Transport – new sections with increased capacity and bottlenecks removed		9% 27%	350	31 (estimated value: 93) out of 350 ⁽¹⁾	Moderate progress
CEF Transport – number of supply points for alternative fuels		3% 8%	20 757	706 (estimated value: 1 618) out of 20 757 ⁽¹⁾	Moderate progress
CEF Transport – improved or new connections between ports through motorways of the sea		42% 63%	31	13 (estimated value: 20) out of 31	Moderate progress
CEF Energy – system resilience – number of Member States	3	89%	22	20 out of 22	On track
CEF Energy – Member States with diversified gas supply sources	19	86%	26	25 out of 26	On track
CEF Telecom – citizens using public services online	57%	100%	70%	67% out of a target of 67%	On track
CEF Telecom – availability of cross-border public services		80%	100%	80% out of a target of 100%	On track

- 2020 actual results, as a % of the target
- 2020 estimated values, as a % of the target ⁽¹⁾

⁽¹⁾ Estimated values represent project results to be completed by 2020 based on the contractual delivery dates in the signed grant agreement – see explanation below under 'Performance assessment'.

Where are we in the implementation?

- The CEF's 2014-2020 cumulative implementation rate reflects the progress of the projects selected for co-funding during the programme's last 7 years of implementation. The cumulative implementation rate (41%) mirrors the specificity of the programme, under which investments are mainly channelled to complex infrastructure projects implemented over a long period. CEF Transport and Telecom projects are expected to be completed by end of 2024, and CEF Energy projects by 2025. Moreover, specific sectoral issues further delayed the implementation of the programme (see below).

CEF Transport

- In the 2014-2020 period, CEF Transport co-funding amounting to EUR 23.03 billion was allocated to 959 actions. While addressing infrastructure along both the core and the comprehensive network of the trans-European transport network, the programme focuses its support on the core network, with more than 170 sections concerned.
- According to the assessment of the yearly reporting for 2020 (covering implementation up to the end of 2019), CEF Transport projects experienced some delays, and their implementation rate is around 42%, compared with the expected 48% included in the grant agreements.
- Notably, projects dedicated to 'Removing bottlenecks, enhancing rail interoperability, bridging missing links and improving cross-border sections', representing 83% of total CEF Transport co-financing, saw financial progress of around 40%, against an expected rate of progress of 46%. These include the main cross-border infrastructure projects, such as Rail Baltica, the Fehmarn Belt fixed link, the Brenner Base tunnel, Lyon-Turin and Seine-Scheldt. The main issues affecting their implementation relate to public procurement issues (e.g. complaints/appeals during tender procedures) and to legal and environmental issues (e.g. permitting, spatial planning, other authorisations and land acquisition). Moreover, technical issues related to unforeseen events, such as landslides, issues related to project coordination, political support or securing sufficient co-funding from national or other sources, also occurred during the implementation of these CEF actions.
- According to the exchanges with the project promoters during 2020, the outbreak of the COVID-19 pandemic further delayed the implementation of some actions supported by the CEF. For example, the aviation sector has been one of those hardest hit by the COVID-19 pandemic, particularly in relation to the implementation of the technical pillar of the single European sky initiative. Therefore, many beneficiaries have already reported that human and financial resources had to be reallocated to fight the consequences of the crisis. These issues are likely to result in additional delays.
- To mitigate the impact of these issues, the Commission and the Innovation and Networks Executive Agency (which became the European Climate, Infrastructure and Environment Executive Agency on 1 April 2021), are closely monitoring CEF actions, providing for the optimal use of EU funding (the 'use it or lose it' principle). The agreements reached with beneficiaries allow for the possible reallocation of unused funds to other mature projects as a result of the final CEF Transport call for proposals during 2021. The European Climate, Infrastructure and Environment Executive Agency is also continuing to implement its monitoring tools, including report assessments, site visits and follow-up meetings with CEF beneficiaries, thereby ensuring the thorough assessment and identification of actions for which amendments are needed.

CEF Energy

- In the 2014-2020 period, CEF Energy co-funding amounting to EUR 4 835 million was allocated to 149 actions, which contributed to 102 key energy infrastructure projects. In 2020, the 10th and last call for 2014-2020 was completed, allocating a total of EUR 997 million in CEF Energy co-funding to 10 actions. By the end of 2020, a total of 79 actions that received CEF support had been completed, consisting of 41 electricity and storage actions, 37 gas actions and one CO₂ action, and in the form of 75 studies and four works.
- The implementation rate of 26% for CEF Energy is lower than the overall rate of CEF implementation. This is due to several large multiannual actions with long lead times, which due to their very complex nature can often be subject to delays. Delays may occur for various reasons, including securing sufficient co-funding from national or other sources, public procurement issues (e.g. complaints/appeals during tender procedures) and legal and environmental issues (including permitting, spatial planning, other authorisations and land acquisition).
- The COVID-19 crisis has also led to additional delays for certain actions, for instance due to the need to reschedule public consultations, which resulted in longer-than-expected permitting procedures.

- Some of the projects may only be completed by 2025. These include the Baltic synchronisation project, which will synchronise the electricity grids of the three Baltic states with the continental European network to allow these Member States to gain full control of their electricity networks and to strengthen energy security; the Biscay Bay electricity interconnector between Spain and France, which will further integrate the Iberian peninsula into the European electricity market; and the Celtic electricity interconnector, which will establish the first electricity link between Ireland and continental Europe, to end Ireland's energy isolation after Brexit.
- The Baltic pipe project, which will establish a new bidirectional offshore gas pipeline connecting Poland and Denmark through the Baltic Sea, and the Poland-Slovakia gas interconnection are expected to be completed in 2022. They contribute greatly to energy security and the diversification of supply sources.
- A provision in the grant agreements requires project promoters to regularly submit action status reports to the Innovation and Networks Executive Agency (now the European Climate, Infrastructure and Environment Executive Agency). These reports provide an overview of the actions' technical and financial progress. In addition, the projects are subject to yearly monitoring by national competent authorities and the European Union Agency for the Cooperation of Energy Regulators. This allows the Commission to monitor the progress and implementation of the projects.

CEF Telecom

- With an overall investment of almost EUR 280 million in the core service platforms, the Commission is enabling the EU-wide interoperability of specific digital services such as eHealth, public open data, eID and cybersecurity. The uptake of these services with CEF support reached 571 projects in the Member States and participating countries in the European Economic Area by the end of 2020, most of which are still being implemented. The last set of calls will expand the portfolio of projects with an additional 88 projects. With an EU contribution of almost EUR 350 million in generic services and an overall leveraged amount of more than EUR 450 million, CEF digital services support EU citizens, businesses and public administrations in interconnecting and adapting their systems to become interoperable across borders.
- Regarding the WiFi4EU initiative, more than 8 800 vouchers were awarded through the programme during 2018-2020, with a budget of EUR 130 million spread over four calls. The EUR 15 000 voucher granted to municipalities is being used to install free public Wi-Fi in parks, squares, public buildings, libraries, health centres and museums throughout Europe.

CEF financial instruments

- Under CEF Transport, the roll-out of the CEF debt instrument to support green mobility projects continued, and the pipeline of operations grew further. During 2020, and despite the delays in investment decisions due to COVID-19, four new operations were signed under the high-risk 'Future mobility' product, leveraging total investments of EUR 266 million. The operations consist of the large-scale deployment of electric vehicle charging stations; the implementation of hydrogen refuelling stations and buses; the development of a platform for car-sharing services; and the installation of innovative facilities for modal shift from road to rail. Since 2014, EUR 5.8 billion in investment has been raised by the instrument in the transport sector.
- In the energy sector, no projects have been selected under the instrument. EUR 89 million is still available for energy projects currently under appraisal by the European Investment Bank.
- Through the CEF debt instrument, the EIB signed a loan agreement with a project promoter for a total amount of EUR 100 million, for total project costs estimated at EUR 241 million. The Connecting Europe Broadband Fund (CEF equity instrument) was launched in 2018, and has so far raised EUR 510 million.

Performance assessment

- In general, the approach of the 2014-2020 CEF was sound, and will be maintained in the next multiannual financial framework. In particular, the CEF is an effective and targeted instrument for investment in trans-European infrastructure in the transport, energy and digital sectors. It is expected to contribute strongly to the Commission's priorities on jobs, growth and investment, the internal market, the energy union and climate, and the digital single market. The direct management of CEF grants has proven very efficient, with a strong project pipeline and a competitive selection process, a focus on EU policy objectives, coordinated implementation and the full involvement of Member States.
- It is currently too early to conclude whether the programme's goals will be achieved, since the nature of large-scale infrastructure projects makes it difficult to present results at this stage. Nevertheless, the close monitoring of projects by the Innovation and Networks Executive Agency (now the European Climate, Infrastructure and Environment Executive Agency) ensures the identification of actions for which amendments are needed. This makes the instrument very reactive to new needs and constraints, and allows, where possible, for the swift reallocation of funds where necessary.
- Furthermore, the Commission and Innovation and Networks Executive Agency (now the European Climate, Infrastructure and Environment Executive Agency) and the European Health and Digital Executive Agency are continuing to work to improve the programme's performance. In particular, areas for improvement were identified following the midterm evaluation of the CEF and in line with the recommendations of certain special reports of the European Court of Auditors. Notably, the programme faced limitations on cross-sectoral synergies due to differences in the sectoral legal frameworks. In addition, it was found that the programme would benefit from more transparency and predictability.

Transport sector

- In line with the European Green Deal, transport infrastructure investments contributed strongly to climate objectives, feeding into the EU's long-term decarbonisation commitments. Around 80% of the support from the CEF has been allocated to the rail and inland waterways sectors and to support the accelerated deployment of alternative fuel facilities, fostering a new mobility paradigm. Moreover, data and digital infrastructure backing up the ecological transition for all sectors, including transport, have received targeted support, thereby enhancing the deployment of digital solutions for all transport modes.
- CEF Transport indicator results should be interpreted bearing in mind that their targets are based on ongoing selected actions, and therefore they increase whenever a new action is awarded. In addition, there is a delay of approximately 18 months between the actual completion of a project and its registration, corresponding to the period required for the administrative closure of the projects.
- At the same time, the pace of implementation of the programme has been delayed and its performance against the related indicators hindered by issues that are not always under the direct control of the Commission (see the 'Where are we in the implementation?' section above). Moreover, the COVID-19 pandemic further jeopardised the achievement of the expected results in the course of 2020, by delaying the implementation of projects and by triggering the decision to extend the duration of the programme until the end of 2024 (information note to the CEF Transport Committee of 11 June 2020).
- Currently, around 75% of the actions within the CEF Transport portfolio are expected to be completed between 2021 and 2024. It is therefore too early to draw definitive conclusions on the long-term success and performance of the CEF Transport programme.

Energy sector

- The actions supported by CEF Energy are progressing well overall, with several actions, works or studies completed in 2020. The majority of the actions that were closed demonstrated full technical completion and made an important contribution to the key energy infrastructure projects of which they were part. However, in some cases, delays affecting the end date of the action were observed. The main reasons for the delays related to procurement, permitting, public acceptance, and regulatory and political issues (see the 'Where are we in the implementation?' section above).

- The study supporting the evaluation of the guidelines for trans-European energy infrastructure, published in January 2021, concluded that the projects of common interest that had been commissioned (consisting of key energy infrastructure projects considered essential for completing the European internal energy market and for reaching the EU's energy policy objectives of affordable, secure and sustainable energy) had increased market integration and security of supply and supported the integration of renewable energy sources into the energy system.
- Overall, CEF Energy 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. The grants component of CEF Energy makes a difference in promoting cooperation between countries to develop and implement energy interconnection projects that otherwise would not happen. This is especially the case for cross-border projects located in countries with smaller population sizes or in more remote locations, where energy tariffs would need to be increased substantially to cover the investment needs. The Celtic electricity interconnector between Ireland and France and the Poland–Lithuania gas interconnector are examples of projects that could not have been funded in a purely national context.
- In addition to CEF financial assistance, four high-level groups have been set up by the Commission in different regions of the EU with the aim of providing high-level political support and direction to assist infrastructure development in these regions. These groups – the Central and South-Eastern European Connectivity Initiative, the North Seas Energy Cooperation, the Baltic Energy Market Interconnection Plan and the High-Level Group on Interconnections for South-West Europe – have made important contributions to the successful completion of actions and projects of common interest. The Central and South-Eastern European Connectivity Initiative, for example, has helped to advance the completion of phase 1 of the Bulgaria–Romania–Hungary–Austria gas pipeline corridor and the Krk liquefied natural gas terminal, while the Baltic Energy Market Interconnection Plan has played an important role in ensuring good progress in the project to synchronise the Baltic states' electricity grids with the EU network (as opposed to the Russian and Belarussian network).

Telecom sector

- CEF Telecom supported the deployment and promotion of 20 interoperable digital service infrastructures. Digital service infrastructures are based on mature technical and organisational solutions to support exchanges and collaboration between citizens, businesses and public administrations. The aim is to create a European ecosystem of interoperable digital services that will allow all such groups across the EU to benefit fully from living in a digital single market.
- As regards the objective of 'Contributing to the interoperability, connectivity, sustainable deployment, operation and upgrading of trans-European digital service infrastructures and coordination at the EU level', the direct management of CEF grants has proved very efficient, with a strong project pipeline, a competitive selection process, a focus on EU policy objectives, coordinated implementation and the full involvement of Member States.
- The CEF's midterm evaluation highlighted that in the case of some digital service infrastructures, such as the electronic exchange of social security information or online dispute resolution (where EU regulations and directives require their deployment), CEF Telecom provides an essential incentive for speeding up this process by providing important financial support for the Member states to become compliant. Other digital service infrastructures, such as cybersecurity, enable mechanisms to be used by Member States on a voluntary basis by promoting actions that most likely would have not been carried out at EU scale without CEF support.
- The CEF has supported and enabled the interoperability of EU businesses, citizens and public administrations in an increasing number of sectors, with the number rising from eight digital service infrastructures deployed in the first work programme to 20 supported in the latest one. Indeed, while the programme started supporting the interoperability in a limited set of areas, such as e-government, cybersecurity and the cultural sector, over the years and through various solutions it has also enabled interoperability in other areas, such as health, justice, social security, education and skills.
- For the objective of contributing to the efficient flow of private and public investments to stimulate the deployment and modernisation of broadband networks, CEF Telecom invested in the Connecting Europe Broadband Fund and made use of the CEF debt instrument.
- Extensive, but small, ground-level schemes like WiFi4EU have a significant impact in terms of raising awareness of the importance of connectivity and supporting digital inclusion, especially in rural areas. However, in order to manage the thousands of beneficiaries efficiently it was essential to put in place an adequate information technology infrastructure to support the execution of the programme from the outset. The experience gained from WiFi4EU will be a precious starting point for any similar scheme in the future. In the future CEF Digital, WiFi4EU will evolve to support 5G deployment and take-up by local communities.
- The Connecting Europe Broadband Fund is the first investment platform ever created in Europe to boost investment in broadband infrastructure. The mandate is to finance broadband infrastructure 'greenfield' projects in order to contribute to achieving the objectives set forth in the digital agenda for Europe and the European gigabit society communication. The Connecting Europe Broadband Fund supports deployment projects that focus mostly on remote or rural areas, where population density is low and there is a strong risk of a digital divide. It contributes to closing the funding gap in the market via direct financing to the private sector (focusing on mid-caps and small and medium-sized enterprises), publicly owned companies and public and private partnerships, and via financial intermediaries.
- At fund level, the Connecting Europe Broadband Fund has raised €470 million in financial commitments, including from three private investors for a total of €75 million. At project level, the Connecting Europe Broadband Fund has funded seven projects, with contributions totalling €195 million and expected private investment of €501 million. Due to the nature of the projects ('greenfield', rural areas, market-failure), the Connecting Europe Broadband Fund is de facto acting as a business angel for most of them.
- One lesson learnt is that future financial vehicles should have a broader and more flexible scope for strategic investment so as to address policy needs as they emerge. This flexibility is needed to support a sector like digital, which is evolving very rapidly in terms of technologies and markets.

Concrete examples of achievements

307	3	2	600 megawatts	2.6 billion m ³	93
pilot multistandard fast chargers deployed in 2019 (administrative closure in 2020) across Belgium, Czechia, Germany and Slovakia with a view to future roll-out.	remote tower services deployed for low-traffic airports in Sweden in 2019 (administrative closure in 2020), paving the way for future EU deployment.	sections of the German inland waterway network improved in 2019 (administrative closure in 2020) along the Lower-Havel Waterway and the Elbe-Havel Canal, enabling the passage of fully loaded, large self-propelled barges and push barges with double-layered container loads.	of transmission capacity added at the border between Estonia and Latvia with the completion of the Estonia-Latvia third electricity interconnection. This will further facilitate the integration of renewable energy sources into the grid.	of natural gas per year: this is the capacity of the new liquefied natural gas terminal in Krk (Croatia) that was completed in 2020. It will enhance the diversification and security of the region's natural gas supply.	projects in the 27 Member States use the eHealth digital service infrastructure, enabling 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.

LEGAL BASIS

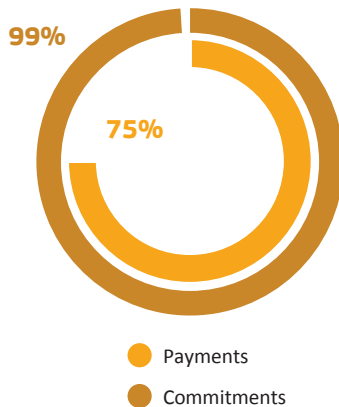
Decision (EU) 2015/2240 of the European Parliament and of the Council

MORE INFORMATION

https://ec.europa.eu/isa2/home_en

BUDGET ALLOCATION 2014-2020

EUR 132 million

**OVERALL EXECUTION
(2014-2020)**

- Payments
- Commitments

**Evaluations/
studies conducted**

The report on the results of the interim evaluation of the programme was published in September 2019. For further information, please consult: <https://europa.eu/Hm94yh>

How is it implemented?

The Directorate-General for Informatics is the lead DG for the implementation of the programme. The programme is implemented through direct management, mainly through public procurement.

ISA²

INTEROPERABILITY SOLUTIONS AND COMMON FRAMEWORKS FOR EUROPEAN PUBLIC ADMINISTRATION, BUSINESSES AND CITIZENS

What is ISA²?

The ISA² programme is aimed at further facilitating efficient and effective electronic interactions, across borders or across sectors, between public administrations in the European Union and between them and citizens and businesses, in order to enable the delivery of electronic public services and to support the implementation of EU policies and activities. The programme develops interoperability solutions autonomously or to complement and support other EU initiatives.

ISA² supports 54 actions focusing on the development of tools, services and frameworks in the area of digital government. The actions are organised into nine work packages defined by the annual rolling work programme.



Specific objectives

- To facilitate efficient and effective electronic cross-border or cross-sector interaction between European public administrations and between them and citizens and businesses, in order to enable the delivery of electronic public services supporting the implementation of European Union policies and activities.

Why is it necessary?

ISA² continues to capitalise on the results of the previous ISA programme, broadening its scope to the interactions between public administrations, citizens and businesses. Some important contributions from the ISA² programme include the following.

- Interoperability is a necessary condition for the modernisation of public administrations, in particular for one-stop shops, the once-only principle and end-to-end services.
- Actions identified as being fundamental to the digital single market initiative, such as the new European interoperability framework and the European catalogue of standards, are supported by the ISA² programme, preventing the emergence of electronic barriers.
- Almost all EU policies depend for their implementation on the availability of information and communications technology systems that support interconnection between Member States' administrations. ISA² supports the implementation of interoperable systems either through funding or by providing tools to help the interconnection and implementation of these systems.

Outlook for the 2021-2027 period

This programme will be included within the new digital Europe programme for the next multiannual financial framework.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
26.2	2018	24.5	
27.1	2019	25.0	
27.5	2020	30.5	

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Key interoperability enablers	3	11/10	10	11 compared to a target of 10	On track
Supporting instruments for public administration	4	13/13	13	13 out of 13	On track

% of target achieved by the end of 2020

Where are we in the implementation?

- The implementation of ISA² has been efficient. The 2020 work programme was performed as envisaged, and the COVID-19 crisis has not impacted the delivery of the programme's objectives. ISA² funding was mainly channelled towards the development of key and generic interoperability enablers (EUR 4.7 million), the support of instruments for public administrations (EUR 4 million) and EU policies (EUR 7.5 million). The final payments under the ISA² are planned to be processed by the end of 2023.

Performance assessment

- The programme's key performance indicators confirm that it has performed well. Some key interoperability enablers have shown even better performance than expected, which is explained by better-than-anticipated government interoperability acceptance and by faster-than-expected technological progress. Member States' positions have evolved from hesitant to very actively involved and requesting intensified common investment in interoperability enablers.
- The Commission report on the results of the interim evaluation of the ISA² programme (COM(2019) 615 – <https://europa.eu/Hm94yh>) confirmed that ISA² performed well in all evaluation criteria, that the objectives pursued by ISA² remain pertinent and that the programme results achieved so far are in line with its objectives. ISA² has played a central role in improving the interoperability landscape in the EU, and discontinuing its activities would have jeopardised the efforts of European public administrations to improve interoperability and to foster the information and communication technology-based modernisation of the public sector in Europe. Possible improvements had been suggested in the areas of raising awareness, user-centricity and sustainability. All of these points were addressed while preparing and implementing the last ISA² work programme. They were also duly taken into account for the transition from ISA² to the digital Europe programme.
- ISA² has increased its outreach to all levels of public administrations and businesses, focusing on small and medium-sized enterprises and start-ups. Its involvement in the 'join, boost, sustain' initiative (<https://europa.eu/lrG47qu>) is a great example of interlinking with related initiatives reaching stakeholders in cities and communities. Also, to expand the role of interoperability, a draft of a European interoperability framework for smart cities and communities has been developed together with DG Communications Networks, Content and Technology within the framework of the Living-in.eu movement. In 2020, the Interoperability Academy went online as part of the EU Academy (the corporate e-learning platform), reaching a broader base of potentially interested parties directly and opening up new cooperation avenues. So far, more than 100 students have completed the online training modules on the European interoperability framework and access to base registries; more online training courses are being prepared. Furthermore, various online webinars have been organised via the platform. The action on European interoperability architecture has cooperated closely with DG Structural Reform Support, DG Taxation and Customs Union and DG Health and Food Safety to support Member States, especially those lagging behind in digitalisation. This cooperation also included work on reform and resilience plans to make them 'interoperable by design', and developing national digital public services on taxation and health. The ISA² programme has also intensified its cooperation with other EU programmes and projects, such as the Connecting Europe Facility, the structural reforms programme and Horizon 2020. This cooperation included organising joint events, sharing results and content, providing advice and support and identifying synergies between Member States' requests under the 2020 work programme of the structural reforms programme and ISA² actions. ISA² solutions (https://ec.europa.eu/isa2/solutions_en) have provided direct support to several EU initiatives, for example the single digital gateway, the EU business registers interconnection system and the once-only principle project.
- User-centricity was a key aspect of the 2020 ISA² work programme, with dedicated workshops for EU regions or work on the Joinup central interoperability user platform. Potential users of future solutions have increasingly participated in their design phase (e.g. the legal interoperability ISA² action on better legislation).
- The digital Europe programme for 2021–2027 covers the scope of ISA², taking into account the recommendations from the interim evaluation. The funding for these ISA² solutions will thus be maintained after 2020. Furthermore, a common services platform will integrate selected services from ISA² and the Telecom strand of the Connecting Europe Facility in order to provide a one-stop shop offering public administrations at all levels, businesses and citizens access to free or open-source solutions.

Concrete examples of achievements over the programme period

430	2	4	955	4	54
events were participated in by ISA ² in 2014–2020 to increase its outreach.	EU-wide initiatives supported by ISA ² aim at a holistic interoperability approach in the EU (i.e. the European interoperability framework and digital public administration).	of the pillars of the 'European location interoperability solutions for e-government' action (studies, frameworks and solutions, reports and events) benefit the EU through effective and usable public digital services, improved spatial awareness and analytical skills and better support for the policy life cycle.	EU initiatives have been screened since 2016 for potential information and communications technology and interoperability impact using the legal interoperability screening methodology.	core vocabularies have been developed by ISA ² to facilitate efficient and effective electronic cross-border or cross-sector interaction (a) between EU public administrations and (b) between public administrations and businesses and citizens.	actions have been supported that focus on developing digital solutions in the interoperability area.

LEGAL BASIS

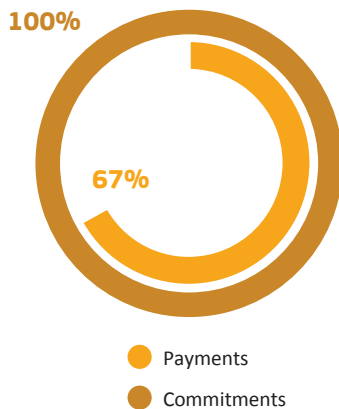
Regulation (EU) No 1287/2013 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/Ing64Kw>

BUDGET ALLOCATION 2014-2020

EUR 2 359 million

OVERALL EXECUTION (2014-2020)**Evaluations/ studies conducted**

An interim evaluation of the programme for the competitiveness of enterprises and small and medium-sized enterprises (2014-2020) was carried out in 2017. For further information please consult: <http://europa.eu/IRD83Xc>

How is it implemented?

The Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs is the lead DG for the implementation of the programme. The programme is implemented by means of direct (grants and procurement) and indirect management through the European Investment Fund.

COSME

PROGRAMME FOR THE COMPETITIVENESS OF ENTERPRISES AND SMALL AND MEDIUM-SIZED ENTERPRISES

What is COSME?

COSME is the EU programme for the competitiveness of enterprises and small and medium-sized enterprises (SMEs).

COSME contributes to strengthening the competitiveness and growth of companies in the EU and beyond. Tailored principally to SMEs, the programme eases access to finance, delivers business advisory services to support access to markets and internationalisation and promotes a better business environment and entrepreneurship.

Thanks to an extensive network of intermediaries, it ensures proximity with SMEs, the target beneficiaries of the programme.

COSME is an essential tool for implementing both the SME strategy for a sustainable and digital Europe and the new industrial strategy for Europe. It will also contribute to the European Green Deal and the digitalisation agenda.



Specific objectives

- To improve framework conditions for the competitiveness and sustainability of EU enterprises, particularly SMEs, including in the tourism sector.
- To promote entrepreneurship and an entrepreneurial culture.
- To improve access to finance for SMEs in the form of equity and debt.
- To improve access to markets, particularly within the EU but also at the global level.

Why is it necessary?

The additional value of action at the EU level relies on the following four main sources.

- Strengthening the single market by overcoming market fragmentation in areas such as venture capital investment, cross-border financing and credit enhancement, along with informational and organisational constraints that prevent SMEs from taking advantage of the opportunities that the single market offers.
- Demonstration and catalytic effects through the dissemination of industrial and policy best practices.
- Economies of scale in areas where it would be difficult for individual Member States to achieve the required critical mass.
- Coherence and consistency in national measures through benchmarking and the exchange of best practices at the EU level.





Outlook for the 2021-2027 period


In the next multiannual financial framework, this programme will be included within the new single market programme.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
354.2	2018	205.3	
367.2	2019	244.6	
418.1	2020	474.7	

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Loan Guarantee Facility – volume of debt financing mobilised ⁽¹⁾			14.3 bn	EUR 31.7 billion compared to a target of EUR 14.3 billion	On track
Loan Guarantee Facility – number of firms benefiting from debt financing			220 000	645 988 compared to a target of 220 000	On track
Enterprise Europe Network – number of partnership agreements signed ⁽²⁾	2 295		17 500	19 450 compared to 17 500	On track
Tourism – number of destinations adopting sustainable tourism development models promoted by the European destination of excellence ⁽³⁾	98		200	175 out of 200	On track

 % of target achieved by the end of 2020

⁽¹⁾ Latest results from 2019.

⁽²⁾ The cumulative results for 2015-2020 are 17 881 under COSME. The result is 20 517 taking in consideration 2014 results that stems from the previous period.

⁽³⁾ Cumulative number of destinations.

Where are we in the implementation?

- At the end of 2020 all commitment appropriations for the 2014-2020 period had been used in line with the planned operational implementation.
- The implementation rate of payment appropriations vis-à-vis commitment appropriations varies between the two COSME financial instruments. The Loan Guarantee Facility has a rather accelerated budgetary implementation ratio (74% budgetary execution rate of payments vis-à-vis commitments as of 31 December 2020). The respective ratio for the Equity Facility for Growth is lower (32% budgetary execution rate of payments vis-à-vis commitments as of 31 December 2020) due to the following: (i) 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; (ii) following the initial investment by the fund manager, funds can hold on to their portfolio companies for up to 10 years, during which they can undertake follow-on investments to enable companies to grow. Both COSME financial instruments are planned to last until 31 December 2034, when the last guarantee and equity operations will be wound down by the European Investment Fund.
- In the case of the Loan Guarantee Facility, and the Equity Facility for Growth payment appropriations are needed to allow the European Investment Fund, as the implementing partner, to honour guarantee calls from financial intermediaries for defaulting loans, to hedge currency exposures (as a large number of financing is made available to SMEs in countries that are not part of the euro area), pay implementation fees and to cash calls from fund managers, who will use the cash to invest in portfolio companies.

Performance assessment

- COSME actions remain relevant, and the programme is delivering in terms of addressing the challenges related to fostering economic growth and jobs, but it does not directly address global and societal challenges. The programme has good proximity to SMEs thanks to an extended network of intermediaries, has a high multiplier effect and shows EU added value. It supports all types of SMEs (e.g. Loan Guarantee Facility and Enterprise Europe Network). While the programme is small it has shown flexibility in adapting quickly to new priorities. However, 20% of the budget is split between a number of small actions with a low potential for effectiveness and cost-efficiency. This fragmentation was addressed in the last 2 years of the work programme, ensuring that the larger actions have been reinforced.
- The general objective of 'strengthening the competitiveness and sustainability of the Union's enterprises, particularly SMEs' has seen some improvement – the time required to establish a business decreased from 15 days in 2014 to 12 days in 2020, while the cost (expressed in the percentage of income per capita) fell from 4.8% in 2014 to 3.2% in 2020 (in the EU Member States). While this is a positive trend, it shows that there is still work to be done on improving the business environment.
- The second general objective is to encourage entrepreneurial culture and promote the creation and growth of SMEs. In 2019, SMEs accounted for over 60% of the increase in EU-27 added value, and 70% of the increase in EU-27 employment. However, in 2020, the COVID-19 crisis brought these gains to an abrupt halt – preliminary estimates suggest that across the EU the number of SMEs fell by 1.3% in 2020. Employment in SMEs is estimated to have fallen by 1.7% in 2020 (representing 1.4 million jobs lost in SMEs), and SME added value by 7.6%. SME added value is unlikely to reach 2019 levels even by the end of 2021.
- By September 2020, the Loan Guarantee Facility had allowed more than 600 000 SMEs to receive more than EUR 35 billion in financial support in 2014-2020. In reaction to the COVID-19 crisis, EUR 714 million from the European Fund for Strategic Investments was redirected to the COSME Loan Guarantee Facility to allow the European Investment Fund to incentivise banks to provide liquidity to SMEs affected by the pandemic. More flexibility was given to users of the facility, and the guarantee rate was increased from 50% to 80%. By September 2020 this had helped more than 38 000 EU SMEs to access around EUR 1.9 billion of liquidity finance under the COSME COVID-19 measure.
- By September 2020, the funds supported by the Equity Facility for Growth had invested more than EUR 1.2 billion in more than 140 companies. Of this amount, more than EUR 0.4 billion was invested in more than 50 SMEs in their growth and expansion stage. Both numbers were below the targets initially envisaged for 2020. The main driver behind this performance was that signing agreements for the Equity Facility for Growth continued to take a long time. This is explained by the fact that: (i) equity entails more complex due diligence and fundraising processes, (ii) the Equity Facility for Growth prioritised funds focusing on investments in COSME non-EU countries participating in the programme; and (iii) the COVID-19 crisis impacted the equity markets.

Concrete examples of achievements

250 000	600 000	8.2 million	16 500	118
SMEs availed themselves of European Enterprise Network advisory services on access to finance, intellectual property rights and the single market (2014-2020).	SMEs in 32 countries received financing from the Loan Guarantee Facility (2014-2020).	visits were made to the business section of the Your Europe portal in 2020.	entrepreneurs were involved in the Erasmus for young entrepreneurs mobility scheme (2014-2020).	transnational public-private tourism partnerships covering 31 countries had been set up by 2019.

LEGAL BASIS

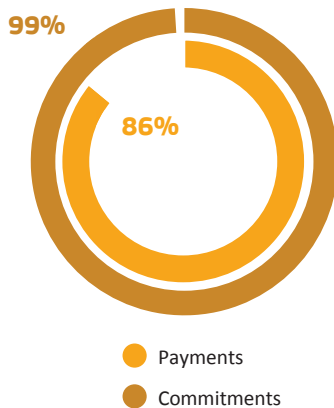
Regulation (EU) 2015/1525 of the European Parliament and of the Council and Council Decision 2009/917/JHA

MORE INFORMATION

<http://europa.eu/lqh38yN>

BUDGET ALLOCATION 2014-2020

EUR 49.4 million

**OVERALL EXECUTION
(2014-2020)****How is it implemented?**

The European Anti-Fraud Office is the lead service for the implementation of the programme.

The programme is managed directly by the European Anti-Fraud Office through platform development (information technology systems).

AFIS

ANTI-FRAUD INFORMATION SYSTEM

What is AFIS?

The Anti-Fraud Information System (AFIS) is an umbrella term for a set of anti-fraud applications operated by the European Anti-Fraud Office under a common technical infrastructure aiming at the timely and secure exchange of fraud-related information between the competent national and EU administrations, along with the storage and analysis of relevant data. The AFIS programme encompasses two major areas: mutual assistance in customs matters and irregularities management.

AFIS supports mutual assistance in customs matters with collaboration tools such as the Virtual Operations Coordination Unit used for joint customs operations, secure web mail (AFIS Mail), specific information exchange modules and databases like the Customs Information System and the Customs Investigation Files Identification Database, analysis tools like the Anti-Fraud Transit Information System and electronic workflow applications like the Tobacco Seizures Management Application.

AFIS also includes the Irregularity Management System, a secure electronic tool that allows the Member States to fulfil their obligation to report irregularities detected in agricultural, structural, cohesion and fisheries funds, the Asylum, Migration and Integration Fund, the Internal Security Fund – Police, the Fund for European Aid to the Most Deprived and pre-accession aid. The tool supports the management and analysis of irregularities.

**Specific objectives****Supporting education and training**

- To support mutual assistance in customs matters through the provision of secure information exchange tools for joint operations and specific customs anti-fraud information exchange modules and databases, such as the Customs Information System.
- To facilitate secure electronic communication tools for the Member States that allow them to fulfil their obligation to report irregularities detected in agricultural, structural, cohesion and fisheries funds and pre-accession aid.

Why is it necessary?

By the very nature of customs fraud, which occurs by definition in at least two countries, there is a continuing necessity for centralised action at the EU level. Effective sharing of information and a wide-scale fight against breaches of customs legislation cannot be conducted by national customs authorities alone at a reasonable cost. Systematic collection of the data required to analyse customs risks that pose a threat to the EU and its Member States would constitute a disproportionate effort for the individual Member States, and can be achieved more effectively and efficiently through action at the EU level. Action at the EU level enables a significant improvement in risk management and the fight against customs-related fraud by increasing the amount of evidence available, improving the possibilities for risk mitigation and the detection and repression of fraud and rendering the action more efficient and effective.

Additionally, the AFIS Portal enables substantial economies of scale and synergies in the development, maintenance and operation of such a wide and diverse set of information technology services and tools.



Outlook for the 2021-2027 period

Together with Hercule, the AFIS programme will be merged into the new anti-fraud programme in the next multiannual financial framework, which will also include the Hercule III programme.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS			EXECUTED PAYMENTS	
7.5		2018		6.7
7.2		2019		7.5
7.5		2020		7.5

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Mutual assistance – information exchange: number of active customs fraud cases	8 000	 70%	24 000	19 125 out of 24 000 cases	Moderate progress
Mutual assistance – number of joint customs operations ⁽¹⁾	3	 > 100%	5	9 operations achieved compared to a target of 5	On track

 % of target achieved by the end of 2020

⁽¹⁾ Average of results for 2014-2020.

Where are we in the implementation?

- The last year of the programme saw changes to various AFIS applications, such as AFIS Mail, the Anti-Fraud Transit Information System and the Customs Information System. In order to perform the necessary amendments relating to Brexit and the implementation of the Protocol on Ireland/Northern Ireland, the Import, Export and Transit directory was also updated. Finally, the creation of a data warehouse for the Container Status Message directory was achieved in 2020. This will enable a container's complete trip to be determined from the physical movements reported in the Container Status Message directory, using a machine-learning algorithm.
- AFIS was fully operational and accessible throughout the COVID-19 pandemic. In the past, all AFIS-related activities – be they infrastructure management, end-user support or application development and testing – were performed on-site, and the AFIS infrastructure was not designed or prepared to be administrated and supported remotely. However, the AFIS set-up was changed at the beginning of 2020 to ensure that the aforementioned services could be provided remotely. This allowed the programme to adapt and deliver several key achievements, detailed in the section below.
- In 2020, a training session and pilot scheme with Member State users were provided for the new Mutual Assistance System application, with the system going live in 2021.

Performance assessment

- The programme has achieved all but one of the targets of its indicators.
- The programme offers a built-in online analytical tool that allows users to make use of and analyse data on irregularities reported since 2019.
- At the end of 2020, the mutual assistance databases contained 19 125 active customs fraud cases, below its target of 24 000. The target was based on the main assumption that relevant infringements of intellectual property rights, which are reported via DG Taxation and Customs Union's anti-counterfeit and piracy system, would significantly contribute to the number of cases. However, at the end of 2020 only 971 cases (5%) were intellectual property rights infringements reported via this system. This can be explained by two factors: firstly, and most importantly, the Member States' customs services do not publish the majority of the draft cases of intellectual property rights infringements available to them in the Customs Information System+, one of AFIS's main mutual assistance databases; secondly, the interface with DG Taxation and Customs Union's anti-counterfeit and piracy system went live in 2019. The development of this interface was originally supposed to start in 2014, but was delayed to 2017 due to the system going live later than expected. As a consequence, the programme's target is now expected to be reached in 2024.
- The programme is very much appreciated by its users. The last satisfaction survey in 2019 showed that the majority of users are satisfied with the AFIS applications. Of the respondents, 84% agreed or slightly agreed that the AFIS applications they use most frequently respond to their professional needs. Fewer than 5% of the respondents disagree to some extent (disagree: 1.5%; slightly disagree: 3.3%), while 10% of users remain neutral.

Concrete examples of achievements

1 000	100	8	84%
tonnes of dangerous counterfeit pesticides were seized in 2020.	tonnes of illicit refrigerant gases were seized in 2020.	joint customs operations were supported in 2020.	of users agree that AFIS responds to their needs.

LEGAL BASIS

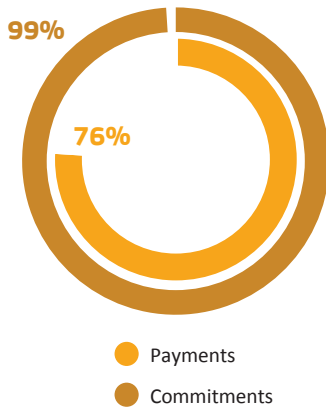
Regulation (EU) 2017/1951 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/PF77Td>

BUDGET ALLOCATION 2014-2020

EUR 449.1 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

For further information on evaluations of the European statistical programmes please consult:

<http://europa.eu/uB67Wp>

How is it implemented?

The programme is implemented by Eurostat, the statistical office of the European Union.

STATISTICAL PROGRAMME

EUROPEAN STATISTICAL PROGRAMME

What is the statistical programme?

Political decision-makers and actors in the market constantly need statistics in order to make decisions and monitor and evaluate their implementation. Statistics provide an essential basis for democracies and modern economies to function soundly and efficiently. The EU needs a high-quality statistical information service in order to fulfil its mission. European statistics must be reliable, timely, independent of political influence and provided in a convenient form for users. Together with the national statistical authorities and other national authorities responsible in each Member State for the development, production and dissemination of European statistics, Eurostat has created a partnership called the European Statistical System. This partnership also includes the European Economic Area countries. Member States collect data and compile statistics for national and EU purposes.

The EU's strategic objectives rely on European statistical data in order to provide evidence-based EU policy definition, implementation, monitoring and evaluation. The European statistical programme is designed to provide high-quality statistical information in a timely manner, while maintaining a balance between economic, social and environmental fields, and to serve the needs of the wide range of users of European statistics, including other decision-makers, researchers, businesses and EU citizens in general, in a cost-effective manner without unnecessary duplication of effort.



Specific objectives

- To provide statistical information, in a timely manner, to support the development, monitoring and evaluation of the policies of the EU, ensuring that they properly reflect priorities, while maintaining a balance between economic, social and environmental fields and serving the needs of the wide range of users of European statistics, including other decision-makers, researchers, businesses and EU citizens in general, in a cost-effective manner and without unnecessary duplication of effort.
- To implement new methods of production of European statistics that aim to achieve gains in efficiency and improvements in quality.
- To strengthen the partnership within the European Statistical System and beyond in order to further enhance its productivity and its leading role in official statistics worldwide.
- To ensure that the delivery of statistics is kept consistent throughout the whole duration of the programme, provided that this does not interfere with the priority-setting mechanisms of the European Statistical System.

Why is it necessary?

A coordinated approach to the development, production and dissemination of European statistics – as provided for in the European statistical programme – guarantees the coherence, comparability and common quality standards required for statistics that are relevant for EU activities. The European Statistical System facilitates the sharing of knowledge and best practices across Member States and the development of new technologies, common tools and collaborative networks with a view to taking advantage of possible synergies and avoiding duplication of effort, thus paving the way for a modern production system equipped to meet future challenges.

Efforts to harmonise, streamline and regulate can best be initiated at the EU level, where such projects can be carried out with optimal efficiency.






Outlook for the 2021-2027 period

For the next multiannual financial framework, this programme will be included within the new single market programme.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS			EXECUTED PAYMENTS	
61.6		2018		64.7
75.4		2019		56.0
76.9		2020		64.3

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Number of data extractions made from Eurostat reference database by external users ⁽¹⁾	7.9 m	 > VALUE	8.7 m	13.9 million data extractions made compared to a target of 8.7 million	On track
Achievements of specific objective 1 as a percentage of the outputs related to it ⁽¹⁾		 94%	100%	94% out of 100%	On track
Achievements of specific objective 2 as a percentage of the outputs related to it ⁽¹⁾		 92%	100%	92% out of 100%	On track
Average punctuality of statistics (on foreign trade with countries outside the EU) sent by Member States to Eurostat ⁽¹⁾		 > VALUE	> 0	sent 2 days in advance of deadline	On track
Achievements of specific objective 3 as a percentage of the outputs related to it ⁽¹⁾		 92%	100%	92% out of 100%	Moderate progress

 % of target achieved by the end of 2020

⁽¹⁾ Average of results for 2014-2020.

Where are we in the implementation?

- The extension of the programme to 2020 paved the way for a range of ambitious actions to give the European Statistical System greater capacity and flexibility. In addressing high-level requests from policymakers, the extension of the European statistical programme included measures for higher-quality, timelier statistics to support the Commission's political priorities and the European Parliament's political agenda.
- The 2019-2020 work programme aims at advancing towards the completion of the European Statistical System's vision 2020 strategy. The strategy was adopted to cope with the challenges that the production of official statistics faces and identifies five key areas in which common action is needed in order for European statistics to be fit for the future: (1) user needs, (2) data sources, (3) quality assurance, (4) partnership and (5) dissemination and communication. The strategy is progressing with the implementation of common projects carried out in the European Statistical System, to be completed in 2020.

Performance assessment

- The implementation of the European statistical programme progressed well overall, producing significant results under the programme's different objectives. This is shown by the majority of the performance indicators being on track and even surpassing their targets. The remaining indicators show moderate progress in a year made difficult by the COVID-19 pandemic. The programme has four specific objectives.
- The first specific objective is to provide statistical information, in a timely manner, to support the development, monitoring and evaluation of the policies of the EU properly reflecting priorities. Eurostat's very good performance in relation to this objective is shown by the three related performance indicators. The statistical coverage has increased by around 5%. The number of data extractions by external users from the Eurostat databases has increased by 17%. In relation to the effectiveness of the work carried out under the objective, 94% of all planned outputs have been achieved or on target.
- The second specific objective is to implement new methods of production of European statistics, aiming at efficiency gains and improvements in quality. The first related performance indicator shows the improvements in quality. The timeliness of the main quarterly and monthly statistics shows a very slight increase (half a day). The effectiveness of the work carried out under the objective increased slightly, with 97% of all planned outputs being achieved or on target.
- The third specific objective is to strengthen the partnership within the European Statistical System and beyond in order to further enhance its productivity and its leading role in official statistics worldwide. The related indicator shows that the publication of the principle European economic indicators decreased slightly, probably due to the COVID-19 pandemic that began early in 2020. The production of statistics on foreign trade with countries outside the EU is consistently ahead of the legal target.
- The fourth specific objective is to ensure that the delivery of statistics is kept consistent throughout the whole duration of the programme. Consistency is shown by the indicator measuring the percentage of statistics covering 10 or more consecutive years, which has increased compared to the baseline in 2017, but not compared to the last 2 years, due to more new statistics. However, the absolute number (which has higher indicative value) has increased.

Concrete examples of achievements

- With regard to the COVID-19 pandemic, Eurostat and the national statistical institutes have turned to innovative methods and new data sources in order to respond to the emerging new demands for information, and have expanded the production of statistics into newly emerging fields, such as the links between income, consumption and wealth. At the end of April 2020, Eurostat introduced a dedicated section on COVID-19 on its website, containing all relevant information and providing easy access in one place, which was later developed into the European Statistical Recovery Dashboard (<https://ec.europa.eu/eurostat/cache/recovery-dashboard/>).
- A new statistical information tool was developed and disseminated in a very short amount of time. The European Statistical Recovery Dashboard responds to the needs of policymakers at the national and EU levels in the COVID-19 context. It brings together 23 monthly and quarterly indicators and covers all of the statistical areas that are relevant for tracking the economic and social recovery from the pandemic.
- In response to emerging needs in the analysis of the labour market effects of the COVID-19 crisis, Eurostat developed a new approach to adapt to the evolution of the labour market. The data were published faster than in the past, and Eurostat is currently working with Member States to further improve its timeliness. Eurostat also provided high-quality and timely business and trade statistics, in particular the principal European economic indicators.
- Concerning the sustainable development goals, the Eurostat monitoring report on the subject and the accompanying communication package are key sources of information for a wide range of users. Similarly, Eurostat launched a new data collection on packaging and packaging waste.
- The trusted smart statistics initiative is a major development that Eurostat initiated together with its partners in the European Statistical System. It aims at providing the system with the ability to embrace the opportunities provided by new technologies and data originating from the digitalisation of society and the economy. Eurostat laid down the foundations of the Web Intelligence Hub, a platform to collect and process internet data to better assess labour market developments on a timely basis, using advanced technologies.

LEGAL BASIS

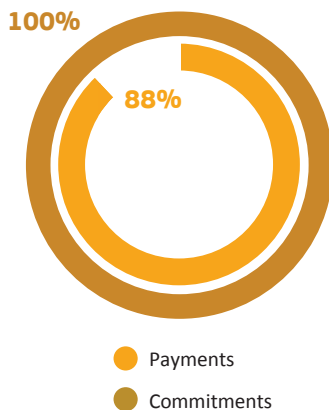
Regulation (EU) 2017/827 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/!pN89Jp>

BUDGET ALLOCATION 2014-2020

EUR 55.3 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

The relevant findings on the implementation of the programme are submitted in the form of annual reports to the European Parliament and the Council of the European Union. The most recent report on the activities of the International Financial Reporting Standards Foundation, the European Financial Reporting Advisory Group and the Public Interest Oversight Board is available here: <https://europa.eu/!GQ94fK>

How is it implemented?

The Directorate-General for Financial Stability, Financial Services and Capital Markets Union is the lead DG for the implementation of the programme. The programme is implemented through direct management (grants) and co-financing of organisations' operations (the co-financing is taken into account in their annual work programmes).

FINANCIAL REPORTING

SPECIFIC ACTIVITIES IN THE FIELD OF FINANCIAL REPORTING AND AUDITING

What is the financial reporting programme?

The programme involves co-financing the activities of three organisations operating in the field of financial reporting and auditing, namely the International Financial Reporting Standards Foundation (IFRS Foundation), the European Financial Reporting Advisory Group (EFRAG) and the Public Interest Oversight Board (PIOB). The International Financial Reporting Standards Foundation develops international accounting standards via its International Accounting Standards Board, while the European Financial Reporting Advisory Group ensures that the EU is speaking with one voice and that the interests of the EU are adequately taken into consideration in the process of the development of standards. In addition, the group provides the European Commission with endorsement advice on new or modified standards. The Public Interest Oversight Board is responsible for monitoring the international standard-setting process in the areas of auditing and assurance, education and ethics.

**Specific objectives**

- To improve the conditions for the efficient functioning of the internal market by supporting the transparent and independent development of international financial reporting and auditing standards.

Why is it necessary?

In a global economy, there is a need for a global accounting language. International financial reporting standards, developed by the International Accounting Standards Board, are adopted and used in many jurisdictions around the world. The international financial reporting standards also play a major role in the functioning of the EU's internal market. EU law requires companies with securities (shares and debt securities) listed on European-regulated markets to prepare their financial reports in accordance with EU-endorsed international financial reporting standards. Therefore, the EU has a direct interest in ensuring that the standards are developed through a transparent and democratically accountable process. To ensure that global standards are of high quality and are compatible with EU law, it is also essential that the interests of the

EU are adequately taken into account in the international standard-setting process. Regarding auditing, it is important to ensure that the standard-setting activities of the International Federation of Accountants are properly responsive to public interests. The funding programme contributes to ensuring highly reliable financial reporting by companies. This in turn facilitates the optimal allocation of savings and the reduction of the cost of capital for companies in the EU and elsewhere.



Outlook for the 2021-2027 period

In the next multiannual financial framework, this programme will be included in the new single market programme

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
8.2	2018	7.7	
7.9	2019	6.8	
8.1	2020	7.7	

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Number of countries using international financial reporting standards	128	 > IFRS	159	166 countries compared to a target of 159	On track
Number of standards endorsed in the EU as a percentage of the number issued by the International Accounting Standards Board	89%	 82%	100%	98% of standards endorsed	On track

 % of target achieved by the end of 2020

Where are we in the implementation?

- Throughout the 2014-2020 period, the International Financial Reporting Standards Foundation's International Accounting Standards Board issued four major standards: International Financial Reporting Standards 9 (*Financial Instruments*), 15 (*Revenue from Contracts with Customers*), 16 (*Leases*) and 17 (*Insurance Contracts*). The European Commission endorsed International Financial Reporting Standard 9 in November 2016, International Financial Reporting Standard 15 in September 2016 and International Financial Reporting Standard 16 in October 2017. International Financial Reporting Standard 17 is still pending for endorsement, as the International Accounting Standards Board revised the version issued in June 2020 at the request of major stakeholders, including the EU. The European Commission expects to start the endorsement process for International Financial Reporting Standard 17 as amended in April 2021 after receiving the European Financial Reporting Advisory Group's endorsement advice.
- Over the 2014-2020 period, the group also worked on a number of research projects such as discounting with low interest rates, better information on intangibles, crypto-assets, and variable and contingent considerations. The group also published a discussion paper entitled 'Accounting for crypto-assets (liabilities)', with a deadline for comments of 31 July 2021.
- The European Financial Reporting Advisory Group has also widened the scope of its work in recent years by establishing the European Corporate Reporting Laboratory ('the Lab'). It became operational in February 2019, when its Task Force on Climate-related Reporting started work and published its report in February 2020. A second project about reporting of non-financial risks and opportunities, and linkage to the business model started in September 2020.
- The Public Interest Oversight Board continued to carry out its oversight of the International Auditing and Assurance Standards Board and the International Ethics Standards Boards for Accountants to ensure that audit-related standards are responsive to the public interest, while the International Accounting Education Standards Board ceased to exist in 2019 with the completion of its work plan.
- Since March 2020 the global COVID-19 pandemic has had an impact on the work of the International Financial Reporting Standards Foundation, the European Financial Reporting Advisory Group and the Public Interest Oversight Board. Nonetheless, not only did the three entities adapt by changing the way they worked (crisis meetings were conducted online and outreach activities have been cancelled, postponed or turned into webinars) but deadlines were extended in recognition of the circumstances of stakeholders. Although the COVID-19 crisis affected their working methods in 2020, it does not seem to have influenced the implementation of their work programmes.

Performance assessment

- In terms of performance, the funding programme has enabled the three beneficiaries (the International Financial Reporting Standards Foundation, the European Financial Reporting Advisory Group and the Public Interest Oversight Board) to develop standards that enhance the transparency and comparability of financial information.
- Throughout the 2014-2020 period, the progress made by the International Financial Reporting Standards Foundation was in line with its work programme. The foundation fulfilled its work programme and issued four major standards (International Financial Reporting Standards 9, 15, 16 and 17) and published its updated Conceptual Framework for Financial Reporting to describe the objective of and concepts for general-purpose financial reporting.
- During the same period, the European Financial Reporting Advisory Group fulfilled its work programme in a satisfactory manner, and in line with the recommendations from the Maystadt Report of October 2013. The group provided substantial comment letters to all new draft standards issued by the International Accounting Standards Board at an early stage of the International Financial Reporting Standards Foundation's due process. To support decision-making on endorsement, the group issued timely advice on whether the final standards issued by the International Accounting Standards Board complied with the technical criteria of the International Accounting Standards Regulation. In 2020, the group worked on the following research projects that will be continued in 2021: discounting with low interest rates, better information on intangibles, crypto-assets, and variable and contingent considerations.
- The Public Interest Oversight Board continued to carry out its oversight of the International Auditing and Assurance Standards Board and the International Ethics Standards Boards for Accountants, while the International Accounting Education Standards Board ceased to exist in 2019 with the completion of its work plan.
- Overall, the funding programme supported reliable corporate reporting by companies. This in turn facilitates the allocation of savings and the reduction of the cost of capital for companies in the EU. The EU financing of the Public Interest Oversight Board has helped to attract other public sponsors and to ensure a minimum level of independence from the International Federation of Accountants and the auditing profession. The implementation of the Maystadt reform has also broadened the constituency of the European Financial Reporting Advisory Group and contributed to better coordination between European stakeholders in the field of financial reporting. However, the objective of having national financing of the International Financial Reporting Standards Foundation that is proportionate to a country's gross domestic product has not been achieved. Further diversification of the funding of the Public Interest Oversight Board is also needed.

Concrete examples of achievements

166 countries using international financial reporting standards	98% of the international financial reporting standards have been endorsed in the EU
Analysis of 166 jurisdictions shows that international financial reporting standards are required for all or most domestic publicly accountable entities (listed companies and financial institutions) in 144 jurisdictions, while a further 12 jurisdictions permit their use. In addition, 87 of the 166 jurisdictions either require or permit the <i>IFRS for SMEs</i> standard.	98% of the international financial reporting standards had been endorsed in the EU by the end of 2020. Moreover, the European Union's commitment to international financial reporting standards has provided an impetus for the international acceptance of the standards, which ultimately fosters the ability of EU companies to trade, raise capital and expand internationally while benefiting from administrative savings.

LEGAL BASIS

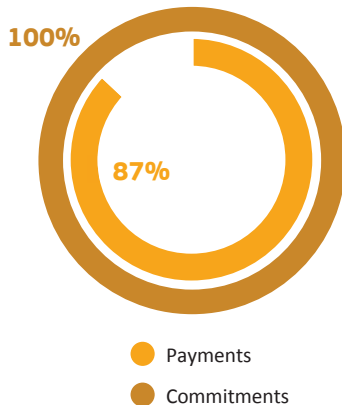
Regulation (EU) 2017/826 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/!pD79WW>

BUDGET ALLOCATION 2014-2020

EUR 5.5 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

A thorough evaluation of the programme's implementation and its achievements concluded that its objectives had been achieved.

How is it implemented?

The Directorate-General for Financial Stability, Financial Services and Capital Markets Union is the lead DG for the implementation of the programme. The programme is managed through grants co-financing actions proposed by the organisations.

CONSUMER INVOLVEMENT

ENHANCING CONSUMER INVOLVEMENT IN EU POLICYMAKING IN THE FIELD OF FINANCIAL SERVICES

What is the consumer involvement programme?

A well-functioning and trustworthy financial services sector is a key component of the internal market and its cross-border capabilities. It requires a solid framework for regulation and supervision, which simultaneously ensures financial stability and supports a sustainable economy. At the same time, a well-functioning and trustworthy financial services sector should provide a high level of protection to consumers and other end users of financial services, including retail investors, savers, insurance policy holders, pension fund members and beneficiaries, individual shareholders, borrowers and small and medium-sized enterprises.

The programme aims at involving consumers and other end users of financial services in EU and relevant multilateral policymaking in the area of financial services, along with informing them about issues at stake in the financial sector.

The following activities were able to be co-financed by the programme:

- research activities, including production of own research and data, and development of expertise;
- engaging with consumers and other financial services end users, by liaising with existing consumer networks and helplines in Member States in order to identify issues relevant for EU policymaking for the protection of the interests of consumers in the area of financial services;
- activities for raising awareness, information dissemination activities and the provision of financial education and training, directly or through the national members, including to a wide audience of consumers, other financial services end users and non-experts;
- activities reinforcing the interactions between the members of the two beneficiary organisations (Better Finance and Finance Watch) along with advocacy and policy advice activities strengthening the positions of those members at EU level and fostering the public and general interest in financial and EU regulation.



Specific objectives

- To further enhance the participation and involvement of consumers and other financial services end users in EU and relevant multilateral policymaking in the area of financial services.
- To contribute to the provision of information to consumers and other financial services end users about issues at stake in the financial sector.

Why is it necessary?

The regulation establishing an EU programme for the 2017-2020 period followed on from a previous pilot project and preparatory action which were positively evaluated in 2015. In particular, the evaluation positively assessed the EU added value of the previous pilot project and preparatory action which filled a gap as national organisations dealing with all kinds of consumer issues lack technical expertise and cannot cover such a broad scope of policy areas related to financial services.

Since these policy areas tend to be highly technical and unintelligible to the general public, the broad expertise required to achieve the policy objectives is not yet available at the national level. In addition, no other similar organisations have been identified at EU level.

The regulation complies with the subsidiarity principle since its objectives cannot be sufficiently achieved by the Member States and can, by virtue of the scale and the effect of the envisaged action, be better achieved at EU level.

Outlook for the 2021-2027 period

In the next multiannual financial framework, similar actions will be included in the new single market programme.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
1.5		2018	1.3
1.5		2019	1.5
1.5		2020	1.3

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Number of position papers and responses to public consultations ⁽¹⁾		 >=100%	60	179 position papers and responses compared to a target of 60	On track
Number of Twitter followers ⁽²⁾		 >=100%	4 400	12 477 Twitter followers compared to a target of 4 400	On track

 % of target achieved by the end of 2020

⁽¹⁾ Cumulative results for 2014-2020.

⁽²⁾ Average of results for 2014-2020.

Where are we in the implementation?

- The programme was implemented through grants to two non-profit organisations specified in Regulation (EU) 2017/826: Better Finance, a European federation of investors, shareholders and financial services users, who are independent from the financial industry; and Finance Watch, a non-profit association intended to strengthen the voices of consumers and end users of financial services and to defend their interests in the financial sector.
- The two beneficiaries effectively contributed to the objectives of the programme by performing research, advocacy and awareness raising in relation to a comprehensive range of EU financial legislation.
- Throughout the 2014-2020 period, Finance Watch invested its efforts in the areas of financial stability, sustainable finance and financial inclusion/retail, and further specialised in digital matters (namely, Libra cryptocurrency).
- Throughout the same period, Better Finance continued its research and advocated on its main topics of interest: a pan-European personal pension product, sustainable finance, key information documents for packaged retail and insurance-based investment products, collective redress, and algorithm-based investing (robo-investing).

Performance assessment

- Since the launch of the programme in 2017, Better Finance and Finance Watch, the two beneficiaries, have been successfully working towards the achievement of the programme's objectives, implementing a number of dissemination activities related to consumer involvement.
- According to the 2019 evaluation of the programme, the objective of further enhancing the involvement of consumers and financial services end users in EU policymaking in the area of financial services has been achieved. Similarly, the objective of informing consumers about issues at stake in the regulation of the financial sector was also largely achieved.
- Based on their research activities, the beneficiaries helped fill gaps in the overall understanding of the financial sector and of the different categories of commercialised financial products, and have provided important input into the financial policymaking process. The activities implemented by both organisations in relation to the programme are largely appreciated by stakeholders, and are considered of high quality. However, some stakeholders argued that the beneficiaries could have covered certain topics in greater depth, such as the review of the European supervisory authorities regulations and credit assessment.
- The evaluation also concluded that advocacy at EU level on behalf of non-industry stakeholders continues to be necessary and the EU programme allows these organisations to maintain the necessary expertise to effectively represent the interests of consumers and end users in financial policymaking.
- While the global COVID-19 pandemic has resulted in the cancellation or postponement of many events, the organisations prepared 13 virtual events, provided speakers to 66 online conferences and webinars, and attended another 105 online events.
- It is clear from past experience that the world of finance is fast-moving and subject to rapid change. Priorities may therefore be subject to adjustment over the course of the next 7-year period from 2021 to 2027.

Concrete examples of achievements

12 477	177
total Twitter followers.	total position papers and responses to public consultations in the field of financial services for the 2017-2020 period.

LEGAL BASIS

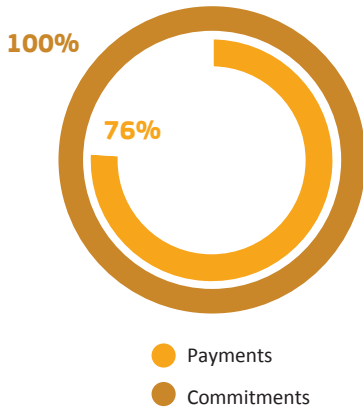
Regulation (EU) No 652/2014 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/!Yp68Bc>

BUDGET ALLOCATION 2014-2020

EUR 1 827.3 million

OVERALL EXECUTION (2014-2020)**Evaluations/ studies conducted**

The midterm evaluation of the food and feed programme was carried out in 2017. For further information, see: <http://europa.eu/!Ck89tr>

How is it implemented?

The Directorate-General for Health and Food Safety is the lead DG for the implementation of the programme. The programme is implemented through direct management.

FOOD AND FEED

What is the food and feed programme?

The food and feed programme ensures that a well-functioning and safe food chain is in place. This is a key public health and economic priority. Outbreaks of serious animal and plant diseases may cause major direct losses to agriculture and potentially enormous indirect losses to the EU economy. To support this objective, the food and feed programme includes the following.

- National veterinary programmes for the eradication, control and surveillance of transmissible, often epidemic animal diseases and zoonoses (diseases that can be transmitted from animals to humans).
- National survey programmes for organisms that are harmful to plants, ensuring early detection and eradication of pests.
- Training in the field of food and feed safety, animal health, animal welfare and plant health, through the 'better training for safer food' programme.
- The funding of European Union reference laboratories, which help ensure the proper functioning of the internal market, the protection of human health and the maintenance of consumer confidence. The EU reference laboratories ensure high-quality and uniform testing in the EU and provide training to hundreds of national reference laboratories in a number of food safety priority areas. This ensures that all Member States work within a consistent and uniform regulatory framework.
- Financial support for emergency measures in order to contain animal diseases and pest outbreaks. These measures act like a fire extinguisher, putting down or containing the outbreak and avoiding further spread of the disease.

**Specific objectives**

- To contribute to a high level of safety of food, food production systems and products which may affect the safety of food, while improving the sustainability of food production.
- To contribute to achieving a better animal health status for the EU and to support the improvement of the welfare of animals.
- To contribute to the timely detection of pests and their eradication when they enter the EU.
- To contribute to improving the effectiveness, efficiency and reliability of official controls and other activities carried out with a view to ensuring the effective implementation of and compliance with the EU rules.

Why is it necessary?

The technical and financial support provided by the EU to the Member States has achieved better animal and plant health in the EU. Alone, Member States have difficulty securing the appropriate financial resources to respond to the combination of present and potential challenges. The variety of measures to tackle pests and diseases requires a centralised management system to properly coordinate and organise the implementation of specific actions in the Member States. Moreover, Member States which might not have a direct interest in combating a particular disease or pest still have to look after the overall interests of the EU.

Diseases can spread rapidly between Member States and affect the entire EU market. EU intervention is needed to minimise the impact on human, animal and plant health, as well as on the industry and the markets. Outbreaks can come at a huge cost for the EU budget, national budgets and the farming community. For

example, the foot-and-mouth disease outbreak of 2001, which started in the United Kingdom but spread to other countries, is estimated to have cost budgets up to EUR 12 billion.

The network of laboratories ensures that all countries apply a consistent and uniform regulatory framework, while the training programme promotes a common approach to the implementation and enforcement of EU legislation. Harmonisation of rules and sharing of knowledge and expertise in the food chain and related areas could not be achieved through isolated efforts at national level without EU financial support.



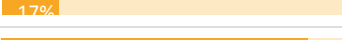



Outlook for the 2021-2027 period


The food and feed programme has been integrated into the Commission's proposal for the single market programme through a dedicated food strand.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
279.4		2018	243.9
289.7		2019	241.5
247.2		2020	233.1

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Member States free from the animal disease bovine brucellosis	16	 44%	25	20 Member States out of 25	Moderate progress
Member States free from the animal disease bovine tuberculosis	15	 25%	23	17 Member States out of 23	Deserves attention
Member States free from the animal disease melitensis	19	 17%	25	20 Member States out of 25	Deserves attention
Coverage of EU territory by surveys for pests not known to occur in EU territory		 90%	100%	90% coverage out of 100%	On track
Coverage of EU territory by surveys for most dangerous pests		 100%	100%	100% coverage out of 100%	On track
Results of controls in particular areas of concern ⁽¹⁾		 75%	95%	71% favourable trend out of 95%	Moderate progress

 % of target achieved by the end of 2020

⁽¹⁾ Latest results are from 2018.

Where are we in the implementation?

- Since 2014, the budget implementation of the food and feed programme has increased gradually. However, the trend was reversed in 2020: the total amount of the budget consumed in 2020 (EUR 247.2 million) was considerably lower than in 2019 (EUR 289.7 million).
- The national veterinary programmes target transmissible, often epidemic animal diseases. There was a significant reduction in their budget between 2014 and 2020 mainly due to the phasing out of the funding of bovine tuberculosis eradication programmes since 2018 and the reallocation of additional budget amounts to higher-priority diseases (such as African swine fever and lumpy skin disease). In 2020, 146 national veterinary programmes, covering the monitoring and eradication of 11 diseases and implemented by all 27 Member States and the United Kingdom, were approved and implemented. Around EUR 117.2 million was allocated to co-fund them, which accounts for the largest proportion of spending under the food and feed budget.
- The national survey programmes for organisms harmful to plants ensure early detection and eradication of pest outbreaks. The programme covered 62 different plant pests; 24 programmes were implemented in 2020 and the number of participating Member States has grown from 17 in 2015 to 24 from 2017 onwards.
- There was a significant increase in the consumption of the budget for emergency measures, mainly due to severe outbreaks of avian influenza (from 2016 to 2018 and in 2020) and African swine fever (from 2018 to 2020).
- The 'better training for safer food' initiative with the objective of improving the effectiveness, efficiency and reliability of official controls could not be implemented as planned in 2020 due to the COVID-19 pandemic, as the vast majority of the planned courses involved face-to-face training in small sessions with participants from across the world. There were 43 contracts to provide training in January 2020, operating until March 2020. Nine e-learning courses were used by more than 5 000 officials worldwide during 2020. These nine courses are currently being updated, while a further six courses are being developed and 10 more are planned for 2021.

Performance assessment

- The Commission considers that the food and feed programme is performing well and has been effectively implemented, contributing to a high level of health for humans, animals and plants by preventing and eradicating diseases and pests. The Court of Auditors in its special report on food safety of 2019 emphasised that the EU's food safety model in respect of chemicals is considered a point of reference and it is soundly based and respected.
- Significant improvement was achieved with regard to rabies, salmonella infections, bovine spongiform encephalopathy, and bovine tuberculosis and brucellosis.
- Efficient controls were implemented: even though COVID-19 had a significant impact on the implementation of the work programme, 97 audits were carried out in the area of food and feed in 2020, with the participation of eight national experts.
- Emergencies were in general addressed in a timely and effective manner by Member States. A good example of the success of emergency measures is the way the EU dealt with the lumpy skin disease crisis in Greece and Bulgaria through the creation of an EU vaccine bank and the co-financing of vaccines purchased by the Member States. The disease was contained and effectively controlled in the EU (the last outbreak in the EU was in 2017).

Concrete examples of achievements

Rabies	Swine vesicular disease	Salmonella infection	Bovine spongiform encephalopathy	Bovine brucellosis and tuberculosis
has been almost eradicated in the EU in wildlife, with the number of cases falling from 1 602 in 2009 to only 8 in 2018 (in 3 Member States), 5 in 2019 (in 2 Member States) and 12 in 2020 (in the same 2 Member States).	has been eradicated: the entire EU was declared free of swine vesicular disease on 20 March 2019.	programmes proved successful as the number of human cases decreased (from more than 100 000 confirmed human cases of salmonellosis in 2010 to 92 000 in 2019).	cases decreased, from more than 2 000 classic cases detected in 2001 to only 1 detected in 2018; and in 2019, only atypical cases were found (7 cases, in 3 Member States).	cases decreased: 16 Member States were officially free from bovine brucellosis in 2013, rising to 20 in 2018 and 2019; 15 Member States were officially free from bovine tuberculosis in 2013, rising to 17 in 2018 and 2019.

LEGAL BASIS

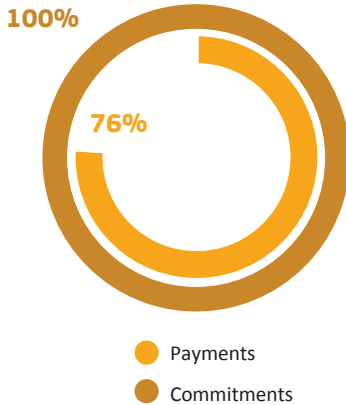
Regulation (EU) No 254/2014 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/ldF39mj>

BUDGET ALLOCATION 2014-2020

EUR 188.4 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

In 2019 the Commission published its report on the midterm evaluation of the 2014-2020 consumer programme, available here: <https://europa.eu/!jC36Hv>

How is it implemented?

The Directorate-General for Justice and Consumers is the lead DG for the implementation of the programme. It is supported by the Consumers, Health, Agriculture and Food Executive Agency. The programme is implemented through direct management (grants) and procurement.

CONSUMER PROGRAMME

What is the consumer programme?

The programme supports the EU's consumer policy. It aims to help citizens fully enjoy their consumer rights and actively participate in the single market, thus supporting growth, innovation and meeting the objectives of Europe 2020. The 2014-2020 consumer programme focuses on the following four key areas.

- A single market of safe products for the benefit of citizens and as a component of competitive businesses and traders.
- A single market in which citizens are well represented by professional consumer organisations whose capacity is built to meet the challenges of today's economic environment.
- A single market in which citizens are aware of and exercise their rights as consumers so that they contribute to the growth of competitive markets. Citizens must enjoy access to redress mechanisms in the event of problems without needing to resort to court procedures that are lengthy and costly for them and for governments.
- Concrete and effective collaboration between national bodies to support the enforcement of consumer rights and support consumers with advice.

**Specific objectives**

- **Safety.** To consolidate and enhance product safety through effective market surveillance throughout the EU.
- **Consumer information and education, and support for consumer organisations.** To improve consumer education, information and awareness of rights, to develop the evidence base for consumer policy and to provide support to consumer organisations, taking into account the specific needs of vulnerable consumers.
- **Rights and redress.** To develop and reinforce consumer rights, in particular through smart regulatory action and improving access to simple, efficient, expedient and low-cost redress procedures, including alternative dispute resolution.
- **Enforcement.** To support enforcement of consumer rights by strengthening cooperation between national enforcement bodies and by supporting consumers with advice.

Why is it necessary?

Ensuring that products circulating in the internal market, including online, are safe for consumers is a basic objective of EU consumer policy.

Consumers need to be confident that unsafe products have no place on the EU market and that the relevant rules are effectively and efficiently enforced, both domestically and across borders. This is why the EU supports a coordinated and coherent approach to the enforcement of safety and market surveillance rules across the EU.





Outlook for the 2021-2027 period

In the next multiannual financial framework this programme will be integrated into the new single market programme.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS			EXECUTED PAYMENTS	
28.0		2018		27.6
29.2		2019		26.5
29.7		2020		29.1

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Safety – % of notifications to rapid alert system for dangerous consumer products resulting in at least one reaction ⁽¹⁾		 > IVALL	48%	50% achieved compared to a target of 48%	On track
EU-wide online dispute resolution system – number of cases dealt with		 > IVALL	100 000	147 456 cases dealt with compared to a target of 100 000	On track
Contacts with consumers handled by the European consumer centres	71 000	 > IVALL	106 500	167 833 contacts compared to a target of 106 500	On track
Visits to the website of the European consumer centres ⁽²⁾	3 m	 > IVALL	5.1 m	6.7 million visits compared to a target of 5.1 million	On track

 % of target achieved by the end of 2020

⁽¹⁾ Average of results for 2014-2020.

⁽²⁾ Latest results from 2019.

Where are we in the implementation?

- The 2014-2020 consumer programme has been implemented by means of annual work programmes that set out the actions to be undertaken in a given year and that have been implemented mainly by calls for tender and calls for proposals. As result, under the 2020 work programme, 52 grant agreements and 54 procurement contracts were signed, amounting to a total of EUR 25.3 million. Overall, enhanced product safety and support for enforcing consumer rights together account for about 60% of the total amount committed in 2020. The activity that received the largest amount of funding (EUR 6.5 million) was financial contributions for joint actions with the bodies constituting the European Consumer Centres Network.
- Although the implementation of some activities is still ongoing, the related performance indicators of the consumer programme have already been achieved.
- In 2020, the COVID-19 emergency impacted various procurement contracts and grant projects, resulting in several contract amendments. Consequently, the planning of some procurement activities (due to the cancellation of meetings, conferences and study visits) was adjusted and the budget reallocated to grants, which helped to improve the overall rate of implementation. The payment appropriations will continue to be executed in the coming years (estimated until 2023) to allow for ongoing projects to be finalised regarding both grants and procurements. Given that they relate to activities that are still being implemented, the final payments have therefore not yet been made.

Performance assessment

- The programme made progress towards meeting its specific objectives in the areas of safety, consumer information and education, rights and redress, and enforcement, with, in particular, a high level of EU added value in a highly interconnected economy.
- In the field of product safety, the Commission has promoted and facilitated cooperation among enforcement authorities by financing joint sampling and testing activities on specific products, which eventually feed into the rapid alert system for dangerous non-food products and knowledge-sharing activities on a variety of market surveillance issues. The feedback ratio of reports of other authorities to 'serious risk' notifications increased from 0.90 in 2013 to 2.69 in 2020. The number of notifications has now stabilised at a rate of around 2 000 per year.
- The objective of the 'Coordinated activities for the safety of products' initiative is to foster cooperation by implementing a package of product-specific and horizontal activities with flexibility and efficiency. The 2020 'Coordinated activities for the safety of products' initiative has reached its final phase, in which the testing activities have finished and market surveillance authorities are working on the risk-assessment and follow-up measures, depending on the test results. Since 2019, exchanges involving product safety enforcement officials have also been integrated within 'Coordinated activities for the safety of products' activities, under the name 'VisitUs'. Over an initial 6-month period (October 2019–March 2020), 26 officials (from 33 European Economic Area countries) participated in such exchanges in this new form. The scheme had to be suspended after March 2020 due to COVID-19 restrictions.
- The consumer programme has funded several communication and information campaigns to promote consumer rights while travelling and shopping (including online shopping). Thanks to an annual operating grant of EUR 2 million, awarded in 2020, the European consumer organisation Bureau européen des unions de consommateurs could carry out various activities in favour of defending the interests of all EU consumers. Furthermore, almost EUR 3 million is dedicated to Consumer PRO, a service contract signed with the Bureau européen des unions de consommateurs (running for a period of 4 years) to organise and implement training and other capacity-building activities in the EU, Iceland and Norway for consumer organisations and other actors in the consumer-policy field. The programme has supported cooperation in the area of national consumer protection. Intense work took place in 2020 to ensure that national authorities are ready to implement the new consumer protection cooperation regulation (Regulation (EU) 2017/2394, which entered into force on 17 January 2020) efficiently and to have a modern IT system to support their cooperation. The consumer programme has provided funding for the European Consumer Centres Network, which helps consumers with cross-border purchases, explains their rights when shopping internationally and helps them seek redress from a trader in another EU Member State (or Iceland or Norway).
- The Online Dispute Resolution platform, launched in 2016, is today also a modern way to register consumer complaints, replacing other systems such as the European Consumer Complaints Registration system. In 2020, the number of cases dealt with by this EU-wide system reached almost 147 000, surpassing its target, and an estimated 40% of these complaints have been resolved.

Concrete examples of achievements

Over 2 000 notifications	9% of alerts	One third	EUR 7 million	147 000 customers
of dangerous products are received every year through the rapid alert system for dangerous non-food products.	in 2020 were related to products linked to COVID-19 (mostly face masks).	of all claims received by the online platforms checked were found to be scams.	in annual funding was provided to the European Consumer Centres Network.	have lodged a complaint through the Online Dispute Resolution platform since its launch in 2016.

LEGAL BASIS

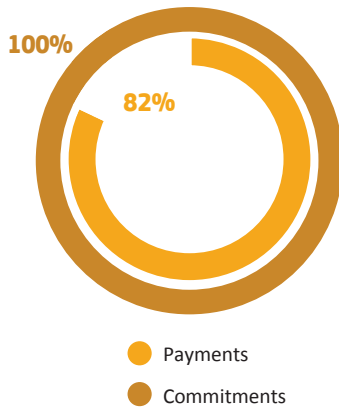
Regulation (EU) No 1286/2013 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/tp64hw>

BUDGET ALLOCATION 2014-2020

EUR 223.7 million)

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

The studies and evaluations financed under the Fiscalis programme can be consulted on the 'Taxation and customs union' section of the Europa website: <http://europa.eu/ltv44YW>

How is it implemented?

The Directorate-General for Taxation and Customs Union is the lead DG for the implementation of the programme through direct management.

FISCALIS 2020

ACTION PROGRAMME FOR TAXATION IN THE EUROPEAN UNION

What is Fiscalis 2020?

Fiscalis 2020 is an EU cooperation programme enabling national tax administrations to exchange information and expertise. It allows major trans-European information technology systems to be developed and operated in partnership, and various person-to-person networks to be established by bringing together national officials from across the EU. The majority of the programme funding (approximately 80%) enables the development and operation of the European information systems for taxation, followed by the organisation of joint actions, cooperation and collaboration (around 15%) and training (around 5%).

Fiscalis 2020 improves the functioning of the taxation systems in the internal market by enhancing cooperation between participating countries, their tax authorities and their officials. This includes the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of EU law in the field of taxation. It does this by ensuring the exchange of information, supporting administrative cooperation and, where necessary and appropriate, enhancing the administrative capacity of participating countries with a view to helping to reduce the administrative burden on tax authorities and the compliance costs for taxpayers.

The Fiscalis 2020 programme supports a highly secure, dedicated communication network allowing the exchange of information in the framework of the fight against tax fraud, for both direct and indirect taxation.



Specific objectives

- To support the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of EU law in the field of taxation by ensuring the exchange of information, by supporting administrative cooperation and, where necessary and appropriate, by enhancing the administrative capacity of participating countries with a view to assisting in reducing the administrative burden on tax authorities and the compliance costs for taxpayers.

Why is it necessary?

Cross-border tax fraud, evasion and avoidance can only be tackled if there is cooperation and coordination between Member States' tax authorities. The added value of the Fiscalis programme, including for the protection of the financial interests of the EU Member States and of taxpayers, has been recognised by the tax administrations of the participating countries. The challenges identified for the next decade cannot be tackled if Member States do not look beyond the borders of their administrative territories or cooperate intensively with their counterparts. The Fiscalis programme, implemented by the Commission in cooperation with the participating countries, offers Member States an EU framework in which to develop activities through cooperation among national tax officials on the one hand, and cooperation on information technology on the other hand. This set-up is more cost-effective than if each Member State were to set up individual cooperation frameworks on a bilateral or multilateral basis.

The programme connects national tax administrations through 112 gateways deployed in 34 countries. This common information technology network ensures that each national administration only needs to connect to this common infrastructure once to be able to exchange any kind of information. If no such infrastructure were available, each Member State would have to link individually to the national systems of each of the other Member States.





Outlook for the 2021-2027 period

The Commission proposed a continuation of the programme for the next multiannual financial framework.

Budget implementation (in EUR million)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
32.5	2018	30.7	
32.7	2019	30.9	
33.1	2020	30.9	

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
The common communication network for the European information systems		 100%	99.90%	99.89% availability compared to a target of 99.90%	On track
Network opportunity ⁽¹⁾		 > 100%	90%	95% availability compared to a target of 90% positive feedback	On track
Lasting networking effect ⁽²⁾		 86%	78%	67% availability compared to a target of 78% positive feedback	Moderate progress
Face-to-face meetings ⁽²⁾		 > 100%	441	464 compared to a target of 441 face-to-face meetings	On track

 % of target achieved by the end of 2020

⁽¹⁾ Average of results for 2014-2020 compared to target.

⁽²⁾ Average of results for 2014-2020 compared to average of milestones for 2014-2020.

Where are we in the implementation?

- The core outcomes of the Fiscalis programme are the European information systems, which allow for the electronic exchange of tax-related information between the Member States. The funding available for the information technology systems (which are shared with the Customs 2020 programme) is mainly used for the maintenance and further development of the systems, so as to keep their availability at a high level. The availability rate in 2020 (> 99%) surpassed its target after falling below it in 2019 due to the deployment of new releases and new applications on the platform, mostly in the customs area.
- COVID-19 has only had a limited impact on the implementation of the programme, with the main effect being the disruption of travel for face-to-face meetings. The pandemic affected spending on the activities funded by some grants, since there was almost no travel and most meetings took place virtually. Nevertheless, grants only represent approximately 17.6% of the Fiscalis programme and not all eligible costs are linked to travel. As a result, it may be concluded that for 2020 the impact of COVID-19 on the programme was relatively low.

Performance assessment

The data collected in the performance measurement of the programme, together with the results of the midterm review, show that the Fiscalis 2020 programme is on course to fulfil its objective of supporting the fight against tax fraud, tax evasion and aggressive tax planning.

- The programme has been effective in providing solutions for problems with a clear EU dimension through the use of common information technology systems, joint actions and networking between Member States. This has led to added EU value, economies of scale and improved coordination, in particular through the interoperability and interconnectivity provided by the central information technology systems.
- On average, over the 2014-2020 period, the availability rate of the systems surpassed the target level. This was not, however, the case in 2019, when the availability rate was below target due to planned new releases and applications.
- The Commission has tried to increase the lasting network effect, which has remained below target since the launch of the programme. This has included introducing improvements in the area of communication and facilitating online collaboration and sharing between participants in programme activities after the events come to an end. There may also be an unclear understanding of the different possibilities for remaining in contact in addition to physical meetings and phone calls.
- The Fiscalis 2020 programme has provided valuable support to national tax administrations and economic operators, including through its networking functions and the reduction of administrative burdens
- Due to the COVID-19 pandemic, the number of face-to-face meetings naturally dropped in 2020, and did not therefore reach the programme target for 2020. Up to 2019, this indicator had shown constant progress and surpassed its milestones. This should therefore not be of concern for the future. At the same time, the number of online groups increased substantially between 2019 and 2020, from 227 to 270, somewhat mitigating the effects of travel restrictions due to the pandemic.
- A 2020 study identified the performance measurement framework strengths (i.e. elements to retain) and weaknesses (i.e. areas for improvement). In particular, it identified weaknesses with the quality of indicators to meaningfully assess the performance of the programme across the activities supported, and also its limited utility and visibility among stakeholders. These elements will be dealt by a new performance measurement framework under the new programme.

Concrete examples of achievements

27	8.37 billion	14 193	5	99.96%
European information systems were in operation in 2020, which was stable compared to 2019.	messages were exchanged in 2020 on the Common Communication Network / Common Systems Interface (shared with Customs 2020), i.e. close to 1 million messages were exchanged every hour on average.	officials were trained using common EU training materials in 2020.	expert teams were operational in the taxation area in 2020, one more than in 2019.	of the time, the Vies-on-the-Web system was available in 2020.

LEGAL BASIS

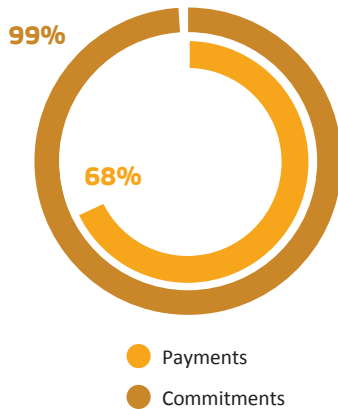
Regulation (EU) No 250/2014 of the European Parliament and of the Council and repealing Decision No 804/2004/EC

MORE INFORMATION

<http://europa.eu/!ry89dk>

BUDGET ALLOCATION 2014-2020

EUR 104.9 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

The midterm evaluation of the Hercule III programme was carried out in 2017. For further information, see: <http://europa.eu/!Jq37nB>

How is it implemented?

The European Anti-Fraud Office is the lead service for the implementation of the programme. The programme is implemented through direct management.

HERCULE III

PROGRAMME TO PROMOTE ACTIVITIES IN THE FIELD OF THE PROTECTION OF THE FINANCIAL INTERESTS OF THE EUROPEAN UNION

What is Hercule III?

Hercule III is the latest EU anti-fraud programme, following on from Hercule II (2007-2013). It helps Member States fight fraud, corruption and other illegal activities. It helps finance 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.

The programme protects the EU's financial interests by supporting action to combat irregularities, fraud and corruption affecting the EU budget. This includes combating tobacco smuggling, which remains a major concern, accounting for estimated annual losses of at least EUR 10 billion to national and EU budgets. Helping to fund technical equipment in harbours and airports aims to boost national authorities' capacity to fight smuggling. Hercule III also finances training activities. It helps national authorities share best practices through seminars and conferences on issues such as preventing corruption in procurement procedures. Another facet of the programme is training to boost and update the digital forensic skills of law enforcement staff.

The programme contributes to:

- the development of activities at EU and Member State level to counter fraud, corruption and any other illegal activities affecting the financial interests of the EU, including the fight against cigarette smuggling and counterfeiting;
- increased transnational cooperation and coordination at EU level between Member State authorities, the Commission and the European Anti-Fraud Office, and in particular increased effectiveness and efficiency of cross-border operations;
- effective prevention of fraud, corruption and any other illegal activities affecting the financial interests of the EU, by offering joint specialised training for staff of national and regional administrations, and for other stakeholders.

**Specific objectives**

- To prevent and combat fraud, corruption and any other illegal activities affecting the EU's financial interests.

Why is it necessary?

From an EU perspective, the programme significantly contributes to the following: the development of activities at EU level to counter fraud, corruption and any other illegal activities; the increase of transnational cooperation and coordination between Member State authorities, the Commission and the European Anti-Fraud Office; and the establishment of an effective system to prevent fraud, corruption and any other illegal activities affecting the financial interests of the EU.

The programme creates in particular savings deriving from the collective procurement of specialised

equipment and databases to be used by stakeholders and those derived from the specialised training.



Outlook for the 2021-2027 period


Together with the Anti-Fraud Information System and the Irregularity Management System, Hercule III will be merged into the new anti-fraud programme for the next multiannual financial framework.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
14.8		2018	8.0
15.9		2019	13.9
16.3		2020	10.1

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Percentage of users that felt the use of Hercule III-funded equipment added value to their activities		 93%	75%	93% of beneficiaries compared to a target of 75%	On track
Satisfaction rate for training activities funded, including specialised training events		 94%	75%	94% satisfaction rate compared to a target of 75%	On track

 % of target achieved by the end of 2020

Where are we in the implementation?

- The relatively low level of payments made can be explained by multiple factors. First, the majority of grant contracts awarded in 2018 and 2019 were extended at the request of the beneficiaries. The exceptional situation of the pandemic led to significant delays in the implementation of projects (especially in relation to the training and conference activities planned for 2020); therefore, the final reports and the final payments are still pending (and are expected for 2021). Second, the actual costs declared by grant beneficiaries were lower in the submitted final reports than the costs foreseen at the time of submitting the applications. This is mainly explained by the grants for training and conferences, where the beneficiaries encountered some cost savings (such as participant travel and subsistence costs). In technical assistance grants, this is explained by instances where public tendering allows for beneficiaries to provide equipment below the budgeted amount. Finally, some cost savings were registered for the procured activities, mainly on the conferences organised.
- The exceptional circumstances of the pandemic in 2020 had a significant impact on the general implementation of the programme in its final year, especially in terms of training and conference activities. The granting cycle was impacted by the extension of the 2020 deadlines for calls for proposals, by the virtual nature of the evaluation procedure and by the numerous requests for amendments and extensions received from the grant beneficiaries. The beneficiaries of the previous years' grants were, in most cases, not able to continue with the implementation of their projects as anticipated (both the purchase of technical equipment and the training, conferences and staff exchanges were, in many cases, delayed). The European Anti-Fraud Office offered its support in postponing the project's implementation and amending the contracts.
- 12% of the programme's budget for 2020 was transferred from procured activities to grants, ensuring the efficient implementation of the operational funds available and allowing grants to be awarded to the best-ranked applications across the calls for proposals.

Performance assessment

- The programme has constantly achieved its objective of preventing and combating fraud through the organisation of specialised training events and the co-financed purchase of technical equipment.
- The first indicator shows an overall satisfaction rate of 93%, as expressed by users of the equipment in their final technical reports. The rate is significantly higher than the 75% target.
- Due to the COVID-19 pandemic, most training activities did not take place and were postponed. The nature of the targeted participants (mainly law enforcement officials), together with the sensitive nature of the topics to be discussed and the hope that the sanitary situation would improve, meant that the event organisers were not able to fully pursue virtual alternatives. Not taking into account the last year of the programme, there was an average of 28 training activities per year, above the target of 25 for the year 2020.

Concrete examples of achievements

10 000	1 340	45	285	8
participants attended specialised training and conference activities co-financed by the programme between 2014 and 2020, via grants.	law enforcement officials from all Member States participated in the specialised digital forensic and analyst training, procured by the European Anti-Fraud Office over the 2014-2020 period.	high-level events focusing on the protection of the EU's financial interests were organised by the European Anti-Fraud Office during the duration of the Hercule III programme.	grants were awarded over the programme period, mainly to competent authorities in the Member States, strengthening their operational and technical capacity to carry out investigations into activities detrimental to the EU's financial interests.	commercial databases and specific information technology tools were made available each year to Member State authorities, enabling substantial economies of scale.

LEGAL BASIS

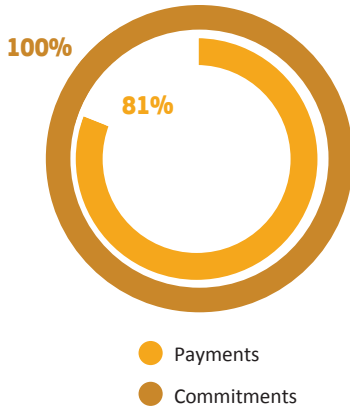
Regulation (EU) No 1294/2013 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/!NQ39kG>

BUDGET ALLOCATION 2014-2020

EUR 532.5 million)

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

The studies and evaluations financed under the Customs 2020 programme can be consulted on the 'Taxation and customs union' section of the Europa website: <http://europa.eu/!tv44YW>

How is it implemented?

The Directorate-General for Taxation and Customs Union is the lead DG for the implementation of the programme through direct management.

CUSTOMS 2020

ACTION PROGRAMME FOR CUSTOMS IN THE EUROPEAN UNION

What is Customs 2020?

Customs 2020 aims to improve the functioning and modernisation of the customs union. It supports customs authorities in protecting the financial and economic interests of the EU and of the Member States, including the fight against fraud and the protection of intellectual property rights, to increase safety and security, to protect citizens and the environment, to improve the administrative capacity of the customs authorities and to strengthen the competitiveness of EU businesses. The majority of the programme's funding (approximately 80%) enables the development and operation of EU information systems, followed by the organisation of joint actions, cooperation and collaboration (around 15%) and training activities (around 5%).

Strengthening the security and protection of citizens – while facilitating legitimate international trade, pursuing the modernisation of customs and developing and managing an effective and efficient customs union – is one of the EU's priorities. The programme pursues these priorities mainly through the setting up of a paperless customs environment. This environment facilitates trade and improves the effective enforcement of rules for protecting the financial, safety and security interests of the EU.

Regarding operational cooperation, the programme funds expert teams to structure forms of cooperation, pooling expertise to perform tasks in specific domains or carry out operational activities, possibly with the support of online collaboration services, administrative assistance and infrastructure, equipment and facilities.



Specific objectives

- To support customs authorities in protecting the financial and economic interests of the EU and of the Member States, including the fight against fraud and the protection of intellectual property rights, to increase safety and security, to protect citizens and the environment, to improve the administrative capacity of customs authorities and to strengthen the competitiveness of EU businesses.

Why is it necessary?

The customs union is an exclusive competence of the EU. The implementation of EU legislation is, however, a national competence. The EU's legal framework in itself does not sufficiently ensure the proper functioning of the customs union. It should be complemented by supporting measures, as provided for by the Customs 2020 programme, in order to ensure that EU customs legislation is applied in a consistent and equivalent way at national level. Member States' customs authorities should act as if they were one to protect the EU external borders and prevent fraudsters from exploiting the weakest link in the chain.

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 delivered effectively and efficiently by individual Member States. The Customs 2020 programme offers Member States an EU framework within which to develop activities through cooperation among national customs officials on the one hand, and cooperation on information technology on the other hand. This arrangement is more cost-effective

than if each Member State were to set up its own individual cooperation framework on a bilateral or multilateral basis. From an economic point of view, action at EU level is much more efficient. The backbone of customs cooperation is a highly secure, dedicated communications network. It connects national customs administrations through 112 gateways deployed in 34 countries. This shared information technology infrastructure allows national administrations to exchange any kind of information, with any other Member State, without needing to connect to more than one network. If no such infrastructure were available, each Member State would have to connect individually to the national systems of each of the other Member States, which would be much more difficult and costly.







Outlook for the 2021-2027 period

The programme will continue under the next multiannual financial framework.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
82.4	2018	72.0	
78.4	2019	79.6	
75.3	2020	93.6	

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Feedback from participants on networking opportunities ⁽¹⁾		 > TARGET	90%	94% positive feedback compared to a target of 90%	On track
Feedback from participants on the lasting effects of the networking ⁽¹⁾		 88%	80%	70% positive feedback out of a target of 80%	Moderate progress
Number of face-to-face meetings, according to feedback from participants ⁽¹⁾		 > TARGET	380	420 meetings compared to a target of 380	On track
Availability of the European information systems Common Communication Network ⁽¹⁾		 100%	99.90%	99.89% availability out of a target of 99.90%	On track
European information systems availability during business hours ⁽¹⁾		 > TARGET	97.00%	98.60% availability compared to a target of 97.00%	On track
European information systems availability – other ⁽¹⁾		 > TARGET	95.00%	98.60% availability compared to a target of 95.00%	On track

 % of target achieved by the end of 2020

⁽¹⁾ Average of results for 2014-2020.

Where are we in the implementation?

- The budget of the programme has been fully committed and the remaining payments will be finalised in the 2021-2023 period.
- The core outcomes of the Customs 2020 programme are the European information systems, which need to be deployed in accordance with the legal deadlines set out in the Union Customs Code. Some of these deadlines were amended in 2019 to allow for the scope of some projects to be modified and for a shift from the Member State level to the EU level. Against this background, in 2018 and 2019, EUR 7.1 million in total was front-loaded for the Customs 2020 programme, in particular to deliver the specifications and software for the major trans-European information technology systems of the Union Customs Code. Moreover, EUR 3.9 million in additional funding was made available in 2019 for Brexit preparedness. The smooth operation of the trans-European systems as of 1 January 2021 is proof of the success of this work.
- The funding available for the information technology systems (which are shared with the Fiscalis programme) is mainly used for the maintenance and further development of the systems, so as to keep their availability at a high level.
- The COVID-19 pandemic has affected programme grants in the absence of travel and therefore of related costs, as activities have been held virtually. Nevertheless, grants only represent approximately 5.7% of the Customs 2020 programme's funding and not all eligible costs are linked to travel. As a result, it can be concluded that the impact of the COVID-19 pandemic on the programme is relatively low. Additionally, the number of face-to-face meetings naturally dropped in 2020, therefore not reaching the programme target for 2020. Up to 2019, this indicator had shown constant progress and surpassed its milestones. This should therefore not be a concern for the future programme. It can also be noted that the number of online groups substantially increased between 2019 and 2020 from 237 to 326, therefore somewhat mitigating the effects of travel restrictions due to the pandemic.

Performance assessment

- The data collected in the measurement of the performance of the programme, together with the results of the midterm review, show that the Customs 2020 programme plays an important role in facilitating the implementation and development of the EU's customs policy, and that it is on course to fulfil its objectives of protecting the financial and economic interests of the EU and of the Member States, improving the administrative capacity of the customs authorities and strengthening the competitiveness of EU businesses.
 - The programme has been effective in providing solutions for problems with a clear EU dimension through the use of common information technology systems, joint actions and networking between Member States. This has led to added EU value, efficiency gains and cost savings, in particular through the interoperability and interconnectivity provided by the central information technology systems.
 - Following a year where the availability rate of systems dropped below its target due to planned new releases and applications, results from 2020 show that the availability of systems is back above its target, as was the case every year before 2019.
 - The Commission has tried to extend the lasting effects of the networking, which have remained below target since the launch of the programme, for instance by introducing improvements in the area of communication, and to facilitate online collaboration and sharing between participants in programme activities after the events come to an end. In addition, there may be an unclear understanding of the different possibilities for remaining in contact beyond in-person meetings and phone calls, which more often include collaborative tools beyond these traditional means of contact. This information is extracted from the feedback form, where participants have included additional explanations.
 - The Customs 2020 programme remains central to the functioning of the customs union and the further integration of the national customs authorities, including through its networking functions and the strengthening of the administrative capacity of the national authorities.
- A 2020 study identified the strengths (i.e. elements to retain) and weaknesses (i.e. areas for improvement) of the performance measurement framework; in particular, it identified weaknesses in the quality of indicators designed to meaningfully assess the performance of the programmes across the activities supported, along with the programme's limited utility and visibility among stakeholders. These elements will be dealt by the new programme's performance measurement framework.

Concrete examples of achievements

56	8.37 billion	18 109	99.51%	39
European information systems were in operation by the end of 2020.	messages were exchanged in 2020 on the Common Communication Network / Common Systems Interface, i.e. close to 1 million messages an hour on average.	officials were trained by using common EU training materials in 2020.	of the time in 2020, the main Customs 2020 systems (the New Computerised Transit System, the Import Control System and the Export Control System) were available.	e-learning courses on customs topics were available by the end of 2020 in multiple EU languages, resulting in 355 language versions.

LEGAL BASIS

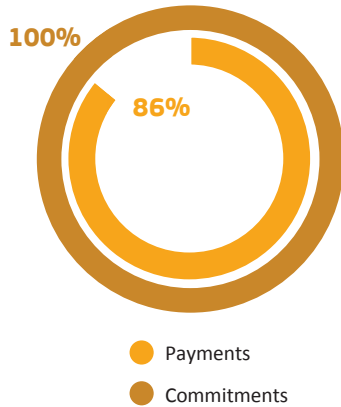
Regulation (EU) No 377/2014 of the European Parliament and of the Council

MORE INFORMATION

<http://www.copernicus.eu>

BUDGET ALLOCATION 2014-2020

EUR 4 251.5 million

OVERALL EXECUTION
(2014-2020)Evaluations/
studies conducted

The interim evaluation of Copernicus was carried out in 2017: <http://europa.eu/GJ34Xr>

The impact assessment of the space programme of the EU and the European Union Agency for the Space Programme was adopted in 2018: <https://europa.eu/XF34px>

The assessment of Copernicus's *ex ante* benefits was adopted in 2017: https://www.copernicus.eu/sites/default/files/2018-10/Copernicus-Ex-Ante-Final-Report_0_0.pdf

How is it implemented?

The Directorate-General for Defence Industry and Space is the lead DG for the implementation of the programme through indirect management with entrusted entities – the European Organisation for the Exploitation of Meteorological Satellites, Mercator Ocean, the European Centre for Medium-Range Weather Forecasts, the European Border and Coast Guard Agency, the European Environment Agency, the European Maritime Safety Agency, the European Defence Agency, the European Union Satellite Centre and the European Space Agency – and through direct action.

COPERNICUS

THE EUROPEAN EARTH OBSERVATION PROGRAMME

What is Copernicus?

Copernicus is the European system for monitoring the Earth. It is a civil, user-driven programme offering full, free-of-charge and open access to six Copernicus European information services: atmosphere monitoring, marine environment monitoring, land monitoring, climate change, emergency management and security. The services are provided to EU, national, regional and local institutions, and to actors in the private sector, researchers, NGOs and international organisations. The programme builds on the initiative on global monitoring for the environment and security launched in 1998. It aims at filling the gaps in European Earth observation capacities. The Copernicus services' information products are based on satellite Earth observation and in situ (non-space) data. The wealth of satellite data is provided from space infrastructures, mainly the Sentinel satellite missions developed under the programme. These are complemented with other missions for specific needs. In situ networks are managed by Member States and international bodies, and are an essential and integral part of Copernicus, used by the Copernicus services and the space component to produce quality information products.

The Copernicus services transform this wealth of satellite and in situ data into added-value information by processing and analysing the data. Datasets stretching back for years and decades are made comparable and searchable, thus ensuring the monitoring of changes and their impact; patterns are examined and models are used to create better forecasts, for example of the ocean and the atmosphere. Maps are created from imagery, features and, anomalies are identified and statistical information is extracted.



Specific objectives

- Delivering accurate and reliable data and information to Copernicus users, supplied on a long-term and sustainable basis to provide the services connected to the programme's general objectives referred to in Article 4(1) of Regulation (EU) No 377/2014 and responding to the requirements of Copernicus's core users.
- Providing sustainable and reliable access to space-borne data and information from an autonomous European Earth observation capacity.
- Providing a sustainable and reliable access to in situ data, relying, in particular, on existing capacities operated at the European and national levels, and on global observation systems and networks.

Why is it necessary?

The Copernicus programme ensures autonomous access to global environmental knowledge and enhances the role of the EU as a global actor. The EU Member States rely on the coordinated provision of full, free and open Earth observation data and services, coordinated at EU level. From an economic point of view, action at EU level also allows for economies of scale, which benefit public spending. Copernicus (the former global monitoring for environment and security programme) explicitly refers to many areas of EU legislation in the areas of the environment, civil protection, security, climate change, the internal market, transport, energy, cooperation with non-EU countries and humanitarian aid, and also covers aspects of space-debris surveillance and tracking. Copernicus data and information benefit various EU policies, from agriculture to coastal surveillance, climate change adaptation, the information technology sector and education.

Outlook for the 2021-2027 period






The EU space programme is building on the success of its predecessor components, Copernicus and EGNOS-Galileo, which will be continued with more focus on synergies with other EU policy areas.

For the next programming period, the EU's leadership in space will be maintained and further enhanced. All existing and new space activities are brought under the umbrella of a single EU space programme, which maintains the existing infrastructure and services and introduces a number of new features, such as fostering a strong and innovative space industry in Europe, maintaining Europe's autonomous access to space and a unified system of governance.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
630.2		2018	560.6
861.5		2019	602.7
646.9		2020	553.0

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Number of specific service components	6		14	15 service components compared to a target of 14	On track
Market penetration	100		140	an index of 258 compared to a target of 140	On track
Engaged users	10 000		20 000	401 000 engaged users compared to a target of 20 000	On track
Space infrastructure			8	8 satellites deployed out of 8	On track
Number of services receiving in situ data			6	6 services out of 6	On track

 % of target achieved by the end of 2020

Where are we in the implementation?

- In the 2014-2020 programming period, EUR 4 251 million was committed to the EU Earth observation programme, thus making full use of the appropriations made available and reaching 100% execution in terms of commitment appropriations. The payment appropriations made in the same period amounted to EUR 3 657 million, representing an 86% rate of payment execution so far.
- To further facilitate the programme's uptake and the EU's digital implementation of 'big data' projects, a 'cloudification' of data is currently under assessment. Furthermore, the successful Copernicus Sentinel 6A satellite launch in 2020 allowed for further service reinforcements and for improved and high-precision sea-level measurements, with evident relevance for climate change observations.
- The ground segment operations and the services faced some difficulties in operating remotely due to the COVID-19 crisis, but managed to continue their operational activities. Most of the teams involved in Copernicus space component operations across Europe are teleworking, and access to the operational centres has been minimised, impacting contingency management and the ability to react to potential anomalies in a timely manner.

Performance assessment

- Copernicus has continued to deliver on its objectives. The monitoring capacities – i.e. operating satellites in orbit, ground infrastructure and in situ networks – have been successfully deployed. This ensures Europe's autonomous access to environmental knowledge and its role as a key player at international level. The six core services (land, atmosphere, marine, climate change, emergency and security) are all operational and are providing the expected level of accurate and reliable geo-information, based on regular data quality assessment reporting by the space component, the in situ component and Copernicus services. Business continuity was ensured despite the crisis, with no interruptions. The quality of outputs is confirmed by the consistent increase in the number of registered users. To ease the distribution of services, capabilities have been enlarged through the provision of the data and information access services since 2018.
- The 2019 Copernicus market report focused on the downstream market, i.e. all enterprises whose main business is to provide services based on Earth observation data. The estimated socioeconomic benefits in 2018 amounted to between EUR 125 million and EUR 150 million, up from EUR 54 million in 2015. They are expected to grow by an average annual growth rate of 15% up to the end of 2020. The report confirmed that 72% of these companies use Copernicus data, an increase by 6 percentage points compared to 2016.
- Delivery on the objective of fostering the development of a competitive European space and services industry has shown positive results. Notably, thanks to the availability of Copernicus data and services, the annual growth rate of the EU Earth observation sector observed during 2016-2018 was 14%, compared to the 15% annual growth rate between 2013 and 2020 provided for by the original baseline scenario for the EU Earth observation sector.
- The international dimension was enlarged through agreements signed with several countries, adding to the EU's role in international forums and conferences, including various UN agencies. Users can choose the platform they want to use to access Copernicus data and Copernicus services' information, using either the conventional data access infrastructure or the data and information access services. The Copernicus database is available through a free, full and open data policy.
- Key challenges relate to global and political developments, such as climate change and security. Based on the areas for improvement that have been identified, the priorities for 2021-2027 are the continuity of services; new missions and the evolution of services; and the development of new activities in response to societal challenges, such as in support of the European Green Deal. The governance model proposed for 2021-2027 builds on the current framework while taking advantage, where appropriate, of synergies, notably as regards security. Improvements have been introduced into the design of the programme, relating to: (i) data distribution and access issues; (ii) the integration of Earth observation data into European data spaces, such as the green data space; (iii) digital transition; (iv) preparation for cloud paradigms; and (iv) an improved user and market-uptake strategy.

Concrete examples of achievements

Over 330 million gigabytes	35 million	95	38 million	8	400 000	185	60
of data have been downloaded by 400 000 registered users of the Copernicus data access portals.	data products, coming from eight Copernicus satellites, were published in 2020.	activations of the 'Rapid mapping' and 'Risk and recovery mapping' on-demand services in 2020.	television viewers on various platforms watched daily air-quality bulletins from around Europe based on the Copernicus atmosphere monitoring service in 2020.	Copernicus satellites were in orbit in 2020.	registered users access the European data access points and 60 000 registered users of the Copernicus climate change service had access to more than 70 TB of quality-controlled climate data per day in 2020.	rapid action coronavirus Earth observation dashboard economic indicators monitor the consequences of the COVID-19 pandemic.	full, free and open information products are provided under the Copernicus land monitoring service.

LEGAL BASIS

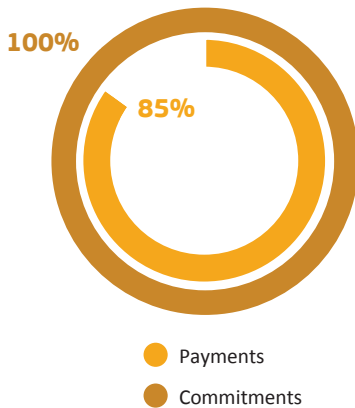
Regulation (EU) No 1285/2013 of the European Parliament and of the Council

MORE INFORMATION

<https://europa.eu/TK38Hx>

BUDGET ALLOCATION 2014-2020

EUR 6 841.4 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

The midterm review of the programmes was carried out in 2017: <http://europa.eu/!KF39Uq>
The impact assessment on the EU space programme and the European Union Agency for the Space Programme was adopted in 2018: <https://europa.eu/!XF34px>
An impact assessment on the use of Galileo for critical infrastructures is ongoing.

How is it implemented?

The Directorate-General for Defence Industry and Space is the lead DG for the implementation of the programme. Both Galileo and EGNOS are implemented mainly through indirect management by the European Union Agency for the Space Programme and the European Space Agency, though part of the budget is implemented through direct management by the Commission (grants and procurement).

GALILEO AND EGNOS

IMPLEMENTATION AND EXPLOITATION OF THE EU SATELLITE NAVIGATION SYSTEMS

What are Galileo and EGNOS?

Galileo is the European Union's state-of-the-art global navigation satellite system (GNSS), providing highly accurate global positioning, navigation and timing services. Galileo is an EU large-infrastructure project and is entirely financed by the EU budget. Galileo ensures Europe's autonomy in an area that is of strategic importance to both its economy and its security. It is already used widely, among other areas, in mobile phones and car navigation. Galileo can be used for many purposes, including critical business processes that require uninterrupted navigation and timing services needed, for example, for critical applications such as the synchronisation of electricity grids and telecommunication networks. The Galileo system consists of a satellite constellation and the necessary ground infrastructure to control the satellites and enable the provision of positioning, navigation and timing services. EGNOS (the European Geostationary Navigation Overlay Service) is a fully operational regional satellite navigation system, monitoring and correcting open signals emitted by the US's Global Positioning System (GPS) and, in the future, by Galileo. It consists of several transponders installed on geostationary satellites and a network of ground stations. By improving the accuracy and reliability of the GPS signal across the territory of Europe, EGNOS allows users to use GPS signals for safety-critical applications such as aircraft operations. Positions can be determined with an accuracy of around 1 metre.



Specific objectives

- To develop and provide global satellite-based radio navigation infrastructures and services by 2020 (Galileo).
- To provide satellite-based services improving the performance of GPS to gradually cover all EU Member States by 2020 (EGNOS).

Why is it necessary?

About 11% of the EU's gross domestic product – or about EUR 1 300 billion – relies on satellite navigation signals, often controlled by non-EU countries. EGNOS and Galileo ensure Europe's autonomy and provide additional benefits in combination with other GNSSs, resulting from the additional services of the systems and the increased performance provided by additional satellites. Galileo is also the only GNSS specifically designed for civil purposes, i.e. it aims to satisfy the requirements and the needs of the civil sector, in compliance with the most demanding security standards. Billions of users across the world are expected to use Galileo, and it will therefore achieve a level of outreach unequalled by any other EU infrastructure. Both programmes are complex projects that exceed the financial and technical capacities of a single Member State. As such, they fall fully within the competence of the EU. Considering their requirements in terms of security, all Member States must be involved in the programmes.

Outlook for the 2021-2027 period






The EU space programme is building on the success of its predecessor components, Copernicus and EGNOS-Galileo, which will be continued with more focus on synergies with other EU policy areas.

The objective for the next period will be to maintain and further enhance the EU's leadership in space. All existing and new space activities will be brought under the umbrella of a single EU space programme. This programme maintains the existing infrastructure and services and will foster a strong and innovative space industry in Europe, maintaining its autonomous access to space and ensuring a unified system of governance.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
807.9	2018	903.7	
692.4	2019	993.2	
1 205.3	2020	973.2	

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Market share of the EU's GNSS industry – EGNOS	63%		85%	63% compared to a target of 85%	On track
Market share of EU's GNSS industry – Galileo	35%		70%	62% compared to a target of 70%	On track
Galileo infrastructure – satellites	4		30	26 out of 30 operational satellites	Moderate progress
Galileo services provision implemented			5	4 out of 5 services implemented	Moderate progress
EGNOS service availability index ⁽¹⁾			99.0%	98.0% compared to a target of 99.0%	On track

 % of target achieved by the end of 2020

⁽¹⁾ Average of results for 2014-2020.

Where are we in the implementation?

- During the 2014-2020 multiannual financial framework, EUR 6 841 million was committed for the EU's satellite navigation programmes (Galileo and EGNOS), making full use of the available appropriations and reaching 100% execution in terms of commitment appropriations. In terms of payment appropriations, payments made during the same period amounted to EUR 5 841 million, representing a 85% rate of payments made.
- Galileo Initial Services have been operational since 2016. During the last 4 years, performance has gradually improved due to enhancements in both the space segment (number of satellites in orbit) and the ground segment. The positioning and timing performance is better than that for any other GNSS. Galileo Initial Services are fully interoperable with GPS, and their combined use is bringing more accurate and reliable positioning for end users. Navigation in cities, where tall buildings can often block satellite signals, particularly benefits from the increased positioning accuracy of Galileo and GPS combined. In addition, Galileo's accurate timing contributes to a more resilient synchronisation of banking and financial transactions and telecommunication and energy distribution networks to help them operate more efficiently.
- One of the key achievements in 2020 was the declaration of a new functionality of the Galileo Search and Rescue Service, the Return Link Service. This service allows people in distress to receive an acknowledgement message informing them that their request for help has been received and that help is on the way. The new functionality is currently offered only by Galileo. In addition, the Galileo Search and Rescue Service drastically reduces the time taken to detect emergency distress beacons, from as much as 3 hours to less than 10 minutes.
- In 2020, significant steps were also taken to develop and test new and unique Galileo functions and services such as open-service navigation message authentication, a high-accuracy service that will provide 20-metre positioning accuracy over Europe, and a commercial authentication service, for which an implementation roadmap has been defined. The requirements and concept for an emergency warning service are being finalised in collaboration with civil protection authorities of EU Member States.
- The space segment has been stable, with 22 operational satellites providing full services. The two satellites that were injected into the wrong orbit in 2014 have mostly been recovered and were introduced formally into the operational Galileo constellation on 30 November 2020, with no commitments about their availability. The manufacture of additional satellites to complete the constellation and provide sufficient spares for ensuring its continuity has continued, but with delays in the schedule due to the COVID-19 crisis. The first satellites will become available by the first quarter of 2021 for a launch date planned in the fourth quarter, as soon as all conditions are met, including on the ground segment and operations side. The target of 30 satellites (24 operational satellites plus six in-orbit spares) requires the launch of an additional eight satellites, and is now planned for the fourth quarter of 2024. In the meantime, the system is already providing a full service with the performance that is expected once the full constellation is deployed. As the programme intends to use the Ariane-6 launcher in the near future, work on development of a specific dispenser to carry the Galileo satellites there was initiated in 2019 and will be completed by the end of 2021.
- Major progress has been made to prepare for Galileo's second generation. A Commission implementing act has been adopted and the overall schedule, including the procurement of the first second-generation satellites, has been accelerated to allow a first launch of second-generation satellites to take place in 2024. Notably, the technical requirements have been consolidated and the first of two industrial contracts was signed in the first quarter of 2021.
- The performance of EGNOS, which provides satellite-based services that will gradually extend GPS to cover all EU Member States, has steadily improved and only a few areas remain uncovered. These are envisaged to be covered with the launch of the EGNOS version 3 technology around 2025. The update of the EGNOS safety-of-life service definition document improving the coverage over Cyprus, originally scheduled to be published in 2020, is now planned for the end of 2021.
- EGNOS successfully managed the transition to supporting a new generation of GPS satellites and work on developing a new generation of EGNOS, EGNOS version 3, have continued. A new EGNOS GEO transponder, GEO-4, was procured in 2020 and is planned to be launched in 2022.
- Since Galileo Initial Services started in 2016, the market uptake of Galileo-enabled smartphones has been very rapid. In 2020, the estimated number of Galileo-enabled smartphones in use worldwide reached almost 2 billion. In 2020, there were 608 Galileo-enabled smartphone and tablet models available on the market. A full overview of Galileo-enabled devices is available online (<https://www.usegalileo.eu/>). Other activities supporting the market uptake of Galileo included Galileo acceleration and hackathon initiatives to foster the development of applications that use Galileo signals and standardisation activities to ensure that Galileo is properly considered by standardisation bodies. When it comes to European GNSS downstream standardisation, the Commission aims to facilitate the development and promote the inclusion of Galileo and EGNOS in the ongoing relevant work of the standardisation organisations, in particular with voluntary measures.
- A major achievement was the adoption in November 2020 of the International Civil Aviation Organization standards by the aforementioned organisation's Navigation System Panel for Galileo and EGNOS version 3, allowing the use of Galileo signals in aviation by enabling the development and certification of Galileo-compatible receivers. This means that the aviation industry will be able to build and equip aircraft with avionics compatible with Galileo, bringing additional benefits to air navigation.
- Another key achievement is the use of satellite signals for locating people through emergency messages from their smartphones. Location information based on Galileo provides an accuracy of just a few metres in contrast to the network-based location (Cell ID), where the accuracy varies from 2 km to 10 km. In December 2018, the Commission adopted Delegated Regulation 2019/320, which requires that from March 2022 onwards all new smartphones sold in the EU internal market will need to be Galileo-enabled. In parallel, the Commission supported the Member States through the Help 112 II project, completed in July 2020, which enabled the successful deployment of the Advanced Mobile Location technology that uses Galileo-based information to establish the location of the emergency caller in seven Member States: Denmark, Germany, France, Croatia, Hungary, Portugal and Sweden

Performance assessment

- The performance of the Galileo Initial Services has been gradually improving since they were declared operational in December 2016. This is due to the increased number of satellites in orbit and enhancements of the ground segment. The positioning and timing of Galileo services is better than that for any other GNSS in the world. However, two service disruptions have occurred. In July 2019, the entire system was unavailable for use for 6 days. This led to a major review of many elements including the operational procedures. The lessons learned led to technical and operational improvements aiming at increasing the robustness of the system. Nevertheless, in December 2020 the entire system was again unavailable for a couple of hours. This incident has been analysed in detail and further lessons learned have been incorporated into the system design and operations aiming at creating improvements and ensuring the resilience of the Galileo system in the longer term.
- Galileo's performance in developing and providing global satellite-based radio navigation infrastructures and services progressed in 2020 but was affected by the implementation of recommendations stemming from the Galileo service incident of July 2019 and the severe restrictions on travel and working procedures imposed due to the COVID-19 crisis. The recommendations aim to improve the resilience of the Galileo services by means of new technical improvements to the system as well as by management and governance improvements. Regarding the pandemic-related restrictions, the programme focused on ensuring the continuity of service provision and related operations, although the restrictions have resulted in delays in achieving key milestones of the programme, such as the next Galileo launch (L11) and the deployment of ground infrastructure. However, the key services were delivered according to expectations despite the COVID-19 crisis. Notably, the Galileo Open Service was delivered and demonstrated excellent quality and availability, and performance of the Galileo Search and Rescue service, including the Return Link Service, was also excellent in 2020.
- With regard to the ground infrastructure, despite delays incurred due to the COVID-19 crisis, significant progress was made towards the release of the new System Build SB1.7. Its release is on track, within the timeline originally set, and it will be deployed in advance of the next satellite launch in 2021. Work has continued in parallel on the next System Build, which will support advanced features and make the system more resilient.
- The continuous delivery of EGNOS services was successfully achieved through the efficient implementation of recurrent activities and the preparation of system updates. To guarantee the continuity of services beyond 2020, work has continued on the development of two major EGNOS evolutions, which will solve obsolescence issues and improve the coverage of Member States' territories respectively. With regard to the latter, EGNOS's provision of satellite-based services to improve the accuracy of GPS over all Member States has steadily improved and only a few areas remain uncovered. These should also be covered following the introduction of the EGNOS version 3 technology around 2025.
- The key market segment for EGNOS is civil aviation. Today, EGNOS is used at more than 370 airports in Europe and its usage is increasing. This is also thanks to the requirements of Regulation 2018/1048 mandating the publication of localiser performance with vertical guidance delivered by EGNOS in all instrument runway ends before January 2024. Beyond the aviation sector, EGNOS is improving and extending the scope of such GNSS applications as precision farming, on-road vehicle management and navigating ships through narrow channels.
- The market share of the EU GNSS industry in the worldwide GNSS downstream market can be measured by the number of Galileo and EGNOS receivers among total receiver models worldwide. One positive trend is the increasing production of Galileo-enabled receivers, where actual progress is converging with the milestones set. In 2020, the presence of Galileo in receiver models was 62% of the total number of receiver models worldwide. There has been a tremendous uptake of Galileo-enabled smartphones. However, in other market segments such as rail, maritime or the internet of things the market penetration of Galileo is slower. This is due to the long lifetime of receivers in the market, missing certification or standardisation, constraints in energy consumption of the chips on the connected objects, the cost of optimisation (there are still many GPS-only models available) and receiver models serving only regional markets (e.g. Chinese or US manufacturers). In the coming years, the market share will increase, mainly due to the phasing out of old models, the increasing use of Galileo in the US and use of Galileo signals in safety-critical applications in aviation or rail segments. With regard to the EGNOS-enabled receiver models, the actual progress has stabilised at 68% of the total number of receiver models worldwide. This is lower than the milestone of 85% set in 2014. The market penetration of EGNOS is lower than expected, in particular for location-based services or timing and synchronisation devices. This is mainly because the early uptake of dual frequency in receiver models provided similar accuracy benefits to those of EGNOS. The rapid development of GNSS constellations, as well as the methods used for augmentation of GNSS signals (i.e. with commercial augmentations of the signals), increased the performance of the GNSS to the level where the EGNOS benefits are less competitive than assumed in 2014. With regard to the 2020 target and beyond, it can be assumed that the number of EGNOS-enabled receivers will not grow beyond 70% of receiver models worldwide.

Concrete examples of achievements

Less than 10 minutes	Approximately 2 billion	7 metres	7	Less than 15 minutes	2
is the amount of time required by Galileo's Search and Rescue Service to detect emergency distress beacons, compared to up to 3 hours previously.	Galileo-enabled devices are in use.	is the range of accuracy of Galileo's E112 location information, compared to the 2-10 km accuracy displayed by the Global System for Mobile Communications' cell ID-based technology.	Member States have had support from the Help 112 II project.	is the amount of time required by Galileo's Search and Rescue service to send an acknowledgement message to the beacon in distress. This is a unique feature of Galileo.	unique new Galileo services are under development and close to deployment ; the Galileo Open Service Navigation Message Authentication and the Galileo High Accuracy Service.



Strasbourg, 8.6.2021
COM(2021) 301 final

ANNEX 3 – PART 2/3

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 - Financial Year 2020

Heading 2

Cohesion, resilience and values

Spending under this heading aims at strengthening the resilience and cohesion between the EU Member States. To this end, the funding helps reduce disparities in and between EU regions, and within and across Member States, and promote sustainable territorial development. In addition, by investing in the green and digital transition, young people, health and action to protect EU values, the programmes seek to make the EU more resilient to present and future challenges. Programmes such as the Recovery and Resilience Facility and REACT-EU, financed under NextGenerationEU, support important investment and reforms in the Member States.

Multiannual financial framework
2014-2020

Multiannual financial framework
2021-2027

Heading 1a Competitiveness for growth and jobs	Erasmus+	Erasmus+	Heading 2 Cohesion, resilience and values
	EaSI	ESF+	
	European Solidarity Corps	European Solidarity Corps	
	Pericles 2020	Pericles IV	
Heading 1b Economic, social, and territorial cohesion	ESF	ESF+	
	ERDF	ERDF	
	Cohesion Fund	Cohesion Fund	
	FEAD	ESF+	
Heading 3 Security and citizenship	Justice programme	Justice programme	
	Rights, equality and citizenship programme	Rights and values	
	Europe for citizens	Rights and values	
	Civil protection (internal policy)	Civil protection	
	Health programme	EU4Health	
	Creative Europe	Creative Europe	
	Communication	Communication	
	ESI	ESI	
Heading 4 Global Europe	Turkish Cypriot Community	Turkish Cypriot Community	
	Civil protection (external policy)	Civil protection	
	EU aid volunteers	European Solidarity Corps	
		REACT-EU	
		RRF	
		TSI	

LEGAL BASIS

Regulation (EU) No 1301/2013 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/!Qk99Fu>

BUDGET ALLOCATION 2014-2020

EUR 200 206.7 million

OVERALL EXECUTION
(2014-2020)

● Payments

Financial information source: EU Open Data Portal for the European Structural and Investment Funds.

Evaluations/
studies conducted

Ex post evaluation of major transport projects financed between 2000 and 2013 (see <https://europa.eu/!Fr98Mk>). *Ex post* evaluation of major environmental projects (see <https://europa.eu/!WU44Tn>).

How is it implemented?

The Directorate-General for Regional and Urban Policy is the lead DG for the implementation of this programme through shared management. The ERDF is delivered via 290 + multi-thematic national, regional and interregional programmes.

ERDF

EUROPEAN REGIONAL DEVELOPMENT FUND

What is the European Regional Development Fund?

The European Regional Development Fund (ERDF) aims to strengthen economic and social cohesion in the EU by correcting imbalances between regions and supporting the full integration of less-developed regions into the EU's internal market. Together with the Cohesion Fund and the European Social Fund, it is one of the three cohesion policy funds for 2014 to 2020.



Specific objectives

- Strengthening research, technological development and innovation.
- Enhancing access to, and the use and quality of, information and communication technologies.
- Enhancing the competitiveness of small and medium-sized enterprises.
- Supporting the shift towards a low-carbon economy in all sectors.
- Promoting climate-change adaptation, risk prevention and management.
- Preserving and protecting the environment and promoting resource efficiency.
- Promoting sustainable transport and removing bottlenecks in key network infrastructure.
- Promoting sustainable and high-quality employment and supporting labour mobility.
- Promoting social inclusion and combating poverty and discrimination of any kind.
- Investing in education, training and vocational training for skills and lifelong learning.
- Enhancing the institutional capacity of public authorities and other stakeholders and fostering efficient public administration.

Why is it necessary?

Cohesion policy mobilises different forms of governance at the EU, national and regional levels. The main advantages of cohesion policy compared to the resources being spent individually by Member States are as follows.

- Aligning investment with EU priorities results in coordinated action across the EU. One of cohesion policy's key strengths is the potential to address multiple issues in an integrated way in different geographic contexts.
- Contributing to economic governance through the link to Member State-specific recommendations within the framework of the European semester. Moreover, empirical evidence suggests that the *ex ante* conditionalities have so far played a significant role both in improving the application of EU legislation in the Member States and in fostering structural reforms.
- Multiannual programming provides stability, certainty and sustainability to investment plans in the Member States, reducing their vulnerability across economic and political cycles and improving their prospects for implementation on the ground.
- The place-based approach identifies needs that

are specific to each territory and defines multi-thematic investment strategies and better conditions for the sound implementation of those investments. In this way European Union citizens can experience the positive effects of EU policy in a very direct way.

- Interregional cooperation and the exchange of experience makes it possible to follow examples of good practice and broader macro-regional territorial strategies, such as the Adriatic and Ionian, Alpine, Baltic or Danube strategies.
- Concentrating resources on less-developed and transitional regions enhances the potential for jobs and growth and contributes to the more harmonious development of the EU as a whole.
- Effective pooling of resources from different sources. This includes different EU and national sources and provides clear added value compared to purely national resources.

Outlook for the 2021-2027 period


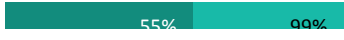




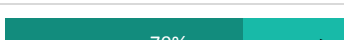

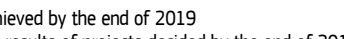
A political agreement was reached in December 2020. Final adoption by the co-legislators is expected. In the coming years, an additional EUR 191 billion will then be invested in regions across the EU through the ERDF. 30% of the investments will be climate related.



Budget implementation (in million EUR) ⁽⁴⁾

	NET PAYMENTS	
2018		20 153.2
2019		24 383.2
2020		31 680.4

⁽⁴⁾ Financial information source: EU Open Data Portal for the European Structural and Investment Funds.

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Researchers working in improved research infrastructure facilities			91 949	37 259 (estimated result: 99 115) out of 91 949	Moderate progress
Enterprises receiving support			1.1 m	0.6 million (estimated result: 1.1 million) out of 1.1 million	On track
Enterprises receiving grants			362 005	123 737 (estimated result: 229 177) out of 362 005	Moderate progress
Additional employment (jobs created) in supported enterprises			397 339	184 529 (estimated result: 374 982) out of 397 339	On track
Population benefiting from forest-fire protection measures			8.2 m	7.6 million (estimated result: 25.5 million) out of 8.2 million	On track
Additional population served by improved water supply			3.9 m	1.3 million (estimated result: 6.3 million) out of 3.9 million	On track
Trans-European transport networks – total length of newly built and reconstructed/upgraded roads			497	354 km (estimated result: 895 km) out of 497 km	On track
Population covered by improved health services			55.5 m	38.7 million (estimated result: 65.3 million) out of 55.5 million	On track
Population living in areas with integrated urban development strategies			44.2 m	19.2 million (estimated result: 39.8 million) out of 44.2 million	Moderate progress

 % of target achieved by the end of 2019
 Estimated final results of projects decided by the end of 2019

Where are we in the implementation?

- Roll-out of the ERDF at the beginning of the 2014–2020 period tended to be slow due to the nature of cohesion policy investments, which have a long start-up phase (involving planning, programming and authorisations) without significant financial executions beyond pre-financing. In addition, the 2014–2020 regulatory provisions (e.g. the $n + 3$ rule and the level of pre-financing, coupled with the annual account and rolling closure processes, which have proved to produce overcautiousness towards net financial correction risks) reduced the pressure on Member States for prompt budgetary implementation.
- Overall project selection rates (the value of projects selected for funding compared to the total allocation) were at nearly 100% of planned investments by the end of 2020, after adjusting for overbooking effects: in order to achieve 100% absorption of EU funds at closure, Member States often make use of 'overbooking', i.e. contracting and implementing projects with a total value greater than the EU funds available. This also allows them to counter uncertainties linked to project implementation.
- The ERDF shows an absorption rate (i.e. initial and annual pre-financing and interim payment claims submitted by Member States divided by the amounts decided) of 50.6% at the end of 2020, substantially higher than the rates registered at the end of 2019, of 34.9%. This is triggered both by the sharp increase in project selection rates over recent years and the integrated cohesion policy response to the COVID-19 pandemic crisis and the adopted measures. It is still lower, however, than the rate at the same point in time in the previous period, i.e. at the end of 2013, when 57% of the payments had been made. This difference is mainly due to the annual clearing of accounts and recoveries of pre-financing that are provided for in the 2014–2020 multiannual financial framework as well as the $n + 3$ rule allowing for less stringent budgetary management.
- EU interim payment rates are at around 45% for the ERDF; however, they are slower than those at the same point in the last period. This can be explained by the fact that a high selection rate does not automatically translate promptly into expenditure. Expenditure is slower to materialise for projects that are still in the planning or procurement stage, for multiannual projects or for projects that are otherwise immature.
- In response to the COVID-19 outbreak, the Commission proposed specific measures to broaden the eligibility criteria for support in the healthcare systems to aid the public health response in the Member States and to encourage reprogramming in other sectors of their economies, while providing exceptional flexibility for the use of the European Structural and Investment Funds under the Coronavirus Response Investment Initiatives. Specific measures adopted under the Coronavirus Response Investment Initiative regulations have enabled Member States to mobilise support from the ERDF, the European Social Fund and the Cohesion Fund and focus it on the most urgent needs (saving lives, preventing job losses through short-time work schemes and supporting small and medium-sized enterprises). Exceptional flexibility was offered, resulting in close to EUR 20 billion being mobilised to counter the crisis. A EUR 7.6 billion immediate increase in liquidity was provided and many programmes opted for 100% EU co-financing for 2020/2021.
- In addition to the Coronavirus Response Investment Initiatives, the Commission also proposed new resources under the recovery assistance for cohesion and the territories of Europe. This instrument will help to bridge the gap between initial crisis-response measures and longer-term recovery. An additional EUR 50.6 billion (in current prices) will be added to the ongoing 2014–2020 cohesion policy programmes, providing additional support to Member States and regions. Those resources will be programmed in 2021. This will contribute to a green, digital and resilient recovery of the economy by adding fresh resources to existing cohesion policy programmes.
- The integrated cohesion policy response to the COVID-19 pandemic crisis and the adopted measures have played an important role in the implementation of the funds. Coronavirus Response Investment Initiative+ measures provide for 100% co-financing for expenditure declared during the current accounting year, 2020/2021, while 2019 annual pre-financing amounts were not recovered in 2020 in order to accelerate expenditure related to the COVID-19 outbreak. The implementation has been also impacted by some revised allocations, mainly due to the $n + 3$ decommitments, the performance review and coronavirus response investment initiative+ transfers.
- In 2021 and 2022, the trends of consumption for the 2014–2020 programming period are expected to be maintained, even though the economic crisis and the parallel implementation of other instruments (e.g. the recovery assistance for cohesion and the territories of Europe and the start of the 2021–2027 programming period) might affect the progress of the implementation in some Member States. Most importantly, once the recovery assistance resources are added to the ongoing 2014–2020 programmes, the pace of the financial implementation rate might appear to be slowing down in terms of percentages of overall allocation, due to the increased baseline amount.
- The delay in the agreement of the 2021–2027 multiannual financial framework and in the adoption of the legislative proposal for the ERDF means that Member States' operational programmes can officially be submitted for approval from mid 2021. It is as yet unclear whether there will be further delays due to the COVID-19 crisis and its severe socioeconomic impacts in some Member States, along with the adoption of new means of funding such as the recovery assistance for cohesion and the territories of Europe and the new Recovery and Resilience Facility.

Performance assessment

- The ERDF and other cohesion policy programmes follow a performance framework that extends beyond the 2014-2020 multiannual financial framework. Targets are set for 2023, in line with the programme's long timeline for implementation and the fact that Member States have 3 years to use commitments under the $n + 3$ rule. In many cases project implementation lasts several years, and as a consequence the bulk of tangible achievements take place only in the second half of the programming cycle.
- A performance review in 2019 examined the programme's performance up to the end of 2018. Operational programmes – the ERDF's adaptation for individual Member States and intervention areas – were analysed during this performance review. The results showed that midterm milestones had been achieved for 75% of the priorities of the Member States' operational programmes, and that the ERDF would likely reach or even exceed most of its 2023 targets. Consequently, the performance reserve, amounting to 6% of the ERDF allocation set aside at the programming stage, was allocated to the priorities that met their performance milestones (EUR 8.6 billion from the ERDF). The performance reserve from non-performing priorities (EUR 2.7 billion from the ERDF) was reallocated to performing priorities in order to optimise investments.
- The 2020 reporting also suggests that the outlook at the end of 2019 showed many of the 2023 targets to be achievable (the targets set by the programmes in 2014/2015 were made at a time of exiting an economic crisis and of tight public budgets). As explained below, the COVID-19 pandemic crisis has brought uncertainty with regard to target achievements. Through Member States' annual reporting and the Commission's checks on the consistency and plausibility of the values reported, it will be possible to develop a clearer picture of the performance. Deviations from targets are being closely scrutinised and followed up on in cooperation with the Member States affected by implementation difficulties.
- To date, more than 1 000 evaluations have been completed by Member States on both ERDF and Cohesion Fund interventions since January 2015. Evaluations concerned with 2014-2020 interventions are increasingly focused on impacts, as interventions start to deliver concrete results on the ground. In general, the evaluation work has gained speed during the past year: nearly a third of all ERDF and Cohesion Fund evaluations carried out since January 2015 were published in 2020.
- Within the framework of its own evaluation activities, the Commission published two staff working documents in 2020, which present the *ex post* evaluation of major projects supported by the ERDF and the Cohesion Fund between 2000 and 2013, the first being focused on transport and the second on environmental infrastructure projects. The two evaluations confirmed the importance of EU support for these projects in achieving EU objectives. Investments have improved accessibility in the Member States and regions concerned thus contributing to paving the way for increased trade with the rest of the EU, which is vital for economic development.
- Overall, positive implementation trends are registered for most indicators, with the pace of reported achievements gaining momentum across many investment areas. One of the 41 indicators had already exceeded its 2023 target by the end of 2019 and a second is very close to outperforming its target. A majority – i.e. 28 indicators – show very strong or strong trends. 17% of indicators show a moderate trend that will require an acceleration of annual growth rates in order to achieve their 2023 targets.
- For some common indicators (i.e. those measuring the population benefiting from waste water, water supply, risk prevention and health interventions), the expected results from projects already decided on in national and regional programmes present the prospect of overachievement compared to EU targets. Through annual reporting and the Commission's checks on the consistency and plausibility of the values reported, a clearer picture of the performance will develop towards the closure phase. That iterative work on plausibility and consistency will also inform the *ex post* evaluation. Deviations from targets are being scrutinised and followed up on in cooperation with the Member States affected by implementation difficulties.
- For the few indicators that are not performing well, the reasons are diverse. Indicators linked to urban investments in renovated buildings and housing show low achievement but have project selection rates that approach or exceed the target values. Several indicators have limited use and representativeness: building new railway tracks is a target in only two Member States. Moreover, this is not the main investment target in the railway sector, which is rather reconstruction and modernisation. The smart grid indicator was a new indicator for 2014 to 2020, with a modest budget and few programmes using the indicator. Lastly and more generally, the long life cycle of infrastructure projects, such as railways and certain energy infrastructures, delays the output of such projects towards the end of the project period. Due to the high project selection rate, results are likely to show an increasingly positive trend late in the programme's period, meaning that the trends already observed will become clearer.
- The indicator data reported by Member States and the United Kingdom in autumn 2020 reflect the situation at the end of 2019. The initial impact of the COVID-19 pandemic on the original indicator targets will not be visible until late 2021 when the 2020 implementation reports from the programmes are processed. It is expected that there will be significant changes (increases and decreases) in a number of targets linked to (1) changing priorities in response to the pandemic, (2) the addition of EUR 40 billion (in current prices) in resources from the recovery assistance for cohesion and the territories of Europe during 2021 and (3) the negative effects of the crisis on small and medium-sized enterprises, the construction sector and the cultural and tourism sectors. Preliminary observations nevertheless show that a number of target values related to enterprise support were raised in 2020.
- While the achievement of 2023 targets seemed likely at the end of 2019, the unpredictable socioeconomic conditions, reduced demand, high unemployment and uncertain prospects for the relaunch of the economy mean that, for a more accurate picture of expected achievements, the Commission will have to carefully monitor the programmes during 2021 and 2022. It is as yet unclear how the unprecedented shock of the pandemic will affect the achievement of targets for indicators related to job creation, support for new enterprises, the take-up of research and innovation measures and the construction of a wide range of infrastructure projects. There are risks that the impacts could be negative, but that is not guaranteed if the reopening of society and the economy gathers speed in the second semester of 2021.
- In relation to the significant reprogramming during 2020 to support the immediate response to the pandemic and its effects, the new COVID-19-specific indicators proposed by DG Regional and Urban Policy and widely taken up by national and regional programmes provide important insight into the supported actions and their target outputs. The progress in delivering those targets in 2020 will be reported to the Commission for the first time later in 2021. The targets are as follows:
 - 2.3 billion items of personal protective equipment for the health services;
 - 4 500 ventilators, 5 000 additional beds and 246 ambulances supported;
 - 470 000 small and medium-sized enterprises provided with grant-based working capital;
 - 170 000 small and medium-sized enterprises provided with repayable working capital.
- The common indicators cover an estimated 50-60% of the actions funded and they give a partial picture of the performance (programmes use over 8 000 specific indicators besides the 46 common indicators, which cannot be aggregated at EU level due to their specific nature). The above indicators therefore only provide a snapshot of the programme. For more in-depth information, see the reports on cohesion policy programme results on the EU Open Data Portal for the European Structural and Investment Funds (<https://cohesiondata.ec.europa.eu>).

Concrete examples of achievements

185 000	39 million	562 km	2.5 million	8 200	4.6 million
jobs created through ERDF projects by the end of 2019.	people benefited from new or modernised health services by the end of 2019.	of railway lines reconstructed or upgraded by the end of 2019.	tonnes of CO ₂ equivalent saved by the end of 2019.	researchers employed in supported entities by the end of 2019.	households had access to broadband of at least 30 Mbps by the end of 2019.

LEGAL BASIS

Regulation (EU) No 1300/2013 of the European Parliament and of the Council

MORE INFORMATION

<https://europa.eu/lcd97rm>

SUM OF NET PLANNED EU AMOUNTS 2014-2020 ⁽⁵⁾

EUR 61 455.3 million

OVERALL EXECUTION (2014-2020)



● Payments

Evaluations/ studies conducted

Studies and evaluations of the EU's cohesion policy can be consulted at <http://europa.eu/!uG97Fw>

How is it implemented?

The Directorate-General for Regional and Urban Policy is the lead DG for the implementation of this shared management programme. The fund is delivered via 20 multi-thematic national and regional programmes in 15 beneficiary Member States.

COHESION FUND

What is the Cohesion Fund?

The Cohesion Fund is aimed at the 15 beneficiary Member States whose gross national income per inhabitant is less than 90% of the EU average. It aims to reduce economic and social disparities and to promote sustainable development. Together with the European Regional Development Fund and European Social Fund, it is one of the three cohesion policy funds for the 2014-2020 period.



Specific objectives

- Supporting the shift towards a low-carbon economy in all sectors.
- Promoting climate change adaptation, risk prevention and management.
- Preserving and protecting the environment and promoting resource efficiency.
- Promoting sustainable transport and removing bottlenecks in key network infrastructures.

Why is it necessary?

Cohesion policy mobilises different governance levels at the EU, national and regional levels. Its main advantages compared to resources being spent solely by Member States are as follows.

Aligning investment with EU priorities. Once EU priorities have been agreed by all of the Member States, the Cohesion Fund can ensure that resources are aligned with these priorities and are not spread across too many issues that are only of local or regional importance. A large proportion of cohesion policy funds are invested to encourage a shift towards a more sustainable mode of development in EU regions where they bring clear European added value.

Contributing to economic governance. Specific provisions establish a close relationship between the European Structural and Investment Funds and sound economic governance. Cohesion policy gives incentives through in-built mechanisms to stimulate fiscal and macroeconomic governance. It provides concrete support for structural reforms through its link to country-specific recommendations within the framework of the European semester.

Providing stability for investment. Multiannual programming provides stability, certainty and sustainability to investment plans in Member States, reducing their vulnerability across economic and political cycles and improving prospects for implementation on the ground. The multiannual nature of cohesion policy

enhances managerial and institutional capacity, inducing institutional and administrative change, promoting long-term planning, mobilising a wide range of partners, diffusing a culture of the evaluation and monitoring of public policies and reinforcing control and audit capacities. This strengthened administrative capacity also positively influences the management of domestic policies and improves general governance in Member States.

Outlook for the 2021-2027 period










The legislators confirmed the modified regulation for a continuation of the programme for the next multiannual financial framework. A political agreement on it was reached in December 2020. The final adoption by the co-legislators is expected after all technical and legal work has been completed. In the coming years, an additional EUR 43 billion will then be invested in the EU's weakest regions through the Cohesion Fund. Within this framework, investments will focus on a smart and digital transformation of the regional economies (policy objective 1) and on the green transition towards a climate-neutral economy (policy objective 2). 37% of investments will be climate related.

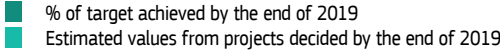
Budget implementation (in million EUR)

	TOTAL NET PAYMENTS	
2018		7 094.2
2019		6 485.4
2020		10 140.4

⁽⁵⁾ Financial information source: Open Data Portal.

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Additional capacity of renewable energy production			1 236	176 additional megawatts (decided: 1 234) out of 1 236	On track
Households with an improved energy consumption classification			79 300	17 811 households (decided: 38 970) out of 79 300	On track
Population benefiting from forest fire protection measures			8.3m	7.7 million people (decided: 9.6 million) out of 8.3 million	On track
Additional waste-recycling capacity			2.9m	1.1 million additional tonnes/year (decided: 2.9 million) out of 2.9 million	On track
Additional population served by an improved water supply			8.2m	1.2 million people (decided: 15.2 million) out of 8.2 million	On track
Additional population served by improved waste-water treatment			9.4m	1.1 million people (decided: 15.6 million) out of 9.4 million	On track
Trans-European transport network – total length of new and reconstructed railway line			2 363	685 km (decided: 2 419 km) out of 2 363 km	Moderate progress
Trans-European transport network – total length of newly built and reconstructed/upgraded roads			2 255	1 627 km (decided: 3 226 km) out of 2 255 km	On track
Total length of new or improved tram and metro lines			189	74 km (decided: 307 km) out of 189 km	On track



Where are we in the implementation?

- Nearly 23 000 projects have been selected, with EUR 61.5 billion allocated to specific projects by the end of 2020. The 15 beneficiary Member States all show high rates, of above 85%, for allocating the programme's envelope to specific projects (with the exception of Latvia, which shows a 73% rate). In the case of Latvia and other countries, rates were brought down partly by reprogramming related to the COVID-19 pandemic.
- In response to the COVID-19 outbreak, specific measures adopted in the coronavirus response investment initiative regulation have enabled Member States to mobilise support from the Cohesion Fund and focus it on the most urgent needs (saving lives, preventing job losses through short-time work schemes and supporting small and medium-sized enterprises). The initiative has mobilised close to EUR 20 billion to counter the crisis.
- As a result of the reprogramming associated with the COVID-19 pandemic, the allocation of the 2014-2020 funds to projects has not increased as significantly since the end of 2019 as would normally have been expected. However, the rate of project selection at the end of 2020 remains close to 100%.
- Absorption rates (initial and annual prefinancing and interim payment claims submitted by Member States / amounts decided) appear lower due to the long start-up phase for cohesion policy programmes. Commitments that were allocated to specific projects but not paid out after 3 years are automatically decommitted, which has resulted in limited incentives for fast start-up in Member States. The rate stood at 57% at the end of 2020.

Performance assessment

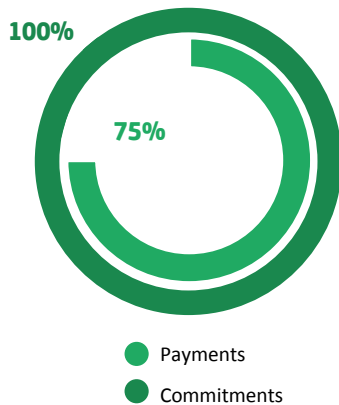
- The structure and performance framework of the Cohesion Fund is shared with the European Regional Development Fund. In this context, the Cohesion Fund is a more targeted instrument focused on infrastructure and the environment, with a more limited number of beneficiary countries. Due to their close relationship and shared performance framework, the performance of both funds is, however, inextricably linked, and it is impossible to assess them separately.
- To date, more than 1 000 evaluations have been completed by Member States on both ERDF and Cohesion Fund interventions since January 2015, with nearly a third published in 2020. They are increasingly focused on impacts, as interventions start to deliver concrete results on the ground.
- Overall, most indicators were on track to meet their targets at the end of 2019, also taking into account historical trends and the multiannual nature of project implementation. Achievements are gaining momentum and the pace of reported results is increasing across many investment areas. The 2020 reporting exercise also suggests that, as of the end of 2019, many of the 2023 targets were still achievable. As explained below, however, the COVID-19 pandemic has brought uncertainty with regard to the achievement of targets.
- In the area of environmental and climate protection, the Cohesion Fund has so far shown relatively few results. The main challenges in this area are the complex nature of infrastructure projects which may cause delays in delivering results. Nevertheless, recent results have been strong, particularly in the areas of fire and flood protection and improved household energy consumption. Progress is speeding up and the trend is likely to continue, leading to improved results until the target date of 2023.
- Results in relation to sustainable transport and infrastructure have shown considerable improvement. While currently still appearing to produce low results, experience suggests that the objective may even overachieve on its 2023 targets.
- The impact of the 2020 COVID-19 pandemic has led to increased uncertainty. The fragile socioeconomic conditions, reduced demand, high unemployment and uncertain prospects for the relaunch of the economy mean that the Commission will have to monitor the programmes carefully during 2021 and 2022 in order to see how achievements will be impacted.
- The indicators used for the Cohesion Fund performance framework only provide a snapshot of the programme. For more in-depth information, cohesion policy programmes report on their results through the Open Data Portal (at <https://cohesiondata.ec.europa.eu/>).

Concrete examples of achievements

330 000	1.2 million	1.1 million	1.1 million	18 000	685 km
fewer tonnes of carbon dioxide emissions are produced annually.	more people have an improved water supply.	more people get better waste-water treatment.	tonnes of additional waste-recycling capacity is available per year.	households have an improved energy consumption classification.	of trans-European transport network railway line have been reconstructed or upgraded.

LEGAL BASISCouncil Regulation (EC)
No 389/2006**MORE INFORMATION**<https://europa.eu/ljR63ju>**BUDGET ALLOCATION 2014-2020**

EUR 235.5 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

Each year the Commission must send a report to the European Parliament and the Council on the implementation of Community assistance under this instrument.

For further information, see: <http://europa.eu/MV34dK>

How is it implemented?

The Directorate-General for Structural Reform Support is the lead service for the implementation of the programme.

The programme is implemented through direct management (procurement contracts and grants) and indirect management (contribution agreements with international organisations and Member State agencies).

TURKISH CYPRIOT COMMUNITY

INSTRUMENT OF FINANCIAL SUPPORT FOR ENCOURAGING THE ECONOMIC DEVELOPMENT OF THE TURKISH CYPRIOT COMMUNITY

What is the aid programme for the Turkish Cypriot community?

The programme aims to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community, with particular emphasis on:

- the economic integration of the island;
- improving contacts between the two communities and with the EU;
- the preparation for the implementation of the EU body of laws (*acquis*) following a comprehensive settlement of the Cyprus issue.

The programme provides a significant amount of support through private-sector development schemes, facilitating the involvement of the World Bank and the European Bank for Reconstruction and Development and human capital development. Measures financed under the aid programme are exceptional and transitional in nature and are intended, in particular, to prepare and facilitate the full application of the EU *acquis* in the areas where the government of Cyprus does not exercise effective control, in view of the withdrawal of its suspension in accordance with the Act of Accession, upon the entry into force of a comprehensive settlement of the Cyprus problem.



Specific objectives

- To facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community with particular emphasis on the economic integration of the island, on improving contacts between the two communities and with the EU, and on preparation for the *acquis communautaire*.

Why is it necessary?

The programme is the only EU funding for Turkish Cypriots, who are EU citizens. They receive very little assistance from individual Member States due to the difficult legal and political circumstances on the de facto divided island. The EU's contribution supports the political process, economic integration and improved living standards, and is vital for the economic development of the Turkish Cypriot community in order to facilitate the reunification of Cyprus.




Outlook for the 2021-2027 period


On the basis of the proposal made by the Commission, the instrument of financial support for encouraging the economic development of the Turkish Cypriot community remains unchanged for 2021-2027. In the new multiannual financial framework, the programme is part of heading 2b, 'Cohesion, resilience and values'.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS			EXECUTED PAYMENTS	
34.5		2018		26.0
35.1		2019		34.5
35.8		2020		41.0

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Number of enterprises having received EU support in the form of a grant		 > 100%	420	1 910 enterprises supported compared to 420 enterprises initially planned	On track
Cross-Green Line trade volume (in million EUR)	3.4 m	 75%	8.5 m	EUR 4.7 million out of EUR 8.5 million	Moderate progress
EU visibility in northern Cyprus: number of communication actions in a year		 > 100%	90	429 actions achieved compared to a target of 90	On track

 % of target achieved by the end of 2020

Where are we in the implementation?

- The programming of the financial assistance under the aid programme is based on a number of established programming principles such as project maturity, policy relevance and track record of past implementation.
- The multiannual financial framework for 2014-2020 provides a multiannual perspective to the programme with a provision for stable funding amounting to EUR 236 million.
- 100% of the funds under the 2014-2020 programme have been committed and 75% of the funds have already been paid out.
- The aid programme is being implemented in a unique diplomatic, legal and political context. Major difficulties encountered in the implementation arise from the unrecognised status of the beneficiary along with disputes with contractors, notably when it comes to works contracts. Those challenges are further exacerbated by the lack of absorption capacity and resources on the beneficiary side as well as by the deficiencies in available data and statistics. This may result in serious delays in the preparation of projects, which – in the first part of the programme period – led to a substantial amount of uncommitted funds. This backlog has been successfully and progressively addressed since 2018 through better programming, more efficient handling of tendering procedures, and smoother internal procedures and coordination within DG Structural Reform Support.

Performance assessment

- The approach to delivering aid was modernised in 2018. It is now based on project maturity, policy relevance and track record of past implementation in order to produce a more tangible and visible impact in the priority areas. The beneficiary is involved at an early stage and the EU Coordination Centre, the Turkish Cypriot community body in charge of coordinating the implementation of the aid programme, is progressively taking a more active role in prioritisation and self-assessment of projects. The new approach aims to improve coherence and streamline priority infrastructure projects, improve the entrepreneurship ecosystem through enhanced linkages between research and business (through the 'Innovative entrepreneurship' mechanism), and help the bi-communal technical committees to carry out their activities more effectively.
- The programme pursues its objective through various different actions, such as infrastructure development, economic development, reconciliation and EU visibility and adoption of the EU *acquis*. Taken together, overall progress towards the objective has largely been promising. Indicator results for grant agreements and EU visibility have been satisfactory. Support for farmers and small to medium-sized enterprises has progressed well and beneficiaries have rated civil society grants as particularly successful. Through the programme's aid, it has been possible to identify a large number of remains of missing persons and restore cultural sites.
- Infrastructure works also produced positive results, notably a waste water treatment plant in Nicosia. A contract for irrigation works in Morphou was also awarded in 2018 and its implementation was finalised in 2020. In Famagusta, a contract was signed to provide a sewerage system. Unfortunately, parts of the works already completed were riddled with defects. A contract to build a replacement system has already been awarded and work is expected to start in 2021.
- Green Line trade still suffers from obstacles identified in the annual reports on the implementation of the Green Line regulation. The Commission is engaged in contacts with the government of Cyprus to address these issues. It is therefore unlikely to reach its original target. Trade has also been negatively affected by the coronavirus crisis.
- On the other hand support for small and medium-sized enterprises has been successful. In addition to the previous grant schemes and the proactive development of an entrepreneurial ecosystem, the 2020 pandemic required a prompt response to support businesses by providing emergency working capital to specific sectors/enterprises, safeguard and/or create jobs, and support business development. More recently the focus has been put on innovation, the green economy and digital transition.
- The COVID-19 pandemic meant that rather than holding physical events to promote the visibility of the EU and its work among the Turkish Cypriot community, there was a new emphasis on online activities and campaigning work as part of EU-funded activities including the EU Infopoint project.

Concrete examples of achievements

99 km	993	1 600	300 000	1 710	800+
of sewerage networks constructed.	victims of the tragic events of 1963-1964 and 1974 were genetically identified, contributing towards reconciliation.	grants made available since 2007 for Turkish Cypriots to benefit from educational opportunities in EU Member States.	animals tested to eliminate priority diseases, which are in decline as a result.	communication and visibility actions since 2014 to provide information about EU policies, priorities and actions.	businesses received assistance to combat the effects of the COVID-19 crisis.

LEGAL BASIS

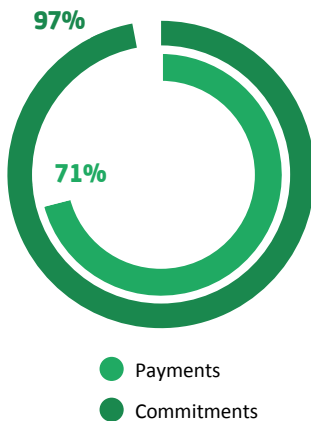
Regulation (EU) No 331/2014 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/!Uu48PC>

BUDGET ALLOCATION 2014-2020

EUR 7.1 million

OVERALL EXECUTION (2014-2020)

- Payments
- Commitments

Evaluations/ studies conducted

The midterm evaluation of the Pericles 2020 programme was carried out in 2017. For further information see: <http://europa.eu/!kq94nP>

How is it implemented?

The Directorate-General for Economic and Financial Affairs is the lead DG for the implementation of the programme. Projects financed under the programme are implemented either directly by the Commission (DG Economic and Financial Affairs) or in the form of grants awarded to national competent authorities in the EU (in both euro-area and non-euro-area Member States).

PERICLES 2020

EXCHANGE, ASSISTANCE AND TRAINING PROGRAMME FOR THE PROTECTION OF THE EURO AGAINST COUNTERFEITING

What is Pericles 2020?

The Pericles 2020 programme promotes actions for the protection and safeguarding of the euro against counterfeiting and related fraud.

The programme funds staff exchanges, seminars, training courses and studies for law enforcement and judicial authorities, banks and others involved in combating euro counterfeiting, along with the purchasing of equipment. Actions can take place in the euro area, in EU Member States outside the euro area and in non-EU countries. Since 2015, applications to receive co-financing can be introduced by all 28 Member States' competent authorities.

The programme's strategy focuses on four priority areas, namely:

- supporting Member States particularly affected by euro counterfeiting;
- fostering cooperation with non-EU countries where there is evidence or suspicion of counterfeit euro production;
- maintaining an efficient framework for the protection of the euro in south-eastern Europe;
- addressing new developments and challenges.

The bodies eligible for funding under the programme shall be the competent national authorities. Pericles 2020 primarily provides assistance to national law enforcement agencies, national central banks, judicial authorities, mints, customs authorities, commercial banks, cash-operated industries and any other groups of specialists concerned.

**Specific objectives**

- 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, between themselves and with the European Commission, close and regular cooperation and the exchange of best practices, where appropriate, including for non-EU countries and international organisations.

Why is it necessary?

The programme actively encourages an increase in transnational cooperation for the protection of the euro inside and outside the EU and with the EU's trading partners, with attention being paid to those Member States or non-EU countries that have the highest rates of euro counterfeiting. This cooperation shall contribute to greater effectiveness in protecting the euro against counterfeiting through the sharing of best practices, common standards and joint specialised training.



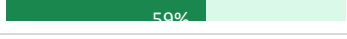

Outlook for the 2021-2027 period


The Commission proposed a continuation of the programme for the next multiannual financial framework through Pericles IV.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
1.0	2018	0.8	
1.1	2019	1.1	
0.9	2020	0.8	

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Counterfeit euro banknotes detected in circulation ⁽¹⁾			0.58 m	0.67 million compared to a target of 0.58 million	On track
Counterfeit euro coins detected in circulation ⁽¹⁾			0.15 m	0.17 million compared to a target of 0.15 million	On track
Illegal workshops dismantled ⁽¹⁾ , ⁽²⁾			47	28 out of 47	Moderate progress
Individuals arrested ⁽¹⁾ , ⁽²⁾			7 061	7 495 compared to a target of 7 061	On track

 % of target achieved by the end of 2020

⁽¹⁾ Average of results for 2014-2020.

⁽²⁾ Latest results from 2019.

Where are we in the implementation?

- The commitments reached 99.6% of the overall budget for 2020, funding nine projects in total. Altogether, seven grants were successfully awarded from applications originating from the competent authorities of the Member States. Furthermore, two Commission actions were funded.
- The nine actions for which commitments were made in 2020 consist of three conferences, two technical training sessions, two staff exchanges, one study and the eGrants tool (a fully electronic management system for grants). One scheduled conference had to be cancelled due to the COVID-19 pandemic. The activities are set to take place both inside and outside the EU. Two of the grants awarded in 2020 involved particularly sensitive regions of the world: Latin America and south-east Europe.
- The global COVID-19 pandemic profoundly affected the implementation of the programme in 2020. The programme activities target a wide intended range of participants from Member States and non-EU countries which require traveling and congregation in groups. The epidemiological situation caused the cancellation of one Commission event and the rescheduling of 12 others (both pre-2020 and 2020 commitments) to 2021 and 2022.

Performance assessment

- Pericles 2020 achieved its objective of protecting euro banknotes and coins against counterfeiting and fraud by supporting the Member States and assisting the competent national and EU authorities. The programme made a substantial contribution to the further improvement of coordination and cooperation at the international, EU and Member State levels, and created more solid structures for the protection of the euro.
- The programme also contributed to the adoption of legislation aimed at improving euro protection and the establishment of national central offices (e.g. in Argentina).
- Feedback provided immediately after events showed that 97% of participants expressed a positive or highly positive view. More importantly, a large proportion said 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, as shown in the indicators, is a complex exercise due to the influence of external factors such as the priority set by Member States' law enforcement authorities, and the length and scope of police investigations. Therefore, the performance indicators, while linked to the protection of the euro, are not directly related to the implementation of the programme as their results can be influenced by a whole set of other factors. Nevertheless, the midterm evaluation of the programme concluded that Pericles 2020 actions were typically implemented as planned and achieved the intended outputs, and evidence suggested that this did translate into tangible outcomes (for example: successful police operations in South America, following Pericles training sessions).
- One of the recommendations of the midterm evaluation was to encourage more competent national authorities to apply for the programme. In this respect, the advertising of the programme and the increased co-financing rate for actions organised by new applicants attracted several first-time applicants.
- Despite the fact that counterfeiting seems currently to be under control, it continues to be a major threat to the euro. The rise of sophisticated counterfeits, the increased availability of technology and the continued interest of organised crime groups in euro counterfeiting require continuous attention.

Concrete examples of achievements

460 000	201 565	22	5 994	13	565
counterfeit euro banknotes were detected in 2020 (*).	counterfeit euro coins were detected in 2020 (*).	illegal workshops (mints and print shops) were dismantled in 2019 (*).	individuals were arrested in 2019 (*).	seminars and exchange activities related to counterfeiting were funded in 2019.	people took part in the different activities funded in 2019 (estimated number).

(* These indicators, while linked to the protection of the euro, are not directly related to the implementation of the programme.

LEGAL BASIS

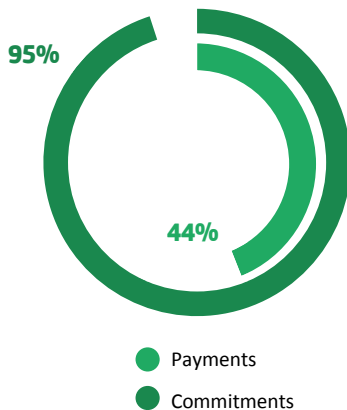
Decision (EU) 2019/420 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/vF44kU>

BUDGET ALLOCATION 2014-2020

EUR 766.5 million

OVERALL EXECUTION (2014-2020)**Evaluations/ studies conducted**

The midterm evaluation of the current Union Civil Protection Mechanism legislation was carried out in 2017. For further information please consult: <http://europa.eu/gD68jG>

How is it implemented?

The Directorate-General for European Civil Protection and Humanitarian Aid Operations (ECHO) is the lead DG for the implementation of the mechanism. The mechanism is implemented through direct management (grants and procurement).

CIVIL PROTECTION – INTERNAL POLICY

UNION CIVIL PROTECTION MECHANISM – HEADING 3

What is the Union Civil Protection Mechanism under heading 3?

The aim of the Union Civil Protection Mechanism is to support, coordinate and supplement the actions of the Member States (with the mechanism's framework applying to the United Kingdom during the transitional period that ended on 31 December 2020) in the field of civil protection, with a view to improving the effectiveness of systems for preventing, preparing for and responding to natural and human-

**Specific objectives**

- To achieve a high level of protection against disasters by preventing or reducing their effects through fostering a culture of prevention and improving cooperation between civil protection and other relevant services.
- To enhance preparedness at the Member State and EU levels to respond to disasters.
- To facilitate a rapid and efficient response in the event of disasters or imminent disasters.
- To increase public awareness of and preparedness for disasters.

Why is it necessary?

The EU added value of the mechanism comes in the form of:

- reduction of loss of human life and of environmental, economic and material damage caused by disasters through a comprehensive approach covering disaster prevention, preparedness and response;
- improved understanding in Member States of disaster risks through cooperation on risk assessment and planning, and the gradual development of a European culture of disaster prevention;
- improved preparedness for disasters through training, exercises, the exchange of best practices and similar activities;
- improved disaster response coordination by bringing together Member States and facilitating their offers of assistance;
- increased cost-effectiveness through the pooling of assistance, the sharing of transport capacities, the identification of complementarities and the avoidance of duplication of effort;

- a more coherent, predictable and visible response to disasters through the setting-up of a European response capacity ready to help everywhere in the EU and in non-EU countries when needed.

Large-scale, multisector crises, such as the unprecedented COVID-19 pandemic, have overwhelmed the ability of Member States to help each other, revealing the vulnerabilities of the system and underlining the need for enhanced cooperation and coordination at the EU level.

Outlook for the 2021-2027 period







In the next multiannual financial framework (for 2021-2027), funding related to the internal and external dimensions of civil protection has been brought together under a single heading, 'Cohesion, resilience and values', with the aim of implementing the budget more effectively and efficiently.

made disasters.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
	33.2	2018	31.0
	69.6	2019	42.4
511.1		2020	194.3

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Member States that have made a summary of their risk assessments available ⁽¹⁾	14	 86%	28	26 out of 28 Member States	No data ⁽¹⁾
Projects financed for prevention within the EU ⁽²⁾⁽³⁾		 83%	71	59 out of 71 projects	On track
Response capacities included in the voluntary pool		 >100%	60	109 capacities included compared to a target of 60	On track
Standard response units registered in the EU's Common Emergency Communication and Information System		 >100%	180	224 units registered compared to a target of 180	On track
Projects financed for preparedness ⁽²⁾⁽³⁾		 76%	74	56 projects out of 74	On track
Average speed of civil protection assistance interventions (in hours)		 83%	12 h	Milestones achieved in 5 out of 6 years from 2015 to 2020	Moderate progress

 % of target achieved by the end of 2020

⁽¹⁾ Latest results from 2019. Data for this indicator are not available in 2020, as the 2019 amendment of the Union Civil Protection Mechanism legislation introduced changes in Member States' reporting obligations.

⁽²⁾ Cumulative results for 2014-2020 compared to cumulative milestones for 2014-2020.

⁽³⁾ A new approach to prevention and preparedness projects was adopted in 2019. Since then, a lower number of more targeted projects produce a higher impact.

Where are we in the implementation?

- In a context in which 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 reached a level of 95%.
- Budget implementation in 2020 was characterised by challenges relating to COVID-19, resulting in an unprecedented number of activations of the Union Civil Protection Mechanism. The instrument therefore received several budgetary reinforcements (under both heading 3 and heading 4) totalling EUR 442 million through two amending budgets (EUR 415 million) and redeployments from other instruments (EUR 27 million). Such 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 will be made from 2021 onwards.

Performance assessment

- The Union Civil Protection Mechanism has performed strongly over recent years. In the area of prevention, the mechanism has been instrumental in fostering an EU-wide culture of prevention among Member States. Moreover, the 2020 Eurobarometer survey measuring the risk-awareness level reveals a positive trend between 2015 and 2020.
- There is a clear trend that shows the growing importance of the Union Civil Protection Mechanism among Member States when it comes to being prepared for disasters. The number and diversity of registered capacities in the European Civil Protection Pool is the highest ever, in certain areas reaching the maximum required at the EU level. rescEU capacities in different areas have shown gradual development, complementing national capacities.
- Concerning disaster response, as disasters are by definition unpredictable, the Union Civil Protection Mechanism is very often activated to support Member States and non-EU countries. The activation of the mechanism and the provision of rapid support are seen by many Member States as a sign of European solidarity. The various deployments and operations offered unprecedented opportunities for media and social media communication.
- Some of the limitations identified by the interim evaluation conducted in 2017, and by conclusions drawn from operations, were addressed by a legislative proposal that entered into force in 2019. In the aftermath of the first wave of the crisis, a new legislative proposal was tabled by the Commission. Following the political agreement in February 2021, the new Union Civil Protection Mechanism legislation entered into force on 26 May 2021. It includes targeted improvements related to three main domains: (1) allowing for more rapid procurement; (2) a proposal to develop EU resilience goals; and (3) a more flexible budget structure. The more targeted approach also explains the lower number of projects financed for preparedness compared to the target.
- The COVID-19 pandemic has had a significant impact on Union Civil Protection Mechanism activities, due to the unforeseen consequences generated by the pandemic. This has required constant and rapid adaptation to the situation, leading generally to two main scenarios: (1) finding flexible approaches in order to carry out the activities provided for in the management plan and various unit work plans; or (2) rapidly adapting to new events and setting up new activities/initiatives that were not initially planned. Areas that have been particularly affected by the pandemic under this part of the programme include, for instance, those relating to training and exercises (given the restrictions in place); the submission of prevention-related information; and many of the initially planned communication actions, which had to be revised or postponed.

Concrete examples of achievements

45	18	109	11	15
activations of the Union Civil Protection Mechanism inside the EU in 2020, with a 100% response rate.	prevention and preparedness projects have been financed under the Union Civil Protection Mechanism.	response capacities have been committed to the European Civil Protection Pool, 75 of which were available for immediate deployment by the end of 2020.	grant agreements have been signed with nine Member States, with a total funding amount of EUR 385 million for the creation of the first-ever stockpile of emergency medical equipment (protective equipment, ventilators, etc.).	grant agreements have been signed with Member States and participating states for knowledge-network-related activities.

LEGAL BASIS

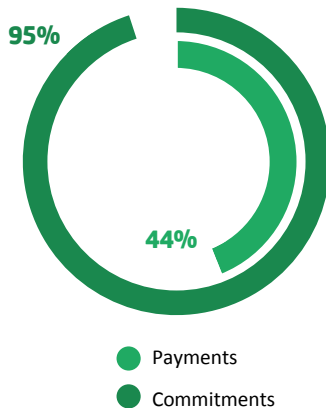
Decision (EU) 2019/420 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/vF44kU>

BUDGET ALLOCATION 2014-2020

EUR 157.7 million

OVERALL EXECUTION
(2014-2020)Evaluations/
studies conducted

The midterm evaluation of the current Union Civil Protection Mechanism legislation was carried out in 2017. For further information please consult: <http://europa.eu/gD68jG>

How is it implemented?

The Directorate-General for European Civil Protection and Humanitarian Aid Operations (ECHO) is the lead DG for the implementation of the programme. The programme is implemented through direct management (grants and procurement).

CIVIL PROTECTION – EXTERNAL POLICY

UNION CIVIL PROTECTION MECHANISM – HEADING 4

What is the Union Civil Protection Mechanism under heading 4?

The Union Civil Protection Mechanism facilitates disaster response cooperation among 33 European states (the EU Member States, Iceland, Montenegro, North Macedonia, Norway, Serbia and Turkey, with the mechanism's framework applying to the United Kingdom during the transitional period that ended on 31 December 2020). When activated, the mechanism coordinates, through the Emergency Response Coordination Centre of the European Commission, the assistance that the participating states can provide to disaster-stricken countries all over the world. The support provided through the Union Civil Protection Mechanism can take the form of in-kind assistance, the deployment of specially equipped teams or assessment and coordination experts being sent into the field.

Under heading 4, the Union Civil Protection Mechanism supports rapid and efficient disaster response interventions in the event of a major disaster in a non-EU country. It also supports disaster prevention and preparedness activities in eligible non-EU countries, the primary beneficiaries of which are the European neighbourhood policy countries and Instrument for Pre-Accession Assistance beneficiary countries that do not yet participate in the mechanism.

The aim of the mechanism is to support, coordinate and supplement the actions of the participating states 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 focuses on reducing the loss of human life and the environmental, economic and material damage caused by disasters through a comprehensive approach covering: disaster prevention, preparedness and response; improving the understanding of disaster risks through cooperation on risk assessment and planning, and the gradual development of a culture of disaster prevention; and improving disaster preparedness through training, exercises, the exchange of best practices and similar activities.



Specific objectives

- To achieve a high level of protection against disasters by preventing or reducing their effects through fostering a culture of prevention and improving cooperation between civil protection and other relevant services.
- To enhance preparedness in non-EU countries to respond to disasters.
- To facilitate a rapid and efficient response in the event of disasters or imminent disasters.

Why is it necessary?

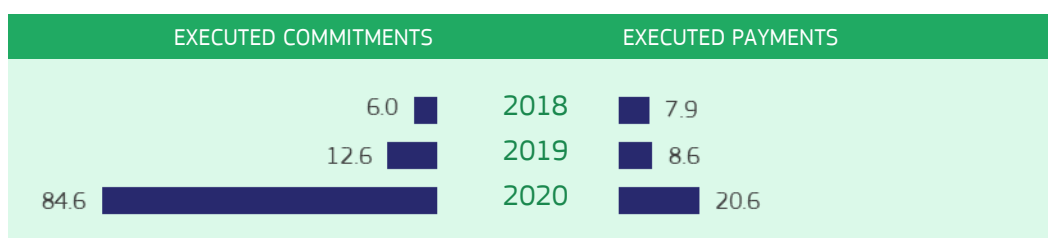
Disasters know no borders. A well-coordinated response at the EU level is necessary to avoid the duplication of relief efforts and ensure that assistance meets the real needs of the affected region. Civil protection assistance consists of governmental aid delivered in the immediate aftermath of a disaster and aiming to reduce the loss of human life and the environmental, economic and material damage. For a coherent, predictable, cost-effective and more visible EU response to disasters, the European response capacity was set up, ready to help everywhere in the EU and in non-EU countries, when needed. Large-scale, multisector crises, such as the unprecedented COVID-19 pandemic, have overwhelmed

the ability of Member States to help each other, revealing the vulnerabilities of the system and underlining the need for enhanced cooperation and coordination at the EU level.




Outlook for the 2021-2027 period

In the next multiannual financial framework (for 2021-2027), funding related to the internal and external dimensions of civil protection has been brought together under a single heading, 'Cohesion, resilience and values', with the aim of implementing the budget more effectively and efficiently.

Budget implementation (in million EUR)



Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Prevention projects financed for non-EU countries covered by the Instrument for Pre-accession Assistance and the European Neighbourhood Instrument ⁽¹⁾ ⁽²⁾		 17%	43	20 out of 43 projects	On track
Preparedness projects financed for non-EU countries covered by the Instrument for Pre-accession Assistance and the European Neighbourhood Instrument ⁽¹⁾ ⁽²⁾		 76%	43	32 out of 43 projects	On track
Average speed of civil protection assistance interventions (from acceptance of offer to deployment) (in hours)		 67%	48 h	Target achieved in 4 out of the 6 years from 2015 to 2020	Moderate progress

 % of target achieved by the end of 2020

⁽¹⁾ Cumulative results for 2014-2020 compared to cumulative milestones for 2014-2020.

⁽²⁾ A new approach to prevention and preparedness projects was adopted in 2019. Since then, a lower number of more targeted projects have produced a higher impact.

Where are we in the implementation?

- In a context in which 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 reached a level of 95%.
- Budget implementation in 2020 was characterised by challenges relating to COVID-19, resulting in an unprecedented number of activations of the Union Civil Protection Mechanism. The instrument therefore received several budgetary reinforcements (under both heading 3 and heading 4) totalling EUR 442 million through two amending budgets (EUR 415 million) and redeployments from other instruments (EUR 27 million). Such 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 will be made from 2021 onwards.

Performance assessment

- The Union Civil Protection Mechanism has performed strongly over recent years. In the area of prevention, the mechanism has been instrumental in fostering an EU-wide culture of prevention, notably supporting those Member States and neighbouring countries whose structures and policies were less advanced.
- Concerning prevention and preparedness activities, the focus continued to be on strengthening cooperation with the immediate neighbourhood, notably with the Instrument for Pre-accession Assistance countries (the western Balkans in particular) and with the southern and eastern neighbourhood countries. There, new phases of regional programmes were launched, despite the difficult COVID-19 crisis context and the lack of face-to-face meetings. Specific workshops on different areas relating to disaster management in general were organised with the Union for the Mediterranean. Prevention and preparedness projects with a cross-border dimension continued to be financed in non-EU countries. Efforts were made to increase the availability and use of scientific knowledge on disasters, and the early warning and information systems for natural disasters were strengthened.
- Concerning disaster response, the activation of the Union Civil Protection Mechanism and the provision of rapid support are seen by many Member States as a sign of European solidarity. Most activations (around two thirds) of the mechanism are requested by non-EU countries, which shows the international relevance that it has acquired and the capacity and will that EU Member States have to send assistance and expertise to non-EU countries in need.
- Efforts to raise awareness of the Union Civil Protection Mechanism in non-EU countries should be continued. In this regard, the role of EU delegations and regional offices is essential.
- The COVID-19 pandemic has had a significant impact on Union Civil Protection Mechanism activities, due to the unforeseen consequences generated by the pandemic. This has required constant and rapid adaptation to the situation, leading generally to two main scenarios: (1) finding flexible approaches in order to carry out the activities provided for in the management plan and various unit work plans; or (2) rapidly adapting to new events and setting up new activities/initiatives that were not initially planned. Areas that have been particularly affected by the pandemic under this part of the programme include, for instance, those relating to training and exercises (given the restrictions in place); the submission of prevention-related information; and many of the initially planned communication actions, which had to be revised or postponed.

Concrete examples of achievements

57	17	100 000	2	32
activations of the Union Civil Protection Mechanism outside the EU in 2020, 17 of which were non-COVID-19 related.	EU civil protection experts were deployed in Lebanon in 2020 following the blast in the port of Beirut, in addition to search and rescue and chemical, biological, radiological and nuclear modules.	passengers were repatriated to the EU, including 90 060 EU citizens, on 408 flights.	new regional programmes were successfully launched on prevention, preparedness and response (Instrument for Pre-accession Assistance countries; Eastern Partnership countries – prevention, preparedness and response to man-made and natural disasters).	activations of the Copernicus emergency management service occurred in 2020.

LEGAL BASIS

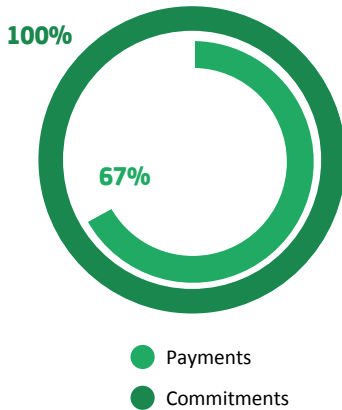
Regulation (EU) No 282/2014 of the European Parliament and of the Council and repealing Decision No 1350/2007/EC

MORE INFORMATION

<https://europa.eu/!RU73Pq>

BUDGET ALLOCATION 2014-2020

EUR 452.3 million

OVERALL EXECUTION (2014-2020)**Evaluations/ studies conducted**

The midterm evaluation of the third health programme was carried out in 2017. For further information, see: <http://europa.eu/!pc44qn>

How is it implemented?

The Directorate-General for Health and Food Safety is the lead DG for the implementation of the programme. The programme is implemented through direct management.

HEALTH PROGRAMME

EUROPEAN UNION ACTION IN THE FIELD OF HEALTH

What is the health programme?

Good health is a major concern for EU citizens, all the more so in the ongoing major crisis due to the COVID-19 outbreak. The EU contributes to better health protection through its policies and activities, in accordance with Article 168 of the Treaty on the Functioning of the European Union. However, the EU does not define health policies or the organisation and provision of health services and medical care. Instead, it works to complement national policies and to support cooperation between Member States in the field of public health.

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 the policies of Member States aimed at improving the health of their citizens and reducing health inequalities, encouraging innovation in health and increasing the sustainability of health systems. The programme has four specific objectives:

- (1) to promote health and healthy living and prevent disease;
- (2) to protect EU citizens from serious cross-border health threats;
- (3) to contribute to innovative, efficient and sustainable health systems;
- (4) to facilitate access to better and safer healthcare for EU citizens.



Specific objectives

- Identify, disseminate and promote the uptake of evidence-based and good practices for cost-effective health promotion and disease prevention measures by addressing in particular the key lifestyle-related risk factors, with a focus on EU added value.
- Identify and develop coherent approaches and promote their implementation for better preparedness and coordination in health emergencies.
- Identify and develop tools and mechanisms at EU level to address shortages of resources, both human and financial, and to facilitate the voluntary uptake of innovations in public health intervention and prevention strategies.
- Increase access to medical expertise and information for specific conditions beyond national borders, facilitate the application of the results of research, and develop tools for the improvement of healthcare quality and patient safety.

Why is it necessary?

The programme focuses on fostering the exchange of best practices between Member States and supporting networks for knowledge sharing or mutual learning. Moreover, actions are undertaken to address cross-border health threats, to reduce risks and mitigate consequences. The health programme addresses issues relating to the internal market, where the EU has substantial legitimacy to ensure high-quality solutions across Member States and targets actions unlocking the potential of innovation in health. It promotes actions that could lead to a system of benchmarking or improving economies of scale by avoiding waste due to duplication and by optimising the use of financial resources.







Outlook for the 2021-2027 period


The programme will continue as the EU4Health programme, a new and stand-alone financial instrument that will provide a solid basis for coordinated EU action and an unprecedented EU investment in health. The programme will ensure continuity with the work done under the 2014-2020 multiannual financial framework.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS			EXECUTED PAYMENTS	
66.4		2018		56.1
68.3		2019		62.9
72.4		2020		60.2

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Member States that have national initiatives on the reduction of saturated fat ⁽¹⁾	12	 75%	28	24 Member States out of 28	On track
Member States in which the European accreditation scheme for breast cancer services is implemented		 21%	28	6 Member States out of 28	Deserves attention
Member States integrating coherent approaches in their preparedness plans ⁽²⁾		 70%	28	22 Member States out of 28	Moderate progress
Member States deploying or using patient summaries data/e-prescription in line with the EU guidelines		 > 100%	18	23 Member States compared to target of 18	On track
European reference networks established		 80%	30	24 networks out of 30	On track
Widening of established European reference networks		 82%	1 450	1 185 healthcare units joined reference networks out of 1 450	On track

 % of target achieved by the end of 2020

NB: As of 31 January 2020, there are 27 Member States.

Where are we in the implementation?

- As of the first quarter of 2021, 100% of the allocated budget (EUR 452.3 million for the 2014–2020 period) had been committed through projects and other actions pursuing the programme's objectives; 67% of the total budget (i.e. EUR 305.3 million) had been paid to participants/beneficiaries or for the procurement of services necessary for the implementation of the programme. Outstanding payments (33% of the budget, or EUR 147 million) account for projects or actions launched in the last 2–3 years which are not yet completed and therefore have not led to final payments by the Commission.

Performance assessment

- The midterm evaluation of the third health programme, carried out in 2017, concluded that its implementation was on track. Its major achievements included the creation of 24 European reference networks, support for Member States to increase their capacity building for responding to outbreaks (such as the outbreaks of the Ebola and Zika viruses), contributing to the EU's migration policy by supporting Member States in responding to the health needs of a high influx of migrants and refugees, and the training of health professionals and other frontline staff.
- The experience from the ongoing COVID-19 crisis has demonstrated that the EU must improve health systems so that they are ready to provide state-of-the-art services and care and are prepared to cope with epidemics and other unforeseeable challenges. Overall, the crisis has highlighted the fragility of national and local health systems and the need for coordinated, strong action at EU level to complement the health policies of the Member States. These challenges will be addressed in the new EU4Health programme.
- While reorienting and gearing a portion of its resources towards fighting the COVID-19 pandemic, the health programme continued the implementation of its main actions with a view to enhancing and further consolidating key achievements over the implementation period of 2014 to 2020.
- As for the general objective of the programme, the indicator shows that the general health of EU citizens has improved, which is demonstrated by the number of healthy life years expected at birth.
- Trends are positive for most indicators. The decrease seen in the indicator concerning the number of Member States in which the European accreditation scheme for breast cancer services is implemented can be explained by the fact that, in 2019, developers of guidelines and/or national authorities of (only) six Member States used, implemented or adapted their national cancer plans in view of the EU guidelines, EU evidence base or methodology developed by the European Commission initiative on breast cancer, coordinated by the Joint Research Centre. Some indicators only show major progress in 2020 (e.g. the indicator on the number of health technology assessments and the indicator on the number of healthcare providers and centres of expertise joining European reference networks). In some cases, progress was affected by the COVID-19 crisis, such as in the case of the uptake of health technology assessments, where the uptake depends on the needs of national health technology assessment bodies. As for the number of healthcare providers and centres of expertise joining European reference networks, the number fell from 2018 to 2019, which was due to cleaning of duplicate records; the number has increased again since.

Concrete examples of achievements

24	1 185	EUR 6.9 million	23
European reference networks established (involving healthcare providers across Europe) with the aim of tackling complex or rare medical diseases or conditions that require highly specialised treatment and a concentration of knowledge and resources.	healthcare providers and centres of expertise have joined the European reference networks.	in EU contributions to the Joint Action on Antimicrobial Resistance and Healthcare-Associated Infections, which supports EU Member States in developing and implementing effective 'one health' action plans against antimicrobial resistance and healthcare-associated infections.	Member States using the tools and mechanisms identified in order to contribute to effective results in their health systems, addressing shortages of resources, both human and financial, and facilitating the voluntary uptake of innovations in public health intervention and prevention strategies.

LEGAL BASIS

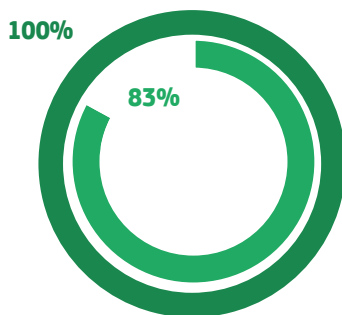
Council Regulation (EU) 2016/369 of 15 March 2016 and Council Regulation (EU) 2020/521 of 14 April 2020 activating the emergency support under Regulation (EU) 2016/369, amending its provisions taking into account the COVID-19 outbreak

MORE INFORMATION

<https://europa.eu/!TD74kT>

BUDGET ALLOCATION 2020 (*)

EUR 2 700 million

OVERALL EXECUTION (2020)

- Payments
- Commitments

(*) The analysis of the budget and its implementation only focuses on 2020, when the instrument was used to tackle the COVID-19 crisis. The previous activations of the instrument in the 2014-2019 period, notably to tackle the migration crisis, are not taken into account here.

Evaluations/ studies conducted

The 2016-2019 activation of the ESI in response to the refugee crisis in Greece was subject to an evaluation in 2019. For further information, see: <https://europa.eu/!Vq34DU>

How is it implemented?

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 and the Directorate-General for Budget, to provide strategic coordination of the ESI. The ESI is centrally managed by the Commission and implemented mostly through direct management.

EMERGENCY SUPPORT INSTRUMENT

EMERGENCY SUPPORT WITHIN THE EU

What is the Emergency Support Instrument?

The general objective of the Emergency Support Instrument (ESI) in 2020 was to provide needs-based emergency support, complementing the efforts of Member States, aimed at preserving lives, preventing and alleviating human suffering, and maintaining human dignity, wherever the need arose as a result of the COVID-19 pandemic. The nature and consequences of the pandemic are large-scale and transnational, affecting all Member States, due to 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. The ESI provides added value by directly supporting the healthcare systems of Member States through targeted measures that can be deployed strategically and in a coordinated manner to have a greater impact on mitigating the large-scale consequences of the pandemic.



Specific objectives

- The legal basis of the ESI does not set out specific objectives, as it is designed to allow for a comprehensive and flexible response to the urgent, evolving and diverse needs of an emergency – in this case, during the COVID-19 pandemic. In line with the legal basis, the Commission cooperated closely with the Member States in 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 programming, and informed them of the state of play of the actions to be financed by the instrument. This cooperation and exchange informed the choice of actions to be prioritised. The European Parliament was also kept informed.

Why is it necessary?

The ESI complements the efforts of Member States, in close cooperation and consultation with them, and intervenes only in exceptional circumstances where no other instrument available to Member States and to the EU is sufficient. The scale and nature of the COVID-19 pandemic across all Member States require a comprehensive response. Other EU instruments are limited in scale and scope and do not provide a sufficient response to address the exceptional and wide-ranging needs resulting from the pandemic in a timely manner.

The EU is better placed than Member States, acting alone and in an uncoordinated manner, to mobilise appropriate levels of financing and use them to implement operations of a potentially life-saving nature in an economic, efficient and effective manner by means of its scale, speed of deployment or capacity to provide EU-level solutions to underpin cross-border cooperation. Given the unprecedented consequences of the pandemic for all citizens and all sectors of the economy, and

considering the need for rapid and efficient action as well as the complementarity of the emergency support provided, the instrument does not go beyond what is necessary to achieve its objective.

Outlook for the 2021-2027 period

In March 2021, the Commission proposed reinforcing the budget of the ESI, with an amount of EUR 231.7 million, in order to provide urgent additional funding for the COVID-19 response in 2021, in particular to underpin the development of digital green certificates and to address emerging variants of the virus. The instrument expires on 31 January 2022 and hence no appropriations are requested for 2022. By then the actions currently financed by the ESI are expected to be covered by the new generation of programmes, in particular EU4Health, as appropriate.

Budget implementation (in million EUR) (*)



Where are we in the implementation?

- The ESI was activated in 2020 for a limited period of time to meet the urgent needs associated with the rapidly evolving pandemic. The implementation rate for commitment appropriations was 100% as concerns the EUR 2.7 billion voted budget credits, which were mobilised in amending budgets over the course of 2020. Of the EUR 750 million in external assigned revenue from Member States' contributions received by 15 December 2020, some EUR 416.6 million remains to be committed. These funds will be used to further extend funding available for the promising vaccine candidates. Financial execution for the instrument – both in terms of commitments and payments – is on track.
- As concerns payments, the initial voted budget credits of EUR 1.38 billion for 2020 proved inadequate, largely because the objective of the instrument is to provide emergency support and hence payment appropriations are generally needed very shortly after contracts are signed. In July 2020, the European Parliament and the Council of the European Union agreed to the Commission's request to transfer of an initial EUR 140 million in payment appropriations to the ESI. A further EUR 1.09 billion in payment appropriations was transferred to the instrument in September 2020, bringing the total payment appropriations available to EUR 2.61 billion. Of this, some EUR 2 231 million had been used by the end of 2020, which represents an implementation rate of 85% of the available credits.
- Due to delays in the reception of relevant supporting documents or in the finalisation of the contracts, some payments initially planned for 2020 were postponed to 2021. Moreover, several payments will be due in 2021 for other actions.
- The payment appropriations in the 2021 budget were not expected to be sufficient to honour all these outstanding commitments. Therefore, some EUR 378.88 million in payment appropriations was carried over to 2021 by a Commission decision. Most of the remaining payments are set to be executed by the end of 2021.
- As concerns the external assigned revenues from Member States' contributions, payment appropriations amounting to the equivalent of the remaining commitment appropriations remain to be executed. As these appropriations are intended for use as part of the vaccines initiative, payments are expected to follow swiftly once the remaining advance purchase agreements are signed.
- Given the need for urgent additional funding for the COVID-19 response in 2021, in particular to allow for the financing of the digital green certificates, waste water monitoring and testing of new variants, in March 2021 the Commission proposed the mobilisation of the ESI for an amount of EUR 231.7 million.

Performance assessment

- The ESI 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 adaptable to emerging needs.
- The ESI has proven its effectiveness in quickly mobilising resources towards the needs identified in the context of the COVID-19 pandemic, and therefore it has met its objective of responding to the urgent, evolving and diverse needs of Member States in responding to a crisis.
- Over the course of 2020, the major focus of the instrument (requiring some 86% of available funding) has been to conclude 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, 2.6 billion doses of COVID-19 vaccines were secured for Member States once they had been proved safe and effective.
- The instrument allowed all Member States to have access to the antiviral 'remdesivir' at a time when contracts were not available to individual countries and remdesivir was the only medication approved in the EU to treat COVID-19. The ESI secured some 200 million rapid antigen tests for Member States. Grants were awarded to 49 projects totalling EUR 150 million to support cargo transport of essential medical supplies into the EU at a time of limited cargo transport availability and accordingly higher costs. Furthermore, some 280 medical personnel and around 40 patients were transported across borders to ensure the best deployment of available infrastructures and save lives. The ESI funded solutions to support interoperability between national contact tracing apps: 16 national tracing apps are now connected through the EU gateway, and 13 Member States received support to adapt their apps and back-end servers in order to connect to the gateway. Working with the national branches of the International Federation of Red Cross and Red Crescent Societies, the instrument ensured the stepping-up of testing capacities across the seven Member States that expressed an interest: 3 500 volunteers and professionals have been trained in testing techniques, and 75 mobile testing teams have been established. Across the EU, 15 000 professionals in 750 hospitals have been trained in intensive-care unit skills, and the Commission has been approached by non-EU countries wishing to join the training programme. The instrument has also funded the supply of at least 200 ultraviolet disinfection robots to hospitals across the EU. The instrument delivered some 10 million masks to medical staff in the early phase of the crisis. A first batch of 1.5 million masks purchased and distributed to Member States did not meet the necessary quality standards and was destroyed; under the terms of the contract the supplier provided replacements, and a quality-control contract was put in place to ensure that the necessary standards were met before the replacement and future batches were exported.
- The European Court of Auditors' review in January 2021 of the EU's initial contribution to the public health response, as published on 18 January 2021, addressed the state of play of the instrument as of 30 June 2020. It noted the role of the instrument in complementing Member States' and other EU responses. It did not make recommendations but acknowledged that it was a challenge for the EU to rapidly complement the measures taken within its formal remit, as public health is primarily a national competence. With regard to the Commission's financial support for vaccine development, the Court highlighted that the Commission had mitigated the inherent risk linked to vaccine development by investing in a range of vaccine technologies and companies.
- In February 2021, the Commission reported on the allocation of funding to ESI actions in 2020, which also provided an update on the state of play of implementation.

Concrete examples of achievements

2.6 billion	1 500	283	150	10 million	At least 200
doses of COVID-19 vaccines secured for delivery once vaccines have proved safe and effective, with the potential for Member States to purchase more. Deliveries started in December 2020.	cargo operations involving over 1 000 flights and 500 transports by road, rail and sea between April and September 2020, delivering medical supplies life-saving personal protective equipment, and testing and medical equipment.	medical personnel and 34 patients transported according to needs during 2020.	local blood- or plasma-collection centres were awarded grants for blood-collection services to step up programmes for collecting plasma from recovered COVID-19 patients from January 2021.	masks for healthcare workers distributed to Member States from July to October 2020.	ultraviolet disinfection robots, together with transport, installation and training of operating staff, started to be delivered on 26 February 2021. Monthly batches of 30 robots or more will be delivered throughout 2021.

LEGAL BASIS

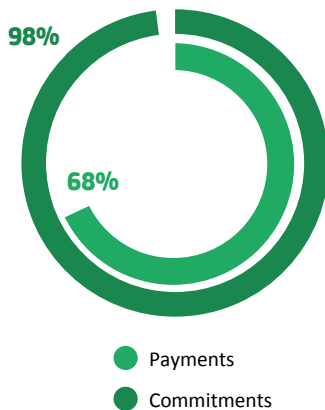
Regulation (EU) No 1296/2013 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/!Qw97vT>

BUDGET ALLOCATION 2014-2020

EUR 899.6 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

The midterm evaluation of EaSI was carried out in 2017. For further information please consult: <http://europa.eu/!wy63PW> and <http://europa.eu/!bx37TB>

How is it implemented?

The Directorate-General for Employment, Social Affairs and Inclusion is the lead DG for the implementation of the programme. The programme is implemented through direct (grants and procurement) and indirect (European Fund for Strategic Investments equity instrument and delegation to financial intermediaries) management.

EaSI

EUROPEAN UNION PROGRAMME FOR EMPLOYMENT AND SOCIAL INNOVATION

What is EaSI?

The European Union programme for employment and social innovation (EaSI) is a financing instrument at 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. The three axes of EaSI support the modernisation of employment and social policies (Progress axis), job mobility (EURES axis) and access to microfinance and social entrepreneurship (microfinance / social entrepreneurship axis).

Specific objectives

- Support the development, implementation, monitoring and evaluation of the EU's instruments, employment and social policies referred to in Article 1 of Regulation (EU) No 1296/2013 (promoting a high level of quality and sustainable employment, guaranteeing adequate and decent social protection, combating social exclusion and poverty and improving working conditions) and relevant law, and promote evidence-based policymaking, social innovation and social progress, in partnership with the social partners, civil-society organisations and public and private bodies (Progress axis).
- Promote workers' voluntary geographical mobility on a fair basis and boost employment opportunities by developing high-quality and inclusive European Union labour markets that are open and accessible to all, while respecting workers' rights throughout the EU, including freedom of movement (EURES axis).
- Promote employment and social inclusion by increasing the availability and accessibility of microfinance for vulnerable people who wish to start up a micro-enterprise and for existing micro-enterprises, and by increasing access to finance for social enterprises (microfinance / social entrepreneurship axis).

Why is it necessary?

The EaSI programme provides EU funds to coordinate the implementation of the employment and social objectives of the Europe 2020 strategy for smart, sustainable and inclusive growth. It focuses on key actions with high EU added value, such as:

- supporting EU policymaking;
- focusing on the transnational dimension of employment, social situation, working conditions, and health and safety at work;
- ensuring the development and proper application of EU laws in the fields of employment, working conditions, health and safety at work and social protection;
- promoting workers' geographical mobility within the EU by developing recruitment and placement services;
- increasing the availability and accessibility of microfinance, as additional funding is more likely to be attracted from third-party investors such as the European Investment Bank.

Outlook for the 2021-2027 period

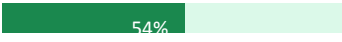





This programme will be included within the new European Social Fund+ for the next multiannual financial framework (for 2021-2027).


To this end, support structures and initiatives are being established to improve the participation in the EaSI strand and to assist in upscaling, mainstreaming and/or replication of EaSI project results, for instance by using other funds, notably under the shared management strand of the European Social Fund+.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
129.3		2018	115.1
134.5		2019	126.0
115.8		2020	96.4

Key performance indicators

	Baseline	PROGRESS TOWARDS THE TARGET	Target	Results	Assessment
Visits to the EURES platform ⁽¹⁾		 54%	2.0 m	1.1 million out of 2.0 million	Deserves attention
Youth job placements achieved or supported under the preparatory action 'Your first EURES job' and targeted mobility schemes ⁽²⁾		 97%	15 000	14 602 out of 15 000	On track
EURES advisers' contacts with jobseekers, job changers and employers ⁽¹⁾		 97%	1.4 m	1.4 million out of 1.4 million	On track
Businesses created or consolidated – microfinance		 > 100%	41 000	97 271 compared to a target of 41 000	On track
Businesses created or consolidated – social enterprises		 > 100%	1 100	3 337 compared to a target of 1 100	On track
Proportion of beneficiaries that have created or further developed a business with EU microfinance that are unemployed or belonging to disadvantaged groups: Progress microfinance		 21%	50%	12% out of a target of 50%	Deserves attention

 % of target achieved by the end of 2020

⁽¹⁾ Average of results for 2014-2020. ⁽²⁾ Results for the period between 2014 and the 1st semester of 2020.

Where are we in the implementation?

- Up to the end of 2020, almost EUR 883 million had been committed for the implementation of EaSI's activities. In the 2014-2020 period, 52 calls for proposals led to 425 projects, involving over 1 282 beneficiaries. Of these, 1 170 were from the EU and the rest from other participating countries.
- In 2020, the Progress axis focused on gathering evidence through studies, analysis 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 through financial support for 23 key EU-level non-governmental organisations.
- The EURES axis in 2020 supported the European Job Mobility Portal, provided 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 105 contracts.
- In response to the COVID-19 crisis, deadlines were extended under the calls for proposals launched in 2020, resulting in delays in the award of grants. The crisis also caused delays in the implementation of projects. In order to support the organisations, payments were processed more speedily thanks to: (i) the use of e-signatories and the acceptance of e-documents; and (ii) the larger reliance on *ex post* verifications. Despite the impact of the crisis, at the end of 2020, three transactions worth EUR 19.2 million had been concluded and 10 transactions worth EUR 66 million were in the pipeline under the microfinance / social entrepreneurship axis. Furthermore, contracts worth EUR 54.3 million were signed in 2019-2020. In 2020, the EaSI guarantee delegation agreement was amended to introduce COVID-19 support measures allowing for higher risk sharing, while the social entrepreneurship strand welcomed financial intermediaries from Germany and Portugal.

Performance assessment

- EaSI's efforts to scale up projects will be increased under ESF+ through the competence centres for social innovation, the database of social innovation projects and the creation of national contact points to guide applicants and beneficiaries. EaSI will continue to test new small-scale policy approaches through social experimentation methods and to serve as a basis for social innovation upscaling, mainstreaming and/or replication of activities.
- PROGRESS.** The evidence generated contributed to the European semester, including its annual sustainable growth strategy, and to policy initiatives in the field of employment and social affairs. The latest EaSI performance monitoring reports covering 2017 and 2018 showed that EaSI's stakeholders provided positive feedback on its deliverables. According to its key performance indicators the axis has already met almost all of its targets.
- EURES.** In 2020, the number of unique visits to the EURES Job Mobility Portal decreased, but the overall number of visitors was high. Regarding the targeted mobility schemes, the number of placements decreased significantly. These trends relate to the pressure put on labour mobility by the COVID-19 crisis. The 2020 labour mobility report confirmed that in recent years labour mobility has continued to grow, but at a much slower pace. This had an effect on the amount of interest in the EURES portal. It is expected that once the economic recovery kicks in workforce requirements will rebound, which will also lead to an increase in traffic on the EURES portal. The EURES targeted mobility scheme continues to deliver good results, mainly due to improvements in: (i) the integration of the overall EURES service package; (ii) the intervention methodology, thanks to the experience that has been accumulated; and (iii) communication about the projects. While in 2020-2021 placements will be affected by the COVID-19 crisis, in the medium term the impact is not expected to be major. Overall, the number of youth job placements achieved or supported under the 'Your first EURES job' action and the targeted mobility schemes has been increasing significantly from one year to the next since 2018.
- Microfinance / social entrepreneurship.** The number of final-recipient countries increased in 2020. The targets set have largely been reached. However, the indicator on the proportion of beneficiaries that were unemployed or belonged to disadvantaged groups and that created a business with EU microfinance saw a downward trend. This was mainly due to a change in reporting to take into account that one final recipient could fall under four subcategories of the indicator and therefore had to be counted only once. Also, the target may have been set too high, without taking the reporting difficulties duly into account.

Concrete examples of achievements

74%	64%	14 602	30 942	EUR 1.2 billion	EUR 4 billion
of EaSI stakeholders declared in 2018 that they have used / will use EaSI outputs.	of EaSI stakeholders declared in 2018 that they have used / will use EU-funded social policy innovation for policymaking or implementation.	job placements were obtained from the start of the targeted mobility schemes in 2015 and 'Your first EURES job' in 2016 until the end of the first semester of 2020.	vacancies were handled in the first semester of 2020 by 11 EURES cross-border partnerships.	worth of loans were awarded to 97 271 microenterprises between 2014 and 2020 thanks to EUR 222.7 million in guarantees for 104 microfinance intermediaries.	of financing for micro- and social enterprises is expected to be unlocked at the end of the borrowing period thanks to the 141 contracts under the microfinance / social entrepreneurship axis.

LEGAL BASIS

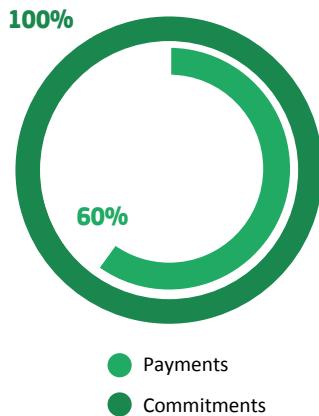
Regulation (EU) No 1304/2013 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/Xf89Qm>

BUDGET ALLOCATION 2014-2020

EUR 93 630.6 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

As of February 2021, the Member States have published 745 ESF evaluations of the 2014-2020 programmes, including 164 impact evaluations. They are available at: <https://europa.eu/ljF78MM>

Four thematic evaluations by DG Employment, Social Affairs and Inclusion on (1) ESF / Youth Employment Initiative support to youth employment, (2) employment and labour mobility, (3) social inclusion and (4) education and training were finalised. The studies and evaluations related to ESF can be consulted at: <http://europa.eu/vw37rR>

How is it implemented?

The Directorate-General for Employment, Social Affairs and Inclusion is the lead DG for the implementation of this shared management programme.

ESF

EUROPEAN SOCIAL FUND

What is the ESF?

The European Social Fund (ESF) is the EU's main 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 is improving the job prospects of millions of Europeans, in particular those who find it difficult to get work.

**Specific objectives**

- Promoting sustainable and quality employment and supporting labour mobility.
- Promoting social inclusion, combating poverty and any form of discrimination.
- Investing in education, training and vocational training for skills and lifelong learning.
- Enhancing the institutional capacity of public authorities and stakeholders, and efficient public administration.
- Promoting specific support for young people (aged 15-24) not in employment, education or training.

Why is it necessary?

The ESF is the EU's main source of funding to support structural reforms in the fields of employment, education and training, with a direct link to the priorities and headline targets of the Europe 2020 strategy in terms of employment, education and poverty. It contributes to the promotion of economic and social cohesion and to social inclusion within the EU, and serves as an instrument for financial solidarity and economic integration.

Ample evidence demonstrates that EU policies supported by the ESF would not have been implemented, or would have been realised to a significantly lesser extent, had it not been for EU investment. At the same time, through EU funding, Member States invest in areas and target groups (or pursue reforms) that they would not have pursued – even where national funding is available. As such, the ESF acts as an important instrument to support many Member States' reform efforts in areas of crucial importance for the EU economy, in line with recommendations issued in the context of the European semester: reforms in labour market policies and youth employment; modernisation of vocational education and training; welfare system and administrative reforms. Member States often refer to the fact that, even when national resources are available to fund areas of social expenditure, the ESF has provided the necessary incentivising framework to deliver on long-term investments supporting structural reforms (often in a

sustainable manner spanning more than one political cycle). In particular, administrative capacity building financed by the fund has supported the implementation of structural reforms.

Outlook for the 2021-2027 period

The Commission's 2018 proposal for the 2021-2027 multiannual financial framework was amended in 2020 to address the long-term challenges brought about by the COVID-19 pandemic.






In the new programming period, the ESF+ will integrate the current ESF, the Youth Employment Initiative, the Fund for European Aid to the Most Deprived and the EU programme for employment and social innovation.


In the 2014-2020 multiannual financial framework the above programmes addressed similar policy objectives, but were implemented independently according to different sets of rules, making it difficult to establish synergies. In the 2021-2027 multiannual financial framework these funds are merged into a single programme, so as to pool available resources to support integrated investments in people and avoid overlaps.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
13 417.3		2018	13 087.8
13 737.3		2019	13 403.8
14 645.0		2020	14 390.5

Key performance indicators

	Baseline	PROGRESS TOWARDS THE TARGET	Target	Results	Assessment
Participants in employment, including self-employment, upon leaving the ESF intervention		 23%	24%	23% of participants out of 24%	On track
Participants considered to belong to disadvantaged groups reached by the ESF		 > 100%	40%	42% of participants compared to a target of 40%	On track
Participants gaining a qualification upon leaving the ESF intervention in education, training and vocational training for skills and lifelong learning		 > 100%	23%	24% of participants compared to a target of 23%	On track
Unemployed participants completing the Youth Employment Initiative intervention		 80%	2.1 m	1.7 million out of 2.1 million unemployed participants	On track
Inactive young people not in employment, education or training gaining a qualification or employment upon leaving the Youth Employment Initiative intervention		 94%	0.26 m	0.24 million out of 0.26 million inactive participants	On track

 % of target achieved by the end of 2019

Where are we in the implementation?

- With an overall budget (EU and national share) of EUR 120.5 billion (not including the Youth Employment Initiative, which receives an EU contribution of EUR 8.9 billion), implementation of the ESF / Youth Employment Initiative has progressed relatively well, despite the temporarily lower level of Member States' expenditure declarations due to the impact of the COVID-19 crisis. A significant year-to-year decrease in the amounts declared by the Member States was observed for the second quarter of 2020, when only EUR 1.5 billion was declared, compared to EUR 2.1 billion during the second quarter of 2019. Nevertheless, since mid 2020, the coronavirus response investment initiative and the coronavirus response investment initiative plus have allowed for an unprecedented redirection of the ESF / Youth Employment Initiative to address the effects of the public health crisis and contribute to a swift recovery. This included simplifying administrative procedures and reducing the administrative burden on Member States. The Commission worked closely with the managing authorities to ensure the swift mobilisation of ESF / Youth Employment Initiative resources on the ground. The managing authorities have been supported through regular bilateral contact with DG Employment, Social Affairs and Inclusion geographical units and through the dedicated coronavirus response investment initiative platform. The impact of these initiatives on financial implementation was evident by the end of 2020, with 177 operational programme amendments having been launched to take advantage of the new possibilities provided to address the crisis. This concerns all areas of ESF support.
- The above initiatives were complemented in May 2020 by the recovery assistance for cohesion and the territories of Europe (REACT EU) package, a bridge between the immediate crisis response and the long-term recovery, which will be supported by the ESF+. By the end of 2020, the total cohesion policy resources mobilised/reprogrammed to counter the crisis were worth EUR 19.7 billion.
- The 2019 annual implementation reports show that the project selection rate increased steadily, reaching 85% at the EU level by the end of 2019 (EU and national share), i.e. an increase of 16 percentage points compared to last year's reporting. Expenditure rates rose steadily, reaching 39% at the EU level by the end of 2019.
- By the end of 2020, the ESF project selection rate stood at 99%. During the year, nearly EUR 13.8 billion was paid to the 2014-2020 ESF programmes (including prefinancing), lifting the absorption rate (i.e. interim payments made between 2014 and 2020 versus the 2014-2020 allocation) to 43%. This is 13 percentage points lower than the 2007-2013 programming period due to the lower level of expenditure declared by final beneficiaries. However, considering the trend observed since the start of the 2014-2020 programming period, the high level of ESF expenditure certified to the Commission in 2020 confirms that a mature phase of implementation has been reached for majority of the ESF programmes, and the difficulties relating to implementation, such as the late start of operational programmes at the beginning of the period, have been addressed.
- Whereas the differences between types of regions were significant in the early years of implementation, the figures reported in the 2019 annual implementation reports suggest that these differences have almost entirely disappeared. The implementation of the ESF / Youth Employment Initiative is picking up steam across the EU, including in Member States and regions that were lagging behind. Some outliers still exist in Croatia and Romania. Implementation weaknesses are addressed regularly in the context of ESF implementation and ESF+ programming negotiations between DG Employment, Social Affairs and Inclusion and the managing authorities.
- The use of financial instruments increased, and by the end of 2019 they were included in 10 Member States' operational programmes. 76% of them are committed under thematic objective 8 (employment), 10% under thematic objective 9 (social inclusion) and 14% under thematic objective 10 (education).
- The mature phase of the implementation of the Youth Employment Initiative continued in 2020. By the end of 2020 the total eligible cost of operations selected for support was EUR 10.8 billion and more than EUR 6.6 billion had been declared by beneficiaries, whereas nearly EUR 6 billion had been paid to the Member States (including interim payments and initial and annual prefinancing).

Performance assessment

- The ESF has been successfully promoting sustainable and quality employment (specific objective 1), supporting 14 million participants by the end of 2019. This marks a steady increase since 2016 and an improvement compared to 2018 (10.73 million participants). The trend reflects the idea that an acceleration in implementation and in the achievement of outputs/results typically takes place after the midterm. Moreover, all Member States implemented relevant projects by the end of 2019. These usually consist of relatively short interventions, results/outputs of which materialise faster. Also, the ESF programmes from the 2007-2013 period have now been fully implemented, allowing managing authorities to focus on the implementation of the current ESF programmes.
- In the field of social inclusion (specific objective 2), the ESF contributes to reducing poverty in the EU by targeting various specific groups, such as low-skilled people, the (long-term) unemployed, the elderly, people with a disability and people with a migrant/foreign background. The project selection rate under this objective shows that progress is relatively well underway for reasons similar to those presented for specific objective 1. However, some differences persist. In Greece and Italy the average project selection rate remained substantially below average, at 56.1% and 52.5% respectively. Nevertheless, it is worth noting for Italy that in the second half of 2020 several operational programmes increased and refocused the budget allocated to this specific objective by including anti-COVID-19 initiatives. Consequently, selection and payment rates are expected to increase significantly. Considerable improvement is also expected for Greece for the same reason. DG Employment, Social Affairs and Inclusion is in close contact with managing authorities to ensure that all implementation challenges are effectively addressed. By the end of 2019, social inclusion investments supported 8.6 million participants. Moreover, 42% of all ESF participants supported by the end of 2019 were considered to be part of disadvantaged groups. This value is above the target (40%) and has seen a slight increase since 2017. The indicator shows that the ESF is successfully reaching and supporting the most vulnerable groups, thus providing an important contribution to the headline

target of lifting people out of the risk of poverty or social exclusion. The evaluation of ESF support for social inclusion finalised in 2020 showed that the provision of personalised support is costly and requires more intense training of providers. Yet, sufficient time and personalised support for participants are crucial to ensure needs are met and to generate the desired results. For these reasons, DG Employment, Social Affairs and Inclusion will continue promoting the use of long-term strategies on long-term unemployment, implementing more person-centred approaches and advocating against the use of institutional care, including under the ESF+. Moreover, under the ESF+ Member States will have to allocate at least 25% of their related resources to promote social inclusion. DG Employment, Social Affairs and Inclusion will use evidence on costs from the current programming period and will continue advocating for personal support in the negotiations on ESF+ programmes, because this approach has proved to be more effective in the long run.

- In the field of education and training (specific objective 3), implementation is relatively high across all regions, with a project selection rate by the end of 2019 of 91.5%. In terms of participation and target achievement rates, no substantial differences can be seen. For the first time since the start of the programming period, all Member States that programmed interventions under this objective are now reporting participation. In total, 13.4 million participants were recorded for all operations in the field by the end of 2019, of which 4.7 million have reached an individual short-term result. This represents an improvement compared to 2018 (9.1 million). The conclusions of the dedicated ESF evaluation show that, compared to the other specific objectives, the lower percentage of positive results after 6 months is an inherent result. The reason is that longer-term common result indicators are oriented towards employment and measure the extent to which the employment situation of participants has improved, while actions under specific objective 3 mostly support skills development and, to some extent, the labour market relevance of education and training. Moreover, the lower success rates reported for low-qualified adults, people not in education, employment or training and disadvantaged groups are due to the fact that, in order to effectively support these target groups, it is necessary to intervene on an ad hoc basis, which is typically more expensive. DG Employment, Social Affairs and Inclusion advocates for a more person-centred approach and an increased focus on the most vulnerable groups and on digital skills across all ESF programmes. This is done through bilateral discussions between the directorate-general's desk officers and managing authorities in the context of the ESF+ programming negotiations and ESF implementation, and in the ESF Committee and the technical working groups.
- Institutional capacity investments (specific objective 4) supported 51 726 projects targeting public administrations or public services at the national, regional or local level compared to 27 644 projects supported in 2018. In terms of individual results, such interventions mainly contributed to public officials gaining a certain type of qualification (168 753), but the most meaningful results are procedural in nature, such as a shorter amount of time required for operations or specific positive results for organisations, public administrations, the judiciary and civil-society organisations, for example implementation of IT systems, revision or simplification of procedures and increased regulatory scrutiny.
- In the field of support for young people not in employment, education or training (specific objective 5), by the end of 2019 a total of 3 million people had benefitted from Youth Employment Initiative support. At the EU level, participants are well balanced from a gender perspective. The outputs and results under this objective indicate a positive trend in implementation and good progress in reaching the targets. The findings of the relevant ESF / Youth Employment Initiative evaluation highlight that integrated pathways are needed in order to better support disadvantaged groups across all ESF programmes. This will be addressed in the ESF+ through a specific focus on youth employment. Member States with a number of young people not in employment, education or training that is more than the EU average should devote at least 12.5% of their ESF+ resources to help them find a qualification or a good-quality job. All other Member States must allocate an appropriate amount of their ESF+ resources to targeted actions to support youth employment measures. Moreover, under the ESF+, DG Employment, Social Affairs and Inclusion intends to support better outreach, a person-centred approach and more inclusive measures.
- The main challenges identified by the ESF Committee and technical working group meetings were linked to the slow start of implementation and the high level of complexity associated with ESF management, along with a need for the active involvement of stakeholders and their representatives at all stages of projects. Discussions focused on, among other things, promoting the use of simplified cost options in ESF programmes and better involving social partners and all relevant stakeholders in the programming, implementation and monitoring phases of the ESF programmes through, for instance, the sharing of best practices. These challenges will be addressed in the next programming period, with the aim being to further simplify implementation.
- Furthermore, according to the thematic evaluations of ESF support between 2014 and 2020, the ESF makes a clear, positive contribution to the spheres of employment, social inclusion and education. The benefits manifest on the individual, regional and European levels. Notably, between 2014 and 2018, approximately 22 million people participated in ESF actions, 52% of whom were women. Furthermore, the labour markets of several regions with fewer employment and educational opportunities have made progress. ESF-funded operations could create an additional 327 000 jobs and increase the EU's gross domestic product by 0.33% through a renewed focus on improving the skills of workers and increasing overall labour productivity, according to the evaluation of ESF support for employment and labour mobility, social inclusion and education and training in 2014-2018. Current results suggest that the operations that are supported are cost-effective. Some additional elements that could increase the quality of results are the provision of sufficient financial and staffing resources to deliver operations and the design of ESF operations to contribute to regional and national priorities.
- These lessons have been taken into account in the regulatory framework for the 2021-2027 multiannual financial framework, and will feed into programme negotiations and any future impact assessment. Implementation will be simplified by facilitating the rollover of existing designations of implementing authorities. Programming will also be made easier notably thanks to simpler content for partnership agreements and programmes and lighter procedures for programme amendments. The ESF+ has an increased focus on results and simpler ways to claim payments by making more extensive use of simplified cost options and financing not linked to costs. Moreover, in the bilateral negotiations on the ESF+ programmes in the Member States, DG Employment, Social Affairs and Inclusion will address all challenges identified by the evaluations and by the ESF Committee and the technical working groups. 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 transition. It will also include 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 possible future exceptional and unusual circumstances.

Concrete examples of achievements

36.4 million	4.5 million	5.5 million	1.8 million	3.0 million	85%
people were supported by the ESF and Youth Employment Initiative actions by the end of 2019.	people found a job, including working for themselves, by the end of 2019 thanks to ESF and Youth Employment Initiative support.	people gained a qualification by the end of 2019 thanks to ESF and Youth Employment Initiative support.	people were in education or training by the end of 2019 thanks to ESF and Youth Employment Initiative support.	young people had benefited from the Youth Employment Initiative by the end of 2019.	was the average ESF project selection rate on the ground by the end of 2019.

LEGAL BASIS

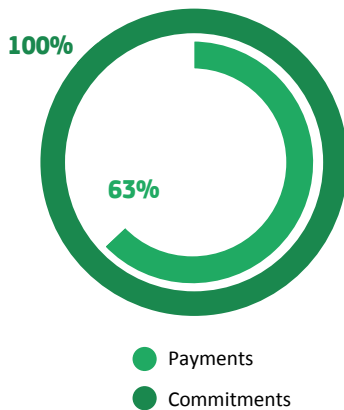
Regulation (EU) No 223/2014 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/gr99HB>

BUDGET ALLOCATION 2014-2020

EUR 3 813.7 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

The midterm evaluation of the Fund for European Aid to the Most Deprived was completed in 2019.

For further information please consult:

<https://europa.eu/kC98nP>

How is it implemented?

The Directorate-General for Employment, Social Affairs and Inclusion is the lead DG for the implementation of this shared management programme.

FEAD

FUND FOR EUROPEAN AID TO THE MOST DEPRIVED

What is FEAD?

The Fund for European Aid to the Most Deprived (FEAD) supports EU Member States' actions to provide assistance to the most deprived. This includes food, clothing and other essential items for personal use, such as shoes, soap and shampoo. Material assistance needs to go 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.

**Specific objective**

- To alleviate the worst forms of poverty in the EU by providing non-financial assistance to the most deprived people.

Why is it necessary?

The Europe 2020 strategy for smart, sustainable and inclusive growth encompasses a balanced vision of economic growth and social progress based on ambitious targets for employment, education and poverty reduction. Poverty and social exclusion are major obstacles to the achievement of the Europe 2020 objectives.

FEAD complements existing cohesion policy instruments, in particular the European Social Fund, by providing assistance to those who are too far from the labour market to benefit from the activation measures of the European Social Fund.

By addressing basic needs, the instrument helps moderate the effects of poverty and social exclusion for people who find themselves in situations of severe deprivation. By enabling the most deprived members of society to maintain their dignity and human capital, the fund contributes to strengthening social capital and social cohesion within their communities.

The results of the midterm evaluation of FEAD show that there are clear effects in a number of Member States where the fund fills a gap in national coverage. In several Member States, FEAD is the only source of publicly financed food aid. Even in Member States with established channels for food aid, FEAD is an additional source of funding and can bring additional products, cover new target groups and activities and increase territorial coverage. Moreover, there is evidence of process effects in improved partnerships between non-

governmental organisations and central administrations in the delivery of food and material aid. The additional volume of food to be distributed also means that partner organisations have expanded their capacity and increased their range of skills to include accompanying measures.

Outlook for the 2021-2027 period

The Commission's 2018 proposal for the 2021-2027 multiannual financial framework was amended in 2020 in order to address the long-term challenges brought about by the COVID-19 pandemic.

In the new programming period, the European Social Fund+ will integrate the current European Social Fund, the Youth Employment Initiative, FEAD and the EU programme for employment and social innovation.

In the 2014-2020 multiannual financial framework the above programmes addressed similar policy objectives, but were implemented independently according to different sets of rules, making it difficult to establish synergies. In the 2021-2027 multiannual financial framework these funds are merged into a single programme, so as to pool available resources to support integrated investments in people and avoid overlaps. Specific rules will apply to the support for material deprivation to keep it as streamlined as possible.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS			EXECUTED PAYMENTS	
555.3		2018		352.2
566.4		2019		502.3
577.7		2020		521.2

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Persons receiving assistance from the FEAD		<div style="width: 100%; background-color: #2e8b57; color: white; text-align: center;">100%</div>	12.7 m	12.7 million out of 12.7 million	On track

■ % of target achieved by the end of 2019

Where are we in the implementation?

- In the 2014-2020 period, 23 Member States distributed food and/or basic material assistance and provided accompanying measures. Four Member States ran social inclusion programmes. In 2019, an estimated 12.2 million people benefited from FEAD food assistance (with almost 350 000 tonnes of food having been distributed), over 800 000 received material assistance and around 30 000 benefited from social inclusion support. FEAD's annual reach of around 12.5 million people is stable and, given its budget, substantial. The fund is on track as regards physical and financial implementation.
- Regarding financial implementation, the total committed eligible public expenditure in 2019 was EUR 608 million, remaining stable overall. At the end of 2019, the cumulative funds committed from 2014 to 2019 amounted to nearly EUR 3.3 billion, or 74% of the total resources of the programmes. The EUR 478.5 million that was paid to beneficiaries in 2019 is comparable to previous years. The overall profile of target groups remained stable. The above data refer to the pre-COVID-19 situation.
- In 2020, the COVID-19 crisis temporarily resulted in lower Member State expenditure declarations. Such expenditure declarations in the second quarter of 2020 (EUR 51 million) represented less than half of the corresponding amount from 2019 (EUR 128 million). However, the situation improved in the second half of the year. Eventually, the total FEAD amount declared during 2020 was even slightly higher than the amount declared during 2019 (EUR 587 million eventually declared in comparison to EUR 573 million during 2019). The extent of COVID-19's impact will be known in the coming year, once the Member States submit their annual implementation reports.
- The FEAD regulation was first amended in April 2020 as part of the coronavirus response investment initiative plus to allow the use of indirect delivery modes, such as vouchers or cards to lower the risk of contamination, and to buy personal protective equipment for organisations delivering FEAD support. The amendments strengthened liquidity in Member States by allowing for a 100% co-financing rate for 1 accounting year. By the end of 2020, 10 FEAD programmes had been amended. Since July 2020, the effects of these amendments and the higher flexibility provided started to impact the financial implementation figures, with declared amounts higher in 2020 than in 2019 (EUR 587 million was eventually declared in comparison to EUR 573 million during 2019). A second amendment was adopted at the end of 2020 as part of the recovery assistance for cohesion and the territories of Europe initiative (REACT EU). It allows Member States to allocate additional funding to FEAD programmes as top-ups to existing support, such as food and/or basic material assistance or social inclusion programmes. They should be in line with each Member State's specific needs, and should take into account the increased number of the most deprived since the outbreak of the COVID-19 pandemic.
- Preparatory work for REACT EU programming is ongoing, with marked discrepancies between Member States due, for example, to varying timings; the fact that not all Member States will allocate resources from REACT EU to FEAD; the degree to which the COVID-19 crisis has affected the Member State involved; and their administrative capabilities. Estimates from Member States' managing authorities point to a significant transfer from REACT EU to FEAD.

Performance assessment

- According to the FEAD annual implementation reports covering the period up to the end of 2019, the fund contributed substantially to alleviating the worst forms of poverty in the EU and promoting social inclusion for those on the margins of society. Despite its limited budget, FEAD successfully complements national efforts to address material deprivation and to combat poverty and social exclusion. It notably addressed food deprivation, child poverty and homelessness. FEAD complements other EU funds, notably the European Social Fund and the Asylum, Migration and Integration Fund.
- FEAD frees up the financial resources of end recipients for other goods/services. A notable impact of FEAD in some Member States is the increased capacity and professionalisation of partner organisations and of the organisations involved in the distribution of assistance. The discontinuation of FEAD would have significant consequences in many Member States where FEAD is, in some cases, the main food and material assistance provider.
- FEAD is well on track to reach its objectives. The challenges in implementation related to capacity issues on the part of partner organisations, logistical challenges or legal difficulties. These were tackled, for example, through the flexibility of FEAD's design and strong cooperation between managing authorities and partner organisations.
- Based on FEAD's midterm evaluation, stakeholders value FEAD's flexibility and less-stringent administrative requirements, along with the established networks and operational delivery modes. Low thresholds allow aid to be provided to people not reached by the social services, such as homeless people, and also allow a quick response to emerging needs and crises.
- Aid delivery is mostly based on non-governmental organisations relying on volunteers, and is cost-efficient. Much of the administrative burden stems from Member States' own requirements, such as narrow definitions on eligibility. Member States have been encouraged to follow the regulation closely to avoid 'gold plating', and to share best practices.
- Past evaluations suggest that efficiency could be further improved by building the capacity of programme authorities and partners. To further strengthen performance, 18 FEAD network meetings were held between 2017 and 2019 to address challenges in implementation, including targeted outreach to the most deprived. A dedicated session took place in 2019 on monitoring and evaluating FEAD activities. In 2018 and 2019, the Commission hosted annual EU-level meetings on the transition to a new phase of capacity building, steered by representatives of the partner organisations. Mutual learning activities will replace FEAD network meetings to help discuss the remaining implementation challenges and the opportunities of the upcoming ESF+ more effectively.
- The findings of a 2017 structured survey on the end recipients of the food and/or basic material assistance operational programme, of an external evaluation and of the open public consultation were used for FEAD's midterm evaluation, and will feed into the negotiations for the 2021-2027 programmes.
- In the new European Social Fund+ regulation, European Social Fund and FEAD objectives are merged in a single integrated list. This is expected to simplify funding and increase synergy and complementarity. Also, specific rules apply to the support for material deprivation to keep it as streamlined as possible. Most Member States have indicated their willingness to have separate European Social Fund+ material deprivation programmes, as allowed by the European Social Fund+ regulation.

Concrete examples of achievements

12.2 million	> 800 000	30 000	2.0 million tonnes
people benefited from FEAD food assistance in 2019.	people received material assistance under FEAD in 2019.	people benefited from social inclusion support under FEAD in 2019.	of food was distributed among end recipients between 2014 and 2019, including 345 000 tonnes in 2019.

LEGAL BASIS

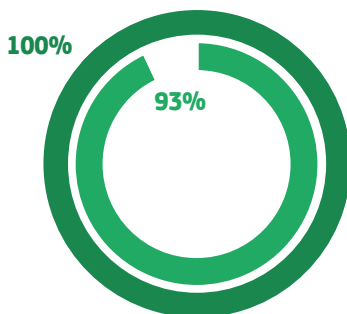
Regulation (EU) No 1288/2013 of the European Parliament and of the Council as amended by Regulation (EU) 2018/1475 and repealing Decisions No 1719/2006/EC, No 1720/2006/EC and No 1298/2008/EC

MORE INFORMATION

<http://europa.eu/!tU79tW>

BUDGET ALLOCATION 2014-2020

EUR 14 958.1 million

OVERALL EXECUTION (2014-2020)

- Payments
- Commitments

Evaluations/ studies conducted

In 2019, the results of two new Erasmus+ impact studies were made available – see:

<https://europa.eu/!RH98bU>
<https://europa.eu/!RD46kH>

How is it implemented?

The Directorate-General for Education, Youth, Sport and Culture is the lead DG for the implementation of the programme.

It is implemented through a combination of direct and indirect management (through grants and procurements) and financial instruments.

ERASMUS+

THE EU PROGRAMME FOR EDUCATION, TRAINING, YOUTH AND SPORT

What is Erasmus+?

Erasmus+ is the EU's flagship programme to support and strengthen education, training, youth and sport. For the past three decades, Erasmus+ and its predecessors have enriched lives and opened minds through opportunities for young people, learners and staff of all ages to study, train and gain experience abroad, in Europe or beyond, and have fostered the sharing of knowledge and experience between institutions, organisations and policymakers in different countries. At the same time, the programme fosters European identity and reinforces European values. The new Erasmus+ has a strong focus on social inclusion, the green and digital transitions, and promoting young people's participation in democratic life.



Specific objectives

Supporting education and training

- The programme contributes to the achievement of the objectives of the Europe 2020 strategy, notably the following: the headline education target; the objectives of the strategic framework for European cooperation in education and training for sustainable development of higher education in partner countries; the objectives of the renewed framework for European cooperation in the area of youth (2010-2018) for building best practices in education policy, gathering and disseminating knowledge and promoting educational policy reforms at national and regional levels; the objective of developing the European dimension in sport; and the promotion of European values, in accordance with Article 2 of the Treaty on European Union.

Why is it necessary?

The Erasmus+ programme is unique in its scale, scope and global recognition, covering 33 European countries (EU Member States plus associated countries) and is accessible to the rest of the world through its international activities. Erasmus+ is a true lifelong learning programme offering learning opportunities for people of all ages – from school pupils to adult learners; from higher education students to learners in vocational education and training; and from young people to youth workers and sports coaches, in Europe and beyond. It has stimulated cooperation among a wide range of institutions and organisations involved in education and training, supported the harmonisation of university degree structures and helped make higher education systems more compatible.

Erasmus+ also promotes activities outside of formal education – building the capacity of youth workers and enabling young people to develop their skills, intercultural awareness and active citizenship. It has also worked to make qualifications and skills for learners and workers more accessible.

Erasmus+ guarantees that schools, education and training organisations at all levels offering lifelong learning, youth organisations and young people in all participating countries can benefit from mobility and the exchange of good practices. The EU is helping to build bridges between people and bring about a border-free Europe.









Outlook for the 2021-2027 period


The new Erasmus+ programme for 2021-2027 aims to make the programme more inclusive and accessible to people from all social backgrounds; more forward-looking, more digital, simpler and greener; and more international and more supportive of a European identity, while continuing to support lifelong learning and innovative education and training in Europe. Erasmus+ is instrumental to delivering on the priorities set out in the European education area, the digital education action plan and the European skills agenda, while contributing to the European Pillar of Social Rights.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS			EXECUTED PAYMENTS	
2 314.5		2018		2 248.8
2 786.4		2019		2 608.7
2 885.3		2020		2 748.7

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Higher education – learners supported (in thousands)		 97%	2 080	2 009 thousand higher education learners out of 2 080 thousand	On track
Vocational education and training – learners supported (in thousands)		 >100%	674	858 thousand learners in vocational education and training compared to 674 thousand	On track
Learners in higher education and vocational education and training, and school and adult-education staff supported (in thousands) ⁽¹⁾		 >100%	650	817 thousand staff supported compared to 650 thousand	On track
Participants who declare an increase in skills		 >100%	88%	95% of participants compared to 88% target	On track
Participants who have received a certificate or diploma ⁽²⁾		 98%	69%	91% of participants out of 69% target	On track
Youth staff supported (in thousands) ⁽¹⁾		 >100%	162	242 thousand staff supported compared to 162 thousand	On track
Long-term mobility results – share of participants who declare improved language skills ⁽³⁾		 98%	98%	96% of participants out of 98%	On track
Partner country higher education institutions involved in mobility and cooperation actions		 70%	1 300	910 institutions out of 1 300	On track

 % of target achieved by the end of 2020

⁽¹⁾ Cumulative results for 2014-2020 compared to cumulative targets for 2014-2020.

⁽²⁾ Higher education is not included.

⁽³⁾ Values based on education and training only, as youth is now reported under the European Solidarity Corps.

Where are we in the implementation?

- In response to the outbreak of the COVID-19 pandemic, maximum flexibility and support measures were applied within the applicable legal framework to allow the participants and beneficiary organisations to adapt to the extraordinary circumstances. These included, among others, the activation of the *force majeure* clause in the grant agreements, the extension of application deadlines, the extension of the duration of ongoing projects, supporting additional costs up to the maximum amounts granted to projects under the applicable legal framework, and further flexibility to move towards blended activities (i.e. a combination of in-person mobility and online learning activities, allowing participants and beneficiaries to conclude, complete or ensure continuity of learning activities).
- Priorities were reshaped with the aim of protecting the beneficiaries and participants and to support Member States and non-EU countries associated with the programme in communicating and exchanging practices necessary for the immediate response, but also with a view to setting new and innovative policies in education and training, youth and sport.
- International actions with non-EU countries not associated with the programme were even more severely affected by the COVID-19 pandemic than those in the EU. Reasons for this include the closing of borders, the disruption of air routes, the limited functioning of consulates and the difficulties in obtaining visas. Flexibility arrangements for participating higher education institutions and individuals were put in place. For instance, students have been allowed to keep their Erasmus+ grants while completing their courses through remote studying arrangements in the host country and/or in case they still have expenses linked to their stay in the destination country, such as rent.

Performance assessment

- Erasmus+ is one of the best-known EU flagship programmes. Over almost 35 years of existence, the programme has increased its scope, involving more and more Europeans, to reach about 940 000 individual mobility opportunities per year in 2019, leading to a total of more than 10 million mobility periods since 1987.
- For the youth strand of Erasmus+, in the period from 2014 to 2020, the programme constantly exceeded its yearly targets in terms of the number of individual mobility opportunities. In terms of qualitative results, more than 94% of the participants declare that they have improved their key skills, while 96% have improved their language skills.
- Former Erasmus+ participants in higher education and vocational education and training find jobs more quickly than non-mobile students. One in four Erasmus+ students go abroad for a traineeship that leads to job opportunities. Three out of four Erasmus+ graduates consider their experience abroad to have been beneficial for finding their first job. 80% find their first job after graduation within 3 months, a slightly higher share than that of their non-mobile counterparts. 40% of participants who did Erasmus+ traineeships abroad were hired or offered a job by their host company. 84% of Erasmus+ graduates feel they have opportunities to grow professionally, compared to only 78% of non-mobile graduates, and they are more satisfied with their earnings than students who did not participate in Erasmus+.
- Former Erasmus+ students report gaining skills needed in the labour market: 9 in 10 reported improvements in adaptability, interactions with people from other cultures, communication skills and intercultural capabilities. In addition, more than half of Erasmus+ participants reported having improved their digital skills. Erasmus+ students also reported improvements in skills that foster social cohesion, a key issue in the current social and political environment. 95% reported having learned how to get along better with people from different cultures and 93% reported having improved their ability to take cultural differences into account.
- In-person mobility remains key to the success of the programme, but blended intensive programmes (i.e. combining periods of in-person mobility with virtual learning), which allow for groups of higher education institutions to jointly develop blended mobility-based curricula and activities for students as well as academic and administrative staff, will be strongly supported.
- The number of mobility opportunities in green, forward-looking fields will be increased – fields which foster the development of skills, enhance career prospects and engage participants in subject areas with special attention to rural development. Moreover, Erasmus+, with mobility at its core, will promote sustainable modes of transport and more responsible behaviour and will monitor the carbon footprint of beneficiaries.
- More than 80% of adult-education staff say that they have improved their intercultural awareness through their learning experience abroad thanks to Erasmus+.

- The *Erasmus+ Annual Report 2019* shows that the project-funding success rate, which is measured by the ratio between projects that request funding and those that receive it, ranges from 70% in higher education mobility projects to 18% for cooperation projects in the area of youth. In other words, the funds allocated to the programme were not sufficient to finance all projects, especially in relation to the cooperation projects (covered under Erasmus+ Key Action 2).
- In the difficult context of COVID-19 in 2020, the programme has proved its resilience and adaptability. The number of projects submitted showed only a minor decrease, which demonstrated that interest in the organisation remains high. All flexibility measures legally allowed were used to soften the impact on individual mobility, using the allocation of additional funds, specific support calls and support for individual participants and organisations, and postponing deadlines for calls and projects. For instance, in August 2020, the Erasmus+ programme announced two new calls for proposals, each providing EUR 100 million to respond to the educational challenges resulting from the COVID-19 pandemic. Funding for digital education readiness will support projects in school education, vocational education and training, and higher education. It aims to enhance online, distance and blended learning, support teachers and trainers, and ensure inclusivity in digital learning opportunities. Funding for partnerships for creativity will support projects in the fields of youth, school education and adult education. It aims to develop skills and capabilities that encourage creativity and boost quality, innovation and recognition of youth work, and links education, training and youth with the cultural and creative sectors.

Concrete examples of achievements

More than 2.6 million	284 higher education institutions	More than 760 000	Nearly 2 million	268 434	670 986	15.6 million
European student cards were produced by higher education institutions / student card issuers.	involved in the European universities initiative.	young people involved in youth exchanges.	language assessments took place as part of preparation for Erasmus+ mobility.	student and staff mobility opportunities between universities in Europe and partners around the world.	teachers, head teachers and other school staff registered with eTwinning in 2014 to 2020.	Europeans participated in the European Week of Sport (23-30 September 2020).

LEGAL BASIS

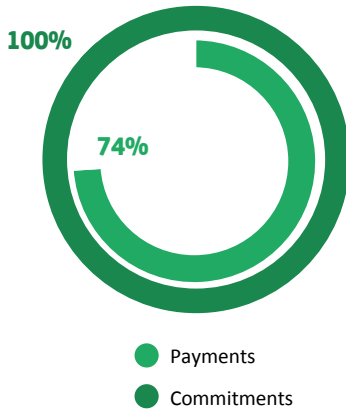
Regulation (EU) No 2018/1475 of the European Parliament and of the Council

MORE INFORMATION

<https://europa.eu/youth/solidarity>

BUDGET ALLOCATION 2014-2020

EUR 352.2 million

OVERALL EXECUTION (2014-2020)**Evaluations/ studies conducted**

N/A

How is it implemented?

The Directorate-General for Education, Youth, Sport and Culture is the lead DG for the implementation of the programme. European Solidarity Corps funding is provided in the form of grants, procurement and prizes.

EUROPEAN SOLIDARITY CORPS

What is the European Solidarity Corps?

The European Solidarity Corps regulation that entered into force on 4 October 2018 establishes the European Solidarity Corps as a fully fledged programme for the 2018-2020 period. The aim is to give 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 challenges such as social exclusion, poverty and health and demographic challenges. Taking part in solidarity activities not only helps young people's personal development, active involvement in society and employability, but also assists non-governmental organisations, public bodies and companies in their efforts to cope with societal and other challenges. The European Solidarity Corps has supported volunteering, traineeships and job placements in a wide range of sectors engaged in solidarity and has provided young people with opportunities to set up their own solidarity projects or volunteer as a group.

**Specific objectives**

- To provide young people, with the support of organisations, with easily accessible opportunities to engage in solidarity activities while improving their skills and competences for personal, educational, social, civic and professional development, as well as enhancing their employability and helping them move into regular employment.
- To contribute to European cooperation relevant to young people and to raise awareness of its positive impact.
- To ensure that particular efforts are made to promote social inclusion and equal opportunities, and in particular to enable the participation of young people with fewer opportunities, through a range of special measures such as appropriate forms of solidarity activities and personalised support.
- To ensure that the solidarity activities that are offered to the European Solidarity Corps participants contribute to addressing concrete societal challenges and strengthening communities, are of a high quality and are properly validated.

Why is it necessary?

The European Solidarity Corps will enhance the European dimension of solidarity, complementing existing public- and private-sector policies, programmes and activities without creating competition or substitution effects. The corps will address unmet societal needs that cannot be addressed by the labour market, existing volunteering activities or other types of solidarity programmes.

The EU added value of the programme derives from the cross-border character of the activities, in addition to those developed at national or regional levels.

While actions to tackle socioeconomic problem areas are primarily the responsibility of the Member States and regions and have to be taken closest to the citizen at national and sub-national levels, the EU has a role to play in identifying shared challenges, stimulating cooperation and transnational mobility, encouraging

synergies and promoting the sharing of good practices and mutual learning, and supporting a Europe-wide approach to social innovation, where there is clear added value for European solutions.

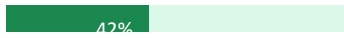
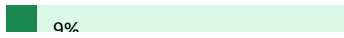

Outlook for the 2021-2027 period

For the next long-term EU budget for 2021-2027, the Commission has proposed a new programme for the European Solidarity Corps, consolidating efforts to have one single entry point for young people ready to engage in solidarity.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
42.5	2018	26.0	
143.3	2019	108.8	
166.1	2020	127.6	

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Participants in volunteering		 42%	61 900	25 911 out of 61 900 participants	On track
Participants in traineeships and jobs		 9%	11 200	1 013 out of 11 200 participants	Deserves attention
Participants in solidarity projects		 46%	18 900	8 629 out of 18 900 participants	On track

 % of target achieved by the end of 2020

Where are we in the implementation?

- The new European Solidarity Corps supports the European Union's political priorities and engages both organisations and young people in projects to help support them. The programme promotes inclusion and diversity, and aims to provide all young people with equal access to European Solidarity Corps opportunities. It also aims to adopt green practices across all projects and activities, and to promote environmentally sustainable and responsible behaviour among both participants and organisations. The European Solidarity Corps contributes to the digital transition by supporting projects and activities that work to boost digital skills, foster digital literacy and develop an understanding of the risks and opportunities of digital technology.
- In line with the digital transformation and with its ambition to support the learning experience of young people, the European Solidarity Corps offers online training to everyone registered in the programme.
- In addition, the European Solidarity Corps promotes civic engagement and the participation of young people in democratic processes. With volunteering at its heart, the programme engages and empowers young people to be active in society and become true agents of change.

Performance assessment

- The European Solidarity Corps has existed as an independent funding programme since October 2018. The call in 2018 was an important achievement and after 1 year of implementation the number of opportunities made available has been steadily increasing, as has the number of participants in solidarity projects.
- The programme proved particularly successful in providing opportunities to address horizontal priorities such as inclusion (with more than 30% of participants coming from a background with fewer opportunities) or climate change (13% of projects supported by the European Solidarity Corps address climate action, the environment and nature protection).
- All the activities of the European Solidarity Corps contribute to increasing the employability of the young people that participate in it, as shown by several studies⁽⁶⁾. This is achieved through a combination of outcomes, including the acquisition of new skills, greater autonomy and increased knowledge of foreign languages. Furthermore, solidarity projects can help to further strengthen the entrepreneurial and innovative spirit of young participants. Finally, the emphasis on inclusion aims to ensure that all can reap these benefits irrespective of disadvantage.
- Traineeships and jobs were the biggest innovation under the European Solidarity Corps. While specific efforts were made to promote the programme, ensuring an understanding of the opportunities, reaching out to relevant stakeholders and training the potential applicants, it did not take root as expected and the number of projects and participants funded was lower than forecasted.
- When Europe was hit by the COVID-19 pandemic in 2020, the European Solidarity Corps continued to provide relief where possible through, for example, volunteers giving elderly people a hand with shopping for food or medicines or fighting loneliness. The programme has shown its resilience and adaptability, and its capacity to contribute to a stronger and more cohesive European Union. However, some activities had to be suspended or cancelled and the duration of projects was extended to enable young people who had been prevented from taking part due to the crisis to have another opportunity to do so. As a result, some placements may take place later than initially foreseen.
- The short programme period (end of 2018-2020) reduced 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 or EU tools aimed at improving the employment prospects of young people.
- Despite the difficulties the programme has faced, including the late adoption of the legal base in October 2018 and the impact of the COVID-19 pandemic in 2020, projects continued to be implemented at a steady rate throughout 2019 and 2020, highlighting the fact that interest from organisations remains stable.

Concrete examples of achievements

280 000	55 000	39%	90%
young people expressed an interest in joining by registering with the European Solidarity Corps.	opportunities for young people were created between October 2018 and December 2020	of participants involved so far are young people with fewer opportunities.	of participants who completed their activity said they were satisfied with their experience.

⁽⁶⁾ Study on the impact of transnational volunteering through the European voluntary service.

LEGAL BASIS

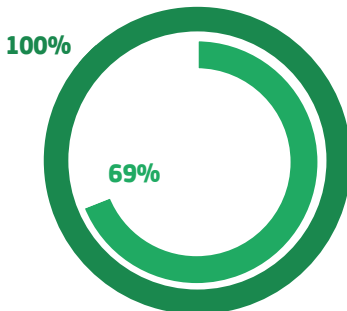
Regulation (EU) No 375/2014 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/!VG49Xu>

BUDGET ALLOCATION 2014-2020

EUR 89.5 million

OVERALL EXECUTION (2014-2020)

- Payments
- Commitments

Evaluations/ studies conducted

The midterm evaluation of the programme was carried out in 2017. For further information, see: <http://europa.eu/!QK39JQ>

How is it implemented?

The Directorate-General for European Civil Protection and Humanitarian Aid Operations is the lead DG for the implementation of the programme. The programme is implemented through direct management (grants and procurement).

EU AID VOLUNTEERS

EU AID VOLUNTEERS INITIATIVE

What is the EU aid volunteers initiative?

The EU aid volunteers initiative brings together volunteers and organisations from different countries, providing practical support to humanitarian aid projects and contributing to strengthening the local capacity and resilience of disaster-affected communities.

The programme incentivises and fosters collaboration, exchange of knowledge and good practices, by building partnerships between organisations in the field of humanitarian aid. Organisations that wish to participate in capacity-building projects need to form consortia composed of a minimum of two EU-based organisations and two organisations based in non-EU countries. Technical-assistance projects require the participation of three organisations based in the EU. Furthermore, setting up dedicated on-site training of selected volunteers to prepare them for deployment creates a strong *esprit de corps* among European volunteers from different countries, who are trained together in groups. This is further strengthened in the course of the implementation of the programme through the network of former and current EU aid volunteers and the participating sending and hosting organisations, in order to enhance learning and further professionalisation of the sector.

The possibility of doing an apprenticeship with a non-governmental organisation based in the EU ahead of deployment provides volunteers with an opportunity to engage in the field of humanitarian aid, or even seek out a professional future in the field.



Specific objectives

Supporting education and training

- To contribute to increasing and improving the capacity of the EU to provide humanitarian aid.
- Improvement of the skills, knowledge and capabilities of volunteers in the field of humanitarian aid and the terms and conditions of their engagement.
- To build up the capacity of hosting organisations and to foster volunteering in non-EU countries.
- Communication of the EU's humanitarian aid principles agreed in the European Consensus on Humanitarian Aid.
- Enhancement of coherence and consistency of volunteering across Member States in order to improve opportunities for EU citizens to participate in humanitarian aid activities and operations.

Why is it necessary?

The number, scope and complexity of humanitarian crises worldwide, both natural and man-made, have increased significantly over the years, and that trend is likely to continue. Humanitarian organisations need more well-trained people to carry out practical action that helps communities affected by disaster. The EU aid volunteers initiative provides opportunities for citizens from the EU to volunteer in humanitarian aid projects worldwide. The initiative also supports humanitarian aid organisations by strengthening their capacity to prepare for and respond to humanitarian crises.

The EU added value comes in the form of:

- bringing together EU citizens from different Member States for joint contributions to humanitarian aid operations;
- fostering transnational cooperation of humanitarian aid organisations and stakeholders

in implementing the actions of the initiative;

- allowing for economies of scale through synergies and complementarities with other relevant national, international and EU programmes and policies;
- providing for a tangible expression of European values, in particular of solidarity with people who are most vulnerable and in need;
- contributing to reinforcing active EU citizenship by empowering EU citizens of various ages and backgrounds to engage in humanitarian aid activities.

Outlook for the 2021-2027 period

In order to contribute to streamlining and increasing the synergy of volunteering programmes, humanitarian volunteering in the next multiannual financial framework has been integrated into the European Solidarity Corps.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
20.1		16.3	
18.8		12.7	
3.7		4.7	

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Number of EU aid volunteers trained ⁽¹⁾		25%	4 300	1 070 volunteers trained out of 4 300	Deserves attention
Number of EU aid volunteers deployed ⁽²⁾		18%	4 175	760 volunteers out of 4 175	Deserves attention
Number of hosting and sending organisations participating in the EU aid volunteers initiative ⁽²⁾		69%	635	439 organisations out of 635	Moderate progress
Number of certified sending organisations applying the EU aid volunteers initiative standards ⁽¹⁾		44%	169	74 organisations out of 169	On track

% of target achieved by the end of 2020

⁽¹⁾ Cumulative results for 2014-2020 compared to cumulative milestones for 2014-2020.

⁽²⁾ Cumulative results for 2014-2019 compared to cumulative milestones for 2014-2020.

Where are we in the implementation?

- Due to the slow start to the EU aid volunteers initiative in 2015, the budget requests in the annual work programmes for the years 2017 to 2020 were reduced compared to the initial financial programming. This reduction and the experience gained from previous years of implementation allowed for the improvement of the use of the operational budget in 2019 (when 98% was consumed). In 2020, budget implementation reached 100% of the final budget. Under the pressure of the COVID-19 pandemic, EUR 17 million was transferred to support humanitarian aid measures.
- Building on the EU aid volunteers programme, the European Solidarity Corps will extend its scope to cover volunteering activities in support of humanitarian aid operations. It will help address humanitarian challenges in safe non-EU countries, where EU humanitarian aid activities and operations take place and where there are no ongoing international or non-international armed conflicts.
- Volunteers in the field of humanitarian aid will be selected, trained and prepared to ensure that they have the necessary skills and capabilities to help people in need effectively.
- The political agreement on the new programme was reached in December 2020 and the first calls for proposals are expected to be launched in the first quarter of 2021. There is therefore, at this stage, no performance on which to report.

Performance assessment

- The start of the implementation of the EU aid volunteers initiative was delayed for about a year, due to the late adoption of the implementing regulation in November 2014. The first volunteers were only deployed starting from December 2015 / January 2016.
- After the launch of the initiative, the uptake of this new programme remained below expectations. The EU aid volunteers initiative introduced a thorough certification mechanism that requires sending and hosting organisations to prove that they have procedures and policies in place to meet the high volunteering standards of the programme. This certification mechanism did not exist during the pilot phase. Consequently, the targets set for numbers of organisations certified and volunteers trained and deployed were too challenging to be met. By the end of 2020, 1 173 deployments had been financed, amounting to 29% of the initial target, and 788 deployments had taken place. A further 1 065 volunteers completed the EU aid volunteers training (amounting to 20% of the target).
- The COVID-19 pandemic did not help the programme improve its performance: some activities in 2020 had to be suspended or cancelled and the duration of projects extended to enable organisations to implement their project activities and for volunteers to be deployed at a later stage. The 2020 selection procedure was cancelled and the training sessions, designed to prepare volunteers for activities in the framework of projects selected in 2018 and 2019, were put on hold for most of 2020. The training of some 500 EU aid volunteers will resume as soon as the situation allows. This means that a number of deployments will take place later than initially planned.
- With regard to capacity-building and technical-assistance projects, the funding provided by the EU aid volunteers initiative strengthens the abilities of organisations intending to deploy EU aid volunteers, and ensures that they comply with the standards and procedures set under the initiative. In 2019, projects to support 50 organisations through capacity-building projects and eight organisations through technical assistance were funded. This number is lower than planned, because funding was redirected from the capacity-building / technical-assistance strand to the deployment strand and fewer projects were funded. The 2020 call was cancelled as a consequence of the pandemic.

Concrete examples of achievements

1 173	200
deployments financed during the 2014-2020 period.	organisations certified since 2017.

LEGAL BASIS

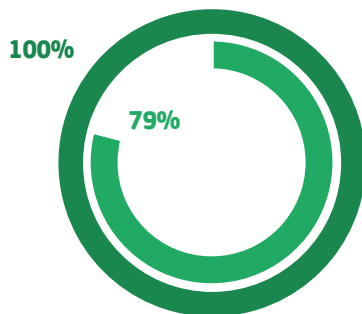
Regulation (EU) No 1295/2013 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/!Vq78Jr>

BUDGET ALLOCATION 2014-2020

EUR 1 488 million

**OVERALL EXECUTION
(2014-2020)**

- Payments
- Commitments

**Evaluations/
studies conducted**

The European Audiovisual Observatory, co-financed by creative Europe, was commissioned to prepare eight studies. The 2019 external *ex post* evaluation on the European capitals of culture is available at: <https://europa.eu/!WB38vW>

How is it implemented?

The programme is managed jointly by the Directorate-General for Education, Youth, Sport and Culture and the Directorate-General for Communications Networks, Content and Technology under direct management and implemented by the European Education and Culture Executive Agency (formerly the Education, Audiovisual and Culture Executive Agency).

The programme is implemented through direct (grants) and indirect (loan guarantees) measures.

CREATIVE EUROPE

CREATIVE EUROPE PROGRAMME

What is creative Europe?

The creative Europe programme contributes to the EU's political priorities, in particular those relating to jobs, growth and investment and the European digital single market. By allowing the participation of non-EU cultural and creative operators, the programme also contributes to making the EU a stronger global actor. At the same time, the programme helps address current political and societal challenges through the power of culture and creativity to reach the hearts and minds of citizens, protect and promote our cultural diversity and boost confidence in our shared European values.

**Specific objectives**

- To support the capacity of the European cultural and creative sectors to operate transnationally and internationally.
- To promote the transnational circulation of cultural and creative works and the transnational mobility of cultural and creative players.
- To strengthen the financial capacity of micro, small and medium-sized enterprises and organisations in the cultural and creative sectors.
- To foster policy development, innovation, creativity, audience development and new business and management models through support for transnational policy cooperation.

Why is it necessary?

Creative Europe's EU added value lies in its complementarity with national public funds and in its support for transnational activities and cooperation between cultural and creative players, including artists, audiovisual professionals, cultural and creative organisations and audiovisual operators. Moreover, EU added value is achieved by facilitating the pooling of knowledge and accelerated learning and by fostering economies of scale, while taking into account countries with a low production capacity and/or countries or regions with a restricted geographical or linguistic area.






Outlook for the 2021-2027 period


The new creative Europe programme for 2021 to 2027 includes a 'culture' strand (covering all cultural and creative sectors, with the exception of the audiovisual sector), a 'media' strand (for the audiovisual sector) and a cross-sectoral strand (for news and media).

Budget implementation (in million EUR)

EXECUTED COMMITMENTS			EXECUTED PAYMENTS	
230.4	<div style="width: 62.5%;"></div>	2018	<div style="width: 62.5%;"></div>	194.9
244.8	<div style="width: 66.2%;"></div>	2019	<div style="width: 66.2%;"></div>	201.3
252.4	<div style="width: 69.3%;"></div>	2020	<div style="width: 69.3%;"></div>	198.5

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Admissions to screenings of non-national European films in Europe ⁽¹⁾	69 m	 > 100%	71 m	95 million compared to a target of 71 million	On track
Admissions to screenings of non-national European films in the 10 largest non-European markets ⁽¹⁾	61 m	 > 100%	85 m	88 million compared to a target of 85 million	On track
Share of European audiovisual works in cinemas ⁽¹⁾		 > 100%	59%	65% compared to a target of 59%	On track
Share of European audiovisual works on digital platforms (video on demand) ⁽¹⁾		 91%	27%	25% compared to a target of 27%	Moderate progress
Member States making use of results of the open method of coordination in their national policy development ⁽²⁾ , ⁽³⁾		 50%	20	10 Member States out of 20	On track

 % of target achieved by the end of 2019

⁽¹⁾ Average of results for 2014-2019.

⁽²⁾ Latest results are from 2020.

⁽³⁾ Cumulative results for 2014-2020.

Where are we in the implementation?

- In the media subprogramme, the results in 2020 were disrupted by the COVID-19 pandemic, which meant that many promotional events had to be cancelled. In 2019, the support enabled 1 837 EU audiovisual professionals to attend markets and festivals outside the EU, where they could exhibit their works and ideas to almost 235 000 other attendees. Additionally, in the EU, the six 'media'-branded stands providing networking opportunities for EU audiovisual professionals attracted over 42 000 attendees in 2019. Attendance at markets is very important for the audiovisual sector, as this is where many business deals are struck. The successor programme will include incentives to increase collaboration at the European level through structured networks of festivals and video-on-demand services, to promote innovation and scaling up.
- The cultural and creative sectors were among the hardest hit by the COVID-19 pandemic crisis in 2020. Due to this external shock, changes were essential and flexible measures were introduced, such as holding project activities online, rather than in person. Despite COVID-19, creative Europe has been able to commit its full budget and contribute to the recovery of the sector. The media subprogramme also provided additional support for members of the Europa Cinemas network suffering from forced closures, and under the culture subprogramme additional funding was made available for the translation scheme and the new instrument to support the distribution of performing arts works, both online and offline. Nonetheless, the COVID-19-related restrictions meant that the programme underperformed on some indicators, in particular in terms of the size of in-person audiences at events.

Performance assessment

- The programme has progressed towards the achievement of its overall objectives. The quality of applications received is generally considered high, as demonstrated by the number of projects with high marks, not all of which could be funded, given the restricted budget. For instance, the very low success rate of the main culture strand scheme (receiving approximately 70% of the culture budget) caused Member States to be concerned that smaller organisations could not access critical funds. Simplification of procedures, more guidance for applicants and increased budgets have resulted in better access to creative Europe support for smaller organisations: more than 70% of the beneficiaries are small or medium-sized organisations.
- In 2020, due to budgetary constraints, the seven most attractive calls for proposals were unable to finance 293 high-quality projects, i.e. projects which received a score of more than 75% during the evaluation. Overall, during 2014 to 2020, creative Europe received 30 922 eligible proposals and awarded 13 009 grants. Given the programme's positive track record, its successor will constitute an evolution rather than a revolution, aiming to build on its strengths.
- The media subprogramme has been effective and impactful considering that its budget is small compared to the scale of the audiovisual sector. In terms of promoting European cultural and linguistic diversity, the media subprogramme supported the development and distribution of hundreds of audiovisual works (about 25% of European films produced every year), thus helping them find their audiences. The media subprogramme plays a significant role in creating a European ecosystem, which allows films to reach audiences beyond their domestic markets, for example by supporting many co-produced films and miniseries at their development and production stages, and by helping audiovisual professionals build international careers. The media subprogramme has helped the audiovisual industry to grow by offering support to players in the audiovisual sector at all stages of the audiovisual value creation chain, from training to distribution both in cinemas and through video-on-demand services.
- The culture subprogramme is progressing towards achieving the key objective of encouraging transnational cooperation in the field of culture.
 - More than 1 100 projects have been funded and more than 647 cooperation partnerships created between 3 760 organisations across Europe by the culture strand of the creative Europe programme.
 - For instance, the individual mobility scheme for artists and creative people has been a success. Launched in 2018 as an experimental action, the scheme gives artists and creative professionals more freedom to choose how to develop and build their career. The scheme, called i-Portunus, is managed by a consortium headed by the Goethe Institute and three other cultural organisations. Although new, it has been a huge success, receiving over 3 000 applications, i.e. 10 times more than the funding available, and received very positive feedback from cultural organisations and artists who took part. A selection of 337 professionals were chosen to go abroad (for 15 to 85 days) to develop international cooperation, to co-produce and co-create, to further their professional development and to take their careers to the international stage. As a result of their mobility, 97% of the grantees said they acquired new skills/knowledge, 94% developed new audiences/outlets, 94% developed new co-productions/co-creations and 49% received a job offer. This impact is very impressive considering the limited financial support provided by the EU, for example only EUR 1 500 to EUR 3 400 per individual.
 - The platform scheme, which was introduced at the beginning of the programme to stimulate the transnational programming and promotion of emerging European artists, has been a success: the number of supported platforms has grown from five in 2014 to 15 in 2020.

- Cross-sectoral actions have been developed, building a bridge between the culture and media subprogrammes. Creative Europe was initially created by combining the former media and culture programmes (of the 2007-2013 period) under a common umbrella. While the two subprogrammes kept their specificities, the cross-sectoral strand was meant to finance actions addressing common challenges.
 - The cross-sectoral strand included the financial guarantee mechanisms launched to facilitate access to finance for the cultural and creative sectors and implemented by the European Investment Fund. A novelty of the programme, the mechanisms have built the strand's reputation with the banking sector, with many agreements signed between the European Investment Fund and financial intermediaries.
 - Creative Europe desks have provided assistance to applicants for both the culture subprogramme and the media subprogramme.
 - Other actions were trialled but discontinued because their cross-sectoral dimension was not clear enough.
 - Finally, the innovation laboratory was launched, with the clear goal of fostering innovation by bringing the audiovisual/film sector together with other cultural and creative sectors.

Concrete examples of achievements

401 million	3 679	2 338	3 760	3 500
viewers of film screenings in Europa Cinemas in 2015 to 2020, including 55% of European films. On average 1 in 4 EU viewers of a non-national EU film is a guest of a member of Europa Cinemas.	audiovisual works supported in the making in 2014 to 2020 (including 210 video games and 340 television works).	audiovisual professionals upskilled every year through training supported by the media subprogramme.	organisations participated in collaborations, producing 647 cultural cooperation projects.	European books from 40 different European languages have been translated and promoted to a large audience, reflecting the diversity and creativity of European literature.

LEGAL BASIS

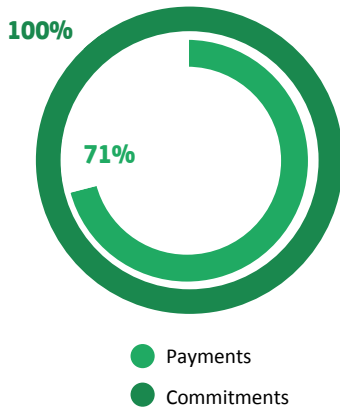
Regulation (EU) No 1382/2013 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/!fc96MV>

BUDGET ALLOCATION 2014-2020

EUR 338.7 million

OVERALL EXECUTION (2014-2020)**Evaluations/ studies conducted**

The key findings of the interim evaluation of the implementation of the 2014-2020 justice programme were presented in the 2020 programme statement: <https://europa.eu/!DJ74rv>

The *ex post* evaluation of the programme will be completed in 2021.

How is it implemented?

The Directorate-General for Justice and Consumers is the lead DG for the implementation of the programme. The programme is implemented through direct management (grants and procurement).

JUSTICE PROGRAMME

What is the justice programme?

The justice programme contributes to the further development of a European area of justice based on mutual recognition and mutual trust. The programme promotes:

- judicial cooperation in civil matters, including civil and commercial matters, insolvencies, family matters, succession, etc.;
- judicial cooperation in criminal matters;
- judicial training, including language training on legal terminology, with a view to fostering a common legal and judicial culture;
- effective access to justice in the EU, including the rights of victims of crime and procedural rights in criminal proceedings;
- initiatives in the field of drugs policy (judicial cooperation and crime prevention aspects).

**Specific objectives**

- To facilitate and support judicial cooperation in civil and criminal matters.
- To support and promote judicial training, including language training on legal terminology, with a view to fostering a common legal and judicial culture.
- To facilitate effective access to justice for all, including promoting and supporting the rights of victims of crime, while respecting the rights of the defence.
- To support initiatives in the field of drugs policy as regards judicial cooperation and crime prevention aspects closely linked to the general objective of the programme, insofar as they are not covered by the Internal Security Fund or by the health for growth programme.

Why is it necessary?

The justice programme promotes judicial cooperation between Member States' authorities and contributes to the effective and coherent application and enforcement of EU law in the areas of civil law and criminal law, civil and criminal procedural law, the rights of persons suspected or accused of crime and the rights of victims of crime.

The activities funded by the programme result in better implementation of EU justice instruments (e.g. European Investigation Orders, European Arrest Warrants and surrender procedures, European Protection Orders, European Account Preservation Orders, family law) and faster proceedings through cooperation, dialogue, sharing of experience, exchange of information, training activities and harmonisation of practices. Analytical activities also help monitor the correct implementation of existing EU legislation, prepare or accompany new legislation or respond to policy changes in the areas covered by the programme.





Outlook for the 2021-2027 period

The justice programme will be continued in the 2021-2027 multiannual financial framework and will provide support for activities in relation to the specific objectives related to judicial cooperation in civil and criminal matters, judicial training, and effective access to justice for all including by electronic means (e-justice). The adoption on the basic act for the new programme is planned in May 2021.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS			EXECUTED PAYMENTS	
47.0		2018		45.8
44.6		2019		46.2
46.5		2020		51.6

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Number of items of exchange information in the European Criminal Records Information System	0.3m	 >100%	3.5 m	4.1 million compared to a target of 3.5 million	On track
Judiciary/judicial staff training		 67%	16 000	10 799 compared to a target of 16 000	Moderate progress
Hits on the e-Justice Portal	40 000	 100%	4.6 m	4.6 million out of 4.6 million	On track
New psychoactive substances assessed		 71%	95	68 out of 95	On track

 % of target achieved by the end of 2020

Where are we in the implementation?

- All calls for proposals and tender procedures under the 2014-2020 work programmes have been finalised.
- Between 2014 and 2017, the implementation gradually increased to approach a payment execution close to 70%.
- In 2018, a plan was put in place to gradually increase the implementation percentage of the programme. This included the adoption of the work programme and publication of the calls for proposals at the end of year $n - 1$, a careful follow-up of planning evaluations and granting procedures, and increased efforts to communicate the funding opportunities under the programme. These measures were introduced gradually during the programming period and enabled implementation rates to increase from a low level at the beginning of the period to a higher one in its final years.
- As of 2018, the execution of commitments was close to 100%, meaning that all of the programme's allocated budget could be committed.
- In the 2020 financial year, commitments execution was 100% and payments execution 96%.
- The activities funded by the programme resulted in the better use of EU justice instruments (e.g. European Investigation Order, European Arrest Warrant and surrender procedures, European Protection Order, European Account Preservation Order, family law) and faster proceedings through cooperation, dialogue, sharing of experience, exchange of information, training activities and the harmonisation of practices.
- The COVID-19 pandemic may have a further impact on the implementation of the programme in relation to funds awarded via action grants or operating grants. However this cannot be fully assessed yet since reporting for this period will only be done later at project closure or final report time. Many of the beneficiaries converted activities such as training into online events as much as possible, but much less funding is needed for such events which will result in a recovery of funds in upcoming years.

Performance assessment

- The outputs of the justice programme in 2014-2020 were closely linked to the Commission's activity on 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 an adequate cross border and EU level cooperation.
- The activities funded by the Programme resulted in better implementation of EU justice instruments (e.g. European Investigation Order, European Arrest warrant and surrender procedures, European Protection Order, European Account Preservation Order, family law) and faster proceedings through cooperation, dialogue, sharing of experience, exchange of information, training activities and harmonisation of practices. Analytical activities also helped monitor the correct implementation of existing EU legislation, prepare or accompany new legislation or respond to policy changes in the areas covered by the programme.
- As far as judicial cooperation in civil and criminal matters is concerned, the actions of the programme are achieving their goals: The programme has helped to improve the implementation and functioning of existing legislative cooperation instruments, such as the e-Evidence Digital Exchange System. This system enables secure electronic communication between the competent national authorities to obtain evidence in criminal matters and will become operational in the course of 2021. The programme has contributed to the effective and coherent application of EU criminal law in the Member States, such as the victim's rights directive, and the consistent implementation of EU law policies.
- As far as judicial training is concerned, the justice programme has performed very well overall in achieving its goals. Increased funds allowed an exponential increase in the number of legal practitioners participating in cross-border training.
- Concerning access to justice, the actions of the programme are on track to achieve their goals to facilitate access to justice for all, including promoting and supporting the rights of victims of crime, while respecting the rights of the defence.
- No major difficulties in implementation and performance were identified with the exception of a slower implementation rate during the early years of the programme. However, the COVID-19 crisis will probably affect the programme's performance. Fewer in-person training sessions were organised due to the pandemic and not all training could be converted to online training sessions (e.g. the ones including an important networking element). This led to a drop in the number of judicial staff trained in 2020 (see the related indicator).
- The evaluation of the European judicial training strategy for 2011-2020 was concluded in 2019. It showed that the strategy has contributed to increasing knowledge of EU law while reinforcing mutual trust between legal practitioners. Most of the overall training objectives – namely to increase the number of participants, activities and exchanges and to improve the capacities of the networks and training providers – were achieved. The main objective, that half of all EU legal practitioners should attend training on EU law between 2011 and 2020, had already been fulfilled in 2017.

Concrete examples of achievements

4.1 million	10 799	4.6 million	27
exchanges of information were recorded in the European Criminal Records Information System in 2020.	justice professionals were trained in 2019 through the justice programme's financial support to cross-border training activities and to the European Judicial Training Network.	hits were recorded on the e-Justice Portal / pages addressing the need for information on cross-border civil and criminal cases.	victim support organisations with national coverage were established.

LEGAL BASIS

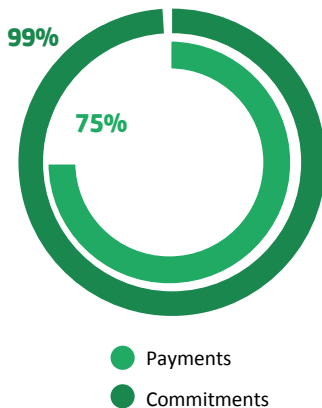
Regulation (EU) No 1381/2013 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/dM83WN>

BUDGET ALLOCATION 2014-2020

EUR 435.3 million

OVERALL EXECUTION
(2014-2020)Evaluations/
studies conducted

The key findings of the latest evaluation (interim evaluation) were presented in the programme statements for 2020: <https://europa.eu/IYY96WG>
Work on the final/ex post evaluation began in October 2020.

How is it implemented?

The Directorate-General for Justice and Consumers is the lead DG for the implementation of the programme. The programme is implemented through direct management (mainly grants).

RIGHTS, EQUALITY AND CITIZENSHIP PROGRAMME

What is the rights, equality and citizenship programme?

The rights, equality and citizenship programme aims to contribute to the further development of an area where people's equality and rights are promoted and protected. Its specific objectives include promoting non-discrimination, the rights of persons with disabilities, equality between women and men, the rights of the child and the rights deriving from EU citizenship. Furthermore, it aims to combat racism, xenophobia, homophobia and other forms of intolerance; prevent violence against children, young people and women and other groups at risk; and ensure the highest level of data protection and consumer rights.

In the policy area of non-discrimination and Roma integration, the rights, equality and citizenship programme supports actions to ensure that discrimination on the grounds of religion or belief, age, disability and sexual orientation is prohibited whenever possible in the same way it is on grounds of sex and race or ethnic origin.

Important projects are also supported in the fight against racism focusing, among other issues, on antisemitism or anti-Muslim hatred and fostering tolerance, by providing financial support to Member State authorities and civil society organisations. Projects should contribute to the better implementation of existing EU legislation in Member States, and also to supporting the victims of hate crime and hate speech and preventing and countering online hate speech. A particular priority relates to projects aimed at preventing and countering the spread of illegal hate speech online and the development of counter-narratives.



Specific objectives

- To promote the effective implementation of the principle of non-discrimination on the grounds of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation, and to respect the principle of non-discrimination on the grounds provided for in Article 21 of the Charter of Fundamental Rights of the European Union.
- To prevent and combat racism, xenophobia, homophobia and other forms of intolerance.
- To promote and protect the rights of persons with disabilities.
- To promote equality between women and men and to advance gender mainstreaming.
- To prevent and combat all forms of violence against children, young people and women, as well as violence against other groups at risk, in particular groups at risk of violence in close relationships, and to protect victims of such violence.
- To promote and protect the rights of the child.
- To contribute to ensuring the highest level of protection of privacy and personal data.
- To promote and enhance the exercise of rights deriving from EU citizenship.
- To enable individuals, in their capacity as consumers or entrepreneurs in the internal market, to enforce their rights deriving from EU law, having regard to the projects funded under the consumer programme.

Why is it necessary?

- The actions funded by the rights, equality and citizenship programme have helped bring tangible benefits to EU citizens. In many areas, such as consumer law, equality and non-discrimination, citizenship or data protection, individuals are protected by EU legislation, but are not sufficiently aware of their rights. Awareness-raising actions at EU level are necessary to fill this national gap. Thanks to EU funding, the political debate on gender equality has improved and several Member States have taken measures to implement new legislation to increase the number of women in decision-making positions or to reduce the gender pay

gap. EU-level intervention has also been particularly relevant in combating racism, xenophobia, homophobia and other forms of intolerance as well as promoting the exercise of rights deriving from EU citizenship, in view of the lack of significant investment in those fields at national level.

Outlook for the 2021-2027 period

- In the next multiannual financial framework, the citizens, equality, rights and values programme will succeed the rights, equality and citizenship programme. It merges it with another current programme, Europe for citizens.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
63.2	2018	72.2	
65.7	2019	61.8	
69.9	2020	75.4	

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Member States that set up structural coordination mechanisms on the national Roma integration strategies		 > 100%	26	27 compared to 26 Member States	On track
Perception of consumers of being protected	64%	 > 100%	75%	81% compared to 75% ratio	On track

 % of target achieved by the end of 2020

Where are we in the implementation?

- In 2020, the implementation rate for commitment appropriations reached 98% and covered all objectives of the rights, equality and citizenship programme. 96 % of the payment appropriations were consumed, covering pre-financing and final payments on pre-2020 commitments and 2020 commitments.
- Due to the COVID-19 crisis, the deadline for all calls for proposals for action grants, originally planned in the course of the month of April 2020, was extended by 2 weeks, with the positive result of having received a number of applications in line with previous years. However, many individual beneficiaries of the rights, equality and citizenship programme contacted DG Justice and Consumers to highlight pandemic-related difficulties such as the necessity to cancel or postpone long-planned activities such as conferences, meetings, missions or launching events for studies undertaken under their EU grant. Solutions were found to accommodate beneficiaries on a case-by-case basis and to ensure, via individual contract amendments, that their grant would continue despite difficulties related to lockdown or the impossibility of executing work programmes as defined in the grant agreements. A total of 262 amendments were signed in 2020 compared to 96 in 2019.

Performance assessment

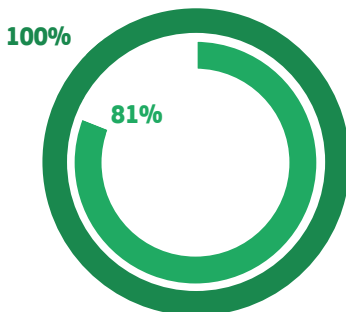
- The rights, equality and citizenship programme facilitated the implementation of policies that address essential rights and needs in people's lives. Over the 2014-2020 period, it co-financed, more than 900 projects to promote non-discrimination, the rights of the child, rights of persons with disabilities, EU citizenship rights and data protection, and the fight against gender-based violence and intolerance. These projects supported training and capacity-building activities as crucial instruments to ensure that discrimination on the grounds of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation was prohibited. The average funding contribution for a single project was around EUR 350 000, usually representing 80% of the total cost. Belgium, Greece, Spain and Italy were the leading countries in terms of funding received.
- Where data are available, the results show that the programme was on track to achieve all of its objectives by the end of 2020.
- The programme has been able to adapt to new challenges such as the rise of online hate speech due to the increased use of social media, the challenges of gender equality and the protection of children in migration.
- Calls for proposals were in general highly successful, as most received a high number of applications which allowed for a selection of high-quality projects for a full consumption of the budget available. In particular, three calls for proposals performed above expectations, both in terms of quantity and quality: these were for actions to combat violence against women and children, to fight racism and to promote non-discrimination. Only 10-20% of the applications received were then awarded a grant, for projects scoring very high in the evaluation process, indicating the attractiveness of the programme.
- The programme finances more than 30 projects every year to combat discrimination and promote equality and social inclusion. Notably, it has helped to foster social inclusion for Roma children and families, enhancing social cohesion and improving Roma children's experience of the transition to primary school.
- Closing gender gaps and eliminating discrimination and inequalities are key to the advancement of gender equality. The programme promoted gender equality on the basis of the 2016-2019 strategic engagement for gender equality and the European Pact for Gender Equality (2011-2020), in line with the gender pay gap action plan and the initiative on work-life balance for working parents and carers. Since 2014, it has supported more than 85 projects that contributed to narrowing gender gaps over the life cycle and ensured equal participation of women and men in public forums, in leadership positions, in politics and in the corporate sector.
- Overall, the rights, equality and citizenship programme has demonstrated its high EU added value in both its positive impact on participants and target groups and in its role as a complement to other EU funding instruments and policy initiatives. Projects were also funded by looking at the complementarity with other ongoing EU-funded actions. In particular, programme has shown a high added value, as the projects carried out would not have taken place in the absence of EU funding, due to lack of resources at national level. Interventions funded were seen as generating better results and more benefits than those funded through national/local interventions, mainly due to their transnational dimension, greater flexibility and higher quality and innovation as compared to projects funded at the national level.
- The main challenge for the last year of implementation was ensuring the transition and visibility to the new citizens, equality, rights and values programme (2021-2027).

Concrete examples of achievements

31%	81%	27	96%	131
of non-executive directors of boards of listed companies are women (in 2020, up from 16% in 2014).	of Europeans consider themselves to be well or very well informed about the rights they enjoy as EU citizens (in 2020, up from 32% in 2014).	Member States set up structural coordination mechanisms with all stakeholders, including Roma, on the implementation of the national Roma integration strategies by 2020.	of all people consider that domestic violence against women is unacceptable, in 2018, up from 84% in 2014 (Eurobarometer).	grants were awarded to prevent and combat racism, xenophobia, homophobia and other forms of intolerance in the 2014-2020 period.

LEGAL BASISCouncil Regulation (EU)
No 390/2014**MORE INFORMATION**<https://europa.eu/!xt64Vh>**BUDGET ALLOCATION 2014-2020**

EUR 195.5 million

**OVERALL EXECUTION
(2014-2020)**

- Payments
- Commitments

**Evaluations/
studies conducted**

The midterm evaluation of the Europe for Citizens programme was carried out in 2017. For further information, see: <https://europa.eu/!pj44xP>

How is it implemented?

DG Justice and Consumers is responsible for developing the programme, guiding its implementation and evaluating its results. The Commission has delegated implementation to the Education, Audiovisual and Culture Executive Agency.

EUROPE FOR CITIZENS

What is Europe for citizens?

The Europe for Citizens programme aims to contribute to citizens' understanding of the EU, its history and its diversity, in order to foster European citizenship and improve conditions for civic and democratic participation at EU level.

The Europe for Citizens programme is implemented through the two strands: 'European remembrance' and 'democratic engagement and civic participation', which offer co-funding for European remembrance projects, town-twinning activities, networks of towns and civil society projects. The two strands are complemented by horizontal actions for dissemination and use of project results.

**Specific objectives**

- To raise awareness of the importance of remembrance, contributing to a better understanding of the EU's history, common values and cultural diversity, and promoting peace, the values of the EU and the well-being of its peoples, by stimulating debate, reflection and the development of networks.
- To encourage the democratic and civic participation of citizens at EU level, by developing their understanding of the EU policymaking process and promoting opportunities for societal and intercultural engagement and volunteering.

Why is it necessary?

The programme demonstrates a clear European added value as all activities funded under it either have a cross-border dimension, involving citizens and organisations from several participating countries, or are related to the European Union itself. Remembrance activities, town twinning and pan-European networks are intended to broaden perspectives and to develop a sense of European belonging and identity.

'European remembrance' supports activities that encourage reflection on European cultural diversity and on common values in the broadest sense. This strand of the programme also encompasses activities concerning other defining moments and reference points in recent European history.

'Democratic engagement and civic participation' supports activities that relate to civic participation in the broadest sense, and focuses in particular on constructing methods to ensure that funded activities have a lasting effect on increasing the democratic participation of young people and the participation of women in political and economic decision-making.

'Valorisation' covers the whole programme. It focuses on the analysis, dissemination, communication and valorisation of the results of the projects. Common tools

are developed to collect best practices and ideas about how to strengthen remembrance, European citizenship and civic participation and facilitate transnational exchange.

The European citizens' initiative aims to increase the contribution of the European citizens to the development of EU policies. It is a unique way for citizens to help shape the EU by calling on the European Commission to propose new laws. Once an initiative has reached 1 million signatures from at least seven Member States, the Commission decides on what action to take.






Outlook for the 2021-2027 period

In May 2018, the Commission proposed the rights and values programme for the next multiannual financial framework. It merges two current funding programmes: the rights, equality and citizenship programme and the Europe for citizens programme.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
27.6		2018	28.5
28.7		2019	24.7
37.6		2020	25.3

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Participants directly involved in projects		 75%	1.30 m	0.98 out of 1.30 million participants	On track
People indirectly reached by the programme		 76%	1.55m	1.18 million people reached compared to a target of 1.55 million	On track
First-time applicants to projects		 >	40%	60% first-time applicants compared to a target of 40%	On track
Transnational partnerships including different types of stakeholders		 100%	2	2 out of 2 partnerships	On track
Geographical coverage of the activities – number of countries involved	15	 100%	28	28 out of 28 Member State partners or co-partners	On track

 % of target achieved by the end of 2020

Where are we in the implementation?

- The programme is implemented through action grants and operating grants; the available budget is spent relatively evenly across the strands each year.
- In 2020, 100% of commitment appropriations were implemented according to the annual work programme and covering both strands of the Europe for citizens programme. 100% of the payment appropriations were used, covering pre-financing and final payments on pre-2020 commitments and 2020 commitments.
- The programme was affected by the COVID-19 crisis. By 9 April 2021, 271 amendment requests had been submitted, most of them related to the extension of the eligibility period. The payment implementation will be postponed accordingly.
- In 2020, the Europe for citizens programme was implemented in 33 eligible participating countries: 27 Member States and six other participating countries, i.e. Albania, Bosnia and Herzegovina, Kosovo ⁽⁷⁾, Montenegro, North Macedonia and Serbia.

Performance assessment

- The Europe for citizens programme played a positive overall role in encouraging civic participation and democratic engagement, while strengthening the sense of belonging together and supporting mutual understanding and identification with Europe. It thereby helped to support the European integration process in the longer term. By working directly with citizens, the programme offered a forum for involving them through a grassroots approach.
- As evidenced by the midterm evaluation, Europe for citizens has successfully demonstrated its added value at EU level both in terms of its impact on participants and through its complementary role to other EU funding programmes and policy initiatives in the fields of education, culture and EU citizenship. Aspects that have been identified for improvement mostly relate to increasing the programme's visibility, amending the monitoring indicators and strengthening the synergies with other relevant EU funding programmes and initiatives
- The Europe for citizens programme is on track to achieve its objectives, as underlined by data obtained on the basis of indicators. Out of 1 761 applications received, 419 projects were selected, and around 1 250 000 participants were expected to be involved in programme activities. The number of projects funded, and the continuously increasing number of participants since 2014, suggests that the programme has achieved its general objectives.
- In a challenging political, social and economic climate, the programme helps to foster the civic engagement of citizens across Europe. It has encouraged people to participate more actively in the development of the EU and to promote its fundamental values such as tolerance, solidarity and non-discrimination, through action and operating grants. A large number of projects directly address current political and societal issues, such as migration and the elections to the European Parliament.
- The rise of Euroscepticism experienced in the EU in recent years highlights the relevance of the programme and the need to encourage the development of a shared sense of European identity. Against this background, the programme has offered a public forum giving people the opportunity to express their ideas about the future of Europe through a grassroots approach.
- In the area of town twinning, the programme achieves results by increasing and encouraging mutual understanding and friendship between citizens at a local level. Networks of towns complemented the traditional town twinning by offering towns and municipalities the opportunity to develop larger-scale projects, thus increasing the projects' impact and sustainability.
- Overall, the programme targeted civil society organisations through operating grants and civil society projects. The participation of stakeholder organisations has influenced their own perceptions of Europe. Most participating organisations noted positive effects on their knowledge of Europe and were committed to becoming more engaged with civil society.
- Since 2018, Europe for citizens has contributed to the implementation of the European citizens' initiative, fostering people's participation in the democratic life of the EU. The programme has most notably supported the development and evolutive maintenance of the IT tools supporting the initiatives, as well as communication and guidance. The dedicated communication campaign to raise awareness of the European citizens' initiative led to a significant increase in the number of initiatives compared to the years prior to the start of the campaign.

Concrete examples of achievements

28	976 331	1 180 000	419
European citizens' initiatives were registered between 2018 and 2020.	people were reached directly by the programme in 2020.	people were reached indirectly by the programme in 2020.	projects were selected in 2020.

⁽⁷⁾ 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.

LEGAL BASIS

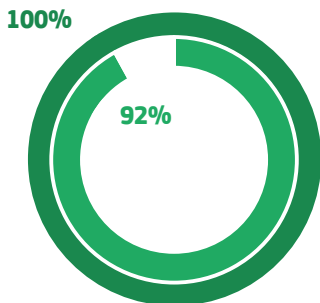
Task resulting from the Commission's prerogatives at institutional level, as provided for by Article 58(2)(d) of Regulation

MORE INFORMATION

<https://europa.eu/ImT93rB>

BUDGET ALLOCATION 2014-2020

EUR 507.2 million

**OVERALL EXECUTION
(2014-2020)**

- Payments
- Commitments

**Evaluations/
studies conducted**

Information on the evaluation of the communication activities reports is available at: <http://europa.eu/VH46UP>

How is it implemented?

The Directorate-General for Communication is the lead DG for the implementation of the programme. The programme is implemented through direct (public procurement) management.

COMMUNICATION

FINANCIAL INTERVENTION IN THE COMMUNICATION POLICY AREA

What are the communication activities?

The programme covers communication products and services directly addressed to citizens, along with executive and corporate services provided to the President of the Commission and the College of Commissioners. It works across the entire communication domain of the Commission's services, aligning the Commission's communications with the political priorities. The headquarters of DG Communication, together with the Spokesperson's Service and the representations in the Member States, communicate with the media, stakeholders and citizens about issues of EU policy and its direct impact on citizens' daily activities.

**Specific objectives**

- A simple, clear and understandable message is communicated to citizens explaining the direct impact of EU policies on their lives.
- A coherent and effective corporate communication strategy is developed and maintained.
- Country-specific information and analysis are fed into the College's decision-making process.

Why is it necessary?

The Commission's communication products and services directly addressed to EU citizens provide information for and engagement with members of the public. They ensure that communication services are made available through simple, clear and understandable messages, either via a mix of channels and media (traditional and new) or by communicating directly with citizens and stimulating exchange and engagement face to face. Taken together, these methods help citizens to access up-to-date and user-friendly information on European Union policies and values. They contribute to an increased awareness and understanding of EU affairs. In turn, this stimulates citizens' interest in engaging directly with 'the faces of the Commission', be that locally, nationally or across the EU. Audiovisual productions and multimedia projects for the general public are focused

on the Commission's priorities, entailing a limited number of high-quality productions and serving general communication objectives.

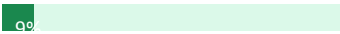





Outlook for the 2021-2027 period

The communication activities will be included under the 'Resilience and values' sub-heading of the next multiannual financial framework.

Budget implementation (in EUR million)

EXECUTED COMMITMENTS			EXECUTED PAYMENTS	
76.4		2018		73.5
77.1		2019		72.7
79.4		2020		63.9

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
EU citizens with a positive image of the EU	39%		50%	40% compared to 50% of citizens surveyed	Moderate progress
Downloads of multimedia productions ⁽¹⁾			140 000	124 498 out of 140 000	On track
Satisfaction relating to queries sent to the Europe Direct contact centre ⁽¹⁾			95%	85% out of 95%	On track
Visitors to the Commission very satisfied with their visit ⁽¹⁾			90%	89% out of 90%	On track
Unique visitors to the Europa website ¹			250 m	232 million compared to a target of 250 million	On track
Political and economic reports and analysis produced ¹			500	715 compared to a target of 500	On track

 % of target achieved by the end of 2020

⁽¹⁾ Average of results for 2014-2020.

Where are we in the implementation?

- In 2020, the Commission achieved 100% implementation of commitments, combining very close budget monitoring with structured internal redeployments between different communication activities. For example, as certain planned activities such as face-to-face events could not take place in the context of the COVID-19 pandemic, funds originally earmarked for face-to-face events were redeployed to communication activities on virtual channels. This includes an average decommitment rate of 4.7% during 2014-2020.

Performance assessment

- While the importance of good communication is generally recognised, the EU's communication efforts deal with unique challenges, namely the need to communicate in 24 languages and to communicate effectively across a whole continent in times of increasing fragmentation and disinformation. The overall goal is to communicate simple, clear and understandable messages to citizens to support a positive view of the European Union.
- Communication is typically a flanking measure that runs alongside policymaking. In the EU context it is subject to two types of external factors. First, there is the perception of the content and substance of the policy that is being communicated and the perceived role of the EU institutions. Second, there is the complex environment of 27 national public spaces and an emerging European public space. These two factors interact both with each other and with the more general setting of political and economic factors, the level of trust in political institutions and the media, and the general relationship with those media.
- In 2020, 40% of European citizens had a positive image of the European Union, which is a 2% drop from the 42% achieved in 2019. This indicator reacts sensitively to changes in the overall economic and social environment, which was dominated by the effects of the COVID-19 crisis, hence the slight decrease. On the other hand, the crisis considerably reinforced citizens' requests for more information, which was reflected in a significant increase in visitors to the Europa website.
- The Europe Direct Contact Centre answered over 147 000 questions from citizens in 2020, representing a 19.5% increase compared to 2019. Some 22 000 (15%) of these questions related to COVID-19 and to the EU's response to it. The Contact Centre also continued to act as 'Brexit helpline' for citizens as part of the Commission's overall Brexit preparedness and readiness, handling over 4 000 Brexit-related enquiries (almost 3% of the total number of enquiries).
- The Commission continuously promoted the Commission's messages on public health related to COVID-19 – including vaccines – and on the EU's political actions in response to the pandemic. The most heavily used communication activities were the corporate social media accounts, the dedicated Europa webpage, the Europe Direct Contact Centre replies to citizens' enquiries and the representations' work on the ground.
- The coherence, relevance and cost-effectiveness of the Commission's Europa web presence further improved as a result of the strengthening of governance, better editorial and visual alignment of websites across the Commission services and increased standardisation of information technology solutions. In 2020, more than 300 million visitors visited the Europa website compared to 250 million in 2019. At the end of 2019, the europa.eu domain continued to rank first in popularity worldwide among websites in the government / society category. The overall satisfaction rate of external users was 77 % (up from 60 % in 2014).
- For the future, the Commission needs to remain up to speed with the constantly evolving communications industry and media environment, anticipating trends and challenges. The following will be particularly relevant: innovative communication services such as social media, including more localised social media messaging via representations; graphic design and multimedia productions, to comply with the increasing demand for attractive and visual media content; the increasing need for data analytics and fact-checking / rebuttals in the context of disinformation / fake news, to enhance the Commission's rebuttal and myth-busting capacity; and a strong demand for authentic face-to-face events, such as citizens' dialogues, the Visitors' Centre / Experience Europe info point and local outreach by representations, local / regional information centres and the Information Service.

Concrete examples of achievements

20%	96%	7.3 million	138 281	200
overall growth in visits to the Europa domain, including a 70% increase in visitors to the European Commission site in 2020.	users who would recommend the Europe Direct Information Centre in 2020.	readers / visits to publications and online materials for the general public and for young people in 2020.	items downloaded (audio/video/photo) in 2020	press conferences organised by the Spokesperson's Service in 2020.



Strasbourg, 8.6.2021
COM(2021) 301 final

ANNEX 3 – PART 3/3

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 - Financial Year 2020

Heading 3

Natural resources and environment

The EU budget is and will continue to be a driver of sustainability, investing in sustainable agriculture and maritime sectors, along with climate action, environmental protection, food security and rural development. Some of the programmes under this heading support the EU's farming, agricultural and fisheries sectors and seek to make them more competitive (such as the common agricultural policy and the European Maritime, Fisheries and Aquaculture Fund). Other programmes are dedicated exclusively to the EU's environmental and climate objectives (such as the programme for environment and climate action (LIFE) and the Just Transition Fund).

Multiannual financial framework 2014-2020		Multiannual financial framework 2021-2027		Heading 3 Natural resources and environment
Heading 2 Sustainable growth: natural resources	EAGF	EAGF		
	EAFRD	EAFRD		
	EMFF	EMFAF		
	LIFE	LIFE		
	Fisheries organisations and agreements	Fisheries organisations and agreements		
		JTF		

LEGAL BASIS

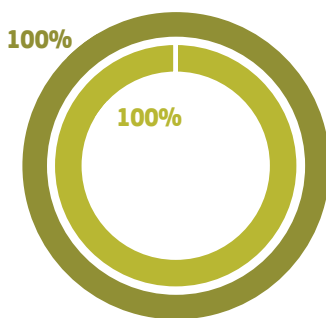
Regulation (EU) No 1306/2013 of the European Parliament and of the Council, Regulation (EU) No 1307/2013 of the European Parliament and of the Council, Regulation (EU) No 1308/2013 of the European Parliament and of the Council and Council Regulation (EU) No 1370/2013

MORE INFORMATION

<http://europa.eu/lwm64UF>

BUDGET ALLOCATION 2014-2020

EUR 301 949.9 million

**OVERALL EXECUTION
(2014-2020)**

- Payments
- Commitments

**Evaluations/
studies conducted**

A complete overview of the evaluations related to the EAGF can be found at: <http://europa.eu/lXq94Py>

How is it implemented?

The Directorate-General for Agriculture and Rural Development is the lead DG for the implementation of the programme, mainly through shared management with the Member States.

EAGF

EUROPEAN AGRICULTURAL GUARANTEE FUND

What is the European Agricultural Guarantee Fund?

The European Agricultural Guarantee Fund (EAGF) provides basic protection for farm incomes against the particular shocks (e.g. price- and production-related shocks) to which agriculture is exposed. The Common Market Organisation provides a framework of rules on issues such as market-support measures, product standards and labelling. Direct payments provide a stable revenue source for farmers. In addition, cross-compliance links direct payments to standards concerning the environment, food safety, animal and plant health and animal welfare throughout the EU, while the 'greening' layer of direct payments rewards farmers for additional environmental care, such as crop diversity, permanent grassland and ecologically beneficial zones or landscape features.

**General and specific objectives**

- To promote balanced territorial development, viable food production and sustainable management of natural resources and climate action.
- To improve the competitiveness of the agricultural sector and enhance its value share in the food chain.
- To foster market stability, to better reflect consumer expectations and to sustain the stability of farmers' income by providing direct income support.
- To promote more market-oriented agriculture by ensuring a significant level of decoupled income support.
- To contribute to the enhancement of the environmental performance of the common agricultural policy.
- To promote local agricultural production and to ensure a fair level of prices for commodities for direct consumption and for processing by local industries in the outermost regions of the EU and on the Aegean islands.
- To provide the Commission with reasonable assurances that Member States have put in place management and control systems in conformity with EU rules.
- To inform and increase awareness of the common agricultural policy by maintaining an effective and regular dialogue with stakeholders, civil society and specific target audiences.
- To facilitate decision-making on strategic choices for the common agricultural policy and to support other activities of the DG by means of economic and policy analyses and studies.

Why is it necessary?

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, i.e. 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 in those where job creation is difficult) and on the environment and the climate due to intensification.

Outlook for the 2021-2027 period




The Commission's proposals on the common agricultural policy for the post-2020 period aim to make it more responsive to current and future challenges such as climate change (for which the European Green Deal sets the level of ambition of related measures) or generational renewal, while continuing to support farmers in the EU, for a sustainable and competitive agricultural sector. Negotiations with the European Parliament and the Council of the European Union on the reform of the common agricultural policy are ongoing.

To ensure continuity of the support for common agricultural policy beneficiaries, there is a transitional regulation that allows the EAGF measures to continue in 2021 and 2022 under the rules for the 2014-2020 period, though with financial allocations and ceilings for 2021 and 2022 adjusted to suit the 2021-2027 multiannual financial framework.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
43 213.1	2018	43 169.2	
43 156.1	2019	43 080.0	
43 441.4	2020	43 582.3	

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Increase in agricultural factor income (index)	2013: 111.8	 86%	Overall increase in the long term	Index was above baseline in 6 out of the 7 years from 2014 to 2020. 2020 index value: 124.0	On track
Increase in agricultural productivity (index) ⁽¹⁾	2005: 100	 100%	Overall increase in the long term	Index increased each year from 2014 to 2018. 2018 index value: 111	On track
Increase in rural employment rate ⁽²⁾	2013: 63.5%	 100%	Overall increase in the long term	Index increased each year from 2014 to 2019. 2019 employment rate: 69%	On track

 % of target achieved by the end of 2020

⁽¹⁾ Latest results are from 2018.

⁽²⁾ Latest results are from 2019.

NB: Progress to target is measured provisionally based on the number of years in which the index was above baseline.

Where are we in the implementation?

- **Direct payments.** In general, the implementation of direct payments is on track. The rebalancing of the distribution of direct-payment aid levels among and within Member States is ongoing. Data confirm that the average direct payments per hectare are converging at both Member State and farmer levels. The various schemes allowing further focus on the needs of certain categories of beneficiaries are fully in place. For the 2022 financial year, the needs for most schemes only show minor changes compared to 2021, owing to the stabilisation in execution. The 'greening' layer of direct payments accounts for 30% of Member States' annual direct payment ceilings and covers annual obligations that benefit the environment and climate, such as crop diversification, maintenance of permanent grassland and the dedication of 5% of arable land to ecologically beneficial areas.
- **Market-related expenditure.** The Common Market Organisation sets the framework for sector-specific support programmes (for wine, fruit and vegetables, olive oil, beekeeping and hops) and schemes (for promotion and support for the outermost regions and smaller Aegean islands, and EU school fruit, vegetables and milk scheme). Estimated expenditure for the Member States' wine programmes and support for the fruit and vegetables sector represents around three quarters of the requested appropriations for market-related expenditure. Agricultural markets remain particularly sensitive to external shocks, i.e. lower economic growth, weather etc. In 2020, the Commission adopted a range of market interventions and exceptional measures to support the agricultural and food sectors most affected by the COVID-19 pandemic, for example private storage aid for dairy and certain meat products; temporary derogations from certain EU competition rules; and flexibility for certain market-support programmes. Within the framework of the EU school fruit, vegetables and milk scheme, more than 20 million children across the EU receive milk, fruit and vegetables in schools, complemented by educational measures on agriculture and a balanced diet.
- **Legislative developments.** Taking into account the ongoing legislative procedure for the reform of the common agricultural policy and to ensure continuity in granting income support to farmers and in supporting rural development measures in 2021 and 2022, two regulations with transitional arrangements were adopted in 2020: one regarding flexibility between pillars in respect of the 2020 calendar year and another regarding common agricultural policy resources and application in the years 2021 and 2022.

Performance assessment

- To promote viable food production, one of the main objectives of the common agricultural policy is to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of farmers and agricultural employees. Agricultural factor income per full-time worker is increasing compared to 2013 levels, as is the total factor productivity in the agricultural sector. Direct payments allow farmers to cope better with the negative effects on income caused by decreasing agricultural prices, and market measures help to limit the domestic price volatility of most agricultural products. However, important challenges need to be addressed in the coming years: farmers' incomes are still lagging behind salaries in the economy as a whole, and remain dependent on direct support: on average for the last 5 years, 40% of the agricultural entrepreneurial income of the EU's farming community depended on direct income support. Furthermore, a substantial part of the sector continues to face low profitability due to, among other reasons, the EU's high production standards and high production costs and the fragmented structure of the primary sector. Despite direct common agricultural policy support, a large proportion of farm labour does not reach the benchmark of average national labour productivity. In that context, among other objectives, the proposals for the post-2020 common agricultural policy aim to better focus support on those that need it most. This entails redirecting support from large, highly productive farms to those that do not reach the benchmark of labour productivity. In addition, there will be a greater focus on research, technology and digitalisation, and on improving the position of farmers in the value chain.
- Another objective of common agricultural policy is to promote the sustainable management of natural resources and climate action. Almost all farmers that benefit from common agricultural policy support at the EU level systematically implement cross-compliance and greening measures. These practices are considered to be effective at maintaining minimum practices that are beneficial for soil, water and biodiversity. The common agricultural policy has raised Member States' ambitions to address biodiversity objectives by linking them to the level of funding. However, Member States should improve the available common agricultural policy instruments and measures to protect semi-natural features or landscape features. Substantial challenges remain in relation to improving the environmental performance of the EU's agricultural sector, and the common agricultural policy proposals include common EU objectives of focusing more on performance. The EU has committed to making further deep cuts in greenhouse gas emissions; the key natural resources of soil, air and water are still under pressure in many areas; and the available indicators on farm and forest biodiversity still do not meet expectations. EU citizens expect the common agricultural policy to make a stronger contribution to caring for the environment and the climate.
- Taking these challenges into account, the future common agricultural policy has an explicit commitment to 'aim higher' with regard to the environment and the climate. The new green architecture of the common agricultural policy will be based on a balance between mandatory rules and voluntary schemes. Current greening requirements will be merged with other standards into a new enhanced conditionality with a view to achieving simplification. Of particular interest in this respect are eco-schemes, a novel element of the proposal that create a new stream of funding under the first pillar to guide the necessary transformation towards more sustainable agricultural practices.
- The ambition of the future common agricultural policy in this regard has been set out by the European Green Deal, and especially the farm-to-fork strategy and the biodiversity strategy, which aim to make the EU's food system more sustainable by, among other methods, reducing the risk and use of pesticides, fertilisers and antibiotics, along with increasing the area under organic farming.

- The common agricultural policy also aims to promote balanced territorial development. The employment rate in rural areas has increased, and the gap in relation to urban areas has been closed. The common agricultural policy's measures on generational renewal are having a positive impact on attracting and keeping young farmers in rural areas and improving employment, despite the difficulty of isolating the effects of individual common agricultural policy measures addressing generational renewal and the strong influence of external factors. However, these measures are often insufficient on their own to address two main barriers to generational renewal – access to land and capital – which mostly depend on national legal, social and fiscal policies. While many rural areas remain vibrant and continue to thrive, the impact of ageing and depopulation is negatively affecting some rural areas, notably those facing socioeconomic decline. The long-term vision for rural areas will explore the challenges and opportunities they are facing.

Concrete examples of achievements

6.2 million	500 000	79%	18.2 million	19.2%
farmers benefited from direct payments in the 2020 financial year.	farmers benefited from the 'young farmers' scheme in 2019.	of the EU's total agricultural area was subject to at least one greening obligation as of 2019.	beehives supported in 2019.	of children in the EU benefited from the school scheme on fruit, vegetables and milk in the 2018/2019 school year.

LEGAL BASIS

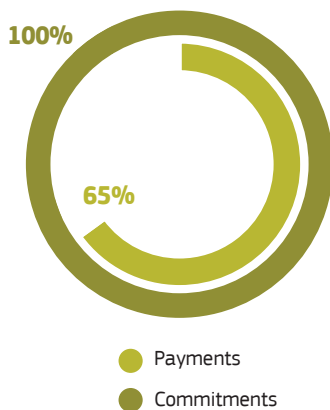
Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1310/2013 of the European Parliament and of the Council

MORE INFORMATION

<https://europa.eu/wr68PK>

BUDGET ALLOCATION 2014-2020

EUR 100 312.3 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

A complete overview of the evaluations related to rural development can be found at: <http://europa.eu/un63Mr>

How is it implemented?

The Directorate-General for Agriculture and Rural Development is the lead DG for the implementation of the programme through shared management with Member States.

EAFRD

EUROPEAN AGRICULTURAL FUND FOR RURAL DEVELOPMENT

What is the European Agricultural Fund for Rural Development?

The European Agricultural Fund for Rural Development (EAFRD) finances the EU's contribution to rural development programmes. The rural development programmes contribute to smart, sustainable and inclusive growth in the EU by supporting farms, food and forestry operators and other entities operating in rural areas, such as non-agricultural businesses, non-governmental organisations and local authorities. They enhance the economic viability and sustainability of farms and rural businesses by fostering knowledge transfer and innovation, investing in green technologies, skills and training and promoting entrepreneurship and networking. The rural development programmes also help farmers develop their businesses in a sustainable manner by supporting the preservation of natural resources, promoting environmentally sustainable land management, enhancing ecosystems and maintaining landscapes that are attractive for tourism.

The EAFRD is also an important tool to mitigate climate change and support the shift towards a low-carbon, climate-resilient economy, as it helps farmers and rural businesses reduce greenhouse gas and ammonia emissions and adapt to the consequences of climate change. It also supports farmers in managing renewable resources and waste, thus making a direct contribution to the energy union.

The EAFRD contributes to job creation and income diversification and provides the potential to integrate migrants. It also makes an important contribution to the digital single market by supporting broadband infrastructure and various information and communications technology solutions in rural areas. This has a positive effect on the quality of life of EU citizens. Moreover, support for interactive innovation projects under the European innovation partnership for agriculture encourages innovation and entrepreneurship, promotes inclusiveness and increases the impact of EU-funded research on the economy.

**Specific objectives**

- Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture.
- Restoring, preserving and enhancing ecosystems related to agriculture and forestry.
- Promoting resource efficiency and supporting the shift towards a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors.
- Promoting social inclusion, poverty reduction and economic development in rural areas.

Why is it necessary?

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 results-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 experience and best practices between national and regional authorities.

Outlook for the 2021-2027 period







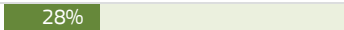



The Commission's proposals for the common agricultural policy for the post-2020 period aim to make it more responsive to current and future challenges such as climate change or generational renewal, while continuing to support European farmers, for a sustainable and competitive agricultural sector. Negotiations on the reform of the common agricultural policy with the European Parliament and Council of the European Union are ongoing.

To ensure continuity of the support for common agricultural policy beneficiaries, there is a transitional regulation that allows the EAFRD measures to continue under the rules for the 2014-2020 period while adding the 2021-2022 EAFRD allocations, also including additional EAFRD funding under NextGenerationEU.

Budget implementation (million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
14 379.7		2018	12 194.7
14 725.3		2019	13 883.2
14 708.2		2020	14 609.0

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Support for investment in restructuring		 55%	2.8%	Support reached 1.6% of agricultural holdings out of 2.8%	On track
Business development plan for young farmers		 75%	1.4%	Support reached 1.1% of agricultural holdings out of 1.4%	On track
Contributing to biodiversity and landscapes on agricultural land		 >100%	17.4%	17.7% of agricultural land reached compared to target of 17.4%	On track
Improving water management on agricultural land		 99%	14.4%	14.2% of agricultural land reached out of 14.4%	On track
Improving water management on forest land		 27%	0.9%	0.2% of forest area reached out of 0.9%	On track
Preventing soil erosion and improving soil management on agricultural land		 >100%	13.9%	14.1% of agricultural land reached compared to target of 13.9%	On track
Preventing soil erosion and improving soil management on forest land		 28%	1.3%	0.4% of forest area reached out of 1.3%	On track
Improving efficiency of irrigation systems		 55%	13.9%	7.7% of irrigated land reached out of 13.9%	On track
Local development strategies (in share of rural population reached)		 >100%	54.0%	60.6% of rural population reached compared to target of 54.0%	On track
New or improved services/infrastructure (in share of rural population reached)		 99%	16.7%	16.5% of rural population reached out of 16.7%	On track

 % of target achieved by the end of 2019

Where are we in the implementation?

- The implementation of the 2014-2020 rural development programmes remains at cruising speed. By the end of 2020, payment levels had reached around 65% of total EAFRD resources for the 2014-2020 period. The 65% execution rate (excluding pre-financing) stands above the average implementation rate of other European Structural and Investment Funds in terms of interim payments declared.
- The following factors should be taken into account in the assessment of the implementation rate:
 - by the end of 2020, 3 years of the implementation period remained;
 - area-related payments, generally associated with agri-environment-climate commitments, follow a more regular (annual) path, which explains their faster implementation, whereas long-term investment projects, such as for broadband development, have a longer lifetime.
- The basic act laying down the EAFRD was modified in 2017 through the 'omnibus regulation', which entered into force in 2018. The legislative changes were designed to, among other goals, improve risk management tools for farmers, reduce the administrative burden for beneficiaries and simplify conditions for financial instruments. Simplified cost options are being increasingly used by Member States and regions in order to improve the efficiency and effectiveness of EAFRD support and to reduce the administrative burden.
- In December 2020, transitional rules for the common agricultural policy for 2021 to 2022 were adopted, in Regulation (EU) 2020/2220. This regulation extends the rural development programmes by 2 years; the extended programmes will follow the existing legal framework, and add the EAFRD allocations for 2021 and 2022 (following the 'old rules, new money' principle). Furthermore, this transitional regulation also sets 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. These additional financial resources will be implemented through rural development measures directed at addressing the impact of the COVID-19 crisis.

Performance assessment

- Further progress has been made in terms of the programme's performance. The results and outputs achieved by the end of 2019 (latest figures available) are fully representative of what is expected from the implementation. With the implementation of the programme at cruising speed, the situation is likely to improve further in the next few years, especially regarding operations linked to the creation of jobs, which normally take more time to be completed. Some positive results can already be noted, with the achievement already of 113% of the final target for the share of the rural population to be covered by local development strategies.
- Overall, the implementation of area-related and animal-related support in the 2014-2020 period (e.g. related to environmental commitments and animal welfare) is well advanced. Rules concerning the deadlines of payments to the beneficiaries were introduced as of the 2019 calendar year to align with direct payments and with a view to ensuring timely disbursement of the EU support to EAFRD beneficiaries. This is also expected to further facilitate the implementation of those commitments. Some delays are still observed in relation to measures that can take several years to be completed (e.g. long-term investments such as broadband or other infrastructures) or that are conditional on the implementation of a business plan, which can take up to 5 years to be 'completed' (e.g. a business start-up). Significant progress in the implementation of those measures has been made since 2018 and is expected to increase further.
- On climate and environmental actions in agriculture, good progress has been made, in particular with farmers joining voluntary agri-environment-climate schemes to develop environmentally friendly farm management. The targets to be reached by the end of 2023 are for 17% of EU agricultural land to be under management for biodiversity, 14% for better soil management and 14% for better water management. In all three cases, over 99% of the targets have already been reached.
- The uptake and achievement of results relating to transferring knowledge and fostering innovation in rural areas is not yet fully in place. Part of this can be explained by the fact that cooperation and European innovation partnership for agricultural productivity and sustainability projects require substantial preparatory work in the setting-up phase, including in the search for project partners, which leads to longer project lifetimes, as well as administrative hurdles in some Member States and lack of information on the measures. Several seminars were organised by the European Network for Rural Development in 2019 and 2020 to exchange good practices for improved efficiency under these measures.

- The level of achievement of the targets on improving farm viability and competitiveness is relatively good, considering that implementation for investment operations normally takes several years. In general, investment support improves the economic performance and market participation of the supported farms. Investments may also entail environmental benefits. Support for the entrance of appropriately skilled farmers into the market, including young farmers, can have positive effects on farm viability, especially in relation to farm productivity and competitiveness.
- In the area of promoting food chain organisation, Member States report several achievements, such as in terms of competitiveness of primary producers by better integration into the food supply chain and introduction of quality schemes, quality of food production, promotion of local markets and short supply chains, participation of farms in risk prevention and management schemes and prevention of flood risks. The uptake of risk management schemes, however, was lower than planned. To facilitate the uptake of these schemes, some changes in the design of the instrument were introduced in 2017 and 2020.
- Positive trends were also reported in achieving the specific objectives of restoring, preserving, and enhancing ecosystems related to agriculture and forestry; promoting resource efficiency and supporting the shift towards a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors; and in promoting social inclusion, poverty reduction and economic development in rural areas.
- The legislative proposal for the common agricultural policy strategic plans takes into account the main lessons learned so far from the 2014-2020 rural development programming period by, among other measures, reducing the level of prescription of the interventions and improving the synergies with the other instruments of the common agricultural policy (i.e. direct payments and sectoral programmes). The new common agricultural policy strategic plans will have to focus specifically on attracting young farmers and will also promote employment, growth, social inclusion and local development in rural areas. The rural development support will also provide a decisive contribution to the new call for enhanced environmental and climate actions linked to the European Green Deal.

Concrete examples of achievements

3.8 million	17.7%	EUR 1 373 million	1 204 000	5.1 million	1.5 million
hectares of agricultural and forest land covered by management contracts contributing to carbon sequestration or conservation in 2019.	of agricultural land was covered by management contracts contributing to biodiversity in 2019.	in investments in energy efficiency or renewable energy production reached by 2019.	livestock units affected by investments in livestock management with a view to reducing greenhouse gas or ammonia emissions in 2019.	hectares of land were under land management contracts aiming to reduce greenhouse gas or ammonia emissions in 2019.	beneficiaries had received vocational training in agriculture by the end of 2019 (the 2023 target is 3.8 million) by 2019.

LEGAL BASIS

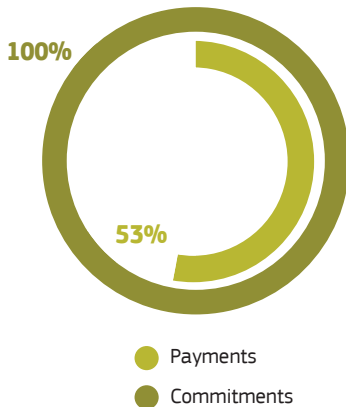
Regulation (EU) No 508/2014 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/Yd49Cf>

BUDGET ALLOCATION 2014-2020

EUR 6 381.6 million

OVERALL EXECUTION (2014-2020)**Evaluations/ studies conducted**

The midterm evaluation of the directly managed part of the EMFF was completed in 2018, and is available at:

<https://europa.eu/GC49gG>

The 2019 EMFF implementation report was published in 2020, and is available at:

<https://europa.eu/yV83Dk>

How is it implemented?

The Directorate-General for Maritime Affairs and Fisheries is the lead DG for the implementation of the fund. The fund is managed through shared management with Member States and through direct management.

EMFF

EUROPEAN MARITIME AND FISHERIES FUND

What is the European Maritime and Fisheries Fund?

The European Maritime and Fisheries Fund (EMFF) is the fund for the EU's maritime and fisheries policies for 2014 to 2020. It is one of the five European Structural and Investment Funds, which complement each other and seek to promote 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;
- makes it easier for applicants to access financing.



Specific objectives

- Promoting competitive, environmentally sustainable, economically viable and socially responsible fisheries and aquaculture.
- Fostering the development and implementation of the EU's integrated maritime policy in a complementary manner to the cohesion policy and to the common fisheries policy.
- Promoting balanced and inclusive territorial development of fisheries and aquaculture areas.
- Fostering the implementation of the common fisheries policy.

Why is it necessary?

The EU has exclusive competence for the conservation of marine biological resources, both in EU waters and in relation to the international obligations deriving from the United Nations Convention on the Law of the Sea and from other United Nations agreements to which the EU is a party. The exclusive competence also applies to the bilateral fisheries agreements signed with non-EU countries. All these areas are regulated by the common fisheries policy.

The common fisheries policy also includes areas of shared competence between the EU and its Member States, where the subsidiarity principle applies. For aquaculture, the EU added value lies in finding solutions to the sector's most common problems; in market policy, Member States and economic actors maintain a high degree of autonomy in applying the various market policy instruments at their disposal.

The integrated maritime policy provides a coherent approach to all other maritime issues through close coordination and cooperation across sectors and between international, national, regional and local decision-makers. Similarly, the blue economy policy

encourages EU governments, industry and stakeholders to develop joint approaches to driving growth while safeguarding the marine environment and the EU's unique maritime assets.

The EMFF is not only directed at fisheries and innovation in fisheries, aquaculture and processing, but also at supporting diversification and promoting the economic development of fisheries-dependent areas.





Outlook for the 2021-2027 period

The programme will be continued in the next multiannual financial framework, with the inclusion of 'aquaculture' in its name.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
931.5		2018	750.9
939.8		2019	843.2
960.0		2020	869.9

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Value of aquaculture production in the EU (in billion EUR) ⁽¹⁾	3.9	 80%	4.9	EUR 4.7 billion out of 2023 target of EUR 4.9 billion	On track
Percentage of surface area of marine waters conserved through protection measures	5.9%	 >100%	10%	12.0% of the exclusive economic zone compared to a target of 10.0%	On track
Level of employment maintained with support from the EMFF (in number of jobs)		 72%	26 550	18 984 jobs out of 26 550	On track
Number of local strategies selected by fisheries local action groups		 >100%	276	367 strategies compared to a target of 276	On track

 % of target achieved by the end of 2020

⁽¹⁾ Latest available data are from Eurostat, 2018.

Where are we in the implementation?

- For 2019 (the most recent year for which complete, validated data are available), the pace of implementation was comparable to 2018. EUR 3.21 billion in funding was committed, corresponding to 56.5% of the total funding available. Payments to beneficiaries continued to advance and reached EUR 1.73 billion (or 30.5% of the total EMFF funding), with around one third of all payments being made in 2019.
- At the end of 2020, cumulative net payments to Member States totalled just over EUR 2.4 billion. This represents 43% of the total amounts allocated to the programmes, and shows significant progress from the position at the end of 2019 (29%). This trend is comparable to that seen in the other European Structural and Investment Funds, and indicates that the measures introduced by the Commission to help Member States tackle the effects of the COVID-19 pandemic were broadly effective.

Performance assessment

- Support to the EU fishing fleet.** By the end of 2019, the EMFF had supported a total of 9 874 individual vessels (14.6% of the total active fleet). This type of support helped improve health and safety conditions on board, as well finance fishing gear innovations to reduce environmental impact and improve energy efficiency.
- Small-scale coastal fisheries.** To date, the EMFF has supported 4 547 such small-scale fisheries' vessels, with an average contribution of EUR 17 800 per vessel. The small-scale fishing sector is made up of smaller vessels and is particularly important as it typically represents micro and small enterprises operating in small coastal communities.
- Landing obligation and innovation.** Discarding is the practice of returning unwanted catches to the sea, either dead or alive, because they are undersized, due to market demand, because the fisher's quota is full or because of catch-composition rules. The introduction of the landing obligation since the reform of the common fisheries policy of 2013 aims at eliminating this wasteful practice. Member States committed EUR 116.7 million in EMFF support to facilitate implementation of the landing obligation, along with EUR 164.1 million in EMFF support for innovation, nearly half of which was related to aquaculture.
- Natura 2000, biodiversity and climate change.** Member States committed EUR 336 million in EMFF support to measures directly or potentially supporting the Natura 2000 network, and EUR 1.4 billion to support operations relating to protection and restoration of biodiversity and ecosystems. Overall, the EMFF contribution to climate change objectives by the end of 2019 was EUR 599 million, or 18.3% of the total EMFF funding committed to date.
- Outermost regions.** Spain, France and Portugal committed EUR 131 million to support the economic viability of operations in the outermost regions.
- Operations financed via shared management continue to help improve the sustainability of fishing and aquaculture, as well as to maintain and protect the natural environment, encourage innovation and adoption of new technology and increase cooperation and partnerships between businesses, thus contributing to the achievement of these objectives.
- In fostering the implementation of the common fisheries policy, the Commission had been managing the fisheries conservation policy to achieve maximum sustainable yield for fish stocks by 2020, which is demonstrated by a positive trend in the indicator on maximum sustainable yield levels. Recent economic data also show that efforts to make fisheries sustainable pay off in terms of higher, stable yields, fleet profitability and jobs. Despite the overall improvement, there are areas such as the Mediterranean Sea and the Black Sea where most of the stocks are still being exploited beyond sustainable levels. The Commission adopted and implemented concrete regional action plans to reverse the stock situation and improve science and control. An example of this is the adoption of stand-alone fishing opportunities for both the Mediterranean and the Black Sea for the first time in December 2019. In addition, the Commission is further pursuing its efforts in the fight against illegal, unreported and unregulated fishing, especially through negotiations on the proposed revision of the fisheries control system.

Concrete examples of achievements

9 800	At least 100 000	47 000	EUR 164 million	8 445	5 000
fishing vessels benefited from the EMFF between 2014 and 2019 (about 19% of the EU fleet). 46% of the vessels belonged to the small-scale coastal fishing fleet.	fishers, 442 000 members of producer organisations and 53 500 employees of processing companies benefited from the EMFF between 2014 and 2019.	operations were selected to receive funding under the EMFF between 2014 and 2019, almost 43 000 of which were addressed to small and medium-sized enterprises or private persons.	in contributions from the EMFF was used to support innovation and new technologies through 815 operations between 2014 and 2019.	projects addressing the environment and resource efficiency were selected between 2014 and 2019, with an EMFF contribution of EUR 1 312 million.	operations were supported relating to better management of Natura 2000 and other marine protected areas between 2014 and 2019.

LEGAL BASIS

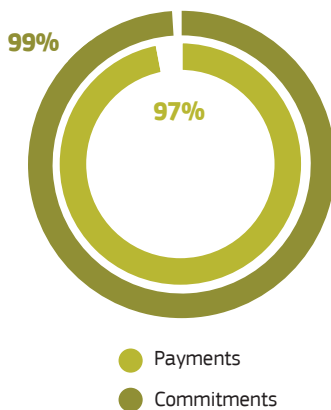
Bilateral sustainable fisheries partnership agreements between the European Union and non-EU countries (based on Articles 28-32 of Regulation (EU) No 1380/2013)

MORE INFORMATION

<http://europa.eu/!mH87VG>

BUDGET ALLOCATION 2014-2020

EUR 868.8 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

For further information on the studies and evaluations of SFPAs, please consult: <https://europa.eu/!cg34UM>

How is it implemented?

The Directorate-General for Maritime Affairs and Fisheries is the lead DG for the implementation of the programme. The programme is implemented through direct management.

FISHERIES ORGANISATIONS AND AGREEMENTS

COMPULSORY CONTRIBUTIONS TO REGIONAL FISHERIES MANAGEMENT ORGANISATIONS AND OTHER INTERNATIONAL ORGANISATIONS AND SUSTAINABLE FISHERIES PARTNERSHIP AGREEMENTS

What are the fisheries agreements?

The EU has exclusive competence for the conservation of marine biological resources, in EU waters and in relation to the international obligations. All these areas are regulated by the common fisheries policy. The EU negotiates, concludes and implements bilateral sustainable fisheries partnership agreements (SFPAs) between itself and non-EU countries, and pays compulsory annual contributions deriving from its membership of international bodies, including various regional fisheries management organisations (RFMOs).

RFMOs are set up to promote the conservation and sustainability of straddling and highly migratory fish stocks. Due to its strong presence in all of the world's oceans, the EU is obliged under the United Nations Convention on the Law of the Sea to participate in these organisations. Within the framework of the SFPAs, the Commission maintains a political dialogue on fisheries-related policies with non-EU countries. In addition, the aim is to improve scientific and technical knowledge of relevant fisheries, contribute to the fight against illegal, unreported and unregulated fishing and foster better global governance of fisheries at the financial and political level.

**Specific objectives**

- To promote, through active involvement in international organisations, sustainable development for fisheries management and maritime governance in line with the common fisheries policy objectives, and ensure that fishery resources are maintained above or restored to above levels capable of producing maximum sustainable yields.
- To establish, through SFPAs, a legal, economic and environmental governance framework for fishing activities carried out by EU fishing vessels in non-EU country waters, in accordance with other EU policies.

Why is it necessary?

SFPAs. Under this exclusive competence, the Commission negotiates, concludes and implements bilateral SFPAs between the European Union and non-EU countries with the objective of contributing to a regulated framework for the EU's long-distance fishing fleet while ensuring suitable exploitation of the non-EU countries' relevant fishery resources and supporting the competitiveness of the EU's fishing fleet. Sectoral support is devoted to sustainable development of the fisheries sector of the partner countries and to enhancement of their overall fisheries governance capacity.

RFMOs. The Commission pays compulsory annual contributions deriving from the EU's membership of international bodies. This includes various RFMOs in which the EU has an interest and bodies set up by the United Nations Convention on the Law of the Sea,

namely the International Seabed Authority and the International Tribunal for the Law of the Sea. The European Maritime and Fisheries Fund also funds (with voluntary contributions) specific actions managed by these organisations, which encourage improvements in scientific and compliance-based conservation measures that bring the fish stock up to and maintain it at maximum sustainable yield levels. In line with the external dimension of the common fisheries policy, the EU will promote better international fisheries and ocean governance and the sustainable management of international fish stocks, and defend EU economic and social interests within these organisations.

Outlook for the 2021-2027 period

The Commission proposed funding for the international dimension of the common fisheries policy, along with the SFPAs, for the next multiannual financial framework.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
94.3	2018	97.4	
147.9	2019	142.1	
148.0	2020	144.4	

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Number of SFPAs in force		80%	15	12 agreements out of target of 15	On track
Number of EU vessels with fishing possibilities – tuna		>100%	120	129 vessels compared to a target of 120	On track
Number of EU vessels with fishing possibilities – mixed		>100%	100	264 vessels compared to a target of 100	On track

■ % of target achieved by the end of 2020

Where are we in the implementation?

Both commitment appropriations and payment appropriations reached nearly full execution of the total financial allocation for the 2014-2020 period. This is due to the timely signing of all SFPAs, in line with the budget forecasting. The limited delays in the implementation, mainly relating to payments of sectoral support, are dependent on the progress of implementation by the non-EU countries.

Performance assessment

Sustainable fisheries partnership agreements

- With a total of 12 SFPAs currently in place and the prospect of renewing or concluding new SFPAs, the target objective of having 16 protocols in place in 2024 should be achieved.
- The number of fishing opportunities for 2020 is currently relatively stable and in line with the numbers observed over the previous years.
- In addition, SFPAs have been contributing to the development and improved management of the fisheries sectors in the partner countries, including governance based on scientific evidence. A significant portion of the total EU budget for SFPAs has been devoted to projects relating to control and surveillance capacities, small port infrastructures, landing facilities and laboratories and equipment for small-scale fishers.
- At the same time, SFPAs contribute to eliminating illegal fishing and providing good framework conditions for local fishers. SFPAs therefore also contribute to ensuring food security for local coastal communities. Concrete projects financed include the reinforcement of the sanitary control capacity in ports, landing facilities with storage and ice facilities, financing the acquisition and maintenance of patrol boats, and training of fisheries inspectors and observers.

Regional fisheries management organisations

- Overall, the EU has remained the key driver of progress in RFMOs and of improving their performance with concrete proposals. The EU's voluntary contributions (funded under the European Maritime and Fisheries Fund) to scientific advice for RFMOs has had a key impact on several RFMOs.
- The Commission continued to deliver on its commitment to achieving more sustainable fisheries worldwide: 88% of all conservation measures adopted in 2019 by RFMOs of which the EU is a member were in line with scientific advice. The 2020 target of 100% could not be achieved; the rate for that year was 74%. This outcome can be accounted for by the impact of the pandemic on the work of RFMOs and the fact that decisions are taken by consensus.
- There are currently procedures for listing illegal, unreported and unregulated fishing in place in all RFMOs. In addition, an increasing number of RFMOs have cross-listing procedures and/or specific provisions to address the responsibility of nationals involved in illegal, unreported and unregulated fishing.
- The main drawback of RFMOs is that consensus is required in their decision-making procedures and the EU is not the only actor involved. Other drawbacks identified are the lengthy procedures for the identification and implementation of projects, along with the delays in the reporting by RFMOs. Additionally, the COVID-19 outbreak forced many RFMOs to postpone their annual meetings in 2020 and move them to a virtual format, and limit the agendas to decisions essential for the functioning of the organisations. As a result, no further progress could be achieved in 2020.
- The Commission will continue to advocate the adoption of catch-documentation systems for high-value species in all RFMOs in order to promote the establishment of marine protected areas or fisheries restricted areas, and is continuously improving the management of fish-aggregating devices used in tuna fisheries.

Concrete examples of achievements

74%	17	15 000	70%
of conservation measures adopted by RFMOs for the management of the fish stocks under their purview were in line with scientific advice.	out of 20 tuna and tuna-like stocks targeted by the EU fleet were fished at a sustainable level and one is on its way to being fished sustainably.	jobs created and maintained thanks to SFPAs in the EU (6 000 directly, 9 000 indirectly).	of the tuna catches made under the umbrella of SFPAs are processed in a partner country.

LEGAL BASIS

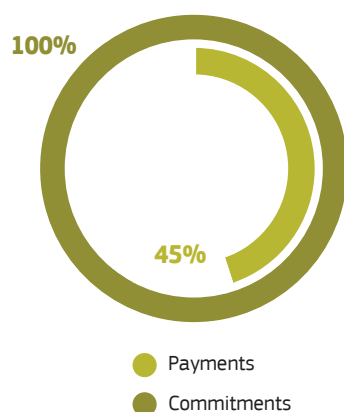
Regulation (EU) No 1293/2013 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/wN47nW>

BUDGET ALLOCATION 2014-2020

EUR 3 466.4 million

OVERALL EXECUTION (2014-2020)**Evaluations/ studies conducted**

The external midterm evaluation of the LIFE programme was carried out in 2017. For further information, see: <http://europa.eu/!DR84mQ>

How is it implemented?

The Directorate-General for Environment is the lead DG for the implementation of the programme, while the Directorate-General for Climate Action is associated with it. The programme is implemented through direct (grants and procurement) and indirect (financial instruments) management, along with support from the European Investment Bank.

LIFE

PROGRAMME FOR THE ENVIRONMENT AND CLIMATE ACTION

What is LIFE?

The programme for the environment and climate action (LIFE) is the only EU programme exclusively dedicated to the environment, nature conservation and climate action, all of which are areas of growing concern for citizens. It finances a wide variety of activities, ranging from the protection of biodiversity to support for the circular economy; from the demonstration of new emission-reduction technologies to preparatory work for international negotiations; and from the enforcement of environment and climate legislation to the development of environment and climate governance at all levels. The LIFE programme serves as an important catalyst for developing and exchanging best practices and knowledge. The programme's role is to build up and improve capacity, to speed up the implementation of EU legislation and to help private players, in particular businesses, test small-scale technologies and solutions and leverage other funds. The LIFE programme for 2014 to 2020 finances action grants (constituting about 75% of the overall amount), financial instruments (6%), procurement (17%) and operating grants (2%). New activities, such as two financial instruments and new types of grants (integrated projects, technical-assistance projects and capacity-building projects), were introduced in 2014 to respond to specific needs identified in the past.

**Specific objectives**

- Contribute to a greener and more resource-efficient economy and to the development and implementation of EU environmental policy and legislation (the 'environment and resource efficiency' priority area).
- Halt and reverse biodiversity loss, support the Natura 2000 network and tackle the degradation of ecosystems (the 'biodiversity' priority area).
- Support better environmental governance and information at all levels (the 'environmental governance and information' priority area).
- Reduce EU greenhouse gas emissions and develop and implement EU climate policy and legislation (the 'climate change mitigation' priority area).
- Increase the EU's resilience to climate change (the 'climate change adaptation' priority area).
- Support better climate governance and information at all levels (the 'climate governance and information' priority area).

Why is it necessary?

The LIFE programme helps to ensure that the application of EU environmental and climate legislation and policies is consistent across the EU. It also encourages cross-border responses to common challenges which individual Member States acting alone would be unable to address. It enables better sharing of responsibility for the protection of natural resources and promotes solidarity for the management and conservation of environmental assets in the EU, which are unevenly distributed among Member States. It represents an EU-level platform for sharing best practices and know-how.

Outlook for the 2021-2027 period

The programme will be continued in the next multiannual financial framework, with a new strand for the transition to clean energy.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
522.5	2018	255.9	
559.1	2019	318.3	
589.6	2020	404.3	

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Implementation of the seventh environment action programme – number of interventions		>100%	1 700	2 704 interventions compared to target of 1 700	On track
Population benefiting from improved air quality ⁽¹⁾		>100%	1.4 million	1.6 million people compared to target of 1.4 million	On track
Share of species targeted progressing towards improved conservation status ^{(1), (2)}		>100%	≥ 10%	40% compared to target of ≥ 10%	On track
Interventions to ensure awareness of environmental and climate issues		>100%	800	890 interventions compared to target of 800	On track
Number of Member States that have adopted climate change adaptation strategies	16	100%	27	27 Member States out of 27	On track

■ % of target achieved by the end of 2020

⁽¹⁾ Latest results are from 2019.

⁽²⁾ Average of results for 2014-2019.

NB: As of 31 January 2020, there are 27 Member States.

Where are we in the implementation?

- Following the calls for proposals for traditional projects launched in 2019, around 1 300 proposals were received, leading to the financing of 147 projects (through grants), for which the grant agreements were signed in 2020. More than 1 100 proposals were submitted under the environment subprogramme, including under the resource efficiency and nature and biodiversity strands, leading to the financing of 108 projects. In addition, there were around 170 proposals for the climate change mitigation and adaptation strand, with 39 projects being financed.
- The 2020 call for proposals for traditional projects led to a strong increase in the number of the proposals received: more than 1 500 for environment and more than 250 for climate change mitigation and adaptation. The evaluation of these calls for proposals is currently ongoing.
- Following the call for proposals for integrated projects launched in 2020, a 43% increase in the number of proposals was registered, with the submission of 43 proposals. This confirmed the success of this type of project.
- Projects on resource efficiency and climate change mitigation attract a high share of private-sector beneficiaries (50% and 46% respectively). Under these priority areas, the LIFE programme is more attractive to private companies than to public bodies or to civil society organisations.
- Public-sector organisations are the main beneficiaries of climate change adaptation support, representing 57% of the total beneficiaries, as well as of nature and biodiversity projects (58%). Private non-commercial organisations account for 31% of the total number of beneficiaries for biodiversity projects.
- The Natural Capital Financing Facility is a financial instrument whose purpose is to test the feasibility of providing loans for investments that benefit biodiversity and climate change adaptation, within projects that are able to generate a return on investment and a revenue stream that can be used for paying back the loan. Up to September 2020, seven out of the 14 initially planned operations were financed. More operations are in the pipeline and the Commission is assessing the option of prolonging the facility's financing capacity as a stand-alone instrument within InvestEU.
- Private Finance for Energy Efficiency is an instrument that aims to develop the capacity of intermediary banks to establish credit lines addressing energy-efficiency investments. The instrument was scaled up after its initial pilot phase, with additional funding amounting to EUR 25 million for the 2018-2020 period. At the end of 2020, 11 collateral agreements with intermediary banks were signed, one of which has been cancelled, for a total targeted amount of EUR 73.5 million, EUR 36 million of which was actually deposited. In total, 9 261 energy-efficiency loans were signed, with 9 195 final recipients receiving a total of EUR 186.8 million. Total investments in energy-efficiency measures based on the loans under Private Finance for Energy Efficiency amount to EUR 263 million. Options for its possible continuation under InvestEU with additional funding are being analysed.

Performance assessment

- The programme is on track as regards as the 2014-2020 activities, the implementation of which will continue during 2021. However, the late adoption of the multiannual financial framework created a delay in the expected adoption of the LIFE regulation by the first half of 2021. In turn, this means that the new activities related to the 2021-2027 programme are expected to be launched with a delay.
- Despite the pandemic, all calls for proposals have been launched on time and the grant agreements were concluded according to the initial schedule. Several measures have been introduced to support beneficiaries in this difficult situation, such as increased pre-financing, extended deadlines for submission of offers, and information to support the preparation of proposals. A specific call for proposals was launched to support environmental non-governmental organisations that were adversely affected by the pandemic, as well as to mobilise and strengthen civil society participation in the implementation of the European Green Deal. As shown below, the response exceeded expectations.
- Given the length of the award procedures and the time required for project implementation, with projects expected to last 5 to 7 years, the first resulting data on the LIFE programme can only be provided for 2019, while related values for the output indicators are also available for 2020. Although relatively few projects have been completed at this point in time, the programme has performed solidly in several respects, as explained below.
- The 2019-2020 data confirm the previous trend, broadly in line with the results of the midterm evaluation as regards as the effectiveness and the EU added value of the programme.

Concrete examples of achievements

247	1.7 million	10 million	25 000	1.6 million
wildlife species are being addressed by 108 LIFE projects, through specific actions aimed at improving their conditions.	hectares in which 110 LIFE projects are improving or maintaining the conservation status of natural and semi-natural habitats.	tonnes per year of reduction in greenhouse gases emissions is being targeted by 173 LIFE projects.	tonnes per year of waste is being recycled in the framework of 139 LIFE projects aimed at improving waste management.	people have already benefited from a reduction in air emissions (i.e. cleaner air) thanks to 14 finished LIFE projects.

Heading 4

Migration and border management

Programmes under this heading seek to tackle the challenges linked to migration and borders. Under the 2021–2027 long-term budget, support for strengthening the EU’s external borders is being increased. Member States also receive more EU funds to help them better manage migration into the EU.

	Multiannual financial framework 2014-2020	Multiannual financial framework 2021-2027	
Heading 3 Security and citizenship	Asylum, Migration and Integration Fund	Asylum, Migration and Integration Fund	Heading 4 Migration and border management
	Internal Security Fund – Borders and Visa	Integrated Border Management Fund ⁽⁸⁾	

⁽⁸⁾ The Integrated Border Management Fund comprises the Border Management and Visa Instrument (BMVI) and the Customs Control Equipment Instrument (CCEI)

LEGAL BASIS

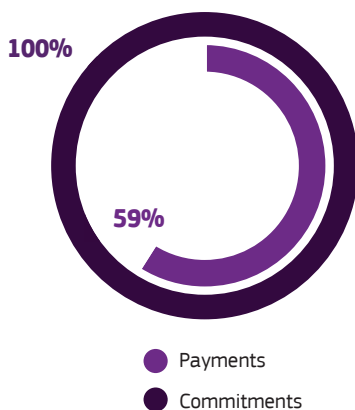
Regulation (EU) No 516/2014 of the European Parliament and of the Council amending Council Decision 2008/381/EC and repealing Decisions No 573/2007/EC and No 575/2007/EC of the European Parliament and of the Council and Council Decision 2007/435/EC

MORE INFORMATION

<http://europa.eu/vg89RF>

BUDGET ALLOCATION 2014-2020

EUR 7 595 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

The studies and evaluations carried out by the Directorate-General for Migration and Home Affairs can be found at: <http://europa.eu/lBq97ft>

How is it implemented?

The Directorate-General for Migration and Home Affairs is the DG responsible for the implementation of the programme. The programme is mainly implemented through shared management, and direct and indirect management (through the United Nations Refugee Agency, the International Organization for Migration and others).

AMIF

ASYLUM, MIGRATION AND INTEGRATION FUND

What is the Asylum, Migration and Integration Fund?

The Asylum, Migration and Integration Fund (AMIF) promotes the efficient management of migration flows and the implementation, strengthening and development of a common EU approach to asylum and migration. The fund offers important financial assistance to implement actions relating to the reception of asylum seekers and the integration of non-EU nationals. It covers material aid and support services, and supports Member States' efforts to achieve sustainable solutions, burden sharing and cooperation on migration management, including with non-EU countries.

Concrete examples of actions funded through this instrument include the improvement of accommodation and reception services for asylum seekers, information measures and campaigns in non-EU countries on legal migration channels, civic orientation and language training for non-EU nationals, promoting integration assistance to vulnerable persons belonging to the fund's target groups, information exchange and cooperation among Member States and the training of staff, assisted voluntary return programmes and relocation and resettlement operations.



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 in accordance with their economic and social needs, such as labour-market needs, while safeguarding the integrity of their immigration systems, and to promote the effective integration of non-EU nationals.
- To enhance fair and effective return strategies in the Member States for migrants with no right to stay, which is needed for the EU asylum system to be credible, with an emphasis on sustainability of return to and effective readmission in the countries of origin and transit.
- To enhance solidarity and responsibility sharing among the Member States, in particular with those most affected by migration and asylum flows, including through practical cooperation.

Why is it necessary?

Some Member States experience particular migratory pressure due to their specific geographic situation. The principles of solidarity and the fair sharing of responsibilities among Member States are at the heart of the common policies on asylum and immigration. The EU budget provides the means to address the financial implications of these principles.

In relation to the external dimension of home affairs, the adoption of measures and the pooling of resources at EU level will significantly increase the leverage necessary to convince non-EU countries to engage on those migration-related issues that are of primary interest to the EU.

Outlook for the 2021-2027 period

The new AMIF for the 2021-2027 period will succeed the 2014-2020 fund. Given the magnitude of the migration-related needs in the Member States, the integration measures will be complemented by the European Social Fund+, focusing more on the long-term socioeconomic integration of non-EU nationals. Moreover, given the importance of cooperation with countries of origin and transit, the proposal for the Neighbourhood, Development and International Cooperation Instrument includes a 10% horizontal expenditure target for addressing the root causes of irregular migration and forced displacement, and for supporting migration management and governance.

Budget implementation (in million EUR)

	EXECUTED COMMITMENTS		EXECUTED PAYMENTS
	953.8	2018	730.2
	1 183.8	2019	881.6
	1 389.2	2020	1 137.0

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Asylum – number of persons provided with assistance		> 100%	1.3 million	2.4 million people compared to target of 1.3 million	On track
New/improved reception accommodation infrastructures		71%	51 028	36 346 infrastructures out of 51 028	On track
Support for asylum policies in Member States – number of projects		67%	132	89 projects out of 132	On track
Number of persons resettled		71%	108 860	77 463 persons out of 108 860	On track
Integration of non-EU nationals – number of beneficiaries		> 100%	2.6 million	6.9 million persons compared to target of 2.6 million	On track
Integration of non-EU nationals – local, regional and national actions		> 100%	7 443	10 458 actions compared to target of 7 443	On track
Support for integration policies in Member States – number of projects		> 100%	134	189 projects compared to target of 134	On track
Co-financed returns – total (in number of persons)		52%	612 400	316 463 persons out of 612 400	Moderate progress
Co-financed returns – voluntary (in number of persons)		56%	314 670	177 423 persons out of 314 670	Moderate progress
Support for return policies in Member States – number of projects		100%	44	44 out of 44 projects	On track
Asylum seekers and beneficiaries transferred from one Member State to another ⁽¹⁾		83%	38 703	32 256 persons out of 38 703	On track

■ % of target achieved by the end of 2020

⁽¹⁾ As reported by the Member States in their annual accounts. The indicator monitors relocations under the two Council decisions on relocation of September 2015 as well as voluntary relocations.

Where are we in the implementation?

- **National programmes under shared management.** Over the 2014-2020 period, a total of EUR 2.88 billion was actually spent by the Member States through shared management, equivalent to an absorption rate of 63%, which is considered a good result as 2 years of implementation remain. The national programmes were revised in 2019 to include a total additional amount of EUR 97.6 million for resettlements to be carried out by the Member States, and a similar revision also happened in 2020 with an increase of EUR 77.9 million.
- **Emergency assistance.** By the end of December 2020, the total amount of AMIF emergency assistance granted to Member States since 2015 had reached EUR 2 029 million. In 2020, 15 grants and contribution agreements were signed for a total of EUR 689 million, EUR 506 million of which was for actions implemented by two international organisations (the United Nations Refugee Agency and the International Organization for Migration) for the benefit of Greece.
- **European Union actions.** The AMIF 2020 work programme for EU actions was adopted on 26 June 2020 for a total allocation of EUR 101.8 million and the relevant calls will be finalised in 2021.
- **The European Migration Network.** The fund also continued to support the European Migration Network: the 2019-2020 work programme for grants included an amount of EUR 18 million for this purpose.
- **Tackling the COVID-19 crisis.** To cope with the difficulties of the COVID-19 crisis corrective actions have been taken, notably the following: the project beneficiaries were supported by the activation of the Emergency Support Instrument in response to COVID-19; the duration of 202 projects has been extended; and the budget of the 9 healthcare-related projects was increased (by EUR 1.45 million).
- **The New Pact on Migration and Asylum.** The pact was adopted by the Commission in September 2020. The Commission recommendation on legal pathways to protection in the EU calls on Member States to provide more admission places for people in need of international protection by expanding their resettlement programmes, but also through humanitarian admission and other complementary pathways.

Performance assessment

- The AMIF is achieving its objectives, taking into account the volatile and challenging migration situation throughout the 2014-2020 period. It provides the financial means to push forward the EU's comprehensive migration policy. In this respect, the Commission is developing legislative proposals to establish and improve common EU action, monitoring and enforcing the correct implementation of applicable rules by the Member States.
- The main benefits at EU level are those arising from the transnational dimension of certain actions, but also those of burden sharing at EU level, supported in particular by the emergency assistance and relocation and resettlement mechanisms. The European Court of Auditors concludes in its *Report on the performance of the EU budget – Status at the end of 2019*, published on 13 November 2020, that the AMIF provided substantial support to help Member States tackle the costs and challenges of asylum and migration action, such as relocation and resettlement, migrant support schemes and funding to build and upgrade accommodation. The Court of Auditors stresses that the context in which this support is provided is politically sensitive and characterised by the diverse positions held by the Member States.
- Sustainability, in the sense of investment targeting structural changes, has been thoroughly considered by the AMIF both at the programming and at the implementation stages of national programmes and, to a lesser extent, in the emergency assistance, due to the nature of the actions. Overall, most of the innovative measures (e.g. simplified cost options and multiannual programming) are considered particularly beneficial by beneficiaries and appear to have achieved the desired simplification, according to the midterm evaluation of the fund.
- Nevertheless, there is room for improvement. Lessening the administrative burden could have a positive effect on the efficiency of the fund. Some control measures appeared to be too stringent for the Member States, even though the AMIF has led to the simplification of the burden compared to past funds. In addition, the monitoring and evaluation system under the AMIF needs further improvement. The European Court of Auditors specifically pointed out that information on emergency assistance funding is not covered by the performance indicators. In the 2021-2027 programming period, all support provided by the AMIF, including emergency assistance, will be covered by the performance indicators, as set out in Annex VIII of the AMIF regulation.

- Lessons learned have been incorporated into the design of the new AMIF. They include an allocation that reflects the different needs and pressures faced by Member States and a thematic facility offering flexible funding for a number of priorities, including support for solidarity and responsibility-sharing efforts among the Member States, specific focus on effective returns, and emergency assistance. In addition, the Commission proposed greatly improved performance monitoring with more regular and reliable data. In cooperation with the Member States, the Commission services will develop definitions for each indicator set out in the AMIF regulation. In addition, the annual performance review will be an opportunity for a dialogue with the Member States on issues of programme implementation and performance.
- For many of the indicators that monitor the implementation of the 2014-2020 national programmes, either the milestones have been exceeded or the targets set at the beginning of the period have been achieved.
- **Strengthening the Common European Asylum System.** Most of the indicators in the area of strengthening the asylum system and the reception facilities have achieved or surpassed their milestones or targets. This is the case for the number of asylum seekers provided with assistance, the increase in reception capacities and the number of staff trained in asylum-related topics.
- In order to cope with sustained migratory pressure, the emergency assistance is a useful tool for helping the Member States most affected to improve their asylum systems and reception capacities. It is the main tool used by the Commission to provide strategic operational support with EU added value at short notice, in the form of grants and contribution agreements. The interim evaluation of the fund also confirmed that emergency assistance is one of the main benefits at EU level.
- Coordinated resettlement efforts, providing a safe and legal way for persons in need of international protection to reach the EU, have also continuously increased since 2015. Resettlement operations are an important part of the AMIF, with an allocation of almost EUR 1 billion under the national programmes in the 2014-2020 programming period. This constitutes almost a quarter of the fund's overall financial allocation.
- **Effective integration and legal migration.** The integration strand has been a real success: almost 6 million persons in the target group have received integration assistance, exceeding the target by as much as 2.6 million. Moreover, the number of local, regional and national policy frameworks put in place also exceeded the target, with 8 957 compared to the initial target of 7 443.
- As far as fostering legal migration is concerned, the results achieved by the Member States through their national programmes are mixed. In particular, the number of pre-departure measures organised in countries of origin to assist foreign nationals with their plans to work in the EU is far below the target set. Similarly, the number of cooperation projects established is far below the target. On the other hand, the number of persons assisted through integration measures under national, local and regional strategies is far above the target. The Commission has directly promoted cooperation projects between local and regional authorities through targeted calls for proposals. Also, in November 2020 the Commission adopted the 'Action Plan on Integration and Inclusion 2021-2027', highlighting the horizontal and sectoral priorities for integration, including the use of the different funding sources.
- **Effective return policies and irregular migration.** Improvements are still needed in the effective enforcement of the return of migrants with no right to stay in the country of their original arrival. The rate of effective returns is unsatisfactory, at 28.97% in 2019, compared to 31.95% in 2018 (data for 2020 will be available in June 2021).
- Unsatisfactory return rates persist due to the inefficient enforcement or use of existing return and readmission tools and instruments at EU and national levels, and insufficient cooperation on readmission from the main countries of origin. The prospects for improvement depend both on better cooperation with non-EU countries and on the effectiveness of Member States in implementing returns. Schengen evaluations in the field of returns help Member States identify the specific actions that need to be prioritised in order to achieve the objectives set.
- The Commission has taken action to provide all the necessary support to increase the return rate, and has put forward a proposal for a recast of the return directive, while the role of the European Border and Coast Guard Agency in return operations has been strengthened. The Commission continues to negotiate and implement readmission agreements and informal arrangements with non-EU countries and is working on broader partnerships that can deliver on both non-EU countries' and the EU's objectives, including readmission.
- EU actions also support non-EU countries in improving their capacity to manage readmission processes effectively (e.g. identification and re-documentation processes) in their cooperation with Member States; this support is financed by the Readmission Capacity Building Facility under the AMIF. There are 24 existing EU agreements and arrangements on readmission and the New Pact on Migration and Asylum will mobilise all EU policies, tools and instruments, to prioritise the effective implementation of these agreements, complete ongoing readmission negotiations and explore options for new agreements.
- The Commission is working closely with non-EU countries to address irregular migration. For example, under the EU Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa (the EU Trust Fund for Africa), financial support to Morocco helped reduce the number of irregular migrants on the western Mediterranean route from around 57 000 in 2018 to roughly 41 800 in 2020. The total amount of financial support provided by the AMIF to the EU Trust Fund for Africa for the 2017-2020 period was EUR 135 million. The AMIF also supported information campaigns in non-EU countries that provide information on the risks of irregular migration and the smuggling of migrants.
- **Enhancing solidarity and responsibility sharing among the Member States.** Help has been provided through the emergency assistance tool, which supports the Member States facing unprecedented numbers of arrivals. Several Member States, notably Greece, Spain and Italy, benefit from AMIF emergency assistance, in addition to their national allocations. The emergency assistance amounts granted up to the end of December 2020 are EUR 1 515 million to Greece and EUR 190 million to Italy.
- Out of the 160 000 refugees expected to be relocated under the framework of the two Council decisions of September 2015, Greece and Italy have reported that 34 708 people have been relocated from their countries to other Member States and Schengen-associated countries. The Member States received 30 746 refugees, which represents 89% of the application requests (96% with the Schengen-associated countries' participation), taking into account the eligibility criteria provided for in the Council decisions. The Member States also received 1 510 refugees under ad hoc voluntary operations (i.e. 32 256 in total). The co-legislators agreed in 2018 to reallocate the remaining unused funds for relocation to other migration priorities. By revising the national programmes in 2019, this funding has notably been reallocated to voluntary relocation (EUR 26 million) and resettlement (EUR 116 million), among other key priorities in the area of migration. In 2020, voluntary relocations continued following disembarkations in the Central Mediterranean, and nine Member States welcomed 793 asylum seekers disembarked in Italy and Malta.
- In March 2020, following the dramatic events at the Greek-Turkish border and then the fire in the Moria camp in September 2020, voluntary relocation started to be implemented in Greece as well, with EUR 15 million in AMIF support to put in place procedures for processing and relocation; 2 213 of the most vulnerable applicants for international protection have been relocated already, out of the 5 250 places pledged by Member States and Schengen-associated countries. The voluntary relocations clearly show the added value of European action, with receiving states participating voluntarily, EU Agencies providing support, the Commission coordinating, and EU funding supporting procedures for processing and relocation.

Concrete examples of achievements

2 442 140	6 924 718	77 463	115 249	30 026	32 256
asylum seekers were provided with assistance with the support of the fund in 2014 to 2020.	non-EU nationals received help with integration during the 2014-2020 period with the support of the fund.	people were resettled with the support of the fund from 2014 up to the end of 2020.	returned migrants received pre- and post-integration assistance during 2014 to 2020, ensuring compliance with human rights and the dignity of the returnees.	new or improved accommodation places have been created since 2014, in line with the common requirements for reception conditions set out in the EU <i>acquis</i> .	applicants for and beneficiaries of international protection were transferred from one Member State to another with support of the AMIF during the 2014-2020 period.

LEGAL BASIS

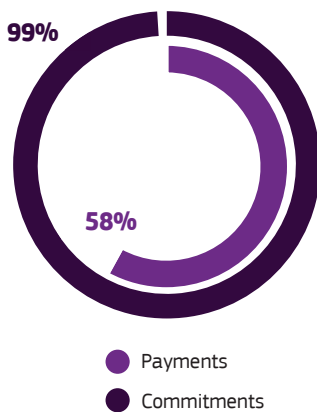
Regulation (EU) No 515/2014 of the European Parliament and of the Council repealing Decision No 574/2007/EC; Regulation (EU) No 513/2014 of the European Parliament and of the Council repealing Council Decision 2007/125/JHA

MORE INFORMATION

<http://europa.eu/rb34rH>

BUDGET ALLOCATION 2014-2020

EUR 3 942.7 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

The studies and evaluations carried out by the Directorate-General for Migration and Home Affairs can be found at: <http://europa.eu/Bq97ft>

How is it implemented?

The Directorate-General for Migration and Home Affairs is the lead DG for the implementation of the programme via shared and direct management.

INTERNAL SECURITY FUND

What is the Internal Security Fund?

The Internal Security Fund (ISF) promotes the implementation of the internal security strategy, law enforcement cooperation and the management of the EU's external borders. The fund is composed of two instruments, ISF Borders and Visa and ISF Police. ISF Borders and Visa's main objective is to contribute to ensuring a high level of security in the EU while facilitating legitimate travel. This includes the effective processing of Schengen visas by supporting a common visa policy and achieving a uniform and high level of control of the external borders in order to prevent irregular migration and ensure smooth crossings at the borders. The ISF Police component focuses on the fight against crime, along with managing internal security risks and crises. To make best use of available information relating to security, migration and border management, European information systems need to work together in an intelligent and targeted way while respecting data protection safeguards. To achieve this, the ISF supports interoperability measures, ensuring that border guards and police officers have access to up-to-date information whenever and wherever needed.

**Specific objectives**

- Supporting a common visa policy to facilitate legitimate travel, provide a high quality of service to visa applicants, ensure equal treatment of non-EU nationals and tackle illegal immigration.
- Supporting integrated border management to ensure a uniform and high level of control and protection of the external borders while guaranteeing smooth crossings for bona fide travellers.
- Crime prevention, combating cross-border, serious and organised crime, including terrorism, and reinforcing coordination and cooperation among law enforcement authorities and other national authorities of Member States.
- Enhancing the capacity of Member States and the European Union to manage security-related risks and crises effectively, and preparing for and protecting people and critical infrastructure against terrorist attacks and other security-related incidents.

Why is it necessary?

Some Member States are under particular pressure due to their specific geographic situation and the length of the EU external borders that they have to manage. The abolition of internal border controls must be accompanied by common measures for the effective control and surveillance of the EU's external borders. The principles of solidarity and of the fair sharing of responsibilities among Member States are at the heart of the common policies on asylum, immigration and external borders. The EU budget provides the means to address the financial implications of these principles. In the area of security, serious and organised crime, terrorism and other security-related threats are of an increasingly cross-border nature. Transnational cooperation and coordination among law enforcement authorities is essential for successfully preventing and fighting these crimes, for example through the exchange of information, joint investigations, interoperable technologies and common threat and risk assessments.

Dealing with migration flows, the management of the external borders and the EU's security requires substantial resources and capabilities from the Member States. Improved operational cooperation and coordination involving the pooling of resources in areas such as training and equipment create economies of scale and synergies, thereby ensuring a more efficient use of public funds and reinforcing solidarity, mutual trust and sharing of responsibility for common EU policies among Member States.

Outlook for the 2021-2027 period

In the next multiannual financial framework, the current ISF will be replaced by the Border Management and Visa Instrument (replacing ISF Borders and Visa) and the Internal Security Fund (replacing ISF Police).

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
729.1	2018	452.4	
533.1	2019	528.3	
528.4	2020	466.8	

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Consulates developed/upgraded		> 100%	923	2 680 consulates compared to target of 923	On track
Number of border control infrastructures		> 100%	19 902	33 516 infrastructures compared to target of 19 902	On track
National border surveillance infrastructures established / further developed in the framework of the European Border Surveillance System	19	100%	30	30 infrastructures out of 30	On track
Projects of joint investigation teams and European Multidisciplinary Platform against Criminal Threats (including Member States and authorities)		> 100%	216	287 projects compared to target of 216	On track
Protection of critical infrastructures by Member States		85%	478	406 projects out of 478	On track

■ % of target achieved by the end of 2020

Where are we in the implementation?

- Based on the current national programmes, the overall allocation to Member States under the national programmes of the ISF stands at EUR 3.17 billion (EUR 2.42 billion for ISF Borders and Visa and more than EUR 0.75 billion for ISF Police). The implementation of the ISF will run until the end of 2022, and therefore 2 years of implementation still remain. By 2020, the fund had reached an absorption rate of 57%. This can be considered satisfactory overall, given that it is implemented mainly through long-term projects for heavy equipment or the development of relevant information technology systems. Under the ISF emergency assistance tool, which is used to support the Member States facing significant and urgent challenges at the external borders or with respect to security threats, EUR 426 million has been made available since 2014.
- The ISF national programmes were revised in 2020 to include an overall amount of EUR 78.9 million provided to seven Member States to support border control activities, in particular in those Member States confronted with high migratory pressure at the external borders.

Performance assessment

- Taking into account the difficult situation at the external borders linked to high migration pressure and continuous security challenges, the ISF has proven to be efficient, ensuring the protection of the external borders and a high level of security in the EU.
- The fund has supported overarching EU policies in the area of external border management and visas, such as the uniform implementation of the Schengen *acquis*, the European Border Surveillance System, the purchase of border management equipment for use by the European Border and Coast Guard Agency, the common visa policy and relevant information technology systems. The direct management has mainly contributed to relevant supporting studies for the information technology systems, relevant evaluation mechanism schemes, some transnational projects in the area of purchasing and using equipment and training.
- ISF Borders and Visa makes a crucial contribution to the application of the Schengen *acquis*. The EU has invested heavily in the effective control of the external borders through EU-level information systems, providing border guards and police officers with relevant information. The success of the Schengen information system reduces the risk of people who pose a security threat, including returning EU nationals, being able to cross the borders unnoticed. The instrument has also helped to increase the Member States' capacities to invest in border surveillance resources and infrastructures, and to make resources available to the European Border and Coast Guard Agency in joint operations. It has also helped increase quality and security in the issuance of Schengen visas by ensuring timely adaptations to national visa information systems, and the provision of the necessary equipment and training.
- The ISF is increasing the capacity of Member States to undertake border surveillance, to facilitate legitimate travel and to develop consular cooperation. After a slow start to actions consisting of the purchase of border surveillance equipment that were subject to onerous procurement procedures, the implementation of the ISF Borders and Visa programme is in full swing, exceeding its 2020 targets for establishing national border surveillance infrastructures and for developing consulates and consular cooperation.
- ISF Police support is driven by the needs of national authorities whose aim is to keep citizens safe, while at the same time it pursues joint actions with an impact on the security of Member States. The instrument supports measures enhancing mutual trust and information sharing among national authorities. In this regard, important financial support is offered to several networks of law enforcement authorities or practitioners, such as the Radicalisation Awareness Network. The joint investigation teams and the European Multidisciplinary Platform against Criminal Threats contribute to better coordination among the Member States. Moreover, ISF Police finances the establishment and operation of the national passenger name record systems, allowing national law enforcement authorities to exchange information on passengers in air travel.
- For both strands, however, training of staff is significantly below the targets. Data at the national level show that some Member States have already attained or are close to their targets, while others have yet to report projects for training. In addition, the situation deteriorated from March 2020 onwards with the outbreak of COVID-19, which became a real obstacle. Virtual training courses are not always possible for border control and security topics.
- One of the key lessons learned from the 2014-2020 period was that there was insufficient flexibility to respond to changing needs during the programming period. In the 2021-2027 period, for both the new ISF and the new Integrated Border Management Fund, this challenge will be addressed by providing an initial amount to the Member States equal to around 48% of the total funds for the Integrated Border Management Fund, and around 58% for the ISF. The rest will be provided on the basis of financial performance at the midterm point or, for the larger portion, will be managed through the thematic facility. This facility offers flexibility in the management of the instrument by allowing the disbursement of funds, notably for emergency assistance and other key needs identified at EU level.

Concrete examples of achievements

287	465	33 516	2 680	209 178
joint investigation team and European Multidisciplinary Platform against Criminal Threats operational projects were supported by the instrument during the 2014-2020 period.	projects were carried out in the area of crime prevention during the 2014-2020 period.	border control infrastructures and resources were developed or upgraded with the help of the instrument during the 2014-2020 period.	consular cooperation activities were developed with the help of the instrument during 2014 to 2020.	hits were found in the Schengen information systems in 2020.

Heading 5

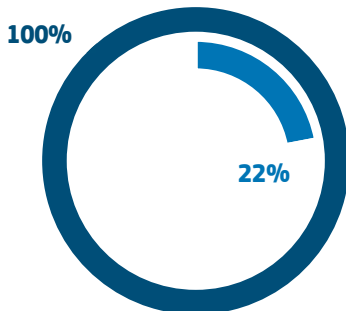
Security and defence

This heading includes programmes that aim to improve the security and safety of EU citizens, to strengthen the EU's defence capacities and to provide the tools needed to respond to internal and external security challenges to which no Member State can respond on their own. To be ready to protect its citizens, the EU also needs to enhance its strategic autonomy and build well-designed and streamlined defence instruments.

	Multiannual financial framework 2014-2020	Multiannual financial framework 2021-2027	
Heading 1a Competitiveness for growth and jobs	Nuclear decommissioning (BG and SK)	Nuclear safety and decommissioning (inc. for BG and SK)	Heading 5 Security and defence
	Nuclear decommissioning LT	Nuclear decommissioning (LT)	
	Defence programme	European Defence Fund	
Heading 3 Security and citizenship	Internal Security Fund Police	Internal Security Fund	

LEGAL BASIS 2014-2020Council Regulation (EU)
No 1369/2013**MORE INFORMATION**<http://europa.eu/jw46Rk>**BUDGET ALLOCATION 2014-2020**

EUR 450.8 million

**OVERALL EXECUTION
(2014-2020)**

- Payments
- Commitments

**Evaluations/
studies conducted**

The midterm evaluation was carried out in 2018. For further information, see:

<https://europa.eu/TN67UQ>

How is it implemented?

The Directorate-General for Energy is the lead DG for the implementation of the programme.

The programme is managed through the European Bank for Reconstruction and Development and the Central Project Management Agency (Member State national agency).

NUCLEAR DECOMMISSIONING LT

NUCLEAR DECOMMISSIONING ASSISTANCE PROGRAMME IN LITHUANIA

What is nuclear decommissioning in Lithuania?

In application of its Act of Accession to the European Union, Lithuania anticipated the shutdown of the two nuclear reactors in Ignalina within the agreed deadlines (2004 and 2009). The EU agreed to provide financial support for their decommissioning. The nuclear decommissioning assistance programme was established to assist Lithuania in implementing the decommissioning of Ignalina units 1 and 2 in accordance with an approved decommissioning plan, whilst maintaining the highest level of safety.



Specific objectives

- Defueling of the reactor core of unit 2 and the reactor fuel ponds of units 1 and 2 into the dry spent fuel storage facility.
- Safely maintaining the reactor units.
- Performing dismantling in the turbine hall and other auxiliary buildings and safely managing the decommissioning waste in accordance with a detailed waste management plan.

Why is it necessary?

Due to the early closure of its plants, it was not possible for Lithuania to accumulate sufficient funds from the operation of the plant. It is therefore in the interest of the EU to provide further financial support for the seamless continuation of decommissioning in order to progress towards the decommissioning end state, in accordance with approved plans, while maintaining the highest level of safety. This will contribute to providing substantial and sustained support for the health of workers and the general public, preventing environmental degradation and providing for real progress in nuclear safety and security.

Outlook for the 2021-2027 period






The EU assistance to the decommissioning of the Ignalina nuclear power plant in the 2021-2027 multiannual financial framework is the continuation of the long-term programme scheduled for 2001-2038.

Under the 2014-2020 multiannual financial framework, the Ignalina programme progressed steadily towards the decommissioning end state, in accordance with its decommissioning plan, whilst maintaining the highest level of safety. The process will continue in 2021-2027 with the additional objective of disseminating knowledge on the decommissioning process to all EU Member States. The activities funded in the period 2021-2027 will be subject to an EU co-financing rate of 86%.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
65.6		2018	8.4
66.9		2019	32.9
68.3		2020	54.2

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Fuel assemblies transported to dry interim storage (in tonnes)		 98%	15 630	15 243 out of 15 630 assemblies	On track
Unloaded fuel assemblies from reactor core of unit 2		 100%	1 134	1 134 out of 1 134 assemblies	On track
Registered incidents		 100%	0	0 incidents	On track
Auxiliary system dismantled and safely conditioned waste – dismantled equipment (in tonnes)		 92%	47 277	43 730 out of 47 277 tonnes	On track
Auxiliary system dismantled and safely conditioned waste – Primary processed waste (in m ³)		 > 100%	42 314	42 703 compared to 42 314 m ³	On track

 % of target achieved by the end of 2020

Where are we in the implementation?

- In total, EUR 451 million was allocated in commitments for the 2014-2020 period, representing 100% of the appropriations available.
- 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 inherent interval between the commitments and the payments of the programme, and why most of the payments during the 2014-2020 period were related to commitments from the previous period, with a payments implementation rate of 22% of the 2014-2020 allocated budget.
- Nevertheless, when including the payments related to the 2007-2013 multiannual financial frameworks commitments, the payments made during the 2014-2020 period represented 95.5% of the committed amount for the same period.
- The Ignalina programme continued to make effective progress in decommissioning the nuclear power plants in 2020. The cost of the work carried out since 2014 is within budget and delays in individual projects have been compensated for by replanning future activities.
- Progress at the site was affected by the COVID-19 crisis, although the measures implemented to ensure that activities could continue safely reduced the impact on project milestones. The EU continued to support the salaries of the workers in these difficult times.

Performance assessment

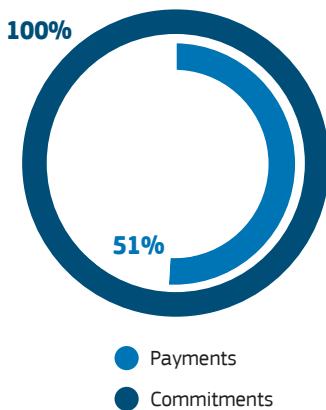
- The progress against the 2014-2020 multiannual financial framework programme's objectives is generally satisfactory, as confirmed by the indicator results.
- The cores of both reactor units 1 and 2 are now completely defueled – a result achieved in 2018, ahead of schedule. The removal of spent fuel assemblies from unit 1 and 2 spent fuel ponds is also progressing ahead of schedule.
- The design of the near-surface repository for low- and intermediate-level short-lived waste has been completed and the procurement procedure for its construction was launched in 2020. Construction of the landfill facility for very low-level short-lived waste was completed. The formal acceptance of the facility is planned for 2021 with the first loading campaign to follow soon after.
- By the end of 2020, 98% of spent-fuel assemblies (against a target of 90%) were safely stored in a new dedicated facility. The remaining assemblies were damaged when the reactor was operational. The transfer of the damaged assemblies has started, although it needs to be handled more carefully.
- No safety incidents were registered during 2014-2020, showing that the objective of safely maintaining the reactor units has been consistently achieved.
- The overall performance concerning the dismantling of auxiliary systems was satisfactory with 43 730 tonnes of material dismantled from the turbine hall, and 42 703 m³ of processed waste by the end of 2020.
- The dismantling of the Ignalina reactors is a first-of-a-kind challenge. In accordance with the updated performance baseline, the programme completion date is still 2038.

Concrete examples of achievements

43 730	98%	191	42 703	0
tonnes of material were dismantled from the turbine hall by 2020, a task completed in August 2019. The large hall is now used to store and process materials from other buildings.	of spent-fuel assemblies were safely stored by the end of 2020 compared with a target of 90%.	new storage casks were delivered by February 2020, a year ahead of schedule.	m ³ of radioactive waste were processed and stored from the turbine hall and auxiliary buildings by the end of 2020 compared with a target of 42 314 m ³ .	incidents were observed over the 2014-2020 period. Maintaining the highest level of safety is part of the general objective of the Ignalina programme.

LEGAL BASIS 2014–2020Council Regulation (Euratom)
No 1368/2013**MORE INFORMATION**<https://europa.eu/lbC66CU>**BUDGET ALLOCATION 2014-2020**

EUR 518.4 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

The midterm evaluation was carried out in 2018. For further information, see:

<https://europa.eu/TN67UQ>**How is it implemented?**

The Directorate-General for Energy is the lead DG for the implementation of the programme.

The programme is managed through the European Bank for Reconstruction and Development and the Slovak Innovation and Energy Agency (Member State national agency).

NUCLEAR DECOMMISSIONING (BG AND SK)

NUCLEAR DECOMMISSIONING ASSISTANCE PROGRAMMES IN BULGARIA AND SLOVAKIA

What is nuclear decommissioning in Bulgaria and Slovakia?

In accordance with their respective Acts of Accession to the Union, Bulgaria and Slovakia anticipated the shutdown of six Soviet-designed, first-generation nuclear power plants. The EU committed to provide financial support for their decommissioning. The nuclear decommissioning assistance programmes were established to assist the two Member States implement the decommissioning of Kozloduy units 1 to 4 (Bulgaria) and Bohunice V1 units 1 and 2 (Slovakia) in accordance with their respective decommissioning plans, while maintaining the highest level of safety.



Specific objectives

- **Kozloduy.** Performing dismantling in the turbine halls of units 1 to 4 and in auxiliary buildings.
- **Kozloduy.** Dismantling of large components and equipment in the reactor buildings of units 1 to 4.
- **Kozloduy.** Safely managing the decommissioning waste in accordance with a detailed waste management plan.
- **Bohunice.** Performing dismantling in the turbine hall and auxiliary buildings of reactor V1.
- **Bohunice.** Dismantling of large components and equipment in the reactor V1 buildings.
- **Bohunice.** Safely managing the decommissioning waste in accordance with a detailed waste management plan.

Why is it necessary?

Due to the early closure of their plants, it was not possible for Bulgaria and Slovakia to accumulate sufficient funds from operation of the plants. It is therefore in the interest of the EU to provide financial support for the seamless continuation of decommissioning in order to progress towards the decommissioning end state, in accordance with approved plans, while keeping the highest level of safety. This will contribute to providing substantial and sustained support for the health of workers and the general public, preventing environmental degradation and providing for real progress in nuclear safety and security.

Outlook for the 2021-2027 period

Council Regulation (Euratom) 2021/100 established the continuation of the Kozloduy and Bohunice programmes for the 2021-2027 period.

The implementation of the decommissioning plans will continue under the multiannual financial framework for 2021-2027 subject to a maximum EU co-financing of 50%.




During the 2014-2020 multiannual financial framework, the Joint Research Centre decommissioning programme was financed under a separate instrument. For the new period, it has been incorporated into this programme.


The Joint Research Centre will lead the effort to disseminate knowledge on the decommissioning process to all EU Member States.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
75.5	2018	74.9	
77.0	2019	62.2	
78.5	2020	37.9	

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Kozloduy – metal from dismantling in reactor buildings (in tonnes)		 79%	1 200	948 out of 1 200	Moderate progress
Kozloduy – quantity and type of safely conditioned waste (in tonnes)		 90%	43 860	39 320 out of 43 860	Moderate progress
Bohunice – quantity and type of safely conditioned waste (in tonnes)		 90%	149 297	134 124 out of 149 297	Moderate progress

 % of target achieved by the end of 2020

Where are we in the implementation?

- In total, EUR 518 million was allocated in commitments for the 2014-2020 period, representing 100% of the appropriations available for the period.
- 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 inherent interval between the commitments and the payments of the programme, and why most of the payments during the 2014-2020 period were related to commitments from 2007-2013, with a payment implementation rate of 51% of the 2014-2020 allocated budget.
- Nevertheless, when including the payments related to the 2007-2013 multiannual financial framework commitments, the payments made during 2014-2020 represented 162% of the committed amount for the same period.
- Bulgaria and Slovakia continued to make effective progress in decommissioning their nuclear power plants in 2020. Dismantling activities are ongoing and the recovered materials are being recycled or treated as radioactive waste. The cost of the work carried out since 2014 is within budget.
- Progress at these two sites was affected by the COVID-19 crisis, which meant limited access by foreign experts and contractors. Measures to ensure that activities could continue safely significantly reduced the short-term impact on project milestones.

Performance assessment

- The overall progress towards the nuclear decommissioning objectives is satisfactory, although delays are accumulating in specific areas of the implementation.
- The decommissioning of the Kozloduy power plant in Bulgaria has made significant progress, including the following.
 - The dismantling of equipment in the turbine hall, a major milestone of the first specific objective, was completed in 2019, a year earlier than scheduled.
 - The plasma melting facility, a first-of-its-kind facility for the high-performance volume reduction of radioactive waste, demonstrated that it could reduce the volume of radioactive waste by a factor of 50.
 - On the other hand, the dismantling of large components in the reactor building and the management of the decommissioning waste remain behind schedule due to a delay in obtaining the approval of the nuclear regulator, and the impact of COVID-19 in 2020.
- The Bohunice programme in Slovakia is the most advanced of the three decommissioning programmes assisted by the EU, and it will be the first completed decommissioning programme for its type of reactor.
 - The dismantling of the large components of the reactor coolant system has started, including the transportation of the reactor pressure vessel and other activated components to pools reconfigured as underwater cutting workshops in 2020.
 - The 12 steam generators, which are each made of 145 tonnes of steel, were transferred to the former turbine hall in 2019 and the cutting of the first steam generator was completed in June 2020.
 - On the other hand, the slowdown of the conventional waste production due to the impact of COVID-19 and of the lower-than-planned quantity of material to be removed from the site, led to 89% of the target being achieved by the end of 2020.
- During the 2014-2020 multiannual financial framework, the Kozloduy and Bohunice programme progressed steadily towards the decommissioning end state, in accordance with their respective decommissioning plans, whilst maintaining the highest level of safety. The process will continue under the multiannual financial framework for 2021-2027 and a new objective will be pursued: the dissemination of knowledge on the decommissioning process to all EU Member States.
- Technical challenges, which are intrinsic to the decommissioning process, slow regulatory approval and the fact that the decommissioning market is still in a developmental stage have led to delays, which could not be caught up with in 2020 due to the impact of the COVID-19 pandemic. After the midterm evaluation in 2018 the time schedule for the activities was revised, in order to better monitor the progress and performance according to up-to-date figures.
- However, the critical path of the programmes is monitored with the highest level of attention. When risks are identified, mitigating actions like the parallel execution of tasks or working in several shifts are proposed.

Concrete examples of achievements

29 448	134 124	392
tonnes of metals were originated from the dismantling of the turbine hall in the Kozloduy programme by the end of 2020.	tonnes of conventional recyclable material were dismantled by the end of 2020 in the Bohunice programme. This material was transported to the recycling facilities outside the Bohunice decommissioning site.	reinforced-concrete containers of radioactive waste were produced in the Kozloduy programme by the end of 2020. The production of final waste packages (i.e. reinforced-concrete containers) for legacy waste and decommissioning waste was 106% of the target by this date.

LEGAL BASIS

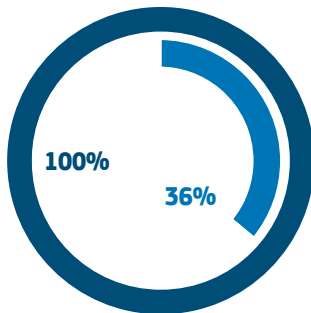
Regulation (EU) 2018/1092 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/pf68Qt>

BUDGET ALLOCATION 2014-2020

EUR 500 million

**OVERALL EXECUTION
(2014-2020)**

- Payments
- Commitments

**Evaluations/
studies conducted**

The *ex ante* evaluation of the programme was carried out in 2017.

For further information please consult <https://europa.eu/qN37UB>

The *ex post* evaluation will be aligned with the interim evaluation of the European Defence Fund for 2021-2027 and will take place at least 4 years after the start of the implementation of the latter.

How is it implemented?

The programme is implemented by the Directorate-General for Defence Industry and Space, mainly through direct management. On an ad hoc basis and if justified, specific actions may be implemented in indirect management.

DEFENCE PROGRAMME

EUROPEAN DEFENCE INDUSTRIAL DEVELOPMENT PROGRAMME

What is the defence programme?

The European defence industrial development programme was adopted in July 2018 for a duration of 2 years. It aims to support the competitiveness and innovative capacity of the EU defence industry, specifically in the development of prototypes, by supporting development projects jointly carried out by companies.

The programme will help create a collaborative approach between defence industry players in the Member States. The financial contribution of the EU will unlock development projects that otherwise would not have started due to their financing needs or the technological risks involved, leading to additional collaborative defence development projects.

Only collaborative projects will be eligible, and a proportion of the overall budget will be earmarked for projects involving cross-border cooperation between small and medium-sized enterprises.



Specific objectives

- To foster the competitiveness, efficiency and innovation capacity of the EU defence industry by supporting actions in their development phase.
- To support and leverage cooperation between undertakings, including small and medium-sized enterprises and mid-caps, and collaboration between Member States, in the development of defence products and technologies.
- To foster better exploitation of the results of defence research and contribute to closing the gaps between research and development.

Why is it necessary?

The defence sector is characterised by a long-term trend of rising equipment costs and by high development costs that are increasingly beyond the capacity of individual Member States. Moreover, the EU defence sector is suffering from low levels of investment and is characterised by fragmentation along national borders, leading to duplications. Cross-border cooperation remains very limited, although it could contribute to scale effects.

The lack of coherent EU support for defence development and the prevalence of uncoordinated Member State policies in this area are impeding the development of the defence industry. The lack of cooperation leads to competitive disadvantages for the EU defence industry and endangers its capacity to respond to the security and defence needs of the Member States. It constitutes a significant impediment to the implementation of the common security and defence policy.

Action at the EU level will provide added value by further stimulating industrial defence cooperation through positive incentives, targeting projects in the development phase of defence products and technologies. EU support will allow projects to be unlocked that are frequently beyond the means of a single Member State. The projects supported will be based on common technical specifications, leading to better and more efficient collaboration and enabling further savings in the subsequent stages of the life cycle, along with improved levels of interoperability.

The increased cooperation is expected to reduce wasteful duplications and dispersions and create economies of scale. This will eventually lead to lower unit costs, benefiting the Member States and having a positive effect on exports.

EU intervention will incentivise, but not replace, the efforts of Member States, whose importance remains crucial for the launch of defence development projects. It thus complies with the principles of subsidiarity and proportionality.

Outlook for the 2021-2027 period

In the next multiannual financial framework, the programme will be continued by the European Defence Fund, with an added research window.

The European Defence Fund will build on the architecture and expand on the experience acquired through the precursor programmes implemented under the 2014-2020 multiannual financial framework:

- the preparatory action on defence research supported collaborative defence research projects;
- the European defence industrial development programme supported collaborative defence development actions.

The European Defence Fund will be implemented as one single fund.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
245.0	2019	0.1	
255.0	2020	178.0	

Where are we in the implementation?

- The European defence industrial development programme (2019-2020) committed EUR 500 million, thus achieving a 100% cumulative implementation rate. The first grants of the programme were signed in 2020. The pre-financing payments to these grants account for almost all payment appropriations used up to now, i.e. EUR 178 million, which represents a 36% rate of payments made so far. Following the calls for proposals for 2020, 63 proposals were received. This constitutes an increase of more than 50% compared to the 2019 calls. The results of the evaluation process will be available in the second half of 2021. The signature of the second (and last) round of the grants in 2021 and the associated pre-financing payments are expected to considerably increase the payment execution rate by the end of 2021.
- In order to support the defence industry during the COVID-19 crisis, it was decided to increase the pre-financing level awarded under the 2019 call for proposals to up to 90% of the maximum grant. This had an impact on the rate of payment execution of the programme. Furthermore, it was decided to extend the submission deadline for the 2020 call for proposals until December 2020. While this might delay the start of the projects, it had no impact on the financial implementation of the programme in 2020.
- Both the preparatory action on defence research and the European defence industrial development programme were fully implemented during the COVID-19 crisis through the signing of the grant agreements and the pre-financing of all the projects retained for funding. However, the crisis had a substantial impact on the procedures and the working arrangements of the staff involved in the evaluations and in the grant agreement preparations. The pandemic continues to affect the ongoing evaluations of the 2020 calls under the European defence industrial development programme and the preparation of the first work programme of the European Defence Fund.

Performance assessment

- The programme is designed to target the problems faced by the defence sectors identified in the context of the programme's evaluation, namely: (1) low levels of investment in innovative defence programmes; and (2) fragmentation of the defence industry and limited cooperation between undertakings. Both problems can pose substantial risks for the competitiveness of the EU defence industry in the longer term. Based on intense discussions with the Member States, the working programme was designed to foster the competitiveness, efficiency and innovation capacity of the European defence industry, to support and leverage cooperation and to ensure that the results from the research phase are better exploited in the next phases of development.
- The implementation of the programme is in progress. Following competitive calls for proposals in 2019, 16 projects out of the 40 proposals received were selected for funding. Due to the substantial oversubscription, the total budget allocated to the 2019 calls was fully consumed.
- After comparison of the programme's milestones with the results of the 2019 calls, the following initial conclusions can be drawn.
 - The calls under the programme have boosted cooperation between the Member States and their undertakings. The calls for proposals were tailored in close cooperation with the Member States to meet their needs in terms of defence systems and technologies necessary for their defence capabilities. This approach paid off, leading to larger consortia populated by entities established in more Member States than anticipated. At the same time, 80% of the 2019 budget was allocated to projects that have a link to permanent structured cooperation projects, i.e. joint projects initiated by Member States. The regulation promoted such links by awarding a 'bonus' to such projects to increase the EU funding rate.
 - The programme's regulation also focused on supporting small and medium-sized enterprises, i.e. the critical part of the European defence industry. The targeted number of small and medium-sized enterprises involved in projects was surpassed by almost 40%, as 83 such enterprises participated against a proposed milestone of 60. What is more, the 2019 work programme included a call that was open to consortia composed only of small and medium-sized enterprises, under which 21 such enterprises received funding. That said, three quarters of small and medium-sized enterprises that received funding under the programme are participating in projects resulting from the thematic calls. 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.
 - The share of funded projects that involved prototyping, which is a specifically sensitive phase of project development, was surpassed by 6%, indicating that more than half of the funded projects contain activities related to advanced stages in developing defence systems or technologies.
- With the first calls having been finalised at the end of 2020, an impact evaluation of the initiatives under the programme will be possible based on a first analysis of governmental and industrial stakeholders' responses. The retrospective evaluation of the European defence industrial development programme will be aligned with the interim evaluation of the 2021-2027 European Defence Fund and will take place at least 4 years after the latter's implementation.
- The design of the European Defence Fund largely builds on the architecture of the two precursor programmes, but it will be implemented as one single fund. For instance, the fund harmonises the eligibility and award criteria for funding projects. The European Defence Fund 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. The recently adopted action plan on synergies will also help to identify and foster the uptake of results generated in the civil programmes in a defence context, and vice versa. Several activities, such as those concerning project management, were tested under the precursor programmes and are being further adapted to defence-sector specificities in order to be used more extensively in the European Defence Fund. Together with supporting measures, such as the setting-up of an information network in the Member States, they should encourage small and medium-sized enterprises in particular to participate further in the programme.

Concrete examples of achievements

EUR 500 million	26 Member States	37%	EUR 90 million	26 Member States	889 entities
was allocated in 2019 and 2020 to support the development of defence systems and technologies to be integrated in commonly agreed capabilities under the European defence industrial development programme.	are countries of origin of the companies participating in proposals submitted in 2019 under the European defence industrial development programme.	of the companies participating in selected European defence industrial development proposals in the consortium under the 2019 programme calls are small and medium-sized enterprises.	was allocated to support joint defence research projects following calls for proposals published between 2017 and 2019 under the preparatory action on defence research.	and Norway are the countries of establishment of entities involved in proposals submitted between 2017 and 2019 under the preparatory action on defence research.	submitted 127 proposals under the preparatory action on defence research between 2017 and 2019. Of these, 22% were small and medium-sized enterprises, 23% were research centres, 7% were from academia and 48% were large industrial stakeholders.

Heading 6

Neighbourhood and the world

Programmes under this heading reinforce the EU socio-economic impact in its neighbourhood, in developing countries and the rest of the world. The heading also includes assistance for countries preparing for accession to the EU. Thanks to this funding, the EU can keep and even strengthen its role as a global player. The EU can also remain, together with its Member States, the world's leading development and humanitarian aid donor.

Multiannual financial framework 2014-2020		Multiannual financial framework 2021-2027		Heading 6 Neighbourhood and the world
Heading 4 Global Europe	IPA II	IPA III		
	European neighbourhood	NDICI		
	Development cooperation	NDICI		
	Partnership Instrument	NDICI		
	EIDHR	NDICI		
	Stability and peace	NDICI		
	HUMA	HUMA		
	CFSP	CFSP		
	Nuclear cooperation II	EI-INSC		
	Sustainable development	NDICI		
	Greenland	OCT (inc. Greenland)		
	Macro-financial assistance	Macro-financial assistance		

LEGAL BASIS

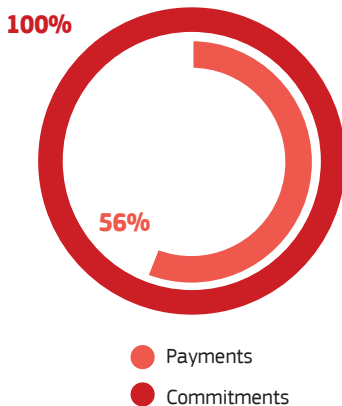
Regulation (EU) No 232/2014 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/hU77yp>

BUDGET ALLOCATION 2014-2020

EUR 17 568.3 million

OVERALL EXECUTION (2014-2020)**Evaluations/ studies conducted**

A midterm evaluation of the ENI was carried out in 2017 in the framework of a midterm review of all external financing instruments.

For further information, see: <https://europa.eu/xu37nn>

How is it implemented?

The Directorate-General for Neighbourhood and Enlargement Negotiations is the lead DG for the implementation of the programme.

The programme is implemented through direct (mainly grants), indirect (through international organisations and Member States' agencies) and shared (for the cross-border programmes) management.

EUROPEAN NEIGHBOURHOOD

EUROPEAN NEIGHBOURHOOD INSTRUMENT

What is the European Neighbourhood Instrument?

The European Neighbourhood Instrument (ENI) supports the implementation of the European neighbourhood policy towards 16 partner countries: Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Palestine ⁽⁹⁾, Syria, Tunisia and Ukraine. The objective is to make progress towards an area of shared prosperity and good neighbourliness by developing a special relationship founded on cooperation, peace and security, mutual accountability and a shared commitment to the universal values of democracy, the rule of law and respect for human rights.

The association agendas, partnership priorities or equivalent bilateral or multilateral documents jointly agreed with each partner country or with a number of partner countries set out shared political, economic and social reform objectives and serve as the political framework guiding the priorities for cooperation.

ENI support is provided through bilateral as well as multi-country programmes and cross-border cooperation programmes addressing cooperation between one or more Member States and one or more partner countries. It is also used to enable Russia to participate in cross-border cooperation and other relevant multi-country programmes, including cooperation on education (through Erasmus+).



Specific objectives

- Promoting human rights and fundamental freedoms, the rule of law, the principle of equality and the fight against discrimination in all its forms.
- Achieving progressive integration into the EU's internal market and enhanced sectoral and cross-sectoral cooperation.
- Creating conditions for better organisation of legal migration and well-managed mobility of people.
- Supporting smart, sustainable and inclusive development in all respects.
- Promoting confidence building, good neighbourly relations and other measures contributing to security in all its forms and the prevention and settlement of conflicts.
- Enhancing subregional, regional and European-neighbourhood-wide collaboration and cross-border cooperation.

Why is it necessary?

The EU has a strategic interest in seeing greater prosperity, economic development, better governance and state and societal resilience in its neighbourhood and in promoting stability and security in the region. Although the responsibility for this lies primarily with the countries themselves, the EU can effectively encourage and support their reform and modernisation efforts. The objective of the European neighbourhood policy is to build, together with partners, a prosperous, secure and stable neighbourhood on the basis of shared values and common interests.

By acting at EU level and by streamlining financial resources, the EU has greater leverage to achieve a common goal: to prevent the emergence of new dividing lines between the enlarged EU and its neighbours. The EU provides financial resources to support partners' own reforms and thus stimulates their transition and modernisation programmes. In addition, the EU has a

leading role in bringing together donors, including major actors outside the EU, to work together on providing a comprehensive response to new challenges in the region.

Regional cooperation programmes within the framework provided by the Union for the Mediterranean and the Eastern Partnership unite countries around common goals and allow them to discuss and seek solutions to common problems and challenges.

Outlook for the 2021-2027 period

To streamline the existing instruments for EU external action, the Commission proposed the inclusion of this programme in the Neighbourhood, Development and International Cooperation Instrument for the new multiannual financial framework.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
2 478.0	2018	1,728.4	
2 737.5	2019	1,868.1	
2 845.1	2020	2,520.0	

⁽⁹⁾ 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.

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Eastern Partnership – mobility partnerships in place	3	> 100%	4	6 partnerships compared to target of 4	On track
Southern neighbourhood – mobility partnerships in place	1	67%	4	3 partnerships out of 4	Moderate progress
Eastern Partnership – ease of doing business index score	64.4	83%	78.0	Index score of 75.6 out of 78.0	Moderate progress
Southern neighbourhood – ease of doing business index score	57.3	74%	59.0	Index score of 58.6 out of 59.0	Moderate progress
Number of cross-border cooperation programmes in place		94%	17	16 programmes out of 17	Moderate progress
Number of ministerial, platform and panel meetings under the Eastern Partnership	70-80	67%	90	85 meetings out of 90	On track

■ % of target achieved by the end of 2020

Where are we in the implementation?

- In 2020, several programmes were adopted, including two special measures for the ENI contribution to the European Union Regional Trust Fund in Response to the Syrian Crisis, two special measures for the ENI contribution to the European Union Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa (EU Emergency Trust Fund for Africa) and the EU COVID-19 solidarity programme for the Eastern Partnership emergency package.
- There was an increased need for payment appropriations due to the fact that the Commission immediately reoriented its support and sped up the implementation of contracts for the benefit of all partner countries in order to maximise its response to the consequences of COVID-19 outbreak. As part of the team Europe package, the Commission allocated EUR 3.3 billion (including EUR 2.3 billion for the southern neighbourhood and EUR 1 billion for the Eastern Partnership) for urgent, short-term emergency responses to the health crisis, strengthening health and water systems and addressing economic and social consequences.
- While the actions in the neighbourhood region were implemented in the challenging context of external relations, characterised by the limited scope for predictability and reliability of planning, the implementation of the ENI appears to be on track.

Performance assessment

- The ENI has proved to be a flexible and responsive instrument, addressing the priorities established under the European neighbourhood policy framework and reacting to needs and challenges in the region, including protracted crises.
- One of the essential successful elements of the ENI regulation is the incentive-based approach, also referred to as 'more for more'. The share of available resources offered to the partner country is adapted annually to its progress in building and consolidating a deep and sustainable democracy and in implementing agreed political, economic and social reform objectives.
- Another important element for achieving the instrument's objectives is flexibility. The EU's neighbourhood is characterised by a highly volatile environment, which requires continuous adaptation. For instance, the situation in the Middle East leads the ENI cooperation to focus notably on stabilising the region. The Neighbourhood, Development and International Cooperation Instrument is designed to maintain and reinforce flexibility, notably through the possibility to mobilise additional funding from the emergency challenges and priorities cushion.
- Conversely, better coordination and consistency between various external action instruments would have strengthened the performance of the instrument. This issue is being addressed in the Neighbourhood, Development and International Cooperation Instrument regulation. It simplifies the current architecture by providing a common, integrated framework for the EU's external action policies, while preserving their specificities, among them the neighbourhood policy. The new instrument will be better equipped to address challenges that span regions currently covered by multiple instruments.
- The COVID-19 crisis has resulted in the repurposing of ENI financial assistance and targeted support to assist the sectors that are most likely to be impacted, i.e. health and social systems, providing budget support to respond to the socioeconomic impact and maintain the fiscal sustainability of partner states. The performance of the ENI has improved as a consequence, in that the support and partnership of the EU has become ever more valued and welcome by our neighbouring countries.
- Promoting human rights and fundamental freedoms, the rule of law, the principle of equality and the fight against discrimination in all its forms. Overall, the trend in the neighbourhood has been fluctuating, but the most recent development saw a leap in the score of this objective and the target was exceeded for the first time since the reporting period began. However, for the Eastern Partnership's 10th anniversary in 2019, the Commission carried out a broad and inclusive consultation that showed that progress is still needed in the areas of the rule of law, fighting corruption, spaces for civil society and media independence.
- Many external factors might influence the overall scores, such as political instability or the security situation. In particular, in the southern neighbourhood, political instability and the security situation are hampering progress. A relevant example in the eastern neighbourhood is Belarus, where the presidential elections of 2020 resulted in popular protests and state violence towards protesters.
- **Achieving progressive integration into the EU's internal market and enhanced sectoral and cross-sectoral cooperation.** The consultation carried out by the Commission for the 10th anniversary of the Eastern Partnership in 2019 also showed that there is a consensus that the Eastern Partnership is robust and delivers tangible benefits to the daily lives of people across the region. There are notably strong achievements in the priority areas of the economy, connectivity and a stronger society. Furthermore, the EU is supporting the strengthening of revenue mobilisation, public financial management and/or budget transparency in almost all neighbourhood countries.
- However, the same external factors mentioned above are hampering progress in the southern neighbourhood. Cooperation with the North African partner countries is challenging and subject to the evolution of the situation, notably in Libya. Across the Middle East region, the impact of ongoing conflicts, insecurity and poor governance is destabilising the EU's partners, disrupting trade and investment and limiting opportunities for the population.

- In the southern neighbourhood, although a number of rounds of negotiations on a deep and comprehensive free trade agreement took place over the period – especially with Morocco and Tunisia – no such agreement could be finalised. While regulatory approximation has been slow in most countries (with the exception of Morocco), trade promotion programmes have enabled the simplification of customs rules and procedures and the digitalisation of export procedures (e.g. through the *programme d'appui à la compétitivité et aux exportations* (competitiveness and export programme) in Tunisia and the *programme d'appui à la compétitivité et à la croissance verte* (competitiveness and green growth programme) in Morocco), or the provision of access to financing to Moroccan and Tunisian small and medium-sized enterprises with a view to helping them export to the EU (e.g. through the *instrument européen d'aide à l'exportation* (European instrument for export help) in Tunisia).
- **Creating conditions for better organisation of legal migration and well-managed mobility of people.** The ENI contributes greatly to the achievement of this objective and will continue to do so as part of the Neighbourhood, Development and International Cooperation Instrument. The objective was designed to be open-ended and is therefore still ongoing. Most of the work done on migration and forced displacement since 2015 in the southern neighbourhood has been financed by approximately EUR 2 billion in ENI funds channelled to the EU Emergency Trust Fund for Africa (specifically, to the North Africa window) and the EU Regional Trust Fund in Response to the Syrian Crisis. In the Eastern Partnership, at least EUR 230 million was spent focusing mainly on legal migration, including mobility, circular migration, diaspora cooperation and border management.
- The number of mobility partnerships in place is an example of good performance where the targets have been either met (for the eastern neighbourhood) or almost met (for the southern neighbourhood). Declarations on mobility partnerships are the instrument through which the EU and its partners in the neighbourhood establish a framework to manage migration flows with commonly agreed objectives and programmes.
- In the southern neighbourhood, no readmission and visa facilitation/liberalisation agreements have been concluded due to the sensitivity and complexity of the negotiations and the uncertain political environment in which they take place. Furthermore, the criteria for these types of agreements are more stringent than those for mobility partnerships. Under visa facilitation/liberalisation agreements, both EU and non-EU citizens benefit from facilitated procedures for issuing visas. Visa facilitation/liberalisation agreements are linked to readmission agreements, which establish the procedures for returning persons whose presence in a country is irregular (whether they are EU or non-EU nationals or stateless persons) to the EU or to the partner non-EU country. Readmission and visa facilitation/liberalisation agreements are key measures of progress regarding mobility and the promotion of people-to-people contacts.
- The same external factors mentioned above – political instability and the security situation – have led to large numbers of refugees and displaced persons in the southern neighbourhood. Nevertheless, the EU has continued to create conditions for well-managed migration and mobility. For example, 29 strategies and policies for migration management or forced displacement were developed/revised or are under implementation with EU support in the neighbourhood countries.
- Progress on the objective of supporting smart, sustainable and inclusive development in all respects was noted. The EU supported 12 countries in the eastern and southern neighbourhoods in strengthening their climate investment by supporting reforms aiming to reduce business costs and risks and create an environment more conducive to competitiveness, sustainable and inclusive growth and decent job creation. Additionally, more than 70 000 jobs were directly supported or sustained by the EU, thereby contributing to development and economic growth in the region.
- Promoting confidence building, good neighbourly relations and other measures contributing to security in all its forms and the prevention and settlement of conflicts. Partner countries' citizens' perception of the likelihood that their government will be destabilised or overthrown by unconstitutional or violent means, including politically motivated violence and terrorism, is stable in the southern neighbourhood, but there was a decline in the achievement of this objective in the eastern neighbourhood, where Armenia and Georgia scored lower than in the previous year. There have been several instances of political instability in the East, such as the protests in Armenia, the current political instability following the elections in Georgia, and the popular protests in Belarus.
- Nevertheless, the EU continued to contribute to this objective by supporting over 600 state institutions and non-state actors on security, border management, countering violent extremism, conflict prevention, protection of the civilian population and human rights. Additionally, almost 160 000 individuals directly benefited from EU-supported interventions that specifically aimed to support civilian post-conflict peacebuilding and/or conflict prevention.
- Overall, security cooperation between the EU and the neighbourhood aims to address security-related challenges in the region. It is part of broader efforts to strengthen the resilience of states, societies and individuals around the EU's borders. Cooperation on security is an important feature of EU relations with partners both in the East and in the South. As regards the East, extensive ENI support was provided for building capacity to combat organised crime, cybercrime and hybrid threats, security sector reform, energy security and nuclear safety. Support underpinned bilateral dialogues, based on each country's needs, complemented by initiatives at regional level. As regards the South, the EU continued its regular security dialogue with the League of Arab States on a wide range of issues (e.g. regional security, counterterrorism, migration-related issues and civil protection) and pursued its engagement through the Union for the Mediterranean.
- The southern neighbourhood continued to face serious challenges related to organised crime but above all terrorism and violent extremism. ENI support therefore focused on judicial and police cooperation, in particular at regional level and in cooperation with EU justice and home affairs agencies and specialised international organisations such as Interpol, supporting national policies to counter violent extremism and capacity building to prevent and address financing of terrorism and anti-money laundering.
- **Enhancing subregional, regional and European-neighbourhood-wide collaboration and cross-border cooperation.** In the southern neighbourhood, there has been positive progress in increasing the credibility of the Union for the Mediterranean through regular ministerial meetings and conferences. The overall number of ministerial, platform and panel meetings under the Eastern Partnership has substantially increased due to the increased number of requests coming from high-level decision-makers.
- ENI cross-border cooperation, called 'Interreg NEXT' in the 2021-2027 multiannual financial framework, is an important element of the EU's policy towards its eastern and southern neighbours, adding cohesion and territorial cooperation to EU relations. These multiannual, shared management programmes offer an opportunity for the neighbourhood partner countries to cooperate at regional and local levels with Member States on an equal footing. They contribute to confidence building between stakeholders in the neighbourhood and the EU. In 2020, the implementation of 15 of these programmes, 13 of which were in the eastern neighbourhood, totalling around EUR 1 billion for the 2014-2020 period, reached cruising speed. By January 2021, 49 large infrastructure projects had been contracted and were in implementation. They also contributed to tackling the COVID-19 pandemic in 2020: for example, the RESCUE project supported under the Poland-Belarus-Ukraine programme was promoted by the Commission, along with 15 other exemplary projects fighting the pandemic.

Concrete examples of achievements

7.8 million	88 000	185 600	65%	5 000	10 000
beneficiaries were reached by the ongoing programmes of the EU Regional Trust Fund in Response to the Syrian Crisis since its start in late 2014.	students and academic staff from the neighbourhood countries were able to study or teach in the EU in 2014 to 2020 thanks to the Erasmus+ programme.	small and medium-sized enterprises benefited from the EU4Business support in 2016 to 2020.	of the 114 Libyan municipalities were covered by the ENI and the EU Emergency Trust Fund for Africa in 2020.	Syrian refugee students and disadvantaged youth in Jordan received higher education and vocational training in 2020.	citizens in Belarus benefited from improved living conditions in 2019.

LEGAL BASIS

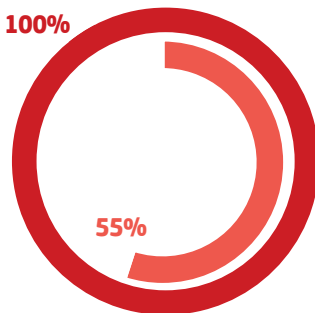
Regulation (EU) No 233/2014 of the European Parliament and of the Council

MORE INFORMATION

<https://europa.eu/ljQ48yf>

BUDGET ALLOCATION 2014-2020

EUR 19 970.1 million

**OVERALL EXECUTION
(2014-2020)**

- Payments
- Commitments

**Evaluations/
studies conducted**

The midterm evaluation of the DCI was carried out in 2017, and is available at: <https://europa.eu/lvk88Vr>

How is it implemented?

The Directorate-General for International Partnerships is the lead DG for the implementation of the programme. The programme is implemented through direct management (mainly grants) and indirect management through international organisations, Member State agencies and beneficiary countries.

DEVELOPMENT COOPERATION

DEVELOPMENT COOPERATION INSTRUMENT

What is the Development Cooperation Instrument?

In the field of development cooperation, the EU's primary objective is the reduction and, in the long term, eradication of poverty. The Development Cooperation Instrument (DCI) also contributes to the achievement of other goals of the EU's external action, in particular improving the quality of the environment and the sustainable management of global natural resources; promoting global health and strengthening health systems; fostering sustainable economic, social and environmental development; and promoting democracy, the rule of law, good governance and respect for human rights. Through the DCI, the EU aims to maximise the positive impacts of migration on development. National and regional development strategies may also be supported to improve migration management in partner countries.

The DCI covers all the developing countries except those eligible for the Instrument for Pre-accession Assistance. The DCI includes geographical programmes, thematic programmes in the 'global public good and challenges' and 'civil-society organisations and local authorities' categories and, finally, the newly established pan-African programme.



Specific objectives

- Reducing poverty and fostering sustainable economic, social and environmental development.
- Consolidating and supporting democracy, the rule of law, good governance, human rights and the relevant principles of international law.

Why is it necessary?

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

In its role as a promoter of inclusiveness and multilateralism, the EU can do more than other international organisations. Acting as one, the EU can have a greater impact and apply more leverage in policy dialogue and donor cooperation.

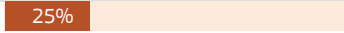

Outlook for the 2021-2027 period

To streamline the existing instruments for EU external action, under the new multiannual financial framework this instrument will be included within the Neighbourhood, Development and International Cooperation Instrument. The negotiations are advancing well, and the regulation is expected to be adopted in June 2021.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
2 980.7		2 197.0	
3 204.5		2 405.5	
3 205.6		2 865.9	

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Proportion of population below the international poverty line ⁽¹⁾	11.6%	 25%		8.7% of the population below the poverty line compared to a target of 0%	On track
Number of projects to promote democracy, the rule of law, good governance and respect for human rights		 > 100%	100	102 projects achieved compared to a target of 100	On track

 % of target achieved by the end of 2020

⁽¹⁾ Indicator calculated on the basis of DCI-eligible countries.

Where are we in the implementation?

- The execution of commitments is at 100% of the envelope of the programme. The execution of payments reflects the normal timelines for the implementation of the programme. Most of the external actions are multiannual and imply financing agreements with beneficiary countries. According to the financial regulation, the financing agreements and the follow-up contracts have to be signed within 5 years. However, the Commission is striving to sign and implement the activities within 3 years.
- In 2020, the COVID-19 crisis led to the transfer of EUR 65.9 million from the DCI to the humanitarian aid instrument to reinforce the Commission's pandemic response in Iran (EUR 13 million), Pakistan (EUR 27.9 million), Afghanistan (EUR 15 million) and Iraq (EUR 10 million). Due to the COVID-19 response, the total amount paid in 2020 for the DCI largely exceeded the 2019 result (+ EUR 393 million). More specifically, the response was implemented through the disbursement of budget support tranches in different regions (around EUR 600 million paid in 2020) and through specific programmes (e.g. 'Response to the COVID-19 crisis: Support to maternal health in Yemen' and 'Addressing the needs of Afghan refugees and host communities affected by the COVID-19 pandemic in Pakistan').

Performance assessment

- The DCI has been a key financing instrument supporting the EU's development policy. Many initiatives that were successfully started under the DCI will provide a solid basis for future interventions planned under the Neighbourhood, Development and International Cooperation Instrument. Over the years, funding through the DCI has effectively supported the implementation of the 2030 agenda for sustainable development, the Addis Ababa action agenda on financing for development and the Paris Agreement on Climate Change, globally and directly with partner countries. With its overall objective of eradicating poverty in partner countries and providing a long-term response to global threats and challenges, many of which have their roots in poverty and underdevelopment, the DCI contributed substantially to the 2014-2019 Commission objectives of 'Europe as a stronger global actor' and 'Towards a new policy on migration', and now to the 2019-2024 Commission objective of 'A stronger Europe in the world'.
- Accompanying the general objective to 'Eradicate poverty' were the specific objectives of 'Fostering sustainable development' and 'Consolidating and supporting democracy'. To achieve these, the DCI provided funding for: (1) geographical programmes covering most developing countries (approximately 60% of the DCI budget); (2) thematic programmes (approximately 36%); (3) the Pan-African programme, which supports the Africa-EU Strategic Partnership (approximately 4%).
- The EU's financial support via the DCI has helped improve the lives of millions of people worldwide, enabled young people to fulfil their potential, helped fight inequality and supported equitable and sustainable growth. Good progress has also been made in some key areas of the DCI, notably those related to the sustainable development goals on girls' access to education and reducing the prevalence of stunting among children under 5 years old. As per the recommendations of the midterm review, more attention was paid to enhancing complementarity, coherence and synergies between thematic and geographic programmes.
- It is important to highlight that through the DCI, unlike other external financing instruments, the EU is financing actions with developing countries that are included in the list of aid recipients eligible for such support, a list that is established by the Organisation for Economic Co-operation and Development. There were only a few exceptions relating to the thematic global public goods and challenges programme and the pan-African programmes, where a limited percentage (5% and 10% respectively) could be used for activities not classed as eligible by the Organisation for Economic Co-operation and Development. In addition, the role of the DCI was not only to support developing countries, but also to ensure focus and coherence among contributors on key challenges and to move toward a values-based, transparent and results-focused development cooperation system.
- Regarding progress on the objective of 'Fostering sustainable development', most of the population residing in DCI partner countries has experienced progress in poverty reduction and human and economic development over the last 10 years. The proportion of the world's population below the international poverty line has dropped every single year since 2014, reaching 8.7% in 2019 and staying there in 2020. Similarly, the under-5 mortality rate and the prevalence of stunting also decreased every single year over the 2014-2019 period. Despite these positive trends, the rates of change have slowed down 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.
- Regarding progress on the objectives relating to the consolidation of democracy, the rule of law, good governance and human rights, the indicators tell a less-encouraging story. Regarding the World Bank's rule-of-law score, the situation deteriorated between 2014 and 2016 and has not significantly improved since. Regarding the proportion of seats held by women in national parliaments, the progress has been so slow that if the current pace of change were to continue in the future, the 2020 target would only be met in 2035. This is why the Commission insisted on setting up and financing a significantly larger number of projects to promote democracy, the rule of law, good governance and human rights than its original target of 100 projects per year on average over the 2014-2020 period.
- The COVID-19 pandemic did not hamper the work required to achieve the DCI's objectives. On the contrary, the programme demonstrated its capacity to react to priorities, enabling the EU to implement its development policy framework and, to some extent, being flexible enough to respond to emerging challenges. In particular, in response to the global spread of COVID-19, in April 2020 the EU issued a joint communication on its global response. The communication announced a substantial package of aid to help partner countries fight the pandemic that followed a Team Europe approach, i.e. the EU together with the Member States. To fulfil the unprecedented need for the urgent mobilisation and/or reallocation of funds from the DCI within a very limited time frame, the Commission put in place simplified and rationalised procedures within the limits and in compliance with the legal basis of programmes and the 2018 financial regulation.
- In terms of mainstreaming EU priorities, good progress has been noted in the areas of climate change and the environment. Between 2014 and 2020, there was a steady increase in climate-change-related financing, which exceeded the 20% target for the DCI. However, in order to deliver on the contribution expected from the external dimension of the European Green Deal in the area of climate change and the environment, more remains to be done to systematically integrate these themes across all areas of cooperation covered by the DCI.

- Mainstreaming human rights, including gender equality and women's empowerment, has been considered as in work in progress, in particular the path towards the 85% target for the 2021-2027 programmes to include gender equality as a significant or principal objective. Indeed, further efforts are required, as partner governments sometimes show a lack of interest or even a certain amount of resistance in these areas.
- Despite these statistics, it remains difficult to measure the direct impact of the 2014-2020 DCI on development outcomes such as poverty reduction because there are so many other actors and factors that have also contributed to achieving these results. Consequently, they cannot be directly attributable to the DCI.
- Annual results reporting exercises have been conducted since 2015, and the monitoring of indicators has been constantly upgraded to ensure better and wider coverage of the results achieved. Selected results have also been aggregated through the EU results framework (set up in 2015 and revised in 2018). To improve the consistency of performance monitoring for actions under the Neighbourhood, Development and International Cooperation Instrument and align it with the strategic plans of the directorates-general for 2020-2024, the EU results framework is under revision (staff working document planned for publication just after the adoption of the Neighbourhood, Development and International Cooperation Instrument regulation).
- While there is some evidence of coherence between the DCI, other instruments and EU external action policies, a more strategic approach is needed. This more strategic and coordinated approach is well embedded in the Neighbourhood, Development and International Cooperation Instrument. Building on the experience gathered from the previous instruments, the Neighbourhood, Development and International Cooperation Instrument allows clear and coherent monitoring and reporting mechanisms to be set up across all implementation procedures, geographical areas and sectors at various operational levels. It will support the Commission in its continued efforts to improve the performance assessment of the external instruments at both the programme and the intervention level, and in its reporting on the progress that has been achieved.

Concrete examples of achievements

19.7 million	3.4 million	39	20.1 million	7 million
women, adolescent girls and children were reached by EU interventions on improved diets and breastfeeding, household resilience, food security, health care and stunting reduction in 2013-2019.	children living in situations of crisis and conflict received education through the Education Cannot Wait fund in 2018-2020.	partner countries received support in 2020 to make their national social protection systems more inclusive, financially sustainable and responsive to shocks such as the COVID-19 crisis.	people on antiretroviral treatment for HIV in countries were supported through contributions to the Global Fund to Fight AIDS, Tuberculosis and Malaria in 2020.	people in Afghanistan have been granted access to water supply and sanitation services since 2017.

LEGAL BASIS

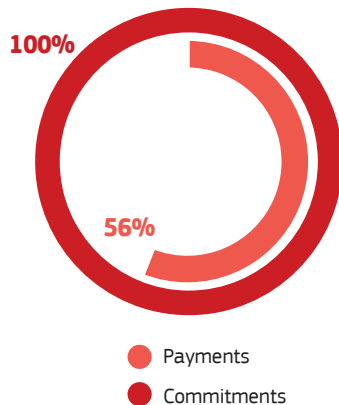
Regulation (EU) No 234/2014 of the European Parliament and of the Council

MORE INFORMATION

<https://europa.eu/QM88hw>

BUDGET ALLOCATION 2014-2020

EUR 961.7 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

An external evaluation of the PI was carried out in 2017. For further information please consult: <https://europa.eu/Tv79JW>

How is it implemented?

The Service for Foreign Policy Instruments is the lead service for the implementation of the programme. The programme is implemented through two different management modes, depending on the specific circumstances of the action required: direct management (both centralised in Brussels and decentralised to EU delegations) and indirect management (by partner countries or bodies designated by them), international organisations and the development agencies of EU Member States.

PARTNERSHIP INSTRUMENT

PARTNERSHIP INSTRUMENT FOR COOPERATION WITH THIRD COUNTRIES

What is the PI?

The Partnership Instrument for Cooperation with Third Countries (PI) is an instrument specifically designed to promote the EU's strategic interests worldwide by reinforcing external strategies, policies and actions.

It has four main objectives: (1) offering policy support and responding to global challenges; (2) projecting the international dimension of Europe 2020; (3) enhancing market access and boosting trade, investment and business opportunities for EU companies; (4) promoting public diplomacy and academic cooperation.

**Specific objectives**

- To support the EU's bilateral, regional and interregional cooperation partnership strategies by promoting policy dialogues and developing collective approaches and responses to challenges of global concern.
- Implementing the international dimension of Europe 2020 – a strategy for smart, sustainable and inclusive growth.
- Improving access to non-EU markets and boosting trade, investment and business opportunities for companies from the EU, while eliminating barriers to market access and investment, by means of economic partnerships, business and regulatory cooperation.
- Enhancing the widespread understanding and visibility of the EU and its role on the world scene by means of public diplomacy, people-to-people contacts, education/academic/think-tank cooperation and outreach activities to promote the EU's values and interests.

Why is it necessary?

The PI has been designed to advance and promote the EU's and its partners' mutual interests abroad by supporting the external dimension of EU policies, in particular the Europe 2020 strategy, and by addressing major global challenges, at both the bilateral and the multilateral level. Contrary to many traditional financing instruments, the PI promotes peer-to-peer relationships globally, although with a specific focus on the EU's designated strategic partners. The PI also aims to improve market access and to develop trade and business opportunities for EU companies through economic partnerships, business and regulatory cooperation. Finally, the PI is intended to enhance the widespread understanding and visibility of the EU on the world scene by means of public diplomacy, education/academic cooperation and outreach activities.

The EU has numerous international agreements with partner countries all over the world that are not matched by individual Member States, giving it influence in virtually all fields of international relations. By combining the weight of all Member States acting within common policies and strategies, only the EU has the critical weight to respond to global challenges. The EU as a global player has a credibility and a neutrality that is not available to individual Member States. The EU is also in a unique position to promote EU standards, and to turn them into global standards through international cooperation.





Outlook for the 2021-2027 period


Under the new multiannual financial framework, the PI is included within the Neighbourhood, Development and International Cooperation Instrument.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
144.8	2018	116.7	2018
149.0	2019	130.7	2019
164.3	2020	128.9	2020

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Operating emissions trading schemes for greenhouse gas mitigation outside the EU / European Economic Area	15	 > 100%	26	27 compared to a target of 26	On track
Local and regional authorities signing the Covenant of Mayors ⁽¹⁾	6 270	 93%	10 270	9 984 out of 10 270	On track
International agreements on migration and mobility signed with the strategic partners	15	 80%	20	19 out of 20	On track
Worldwide level of implementation of international safety standards in civil aviation	62%	 > 100%	65%	69% compared to a target of 65%	On track



⁽¹⁾ Latest results from 2019.

Where are we in the implementation?

- The 100% execution of commitment appropriations reflects the full implementation of the allocated envelope for PI actions. The 56% execution of payment appropriations reflects the way the PI is implemented through annual action programmes and multi-year contracts (on average 4 years). Consequently, PI project implementation will continue over the coming years, with the last contracts ending around 2025-2026.
- The impact of the COVID-19 crisis on the financial implementation of the PI was limited thanks to the measures taken to ensure business continuity regarding the instrument's functioning and operations. In 2020, 11 new actions (EUR 50 million) were programmed with a focus on the response to the pandemic. In addition, 59 ongoing actions (EUR 7.6 million) were reoriented to cover COVID-19 aspects.

Performance assessment

- During the 2014-2020 period, the PI was a policy-supporting instrument that strengthened the EU by promoting its interests, values and visibility externally. It operated as such under the framework defined by the EU global strategy and other EU policies (the Commission's priorities, Agenda 2030 and the sustainable development goals) and in support of EU foreign policy objectives.
- Programming was driven by thematic rather than country-focused considerations. For example, PI actions underpinned bilateral and regional dialogues in multiple areas of strategic EU interest and multilateral negotiations. It did so by providing support for concrete policy deliverables, thereby strengthening the position of the EU as a credible partner. Other actions aimed at developing common approaches with key partners to influence international processes and agendas, thereby underpinning multilateralism, fostering the building of partnerships and alliances in a global context and contributing to the rules-based global order.
- In the area of trade policy, the PI provided unprecedented support to the EU's trade agenda around the world, focusing on countries/regions where trade and investment agreements exist or are being negotiated. Further actions enabled the EU to promote its standards abroad, help develop a level playing field, create opportunities for its companies and enhance its image and perception abroad through public and cultural diplomacy, engaging with key decision-makers and target groups in strategic partner countries.
- The PI has been successful in negotiating the promotion of climate and environmental protection goals with strategic partners, as indicated by the operating emissions trading schemes that have been implemented as planned and the number of signatories to the Covenant of Mayors.
- The implementation of the Europe 2020 strategy has largely shown good progress, with most indicators meeting their target and all indicators showing a positive trend. It can therefore be considered successful.
- The PI is primarily aimed at supporting the EU's external policy and promoting its international visibility. As such, the focus of the PI's actions lies on outputs and not necessarily on results, which is further reflected in the PI-specific cumulative performance indicators adopted in 2016 (see 'Concrete examples of achievements' below).
- PI actions aim at presenting the EU as a reliable, credible partner that can deliver, and at strengthening multilateralism. This is achieved through: bilateral and regional dialogues in multiple areas of strategic EU interest; bilateral and multilateral negotiations by providing support for concrete policy deliverables; and developing common approaches with key international partners.
- The PI facilitates the implementation of bilateral and multilateral agreements in the context of strategic partnerships, notably by supporting EU negotiators, spreading knowledge about new opportunities brought about by the agreements and setting up specific public diplomacy actions. The challenges remaining for the PI are to respond quickly to fast-changing foreign policy needs, to ensure funding in anticipation of the EU's strategic priorities and to respond strategically in a coordinated fashion, bringing together the European External Action Service and Commission services.

Concrete examples of achievements

80	85 000	EUR 400 million	20	3.6 million
pairings were established in 2020 between cities in EU and non-EU countries in Asia and the Americas in the context of the new urban agenda under the international urban cooperation programme.	viewers watched the online EU film festival organised with the support of the PI in 2020.	in estimated investment was generated in Brazil through the low-carbon business action in 2020.	major agri-businesses with supply chains across the Asian region and reaching Europe committed to improving responsible business conduct and the implementation of due diligence in 2020.	people in total participated in the events organised under the instrument between 2014 and 2020.

LEGAL BASIS

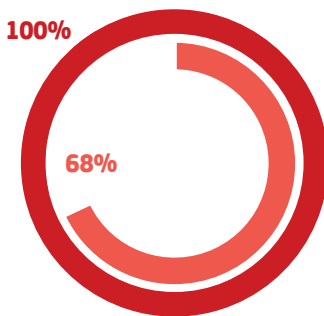
Regulation (EU) No 235/2014 of the European Parliament and of the Council

MORE INFORMATION

<https://europa.eu/lvW84fh>

BUDGET ALLOCATION 2014-2020

EUR 1 250.5 million

OVERALL EXECUTION (2014-2020)

- Payments
- Commitments

Evaluations/ studies conducted

The midterm evaluation of the EIDHR was carried out within the framework of the midterm review of the external financing instruments in 2017. For further information please consult: <https://europa.eu/ITG46HP>

How is it implemented?

The Directorate-General for International Partnerships is the lead DG for the implementation of the programme. The programme is implemented through direct management (mainly through grants addressed to civil-society organisations) and indirect management with international organisations.

EIDHR

EUROPEAN INSTRUMENT FOR DEMOCRACY AND HUMAN RIGHTS

What is the EIDHR?

The European Instrument for Democracy and Human Rights (EIDHR) is designed primarily to help civil society become an effective force for political reform and the defence of human rights. Building on its key strength, which is the ability to operate without the need for host-government consent, the EIDHR is able to focus on sensitive political issues and innovative approaches and to cooperate directly with local civil-society organisations, providing for great flexibility and an increased capacity to respond to changing circumstances.

**Specific objectives**

- Support for human rights and human-rights defenders in situations in which they are most at risk.
- Support for other priorities of the EU in the field of human rights.
- Support for democracy.
- EU election observation missions.
- Support for targeted key actors and processes, including international and regional human-rights instruments and mechanisms.

Why is it necessary?

The EU's accomplishments in conflict resolution, peacebuilding and the creation of prosperity put it in an excellent position to deliver on external action, on behalf of and alongside its Member States. It is well placed to take on the role of a global leader on behalf of its citizens, in particular in its support for and promotion of democracy and human rights.

The EIDHR delivers support worldwide, including to the world's most remote areas, thereby enhancing the strategic reach of the Member States, especially in cases where their presence is limited and therefore the capacity to act is reduced.

Outlook for the 2021-2027 period

In the 2021-2027 multiannual financial framework, the EIDHR will be integrated into the future Neighbourhood, Development and International Cooperation Instrument by supporting interventions in the area of human rights and democracy in non-EU countries, with a devoted thematic programme that preserves the EIDHR's key strengths. The new thematic programme focuses on advancing the fundamental values of democracy; the rule of law; the universality, indivisibility and interdependence of human rights; respect for human dignity; the principles of non-discrimination, equality and solidarity; and respect for the principles of the United Nations Charter and international human-rights law.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
188.0	2018	186.6	2018
178.8	2019	160.2	2019
172.2	2020	148.8	2020

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Human-rights-defender individuals who have received EU support		> 100%	1 200	1 711 compared to a target of 1 200	On track
Human-rights crisis-response projects		> 100%	15	40 compared to a target of 15	On track
EU election missions (observation missions, expert missions and studies)		61%	23	14 out of 23	Deserves attention

 % of target achieved by the end of 2020

Where are we in the implementation?

- The COVID-19 crisis resulted in a significant deterioration of human rights. In 2020, therefore, approximately EUR 23 million was provided to address specific difficulties linked to the pandemic. Notably, the instrument was used as part of the EU global recovery response to protect children in five African countries, to empower civil society in demanding greater accountability from their government in 16 countries (Sancus project), to support journalists affected by the pandemic in 35 countries in Africa and Latin America and to support the Global Monitor of COVID-19's Impact on Democracy and Human Rights.
- In 2020, the EIDHR Human Rights Crisis Facility swiftly contracted seven sensitive actions for an amount of EUR 5 million to address the most pressing needs, including support for lesbian, gay, bisexual, trans and intersex organisations and for indigenous communities affected by COVID-19, and actions relating to torture and detention conditions.
- The implementation rate for election observation missions in 2020 was low. Many missions could not be deployed due to global travel restrictions or high-risk health situations. At the same time, difficult security situations in places where missions actually took place led to significantly higher costs than expected.

Performance assessment

- Over the 2014-2020 period, the EIDHR was successful in delivering on its objectives and was an enabling, flexible and responsive instrument that demonstrated its added value as a 'niche' instrument to promote human rights and democracy.
- The EIDHR's key added value was in its independence of action and worldwide coverage, allowing for interventions in the most difficult country situations and without the consent of the host governments, creating synergies and complementarity where other instruments and donors cannot or do not act. It was able to address human rights and democracy challenges in even the most difficult and challenging environments, confirming that the EIDHR and its successor remain more relevant than ever to the political priorities of the EU.
- The midterm evaluation conducted in 2017 also considered the EIDHR to be generally efficient thanks to a relatively low level of administrative expenditure and its key built-in flexible features (e.g. providing direct support to human rights defenders and direct small grants, working with informal partners, financial support for third parties by means of grants). The specific features and added value of the EIDHR make it a 'niche' instrument, able to operate where others do not or cannot, and at a different level through civil society.
- An important part of the EIDHR is implemented at country level. Its share increased over the last 3 years to 65% of the total amount (excluding the allocation for election observation missions and administrative costs). Actions at country level are guided by the human rights and democracy country strategies.
- Over the last 3 years the Commission strived to focus its efforts on support for human rights, which is the most pressing and sensitive objective of the instrument. The EIDHR's support for at-risk human-rights defenders (individuals, organisations and groups) is the basis for the EU's world leadership in support for human-rights defenders. Also, the EIDHR's Human Rights Crises Facility provides a flexible method of funding to respond to situations where there is a serious lack of fundamental freedoms, where human security is most at risk, where human rights organisations and defenders work in exceptionally difficult conditions and where the publication of a call for proposals would be inappropriate.
- In order to support democracy, the Commission has strengthened its work with civil society, promoting democratic development. 'Media4Democracy' is an important tool for promoting freedom of expression and of the media. The EIDHR also funds V-DEM, one of the largest democracy-indicator-related data collection efforts with a database containing over 18 million data points. In addition, under the pilot programme to strengthen the capacity of political parties, projects launched in 2017 in 10 countries have contributed to strengthening the role of women in political party life and supporting multiparty systems, including interparty dialogues on the legal, financial and policy framework for political parties and political-party financing. These projects have also revealed the need to continue supporting this crucial aspect of democracy, which is often left behind.
- Despite increasing attacks against the international human-rights system and the international justice system, the EIDHR has continued to staunchly support key institutions, including the International Criminal Court and the United Nations Office of the High Commissioner for Human Rights through dedicated projects.
- In 2020, in order to support its election observation missions, the Commission demonstrated its flexibility and adaptability during the COVID-19 pandemic, which triggered travel restrictions and created challenging health conditions. In light of the pandemic, the Commission used various tools to strike a balance between keeping election observation missions operational and keeping observers in the countries safe. In order to cover as much ground as possible, most fully fledged EOMs were replaced by reinforced election expert missions or by desk reviews. Wherever a mission was deployed, the Commission put in place the necessary security and risk-mitigation measures to ensure the safety of the observers.

Concrete examples of achievements

7 700	162	14	350
at-risk human rights defenders were supported between 2014 and 2020.	countries were covered by the Global Monitor of COVID-19's Impact on Democracy and Human Rights, created in 2020.	electoral processes and democratic cycles were supported, observed and monitored in 2020.	election observers were deployed in 2020.

LEGAL BASIS

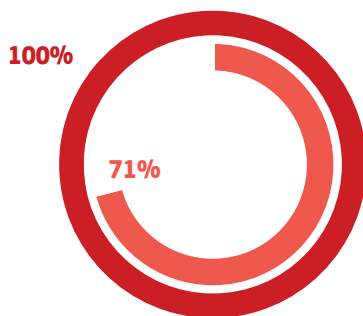
Regulation (EU) No 230/2014 of the European Parliament and of the Council

MORE INFORMATION

<https://europa.eu/IGR37HQ>

BUDGET ALLOCATION 2014-2020

EUR 2 367 million

OVERALL EXECUTION (2014-2020)

- Payments
- Commitments

Evaluations/ studies conducted

The midterm evaluation of the instrument was carried out within the framework of the midterm review of the external financing instruments. For further information please consult: <https://europa.eu/lyC48QB>

How is it implemented?

The Service for Foreign Policy Instruments is the lead service for the implementation of the programme. The programme is implemented through direct (mainly through procurement of services) and indirect management with international organisations

STABILITY AND PEACE

INSTRUMENT CONTRIBUTING TO STABILITY AND PEACE

What is the IcSP?

The Instrument contributing to Stability and Peace (IcSP) is the EU's main instrument supporting security initiatives and peacebuilding activities in partner countries. It came into force in 2014, replacing the Instrument for Stability and several earlier instruments that focused on drugs, landmines, uprooted people, crisis management, rehabilitation and reconstruction. The IcSP provides quick, short-term assistance, for example in countries where a crisis is unfolding, or long-term support, notably to mitigate a variety of crisis- and peace-related risks, tackle global and trans-regional threats and build capacity for lasting socioeconomic development. Its activities complement those of the EU's geographical instruments.



Specific objectives

- In a situation of crisis or emerging crisis, to swiftly contribute to stability by providing an effective response designed to help preserve, establish or re-establish the conditions essential to the proper implementation of the EU's external policies and actions in accordance with Article 21 of the Treaty on European Union.
- To contribute to preventing conflicts and to ensuring the capacity and preparedness to address pre- and post-crisis situations and build peace.
- To address specific global and trans-regional threats to peace, international security and stability.

Why is it necessary?

Preserving peace, preventing conflicts and strengthening international security are the common overarching principles and objectives of the EU's external action. Responding to these particular challenges requires a collective effort based on strong partnerships with other states, civil-society actors and multilateral and regional partners. As a global player, the EU has credibility and is perceived to be neutral, which provides a competitive advantage to intervene in many conflict areas so as to avoid escalation or to offer assistance in preventing conflicts. A greater impact is achieved when the response is provided at the EU level, as combined efforts provide increased leverage over authorities and international partners. Crisis-response actions at the EU level increase the coherence of response and aid efficiency, while peacebuilding actions create openings for structural and thematic engagement with Member States and civil society. Synergies and cooperation are increasingly needed at international level, as EU Member States and international donors are facing similar

problems in terms of scarce resources. In this regard, it should be noted that a very limited number of EU Member States operate a crisis-response or peacebuilding facility comparable in scope to the IcSP.

Outlook for the 2021-2027 period

This instrument will be integrated into the Neighbourhood, Development and International Cooperation Instrument under the new multiannual financial framework.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
369.4	2018	308.0	
376.9	2019	311.5	
408.4	2020	376.4	

Key performance indicators

	Baseline	PROGRESS TOWARDS THE TARGET	Target	Results	Assessment
Number of processes and entities with strengthened capacity	1 183	> 100%	1 650	1 726 compared to a target of 1 650	On track
Biological threats – number of facilities upgraded to international standard	2	100%	12	12 out of 12	On track
Countering terrorism – partner countries covered by countering terrorism activities	8	> 100%	20	40 compared to a target of 20	On track

■ % of target achieved by the end of 2020

Where are we in the implementation?

- The 100% execution of commitment appropriations reflects the full implementation of the allocated envelope for IcSP actions. The 71% execution of payment appropriations is explained by the fact that IcSP actions respond to conflict situations or situations where there is a risk of conflict. The risk of unforeseen events is high, and at times actions have to be amended as a consequence. Sometimes this meant that not all planned activities could be implemented, which was reflected as underspending and hence the need to de-commit.
- Under the IcSP, during the 2014-2020 period, more than 600 actions were launched worldwide in the field of crisis response, conflict prevention and peacebuilding, along with more than 300 actions in the field of global and trans-regional threats.
- Actions under the IcSP were among the first implemented that contributed to the response to the COVID-19 pandemic within the Commission's 'Team Europe' approach (the EU together with the Member States). Eleven new financing decisions (EUR 50.85 million) and five increases to existing financing decisions (EUR 5.42 million) were adopted. Furthermore, 60 ongoing actions were reoriented to deal with COVID-19-related needs (EUR 8.6 million).
- Travel restrictions related to COVID-19 have caused some delays in implementation during 2020, but the vast majority of actions adapted swiftly to the new context, including through the use of new online tools.

Performance assessment

- The IcSP was a key element of the EU's diplomatic efforts to respond to crises, promote peacebuilding and support conflict-prevention efforts. The funding of actions was determined by the EU's political priorities. The challenges faced by the instrument included the constant adaptation of planning and implementation to highly volatile operational contexts, along with maximising synergies and complementarities with other external action instruments and Member States' actions.
- The non-programmable crisis-response component allowed for the rapid mobilisation of EU funding to support short-term, rapid actions. This enabled timely and flexible EU responses to prevent conflict and to support post-conflict political stabilisation and early recovery in situations of crisis, emerging crisis or disaster. This contributed to fostering the conditions for the implementation of EU assistance and cooperation policies and programmes, when opportune financial assistance cannot be provided through other EU financing instruments. The IcSP has been mobilised to support a multitude of crisis-response and peacebuilding processes, including in the Central African Republic, Colombia, Libya, Mali, Syria, Ukraine and Yemen. At the same time, the IcSP was able to respond to or prevent a multitude of local conflict contexts.
- The support of development and security for development was launched in December 2017. It allowed work to be carried out with military actors for civilian purposes in exceptional circumstances. Following the positive experience under this pilot initiative, such actions have been included in all pillars of the Neighbourhood, Development and International Cooperation Instrument.
- The peacebuilding component focused on increasing support for early and preventive action and on strengthening capacity at local-community level. Such actions have allowed the EU to build and strengthen its own capacity and that of its partners to prevent conflicts, enhance resilience and build peace.
- IcSP support was instrumental in the establishment and development of the EU early warning system, an essential tool to anticipate conflicts and prepare early actions. It underpinned many EU external policies in the field of peace and security. It also contributed to assert multilateralism by providing the EU's contribution to recovery and peacebuilding assessments and to the United Nations Peacebuilding Fund.
- The IcSP supported civil-society organisations, in particular local organisations in non-EU countries, strengthening their capacities and skills in conflict prevention and peacebuilding, aiming at an inclusive approach and concretely contributing to the effectiveness and long-term ownership of mediation, peace and stabilisation processes.
- The component on the response to global, trans-regional and emerging threats included actions aiming at strengthening the capacity of law enforcement and judicial and civil authorities involved in the fight against terrorism, organised crime and all forms of illicit trafficking, and in the control of illegal trade and transit. Between 2014 and 2020, the threat picture evolved rapidly. The EU and partner countries faced new security challenges and had to adapt quickly. Supported actions were global in nature and adopted a 'niche' approach, complementing and adding value to other funding instruments. Possibilities under this component were fully utilised, including, among other things, security-targeted actions, non-development initiatives and actions with a trans-regional scope.
- IcSP responses to global, trans-regional and emerging threats also played a pioneering role, engaging in areas not previously covered by EU cooperation instruments, through pilot actions that in some cases were later scaled up under the development cooperation instruments such as the European Development Fund. Pertinent examples includes those in the Sahel (on police cooperation and counterterrorism), the Horn of Africa (on the prevention and financing of terrorism) and in Latin America (on police cooperation).
- IcSP actions have enhanced the role of the EU as a relevant and responsive global peace actor in often sensitive contexts. In countries that have been subject to the EU early warning analysis, the IcSP has been mobilised to translate early warning into early action.

Concrete examples of achievements

56	16	11	9	8
crisis-response actions were adopted in 2020.	actions addressed the COVID-19 crisis in 2020.	assignments were performed under the Mediation Facility in 2020.	assignments were performed under the Security Sector Governance Facility in 2020.	assignments were performed under the Transitional Justice Facility in 2020.

LEGAL BASIS

Regulation (EU) No 2017/1601 of the European Parliament and of the Council

MORE INFORMATION

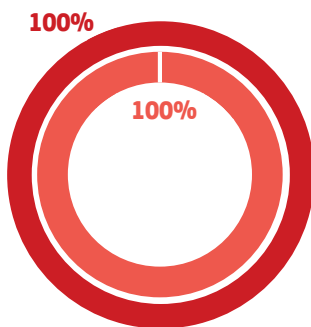
<https://europa.eu/luM34Nt>

BUDGET ALLOCATION 2014-2020

EUR 350 million

OVERALL IMPLEMENTATION

(2014-2020)



- Payments
- Commitments

**Evaluations/
studies conducted****How is it implemented?**

The Directorate-General for International Partnerships is the lead DG for the implementation of the programme through regional investment platforms.

SUSTAINABLE DEVELOPMENT

EUROPEAN FUND FOR SUSTAINABLE DEVELOPMENT

What is the European Fund for Sustainable Development?

Within the framework of the external investment plan, the European Fund for Sustainable Development (EFSD) supports investment in Africa and in the EU's neighbourhood. This initiative was inspired by the investment plan for Europe, launched in 2015.

The EFSD is the first pillar of the external investment plan, which also aims to enhance technical assistance in partner countries (pillar 2) and to improve the investment climate and overall policy environment in those countries (pillar 3).

The overall aim of the EFSD is to contribute to the goals of the United Nations' 2030 Agenda for Sustainable Development, in particular poverty eradication, and the commitments under the recently revised European neighbourhood policy. By supporting investment in Africa and the EU's neighbourhood, the fund also aims to address specific socioeconomic root causes of migration, including irregular migration. In addition, it contributes to the sustainable reintegration of migrants voluntarily returning to their countries of origin and to the strengthening of transit and host communities. The fund aims to foster the creation of decent jobs, economic opportunities and entrepreneurship, along with green and inclusive growth, with a particular focus on gender equality and the empowerment of women and young people.



Specific objectives

- The EFSD's purpose as an integrated financial package is to support – through the supply of financing capacity in the form of grants, guarantees and other financial instruments to eligible counterparts – investment and increased access to financing, starting in African and neighbourhood partner countries.

Why is it necessary?

The EFSD is a bold new approach to supporting sustainable and innovative investment, going beyond classical development assistance and building on the experience of existing blending facilities to maximise additionality, deliver innovative products and catalyse private-sector investment. It encourages private investors to contribute to sustainable development in countries outside of Europe. The fund aims to:

- contribute to achieving sustainable development in the partner countries in a coherent and consistent manner;
- target socioeconomic sectors, in particular sustainable infrastructure (including energy, water, transport, information and communications technology, the environment, social infrastructure and human capital), and provide finance for micro, small and medium-sized enterprises, with a particular focus on the creation of decent jobs;

- assist in developing economically and financially viable projects to attract investment;
- help to improve the business environment in partner countries by supporting reforms and economic governance;
- contribute to addressing the root causes of irregular migration and strengthen the EU's partnerships in Africa and the neighbourhood countries.

Outlook for the 2021-2027 period

To streamline the existing instruments for EU external actions, under the new multiannual financial framework this instrument will be included in the Neighbourhood, Development and International Cooperation Instrument.

Budget implementation (in million EUR)

IMPLEMENTED COMMITMENTS		IMPLEMENTED PAYMENTS	
25.0	2018	275.0	
25.0	2019	50.0	
25.0	2020	25.0	

Where are we in the implementation?

- Pursuant to Article 8 of the EFSD regulation, the investment period, during which guarantee agreements for supporting investment programmes could be concluded with the eligible counterparts, lasted until 31 December 2020. As of that date, the Commission had exhausted the present capacity of the EFSD Guarantee by signing 18 guarantee agreements worth EUR 1 548.7 million, exceeding the initial EFSD Guarantee capacity of EUR 1.5 billion as a result of additional contributions from donors. Eligible counterparts would subsequently have 4 years as from the conclusion of the guarantee agreement to conclude agreements for underlying operations with co-financing partners, financial intermediaries or final beneficiaries. As a rule, the duration of the guarantees extended to eligible counterparts under each guarantee agreement should not exceed 15 years.
- Some guarantee tools had to be postponed to EFSD+ (under the Neighbourhood, Development and International Cooperation Instrument) and others were recalibrated to address the impact of COVID-19.

Performance assessment

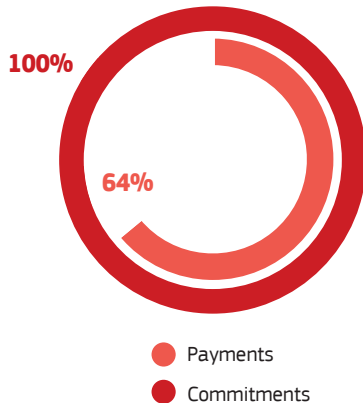
- The EFSD is managed by the European Commission and implemented through two regional investment platforms: the African Investment Platform and the Neighbourhood Investment Platform. It aims to use scarce public resources in an innovative way to mobilise public and private investment, thereby creating growth and employment opportunities, maximising additionality, delivering innovative products and crowding-in private-sector funds.
- The EFSD Guarantee covers portfolios of investments to be implemented by eligible counterparts in targeted areas – so-called investment windows. Investment under the EFSD is guided by the beneficiary's development and sector policies, and helps foster an enabling environment (governance, legislation and regulations) through the support provided through technical assistance and the 'enabling the business environment of the external investment plan' pillar.
- Based on the information provided by the financial institutions in their proposals, the guarantees that are approved are expected to contribute to the creation of close to 4 million jobs. They should also contribute to reducing carbon emissions by 6 000 kilotonnes a year and generate more than 4 gigawatts of energy, particularly renewable energy.
- In the course of 2020, as the COVID-19 virus spread around the globe, the Commission decided to use the EFSD as a tool to help partner countries overcome the crisis. This meant that the EFSD needed to adapt quickly to the economic needs created by the global pandemic, by focusing on micro, small and medium-sized enterprises, local currency financing and support for the health sector. Previously signed agreements covering financing for such enterprises were topped up, and new agreements were negotiated and signed. One particularly important shift was a new agreement to provide EUR 400 million in financing for the distribution of COVID-19 vaccines to partner countries. Several guarantees addressing the crisis will also be treated as a priority by the successor instrument, the EFSD+ Guarantee, as soon as it is adopted.
- The Commission established a results measurement framework for the EFSD, used in the guarantee agreements. It covers three levels: (1) the EFSD as a whole, including both the EFSD Guarantee and the blending operations; (2) the investment platforms and investment windows; (3) the investment programmes under the EFSD Guarantee and the projects under the blending operations. The Commission is responsible for monitoring and reporting under the first two levels, based on a set of predefined indicators. At programme and project level, reporting on the expected and actual operational results is the responsibility of the lead financial institution. The list of indicators and the frequency and format of reporting are part of the guarantee agreements signed with the financial institutions.
- The EFSD is an instrument that translates quickly from regulatory decisions to impact on the ground. In addition, a key aspect of the EFSD is its capacity to leverage investments from the private sector. Investments are already materialising and the EFSD has already begun to show results. Shipments of COVID-19 vaccines have reached partner countries, entrepreneurs have received loans and private investors have invested alongside the Commission and its partner financial institutions. It is important to note that the investment period has only recently begun, and the duration of many of the guarantees is over 10 years. This means results will continue to be monitored and will increase in the coming years.
- Given the rapid and efficient roll-out of the EFSD, the Commission proposes a similar structure in the successor instrument in the form of the EFSD+. While the EFSD was limited to sub-Saharan Africa and the European neighbourhood, the EFSD+ will have a global outreach. In addition, the EFSD+ will expand its toolkit to include transactions not originally part of the EFSD, such as sovereign loans. Accordingly, the results framework designed for the EFSD will be enhanced to capture the architecture, tools and procedures designed for EFSD+ and at the same time to ensure coherence with Neighbourhood, Development and International Cooperation Instrument priority areas.

Concrete examples of achievements

14	EUR 100 million	EUR 60 million	EUR 50 million	EUR 92 million
guarantee agreements were signed in the course of 2020.	has been allocated to the municipal, infrastructure and industrial resilience programme of the European Bank for Reconstruction and Development, which aims to contribute to the green transition of the economies in the EU neighbourhood (guarantee agreement signed in 2020).	has been allocated to the financial inclusion programme of Cassa Depositi e Prestiti, aiming to promote financial inclusion driven by diasporas, leveraging private financing to foster inclusive and sustainable entrepreneurship and the growth of micro, small and medium-sized enterprises (guarantee agreement signed in 2020).	has been allocated to the European Guarantee for Renewable Energy – Non-Sovereign – of Agence Française de Développement, aiming to improve the certainty of payments for investors under offtake contracts in renewable energy projects in Africa and addressing the offtakers' non-payment risk, which is considered critical for the development of independent power producers (guarantee agreement signed in 2020).	has been allocated to the Agricultural and Rural Finance Guarantee Programme of Agence Française de Développement, aiming to catalyse investment and support for local agricultural businesses in riskier environments and to improve liquidity and access to finance for smallholder farms and agri/rural micro, small and medium-sized enterprises (guarantee agreement signed in 2020).

LEGAL BASISCouncil Regulation (Euratom)
No 237/2014**MORE INFORMATION**<http://europa.eu/lkX93QG>**BUDGET ALLOCATION 2014-2020**

EUR 314.4 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

The midterm evaluation of the INSC was carried out in 2017:

<https://europa.eu/lqQ34Wd>

Three evaluations requested by the Member States were completed and presented to the INSC committee in 2019.

How is it implemented?

The Directorate-General for International Partnerships is the lead DG for the directly managed implementation of the programme.

NUCLEAR COOPERATION II

INSTRUMENT FOR NUCLEAR SAFETY COOPERATION

What is nuclear cooperation?

The EU supports the promotion of a high level of nuclear safety, radiation protection and the application of efficient and effective nuclear material safeguards in non-EU countries, with priority given to accession and neighbouring countries.

The Instrument for Nuclear Safety Cooperation (INSC) was created to support the EU's efforts in relation to the continuous improvement of nuclear safety by promoting an effective nuclear safety culture; implementing the highest nuclear safety and radiation protection standards; and establishing frameworks and methodologies for the application of efficient and effective safeguards for nuclear material in non-EU countries. The programme also supports EU efforts relating to the responsible and safe management of spent fuel and radioactive waste, including its transportation, treatment, processing, storage and disposal, along with the decommissioning and remediation of former nuclear sites and installations.



Specific objectives

- The promotion of an effective nuclear safety culture and implementation of the highest nuclear safety and radiation protection standards, and the continuous improvement of nuclear safety.
- Responsible and safe management of spent fuel and radioactive waste, namely transport, pre-treatment, treatment, processing, storage and disposal, and the decommissioning and remediation of former nuclear sites and installations.
- The establishment of frameworks and methodologies for the application of efficient and effective safeguards for nuclear material in non-EU countries.

Why is it necessary?

The promotion of the highest level of nuclear safety is crucial for the safety and the security of the population and the environment of the EU. The Fukushima Daichii accident in 2011 and the Chernobyl disaster in 1986 showed that all accidents have transboundary effects and impact the international community widely. Access to nuclear or radioactive materials is a global security concern, and evidence exists that non-state actors are trying to gain access to such materials. The INSC has successfully contributed to reducing risks by providing support to regulatory authorities in particular, with priority given to accession countries (Turkey and western Balkan partners) and countries in the European neighbourhood area (Armenia, Belarus, Egypt, Georgia, Iraq, Jordan, Morocco and Ukraine) engaged in nuclear power generation. It also includes health and environmental measures aimed at helping the population that was affected by the Chernobyl accident in Ukraine and Belarus.

New challenges have to be addressed, in addition to the ongoing EU actions aiming at establishing or enhancing independent and competent regulatory authorities that

will guarantee the safe use of nuclear energy and promoting sound safeguarding systems to enforce the non-proliferation regime. Emergency preparedness systems need to be put in place. Training and tutoring are essential to ensure the correct management of nuclear power generation.

In all these domains, the EU has long experience in nuclear safety and security and in the use of the highest safety standards. Moreover, it is in the EU's interest to extend the *acquis communautaire* in the field of nuclear energy to non-EU countries, especially with respect to carrying out stress tests in the EU's neighbourhood and abroad.

Outlook for the 2021-2027 period

The Commission presented a proposal for a Council regulation establishing a European Instrument for Nuclear Safety, complementing the Neighbourhood, Development and International Cooperation Instrument, for the next multiannual financial framework.

Budget implementation (million EUR)

EXECUTED COMMITMENTS			EXECUTED PAYMENTS	
32.9		2018		27.2
33.6		2019		29.5
32.9		2020		14.1

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Nuclear safety culture and radiation protection standards – regulatory documents produced with the support of EU expertise		> 100%	8	36 compared to a target of 8	On track
Responsible and safe management of spent fuel and radioactive waste – regulatory documents produced with the support of EU expertise		> 100%	9	18 compared to a target of 9	On track
Nuclear safeguard authorities benefiting from Commission-funded projects		> 100%	3	4 compared to a target of 3	On track

■ % of target achieved by the end of 2020

Where are we in the implementation?

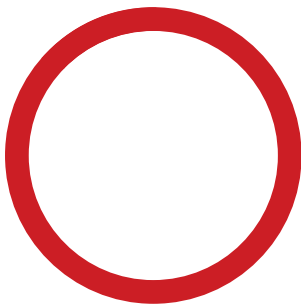
- The nuclear safety programme is implemented through projects that are contracted after an international call for tenders. Some of the projects need the prior signature of a financing agreement with the beneficiary country, which delays the contracting procedure. This results in a shift in implementation that is at the origin of the incomplete budget consumption at the end of the multiannual financial framework exercise. Part of the budget allocated to the 2014-2020 INSC will be still contracted in 2021-2023. As such, the balance does not indicate any particular delay and is consistent with previous exercises.
- The COVID-19 crisis has significantly slowed down the implementation of the projects in the beneficiary countries, as the INSC is a fully centralised managed instrument. Travel restrictions due to the health situation made it difficult to deploy activities on-site. Remote cooperation has been used as often as practically feasible, in particular for training activities, but this did not allow for a 100% effective back-up plan.

Performance assessment

- During previous multiannual financial frameworks, cooperation with the partner country regulatory authorities was primarily aimed at improving governmental, legal and regulatory frameworks, based on the EU's experience. This involved the transfer of regulatory practices used in the EU Member States.
- The competence of staff working in the nuclear area is of utmost importance in ensuring that the use of nuclear technology is safe. The training and tutoring actions, which transfer EU knowledge to students and young professionals, trained around 2 500 staff in the beneficiary countries between 2014 and 2020. Some 34% of these were women, which contributes to the gender equality goal in a highly specialised scientific area. This confirms the success of the programme.
- The Central Asian states have inherited 1 billion tonnes of hazardous processing waste, consisting of highly toxic chemical and radioactive residues left behind and unsafely stored in uranium legacy sites. The EU flagship programme for the remediation of the legacy sites is now mature, with the completion of the necessary feasibility studies and environmental impact assessments that provided for the technical solutions and associated costs to clean up the selected priority sites. At the European Commission's request, the European Bank for Reconstruction and Development has set up an international multidonor fund (the Environmental Remediation Account) to finance the implementation of the remediation programme based on EU-funded feasibility studies in accordance with the highest international nuclear safety standards. The first two remediation projects in Kyrgyzstan began in 2020, and activities are planned to start in Uzbekistan in 2021.
- A major milestone in making the Chernobyl site environmentally stable and safe was reached on 29 November 2016, with the New Safe Confinement being slid over the nuclear reactor that was destroyed in April 1986. The New Safe Confinement is a giant arch-shaped structure that covers the damaged Chernobyl Unit 4 to prevent any further radioactive release. The total project cost is in the order of EUR 1.5 billion, to which the EU contributed more than EUR 430 million. In July 2019, the facility was officially handed over to the Ukrainian government. In 2020, the last facility to safely store spent nuclear fuel was completed and transferred to Ukraine, bringing to an end the long-lasting international engagement on Chernobyl.
- The first project supporting the Iranian Nuclear Regulatory Authority started in July 2017, and is running smoothly in a very cooperative atmosphere. Two follow-up projects are ongoing to establish a Nuclear Safety Centre in Tehran – in compliance with the EU's commitment to implement the joint comprehensive plan of action – and to perform stress tests at the Bushehr nuclear power plant. Another capacity-building project was adopted under the 2019 annual action programme, demonstrating the EU's commitment to fully implementing the joint comprehensive plan of action, and a fifth project will be submitted under the 2020 annual action programme. Although under difficult conditions, with the withdrawal of the United States and the COVID-19 pandemic, the EU continues to fulfil its commitments under the Joint Comprehensive Plan of Action with the Islamic Republic of Iran, supporting the Iranian Nuclear Regulatory Authority and the Bushehr nuclear power plant.
- The INSC has been relevant for improving nuclear safety in non-EU countries aligned to EU policies and priorities and addressing specific needs. Measuring nuclear safety is inherently difficult, but the instrument produced concrete examples of success on the ground, as presented above.
- Even if the programme is fit to achieve its objectives, programming documents can become more informative for non-experts without constraining flexibility. The direct and mainstreamed support provided for environmental protection, sector management and gender equality deserves wider visibility and recognition.

Concrete examples of achievements

2 500	30	36	18
people took part in the training and tutoring programme in 2014-2020.	countries and regions benefited from EU assistance in nuclear safety in 2014-2020.	regulatory documents were drafted and adopted in 2014-2020.	nuclear waste management and strategy documents were produced in 2014-2020.

LEGAL BASISCouncil Regulation (EC)
No 1257/96**MORE INFORMATION**<http://europa.eu/!br44Rp>**BUDGET ALLOCATION****2014-2020 ⁽¹⁰⁾****EUR 10 264.9 million****100%**

● Commitments

**Evaluations/
studies conducted**

The studies and evaluations carried out by the Directorate-General for European Civil Protection and Humanitarian Aid Operations (ECHO) can be consulted at:
<http://europa.eu/!Gq36du>

How is it implemented?

The Directorate-General for European Civil Protection and Humanitarian Aid Operations (ECHO) is the lead DG for the implementation of the programme.

HUMA

HUMANITARIAN AID

What is the humanitarian aid programme?

The purpose of the humanitarian aid programme is to provide effective relief and protection to populations affected by natural or human-made disasters on the basis of needs and to assist the most vulnerable countries and forgotten crises (crises with little media attention and poor coverage). In addition, the EU is committed to building the capacity and resilience of vulnerable communities. The EU takes the role of a reference donor, basing its actions on humanitarian principles and informed assessments, promoting the respect of international humanitarian law and encouraging a non-political approach to humanitarian assistance by participating in well-established multilateral forums and holding strategic dialogues with its partners.



Specific objectives

- To provide needs-based EU assistance to people faced with natural and human-made disasters and protracted crises.
- To build the capacity and resilience of vulnerable or disaster-affected communities.

Why is it necessary?

Making use of the financial weight of its humanitarian actions and its unique position, the EU encourages other humanitarian donors to implement effective and principled humanitarian aid strategies and has a comparative advantage in being able to intervene more flexibly in politically sensitive situations.

The EU is well positioned to rapidly complement Member States' bilateral contributions as required in response to crises. A share of the annual budget is pre-allocated to ongoing crises (in some cases the Commission is the only donor, namely in forgotten crises) and for prevention/preparedness measures, while the rest is deployed to respond to new crises or the deterioration of existing ones.

The Commission's strong field presence allows for a comprehensive understanding of complex needs on the ground, and its neutrality provides greater flexibility and power to act on behalf of the most vulnerable. The Commission is valued by other donors for its technical know-how and capacity for coordination.

Outlook for the 2021-2027 period

The current legal basis continues to apply for the next multiannual financial framework, therefore there is no need for a new proposal.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
1 417.4	2018	1 442.2	
1 966.4	2019	1 739.8	
2 038.1	2020	1 614.1	

⁽¹⁰⁾ The legal base for humanitarian aid does not include an end date. Programming takes place on an annual basis. Payments can also refer to the preceding multiannual financial framework and cannot be compared solely to the envelope of the 2014-2020

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Non-emergency agreements signed in a maximum of 11 working days ⁽¹⁾ ⁽²⁾		76%	≥ 95%	73% compared to a target of 95%	Moderate progress
Beneficiaries of the Commission's interventions ⁽¹⁾ ⁽²⁾		> 100%	≥ 77 m	136 million beneficiaries compared to a target of 77 million	On track
Funds spent in 'very high risk of disaster' countries ⁽²⁾		> 100%	56%	57% of annual funding compared to a target of 56%	On track
Funds spent on forgotten crises ⁽²⁾		> 100%	15%	21% of annual funding compared to a target of 15%	On track
Funded operations in which disaster risk reduction has been mainstreamed ⁽²⁾		> 100%	50%	54% operations compared to a target of 50%	On track

■ % of target achieved by the end of 2020

⁽¹⁾ Measured by the total number of humanitarian aid interventions (estimated by the number of 'action beneficiaries' as declared by the partners implementing humanitarian projects funded by DG European Civil Protection and Humanitarian Aid Operations (ECHO)).

⁽²⁾ Average of results for 2014-2020.

Where are we in the implementation?

- The 2014-2020 period has been fully implemented (100%), making use of several budgetary reinforcements. In 2020, the total budget was EUR 2.1 billion, including reinforcements of EUR 1.044 billion. The implementation rates are explained by the humanitarian context during the period, characterised by a constant increase in unmet needs, and the Commission's implementation capacity.
- The COVID-19 pandemic in 2020 triggered a reprioritisation of humanitarian needs and budgetary reinforcements, with no significant impact on budget implementation. In this context, humanitarian actions already focusing on the health sector continued to help the local health system provide access to healthcare and to epidemics control and prevention (e.g. providing information on prevention, mobile health screening, hygiene and distribution of home-learning kits).

Performance assessment

- EU humanitarian aid performed well in 2020 in providing emergency assistance to people in need worldwide, particularly the most vulnerable, hit by human-induced or natural disasters, with the COVID-19 pandemic compounding the needs and in many cases complicating the response. The EU and its Member States remain the world's largest humanitarian aid donor, contributing more than 36.3% of the global share of humanitarian aid contributions.
- Contributing to the objective of providing needs-based delivery of EU assistance to people faced with natural and human-made disasters and protracted crises, EU humanitarian aid provided emergency assistance to people in need in the most fragile contexts worldwide. The EU could fund more than 170 million interventions, providing assistance in 97% of the countries for which the United Nations launched an appeal. In 2020, 68% of the budget was spent in countries ranked 'very high risk of disaster' and more than 28% of the initial budget was spent on forgotten crises.
- The programme also contributed to the objective of building the capacity and resilience of vulnerable or disaster-affected communities. In 2020, approximately 35 million people worldwide benefited from disaster preparedness actions in disaster-prone regions, and disaster risk reduction has been mainstreamed in 46% of EU-funded humanitarian operations. In addition, the EU furthered its commitment to building the capacity and resilience of vulnerable or disaster-affected communities (e.g. in Mozambique, Nepal and the Philippines) through dedicated funding to strengthen preparedness capacities for response and early action.
- A key element explaining the success of EU humanitarian aid lies in the strong operational knowledge and technical expertise of the EU's network of humanitarian field offices spread over almost 40 countries. The EU can take advantage of a comprehensive range of humanitarian partners (around 200 organisations, including United Nations agencies, the International Red Cross and Red Crescent Movement and non-governmental organisations), through which people in need can receive assistance even in the areas of the world that are most difficult to reach.
- A primary challenge to EU humanitarian aid is that the funds and support provided are not always sufficient to cover the scale of the needs of the largest crises. In addition, delivering principled humanitarian assistance is at times extremely difficult in certain protracted crises, where warring parties on occasions disregard humanitarian principles, violate international humanitarian law and interfere with the delivery of assistance in the field. An example of this is casualties among aid workers, most recently in Ethiopia, South Sudan and Syria.
- While able to meet acute humanitarian needs on a short-term basis in a highly effective manner, EU humanitarian aid is less well placed to address structural issues, in particular in the context of protracted crises. Here development actors would be best positioned to act, but are not always in a position to take over. Such situations underline the need to further develop the humanitarian-development-peace nexus so that humanitarian aid actors can exit a situation with the confidence that longer-term structural assistance will be available. As an example, an initiative focusing on food insecurity was created in 2016.
- In an attempt to tackle the COVID-19 epidemic, many governments took measures limiting internal and cross-border movement, thus unintentionally impeding humanitarian operations. The EU's advocacy in overcoming these impediments successfully led to the adoption of a common position by EU Member States. Dedicated discussions were also prompted with other donors in the context of the 'good humanitarian donorship' initiative.

Concrete examples of achievements

EUR 2.1 billion	1.87 million	67	89
in humanitarian aid was provided to the most vulnerable in 2020.	girls and boys benefited from the 'education in emergencies' initiative in 2020.	flights were organised by the EU humanitarian air bridge to deliver more than 1.2 tonnes of medical and humanitarian equipment and to transport more than 1 700 medical and humanitarian staff and other passengers.	countries received humanitarian aid from the EU in 2020.

LEGAL BASIS

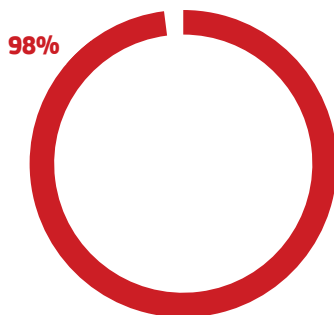
The European Council defines the principles and general guidelines for the CFSP. On the basis of these guidelines the Council of the European Union adopts joint actions or common positions.

MORE INFORMATION

<https://europa.eu/vq63kN>

BUDGET ALLOCATION 2014-2020

EUR 2 088 million

**OVERALL EXECUTION
(2014-2020) ⁽¹¹⁾**

● Commitments

**Evaluations/
studies conducted**

Annual reports on the implementation of the CFSP are produced. For further information please consult: <http://europa.eu/kB37Tp>

How is it implemented?

The Service for Foreign Policy Instruments is the lead service for implementation of the policy. The management of each CFSP action is based on specific decisions adopted by the Council under the provisions of the Treaty on European Union. No overarching instrument is adopted for the full period of the multiannual financial framework. Actions are either CSDP civilian crisis management missions, missions of EU special representatives or actions in the field of the non-proliferation of weapons of mass destruction and small arms and light weapons.

CFSP

COMMON FOREIGN AND SECURITY POLICY

What is the CFSP?

The European Union's common foreign and security policy (CFSP), to which the EU Member States have committed themselves, aims to promote peace, security and progress in Europe and the world. In particular, the common security and defence policy (CSDP), which is part of the CFSP, aims to strengthen the EU's external ability to act through the development of civilian and military capabilities in conflict prevention and crisis management.



Specific objectives

- To support the preservation of stability through substantial CSDP missions and the mandates of EU special representatives.
- To support the implementation and promotion of: (1) the strategy on the non-proliferation of weapons of mass destruction in order to increase security in this area; (2) the strategy on combating the illicit accumulation and trafficking of small arms and light weapons, along with measures against the illicit spread and trafficking of other conventional weapons; (3) the EU's policies in the field of conventional arms exports, in particular on the basis of Council Common Position 944/2008/CFSP.

Why is it necessary?

The CFSP is intended to safeguard the common values of the EU, to strengthen (international) security, to preserve peace, to promote international cooperation and to develop democracy and the rule of law, respect for human rights and fundamental freedoms.

With 27 Member States acting through common policies and strategies, only the EU has the critical mass to respond to global challenges, where the actions of Member States may be limited and fragmented, with projects that are often too small to make a sustainable difference in the field. This critical mass also puts the EU in a better position to conduct policy dialogue with partner governments.

The EU is in a uniquely neutral and impartial position to be able to deliver on external action on behalf of and with Member States, lending enhanced credibility in the countries in which it works. It is best placed to take the role of global leader on behalf of its citizens.

Outlook for the 2021-2027 period

In the new multiannual financial framework the CFSP will remain a separate tool, but will complement other conflict and crisis response instruments, such as the rapid response pillar of the Neighbourhood, Development and International Cooperation Instrument.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
347.9		2018	292.0
343.1		2019	308.5
335.9		2020	333.7

⁽¹¹⁾ The legal base for the common foreign and security policy is not linked to the duration of the multiannual financial framework and spending is driven by individual Council decisions. Therefore, payments can refer to several multiannual financial frameworks and cannot be compared solely to the 2014-2020 envelope.

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
Capacity deployment rate (of international staff) of the main CSDP mission		92%	90%	83% deployment rate compared to a target of 90%	Deserves attention
Number of countries that have ratified the Comprehensive Nuclear-Test-Ban Treaty	159	90%	169	168 out of 169 countries	On track
Number of countries that have submitted their United Nations Resolution 1540 voluntary national action plans		20%	192	35 out of 192 countries	Deserves attention ⁽²⁾
Number of countries that have ratified the Arms Trade Treaty		81%	130	110 out of 130 countries	Moderate progress ⁽³⁾

■ % of target achieved by the end of 2020

(1) While Council Decision (CFSP) 2017/809 aims to support the development of voluntary UNSCR 1540 (2004) national implementation action plans upon states' requests, the decision on the preparation of the plans does not depend solely on EU support, but also on other factors, including the political considerations of the states concerned.

(2) While Council Decision (CFSP) 2017/915 aims to support the universalisation of the Arms Trade Treaty, the decision on the accession to the treaty does not depend solely on EU support, but also on other factors, including the political considerations of the states concerned.

Where are we in the implementation?

- The large majority of CFSP actions are implemented through indirect management, through the signature of contribution agreements with the relevant CSDP missions, EU special representatives and beneficiaries of funding in the area of the non-proliferation of weapons of mass destruction and disarmament. A smaller number of actions are managed through direct management in the form of grants.
- The systematic trend of budget under-consumption by the civilian CSDP missions continues, and can be expected to increase further as the pandemic continues. In 2020, civilian missions returned unused funds totalling EUR 42 million, pointing to a lack of absorption capacity and realistic budget planning.
- During the 2014-2020 period, the total level of commitment appropriations for CFSP actions amounted to 98% of the planned expenditure. As a result of the active management of budget lines, the level of payment appropriations reached 92%.
- The COVID-19 pandemic has affected planning, decision-making and implementation of the mandates of civilian CSDP missions. In 2020, four missions could not undergo their strategic reviews, and their respective mandates were renewed for 1 year with essentially the same budget. At the operational level, a number of mitigating measures were designed and implemented in cooperation with the EEAS to ensure the safety of staff.

Performance assessment

- The Commission has limited influence on the deployment of CFSP missions, as it is only responsible for financial implementation and the ensuring compliance with the rules, for example concerning procurement. Planning and political steering is managed by the missions, together with the European External Action Service's Civilian Planning and Conduct Capability Directorate, which assists the missions by publishing calls for contributions for seconded and contracted personnel. For this reason, budgetary performance is important for measuring the way CSDP entities handle the funding allocated to them.
- The systematic trend of budget under-consumption by the civilian CSDP missions continues, and can be expected to increase further as the pandemic continues. Few missions reach an absorption rate of over 90%; the majority reach levels of between 80% and 90%, and in some cases the level is 70%. Therefore, stocktaking of budget absorption rates across all CSDP missions takes place regularly. Most recently selected examples of CSDP missions portray the specific reasons that have led to underspending, which may be either operational or related to overambitious budget planning.
- Despite significant challenges, all missions have remained operational throughout the pandemic. The missions successfully balanced duty-of-care concerns in relation to personnel with operational continuity and visibility on the ground.
- The non-proliferation and disarmament actions funded from the CFSP budget contributed to international peace and security by strengthening the norms against the proliferation of weapons of mass destruction through advancements in universalisation, institutional strength and effective implementation of the relevant treaties and mechanisms (for example the Comprehensive Nuclear-Test-Ban Treaty); by preventing and combating the illicit accumulation and trafficking of small arms and light weapons and their ammunition; and by supporting the implementation of the Arms Trade Treaty and the adoption of policies on exports of military technology and equipment.
- The rate of seconded personnel deployed to civilian missions depends on the effective mobilisation of human resources and logistics. It falls slightly short of its target due to the reluctance of Member States to deploy more seconded personnel to missions. The targeted ratio of 70% seconded staff in missions versus 30% contracted staff therefore remains difficult to reach.

Concrete examples of achievements

1 035	0.5 million	19
staff of the Palestinian Authority were trained by the EU Border Assistance Mission in Rafah from 2015 to 2020	pieces of small arms and light weapons and pieces of ammunition were destroyed in the western Balkans between 2017 and 2019.	Organisation for the Prohibition of Chemical Weapons fact-finding missions relating to the alleged use of chemicals as weapons were deployed to Syria in 2016 and 2017.

LEGAL BASIS

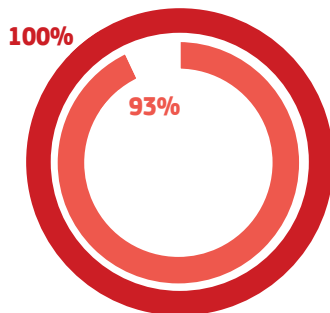
Council Decision 2014/137/EU and
Council Decision 2013/755/EU

MORE INFORMATION

<http://europa.eu/ldR38cH>

BUDGET ALLOCATION 2014-2020

EUR 217.8 million

OVERALL EXECUTION
(2014-2019)

- Payments
- Commitments

Evaluations/
studies conducted

The midterm evaluation of the Greenland decision was carried out within the framework of the midterm review of the external financing instruments. For further information please consult: <https://europa.eu/gg94QN>

How is it implemented?

The Directorate-General for International Partnerships is the lead DG for the implementation of the programme through budget support.

GREENLAND

COOPERATION WITH GREENLAND

What is cooperation with Greenland?

Located between the North Atlantic and the Arctic Ocean, Greenland is the world's largest island. It is an autonomous territory within Denmark, and is the only Danish territory associated with the EU. Between 1973 and 1985 Greenland was part of the EU. Following a referendum held in 1982 it withdrew from the EU, and is now associated with it under the overseas association decision. Greenland is eligible for funding from the EU's general budget through the EU–Greenland Partnership. This allows strong relations between the partners to continue and responds to global challenges, making it possible to develop a proactive agenda and pursue mutual interests. The partnership defines, in particular, the framework for policy dialogue on issues of common interest, such as:

- global issues concerning, inter alia, energy, climate change and the environment; maritime transport; research, innovation and education;
- Arctic issues.

The education, vocational training and post-elementary school system was chosen as the concentration sector for cooperation between the EU and Greenland for 2014–2020. This ensures support for Greenland's continuous economic progress in an increasingly globalised world economy by providing a critical mass of qualified, flexible people and a competitive workforce. Increased productivity in the working-age population will reduce the growing pressure on public finances resulting from the increasing share of elderly people in the population. Furthermore, a highly educated and skilled labour force will reduce the economic dependence on single sectors and is a prerequisite for development and inclusive growth in emerging sectors.



Specific objectives

- To support and cooperate with Greenland in addressing its major challenges, in particular the sustainable diversification of the economy, the need to increase the skills of its labour force, including scientists, and the need to improve Greenlandic information systems in the field of information and communications technologies.
- To contribute to the capacity of the Greenlandic administration to formulate and implement national policies, in particular in new areas of mutual interest as identified in the programming document for sustainable development.

Why is it necessary?

As the EU is the only donor besides Denmark, the support allocated through the partnership brings an EU perspective to the development of Greenland and will contribute to the strengthening of close and long-lasting ties with the territory.

Greenlanders enjoy the citizenship of the Member State to which they are constitutionally linked (Denmark), and consequently hold EU citizenship, therefore the corresponding parts of the Treaty on European Union apply to them. European Union support strengthens the position of Greenland as an advanced outpost of the EU, based on the common values and history that link the two partners. Through the framework of relations and dialogue with Greenland, the EU has gained a better

understanding of the conditions in the Arctic, enabling it to better formulate relevant actions and policies, while Greenland supports the EU's application for an observer seat on the Arctic Council.

Outlook for the 2021-2027 period

This programme will become part of the new association decision of the EU with overseas countries and territories. Within this framework, future cooperation may further develop the support provided to the education sector, and in addition could boost the economic diversification of Greenland's economy.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
32.4	2018	30.6	
32.8	2019	29.3	
33.2	2020	33.2	

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Results
Completion rate for high school, vocational education and training, and higher education	51.1%	30%	60.0%	53.8% compared to 60.0%	Moderate progress

■ % of target achieved by 2019

Where are we in the implementation?

- The support provided to Greenland is implemented via budget support. The total budget available was EUR 216 million in programmable support and EUR 1.8 million in administrative costs. Of the EUR 216 million, around EUR 5-6 million has been decommitted where the variable part linked to performance could not be disbursed fully. This was the case for all years except 2019 and 2020, where these variable tranches have been dedicated to supporting the government of Greenland's response to the COVID-19 crisis.
- The financing agreement for the 2020 programme to support Greenland's education sector was signed with the government of Greenland on 11 December 2020, and amounts to EUR 33.20 million. To effectively and rapidly support the government of Greenland's response to the COVID-19 crisis in the education sector, the disbursement was front-loaded through one fixed tranche of budget support (no variable part linked to performance, as was the case in previous years). To further support the government of Greenland, the 2019 financing agreement for support to the Greenland education programme will be amended in 2021 to mobilise additional COVID-19 support, utilising its remaining unused funds. EUR 2.14 million should thus be disbursed early in 2021, in addition to the remaining balance of EUR 3.97 million from the 2020 education support programme.

Performance assessment

- EU cooperation with Greenland in 2014-2020 focused on education through budget support. EU budget support is a means of delivering effective aid and durable results in support of EU partners' reform efforts and the sustainable development goals. It involves: (i) dialogue with a partner country or territory to agree on the reforms or development results that budget support can contribute to; (ii) an assessment of progress achieved; (iii) financial transfers to the treasury account of the partner country or territory once the results have been achieved; and (iv) capacity-development support. It is a contract based on a partnership with mutual accountability. In compliance with the EU financial regulation, the use of budget support is subject to certain conditions. Eligibility criteria have to be met before a contract can be signed, and must be maintained during its implementation before payments are made.
- Cooperation was good, especially with the key Ministries of Finance, Education and Industry and the Department of Foreign Affairs, and also with the relevant stakeholders in the government of Denmark, but the general objectives of cooperation with Greenland have only partially been met.
- The programme has not yet resulted in the diversification of Greenland's economy, which is still very much dependent on the fisheries sector for economic development, trade and domestic revenue.
- Greenland witnessed sustained economic growth in the 5 years leading up to 2020, before the COVID-19 crisis. Despite the estimated 2% growth reduction in 2020, Greenland has nearly achieved full employment. This situation affects the success of the education support programme, as high-school graduates consider employment opportunities more attractive than continuing their education.
- Similarly, youngsters, especially men, can find employment in the booming fisheries sector after completing their schooling, which in turn has a consequence on the level of 16- to 18-year-olds outside the education system, which remains high at 58.9 %.
- Future interventions should further influence how the EU supports the education sector in Greenland by focusing on factors that have shown to be bottlenecks in the achievement of indicators, such as the lack of teachers and the quality of teacher training, along with elementary education and the production of relevant skills and knowledge for Greenland's future sustainable economic development. In addition, future cooperation with Greenland should look to supporting the sustainable diversification of Greenland's economy by building on, for example, mineral resources or the potential for green energy, in order to provide high-quality job opportunities for young people and to foster Greenland's resilience and economic self-sufficiency.

Concrete examples of achievements

25%	60.5%	70%	97.2%	91.2%
of the total government budget in 2019 was for education and training, while in 2014 it stood at 15%.	of 16- to 18-year-olds being outside the education system in 2019 shows that education challenges remain pertinent.	of students who completed their higher education in 2019 are women and 30% are men, due the higher participation of men in the traditional occupations of hunting and fishing.	of total exports were for fisheries products in 2019. Fisheries remain a prominent feature in the economy of the country.	of civil servants were (long-term) residents in 2019, ensuring the capacity of the Greenlandic administration to formulate and implement national policies.

LEGAL BASIS

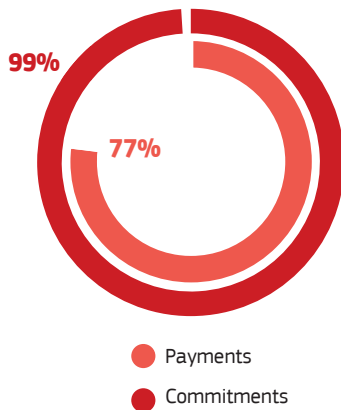
Ad hoc decisions under Articles 209, 212 and 213 of the Treaty on the Functioning of the European Union

MORE INFORMATION

<http://europa.eu/!Uy76Wq>

BUDGET ALLOCATION 2014-2020

EUR 90.5 million

OVERALL EXECUTION OF MFA GRANTS (2014-2020) ⁽¹¹⁾**Evaluations/ studies conducted**

All final reports of completed *ex post* evaluations of MFA operations are published at: <https://europa.eu/!pP67Jx>

How is it implemented?

The Directorate-General for Economic and Financial Affairs is the lead DG for the implementation of the programme through budget support measures (loans, grants or a combination of the two).

MACRO-FINANCIAL ASSISTANCE

FINANCIAL STATEMENT FOR MACRO-FINANCIAL ASSISTANCE

What is MFA?

Macro-financial assistance (MFA) is a form of financial aid extended by the EU to partner countries experiencing a balance-of-payments crisis. It takes the form of medium/long-term loans or grants, or a combination of the two, and is only available to countries benefiting from a disbursing International Monetary Fund programme. MFA is designed for countries that are geographically, economically and politically close to the EU. These include candidate and potential candidate countries, countries bordering the EU covered by the European neighbourhood policy and, in certain circumstances, other non-EU countries.

**Specific objectives**

- To provide macro-financial assistance to non-EU countries in resolving their balance-of-payments crises and restoring external debt sustainability.

Why is it necessary?

The financial assistance provided under MFA operations and the policy measures attached to them aim at promoting macroeconomic and political stability in the EU's neighbourhood. The policy measures associated with MFA cover selected provisions related, where applicable, to accession-related agreements, stabilisation and association agreements, association agreements, partnership and cooperation agreements and European neighbourhood policy action plans or equivalent documents. They also cover other conditions aimed at fostering a sustainable balance of payments and budgetary position, raising potential growth, promoting integration and regulatory convergence with the EU and strengthening public finance management.

MFA complements other EU assistance and maximises its effectiveness by alleviating the risk of disruption of the regular EU cooperation framework, while at the same time laying down the basis for structural change and sustainable economic and social development of the beneficiary countries. MFA also complements the other EU crisis-response mechanisms (e.g. the Instrument for Stability and humanitarian aid) and European Investment Bank lending.

Outlook for the 2021-2027 period

The Commission proposed that MFA should maintain its current legal status, with assistance granted on a case-by-case basis by ordinary legislative procedure.

Budget implementation of MFA grants (in million EUR) ⁽¹²⁾

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
10.3	2018	5.1	
0.1	2019	10.3	
0.3	2020	15.3	

⁽¹²⁾ MFA is predominantly provided in the form of loans, underpinned by guarantees from the EU budget. The budget implementation figures listed in this fiche refer only to the small proportion of MFA implemented in the form of grants from the EU budget.
MFA funds disbursed 2014-2020: loans: EUR 6 306.0 million; grants: EUR 68.0 million.

Key performance indicators

	Baseline	Results in 2019	Results in 2020
Official foreign exchange reserves – Jordan (months of imports)	7.6 ⁽¹⁾	9.8	11.0
Official foreign exchange reserves – Tunisia (months of imports)	4.7 ⁽²⁾	4.5	5.2
Current account balance – Jordan	- 9.6% ⁽¹⁾	- 2.1%	- 8.0%
Current account balance – Tunisia	- 8.9% ⁽²⁾	- 8.4%	- 6.8%
External debt – Jordan	37% ⁽¹⁾	72.1%	82.9%
External debt – Tunisia	68.5% ⁽²⁾	97.4%	98.7%

■ % of target achieved by the end of 2020

⁽¹⁾ Baseline year for Jordan: 2016.

⁽²⁾ Baseline year for Tunisia: 2016.

NB: MFA is a non-programmable, short-term crisis instrument spanning over 2 to 3 years maximum. Given these specificities, a precise assessment of its impact is difficult to make, as effects on macroeconomic variables over time cannot be uniquely attributed to MFA operations. In turn, unlike other programmes, MFA does not have specific quantifiable targets/milestones; its impact is assessed by independent, *ex post* evaluations (normally within 2 years of the end of operation).

Where are we in the implementation?

2020 was an exceptional year for the MFA instrument, and the Commission made important progress in implementing a number of MFA operations, as described below.

- Ukraine IV (EUR 1 billion in loans). The first tranche (EUR 500 million) was disbursed in December 2018, while the second tranche (EUR 500 million) was disbursed in December 2020.
- Georgia III (EUR 35 million in loans + EUR 10 million in grants). The first tranche (EUR 20 million) was disbursed in December 2018, while the second tranche (EUR 25 million) was disbursed in November 2020.
- Moldova (EUR 60 million in loans and EUR 40 million in grants). The first tranche (EUR 20 million in loans and EUR 10 million in grants) was disbursed in October 2019, and the second tranche (of the same amount) was disbursed in July 2020. The third and final tranche (EUR 20 million in loans and EUR 20 million in grants) was cancelled because not all related policy conditions were fulfilled before the end of the programme on 18 July 2020.
- Jordan III (EUR 500 million in loans). The new MFA was adopted in January 2020. Furthermore, in May 2020, the EU endorsed a 'top-up' MFA programme of EUR 200 million as part of the COVID-19 MFA package. The first tranche (EUR 250 million) was disbursed in November 2020.
- In the context of the COVID-19 pandemic, in 2020 the EU adopted a EUR 3.0 billion MFA package for 10 enlargement and neighbourhood partners to help them to limit the economic fallout. By the end of 2020, the Commission had disbursed the first instalment for 7 out of the 10 countries (Georgia, Jordan, Kosovo, Moldova, Montenegro, North Macedonia and Ukraine) in three batches, for a total amount of EUR 1 035 million.

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 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 country and contributed to relaxing their budgetary constraints. They also led to slightly higher economic growth.
- An important attribute of the EU's MFA versus 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 and/or reinforcing.
- 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 COVID-19 pandemic has severely challenged the already-struggling economies of partners in the southern and eastern neighbourhoods that benefit from MFA. As a consequence, some of the macroeconomic indicators from these countries (e.g. external debt for Jordan and Tunisia) showed worse results in 2020.
- The evaluations also note the shortcomings of each MFA operation, with the most common being the operation's lack of visibility and, in some cases, the speed of the legislative approval process. The COVID-19 package was adopted in record time (2 months after the Commission's proposal), proving that the adoption process can be sped up when the situation so requires.

Concrete examples of achievements

EUR 6.3 billion	EUR 4.4 billion	EUR 1.4 billion	EUR 1.1 billion	EUR 3.0 billion
in funds was disbursed from 2014 to 2020 to support the financial stability of EU partner countries.	in loans has been committed for Ukraine under four MFA operations since 2014 in the context of the conflict in eastern Ukraine.	in loans was disbursed to Tunisia between 2014 and 2020 to support the country in responding to the economic downturn following the 2011 revolution and the economic and political transition process that ensued.	in loans was made available to Jordan between 2014 and 2020 to support the country in dealing with pressing economic and social issues arising from regional conflicts and refugee flows.	in loans was committed for 10 enlargement and neighbourhood partners in 2020, to help them limit the economic fallout from the COVID-19 pandemic.

LEGAL BASIS

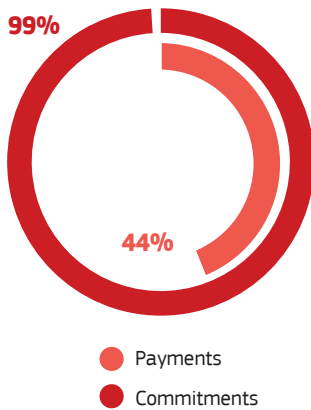
Regulation (EU) No 231/2014 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/!Pf48uH>

BUDGET ALLOCATION 2014-2020

EUR 12 893.6 million

**OVERALL EXECUTION
(2014-2020)****Evaluations/
studies conducted**

The midterm evaluation of IPA II was carried out in 2017 within the framework of the midterm review of the external financing instruments. For further information please consult: <https://europa.eu/!MF73NR>

How is it implemented?

The Directorate-General for Neighbourhood and Enlargement Negotiations is the lead DG for the implementation of the programme. The programme is implemented through direct management (both centralised in Brussels and decentralised to EU delegations) and indirect management by beneficiary countries and entrusted entities.

IPA II

INSTRUMENT FOR PRE-ACCESSION ASSISTANCE

What is IPA II?

The Instrument for Pre-accession Assistance (IPA) is the means by which the EU supports reforms in candidate and potential candidate countries through financial and technical assistance. The IPA's funding aims to build up the capacities of such countries throughout the accession process, resulting in progressive, positive development towards accession.

IPA funds help beneficiaries aspiring to join the EU prepare to fulfil the obligations that come with EU membership and to benefit from the rights enshrined in EU membership. The instrument supports reforms that provide citizens in the enlargement region with better opportunities and allow for the development of standards equal to those enjoyed by EU citizens.

Pre-accession assistance is designed to help the beneficiaries (currently Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia and Turkey) come closer to the accession benchmarks. By its nature, IPA II is an enabling instrument that supports beneficiaries in implementing the necessary reforms and achieving their respective targets and the conditionality of the stabilisation and association process.

**Specific objectives**

- Support for political reforms.
- Support for economic, social and territorial development, with a view to promoting smart, sustainable and inclusive growth.
- Strengthening the ability of the beneficiary countries at all levels to fulfil the obligations stemming from EU membership by supporting progressive alignment with, and adoption, implementation and enforcement of, the *EU acquis*.
- Strengthening regional integration and territorial cooperation involving the beneficiary countries, Member States and, where appropriate, non-EU countries.

Why is it necessary?

The IPA complements the EU's enlargement policy by supporting political and economic reforms in beneficiary countries. It contributes to meeting the broader objectives of ensuring stability, security and prosperity in the immediate neighbourhood of the EU.

The EU's political influence and leverage allow national authorities to be engaged with greater authority and legal certainty than is possible for individual Member States. Furthermore, granting pre-accession assistance under one single instrument on the basis of a single set of criteria is more efficient than granting assistance from multiple sources (including the national budgets of the Member States) following different procedures and priorities. The funds also help the EU reach its own objectives regarding a sustainable economic recovery, security of energy supply, improved transport connections, enhanced environmental standards, more effective action to combat climate change, etc.

Outlook for the 2021-2027 period

IPA III will build on its 2014-2020 MFF predecessor IPA II, but will aim to accelerate project implementation by reducing the time between project selection (which will be based on both technical maturity and alignment with the country-specific recommendations of the enlargement package) and effective contracting.

Working on the lessons learned from IPA II, in IPA III the final selection of actions will also take into account an assessment of the beneficiaries' performance in relation to the enlargement agenda and their commitment to and progress in implementing reforms, with particular attention being paid to fundamental areas such as the rule of law and 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.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
2 042.0	2018	1 086.6	
2 393.2	2019	1 302.8	
1 608.6	2020	1 654.2	

Key performance indicators

	Baseline	PROGRESS TO TARGET	Target	Results	Assessment
'Distance to frontier' (doing business) score (western Balkans)	60	> 100%	72	73 compared to a target score of 72	On track
'Distance to frontier' (doing business) score (Turkey)	65	> 100%	73	77 compared to a target score of 73	On track
GDP per capita as % of EU level – (western Balkans, excluding Kosovo) ⁽¹⁾	33%	42%	43%	37% compared to a target score of 43%	Moderate progress
GDP per capita as % of EU level – (Turkey) ⁽¹⁾	49%	63%	65%	59% compared to a target score of 65%	Moderate progress
Cross-border cooperation programmes concluded (IPA – IPA)		90%	10	9 out of 10 programmes	Moderate progress
Cross-border cooperation programmes concluded (IPA – EU Member States)		83%	12	10 out of 12 programmes	Moderate progress

■ % of target achieved by the end of 2020

⁽¹⁾ Latest results from 2019.

Where are we in the implementation?

- In 2020, the Commission immediately readjusted ongoing projects, reoriented its programming for 2020, mobilised contingencies and savings and sped up the implementation of contracts in support of all IPA II beneficiary countries in order to maximise its response to the consequences of COVID-19 outbreak. EUR 1 billion from the IPA has been reallocated to address urgent, short-term emergency responses to the health crisis and the resulting humanitarian needs, to strengthen health and water systems and to address economic and social consequences.
- In October 2020 the economic and investment plan and the green agenda for the western Balkans were adopted. The long-term recovery of the region will be supported through a green and digital transition and through a renewed effort to foster economic regional integration within the region and with the EU, boosting economic growth and supporting the reforms required to move forward on the EU path. The plan already includes a list of flagship infrastructure projects on transport, energy, the environment and digital infrastructure, which will be financed mainly through the Western Balkans Investment Framework.
- Important milestones achieved in 2020 also included the organisation of the EU–Western Balkans Zagreb Summit in May 2020 and the Berlin Process Summit in Sofia in November 2020, which kept the enlargement process and the EU's strong partnership with the western Balkans on the political agenda at the highest level.
- The implementation of IPA II appears to be on track. At the end of 2020, an average of 4.2 years was needed to pay the total costs of legal commitments – slightly more than the target of 4 years, though much less time than in 2019 (5.5 years). In recent years the Commission has accelerated the implementation of IPA II. Payment implementation increased from EUR 1 billion in 2018 to EUR 1.6 billion in 2020, and is expected to further increase in 2021 and 2022, allowing for the total costs of taken commitments to be paid on time. The IPA budget is to a large extent an investment budget, and often finances projects that run over a long period of time.

Performance assessment

- IPA II is making progress towards achieving its overall objectives, and some IPA indicators are on track to be achieved. For other indicators more work is needed. For instance, while there have been improvements in the fulfilment of fundamental areas of the political criteria for enlargement countries, such as the rule of law, these good results are counterbalanced by the backsliding in Turkey (see below).
- IPA II supports its beneficiaries in coping with ambitious political and economic reforms and in aligning gradually with the EU's rules, standards, policies and practices on their path towards 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.
- The enlargement countries need to implement difficult and time-consuming reforms to make progress in the fundamental areas of the political accession criteria, including sustainable and far-reaching political and societal transformation. They also face challenges in terms of making advances in the fundamental areas of the economic criteria, which are interlinked with the political criteria.
- External factors have a large amount of influence when it comes to achieving IPA II's overall objectives. For enlargement to become a reality, a firm commitment to the principle of 'fundamentals first' remains essential. Structural shortcomings persist in the enlargement countries, notably in the key areas of the rule of law and the economy.
- IPA II is a unique instrument that supports its beneficiaries in coping with ambitious political and economic reforms and in progressively aligning with the EU's rules, standards, policies and practices on their path towards membership. These main principles will not change under IPA III. However, IPA III programming will be also built on a stronger performance-based approach, to be assessed on a yearly basis and closely linked to the revised enlargement methodology, whereas the IPA II performance reward was granted only twice under the current instrument. IPA III will also accelerate project implementation by reducing the time between their selection and effective contracting. The Commission will select actions on the basis of their policy relevance, namely their alignment with the programming framework and with the specific recommendations of the enlargement package for the countries. The second selection will then focus on technical maturity assessed against the action documents and supporting documents. Only actions that are sufficiently technically mature (i.e. when most preparatory activities have been finalised) will be considered ready for adoption.
- The revised enlargement methodology, endorsed by the Council in March 2020, builds on the four key principles of making the enlargement process more credible, subject to stronger political steer, more dynamic and more predictable. The changes introduced in the programming process for IPA III are part and parcel of this revised enlargement methodology, which aims to strengthen the performance-based approach of the instrument and increase its efficiency in terms of delivery.
- In line with the commitment to a merit-based enlargement process outlined in the revised enlargement methodology, the final selection of actions will also take into account the assessment of the performance of the IPA III beneficiaries in relation to the enlargement agenda and their commitment to and progress in implementing reforms, with particular attention to key areas of the political accession criteria.
- There are some examples of good progress in the political area. The 2020 enlargement reports noted improvements in the functioning of the judiciary in Albania, in the fight against corruption in North Macedonia and in the fight against organised crime in Montenegro, all of which reached 'some level of preparation / moderately prepared'. However, there was backsliding in Turkey on public administration reform, the functioning of the judiciary and freedom of expression, and no progress in the fight against corruption. Overall, progress towards meeting the 2020 target under the readiness of enlargement countries on the EU *acquis* is limited.

- Candidate and potential candidate countries made limited progress on meeting the economic criteria, according to the 2020 enlargement reports. In the area of a functioning market economy, Serbia advanced to the level of moderately prepared / good level of preparation. Albania and Montenegro remained at a moderately prepared level and North Macedonia at a good level of preparation, while Turkey is considered to be well advanced. On competitiveness, Montenegro, North Macedonia and Serbia remained moderately prepared, while Albania remained at some level of preparation.
- The Commission put a particular emphasis on these areas in its western Balkans strategy of February 2018 and in its communication of February 2020 on a revised EU accession methodology, which put an even stronger focus on these fundamental reforms. Also, the EU trained over 1 200 judges, prosecutors and lawyers in the enlargement region on EU standards and the EU *acquis*. Furthermore, to reinforce the effectiveness of public administration, structural reforms and good governance at all levels, almost 100 public policies were developed or revised, with EU support.
- During the IPA II period (2014-2020) significant milestones were reached. Bosnia and Herzegovina applied for EU membership in February 2016. The Commission adopted its opinion on the EU membership application of the country in May 2019, identifying 14 key priorities for the country to fulfil with a view to opening EU accession negotiations. In July 2018, the Commission confirmed that Kosovo has fulfilled all outstanding visa liberalisation benchmarks. A decision on the Commission's proposal is pending in the Parliament and the Council. In March 2020, the European Council endorsed the decision to open accession negotiations with Albania and North Macedonia. Since December 2015, negotiations on 19 chapters have been opened with Serbia, while two have been provisionally closed. With Montenegro, 30 chapters have been opened since the start of accession negotiations in 2012.
- The Facility for Refugees in Turkey continues to deliver much-needed assistance to refugees and host communities in Turkey in all the priority areas it covers, i.e. basic needs, education, healthcare, protection, socioeconomic support and municipal infrastructure. The Facility Steering Committee meets on a regular basis, and monitors and steers the implementation of the facility. Six-monthly monitoring reports, which are publicly available, confirm that the facility is continuing to achieve its goals. Under the Facility for Refugees, some EUR 65 million is being mobilised from savings and contingencies to respond to COVID-19-related needs among refugees.

Concrete examples of achievements

100 000	1 800 000	416.5 km	7 805	75 000
students, researchers, staff and others participated in Erasmus+ activities involving western Balkans partners in 2014-2019.	of the most vulnerable refugees are currently provided with monthly cash transfers under the emergency social safety net in Turkey.	of the national road network in Albania have had better pavement conditions since 2015 due to adequate maintenance under IPA II.	housing units were built under the regional housing programme by the end of 2020.	people in Kosovo were connected to district heating in Pristina and Gjakova in 2014-2020, reducing air pollution and increasing energy efficiency.

Special instruments

Special instruments ensure the flexibility of the EU budget and enable the EU to mobilise the necessary funds to react to unforeseen events such as natural disasters, crises and emergency situations. With their help, additional financial support can be mobilised so that every euro is spent where it is most needed.

Multiannual financial framework 2014-2020		Multiannual financial framework 2021-2027		Special instruments
Special instruments	EGF	EGF		
	Solidarity Fund	EUSF		

LEGAL BASIS

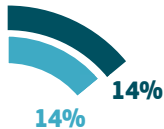
Regulation (EU) No 1309/2013 of the European Parliament and of the Council

MORE INFORMATION

<https://europa.eu/!jG47dp>

CEILING FOR 2014-2020

EUR 1 142.2 million

CONSUMPTION FROM THE CEILINGS (2014-2020)

- Payments
- Commitments

**Evaluations/
studies conducted**

A report on the activities of the EGF in 2017 and 2018 was published in 2019. For further information please consult:

<https://europa.eu/!TB67Bq>

The midterm evaluation of the EGF was completed in 2018. For further information please consult:

<https://europa.eu/!Vx38pj>

How is it implemented?

The Directorate-General for Employment, Social Affairs and Inclusion is the lead DG for the implementation of the fund under shared management.

EGF

EUROPEAN GLOBALISATION ADJUSTMENT FUND

What is the EGF?

The European Globalisation Adjustment Fund (EGF) supports workers made redundant as a result of major structural changes in world trade patterns due to globalisation or the negative effects of global economic and financial crises.

The EGF is an emergency relief instrument. It co-finances active labour market policy measures organised by the Member States, such as job guidance, careers advice, coaching, training courses and assistance for dismissed workers in setting up their own business. These services help the workers reposition themselves on the labour market and return to employment as quickly as possible by enabling them to update their knowledge and skills or benefit from other suitable means, such as mobility allowances or childcare allowances.

**Specific objective**

- To contribute to smart, inclusive and sustainable economic growth and to promote sustainable employment in the EU by enabling the EU to demonstrate solidarity with and to support workers who have been made redundant and self-employed persons whose activity has ceased as a result of major structural changes in world trade patterns due to globalisation or as a result of a global financial and economic crisis.

Why is it necessary?

The EGF addresses the adverse effects of globalisation, strengthens overall participation in the labour market and demonstrates the EU's solidarity with the workers affected. The EU's involvement through the EGF allows it to complement national and European Social Fund resources available for the reintegration of workers made redundant as a consequence of trade-related globalisation and a global financial and economic crisis. According to the EGF's midterm evaluation, the evidence gathered from EGF cases demonstrates that it provides support to dismissed workers that is in addition to what would have been available in the absence of the fund. The volume of the effects is particularly significant. Namely, the EGF provides additional resources to Member States, as it adds to existing mainstream restructuring assistance programmes and services of labour market actors without replacing existing resources. The EGF does this by:

- substantially increasing the overall number and variety of services that would not otherwise be available to redundant workers through national funding and programming;
- enabling partnerships on cases in order to provide flexibility that would not be possible without the EGF;

- reinforcing the package of measures provided to redundant workers through national resources;
- enabling the leveraging of an additional volume of in-kind support (i.e. quality assurance, certification, etc.);
- supporting existing national actions by extending the duration of national restructuring assistance measures;
- supporting more young people not in education, employment or training than would otherwise be possible.

Outlook for the 2021-2027 period

The Commission has proposed the continuation of this fund, with a much greater scope and increased flexibility.

To this end, improvements have been introduced, such as:

- broadening the scope of the EGF to support any type of significant restructuring event, including the economic effects of the COVID-19 crisis, as well as larger economic trends such as decarbonisation and automation; and
- lowering the threshold from 500 to 200 displaced workers.

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
28.0	2018	28.0	2018
0.6	2019	0.1	2019
2.2	2020	2.5	2020

Key performance indicators

	Baseline	PROGRESS TOWARDS THE TARGET	Target	Results	Assessment
Redundant workers reintegrated into employment following EGF-supported measures ⁽¹⁾		> 100%	50%	59% of redundant workers reintegrated compared to a target of 50%	On track

 % of target achieved by the end of 2020

⁽¹⁾ Cumulative results for 2014-2020.

Where are we in the implementation?

- In 2020, seven applications were submitted by six Member States. Four of them were submitted in relation to the repercussions of the global economic and financial crisis, and three under the trade-related globalisation criterion.
- The COVID-19 crisis has led to considerable job losses, which may affect persons who previously benefited from EGF support. The crisis may thus impact the long-term reintegration results of the EGF. This trend was also confirmed by the final reports received in 2020, which showed that on average only 45% of beneficiaries, compared to 65% in 2019, have found new employment following EGF implementation.
- Furthermore, the crisis has had a significant impact on the implementation of ongoing EGF funding actions. Notably, a number of measures that required personal contact and could not be pursued online, along with management and control activities, had to be suspended. The principle of *force majeure* has been applied in two cases, leading to the temporary suspension of the deadlines set out in the regulation.
- In order to foster the exchange of best practices and discuss issues of common interest, the Commission organises EGF contact persons' meetings and invites Member State representatives who are responsible for managing EGF cases on the ground. In 2021 this meeting will have to be organised remotely in the first semester, and will focus mainly on the new EGF regulation.

Performance assessment

- Between 2014 and 2020, the EGF supported 55 168 targeted workers and 4 099 young people not in employment, education or training in 52 different economic sectors. According to the final reports concerning the 2014-2020 period, an average of 60% of workers who have been assisted have taken up new employment following an EGF intervention. However, the reintegration rate in individual cases varied from 28% to 92%, depending on the economic sector and the area concerned, as it is influenced by the absorption capacities of local and regional labour markets. Given that the beneficiaries supported by EGF co-funded measures are usually among those facing the greatest difficulties on the labour market, these results are encouraging. To improve the efficiency of the measures while assessing the applications for EGF funding, the Commission advises Member States to ensure that they reflect the needs of the local or regional labour market. Furthermore, from 2021 onwards, the quantitative information on the assistance provided will be complemented with qualitative information through beneficiary surveys.
- In 2020, in response to the COVID-19 crisis, the Commission proposed to allow the mobilisation of EGF support for workers permanently dismissed as a consequence of the ensuing economic crisis. As a result, at the end of 2020, four Member States submitted applications related to the COVID-19 crisis, and more are in preparation for submission in 2021. These applications relate to redundancies in three sectors particularly heavily hit by the COVID-19 crisis, i.e. air transportation and storage, water transportation, and leisure- and tourism-related activities. Due to the COVID-19 crisis, in 2020 the Member States also reported a relatively lower average reintegration rate (45%) than in the previous year (65%). The rate depends heavily on the number of cases, as one large EGF case with a low reintegration rate will skew the results.
- In 2020, a study supporting the EGF's *ex post* evaluation for the 2014-2020 period found that the fund adds value over and above what could be achieved by Member States alone, for instance by increasing the number and variety of services offered. This is mainly due to the EGF's targeted, tailored and individualised support for beneficiaries. The average reintegration rate of EGF beneficiaries, i.e. the main indicator of the fund's effectiveness, is 60%. However, as the effectiveness is strongly influenced by external factors, it is recommended that the more long-lasting effects, such as new skills gained from participation in EGF measures, should also be taken into account. In addition, there is room to improve the visibility of the outcomes of EGF cases. Furthermore, a faster decision-making process at the EU level and a simplified application process could improve the fund's efficiency and lift a barrier that prevents some Member States from applying for EGF support.
- These recommendations have been taken into account in the 2021-2027 EGF regulation. In particular, the scope was broadened and the administrative burden of demonstrating that job losses were caused by globalisation or a crisis was eliminated. This simplification is expected to speed up the mobilisation of EGF assistance and improve its efficiency. In 2021 and 2022, given the gravity of the socioeconomic consequences of the COVID-19 crisis, the EGF will provide continued support to workers who have lost their jobs as result of major restructuring events. It is expected that broadening the scope and lowering the threshold to enable an application for dismissed workers to 200 will make the fund more inclusive and more accessible, potentially triggering a higher number of applications from Member States.

Concrete examples of achievements

55	55 168	4 099	EUR 175 220 016	60%
applications were received (excluding those withdrawn or rejected) between 2014 and 2020.	workers were targeted between 2014 and 2020.	young people not in employment, education or training were targeted between 2014 and 2020.	in contributions from the EGF were requested by 12 Member States between 2014 and 2020.	of beneficiaries, on average, found employment following intervention by the EGF between 2014 and 2020.

LEGAL BASIS

Council Regulation (EC) No 2012/2002, amended by Regulation (EU) No 661/2014 and Regulation (EU) No 461/2020 of the European Parliament and of the Council

MORE INFORMATION

<http://europa.eu/INT86TG>

SUM OF YEARLY BUDGET AMOUNTS
2014-2020

EUR 3 114.5 million ⁽¹³⁾

Evaluations/
studies conducted

An in-depth *ex post* evaluation to assess the financial assistance provided by the EUSF in 2002-2016 was completed in 2019 (SWD(2019) 187 – <https://europa.eu/tyj89yD>).

How is it implemented?

The Directorate-General for Regional and Urban Policy is the lead DG for the implementation of the programme. The programme is implemented through shared management for Member States or indirect management for countries negotiating their accession to the EU.

SOLIDARITY FUND

EUROPEAN UNION SOLIDARITY FUND

What is the EUSF?

The European Union Solidarity Fund (EUSF), created in 2002, is activated upon the request of an eligible Member State when major or regional natural disasters eligible for aid from the fund occur, such as earthquakes, floods, droughts, forest fires or storms. Eligibility is essentially determined by total direct damage, which must exceed 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 common classification of territorial units for statistics level 2 (regional disasters). The number and size of eligible disasters determine the amount of spending in a given year. The total annual budgetary allocation to the fund laid down in the multiannual financial framework is a ceiling, rather than a spending target. The fund is therefore not programmable as it entirely depends on the unpredictable occurrence, nature and magnitude of such disasters.

The Commission may not activate the EUSF upon its own initiative. Financial assistance from the fund is mobilised from appropriations raised by the European Parliament and the 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 the Member States and the Parliament, and not just as an administrative act of the Commission.

The fund can be used to (re)finance public emergency and recovery operations from day one of the disaster, such as restoring basic infrastructure to working order, providing temporary accommodation and funding rescue services to help the affected population, securing preventive infrastructure (e.g. dams/dykes) and organising clean-up operations. In order to minimise the administrative burden on countries struggling with a serious disaster and to maximise the budgetary effect, there are no programming and no national co-financing requirements. In April 2020 – in response to the coronavirus pandemic – the thematic scope of the fund was extended to major public health emergencies.



Specific objective

- To grant financial assistance to Member States or countries negotiating their accession to the EU in the event of a major natural disaster with serious repercussions on living conditions, the natural environment or the economy for the financing of emergency operations undertaken by the public authorities in support of the affected population.

Why is it necessary?

Solidarity is one of the core values of the EU and a guiding principle of the European integration process. The fund is a concrete demonstration of solidarity between Member States in times of acute need caused by the occurrence of a severe natural disaster or health crisis by providing financial assistance to Member States and countries negotiating their accession to the EU.

Emergency Aid Reserve. The maximum annual amount for the Solidarity and Emergency Aid Reserve is EUR 1.2 billion (2018 prices).

In order to avoid early depletion of the annual allocation, 25% of the total 2021 allocation for the Solidarity and Emergency Aid Reserve (EUR 318.4 million) needs to be retained until 1 October 2021, and no transfer of unused funds can be conducted between the different components of the Solidarity and Emergency Aid Reserve prior to 1 September. In addition, until September 2021, the amount available is 50% of the total allocation until 1 September 2021, i.e., EUR 477.5 million.

Outlook for the 2021-2027 period

The multiannual financial framework regulation for 2021-2027 has merged the EUSF and the Emergency Aid Reserve together to form the Solidarity and

Budget implementation (in million EUR)

EXECUTED COMMITMENTS		EXECUTED PAYMENTS	
151.9	2018	151.9	
294.8	2019	294.8	
1 105.8	2020		1 105.8

⁽¹³⁾ The EUSF can be activated in case of need and as such is not predictable and programmable. The instrument has a ceiling of EUR 500 million (2011 prices) per year, of which unused parts can be carried over to the following year under specific conditions.

Where are we in the implementation?

- The contribution from the EUSF depends on the scale of the disaster: 2.5% is allocated for the total direct damage up to the 'major disaster' threshold, and 6% for the damage exceeding the threshold. Accordingly, for regional disasters and disasters accepted under the 'neighbouring country' provision, the fund's contribution is 2.5% of total direct damage.
- The EUSF is activated at the request of an eligible state when major or regional natural disasters eligible for EUSF aid occur, such as earthquakes, floods, droughts, forest fires, storms, etc. Eligibility is essentially determined by the total direct damage, which must exceed a threshold specific to each Member State / country negotiating EU accession or region at common classification of territorial units for statistics level 2. The number and size of eligible disasters determines the amount of spending in a given year. The total annual budgetary allocation to the fund that is laid down in the multiannual financial framework is a ceiling rather than a spending target. The EUSF is therefore not programmable, as it entirely depends on the unpredictable occurrence, nature and magnitude of such disasters.
- As part of the coronavirus response investment initiative, Regulation (EU) 2020/461 of the European Parliament and of the Council of 30 March 2020 amended the EUSF regulation (Regulation (EC) No 2012/2002) by including major public health emergencies within the scope of the EUSF. Since 1 April 2020, EU Member States and accession countries have also been able to apply for support from the EU Solidarity Fund for public health emergency reasons, to alleviate the burden from first-response measures such as providing medical assistance and purchasing medical equipment, supporting vulnerable groups, containing the spread of the disease, strengthening preparedness, etc.
- Regulation (EU) 2020/461 increased the percentage of advance payments from 10% to a maximum of 25% of the anticipated financial contribution from the EUSF, limited to a maximum amount of EUR 100 million (n increase from the previous EUR 30 million).

Performance assessment

- An in-depth *ex post* evaluation of the EUSF was completed in May 2019 with the adoption of a staff working document (SWD(2019) 187). The purpose was to assess the implementation and performance of the financial assistance provided by the fund over the 2002-2016 period. The evaluation confirmed the effectiveness of the fund and the positive effects of synergies between it and other EU policy instruments for disaster risk management. It further concluded that the fund brings clear EU added value as a toolkit for disaster intervention and that consideration should be given to policy actions that increase the potential for the fund to intervene.
- In 2019 the Commission received four natural disaster applications, from Austria regarding extreme weather conditions in 2018; Greece regarding the storm in Crete early 2019; Portugal regarding hurricane Lorenzo in the Azores in 2019; and Spain regarding the extreme weather related to the phenomenon of isolated depression at high levels. EUR 78 million was paid out in total for applications received in 2019.
- In 2020 the Commission received nine natural disaster applications, from Italy regarding extreme weather damage culminating in the flooding of Venice in late 2019; Austria following the extreme weather events of November 2019; Spain following the damage caused by storm Gloria in January 2020; Croatia following the devastating earthquake that hit the city of Zagreb and the surrounding area on 22 March 2020; Poland regarding the floods in Podkarpackie province in June 2020; Greece regarding the floods in the region of Sterea Ellada in August 2020; Greece relating to the damage caused by Mediterranean cyclone Ianos in September 2020; France relating to the damage caused by storm Alex in October 2020; and Italy relating to the damage caused by storm Alex in the Piedmont, Liguria and Valle d'Aosta regions in October 2020.
- The application from Spain and the second application from Italy did not meet the damage or national and regional disaster thresholds, and were rejected. The Commission has started to assess the two applications from Greece and the applications from France and Italy (all received in the last months of 2020), and decisions regarding possible EUSF assistance will be taken in 2021. EUR 905 million has already been paid out for applications received after natural disasters in 2020.
- By the deadline of 24 June 2020 the Commission had received 22 applications for a financial contribution from the EUSF to combat the effects of the COVID-19 pandemic. Overall, 19 EU Member States (Belgium, Czechia, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Latvia, Lithuania, Luxembourg, Hungary, Austria, Poland, Portugal, Romania and Slovenia) and three accession countries (Albania, Montenegro and Serbia) requested assistance in response to the major public health emergency.
- In 2020, based on its preliminary assessment, the Commission provided EUR 133 million in advance payments to Germany, Ireland, Greece, Spain, Croatia, Hungary and Portugal. These seven Member States were the only ones to make specific request and entitled to receive advance payments.
- The Commission looked thoroughly into several aspects, such as the consistency of the overall assessment, the eligibility of the expenditure (including analysing whether the expenditure presented covered eligible operations and fell within the eligibility period), the emergency nature of expenditure and whether there was a direct link to the COVID-19 health emergency. The Commission is currently finalising the assessment, following a series of exchanges with the national authorities responsible to clarify issues regarding the eligibility of certain types of declared expenditure. The Commission intends to submit a proposal for financial contribution to the European Parliament and the Council in the first quarter of 2021, mobilising the resources available while ensuring a fair distribution among the applicant countries.

Concrete examples of achievements

EUR 970 million	31	6
was awarded from the EUSF and paid out to six affected applicant states relating to natural disasters that occurred in 2019 and 2020.	new EUSF applications were received in 2020, consisting of nine natural disaster applications and 22 major public health emergency applications.	applications relating to natural disasters were assessed in 2020, and assistance from the EUSF was awarded.



Strasbourg, 8.6.2021
COM(2021) 301 final

ANNEXES 4 to 13

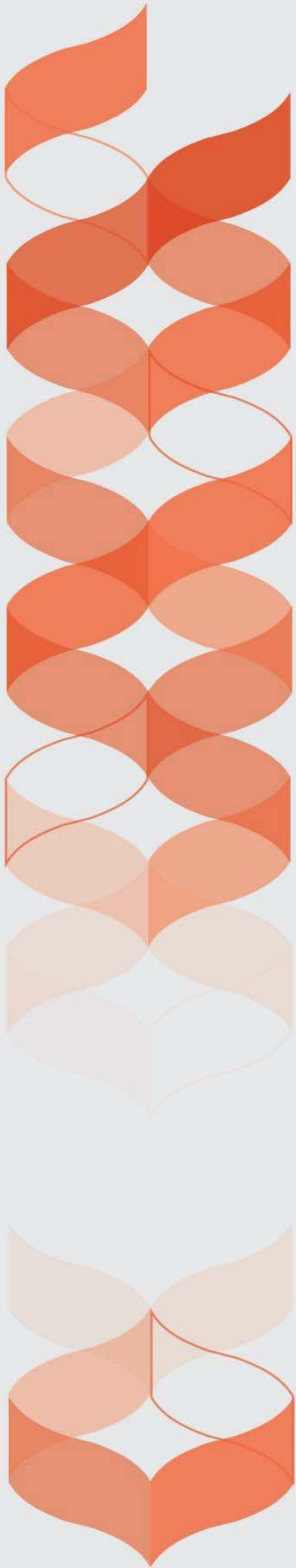
ANNEXES

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 - Financial Year 2020



Annex 4 – Mainstreaming

Annex 4: Mainstreaming

4.1. Climate mainstreaming

The fight against climate change is, by its very nature, a fight that transcends national boundaries. In order to achieve our climate goals, develop new clean technology, deploy the best solutions and drive our economies towards a more sustainable path, action at EU level is needed. EU action can exploit significant economies of scale, pull together resources to reach critical mass, and contribute to strengthening the EU in the international arena.

The EU budget makes a crucial contribution towards the fight against climate change. **Over the course of the 2014-2020 multiannual financial framework, the EU delivered on its ambition of spending 20% of available funds on climate-related measures.**

What do we do?

In the 2014-2020 multiannual financial framework, the Commission implemented an innovative approach to dedicate resources to the fight against climate change: ‘climate mainstreaming’. This requires programmes in all policy areas to consider climate priorities in their design, implementation and evaluation phases. With a target of contributing 20% of the EU budget expenditure to climate goals, all the programmes are designed to implement two types of measures.

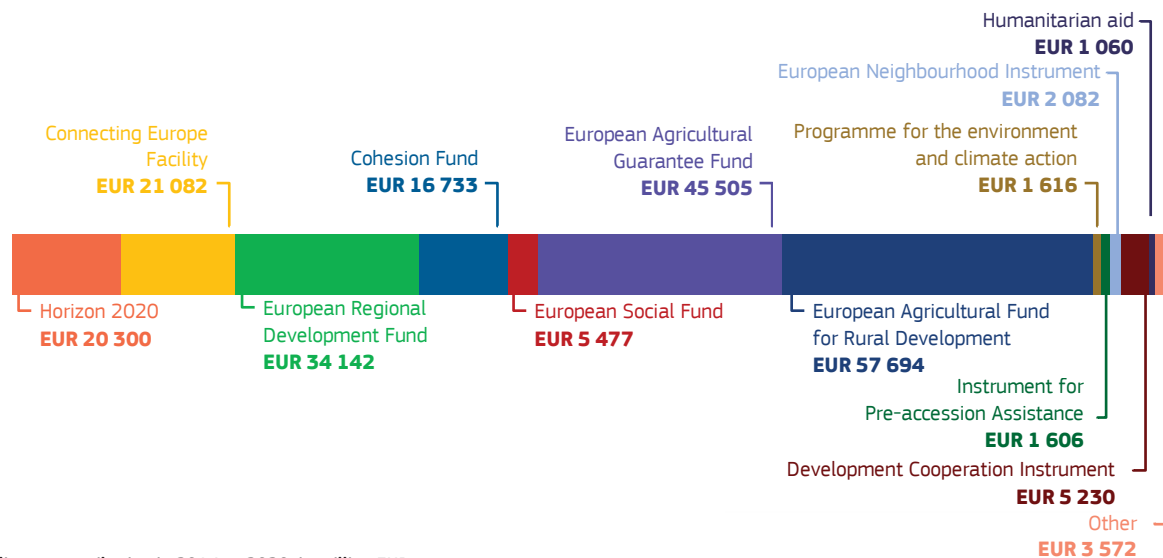
- **Adaptation. This involves** finding solutions to and ensuring preparedness for adverse effects of climate change, enhancing resilience, taking appropriate action to prevent or minimise the damage such effects can cause, and taking advantage of any opportunities that may arise.
- **Mitigation. This refers to** actions that limit the magnitude of long-term climate change. Climate change mitigation generally involves reductions in emissions of greenhouse gases.

In this context, ‘**climate proofing**’ is the practice of making sure that buildings and infrastructure are adapted to cope with the changes in the environment. This is applied across the EU budget in the programmes supporting infrastructure. In addition, to guarantee that the EU budget financing does not have a harmful effect on the environment, an ‘**exclusion list**’ of projects that cannot be financed is also included in the common provisions regulation.

In the context of the new multiannual financial framework, the Commission has improved its approach to climate mainstreaming, including through:

- increasing the overall target for the contribution to climate mainstreaming and including targets in the relevant legislation;
- embedding the EU budget action in the European Green Deal policy framework, through the adoption of the biodiversity strategy and the farm-to-fork strategy;
- enhancing the climate responsiveness of the budget for programmes that do not directly tackle the climate challenge, through reinforced climate proofing and the application of the ‘do no significant harm’ principle;
- a strong shift from the Organisation for Economic Co-operation and Development’s ‘Rio markers’, which are intent-based, to the EU ‘climate markers’, which are instead result-based.

How much do we spend?



Climate contribution in 2014 to 2020, in million EUR.

Source: European Commission.

To track the EU budget expenditure, the Commission uses the EU climate coefficients, based on the internationally recognised methodology of the Organisation for Economic Co-operation and Development's Rio markers. The methodology consists of assigning a coefficient of 0%, 40% or 100% to each intervention to reflect the extent to which climate considerations have been integrated into its design. These markers are assigned at different levels of granularity (e.g. at the level of a project rather than an objective or strand or, in some cases, the overall programme) depending on information and data availability constraints. For the 2021-2027 multiannual financial framework, efforts are ongoing to reach a comparable level of fine granularity in the application of the EU climate markers across all programmes.

In 2021 the Commission is continuing to revise and update all the data available, including further consolidating existing data and applying a more granular methodology where possible.

For the 2014-2020 period, EUR 216 billion of the EU budget was dedicated to the fight against climate change, i.e. 20.15%.

Some examples of what we achieved

Under Horizon 2020

- **Sustainable and resilient production of food, wine and oil.** This project designed a climate services prototype to build more resilient, efficient and sustainable agriculture and food systems. Although it focused on three key crops in the Mediterranean area (grapes, olives and durum wheat), the prototype can be used in other sectors. **The co-production of climate services for East Africa project** co-developed dedicated climate services for the water, energy and food security sectors with stakeholders and end users, to enhance their ability to plan for and adapt to seasonal climate fluctuations in East Africa. The services will potentially reach 365 million people in 11 countries.
- **Urban climate resilience.** **GrowGreen** supported nature-based solutions for urban climate resilience, from co-design to co-management, with contributions to climate strategies in city case studies, such as the city of Manchester in the United Kingdom.
- **Climate impacts beyond Europe.** This project identifies how the risks of climate change to countries, economies and peoples beyond Europe might cascade into Europe. It also looks into possible mitigation and adaptation efforts.
- **Too much or too little water.** **The 'bridging the gap for innovations in disaster resilience' project** supported innovations in climate change adaptation, bridging the gap between innovators and end users in resilience to floods, droughts and extreme weather.

Under the space programme

- The **Copernicus Climate Change Service** works together with businesses across the globe to turn raw climate data into sector-specific information aimed at users within the field, such as businesses, researchers and policymakers. One of these projects is the global biodiversity service, which aims to support those working to preserve species, to protect the areas that are most climate sensitive, to increase the resilience of ecosystems and to reduce biodiversity loss around the world by providing the information needed to create plans to sustain ecosystems in present and future climate conditions.

Under cohesion policy

- By 2019, an increase of over 2 000 megawatts in additional capacity of renewable energy production had been achieved.
- Over 285 000 additional households were able to achieve an improved energy consumption classification with the help of regional funding.
- A decrease of over 1.2 billion kilowatt hours in annual primary energy consumption by public buildings was achieved.
- By 2019, a reduction of over 2.9 million tonnes of CO₂ equivalent per year had been achieved.

Under Erasmus+

- The **'Green living in the rural area' training course** was designed, to empower youth workers and their organisations to support social and environmental responsibility, saving and optimising resources. The project trains youth workers to reuse and recycle materials and equips them with the skills to act as multipliers in their own organisations. The main objectives are to raise participants' awareness of sustainable development in rural areas and of ways of reusing and recycling materials; to provide participants with the knowledge, skills and competence to reuse wood and other materials to build a tree house; to encourage the participants' entrepreneurial spirit; and to foster creativity, leadership skills, innovative attitudes and environmental responsibility in participants, so that they can act as multipliers of the knowledge acquired in the training course.

In relation to the external dimension

- The EU fulfilled its pledge to provide a EUR 10 million financial **contribution to the Adaptation Fund** – one of the international climate funds established under the United Nations Framework Convention on Climate Change, thus contributing to the global efforts to address climate change in the most vulnerable countries of the world. Furthermore, the EU continued to provide support for climate action to developing countries through its flagship initiative, the global climate change alliance+.

Climate-related administrative expenditure is not accounted for in the mainstreaming estimates. The European Commission is committed to sustainability. Thus, through the eco-management and audit scheme system, the Commission implements a monitoring programme to assess, measure, monitor and reduce the environmental impact of its daily activities. The Commission has achieved significant results, for example the following (results refer to the Brussels site during the 2005-2019 period) ⁽¹⁴⁾:

- energy for buildings = – 65% (megawatts/person),
- CO₂ emissions for buildings = – 86% (tonnes/person),
- office paper = – 71% (sheets/person/day),
- water use = – 58% (m³/person),
- non-hazardous waste = – 38% (tonnes/person).

⁽¹⁴⁾ For more details, please see the Commission's environmental statement (https://ec.europa.eu/environment/emas/pdf/other/ES_2020_Results_2019_Corporate_summary.pdf and https://ec.europa.eu/environment/emas/pdf/other/EMAS_brochure.pdf).

4.2. Biodiversity tracking

Preservation of biodiversity ensures the long-term stability of ecosystems and enables the sustainable preservation of natural resources for future generations. Tackling biodiversity loss and restoring ecosystems require significant investments, including to ensure a more resilient society and combat the emergence of diseases linked to ecosystem degradation and wildlife trade.

What do we do?

To halt and reverse the decline of biodiversity in the EU is a major objective of the EU, as confirmed in the political guidelines from Commission President von der Leyen. Protecting biodiversity is a global issue that requires transnational intervention and coordination. This important strategic political ambition is reflected in the European Green Deal and its 2020 investment plan.

In line with the **European Green Deal**, the Commission, the European Parliament and the Council of the European Union decided in an interinstitutional agreement that biodiversity should be mainstreamed in the EU programmes, to achieve a level of **'7.5% in 2024 and 10% in 2026 and in 2027 of annual spending under the MFF [multiannual financial framework] to biodiversity objectives**, while considering the existing overlaps between climate and biodiversity goals' ⁽¹⁵⁾. This is in line with the statement in the biodiversity strategy for 2030 that biodiversity action requires at least EUR 20 billion per year stemming from 'private and public funding at national and EU level' ⁽¹⁶⁾, of which the EU budget will be a key enabler. The Biodiversity Strategy also sets out that, as nature restoration will make a major contribution to climate objectives, a significant proportion of the EU budget dedicated to climate action will be invested on biodiversity and nature-based solutions

How much do we spend?



Biodiversity contribution in 2014 to 2020, in million EUR.

Source: European Commission.

⁽¹⁵⁾ 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 (OJ L 433I, 22.12.2020, p. 28) (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.LI.2020.433.01.0028.01.ENG>).

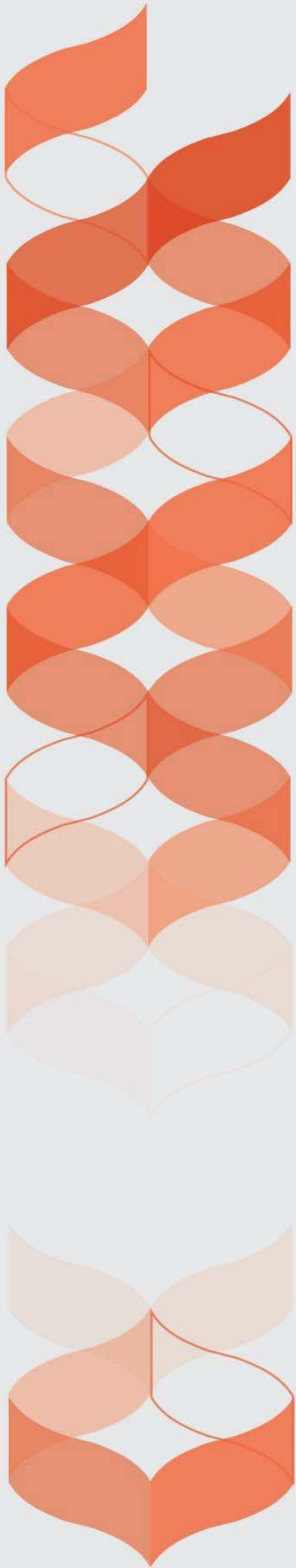
⁽¹⁶⁾ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – EU biodiversity strategy for 2030 – Bringing nature back into our lives (COM(2020) 380) (<https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1590574123338&uri=CELEX%3A52020DC0380>).

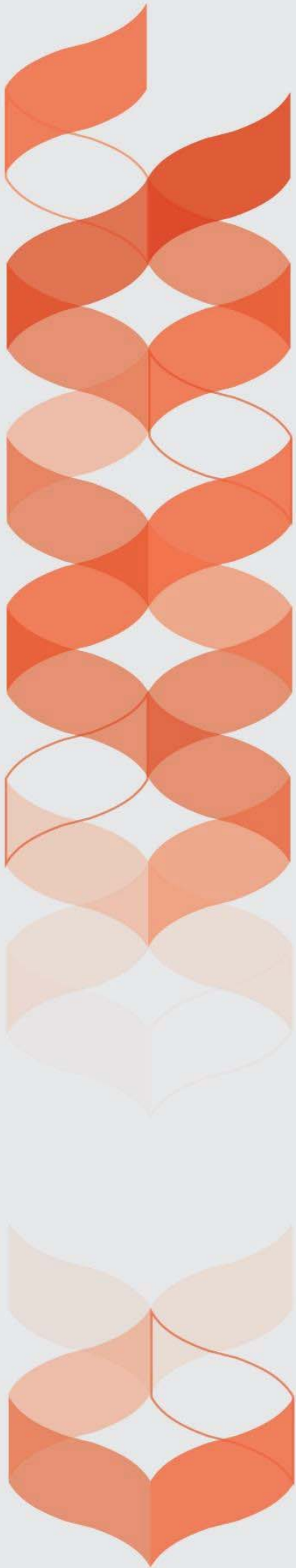
To track the EU budget expenditure for biodiversity, an internationally recognised methodology (the Rio markers) is used. The methodology involves applying a coefficient of 0%, 40% or 100% to each project/objective/strand/programme, reflecting the degree to which biodiversity considerations have been integrated. The Commission is currently working to update the Biodiversity methodology for the 2021-2027 period, to properly implement an enhanced EU Coefficient system for biodiversity expenditures.

For the 2014-2020 period, the EU budget dedicated EUR 85 billion, or 8% of the multiannual financial framework, to the fight against biodiversity loss.

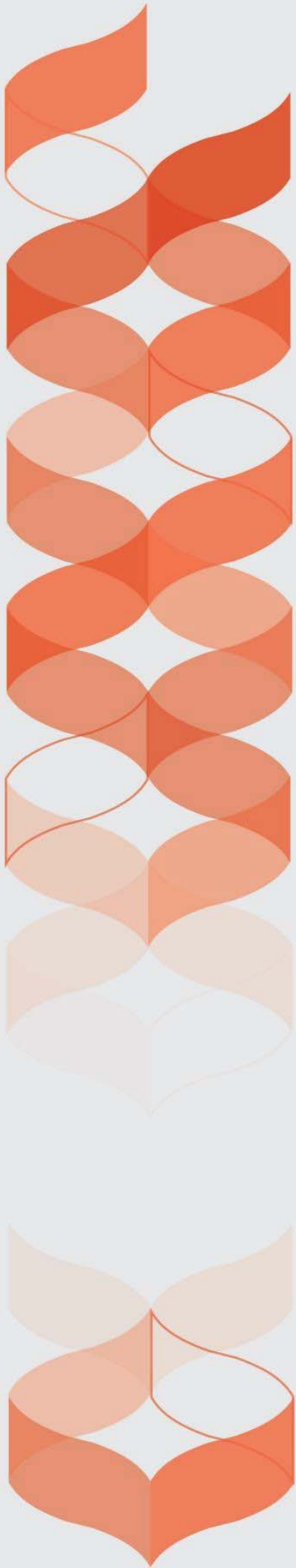
Some examples of what we achieved

- The **Horizon 2020 project on the biosystematics, informatics and genomics of the big four insect groups** studied the four largest insect groups, to investigate hotspots of largely unknown insect diversity to better comprehend its potential for helping tackle economic and societal needs. The project employed a wide spectrum of modern, innovative approaches to uncover the evolutionary history of several insect lineages.
- Through **cohesion funding**, by 2019:
 - nearly 3 million additional people were being served by improved waste water treatment with the help of regional funds;
 - nearly 6 million hectares of habitats had achieved better conservation status with support from regional funds.
- The **Development Cooperation Instrument** helped improve the conditions of 186 different species.
- Under the **European Neighbourhood Instrument**, bilateral and regional projects have been targeting biodiversity. For example, the **integrated monitoring and assessment programme–marine protected areas project** aims at achieving a good environmental status for the Mediterranean Sea and coast through an ecologically representative and efficiently managed and monitored network of marine protected areas. The project has a total budget of EUR 4 million and its implementation period runs from 2019 to 2022.
- Another example is the **EU4Environment project** within the **Eastern Partnership**. This project helps partner countries to preserve their natural capital and to increase people’s environmental well-being, by supporting environment-related action, demonstrating and unlocking opportunities for greener growth and establishing mechanisms to better manage environmental risks and impacts.





Annex 5 – Risk at payment/closure reported in the 2020 annual activity reports

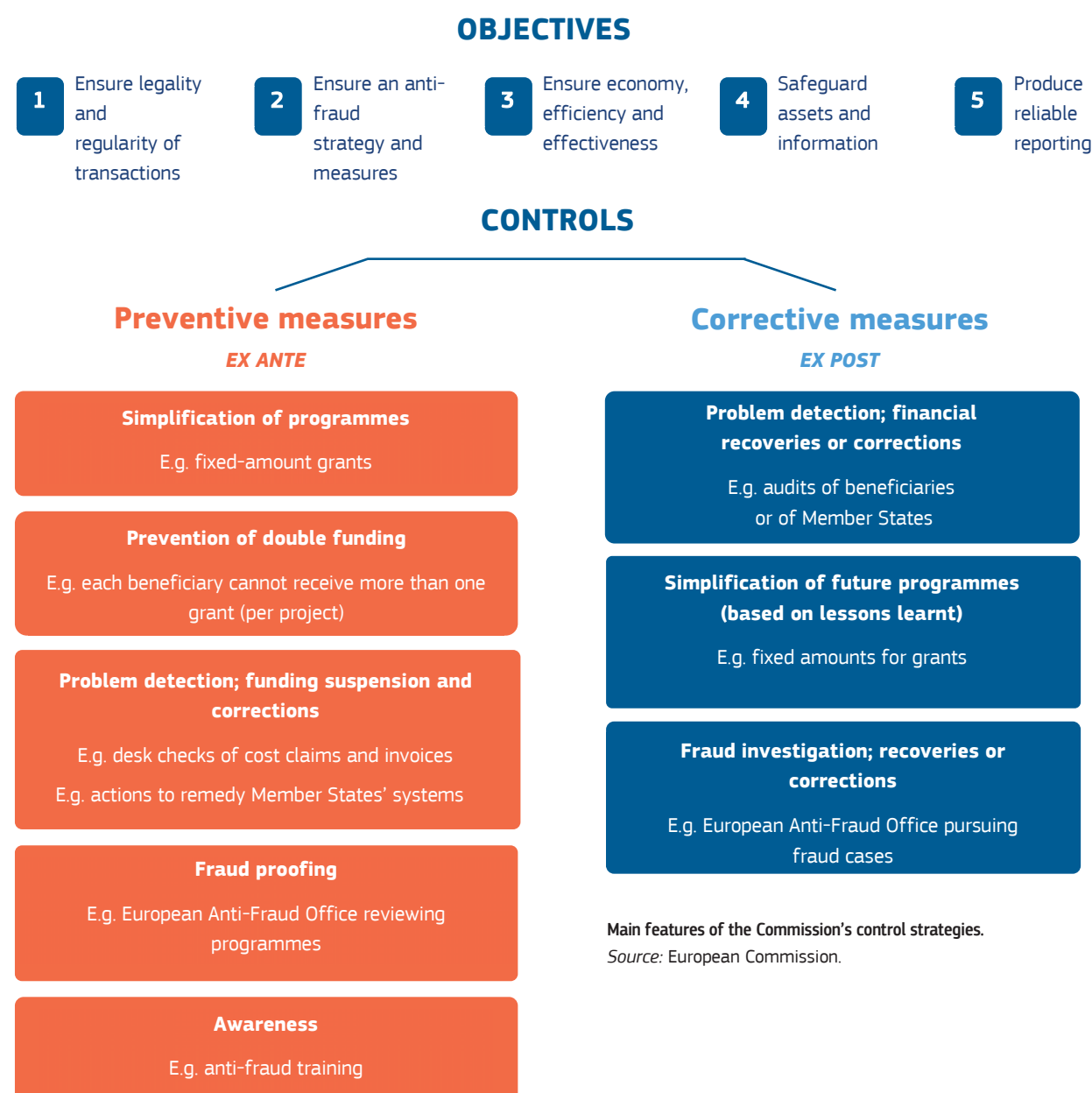


Annex 5: Risk at payment/closure reported in the 2020 annual activity reports

5.1. Main concepts

The Commission's multiannual control strategies involve both preventive and corrective measures to ensure the sound financial management of EU funds (see **chart** below).

Preventive and corrective measures



Preventive measures take place before the Commission makes the payment. They result mostly from controls (called *ex ante* controls) carried out by the Member States and entrusted entities before submitting expenditure to the Commission, and by the Commission 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, all financial operations are subject to controls before payment, under all management modes.

Examples of such preventive measures are the recovery of unused pre-financing, the (partial) rejection of costs claimed and the corrections made by Member States before declaring the expenditure to the Commission. Indeed, even though these corrections may have been applied by the Member States after they have made payments to beneficiaries, they intervene before the Commission's payments and do not affect those.

The intensity, in terms of frequency and/or depth of these controls, depends on the risks and costs involved. Consequently, for low-risk transactions *ex ante* controls usually take the form of desk reviews rather than on-site controls at the premises of the beneficiary. Indeed, for such transactions, on-site controls would entail a prohibitive cost compared to the expected benefit.

In shared management, the possibility of interruptions/suspensions of payments to Member States in the event of serious deficiencies detected by national or EU audits in the management and control systems has a preventive character. In addition, the Commission provides training and guidance to Member State authorities on the eligibility aspects of grants and procurement.

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, these result from controls (called *ex post* controls) that are typically performed on-site, on a sample basis, and are either representative or based on a risk assessment. In shared management, the Commission will perform system audits of Member States' controls and/or the work of the audit bodies after a risk analysis. The Commission audits might include re-performance of the audits carried out by the Member State audit bodies. These audits may lead to financial corrections and recoveries of irregular expenditure ⁽¹⁶⁾.

For an analysis of the actual financial corrections and recoveries made during the 2020 reporting year itself, see Annex 7.

Sources and root causes of errors detected by the Commission or by the Member States are also taken into account when preparing future (simplified) legislation and when (re)designing controls in order to further reduce the level of error in the next generation of funding programmes.

Risk at payment

The risk at payment quantifies any errors that remain after preventive controls have been applied and payments have been made ⁽¹⁷⁾, but before corrective measures have been applied by the Commission, thus at the moment the Commission makes a payment. In the case of shared management, this implies that the risk at payment quantifies any errors that remain after controls, *ex ante* and *ex post*, have been carried out and corrections have been applied by the national authorities, before declaring the expenditure to the Commission. These errors are typically detected by Commission's directorates-general through audits or surveys. Controls at this stage allow for the errors to be corrected and for additional preventive measures (e.g. additional guidance for Member States, entrusted entities or beneficiaries) to be taken, if necessary, and for the effectiveness of the (*ex ante*) controls to be gauged and adapted if needed.

Each department estimates its error rate per programme or other segment of payments. Some departments may use different terminology in their annual activity reports: 'adjusted error rates' is used by DG Agriculture

⁽¹⁶⁾ NB: Such corrections are not sanctions and do not include the penalties and fines.

⁽¹⁷⁾ 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.

and Rural Development and 'residual total error rates' ⁽¹⁸⁾ is used by DG Regional and Urban Policy, DG Employment, Social Affairs and Inclusion and DG Maritime Affairs and Fisheries.

Nevertheless, the departments use a consistent methodology to assess the risk of error in their financial operations based on the institutional framework in place. This is typically done through audits taking place after the Commission's payments, taking into account and assessing the results of controls and audits carried out by national authorities in the first instance under shared management. These audits reveal any errors that may have remained after the Commission's *ex ante* controls (in addition to the *ex ante* and *ex post* controls by the national authorities in the case of shared management) had been applied and make it possible to estimate those parts of expenditure or revenue likely to be in breach of applicable regulatory and contractual provisions before any correction has taken place at Commission level. This corresponds to the risk at payment for an individual programme or segment, as a percentage.

All types of error, either formal or material, are duly considered and may lead to further enhancements of the control systems in place. Furthermore, in terms of consequences for the EU budget, the Commission calculates the actual financial impact of the errors. This is not necessarily equal to the total value of the EU funding involved: for example it may only be equal to the amount of overpayment where a grant beneficiary has declared an amount above the reimbursement ceiling, to a pro rata amount of the EU funding where the EU only co-funds a grant, or even zero in the case of merely formal errors that have no financial impact. A special case of the latter is where formal errors occur in procurement procedures that do not necessarily preclude the possibility that the best offer was selected, that the output has been delivered in accordance with the contract and that the payments have been regular ⁽¹⁹⁾.

On the other hand, two departments (DG International Partnerships (formerly DG International Cooperation and Development) and DG Neighbourhood and Enlargement Negotiations) carry out specific studies to determine their residual error rates, i.e. error rates estimated after all corrections have been implemented.

The risk at payment value is obtained by multiplying the relevant expenditure per programme or segment by the corresponding error rate.

For low-risk expenditure, where there are indications that the error rate might be close to zero (e.g. administrative expenditure, operating subsidies for agencies), it is nevertheless recommended to use an error rate of 0.5% as a conservative estimate.

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 payment value, which is the sum of all the amounts of risk at payment, and its percentage, which is the overall weighted average of the risk at payment as a percentage.

Estimated future corrections

Once an error is detected, it will subsequently be corrected by the Commission – either via recovery or by being offset against future payments. However, as both detection and remedy may not be immediate, corrections will often not be made in the same financial year as the payment. Nevertheless, the multiannual control systems and corrective mechanisms ensure that any necessary corrections are made within the relevant programme's life cycle.

Because the majority of the programmes and control strategies are multiannual, the risk at payment determined in the first instance may therefore provide an incomplete picture, as errors can still be corrected over the course of a number of years after the payments have taken place, until the closure of the programme. In addition, corrections resulting from *ex post* controls rarely take place within the same financial year as the payment.

⁽¹⁸⁾ The residual total error rate is the total error rate minus corrections applied by programme authorities.

⁽¹⁹⁾ See Commission decision laying down the guidelines for determining financial corrections to be made to expenditure financed by the Union for non-compliance with the applicable rules on public procurement, C(2019) 3452 final, 14.5.2019.

Therefore, in a second stage, departments estimate the percentage of future corrections they could still apply. These are the conservative and forward-looking estimates of the corrections that they will implement as a result of (*ex post*) Commission controls in subsequent years.

The estimates of future corrections described here must not be confused with the actual financial corrections and recoveries made during 2020 (presented in Annex 7). Firstly, the scope of the actuals is broader as they include both preventive and corrective measures to protect the EU budget, not just *ex post* corrections. Secondly, the timing is different as the actuals relate to expenditure from previous years (during which errors may have been higher) as opposed to the estimated future corrections, which are calculated to relate only to 2020 expenditure.

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 the corrections that remain possible are considered for this estimate.

To some extent, this estimate is based on the 7-year historical average of recoveries and financial corrections. However, where the departments are of the opinion that this is not the best available estimate of their *ex post* corrective capacity for their current activities, they adjust or replace their historical average. Any *ex ante* elements (e.g. recovery of unused pre-financing), one-off events, (partially) cancelled or waived recovery orders or other factors from previous years that would no longer be relevant for current programmes (e.g. higher *ex post* corrections of previously higher errors in earlier generations of grant programmes; current programmes with only *ex ante* control systems) may be taken out in order to arrive at the best and most conservative estimate of future corrections to be applied for the expenditure of the current programmes.

In 2020, most departments adjusted or replaced their historical average of corrections in order to arrive at their best conservative estimate of the future corrections to be applied to their relevant expenditure for the reporting year.

The types of adjustments made include: reducing the 7-year period (e.g. for DG Agriculture and Rural Development, DG Maritime Affairs and Fisheries, DG International Partnerships and DG Neighbourhood and Enlargement Negotiations); using an alternative estimation basis (e.g. for DG Agriculture and Rural Development, DG Maritime Affairs and Fisheries, DG Regional and Urban Policy and DG Employment, Social Affairs and Inclusion⁽²⁰⁾, along with the research group of departments),); and assuming that future *ex post* corrections will be zero (e.g. for those whose control systems consist of predominantly *ex ante* controls).

These future corrections can never be fully equal to the risk at payment. This is due to the fact that some of the errors may be of a formal nature, which, although important to address, does not always result in undue payments and therefore does not always give rise to financial corrections or recovery orders.

Risk at closure

This risk is estimated at programme closure⁽²¹⁾, meaning that when all controls are completed and corrections are applied, legally no further action may be taken.

The risk 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 estimation of the outcome to be expected by the closure of each programme. The estimation is forward-looking, anticipating the point when all future corrections have been made. The risk at closure is more representative of the multiannual corrective capacity of the Commission and of the real risk to the expenditure.

⁽²⁰⁾ These departments use their envisaged corrections identified for the specific operational programmes and accounting year affected.

⁽²¹⁾ In the case of the European Agricultural Guarantee Fund, the term 'estimated final amount at risk' is used instead, to better reflect the fact that there is no set closure point for these measures.

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 as a percentage.

5.2. Main features of the Commission and the Court of Auditors approaches

The concepts above have been developed to fit the Commission's management context, and they also largely converge with those used by the Court of Auditors in its audit approach, as shown below (see also the comparison in the table on the following page).

- The risk at payment is **closest⁽²²⁾ to the Court of Auditors' 'estimated level of error'**. In recent years, the Court of Auditors has recognised that the Commission figures are, in most cases, broadly in line with its own estimates and/or range⁽²³⁾.
- 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 financial year. This is fully in line with the Court of Auditors' approach⁽²⁴⁾.
- The **'materiality threshold' set, in most cases, at 2%** of the relevant expenditure⁽²⁵⁾, is also in line with the Court of Auditors' methodology⁽²⁶⁾.

In addition, in order 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). This means that the Commission's holds very detailed information on error rates. Moreover, the Commission's methodology takes into account the multiannual nature of the spending programmes for the risk at closure, especially the fact that errors not identified at the point of payment can still be detected and corrected in the subsequent year(s).

⁽²²⁾ European Court of Auditors, 2019 annual report, paragraph 1.33.

⁽²³⁾ European Court of Auditors, 2019 annual report, paragraph 1.34.

⁽²⁴⁾ European Court of Auditors, 2019 annual report, paragraph 1.14.

⁽²⁵⁾ The only exceptions are: (a) 1% for revenue (by DG Budget; stricter in view of the very large amounts); and (b) the range of 2-5% for the Horizon 2020 programme (by the research-related departments; see details in Annex 2.2 of the report).

⁽²⁶⁾ European Court of Auditors, 2019 annual report, Annex 1.1 (on methodology), paragraph 21.

	European Commission management perspective	European Court of Auditors audit perspective ⁽²⁷⁾
Roles	<ul style="list-style-type: none"> • Provide annual management assurance • Identify weaknesses and take action on a multiannual basis • Protect the EU budget 	<ul style="list-style-type: none"> • Provide an audit opinion on the legality and regularity of financial transactions of a specific year
Level of granularity	<ul style="list-style-type: none"> • Error rate for the EU budget as a whole and individual error rates for each department and policy area under headings 1 to 5, plus for revenue • Error rates calculated per policy area, programme and/or relevant (sub)segments • Expenditure and revenue of the year (or 2 years for research) with a multiannual perspective 	<ul style="list-style-type: none"> • Error rate for EU budget as a whole and individual error rates for headings 1a, 1b, 2 and 5, plus for revenue • Expenditure and revenues of the year
Multiannuality	<ul style="list-style-type: none"> • Two error rates (risk at payment and risk at closure ⁽²⁸⁾); multiannuality prospectively taken into account for the risk at closure through estimated future corrections for all programmes 	<ul style="list-style-type: none"> • One error rate (most likely error) • Multiannuality retroactively taken into account, only through financial corrections implemented for closed programmes
Materiality threshold	<ul style="list-style-type: none"> • 2% • Except for revenue (1%) and for Horizon 2020 (between 2% and 5%) 	<ul style="list-style-type: none"> • 2%

Comparison between perspectives of the Commission and the European Court of Auditors.

⁽²⁷⁾ More information may be found in [Annex 1.1 to the Court of Auditors' annual report](#).

⁽²⁸⁾ For the spending related to the common agricultural policy, the term 'estimated final amount at risk' is used, as the measures under the European Agricultural Guarantee Fund are not 'closed'.

These approaches can lead to differences between the error rates reported by the Court of Auditors and those reported by the Commission.

This is especially true given that, when the Court of Auditors detects errors in a sample of transactions, it extrapolates the impact to the whole multiannual financial framework heading.

Given its carefully determined segmentation, the Commission, when detecting errors, is able to extrapolate them precisely to the areas where they are most likely to appear. This allows the Commission to give a nuanced view of the level of error across the payments made, to identify exactly where the errors occurred and, therefore, what remedial actions are needed.

5.3. Main data for 2020

Relevant expenditure from the EU budget

The amount of the Commission's 'relevant expenditure' from the **EU budget** is determined to be in line with the Court of Auditors' scope of transactions reviewed⁽²⁹⁾. 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 institution or 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. Therefore, the risks at payment and at closure are determined against this amount.

Other expenditure added to obtain the Commission's consolidated budget

In order to show a complete picture of the funds for which the Commission is responsible, the expenditure made under the **European Development Fund has been added to this report**. This is a budget separate from the EU budget, 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. These are still mainly DG International Partnerships, plus DG European Civil Protection and Humanitarian Aid Operations, DG Education, Youth, Sport and Culture, the European Education and Culture Executive Agency (formerly the Education, Audiovisual and Culture Executive Agency) and the Joint Research Centre.

These tables also show the expenditure related to the four **EU trust funds**: 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 Annex 13). In Table B, this expenditure is included in the external relations policy area. In Table C, it is included in DG International Partnerships, DG Neighbourhood and Enlargement Negotiations 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.

⁽²⁹⁾ European Court of Auditors, 2019 annual report, Annex 1.1 (on methodology), paragraph 11.

The following tables show:

- the amount of relevant expenditure for the whole Commission (see Table A) – this is the basis against which the risk at payment and at closure are determined to be in line with the Court of Auditor’s approach;
- a consolidated overview of the Commission’s risk at payment/closure per policy area (see Table B) and per department (see Table C).

2020 (provisional) annual accounts	Payments made (a)	– New pre-financing (b)	+ Retentions made (c)	+ Cleared pre-financing (d)	– Retentions released (e)	= Relevant expenditure (f) = (a) – (b) + (c) + (d) – (e)
EU budget	169 176	38 563	5 326	21 170	2 931	154 179
<i>Contributions from the EU budget to the EU trust funds</i>	– 687	0	0	0	0	– 687
European Development Fund	4 605	2 253	0	1 971	0	4 323
<i>Contributions from the European Development Fund to the EU trust funds</i>	– 800	0	0	0	0	– 800
EU trust funds	1 619	1 401	0	653	0	871
Commission total	173 912	42 216	5 326	23 795	2 931	157 886

Table A: Amount of ‘relevant expenditure’ for the whole Commission (2020, million EUR).

Source: Commission annual activity reports.

Specifications of columns (a) to (f)

- (a) All the **payments made** in 2020, including pre-financing, as registered in the Commission’s accounting system.
- (b) **Pre-financing** paid by the Commission in 2020 (in line with Note 2.5.1, on ‘Pre-financing’, to the Commission’s (provisional) annual accounts).
- (c) In cohesion, a 10% **retention** is made for all interim payments to the Member States. This is released once the Member States’ accounts have been accepted by the Commission.
- (d) Pre-financings that have been **cleared** during the financial year. This means that the Commission has accepted the final use of the funds by clearing the advance.
- (e) Amount of the **retention released** in 2020 (see (b)) and, also in cohesion, the deductions of expenditure made by the Member States.

Relevant expenditure = (a) – (b) + (c) + (d) – (e).

Tables B and C: Risk at payment/closure, per policy area and per department

Compared to the previous annual management and performance reports (in which the grouping of Commission departments was kept stable over the years), this year three of the six policy areas have been adjusted slightly as follows, in order to bring them closer to the main ones used by the European Court of Auditors in its annual report.

- In ‘natural resources’, the payments made by DG Maritime Affairs and Fisheries, DG Environment and DG Climate Action have been added to those made by DG Agriculture and Rural Development ⁽³⁰⁾.
- In ‘economic, social and territorial cohesion’, only the payments made by DG Regional and Urban Policy and DG Employment, Social Affairs and Inclusion (in the sense of budget heading 1b) have been retained.
- In ‘other internal policies’, the payments made by DG Migration and Home Affairs have been added.

Nevertheless, given the very large budget shares of DG Agriculture and Rural Development, DG Regional and Urban Policy and DG Employment, Social Affairs and Inclusion compared to other departments, these modifications do not significantly change the magnitude of the groups’ data or the conclusions for these policy areas for the previous and current year(s).

These policy areas as presented in Annex 2. section 2.2 of this report differ slightly from the headings presented in Annex 1. The split of the budget into the headings does not fully correspond to the budget as allocated to the 51 managing Commission departments and thus as accounted for in their management reporting. For the purposes of this report (a summary of the annual activity reports), each of them is allocated in its entirety into (only) one of the six policy areas.

Specifications of the additional columns in Tables B and C

(a) to (f) Same as in Table A.

(g) **Estimated risk at payment** (as a value and as a percentage).

The two cohesion-related departments present a range of values, as follows.

- The lower value corresponds to their risk at payment for the 2020 relevant expenditure based on their confirmed residual total error rate for the accounting year 2018/2019.
- 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

⁽³⁰⁾ The area of agriculture comprises the European Agricultural Guarantee Fund market measures and European Agricultural Guarantee Fund direct aid payments (common agricultural policy pillar 1) and the European Agricultural Fund for Rural Development expenditure (common agricultural policy pillar 2). The agriculture expenditure (98%) still represents the bulk of the expenditure under this policy area.

		Lower value	Upper value
DG Regional and Urban Policy	Entire DG	2.1%	2.6%
	European Regional Development Fund + Cohesion Fund	2.1%	2.6%
DG Employment, Social Affairs and Inclusion	Entire DG	1.4%	1.8%
	European Social Fund	1.4%	1.9%
TOTAL	Two DGs	1.9%	2.4%
	European Regional Development Fund + Cohesion Fund + European Social Fund	1.9%	2.4%

Beyond the cohesion departments, a few other departments also use a range of ‘minimum-maximum’ rates/amounts for their estimated risk at payment, but with rather minor variances between the two values.

(h) **Estimated future corrections** (as a value and a percentage).

(i) **Estimated risk at closure** (as a value and a percentage).

It should be noted that due to the rounding of values to the nearest million EUR, some financial data in the tables may appear not to fully add up.

Policy area	Total payments (a)	New pre-financing paid (b)	Retentions made by cohesion family DGs (c)	Pre-financing cleared (d)	Retentions (partially) released by cohesion family DGs (e)	Total relevant expenditure (f) = (a) – (b) + (c) + (d) – (e)	Estimated risk at payment (g) = average error rate applied to (f)		Estimated future corrections (h) = adjusted rate of average recoveries and corrections applied to (f)		Estimated risk at closure (i) = (g) – (h)	
							Lowest value	Highest value	Lowest value	Highest value	Lowest value	Highest value
							Natural resources	60 216,6	286,3	69,5	283,6	58,5
Economic, social and territorial cohesion	59 443,4	11 505,6	5 256,8	3 551,2	2 872,8	53 873,0	1 014,5 1,9%	1 280,1 2,4%	360,9 0,7%	626,5 1,2%	653,6 1,2%	653,6 1,2%
External relations	15 403,6	10 029,6	0,0	7 466,3	0,0	12 840,2	138,6 1,1%	138,6 1,1%	31,5 0,2%	31,5 0,2%	107,1 0,8%	107,1 0,8%
Research, industry, space, energy and transport	19 513,4	11 300,6	0,0	8 004,2	0,0	16 217,0	293,0 1,8%	294,4 1,8%	61,1 0,4%	61,1 0,4%	231,8 1,4%	233,2 1,4%
Other internal policies	11 682,9	8 943,0	0,0	4 394,6	0,0	7 134,5	92,8 1,3%	93,2 1,3%	19,7 0,3%	19,7 0,3%	73,1 1,0%	73,5 1,0%
Other services and administration	7 652,5	151,0	0,0	95,1	0,0	7 596,7	38,3 0,5%	39,8 0,5%	0,7 0,0%	0,7 0,0%	37,7 0,5%	39,2 0,5%
Total 2020	173 912,4	42 216,1	5 326,4	23 795,0	2 931,3	157 886,4	2 725,4 1,7%	2 994,3 1,9%	1 321,3 0,8%	1 586,9 1,0%	1 404,1 0,9%	1 407,4 0,9%
<i>Total 2019</i>	<i>158 855,6</i>					<i>147 391,9</i>	<i>2 670,7 1,8%</i>	<i>3 111,9 2,1%</i>	<i>1 672,6 1,1%</i>	<i>2 109,2 1,4%</i>	<i>998,1 0,7%</i>	<i>1 002,7 0,7%</i>

Table B: Risk at payment/closure per policy area for the whole Commission (2020, million EUR).
Source: Commission annual activity reports.

Policy area	Directorates-general and services	Total payments (a)	New pre-financing paid (b)	Retentions made by cohesion family DGs (c)	Pre-financing cleared (d)	Retentions (partially) released by cohesion family DGs (e)	Total relevant expenditure (f) = (a) - (b) + (c) + (d) - (e)	Estimated risk at payment (g) = average error rate applied on (f)		Estimated future corrections (h) = adjusted rate of average recoveries and corrections applied on (f)		Estimated risk at closure (i) = (g) - (h)	
								Lowest value	Highest value	Lowest value	Highest value	Lowest value	Highest value
Natural resources	DG Agriculture and Rural Development	59 043.2	19.7	0.0	6.5	0.0	59 030.0	1 138	1 138	847.0	847.0	291.9	291.9
	DG Climate Action	35.4	2.3	0.0	1.9	0.0	35.0	0.0	0.1	0.0	0.0	0.0	0.1
	DG Environment	151.0	69.9	0.0	154.8	0.0	235.9	1.9	1.9	0.3	0.3	1.6	1.6
	DG Maritime Affairs and Fisheries	987.1	194.4	69.5	120.4	58.5	924.2	7.3	7.3	0.0	0.0	7.3	7.3
Economic, social and territorial cohesion	DG Employment, Social Affairs and Inclusion	15 505.7	2 789.6	1 361.8	1 134.8	1 353.7	13 859	194.0	251.8	29.8	87.6	164.2	164.2
	DG Regional and Urban Policy	43 937.7	8 716.0	3 895.0	2 416.4	1 519.1	40 014.0	820.5	1 028	331.1	538.9	489.4	489.4
External relations	DG European Civil Protection and Humanitarian Aid Operations	2 245.5	1 855.9	0.0	928.8	0.0	1 318.4	9.0	9.0	5.1	5.1	3.9	3.9
	Service for Foreign Policy Instruments	830.2	744.0	0.0	643.0	0.0	729.2	8.0	8.0	3.5	3.5	4.5	4.5
	DG International Partnerships	8 170.7	4 964.7	0.0	4 201.0	0.0	7 407.0	66.2	66.2	13.4	13.4	52.8	52.8

Table C: Risk at payment/closure per directorate-general and service for the whole Commission (2020, million EUR)

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.

Source: Commission annual activity reports.

Policy area	Directorates-general and services	Total payments (a)	New pre-financing paid (b)	Retentions made by cohesion family DGs (c)	Pre-financing cleared (d)	Retentions (partially) released by cohesion family DGs (e)	Total relevant expenditure (f) = (a) - (b) + (c) + (d) - (e)	Estimated risk at payment		Estimated future corrections		Estimated risk at closure	
								(g) = average error rate applied on (f)		(h) = adjusted rate of average recoveries and corrections applied on (f)		(i) = (g) - (h)	
								Lowest value	Highest value	Lowest value	Lowest value	Highest value	Lowest value
External relations	DG Neighbourhood and Enlargement Negotiations	4 138.8	2 459.9	0.0	1 688.5	0.0	3 367.3	55.2	55.2	9.4	9.4	45.8	45.8
	DG Trade	18.4	5.0	0.0	5.0	0.0	18.3	0.1	0.1	0.0	0.0	0.1	0.1
Research, industry, space, energy and transport	DG Communications Networks, Content and Technology	1 919.8	1 153.8	0.0	880.1	0.0	1 646.1	45.0	46.0	11.5	11.5	33.6	34.6
	DG Defence industry and Space	1 823.7	1 809.9	0.0	1 516.2	0.0	1 530.0	9.2	9.2	0.1	0.1	9.1	9.1
	Executive Agency for Small and Medium-sized Enterprises	1 385.6	801.5	0.0	586.7	0.0	1 170.8	28.7	28.7	2.7	2.7	26.0	26.0
	DG Energy	864.9	778.1	0.0	791.6	0.0	878.5	4.0	4.0	1.4	1.4	2.6	2.6
	European Research Council Executive Agency	2 140.9	898.8	0.0	434.2	0.0	1 676.3	34.2	34.2	4.2	4.2	30.0	30.0
	DG Internal Market, Industry, Entrepreneurship and SMEs	486.3	80.1	0.0	75.2	0.0	481.4	2.5	2.5	2.4	2.4	0.1	0.1

Table C: Risk at payment/closure per directorate-general and service for the whole Commission (2020, million EUR)

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.

Source: Commission annual activity reports.

Policy area	Directorates-general and services	Total payments (a)	New pre-financing paid (b)	Retentions made by cohesion family DGs (c)	Pre-financing cleared (d)	Retentions (partially) released by cohesion family DGs (e)	Total relevant expenditure (f) = (a) - (b) + (c) + (d) - (e)	Estimated risk at payment (g) = average error rate applied on (f)		Estimated future corrections (h) = adjusted rate of average recoveries and corrections applied on (f)		Estimated risk at closure (i) = (g) - (h)	
								Lowest value	Highest value	Lowest value	Lowest value	Highest value	Lowest value
Research, industry, space, energy and transport	Innovation and Networks Executive Agency	4 027.6	2 395.9	0.0	1 781.9	0.0	3 413.5	54.7	55.1	12.9	12.9	41.8	42.2
	DG Mobility and Transport	442.8	176.6	0.0	148.0	0.0	414.3	6.6	6.6	2.7	2.7	3.9	3.9
	Research Executive Agency	2 254.8	1 590.7	0.0	1 035.4	0.0	1 699.5	34.3	34.3	5.8	5.8	28.5	28.5
	DG Research and Innovation	4 167.1	1 615.2	0.0	754.8	0.0	3 306.7	73.8	73.8	17.5	17.5	56.3	56.3
Other internal policies	Consumers, Health, Agriculture and Food Executive Agency	144.4	40.3	0.0	23.4	0.0	127.5	2.0	2.0	0.5	0.5	1.4	1.4
	DG Communication	112.5	15.5	0.0	14.8	0.0	111.8	0.6	0.6	0.0	0.0	0.6	0.6
	DG Education, Youth, Sport and Culture	3 475.0	3 448.7	0.0	2 214.6	0.0	2 241.0	26.6	26.6	0.2	0.2	26.4	26.4
	Education, Audiovisual and Culture Executive Agency	875.3	700.9	0.0	412.3	0.0	586.7	9.2	9.2	1.8	1.8	7.4	7.4

Table C: Risk at payment/closure per directorate-general and service for the whole Commission (2020, million EUR)

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.

Source: Commission annual activity reports.

Policy area	Directorates-general and services	Total payments (a)	New pre-financing paid (b)	Retentions made by cohesion family DGs (c)	Pre-financing cleared (d)	Retentions (partially) released by cohesion family DGs (e)	Total relevant expenditure (f) = (a) - (b) + (c) + (d) - (e)	Estimated risk at payment (g) = average error rate applied on (f)		Estimated future corrections (h) = adjusted rate of average recoveries and corrections applied on (f)		Estimated risk at closure (i) = (g) - (h)	
								Lowest value	Highest value	Lowest value	Lowest value	Highest value	Lowest value
Other internal policies	DG Economic and Financial Affairs	1 320.5	32.7	0.0	2.7	0.0	1 290.5	0.0	0.4	0.0	0.0	0.0	0.4
	DG Migration and Home Affairs	2 433.8	1 804.4	0.0	1 385.1	0.0	2 014.4	42.5	42.5	15.1	15.1	27.4	27.4
	DG Justice and Consumers	204.1	156.4	0.0	127.5	0.0	175.1	2.6	2.6	0.8	0.8	1.8	1.8
	DG Health and Food Safety	2 981.7	2 730.5	0.0	203.0	0.0	454.3	8.5	8.5	0.9	0.9	7.6	7.6
	DG Taxation and Customs Union	135.6	13.6	0.0	11.1	0.0	133.1	0.8	0.8	0.4	0.4	0.4	0.4
Other services and administration	DG Budget	271.5	0.0	0.0	0.0	0.0	271.5	1.4	1.4	0.1	0.1	1.3	1.3
	DG Competition	14.5	0.0	0.0	0.3	0.0	14.8	0.1	0.1	0.0	0.0	0.1	0.1
	DG Translation	18.2	0.0	0.0	0.0	0.0	18.2	0.1	0.1	0.1	0.1	0.0	0.0
	DG Informatics	374.8	0.0	0.0	0.0	0.0	374.8	1.9	1.9	0.0	0.0	1.9	1.9
	European Political Strategy Centre	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	European Personnel Selection Office / European School of Administration	6.9	0.0	0.0	0.0	0.0	6.9	0.0	0.0	0.0	0.0	0.0	0.0

Table C: Risk at payment/closure per directorate-general and service for the whole Commission (2020, million EUR)

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.

Source: Commission annual activity reports.

Policy area	Directorates-general and services	Total payments (a)	New pre-financing paid (b)	Retentions made by cohesion family DGs (c)	Pre-financing cleared (d)	Retentions (partially) released by cohesion family DGs (e)	Total relevant expenditure (f) = (a) - (b) + (c) + (d) - (e)	Estimated risk at payment (g) = average error rate applied on (f)		Estimated future corrections (h) = adjusted rate of average recoveries and corrections applied on (f)		Estimated risk at closure (i) = (g) - (h)	
								Lowest value	Highest value	Lowest value	Lowest value	Highest value	Lowest value
Other services and administration	Eurostat	74.6	15.0	0.0	7.2	0.0	66.8	0.3	0.3	0.0	0.0	0.3	0.3
	DG Financial Stability, Financial Services and Capital Markets Union	63.0	51.0	0.0	47.0	0.0	59.1	0.4	0.4	0.1	0.1	0.3	0.3
	DG Human Resources and Security	299.7	0.0	0.0	0.0	0.0	299.7	0.0	1.5	0.0	0.0	0.0	1.5
	Internal Audit Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Joint Research Centre	239.0	3.0	0.0	3.8	0.0	239.7	1.2	1.2	0.1	0.1	1.1	1.1
	Office for Infrastructure and Logistics in Brussels	383.1	0.0	0.0	0.0	0.0	383.1	1.9	1.9	0.0	0.0	1.9	1.9
	Office for Infrastructure and Logistics in Luxembourg	141.1	0.0	0.0	0.0	0.0	141.1	0.7	0.7	0.0	0.0	0.7	0.7
	European Anti-Fraud Office	30.8	6.7	0.0	3.3	0.0	27.4	0.2	0.2	0.0	0.0	0.2	0.2

Table C: Risk at payment/closure per directorate-general and service for the whole Commission (2020, million EUR)

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.

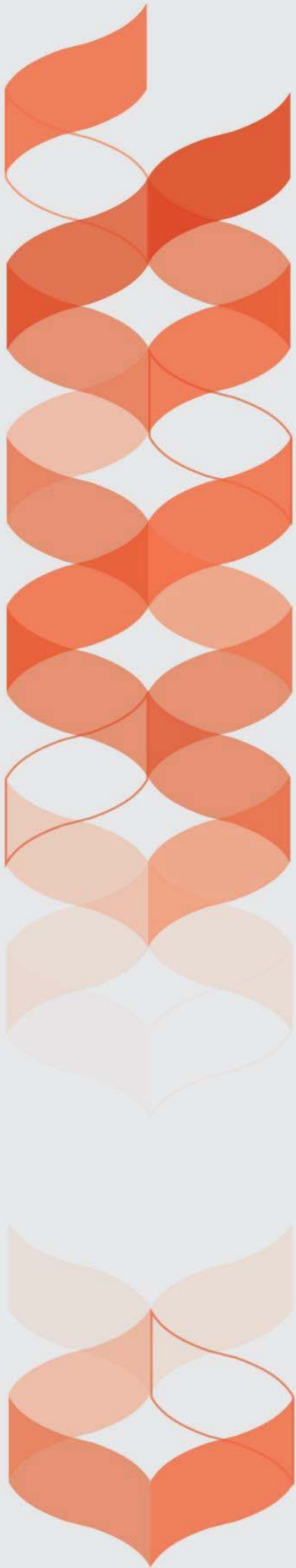
Source: Commission annual activity reports.

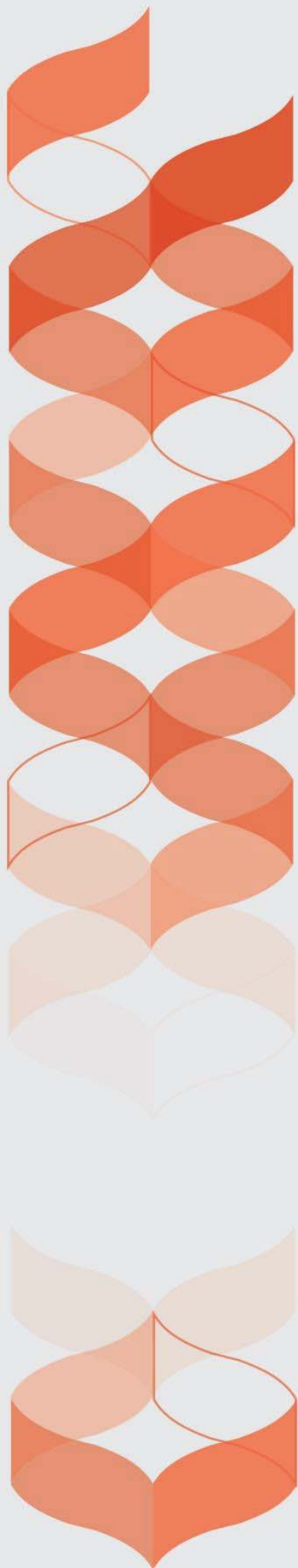
Policy area	Directorates-general and services	Total payments (a)	New pre-financing paid (b)	Retentions made by cohesion family DGs (c)	Pre-financing cleared (d)	Retentions (partially) released by cohesion family DGs (e)	Total relevant expenditure (f) = (a) - (b) + (c) + (d) - (e)	Estimated risk at payment (g) = average error rate applied on (f)		Estimated future corrections (h) = adjusted rate of average recoveries and corrections applied on (f)		Estimated risk at closure (i) = (g) - (h)	
								Lowest value	Highest value	Lowest value	Lowest value	Lowest value	Highest value
Other services and administration	Publications Office	42.0	0.0	0.0	0.0	0.0	42.0	0.0	0.0	0.0	0.0	0.0	0.0
	Office for the Administration and Payment of Individual Entitlements	5 515.5	0.0	0.0	0.0	0.0	5 515.5	29.1	29.1	0.0	0.0	29.1	29.1
	Structural Reform Support Service	106.7	72.5	0.0	31.0	0.0	65.2	0.6	0.6	0.2	0.2	0.4	0.4
	DG Interpretation	56.7	0.2	0.0	0.2	0.0	56.7	0.3	0.3	0.0	0.0	0.3	0.3
	Secretariat-General	10.2	2.4	0.0	2.3	0.0	10.1	0.1	0.1	0.0	0.0	0.1	0.1
	Legal Service	3.9	0.0	0.0	0.0	0.0	3.9	0.0	0.0	0.0	0.0	0.0	0.0
	Task Force for Relations with the United Kingdom	0.2	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Total		173 912	42 216	5 326	23 795	2 931.3	157 886	2 725	2 994	1 321	1 586	1 404	1 407

Table C: Risk at payment/closure per directorate-general and service for the whole Commission (2020, million EUR).

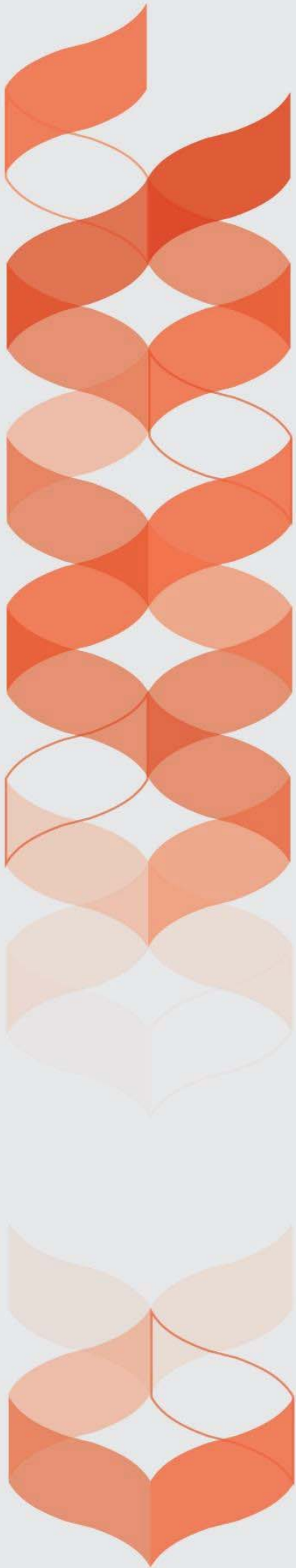
NB: Due to the rounding of figures to the nearest million EUR, some financial data in the table above may appear not to add up.

Source: Commission annual activity reports.





Annex 6 – Reservations reported in the 2020 annual activity reports



Annex 6: Reservations reported in the 2020 annual activity reports

6.1. Concept

Within the context of their overall assurance-building process, Directors-General perform a detailed analysis for each segment of the portfolio of programmes they are managing. At the end of each financial year, they 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 up to the end of 2020 ⁽³¹⁾. Where this residual error rate is above the materiality threshold, the authorising officers duly qualify their declarations of assurance with a reservation. This is in line with the European Court of Auditors' approach ⁽³²⁾.

Reservations are an important element of the Commission's governance system. The qualification of a declaration of assurance in an annual activity report with a reservation 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 remaining weaknesses and prevent future ones, through the development of action plans to mitigate risks and to strengthen control systems.

A reservation may or may not have a quantifiable financial impact ⁽³³⁾. Furthermore, some weaknesses trigger multiple reservations. For example, multiple reservations may arise from programme segments implemented by more than one department, or because the weakness resulting in a 'new' reservation for the current programming period is a continuation of one from a previous programming period. However, this reporting method provides more precision and transparency.

6.2. 2020 reservations

For the 2020 reporting year, all 51 Directors-General declared in their annual activity report ⁽³⁴⁾ that they had reasonable assurance. The majority, 40 authorising officers by delegation, issued unqualified declarations of assurance, while 11 issued qualified declarations with a total of 19 reservations affecting revenue as well as expenditure (see chart below). The situation regarding reservations can be summarised as follows.

- A total of **16 reservations are recurrent** from previous year(s), of which 15 are related to the spending programmes and one is related to the revenue side of the EU budget. These reservations are maintained mainly because the root causes of the material level of error can be partially mitigated but not fully eradicated, under the current programmes' frameworks. Eight reservations are entirely or partially non-quantified ⁽³⁵⁾.

⁽³¹⁾ At the time of reporting, some of the corrective measures had already been implemented, while others will be in the next few year(s). It is an 'intermediate' type of error rate between the risk at payment and the risk at closure, determined at the time of reporting in the management cycle.

⁽³²⁾ European Court of Auditors, *Annual Report on the Implementation of the EU Budget for the 2019 Financial Year*, Chapter 1, Annex 1.1 (on methodology), paragraph 21.

⁽³³⁾ Reservations are non-quantified when the financial impact is zero, when it is not possible to assess the financial impact accurately or when the effect is only reputational.

⁽³⁴⁾ https://ec.europa.eu/info/publications/annual-activity-reports_en

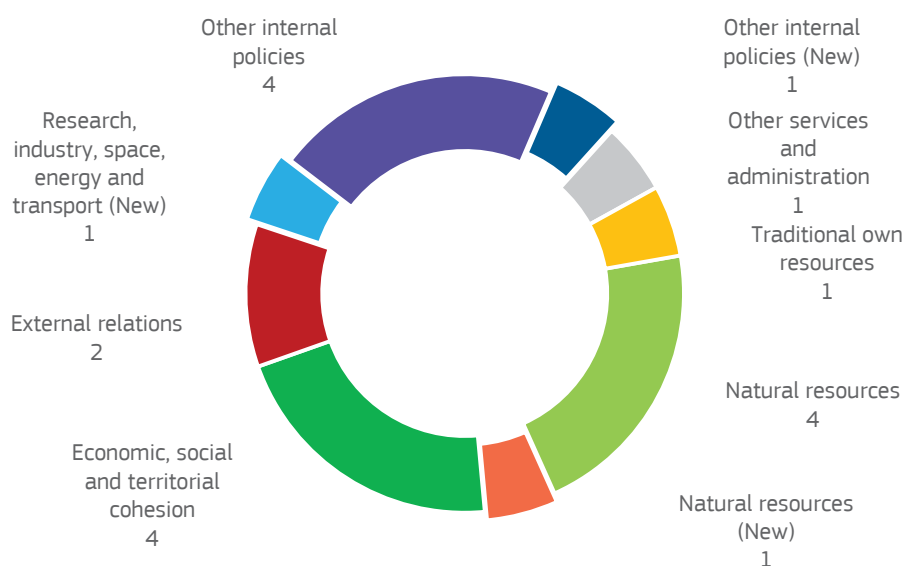
⁽³⁵⁾ Reservations are non-quantified when the financial impact is zero, when it is not possible to assess the financial impact accurately or when the effect is only reputational.

- **Three reservations are new** and are due to a material level of error, or serious weaknesses, found in control systems of implementing partners (Member State or agency). However only one of them has a financial impact on the reporting year – the European Innovation Council and SMEs Executive Agency (formerly the Executive Agency for Small and Medium-sized Enterprises) for their programme for the competitiveness of enterprises and small and medium-sized enterprises.
- **Two reservations** were lifted compared to 2019. In one case this was because of the application of the ‘de minimis’ rule (see box below). In the second case the underlying weakness concerning the programme in one Member state had been resolved.

The total financial impact from all reservations was EUR 1 219 million for 2020; i.e. 16% higher than the EUR 1 053 million in 2019. This increase is related to the slight increase in the error rate in expenditure for agriculture. In all cases, the authorising officers by delegation concerned adopted action plans to address the underlying weaknesses and mitigate the resulting risks.

Introduction of a ‘de minimis’ rule for reservations as from 2019

The Corporate Management Board introduced in 2019, a ‘de minimis’ rule for issuing reservations ⁽³⁶⁾. This implies that reservations related to cases with a residual error rate above the 2% materiality threshold are deemed not substantial for segments that represent less than 5% of the department’s total payments and have a financial impact of less than EUR 5 million. Therefore, quantified reservations that do not exceed both thresholds are not needed ⁽³⁷⁾. This applies especially but not exclusively to the legacy programmes.



Number of reservations by policy area (2020).

Source: European Commission annual activity reports.

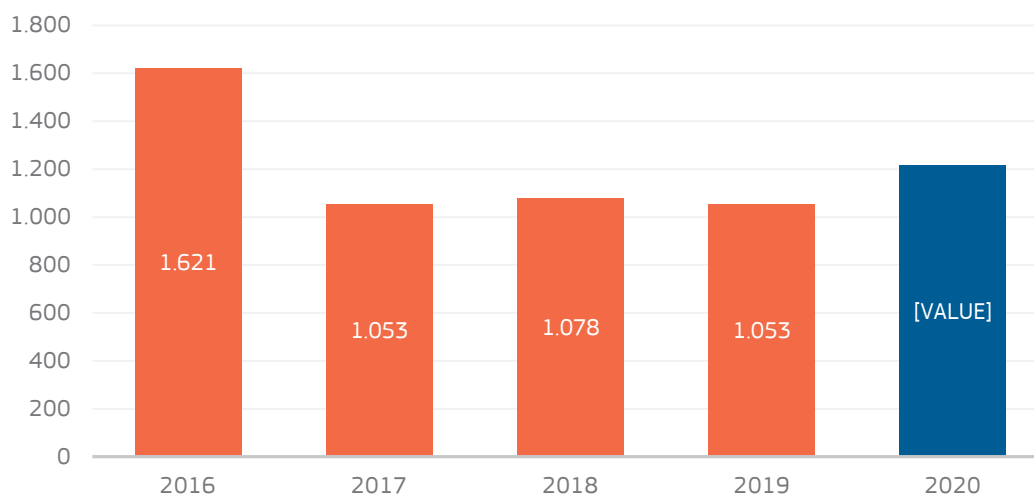
Financial impact of reservations

In cases where the residual error rate is above the materiality threshold, the financial impact resulting from a reservation is obtained by multiplying the relevant programme or segment’s expenditure by the residual error rate. The total amount for 2020 is EUR 1 219 million; i.e. 16% higher than the EUR 1 053 million in 2019. This increase is related to the slight increase in the error rates found in Agriculture. The composition and evolution of the financial impact over the years is presented in the table and chart below.

⁽³⁶⁾ Announced in the 2018 annual management and performance report (p. 173).

⁽³⁷⁾ Without prejudice to maintaining a reservation for reputational reasons, if applicable.

Financial impact from the reservations (amount of expenditure in million EUR)



Policy area	Total payments in 2020	Financial impact of the reservations in 2020	Financial impact of the reservations in 2019
Natural resources	60 217	849	655
Economic, social and territorial cohesion	59 443	339	363
External relations	15 404	21	16
Research, industry, space, energy and transport	19 513	2	8
Other internal policies	11 683	7	12
Other services and administration	7 653	0	0
Total	173 912	1 219	1 053
Impact of current programmes out of total		1 219	1 045
Impact of legacy programmes out of total		0	8
Policy area	Total own resources in 2020	Financial impact of the reservations	Financial impact of the reservations
Own resources	163 308	—	—

Financial impact ('exposure') from the 2020 quantified reservations (million EUR).

Source: European Commission annual activity reports.

Full list(s) of reservations

The tables below present the 19 reservations for 2020 and the 2 lifted from 2019.

- For the 15 reservations related to the current programmes for 2014-2020, see Table D.
- For the 3 reservations related to the legacy programmes for 2007-2013, see Table E.
- For the 1 reservation related to the revenue side of the EU budget, see Table F.
- For the 2 reservations of 2019 lifted in 2020, see Tables G and H.

Policy area	Description of reservation	Department	Impact on legality and regularity	Financial impact (million EUR)
Natural resources	European Agricultural Guarantee Fund market measures (11 reservations for 3 aid schemes in 8 Member States)	DG Agriculture and Rural Development	Quantified	40.4
	European Agricultural Guarantee Fund direct payments (17 paying agencies in 9 Member States)	DG Agriculture and Rural Development	Quantified	448.8
	European Agricultural Fund for Rural Development expenditure for rural development measures (28 paying agencies in 19 Member States)	DG Agriculture and Rural Development	Quantified	359.5
	European Maritime and Fisheries Fund (control system weakness in 1 Member State)	DG Maritime Affairs and Fisheries	<i>Reservation issued in 2020</i> Non-quantified	—
	EU emissions trading system registry – security weakness	DG Climate Action	Non-quantified	—
Economic, social and territorial cohesion	European Regional Development Fund / Cohesion Fund / European Neighbourhood Instrument (34 programmes in 10 Member States and the UK, 2 European territorial cooperation (*) programmes and 2 ENI-CBC programmes)	DG Regional and Urban Policy	Quantified; non-quantified for 1 European territorial cooperation programme	262.1
	European Social Fund, Youth Employment Initiative, Fund for European Aid to the Most Deprived (23 programmes in 10 Member States)	DG Employment, Social Affairs and Inclusion	Quantified	77.3
External relations	Direct management grants	DG Neighbourhood and Enlargement Negotiations	Quantified	20.8
	Projects in Libya and Syria for which no assurance building is possible (no staff access to projects or auditor access to documents)	DG Neighbourhood and Enlargement Negotiations	Non-quantified	—
Research, industry, space, energy and transport	Programme for the competitiveness of enterprises and small and medium enterprises	European Innovation Council and SMEs Executive Agency (formerly Executive Agency for Small and Medium-sized Enterprises)	<i>Reservation issued in 2020</i> Quantified	2.0
Other internal policies	Non-research grant programmes	DG Justice and Consumers	Quantified	1.9
	Non-research grant programmes	DG Migration and Home Affairs	Quantified	4.7

Policy area	Description of reservation	Department	Impact on legality and regularity	Financial impact (million EUR)
	Management and control systems for the Asylum, Migration and Integration Fund (in 2 Member States) and the Internal Security Fund (in 6 Member States)	DG Migration and Home Affairs	Non-quantified Quantified (1 Member state)	— 0.8
	Decentralised agencies – European Border and Coast Guard Agency	DG Migration and Home Affairs	<i>Reservation issued in 2020</i> Non-quantified	—
Other services and administration	Technical support funds – direct management grants	DG Structural Reform Support (formerly Structural Reform Support Service)	Quantified	0.1
Total		10 departments		1 218.5

Table D: 2020 reservations related to the current programmes for 2014-2020.

(*) The European territorial cooperation series of programmes, funded by the European Regional Development Fund, is one of the key instruments of the EU supporting cooperation across borders through project funding.

Policy area	Description of reservation	Department	Impact on legality and regularity	Financial impact (million EUR)
Economic, social and territorial cohesion	European Regional Development Fund / Cohesion Fund / Instrument for Pre-Accession Assistance (9 programmes in 5 Member States, plus 1 Instrument for Pre-Accession Assistance / cross-border cooperation programme)	DG Regional and Urban Policy	Non-quantified	—
	European Social Fund (2 programmes in 2 Member States)	DG Employment, Social Affairs and Inclusion	Non-quantified	—
Other internal policies	General programme 'solidarity and management of migration flows', including: <ul style="list-style-type: none"> • European Integration Fund (in 2 Member States) • European Refugee Fund (in 2 Member States) • European Return Fund (in 3 Member States) • External Borders Fund (in 6 Member States) 	DG Migration and Home Affairs	Non-quantified	—
Total				—

Table E: 2020 reservations related to the legacy programmes for 2007-2013.

Policy area	Description of reservation	Department	Impact on legality and regularity	Financial impact (million EUR)
Revenue	Inaccuracy of the traditional own resources amounts transferred to the EU budget	DG Budget	Non-quantified	—

Table F: 2020 reservation related to the revenue side of the EU budget.

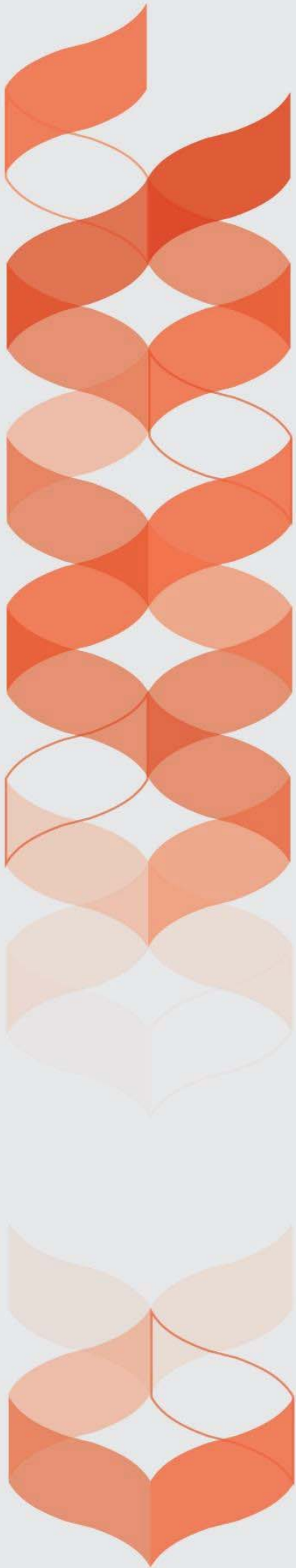
Policy area	Description of 2019 reservation	Department	Impact on legality and regularity	Financial impact (2019, million EUR)
Natural resources	2014-2020 European Maritime and Fisheries Fund (1 programme in 1 Member State)	DG Maritime Affairs and Fisheries	Quantified	11.3

Table G: Reservation lifted during 2020 because the underlying issues had been resolved.

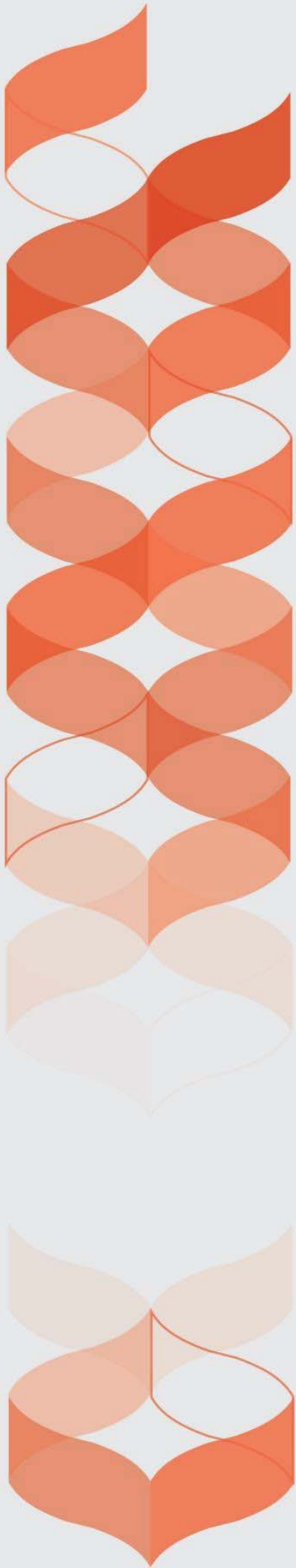
Policy area	Description of 2019 reservation	Department	Impact on legality and regularity	Financial impact (2019, million EUR)
Research, industry, space, energy and transport	Seventh framework programme	DG Research and Innovation	Quantified	8.2

Table H: Reservation lifted during 2020 by application of the 'de minimis' rule ⁽³⁸⁾.

⁽³⁸⁾ In 2020, the segment represented 0.3% of the department's total payments and had a financial impact of EUR 1.8 million whilst in 2019 the financial impact was EUR 8.2 million.



Annex 7 – The multiannual control cycle protecting the EU budget



Annex 7: The multiannual control cycle protecting the EU budget

This annex presents the preventive and corrective mechanisms provided for in EU legislation, providing a best estimate of the effects these mechanisms generate. The focus is primarily on the results of the Commission's supervisory tasks, but it also provides an insight into the results of Member States' controls.

For programmes under shared management Member State authorities take preventive and corrective measures (i.e. financial corrections ⁽³⁹⁾ and/or recoveries) as provided for in EU legislation to protect the EU budget from illegal or irregular expenditure and reported back to the Commission.

One important objective of the Commission is to ensure cost-effectiveness when designing and implementing management and control systems that prevent or identify and correct errors.

The **confirmed** preventive and corrective measures amounted to **EUR 898 million** in **2020**, bringing the **cumulative amount for the years 2014 to 2020** to **EUR 19.2 billion**. The confirmed preventive measures amounted to **EUR 301 million** while the confirmed corrective measures added up to **EUR 596 million**.

7.1. Financial corrections by management type

Shared management

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 the first layer of control in the activities to protect the EU budget. The Commission can apply preventive measures and/or financial corrections on the basis of irregularities or serious deficiencies identified by Member State authorities, on the basis of its own verifications and audits or European Anti-Fraud Office investigations, or as a result of audits by the European Court of Auditors.

Agriculture and rural development

Net corrections leading to a reimbursement to the EU budget are characteristic of agriculture and rural development (the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development). In 2020, the main corrections related notably to specific deficiencies in the Integrated Administration and Control System in some Member States, insufficient checks on reasonableness of cost and deficiencies in cross-compliance controls and in the application of sanctions.

Cohesion

The regulatory provisions for the **2014-2020 programming period** significantly strengthen the Commission's position on protecting the EU budget from irregular expenditure.

This is mainly due to the set-up of the assurance model for the 2014-2020 programming period, which reduces the risk of a material level of error appearing in the accounts submitted on a yearly basis. The legal framework provides for the increased accountability of programme managing authorities, which have to perform sound management verifications in time for the submission of programme accounts each year. During the accounting year the Commission retains 10% of each interim payment until the finalisation of the

⁽³⁹⁾ Under the common agricultural policy, Member States do not make financial corrections, only the Commission.

national control cycle. Member States have the opportunity to correct the declared expenditure during the accounting year by withdrawing the irregular expenditure and replacing it with a new, regular one. In addition, financial corrections in the accounts, as preventive or corrective measures, provide more assurance.

It is in the Member States' best interests to ensure the timely identification of deficiencies in the functioning of the management and control system and in the reporting of reliable error rates, since the Commission will make net financial corrections if Member States have not appropriately addressed serious deficiencies before submitting their annual accounts to the Commission. The co-legislator however has set strict conditions for the application of such net financial corrections, which the Commission needs to scrupulously assess and respect in each case.

Direct and indirect management

The Commission has established a control framework for direct and indirect management which focuses on *ex ante* checks on invoices, in-depth *ex post* checks carried out at the beneficiaries' premises after costs have been incurred and declared, and verification missions to international organisations.

7.2. Overview of *ex ante* and *ex post* controls in 2020

Ex ante controls

Prevention is the first line of defence against errors. The Commission's key preventive mechanisms include carrying out *ex ante* controls leading to the rejection of ineligible amounts before the Commission accepts the expenditure and makes payments.

In 2020, the preventive measures amounted to EUR 301 million (confirmed and implemented).

These were applied mainly in direct and indirect management and resulted from *ex ante* controls carried out by the Commission before the payment/acceptance of expenditure (deductions from the costs claimed and other *ex ante* adjustments which, if not performed, would otherwise have led to expenditure being incurred that was not in line with the legal framework).

Ex post controls

Where preventive mechanisms are not effective, the Commission, as part of its supervisory role, applies corrective mechanisms. The Commission's main corrective mechanisms include *ex post* controls on amounts it has accepted and paid out. The *ex post* controls result in recoveries from final recipients and, in shared management, they lead to financial corrections (including the replacement of expenditure – 'withdrawals'). **In 2020, the confirmed corrective measures amounted to EUR 596 million and the implemented corrective measures amounted to EUR 797 million.**

From confirmation to implementation

The workflow of corrective mechanisms applied by the Commission involves two significant steps: the confirmation phase and the implementation phase.

A financial correction is **confirmed** when it is:

- accepted by the Member State or
- decided by an official Commission decision.

A financial correction is **implemented** when:

- it is recorded in the Commission accounts;
- it is deducted from the amounts declared by the Member State in an interim or final payment claim;
- the commitment appropriation(s) corresponding to the financial correction amount have been cancelled ⁽⁴⁰⁾.

Preventive and corrective measures applied in 2020

The table below provides a complete picture (including one-off measures) of all preventive and corrective measures applied during 2020 to protect the EU budget – amounting to **EUR 898 million confirmed and EUR 1 098 million implemented**. These amounts cover preventive actions and corrective actions made during 2020 irrespective of the year in which the initial expenditure was made.

⁽⁴⁰⁾ In cohesion-related funds this is not always a ‘net’ reimbursement to the EU budget, as Member States have the option to replace the ineligible expenditure with new eligible expenditure.

Fund	Total EU budget payments (million EUR)	Preventive measures confirmed (million EUR)	Corrective measures confirmed (million EUR)			TOTAL amounts confirmed (million EUR)	% of payments made from the EU budget	Preventive measures implemented (million EUR)	Corrective measures implemented (million EUR)			TOTAL amounts implemented (million EUR)	% of payments made from the EU budget
			Financial corrections	Recoveries	Total				Financial corrections	Recoveries	Total		
Agricultural policy:	59 065	-	57	287	344	344	0.6%	-	48	416	463	463	0.8%
European Agricultural Guarantee Fund	44 456	-	- 55	111	57	57	0.1%	-	- 64	128	64	64	0.1%
Rural development	14 609	-	112	176	288	288	2.0%	-	112	288	399	399	2.7%
Cohesion policy:	58 711	-	186	4	190	190	0.3%	-	271	4	274	274	0.5%
European Regional Development Fund	32 420	-	120	-	120	120	0.4%	-	174	-	174	174	0.5%
Cohesion Fund	10 191	-	6	-	6	6	0.1%	-	6	-	6	6	0.1%
European Social Fund	15 217	-	57	-	57	57	0.4%	-	86	-	86	86	0.6%
Financial Instrument for Fisheries Guidance / European Fisheries Fund / European Maritime and Fisheries Fund	883	-	4	-	4	4	0.4%	-	5	-	5	5	0.6%
European Agricultural Guidance and Guarantee Fund	-	-	-	4	4	4	n/a	-	-	4	4	4	n/a
Internal policies	32 694	186	7	35	42	228	0.7%	186	7	38	44	231	0.7%
External policies	11 412	110	-	16	16	126	1.1%	110	-	10	10	120	1.1%
Administration	10 319	5	-	0	0	6	0.1%	5	-	0	0	6	0.1%
TOTAL	172 201	301	250	342	592	893	0.5%	301	325	467	792	1 094	0.6%
Special instruments (European Globalisation Adjustment Fund)	1 109	-	4	-	4	4	0.4%	-	4	-	4	4	0.4%
TOTAL including special instruments (*)	173 310	301	255	342	596	898	0.5%	301	329	467	797	1 098	0.6%

Overview of the preventive and corrective measures for 2020.

(*) The total EU budget payments of EUR 173 310 million corresponds to the EU budget payments of the European Commission (EUR 169 176 million mentioned in table A of Annex 5), and the administrative expenditure of the other institutions (EUR 4 134 million).

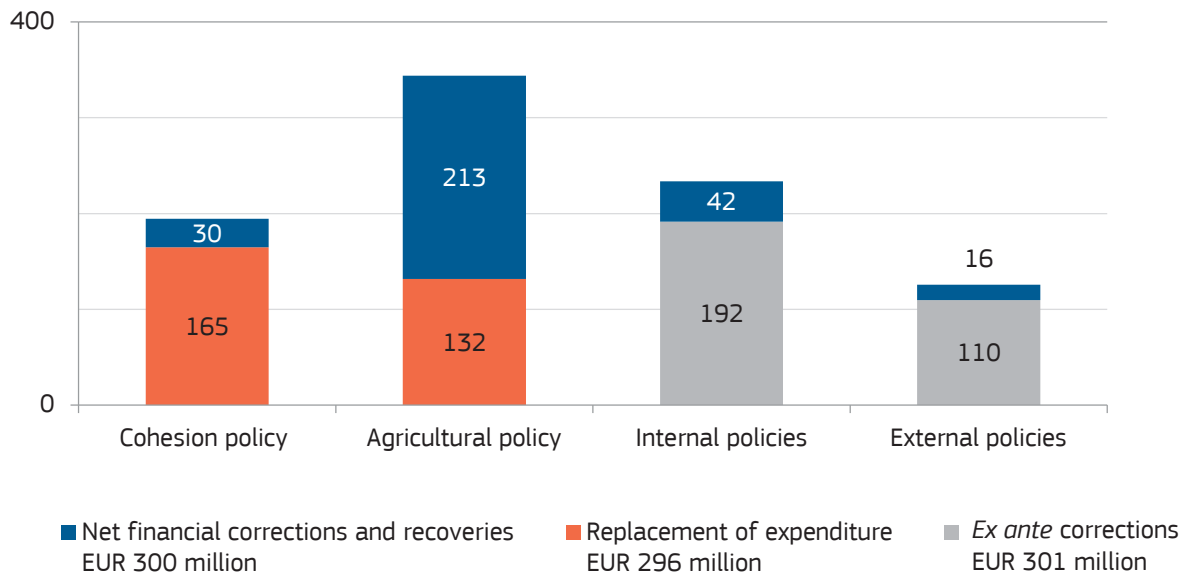
NB: Due to the rounding of figures to the nearest million EUR, some financial data in the table above may appear not to add up.

Source: European Commission.

Types of preventive and corrective measures applied in 2020

There are three different types of preventive and corrective measures applied:

- *ex ante* corrections;
- replacement of expenditure;
- net financial corrections (*) and recoveries.



Types of preventive and corrective measures confirmed in 2020 (million EUR).

(*) Recovery orders and decommitments.

Source: European Commission.

Corrective measures – financial corrections applied in 2020

The following table presents the types of financial corrections applied by the Commission as corrective measures in shared management in 2020.

Fund	Financial corrections confirmed			Financial corrections implemented		
	Net financial corrections	Financial corrections with replacement of expenditure	Total	Net financial corrections	Financial corrections with replacement of expenditure	Total
Agricultural policy:	57	0	57	48	0	48
European Agricultural Guarantee Fund (*)	- 55	0	- 55	- 64	0	- 64
Rural development	112	0	112	112	0	112
Cohesion policy:	22	165	186	31	240	271
European Regional Development Fund	13	107	120	13	161	174
Cohesion Fund	5	1	6	6	0	6
European Social Fund	1	56	57	8	79	86
Financial Instrument for Fisheries Guidance / European Fisheries Fund / European Maritime and Fisheries Fund	4	0	4	5	0	5
Internal policies	7	0	7	7	0	7
TOTAL	86	165	250	85	240	325
Special instruments (European Globalisation Adjustment Fund)	4	0	4	4	0	4
TOTAL including special instruments	90	165	255	90	240	329

2020 Financial corrections (corrective measures applied in shared management) (million EUR).

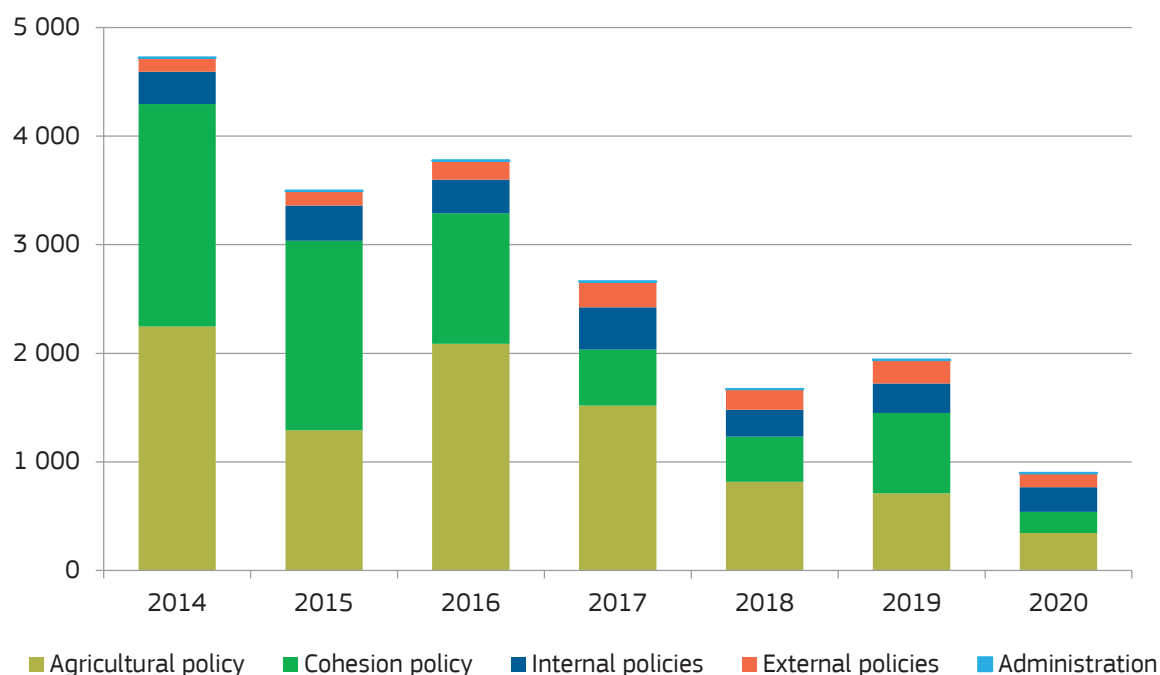
NB: Due to the rounding of figures to the nearest million EUR, some financial data in the table above may appear not to add up.

(*) For the purposes of calculating its corrective capacity in the annual activity report, DG Agriculture and Rural Development only takes into account the amounts related 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.

7.3. Multiannual overview for 2020

Cumulative figures provide more useful information on the significance of the protective mechanisms used by the Commission because they take into account the multiannual character of most EU spending and neutralise the impact of one-off events.

Multiannual character of EU spending programmes



Preventive and corrective measures confirmed, multiannual information, years from 2014 to 2020 (million EUR).

Source: European Commission.

The cumulative amount of the preventive and corrective measures confirmed in the years 2014 to 2020 (illustrated above) was **EUR 19.2 billion** (annual average EUR 2.7 billion, or 1.8% of the average amount of payments made from the EU budget). **The cumulative amount of the preventive and corrective measures implemented** in the same period was **EUR 20.5 billion** (annual average EUR 2.9 billion or 2.0% of the payments).

The decrease of the financial corrections confirmed in 2020 for agriculture (**European Agricultural Guarantee Fund**) is due to the one-off effect of reimbursements following judgments by the Court of Justice of the EU. These cases are subject to assessment for reopening under a new conformity procedure. It is expected that the financial corrections in 2021 will be at the same level as previous years.

The amount of financial corrections reported in 2020 for cohesion as a result of the Commission supervision work is lower than previous years due to the closure of the majority of the 2007–2013 programmes (for the **European Regional Development Fund** and **Cohesion Fund** 82% and for the **European Social Fund** 81% of the 2007–2013 programmes were closed at the end of 2020). For the 2014–2020 programming period, the reporting on financial corrections is integrated into the Member State's annual accounts and examined by the Member State's audit authority. This assurance model incentivises Member States to ensure that EU funds are spent in a legal and regular manner and that all necessary financial corrections have been applied at national level before certifying the expenditure in the accounts. These financial corrections are not included in the figures above.

7.4. Financial corrections – breakdown per Member State

Financial corrections carried out by the Commission

Annual figures: total financial corrections reported in 2020 (total corrective measures in agriculture, cohesion, migration and home affairs funds)

Member State	Payments received from the EU budget in 2020 (million EUR)	Financial corrections confirmed in 2020 (million EUR)	Financial corrections confirmed in 2020 as % of payments received from the EU budget in 2020	Financial corrections implemented in 2020 (million EUR)	Financial corrections implemented in 2020 as % of payments received from the EU budget in 2020
Belgium	1 129	- 10	- 0.9%	- 10	- 0.9%
Bulgaria	2 126	8	0.4%	8	0.4%
Czechia	5 333	13	0.3%	16	0.3%
Denmark	1 048	1	0.1%	1	0.1%
Germany	9 209	70	0.8%	77	0.8%
Estonia	896	0	0.0%	0	0.0%
Ireland	1 838	1	0.0%	1	0.0%
Greece	6 754	- 421	-6.2%	- 254	- 3.8%
Spain	11 503	36	0.3%	- 126	- 1.1%
France	12 251	98	0.8%	109	0.9%
Croatia	2 623	2	0.1%	2	0.1%
Italy	11 146	210	1.9%	221	2.0%
Cyprus	145	1	0.5%	1	0.5%
Latvia	1 182	0	0.0%	0	0.0%
Lithuania	2 363	4	0.2%	4	0.2%
Luxembourg	93	0	0.0%	0	0.0%
Hungary	6 010	12	0.2%	20	0.3%
Malta	125	0	0.0%	0	0.0%
Netherlands	1 071	3	0.3%	3	0.3%
Austria	1 531	0	0.0%	0	0.0%
Poland	18 278	14	0.1%	14	0.1%
Portugal	4 886	3	0.1%	3	0.1%
Romania	6 797	100	1.5%	101	1.5%
Slovenia	874	0	0.0%	0	0.0%
Slovakia	2 445	58	2.4%	87	3.6%
Finland	1 080	0	0.0%	0	0.0%
Sweden	1 376	34	2.5%	34	2.5%
United Kingdom	5 480	16	0.3%	15	0.3%
European territorial cooperation	12	1	7.3%	1	7.3%
Total	119 606	255	0.2%	329	0.3%

Financial corrections applied by the Commission as corrective measures in shared management in 2020 compared to EU payments received, by Member State (total agriculture, cohesion and migration and home affairs funds).

Cumulative figures: European Regional Development Fund / Cohesion Fund and European Social Fund for 2007-2013

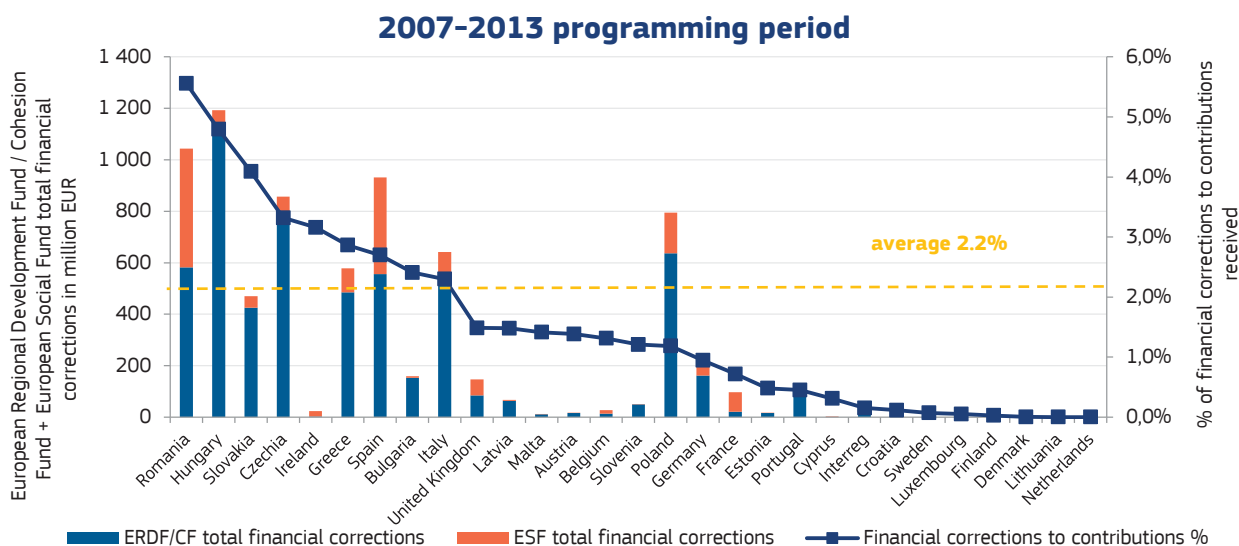
The following table gives an overview at the end of 2020 of the rate of financial corrections applied by the Commission for the programmes under the 2007-2013 programming period, which is approaching closure (for the **European Regional Development Fund** and **Cohesion Fund** 82% and for the **European Social Fund** 81% of the programmes were closed at the end of 2020).

The combined rate of financial corrections amounted to 2.2% of the allocations made, reflecting an improvement in the capacity of the management and control systems to detect problems and to correct errors before expenditure is declared to the Commission, as shown by the lower error rates for cohesion policy in the 2007-2013 period than in the 2000-2006 period.

Member State	European Regional Development Fund / Cohesion Fund + European Social Fund contribution amount (million EUR)	Financial corrections confirmed (million EUR)	Financial corrections as % of total European Regional Development Fund / Cohesion Fund + European Social Fund contributions	Financial corrections imposed as % of total financial corrections
Belgium	2 059	27	1.3%	0.4%
Bulgaria	6 595	159	2.4%	2.1%
Czechia	25 819	857	3.3%	11.5%
Denmark	510	0	0.0%	0.0%
Germany	25 458	240	0.9%	3.2%
Estonia	3 403	16	0.5%	0.2%
Ireland	751	24	3.2%	0.3%
Greece	20 210	579	2.9%	7.7%
Spain	34 521	932	2.7%	12.5%
France	13 546	97	0.7%	1.3%
Croatia	858	1	0.1%	0.0%
Italy	27 940	642	2.3%	8.6%
Cyprus	612	2	0.3%	0.0%
Latvia	4 530	67	1.5%	0.9%
Lithuania	6 775	0	0.0%	0.0%
Luxembourg	50	0	0.1%	0.0%
Hungary	24 893	1 193	4.8%	16.0%
Malta	840	12	1.4%	0.2%
Netherlands	1 660	0	0.0%	0.0%
Austria	1 170	16	1.4%	0.2%
Poland	67 186	795	1.2%	10.6%
Portugal	21 412	97	0.5%	1.3%
Romania	18 782	1 043	5.6%	14.0%
Slovenia	4 101	50	1.2%	0.7%
Slovakia	11 483	470	4.1%	6.3%
Finland	1 596	0	0.0%	0.0%
Sweden	1 626	1	0.1%	0.0%
United Kingdom	9 878	147	1.5%	2.0%
European territorial cooperation	7 956	12	0.2%	0.2%
Total	346 220	7 478	2.2%	100.0%

European Regional Development Fund / Cohesion Fund and European Social Fund confirmed financial corrections for the 2007-2013 programming period, as of 31 December 2020, by Member State.

As the 2007-2013 programmes are multi-funds, no split is given between European Regional Development Fund and Cohesion Fund data in the table above.



Member States' confirmed cumulative financial corrections as of 31 December 2020 for the European Regional Development Fund / Cohesion Fund and European Social Fund for the 2007-2013 programming period, compared to contributions received.

For the **European Regional Development Fund / Cohesion Fund** programmes, the Commission has imposed financial corrections of around EUR 5.8 billion⁽⁴¹⁾ cumulatively since the beginning of the 2007-2013 programming period (including EUR 1.4 billion in financial corrections applied by the Member States, before or when the expenditure was declared to the Commission, as a result of requested remedial actions). The main Member States concerned are Hungary (EUR 1 147 million), Czechia (EUR 787 million), Poland (EUR 637 million), Romania (EUR 582 million), Spain (EUR 556 million), Greece (EUR 485 million), Italy (EUR 534 million) and Slovakia (EUR 425 million).

For the **European Social Fund** the Member States with the highest amount of cumulative financial corrections confirmed are Romania (EUR 461 million), Spain (EUR 376 million), Poland (EUR 158 million) and Italy (EUR 108 million). At this stage of the implementation and at the closure of the programmes the cumulative amount of financial corrections confirmed stands at EUR 1.6 billion, representing 2.1% of the European Social Fund's declared expenditure at closure.

Member State corrections

Agriculture and rural development

Member States are required to put in place the following systems for *ex ante* controls and reductions or exclusions of financing.

1. *Ex ante* administrative and on-site checks are performed and dissuasive sanctions are applied in the event of non-compliance by the beneficiary. If on-site checks reveal a high number of irregularities, additional controls must be carried out.
2. the Integrated Administration and Control System supports the Member States in this task and it covered 82.9% of European Agricultural Guarantee Fund and rural development expenditure in 2020.
3. Member States report to the Commission on the checks they carry out and on the sanctions applied, as provided for in the legislation. This allows the calculation of the degree of error found at the level of the final beneficiaries by Member States for the main aid schemes.

⁽⁴¹⁾ Including financial corrections at source.

Member States reported recoveries amounting to EUR 490.69 million as a result of the *ex ante* administrative and on-site controls carried out in 2020.

Member State	Member State's own corrections to European Agricultural Guarantee Fund market measures	Member State's own corrections to European Agricultural Guarantee Fund direct payments	Member State's own corrections to European Agricultural Fund for Rural Development	Member State's total own corrections in 2020
Belgium	1.17	1.80	2.42	5.38
Bulgaria	0.33	32.91	14.93	48.18
Czechia	0.31	0.97	3.00	4.29
Denmark	0.45	0.96	2.98	4.39
Germany	3.15	7.79	15.87	26.81
Estonia	0.00	1.30	1.97	3.27
Ireland	0.00	0.94	2.05	2.98
Greece	1.93	19.97	5.79	27.70
Spain	11.68	60.07	19.23	90.98
France	17.91	12.72	13.87	44.51
Croatia	13.64	8.61	10.23	32.47
Italy	5.94	27.59	18.32	51.84
Cyprus	0.24	0.85	0.32	1.41
Latvia	0.01	1.26	0.83	2.09
Lithuania	0.01	2.69	0.78	3.47
Luxembourg	0.00	0.19	0.19	0.38
Hungary	5.38	11.64	9.15	26.17
Malta	0.02	0.02	0.05	0.09
Netherlands	0.19	5.54	0.87	6.60
Austria	0.45	0.39	3.81	4.65
Poland	0.03	15.32	8.48	23.83
Portugal	5.31	2.11	8.13	15.56
Romania	1.57	18.75	14.41	34.72
Slovenia	0.02	0.18	1.30	1.49
Slovakia	0.25	2.54	2.31	5.10
Finland	0.64	2.40	4.10	7.14
Sweden	0.14	1.80	1.62	3.55
United Kingdom	0.09	5.00	6.54	11.63
Total	70.84	246.31	173.54	490.69

Member States' own corrections in 2020, applied before payments to beneficiaries were executed, in addition to Commission reporting (million EUR).

Financial corrections declared by the Member States for the 2014-2020 cohesion policy period ⁽⁴²⁾

Financial corrections reported for the 2019-2020 accounting year

In February 2021, the Member State authorities submitted the certified accounts for the accounting year from 1 July 2019 to 30 June 2020. According to the information received in the assurance packages, following the results of the audit of operations, for the **European Regional Development Fund / Cohesion Fund** the Member States have applied financial corrections totalling EUR 353.3 million. The financial corrections imposed for the **European Social Fund / Youth Employment Initiative** and the **Fund for European Aid to the Most Deprived** amounted to EUR 79.7 million, while for the **European Maritime and Fisheries Fund** EUR 7.3 million was reported in 2020.

Financial corrections reported cumulatively since the beginning of the period 2014-2020

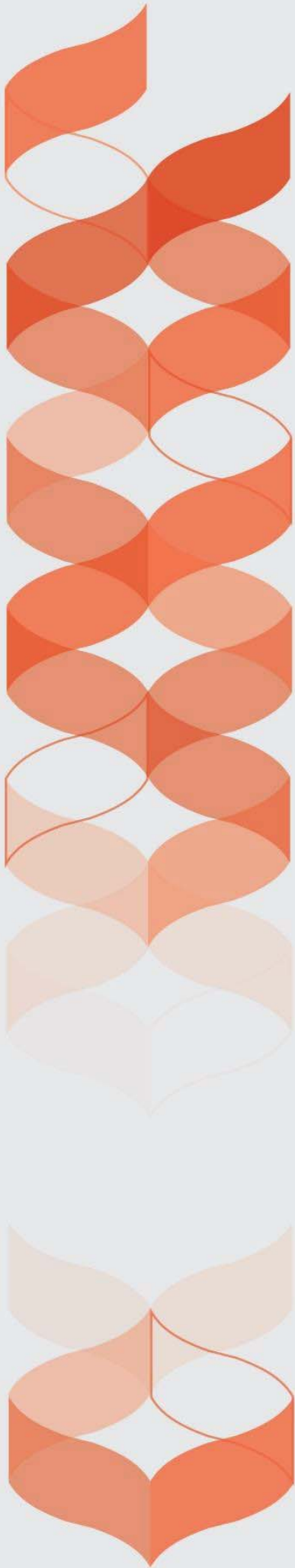
The Member States have reported a total of EUR 1 810.6 million since the beginning of the period 2014-2020. For the **European Regional Development Fund / Cohesion Fund** the Member States have applied financial corrections totalling EUR 1 158.0 million. The financial corrections imposed for the **European Social Fund / Youth Employment Initiative** and the **Fund for European Aid to the Most Deprived** amounted to EUR 621.6 million. For the **European Maritime and Fisheries Fund** the cumulative financial corrections amounted to EUR 31.0 million.

⁽⁴²⁾ This information was sent in the assurance packages received in February 2021 for the 6th accounting year and is still under assessment by the Commission services (information as reported by the Member States, pending verification by the Commission).

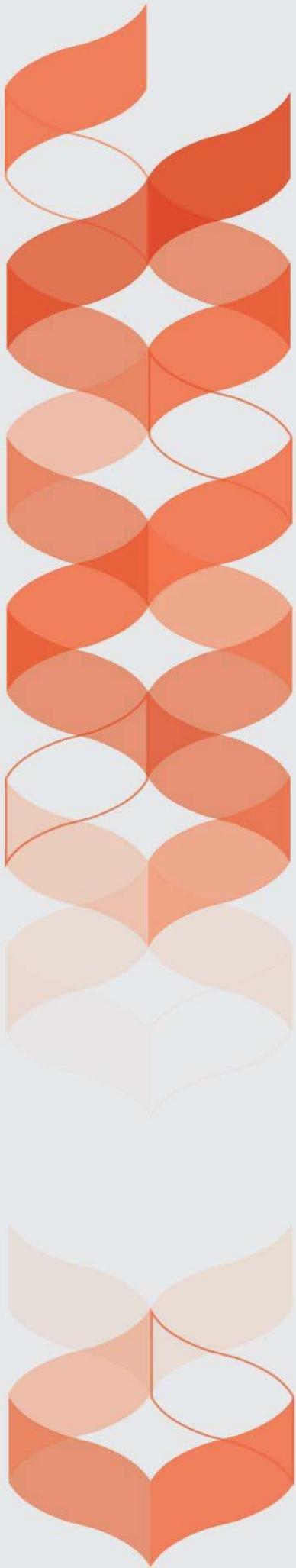
Member State	2019-2020 accounting year				Cumulative amounts for the 2014-2020 period			
	European Regional Development Fund / Cohesion Fund	European Social Fund – Youth Employment Initiative / Fund for European Aid to the Most Deprived	European Maritime and Fisheries Fund	Total	European Regional Development Fund / Cohesion Fund	European Social Fund – Youth Employment Initiative / Fund for European Aid to the Most Deprived	European Maritime and Fisheries Fund	Total
Belgium	2.8	1.6	0	4.3	5.8	4.0	0.0	9.7
Bulgaria	3.5	0.2	1.0	4.7	19.6	1.1	2.6	23.4
Czechia	4.9	0.1	0.0	5.1	32.8	0.2	1.2	34.2
Denmark	-	0.0	0.6	0.6	-	0.1	0.2	0.3
Germany	15.6	3.8	0.1	19.5	47.0	25.4	0.2	72.6
Estonia	0.6	0.1	0.0	0.7	13.0	1.8	0.0	14.7
Ireland	2.5	0.9	0.0	3.5	5.1	0.9	0.4	6.4
Greece	38.0	8.7	0.3	47.0	79.8	37.4	0.3	117.5
Spain	53.7	10.0	0.7	64.4	134.6	140.5	1.7	276.8
France	17.4	19.4	0.6	37.5	108.3	115.9	3.3	227.5
Croatia	3.9	2.0	1.4	7.2	13.6	7.0	4.1	24.7
Italy	17.6	9.2	-	26.8	76.1	20.2	-	96.3
Cyprus	0.0	0.0	0.0	0.0	0.2	0.1	0.0	0.3
Latvia	0.2	0.0	-	0.2	1.6	0.0	0.0	1.6
Lithuania	0.8	0.0	-	0.8	18.5	6.4	-	24.9
Luxembourg	-	-	-	-	-	-	-	-
Hungary	5.1	2.9	0.8	8.8	54.8	24.1	0.8	79.6
Malta	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0

Member State	2019-2020 accounting year				Cumulative amounts for the 2014-2020 period			
	European Regional Development Fund / Cohesion Fund	European Social Fund – Youth Employment Initiative / Fund for European Aid to the Most Deprived	European Maritime and Fisheries Fund	Total	European Regional Development Fund / Cohesion Fund	European Social Fund – Youth Employment Initiative / Fund for European Aid to the Most Deprived	European Maritime and Fisheries Fund	Total
Netherlands	0.1	0.0	-	0.1	0.3	0.0	0.0	0.3
Austria	1.7	0.0	0.0	1.7	16.7	0.2	3.2	20.2
Poland	6.6	0.9	0.2	7.7	47.5	11.3	0.3	59.1
Portugal	135.0	5.5	0.6	141.1	248.8	15.7	5.7	270.2
Romania	24.4	4.1	0.1	28.6	102.9	15.3	0.4	118.7
Slovenia	1.7	0.0	-	1.8	3.8	0.1	0.0	4.0
Slovakia	11.8	1.5	-	13.3	68.5	155.8	0.1	224.4
Finland	0.0	0.0	0.0	0.0	0.3	0.2	0.2	0.8
Sweden	0.1	0.1	-	0.2	0.1	0.3	0.0	0.5
United Kingdom	2.2	8.6	0.7	11.5	51.9	37.4	6.2	95.5
European territorial cooperation	3.2	-	-	3.2	6.4	-	-	6.4
Total implemented	353.3	79.7	7.3	440.3	1 158.0	621.6	31.0	1 810.6

Financial corrections reported by Member States for the accounting year from 1 July 2019 to 30 June 2020 and cumulative amounts for the 2014-2020 period, in addition to Commission reporting (million EUR)



Annex 8 – Assurance provided by the Internal Audit Service



Annex 8: Assurance provided by the Internal Audit Service

The work of the Internal Audit Service, its principal findings and recommendations and the information from the Audit Progress Committee contribute to the overall assurance-building process at Commission level. The Audit Progress Committee supports the Commission by ensuring the independence of the internal auditor and that audit recommendations are properly taken into account and appropriately followed up.

For the 2020 reporting year, the Internal Audit Service produced an annual internal audit report, in line with Article 118(4) of the financial regulation, which: (1) summarised the performance audits completed in 2020; (2) presented the overall opinion on financial management for the year 2020; (3) recalled the contribution of the Internal Audit Service to the annual activity reporting of the Commission's directorates-general and the executive agencies; and (4) reported on progress in implementing its audit recommendations.

Financial management: internal auditor's overall opinion

As required by its mission charter, the Commission's Internal Audit Service issued an overall opinion, which is based on the audit work it had carried out in the area of financial management in the Commission during the previous 3 years (2018–2020) and 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 considered that, in 2020, the Commission had put in place governance, risk management and internal control procedures which, taken as a whole, are adequate to give reasonable assurance on the achievement of its financial objectives. However, the overall opinion is qualified with regard to the reservations the authorising officers by delegation made in their declarations of assurance and issued in their respective annual activity reports. In arriving at the overall opinion, the internal auditor also considered the combined impact of all amounts estimated to be at risk at payment as calculated by the authorising officers by delegation, as these go beyond the amounts put under reservation. The overall amounts at risk are the best estimation by authorising officers by delegation of the amount of the expenditure authorised that was not in conformity with the applicable contractual and regulatory provisions at the time of the payment in 2020. In their annual activity reports, the directorates-general estimate amounts at risk at payment to total between approximately EUR 2 726 million and EUR 2 995 million. This corresponds to between 1.7% and 1.9% of total expenditure from the Commission budget ⁽⁴³⁾, the European Development Fund and the EU trust funds in 2020 and therefore just above a materiality of 2% as defined in the instructions for the preparation of the 2020 annual activity reports. These amounts at risk at payment in 2020 do not yet include any financial corrections and recoveries related to deficiencies and errors that the Commission directorates-general and services will detect and correct in the coming years due to the multiannual corrective mechanisms built into the Commission's internal control systems. Given these elements, the internal auditor considers that the EU budget is therefore adequately protected in total and over time.

Without further qualifying the opinion, the internal auditor added the following two 'emphases of matter', highlighting issues that require particular attention.

1. Implementation of the EU budget in the context of the current crisis related to the COVID-19 pandemic: need for a continuous monitoring and assessment of (new/emerging) risks and for the definition and implementation of corresponding mitigating measures.

⁽⁴³⁾ Expenditure means the total amount of payments made in 2020 minus the total amount of new pre-financing paid in 2020 plus the total amount of old pre-financing cleared in 2020 as reported by the Commission services in their 2020 AARs.

The health, social, economic and financial situation created by the COVID-19 pandemic entails potentially high, cross-cutting risks for the institution as regards the implementation of the EU budget and the delivery of its policy priorities.

This includes the operations conducted prior to the crisis (as part of the 2014-2020 multiannual financial framework), for which adequate controls (*ex post* in particular) still need to be performed, and forthcoming operations under the 2021-2027 multiannual financial framework and the recovery package under NextGenerationEU, on assurance, compliance and performance aspects.

As the crisis has continued since early 2020, this context poses challenges, in particular as regards:

- the implementation of the budget in compliance with the applicable legal framework, due to changing rules and evolving regulations, urgent procedures, use of exceptional measures, difficult conditions and/or limited availability of financial and human resources;
- the extent to which the necessary controls and verifications, whether at the level of the Commission, Member States, non-EU countries, implementing partners and/or beneficiaries, can be performed as intended due to logistical constraints such as full and timely access to information and documentation, problems in undertaking missions/on-the-spot checks and the ability of implementing partners and beneficiaries to continue their normal activities;
- the potential impact on the Commission's current and future corrective capacity, due to the very challenging economic situation faced at EU and national levels, including the possible bankruptcies of final beneficiaries, which could make it difficult to recover undue amounts.

The assurances provided on the financial management of the EU budget are multiannual in nature and depend on the robustness of the corresponding control strategies at different levels. These are based on risk assessments of the specific programmes and related budget operations, *ex ante* and *ex post* controls on expenditure and supervision strategies regarding third parties implementing policies and programmes, together with the implementation of the corrective capacity to protect the EU budget. The Internal Audit Service acknowledges that even before the summer of 2020 the Commission services (started to) assess(ed) the risks deriving from the COVID-19 pandemic and related to the implementation of the EU budget, in terms of both compliance and performance, and adopted mitigating measures.

To ensure the budget is duly protected over time in the face of these unprecedented challenges, the Internal Audit Service stresses that the Commission's directorates-general and services should continue to (1) duly assess the risks caused by the COVID-19 pandemic related to financial management in terms of assurance, compliance with the legal framework and the corrective capacity of the multiannual systems, as well as performance; and (2) define and implement adequate mitigating measures, such as adjusting or redefining their control strategies. Furthermore, the Commission's directorates-general should design and implement appropriate financial management, audit and control strategies for operations to support the recovery under NextGenerationEU, in particular as concerns the Recovery and Resilience Facility.

2. Supervision strategies regarding third parties implementing policies and programmes.

Although the Commission remains fully responsible for ensuring the legality and regularity of expenditure and sound financial management (and also for the achievement of policy objectives), it has increasingly relied on third parties to implement its programmes. This is mostly done by delegating the implementation of the EU's operational budget or certain tasks to countries outside the EU, international organisations or international financial institutions, national authorities and national agencies in Member States, joint undertakings, non-EU bodies and EU decentralised agencies. Moreover, in certain policy areas, alternative funding mechanisms such as financial instruments are increasingly used and entail specific challenges and risks for the Commission, as also highlighted by the European Court of Auditors.

To fulfil their overall responsibilities, the directorates-general have to oversee the implementation of the programmes and policies and provide guidance and assistance where needed. Therefore, they have to define and implement adequate, effective and efficient supervision/monitoring/reporting activities to ensure that the delegated entities and other partners effectively implement the programmes, adequately protect the financial interests of the EU and comply with the delegation agreements, when applicable, and that any potential issues which are identified are addressed as soon as possible.

The Internal Audit Service continued to recommend in a number of audits in 2020 that the control strategies and supervisory arrangements of the relevant directorates-general should set out more clearly the priorities and the need to obtain assurance on sound financial management in those EU and non-EU bodies. Although actions have been taken in recent years both at the level of the central services and at

that of the relevant directorates-general to mitigate the risks identified as a result of audit work, further improvements are still needed in some areas and in particular as regards pillar assessment in indirect management.

In this context, the Commission directorates-general should continue their efforts to identify and assess the risks involved in delegating tasks to third parties and pursue effective and efficient supervisory activities by further developing the relevant control strategies. Particular attention should be given to the fulfilment of the preconditions to entrust third parties with the management of EU funds. This is relevant not only in relation to the activities delegated under the 2014-2020 multiannual financial framework, but more so in view of the increase in the use of equity, guarantee and risk-sharing instruments in the 2021-2027 multiannual financial framework.

The Internal Audit Service will monitor developments regarding the impact of (1) the COVID-19 crisis and (2) the reliance on third parties for the implementation of programmes on the 2014-2020 and the 2021-2027 multiannual financial frameworks, the political priorities and the Commission's financial management. This will be done as part of the Internal Audit Service's updates of the periodic (strategic) risk assessments and resulting audit plans.

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 2020 as part of its 2019-2021 strategic audit plan.

The Internal Audit Service made recommendations to help improve the overall performance of several key processes in the following areas.

- **Data and information management.** EU policies and the implementation of EU programmes are increasingly data driven. The Internal Audit Service performed a series of audits covering different aspects of data management. The audit on data, information and knowledge management assessed the effectiveness of the Commission's strategy in these areas. The audit concluded that the Commission had set up a dedicated strategy and structure with the aim of improving the way in which data, information and knowledge are gathered, managed, shared and preserved, and developing new opportunities for collaborative working. The Internal Audit Service acknowledged that within the boundaries of the current strategy and governance set-up, important steps had been taken to set priorities and coordinate and manage the activities in the data, information and knowledge management area. However, there is a need for proportionate improvements in key areas aiming at complementing the existing framework, to better reply to the challenges and changes that the implementation of a fully data-driven Commission brings.

A related issue of alignment with Commission-wide priorities and objectives was observed in the audit on the Joint Research Centre's support to EU policy and knowledge management. Although the processes for policy support and knowledge management are efficiently implemented to enable the Centre to mobilise the available expertise to provide timely high-quality deliverables, the Commission-wide identification of the policy support needs at corporate and directorate-general level should be significantly strengthened to enable a more effective prioritisation of the Joint Research Centre's activities, in line with the Commission priorities.

Another key aspect of data management concerns the safeguarding of information and preservation of confidentiality of the data managed. In the audit on Horizon 2020 grant management in the European Research Executive Agency (formerly the Research Executive Agency), the auditors found that although the *ex ante* controls on Horizon 2020 payments and the processes for the closure of Horizon 2020 projects were effective, weaknesses existed in the management of projects with EU restricted information, ultimately resulting in security breaches.

The Commission's digital strategy is complementary to the Commission's strategy on data, information and knowledge management. The digital strategy sets a vision for a digitally transformed, user-focused and data-driven administration. One of the enablers of this transformation is cloud computing. In the audit on the management of public cloud services, the Internal Audit Service recognised the efforts made in recent years to develop a vision of cloud-based information technology infrastructure solutions. While acknowledging the steps already taken by the

Commission to put in place appropriate arrangements for the use of public 'infrastructure as a service' and 'platform as a service' cloud services, the Internal Audit Service concluded that the governance and security of these cloud security services need to be significantly enhanced to ensure that they achieve their objectives, while reducing risk exposure.

- **Data protection processes.** The Commission must ensure full compliance with legal and other confidentiality considerations and guarantee a high level of security for sensitive information. The need to preserve high privacy, security, safety and ethical standards while balancing the flow and wide use of data was embedded in the political guidelines and underlined in the working methods of the Commission. In this challenging context, two audits assessed the efficiency and effectiveness of the internal control systems that enable the Commission directorates-general concerned to demonstrate compliance with the provisions of Regulation 1725/2018 on the protection of personal data⁽⁴⁴⁾. Both audits revealed (very) significant weaknesses in the internal control systems in place. The two Internal Audit Service audits relate to the following:
 - The first audit covered five directorates-general and services at corporate and local level. The Internal Audit Service concluded that, although the Commission has made good progress in putting in place control systems enabling the directorates-general and services to demonstrate compliance with the applicable legal base, a number of significant improvements are still needed to reinforce the effectiveness and efficiency of these systems in the move towards achieving full compliance. These concern: (1) the general framework governing data protection aspects; (2) the role and actions of the data protection officer to support the data protection process across the Commission; and (3) the use of targeted measures to improve compliance with key provisions of the regulation. These improvements should be seen as complementary measures aimed at enhancing the existing governance structures and processes relating to data protection issues, while respecting the principles of the Commission's existing decentralised model, which remain valid.
 - The second audit was conducted in DG Education, Youth, Sport and Culture, responsible for programmes such as Erasmus+ and the European Solidarity Corps. By participating in these programmes, many people provide some personal data to the directorate-general. As delegated data controller, the directorate-general processes these personal data and transmits them to national agencies in Member States and non-EU countries which are in charge of implementing the projects at national level. Together with the national agencies, which act as data processors, DG Education, Youth, Sport and Culture has to ensure that the data received from the participants in the programmes are adequately protected by all actors having access to these data. The Internal Audit Service found that: (1) the directorate-general introduced certain elements related to personal data protection in the guiding documents and agreements that govern the programmes; and (2) personal data protection is explicitly mentioned in the national agencies' management declarations. These elements are building blocks of the control system for handling personal data, but they are not always adequately implemented and more specifically they do not constitute the safeguards, as required by the regulation, for international transfers outside the EU / European Economic Area countries. The internal control systems in place for the protection of personal data of beneficiaries and participants in the Erasmus+ and European Solidarity Corps programmes were not found to be effective in ensuring compliance with the key provisions of the regulation.

A crosscutting issue that emerged from these two audits concerns the transfer of personal data to non-EU countries. The invalidation of the EU-US Privacy Shield (the 'Schrems II judgement') poses concrete challenges for the services transferring personal data to non-EU countries or using the cloud. In response to an order of the European Data Protection Supervisor, the Commission took stock of more than 600 processing records that might concern problematic international transfers of personal data. The critical recommendation addressed by the Internal Audit Service to DG Education, Youth, Sport and Culture was related to the transfer of personal data to non-EU countries. Following the action taken by the directorate-general, the Internal Audit Service performed, after the cut-off

⁽⁴⁴⁾ Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data (OJ L 295, 21.11.2018, p. 39).

date of this report, an assessment of some of the measures implemented by the auditee. The Internal Audit Service concluded that DG Education, Youth, Sport and Culture partially mitigated the risks and, as a result, downgraded the risk level for two recommendations (from ‘critical’ to ‘very important’ and from ‘very important’ to ‘important’).

Finally, in another audit related to the management of experts in Horizon 2020 grants, one issue was found in the processing of the experts’ personal data, giving rise to a very important recommendation.

- **Supervision strategies regarding the implementation of programmes by third parties.** The Internal Audit Service performed several audits focusing on the supervision arrangements in place in directorates-general and services regarding the implementation of programmes (and/or policies) by third parties. In 2020, three audits focused on EU contributions implemented via indirect management.
 - A multi-entity audit on pillar assessments revealed significant weaknesses in the internal control system for delegating funds under indirect management, at corporate (DG Budget) and at local level, in a number of directorates-general and services within the external action family (DG Neighbourhood and Enlargement Negotiations, the Service for Foreign Policy Instruments, DG European Civil Protection and Humanitarian Aid Operations (ECHO) and DG International Partnerships). Even though the Commission has made serious efforts to put in place an effective system for pillar assessments and is continuing to invest in developing a corporate approach to make implementation more coherent and reduce the high inherent risks, the system needs significant strengthening. The significant weaknesses identified concern (1) agreements signed with the United Nations Secretariat and related entities without prior positive pillar assessment and without taking appropriate supervisory measures (this observation led to critical recommendations being formulated by the Internal Audit Service to DG International Partnerships, DG Neighbourhood and Enlargement Negotiations and DG European Civil Protection and Humanitarian Aid Operations (ECHO)); (2) incorrect information on the status of pillar assessments which led the directorates-general and services to sign agreements with entities without prior positive pillar assessment and without taking appropriate supervisory measures; (3) inadequate corporate oversight; (4) inadequate monitoring of substantive system changes in pillar-assessed entities; and (5) insufficient involvement by the directorates-generals and services in the pillar assessments performed by third parties.
 - Two other audits on indirect management with entrusted entities in DG International Partnerships and DG Neighbourhood and Enlargement Negotiations and supervision of the implementation of the 2014-2020 programme for the European geostationary navigation overlay service in DG Defence Industry and Space showed more positive results as regards the audited processes.
- **Control strategies for selected directorates-general and services.** In 2020, the Internal Audit Service performed several audits in this area in the Consumers, Health, Agriculture and Food Executive Agency, the European Climate, Infrastructure and Environment Executive Agency (formerly the Innovation and Networks Executive Agency) (on the effectiveness of the design and implementation of the *ex post* control strategy for the Connecting Europe Facility), DG Research and Innovation (on the Horizon 2020 *ex post* audit strategy) and the European Education and Culture Executive Agency (formerly Education, Audiovisual and Culture Executive Agency) (on *ex post* controls). The 2020 audits provide an overall positive picture, even though two of the four audits revealed some weaknesses regarding (1) the design of the *ex post* audit strategy in the Common Implementation Centre (administratively part of DG Research and Innovation) and (2) the assessment of amendments of procurement contracts during *ex post* audits in the European Climate, Infrastructure and Environment Executive Agency and the documentation of work performed by the on-the-spot auditors.
- **Human resource management processes.** The Internal Audit Service identified weaknesses in Eurostat as regards human resources strategic management, planning, monitoring and reporting and recommended that Eurostat take targeted action in these areas.
- **Assessment of the implementation of the Commission’s internal control framework in selected directorates-general.** The results of a series of limited reviews performed by the Internal Audit Service in three directorates-general and offices were satisfactory overall. As in previous years,

the focus of the review was on the assessment process, not on the internal control system itself. The overall satisfactory results observed in 2019 in six directorates-general were confirmed in 2020, as only one very important recommendation was issued.

- **Performance-related issues in other processes.** Several audits assessed performance aspects in other processes implemented by various directorates-generals and services. In the majority of these audits no significant performance issues were identified. In a few audits, a significant issue was identified, as was the case for specific limited aspects of processes related to the management of external experts in the Horizon 2020 grant management process; information technology project management practices in the Joint Research Centre; the performance management framework in the Service for Foreign Policy Instruments and the evaluation process in DG Trade.

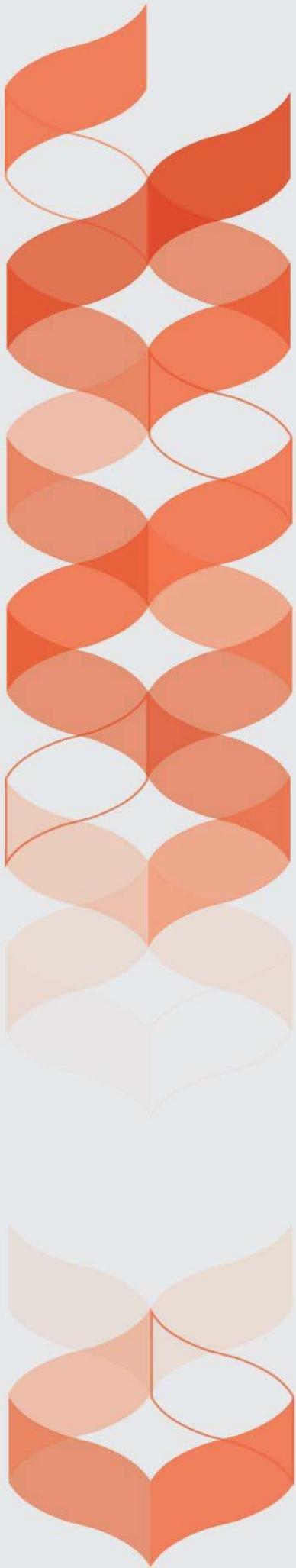
Contribution of the Internal Audit Service to the annual activity reporting of the authorising officers by delegation

The Internal Audit Service issued limited conclusions on the state of internal control to every directorate-general and service in February 2021. These limited conclusions contributed to the 2020 annual activity reports of the directorates-general and services concerned. They draw on the audit work carried out in the last 3 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 3 years (2018-2020).

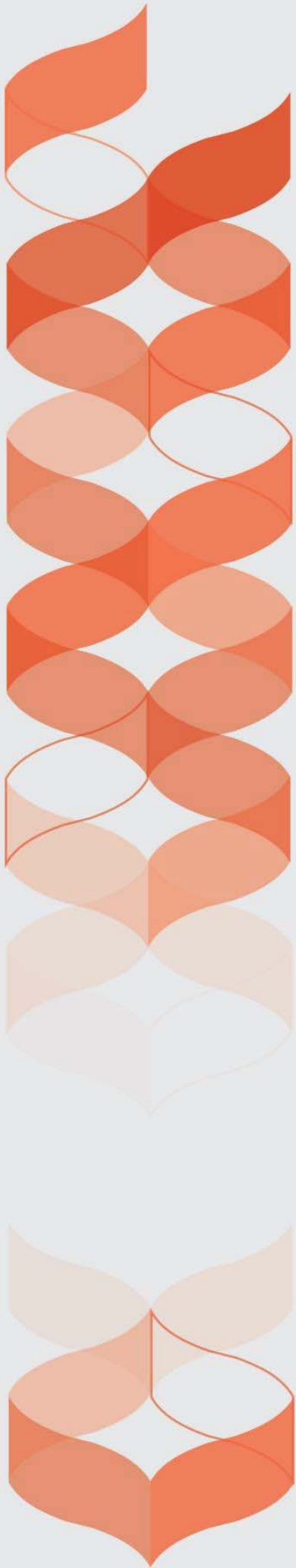
Follow-up of previous Internal Audit Service recommendations

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 the control systems in the audited departments are improving.

- Over the 2016-2020 period, 72% (i.e. 725 out of a total of 1 010) of the accepted recommendations made by the Internal Audit Service to the Commission departments were assessed by the auditees as implemented, while 28% (285 recommendations classified as critical, very important or important) 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 2021. Out of these 285 recommendations in progress, five are classified as critical and 83 are rated as very important. Out of these 88 recommendations, only six (very important) were long overdue (i.e. still open more than 6 months after the original implementation date), representing 0.6% of the total number of accepted critical and very important 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 95% of the recommendations followed up in 2016-2020 had been adequately and effectively implemented by the auditees.



Annex 9 – Summary of the work and conclusions of the Audit Progress Committee



Annex 9: Summary of the work and conclusions of the Audit Progress Committee

The Audit Progress Committee held four ⁽⁴⁵⁾ rounds of meetings during this first full year of its present (2019–2024) mandate. Due to the outbreak of the COVID-19 pandemic in the first quarter of 2020, videoconferencing was introduced in March for all preparatory group and committee meetings. This approach was continued throughout the reporting period to ensure continuity of work in these challenging circumstances.

The Audit Progress Committee focused its work on the key objectives set out in its 2020 and 2021 work programmes. During this reporting period, the committee also considered a number of emerging issues.



The Commission's presidential and central services kept the committee informed about the common response of the first, second and third lines of the Commission ⁽⁴⁶⁾ concerning the risks related to the measures addressing the COVID-19 pandemic. The committee welcomed the reassurance provided by these services that every effort was being made to pursue a coherent response towards COVID-19 related risks, in particular those with a potential impact on performance, control, audit and assurance aspects of the implementation of the EU budget. Throughout the reporting period, the committee continued to monitor the COVID-19 situation in connection with its areas of responsibility, for example when considering the mid-year update of the 2020 internal audit plan.

Following the concerns raised by the committee ⁽⁴⁷⁾ in the previous reporting period about potential risks to the Commission's objectives and reputation originating in the **EU's decentralised agencies and autonomous bodies**, the committee considered its role in relation to the work of the Internal Audit Service in this field. Although **these agencies and bodies remain outside the remit of the committee**, it continued to pay attention to this area, for example in the context of the reorganisation of the Internal Audit Service and when considering the draft strategic audit plan for 2021–2023.

The majority of the committee's work between May 2020 and May 2021 related to the four main objectives of its annual work programme: (1) considering the audit planning of the internal auditor; (2) analysing the results of internal and external audit work to identify potentially significant risks, including in a thematic manner; (3) monitoring the follow-up to significant residual risks identified by audit work; and (4) ensuring the independence of the internal auditor and monitoring the quality of internal audit work.

The Audit Progress Committee is satisfied about the independence and quality of the internal audit work and that the internal auditor's planning adequately covers the audit universe and continues to cover the key risk areas. When considering the Internal Audit Service's new strategic audit plan for 2021–2023, the committee took note of the significant shift in the risk landscape as compared to previous years. It welcomed the continued convergence between the critical risks identified by management and the high risks identified by the Internal Audit Service, which illustrates the robustness of the institution's approach.

The committee took note of the draft annual report of the internal auditor and welcomed his overall opinion for 2020, which is positive and qualified only with regard to the management reservations set out in the annual activity reports. It also 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,

⁽⁴⁵⁾ 99th, 100th, 101st and 102nd rounds of the Audit Progress Committee.

⁽⁴⁶⁾ The three lines model is a tool of the Institute of Internal Auditors and represents the 2020 update of the three lines of defence model. It distinguishes among three lines in the organisation involved in effective risk management.

⁽⁴⁷⁾ Notably during the 98th round of the Audit Progress Committee.

are the subject of management reservations. For the sixth year in a row, the internal auditor raises an emphasis of matter relating to supervision strategies regarding budget implementation by third parties. The committee reiterated the need for relevant directorates-general and services to continue, as a matter of priority, the efforts to mitigate the highlighted risks through adequate actions. It also took note of the emphasis of matter raised by the internal auditor for the second year in a row about the implementation of the EU budget in the context of the current crisis related to the COVID-19 pandemic. It underlined the need for the Commission's directorates-general and services to effectively assess and mitigate the related risks in order to protect the EU budget over time, and to design and implement appropriate financial management, audit and control strategies for operations to support the recovery under the Next Generation EU, and in particular the Recovery and Resilience Facility.

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 15 final audit reports from the Internal Audit Service in the presence of the auditees and held **two thematic discussions on control strategies and data protection**.

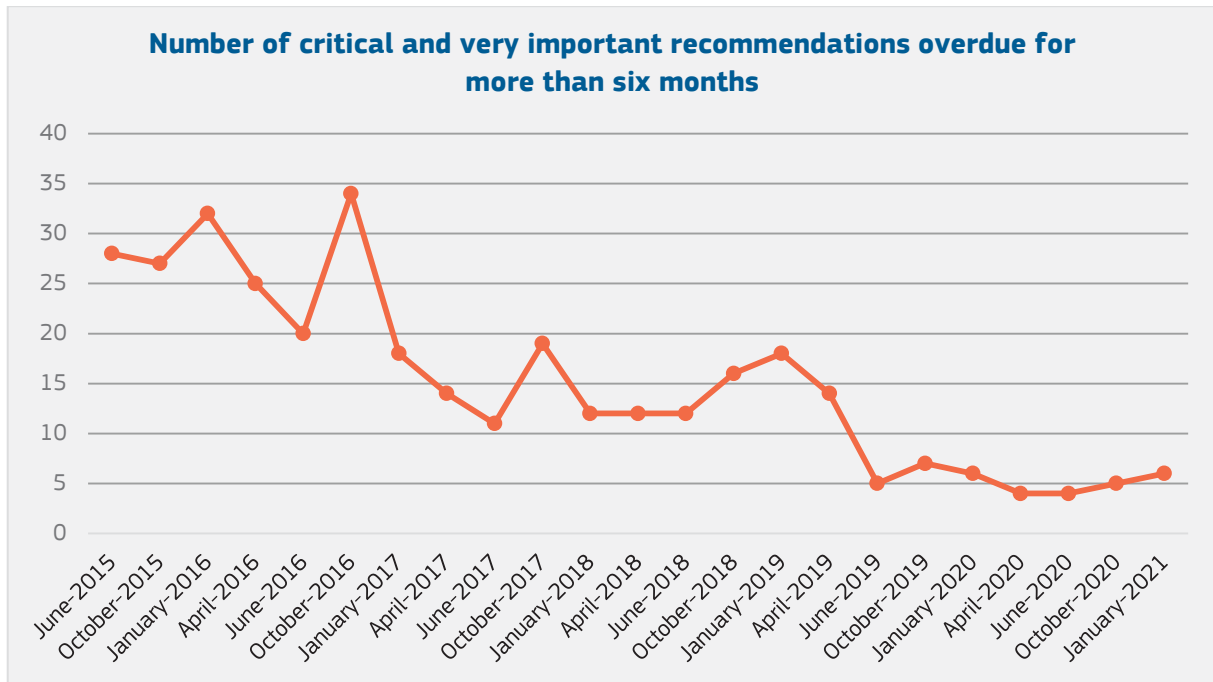
During this reporting period, **the Internal Audit Service raised three critical** ⁽⁴⁸⁾ **audit findings**. One concerned the transfer of personal data to non-European Union / European Economic Area countries. The committee engaged with the audited service and auditees of a second, corporate-level audit on data protection during a thematic discussion of the topic. It expressed concern about the high and cross-cutting risks in the area of data protection, and welcomed the immediate action taken by the audited services to mitigate the risks. The internal auditor had decided to downgrade the critical recommendation to 'very important' as a result. The committee urged the audited services to fully implement their action plans within the agreed deadlines, and where possible sooner. In view of the Commission's ambition to lead by example in the field of personal data protection, the committee is continuing to monitor the progress.

The Internal Audit Service raised two critical audit findings in its report concerning the pillar assessment process in services operating in the field of external action. The committee discussed the audit report in the presence of the audited services. In its conclusions, the committee expressed concern about the critical weaknesses and the associated very high risks. It welcomed the fact that the audited services had accepted the recommendations and established satisfactory action plans. The committee further welcomed the reassurance provided by the audited services that immediate action was taken after the audit and that the action plans were on track to be implemented fully and on time. It also took note of the reassurances provided by the audited and central services that the relevant audit findings were appropriately disclosed in the relevant annual activity reports. It nevertheless urged the responsible services to continue their efforts to strengthen the pillar assessment process at corporate and operational level. In view of the risks and the emphasis of matter raised by the internal auditor in his overall opinion for 2020 regarding supervision strategies for third parties implementing EU policies and programmes, the committee continues to monitor the implementation of the recommendations.

The Audit Progress Committee noted that all of the audit recommendations issued by the internal auditor in 2020 were accepted by management and satisfactory action plans were being implemented to address the risks identified.

The effective implementation rate of the internal auditor's recommendations remained very high, at 95% for recommendations issued and followed up between 2016 and 2020. 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.

⁽⁴⁸⁾ Critical recommendations from the Internal Audit Service relate to the highest level of risk for the institution and are relatively rare. When they occur, they are discussed by the Audit Progress Committee in the presence of the audited service(s) and the Internal Audit Service.

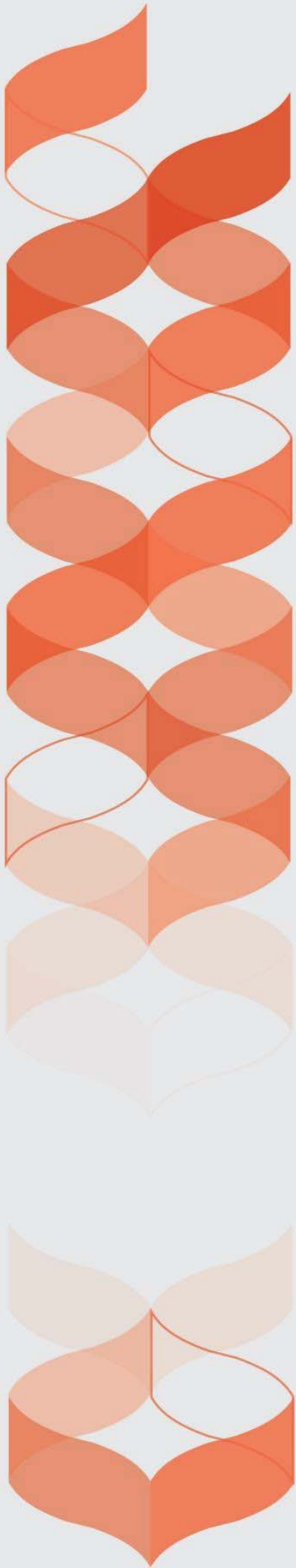


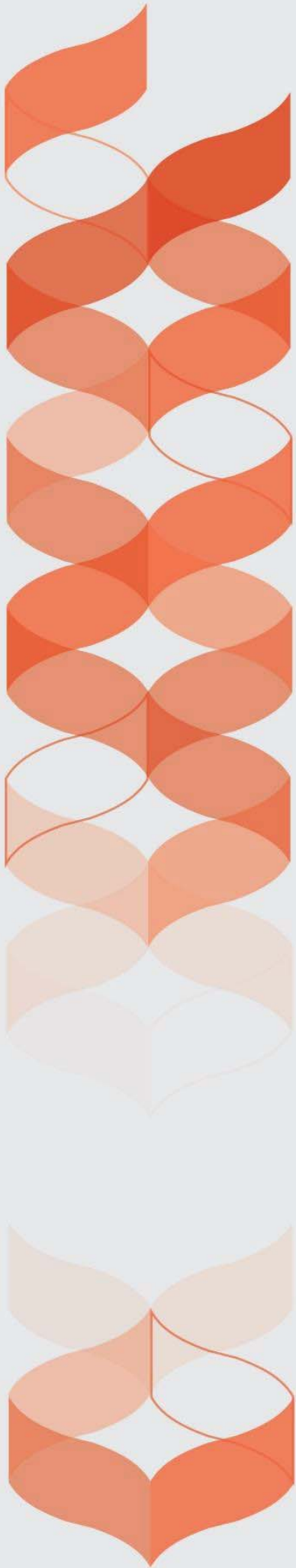
Number of critical and very important recommendations overdue for more than six months.

Source: European Commission.

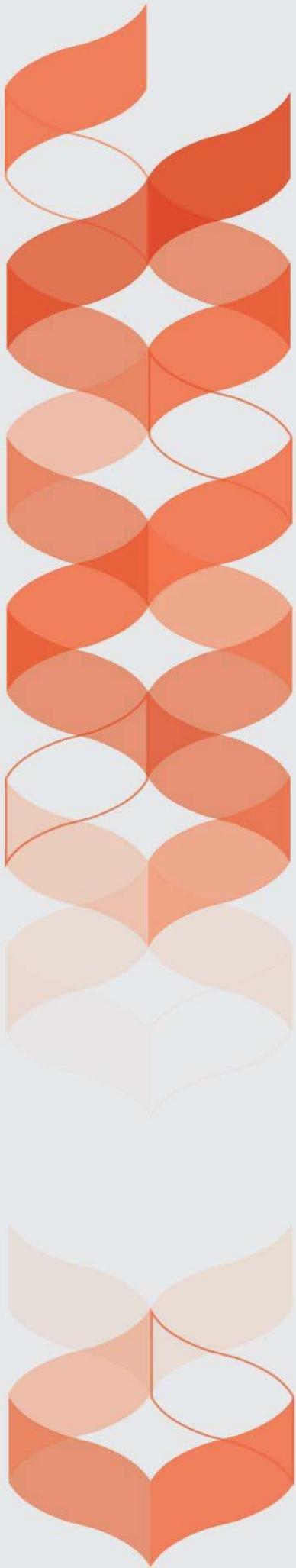
During the reporting period, the Audit Progress Committee also continued to scrutinise the state of play of implementation of the European Court of Auditors' recommendations, which remained stable and satisfactory, along with the Commission's follow-up to the Court's unqualified opinion on the reliability of the consolidated EU accounts.

Despite the challenge of the COVID-19 pandemic, the work done during this first full reporting year of the committee's present mandate demonstrates that it remains an effective actor in the Commission's governance structures, and that it continues to play an important role in enhancing governance, organisational performance and accountability across the entire organisation.





Annex 10 – Compliance with payment time limits



Annex 10: Compliance with payment time limits

The **statutory time limits** for payments are laid down in the main body of the financial regulation. There are also some time limits that are applied exceptionally, as detailed in sector-specific regulations.

Article 116 of the financial regulation provides that payments to creditors must be made within deadlines of 30, 60 or 90 days, depending on how demanding and complicated it is to test the deliverables against the contractual obligations. Most of the payments have to be executed within 30 days; these represented a global average of 88% of payments in 2017, 2018 2019 and 2020. For contracts and grant agreements for which payment depends on the approval of a report or a certificate, the time limit for 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 87 of the regulation laying down the general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund ⁽⁴⁹⁾.

Compliance with payment time limits has been reported on by the services in their annual activity reports since 2007 ⁽⁵⁰⁾. In accordance with the applicable rules, the payment times reported in this annex have been calculated as follows.

- For payments related to contracts and grant agreements signed before 2013, the time limits specified in the 2007 financial regulation relate to:
 - 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 related to contracts and grant agreements signed from 2013 onwards, the time limits specified in the 2018 financial regulation are applied:
 - the time from reception of the payment request until payment, both where no report is required and where payment is contingent upon the approval of a report.

The **Commission's global average payment time** is monitored by the accounting officer. It has evolved as follows in recent years.

	2017	2018	2019	2020
Global average net payment time	20.4 days	18.4 days	16.3 days	15.8 days
Global average gross payment time	23.3 days	21.5 days	19.1 days	19.9 days

The Commission's global average payment times, with all time limits combined, over the past 4 years.

The data show that the global average net payment time of the Commission services has been below 30 days for the past 4 years for all time limits combined and has steadily decreased since 2016. The services are encouraged to continue their efforts in this regard and to implement follow-up measures whenever problems with payment times are identified. The provision of the global average gross payment time is a new feature, following a recommendation from the European Ombudsman. It represents the average time taken to pay, including any period of suspension.

⁽⁴⁹⁾ Regulation (EC) No 1083/2006 of the European Parliament and of the Council laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion fund and repealing Regulation (EC) No 1260/1999 (OJ L 210, 31.7.2006, p. 25).

⁽⁵⁰⁾ Based on available data in the corporate accounting system as of the end of the financial year 2007.

The table below illustrates the evolution of **late payments**, i.e. payments made after the expiry of the statutory time limit, in recent years for all payments combined. The data used have been extracted from the corporate accounting system.

	2017	2018	2019	2020
Share of payments that were late	10.4%	7.6%	5.0%	3.2%
Share in value of late payments out of value of total payments	3.1%	3.3%	2.2%	0.9%
Average number of days overdue (*)	39.6 days	45.5 days	42.4 days	29.9 days

Evolution of the Commission's late payments, with all time limits combined, over the past 4 years.

(*) I.e. number of days over the statutory time limit.

The number of late payments and the amounts associated with them have decreased significantly since 2016. This is believed to be partly the result of the more stringent requirements associated with the 2018 financial regulation. Another reason relates to the sufficient availability of payment appropriations.

Concerning the **interest paid for late payments** ⁽⁵¹⁾ (see figures in the table below), **the total amount paid by the Commission in 2020 decreased compared to 2019.**

	2017	2018	2019	2020
Interest paid on late payments (EUR)	824 421	385 468	380 653	341 495

In general, payment delays and interest paid are a consequence of payment shortages. For that reason, DG Budget has summarised some possible measures that could be applied by the authorising officer to actively manage payment appropriations.

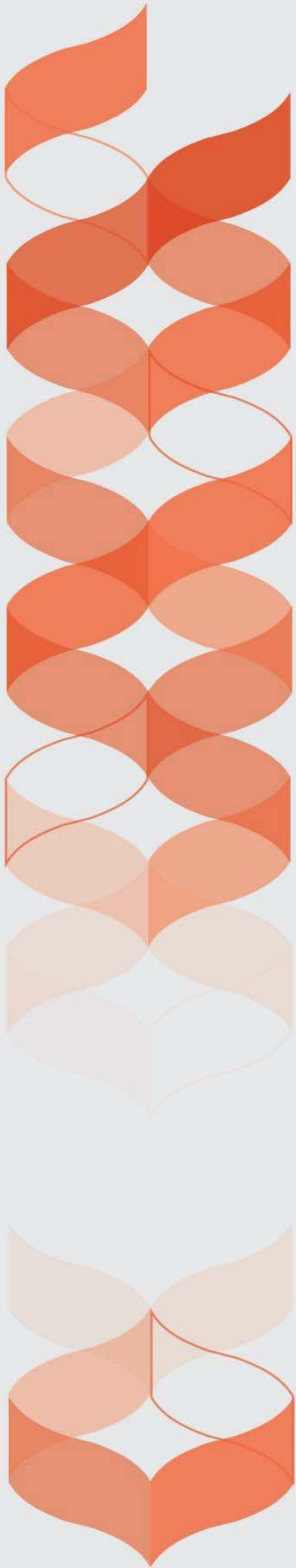
Other **causes of late payments** include the complexities of evaluating the supporting documents that are a prerequisite for all payments. This is particularly onerous when the supporting documents are reports of a technical nature that sometimes have to be assessed by external experts. Other causes are associated with difficulties in coordinating the financial and operational checks of payment requests and issues with the management of payment suspensions.

The following table gives a detailed overview of the suspensions of payment.

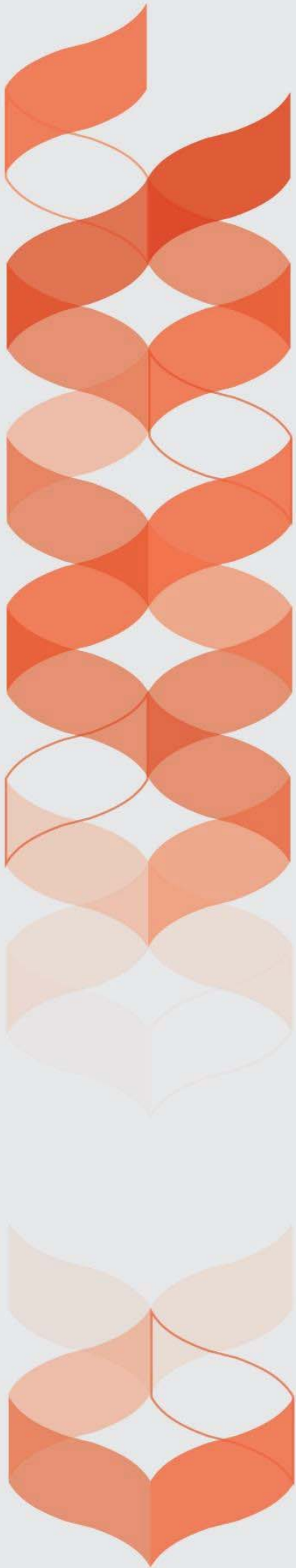
	2017	2018	2019	2020
Total number of suspensions	26 173	24 643	24 765	22 095

Suspensions are a tool that allows the authorising officer in charge to temporarily withhold the execution of a payment because the amount is not due, because of the absence of appropriate supporting documentation or because there are doubts about the eligibility of the expenditure concerned. They enable the authorising officer to avoid irregular or erroneous payments and are fundamental in ensuring sound financial management and protecting the EU's financial interests.

⁽⁵¹⁾ Payments of late interest are no longer conditional upon the presentation of a request for payment (with the exception of amounts below EUR 200).



Annex 11 – Summary of waivers of recoveries



Annex 11: Summary of waivers of recoveries

In accordance with **Article 101(5) of the financial regulation**, the Commission reports each year to the budgetary authority 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 the 2020 financial year.

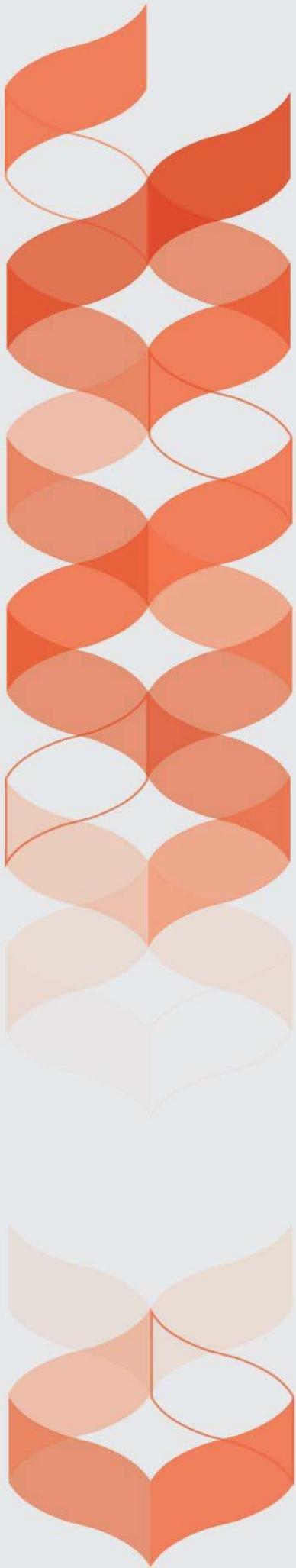
The individual annual activity reports provide more details on the individual waivers above EUR 60 000.

EU budget area	Department	Total value of waivers	Number (left) and value (right, EUR) of waivers above EUR 60 000		Number (left) and value (right, EUR) of waivers below EUR 60 000	
European Commission	DG Agriculture and Rural Development	3 008 237	3	3 008 237		
	DG Communications Networks, Content and Technology	2 611 723	14	2 366 488	15	245 234
	DG Communication	399			1	399
	DG International Partnerships (formerly DG International Cooperation and Development)	1 545 016	6	1 170 109	24	374 907
	DG Education, Youth, Sport and Culture	1 478			1	1 478
	European Education and Culture Executive Agency (formerly Education, Audiovisual and Culture Executive)	754 204	4	457 290	25	296 914
	DG Energy	162 717	1	132 166	2	30 551
	Service for Foreign Policy Instruments	322 173	1	272 746	4	49 427
	DG Internal Market, Industry, Entrepreneurship and SMEs	66 234			2	66 234
	DG Migration and Home Affairs	228 257	1	228 257		
	Intelligent Energy Executive Agency	8 031			3	8 031
	Joint Research Centre	3 943			1	3 943
	DG Justice and Consumers	272 561	1	272 561		
	DG Neighbourhood and Enlargement Negotiations	1 649 967	9	1 418 852	12	231 115
	Office for Infrastructure and Logistics in Brussels	2 525			13	2 525
	European Health and Digital Executive Agency (formerly Consumers, Health, Agriculture and Food Executive Agency)	222 973	2	222 973	1	0

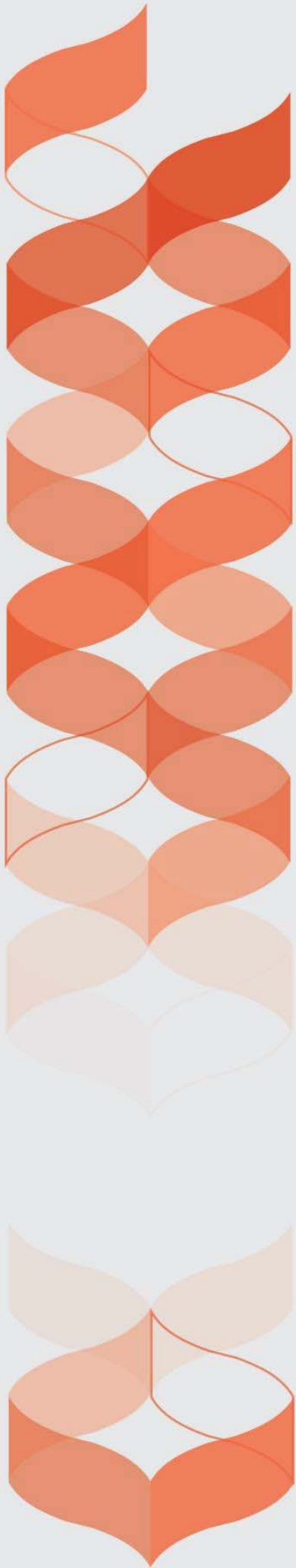
	Office for the Administration and Payment of Individual entitlements	89 550	1	66 325	2	23 225
	European Research Executive Agency (formerly Research Executive Agency)	452 786	1	384 220	6	68 566
	DG Research and Innovation	794 171	3	762 171	2	32 000
	Legal Service	640			1	640
European Commission		12 197 582	47	10 762 394	115	1 435 188

EU budget area	Department	Total value of waivers	Number (left) and value (right, EUR) of waivers above EUR 60 000	Number (left) and value (right, EUR) of waivers below EUR 60 000
European Development Fund		4 294 680	3	4 144 174

EU budget area	Department	Total value of waivers	Number (left) and value (right, EUR) of waivers above EUR 60 000	Number (left) and value (right, EUR) of waivers below EUR 60 000
Guarantee Funds		6 963 401	38	5 770 070
		23 455 664	88	20 676 638



Annex 12 – Report on negotiated procedures



Annex 12: Report on negotiated procedures

12.1. Legal basis

Article 74(10) of the financial regulation requires authorising officers by delegation to record contracts concluded under negotiated procedures. Furthermore, the 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.

12.2. Methodology

A distinction has been made between the 48 departments that normally do not provide external aid and those three departments (development, neighbourhood and foreign policy instruments) that conclude procurement contracts in the area of external relations (different legal basis: Chapter 3 of Title VII of the financial regulation) 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), as well as the possibility to have 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.

12.3. Overall results of negotiated procedures recorded

12.3.1. The 48 departments, excluding ‘external relations’

On the basis of the data received, the following statistics were registered: 96 negotiated procedures with a total value of EUR 3.15 billion were processed out of a total of 668 procurement procedures (negotiated, restricted or open) for contracts over EUR 60 000 with a total value of EUR 5.37 billion.

For the Commission, the average proportion of negotiated procedures in relation to all procedures amounts to **14.4%** in number (12.1% in 2019), which represents **58.6%** of all procedures in value (11.3% in 2019). The assessment of negotiated procedures compared with the previous year shows an increase in the order of **2.3** percentage points in terms of relative number and an increase of **47.3%** 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’, 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 2020 is **21.6%** (18.1% in 2019).

Seven departments exceeded the reference threshold and nine increased their number of negotiated procedures by more than 10% in proportion when compared to 2019. Five of the above departments exceeded the reference threshold and the number of negotiated procedures by more than 10%. It should be noted that, among these seven departments, five concluded between one and three negotiated procedures and the low total number of procedures conducted (below or equal to eight) makes their average high; consequently, their respective results are to be considered as non-significant. Four departments, although not

exceeding the reference threshold, increased their number of negotiated procedures by more than 10% in proportion when compared to the previous year.

To be noted is that 25 departments have not used any negotiated procedure, including eight that awarded no contracts over EUR 60 000 in 2020.

12.3.2. The three external relations departments

On the basis of the data received, the following statistics were registered: 77 negotiated procedures for a total value of contracts of EUR 104 million were processed out of a total of 287 procedures for contracts over EUR 20 000 with a total value of about EUR 775 million.

For the three external relations departments, the average proportion of negotiated procedures in relation to all procedures amounts to **26.8%** in number (25.8% in 2019). This represents **13.4%** of all procedures in value (13.1% in 2019). If compared with the previous year, these departments registered an increase of **1.1** percentage points in the number of negotiated procedures in relation to all procedures and an increase of **0.3** 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', 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 2020 is fixed at **40.2%** (38.6% in 2019); none of the three departments exceeds it.

None of the three departments presented an increase over 10% in the proportion of negotiated procedures compared to the previous year.

12.4. Analysis of the justifications and corrective measures

The number of negotiated procedures slightly increased in 2020 compared to 2019 (from 92 to 96), despite the decrease in the number of procurement procedures (from 763 to 668). Overall, this is a positive result.

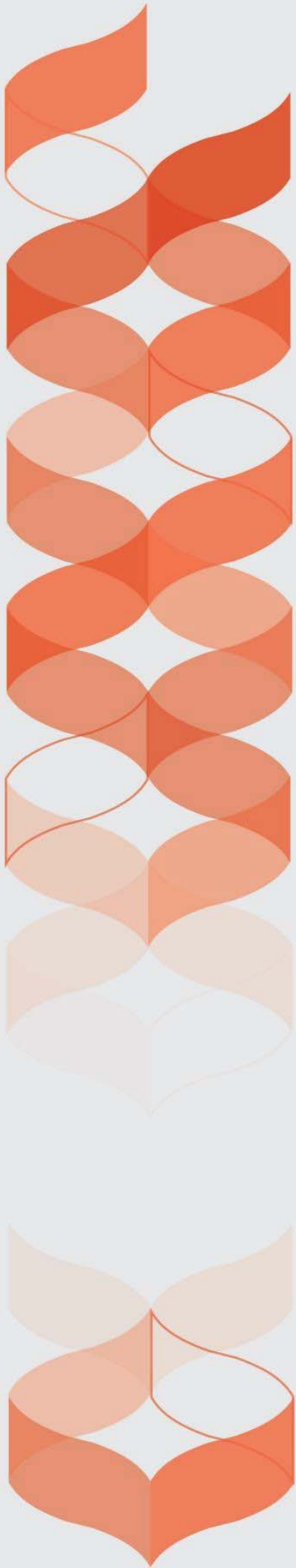
The following categories of justifications for the use of a negotiated procedure were presented by the departments exceeding the thresholds.

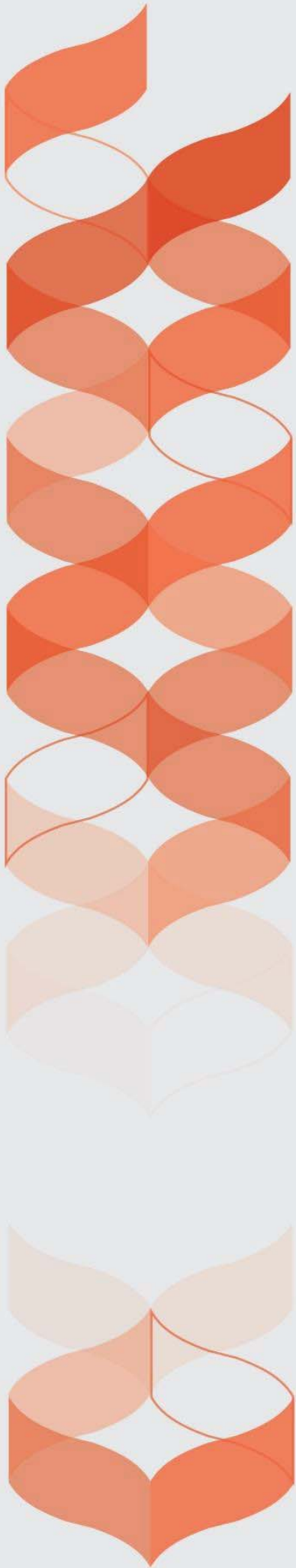
- **Crisis management.** One of the main reasons for using negotiated procedures in 2020 was the purchase of medical countermeasures and vaccines to fight the COVID-19 pandemic.
- **Similar services/works as provided for in the initial tender specifications.** One service in charge of large interinstitutional procurement procedures realises during the implementation of the contract that the needs initially foreseen do not match with the consumption trend during the execution of the contract. Therefore, the lead service must start a negotiated procedure on behalf of all institutions to increase the ceiling of the framework contract in question. One relevant example of such a justification was the production of audiovisual products, mobile applications and electronic publications based on HTML, which are services provided by the Publications Office of the European Union to the other institutions, agencies and bodies, provision of which could not be discontinued.
- **Objective situations in the economic activity sector,** where the number of operators may be very limited or in a monopoly situation (for reasons of specific technical expertise, exclusivity rights, highly specialised markets where competition is limited to very few economic operators or is even completely absent, etc.). Monopoly situations related to the 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 information technology domain (absence of competition for technical reasons and/or because of the protection of exclusive rights related to the purchase of proprietary licences or the maintenance and continuity of existing applications such as upgrades). Another example is the case of a software vendor, owner of the proprietary software, who is the sole economic operator possessing the expertise to provide related high-level services that are intrinsically linked to the related software.

- **Unsuccessful open or restricted procedures**, leading to a negotiated procedure.
- **Additional services** not included in the initial contract that become necessary due to extreme urgency brought by unforeseen circumstances.

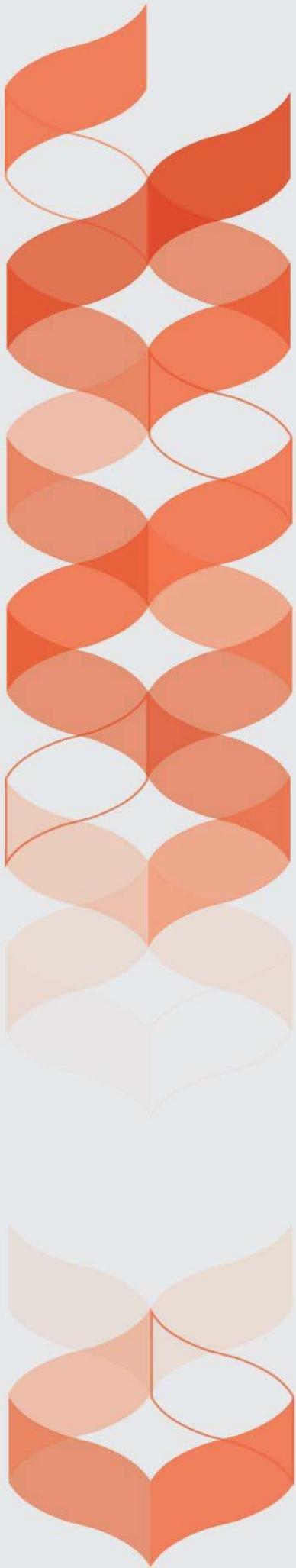
Regular available measures are proposed or implemented by the budget department and other departments concerned to redress the use of negotiated procedures when other alternatives could be available, including the following.

- An **improved programming** of procurement procedures.
- **Improvement of the system of evaluation of needs** – the Commission's central services will continue their policy of active communication and consultation 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 forums;
 - ad hoc detailed surveys prior to the initiation of (interinstitutional) procurement procedures for the evaluation of needs;
 - better estimates of the needs of interinstitutional framework contracts and better monitoring, with semester consumption reports from user services or agencies.
- **Training and improved interservice communication** – the budget department's Central Financial Service provides regular practical training sessions on procurement and community of practice sessions.
- Regular updates of **standard corporate model documents and guidance documents** on procurement.
- Building of a corporate e-procurement solution.





Annex 13 – EU trust funds



Annex 13: EU trust funds

The following European Union trust funds have been established.

- European Union Trust Fund for the Central African Republic (the Bêkou Trust Fund) – established in 2014;
- European Union Regional Trust Fund in Response to the Syrian Crisis (the Syrian Crisis Trust Fund) – established in 2014;
- European Union Emergency Trust Fund for Stability and Addressing Root Causes of Irregular Migration and Displaced Persons in Africa (the Africa Trust Fund) – established in 2015;
- European Union Trust Fund for Colombia (the Colombia Trust Fund) – established in 2016.

The EU trust funds' annual reports are drawn up by their authorising officers and approved by their boards. They set out, in accordance with Article 252 of the financial regulation, the activities supported by European Union trust funds and report on their implementation and performance, as well as on their accounts. These reports are annexed to the annual activity reports of the relevant Commission directorates-general as follows.

- DG International Partnerships
 - Bêkou Trust Fund.
 - Africa Trust Fund – Horn of Africa window.
 - Africa Trust Fund – Sahel and Lake Chad window.
 - Africa Trust Fund – North of Africa window.
 - Colombia Trust Fund.
- DG Neighbourhood and Enlargement Negotiations
 - European Union Regional Trust Fund in Response to the Syrian Crisis.

The constitutive act of the EU trust fund signed by the European Commission and donors details some important features of the trust fund, including its specific objectives, the rules for the composition and the internal rules of its board and the duration of the trust fund, which is always limited in time. EU trust funds have so far all been set up for an initial 60 months (5 years), apart from the Colombia Trust Fund set up (in December 2016) for 4 years. All current EU trust funds have a closure date at the end of 2021. However, existing projects will still continue until the end of 2023 or 2025.

During 2020, all current EU trust funds were subject to a final 1-year extension that was adopted after consultations with the European Parliament and the Council. This extension will allow the trust funds to adapt their activities in order to address the challenges brought about by COVID-19 on the ground in the countries where they operate. It will also give them the necessary time to adapt their ongoing actions to the new challenges and finalise contracting by the end of 2021.

The Bêkou Trust Fund

The priority sectors supported include basic services, notably in health, agricultural development, the restoration of national and local administrations, economic recovery and reconciliation within Central African society.

By 31 December 2020, the Bêkou Trust Fund had funded actions with a total value of EUR 293 million in commitments and contracted EUR 270 million in total. France, Germany, Italy, the Netherlands and Switzerland have provided contributions. The total amount of pledges from external donors, the European Development Fund and the EU budget totalled more than EUR 308 million.

The Syrian Crisis Trust Fund

These programmes support refugees and host communities by addressing their needs for basic education and child protection, training and higher education, better access to healthcare, improved water and wastewater infrastructure, along with projects promoting resilience, economic opportunities and social inclusion.

By 31 December 2020, the following donors had contributed to the trust fund: the EU budget, 22 Member States and Turkey. Total contributions reached more than EUR 2.3 billion. The contributions from the EU budget amounted to more than EUR 2.1 billion by the end of 2020, while the contributions received from Member States and other donors amounted to EUR 244 million, including EUR 24.7 million from Turkey. Projects are mainly focused on education, livelihoods and health, with more than EUR 2 billion contracted to the trust fund's implementing partners on the ground. The main region to benefit is the Middle East, with the largest contracted amounts going to Lebanon (43%), Jordan (24%), Turkey (22%) and Iraq (7%).

The Africa Trust Fund

This trust fund aims to foster stability and contribute to better management of migration. In line with the EU's development-led approach to forced displacement, it also helps to address the root causes of destabilisation, forced displacement and irregular migration by promoting economic and equal opportunities, security and development. The Africa Trust Fund has addressed a comprehensive group of African countries crossed by the major migration routes.

As of 31 December 2020, nearly EUR 5 billion had been made available in commitments, out of which EUR 4 950 billion, or 99%, had been committed: the split is EUR 2 047 billion (41%) for the Sahel and Lake Chad window, EUR 1 778 billion (35%) for the Horn of Africa and EUR 0.868 billion (17%) for the North of Africa region, along with EUR 0 256 billion (7%) for regional and other programmes. Contracts have been signed with implementing partners for a total amount of more than EUR 4.6 billion.

By the end of 2020, 28 EU Member States and Norway and Switzerland had contributed a total of EUR 620 million to this trust fund. Contributions through EU instruments and European Development Funds amount to EUR 4 378 billion.

The Colombia Trust Fund

This 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 a stable and lasting peace, to rebuild its social and economic fabric and to give new hope to its people.

At the end of 2020 the trust fund had EUR 94 million at its disposal from the EU budget and nearly EUR 34 million from contributions from 21 EU Member States, plus a contribution from Chile.

The Colombia Trust Fund has committed for a total amount of EUR 119 million and EUR 109 million had been contracted by 31 December 2020.

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