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Press Release

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The EU's Innovation and Networks Executive Agency delivered many of the expected benefits but should improve implementation of the delegated spending programmes, say Auditors

The Innovation and Networks Executive Agency (INEA) has delivered many of the expected benefits since its set-up in 2013, according to a new report from the European Court of Auditors. Procedures were generally well organised, but shortcomings in the selection of projects were identified. The auditors also pointed to risks to the timely implementation of the programme and weaknesses in performance reporting. Moreover, the Agency could achieve additional synergies in its programme management by aligning and harmonising procedures across the three sectors it covers.

INEA was set up in 2013 to implement programmes supporting infrastructure, research and innovation projects in the areas of transport, energy and telecommunications on behalf of the European Commission. It has been entrusted with managing projects worth a total of €33.6 billion in the current 2014-2020 period, making it the largest budget managed by an EU executive agency. The Connecting Europe Facility (CEF) accounts for over 80% of this budget.

"*The Commission should strengthen the legal framework for INEA's management of the delegated spending programmes"*, **said Oskar Herics, the Member of the European Court of Auditors responsible for the report**. "*This is essential to ensure a more transparent use of EU funds and to contribute fully to the overarching goal of advancing the trans-European networks*."

Overall, the auditors found that INEA had performed the delegated tasks defined in its mandate and delivered many of the benefits expected when it was first set up in 2013. However, INEA has not yet taken full advantage of having closely related policy domains under a single umbrella. In particular, INEA could achieve additional synergies and efficiency by further aligning and harmonising procedures across the three sectors it covers, the auditors point out. INEA also faces other constraints arising from the legal framework, such as insufficient flexibility in staff allocation, which hinder its ability to adjust to a fluctuating workload between tasks.

The purpose of this press release is to convey the main messages of the European Court of Auditors' special report. The full report is available at eca.europa.eu.

ECA Press

12, rue Alcide De Gasperi - L-1615 Luxembourg
E: press@eca.europa.eu   @EUAuditors   eca.europa.eu

The auditors identified shortcomings in the otherwise well-organised CEF project selection procedure. These result in the inconsistent evaluation of projects, particularly in relation to the selection criteria used and the scoring of evaluations. In addition, the auditors found no systematic link between external experts' recommendations and the Commission's final list of selected projects, as well as no clear documentation of the reasons for departing from the assessment. This was, for example, the case for 14 CEF transport projects (worth about €0.7 billion) where external experts had recommended that they not be funded.

The auditors also warn of the risk that the CEF programme may not be fully implemented. Without multiannual call planning, some projects were submitted too early and therefore lacked maturity when selected. This partly explains why projects were delayed and underexecuted. Our audit showed that only around 23 % of the funds initially awarded had resulted in payments by January 2019, i.e. the fifth year of the current period. With the 2014-2020 period ending soon, there is a risk that payment delays, decommitments and reflows will build up significantly in the coming months, leaving insufficient time to reroute funds to other projects, the auditors conclude. This is all the more likely, given that INEA's corrective steps for projects that are not on track do not fully address these risks, they add.

Finally, the auditors point out weaknesses in the CEF performance framework. Currently, project monitoring is mainly output-oriented and fails to assess results, such as generated time-savings or increased traffic volumes. As a consequence, there is no clear information as to whether and how the EU co-funded projects actually contribute to the programme objectives and impact economic development.

Based on their findings, the auditors make a number of recommendations to help the European Commission and INEA:

- improve potential synergies across the three sectors covered by INEA;
- strengthen the legal framework to allow for a more flexible management of delegated programmes;
- ensure greater coherence and transparency of the project selection procedures;
- set better conditions for timely programme implementation; and
- redesign the performance framework to better monitor project results.

Notes to Editors

Set up in 2013, INEA succeeded the Trans-European Transport Network Executive Agency, which had managed the 2007-2013 TEN-T programme. INEA has been entrusted with 93 % of the total Connecting Europe Facility budget and 7 % of the Horizon 2020 budget. Altogether, the budget managed by INEA amounts to over €33 billion. The two programmes co-finance nearly 2 000 projects in INEA's portfolio. In 2014-2018, INEA organised 59 calls for proposals and the evaluation of 2 272 eligible project proposals.

Special report 19/2019 "INEA: benefits delivered but CEF shortcomings to be addressed" is available on the ECA's website (eca.europa.eu) in 23 EU languages. In 2020, the ECA also plans to issue a special report on the EU cross-border Transport Flagship Infrastructures.

The ECA presents its special reports to the European Parliament and the Council of the EU, as well as to other interested parties such as national parliaments, industry stakeholders and representatives of civil society. The vast majority of the recommendations we make in our reports are put into practice.

Press contact for this report

Vincent Bourgeais – E: vincent.bourgeais@eca.europa.eu
T: (+352) 4398 47502 / M: (+352) 691 551 502