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Special Report

INEA: benefits delivered but CEF shortcomings to be addressed

EUROPEAN COURT OF AUDITORS

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Executive summary

I The Innovation and Networks Executive Agency (INEA) was set up for the 2014-2020 programming period to implement parts of the Connecting Europe Facility (CEF) and Horizon 2020 programmes. It has a total budget of €33.6 billion for co-financing projects in the fields of transport, energy and telecommunications. We selected INEA for audit both because this is the largest budget managed by any EU executive agency, and because the legal framework is currently being revised for the 2021-2027 period.

II We assessed INEA's management of the delegated EU spending programmes. To do this, we examined whether INEA, together with the Commission, (i) has fulfilled the tasks delegated to it and achieved the expected benefits of externalising responsibilities, and (ii) follows robust procedures for managing the CEF.

INEA was our principal auditee. We focused on its activities in the 2014-2020 period, using interviews and desk reviews as our main data collection procedures.

III INEA has delivered the expected benefits with some limitations related to framework constraints.

- INEA uses standardised procedures that have simplified the implementation of the delegated spending programmes. Its overall administrative costs are currently below initial estimates, though staff costs are slightly higher. Synergies between CEF and Horizon 2020, between CEF sectors, and with other agencies, have only materialised in a limited number of actions.
- INEA has fulfilled its tasks as measured by five key performance indicators, but these are not specifically results-oriented, i.e. not targeted to measuring programme implementation or the absorption of funds.
- Particularly due to framework constraints, staff management has some limitations. Since staff numbers are linked to the delegated programmes, INEA cannot flexibly reassign its staff to the most pressing tasks.
- We found shortcomings in the coordination of Commission´s calls, which are not planned on a multiannual basis to increase the predictability for project promoters.

IV We found shortcomings in the otherwise well-organised CEF selection procedures, risks in programme implementation and weaknesses in performance reporting.

- The procedures for selecting projects are well-organised, but have to be further harmonised across the three CEF sectors. The degree of correlation between the assessment made by external experts and the Commission's final award decision differs between the sectors. In CEF Transport, the probability of being selected is independent of the scores given by the external experts for recommended projects. The reasons for departing from the assessment need to be better documented. This is a particular issue for 14 CEF-T projects (worth about €711 million in grants) which the Commission selected but the external experts had not recommended for funding for reasons of maturity, quality or impact.

- Moreover, the award criteria used to select projects need further clarification. The thorough assessment of maturity and quality in particular is key for anticipating issues that may affect the timely implementation of projects.

- There is a risk that the programme will not be fully implemented. By January 2019, in the fifth year of the period, less than one quarter of the funds awarded to projects had resulted in payments. This slow disbursement of funding is attributable to the delayed implementation and under-execution of projects.

- In addition, the current system of calls did not discourage immature project proposals. Following the Commission´s schedule for calls for proposals, INEA granted a significant share of the CEF budget early in the programming period. 85 % of the CEF-T budget was granted under the 2014 and 2015 calls, and the CEF-T budget for 2014 alone was €12 billion - or 52 % of the total delegated budget for the period. The downside of allocating so much so early was that some projects selected were not mature enough.

- With the 2014-2020 period due to end next year, there is a risk that payments, decommitments and reflows will build up significantly in the coming months. This would mean further delaying the programme's potential impact. Monitoring of project progress is important so that delays can be identified and corrective actions can be taken. However, monitoring tools – such as provisions in grant agreements and action status reports, would benefit from improvement to ensure the effective use of EU funds.

- The existing performance framework is not well suited to demonstrate how projects contribute to the overall CEF objectives. INEA mainly monitors project outputs, but this approach is insufficient to assess results. Thus there is no clear information as to whether or how EU co-funded projects have achieved the targeted results.

V Based on our findings, we recommend action which would help the Commission and INEA to:

(1) improve the potential for synergies between the CEF and H2020 programmes, and between CEF sectors;

(2) strengthen the framework for INEA's management of the delegated programmes;

(3) ensure greater harmonisation and transparency of project selection procedures;

(4) set better conditions for timely implementation of the CEF;

(5) redesign the performance framework to better monitor project results.

Introduction

Executive agencies of the European Union

01 Since 2003, the Commission has the right to set up executive agencies for a limited period of time to manage specific tasks related to EU programmes[1]. The first such agency was established in early 2004. Since then, the Commission has gradually increased the volume of funds and number of programmes outsourced to what are now six executive agencies[2].

02 Unlike with decentralised agencies and other bodies, the Commission may not entrust an executive agency with tasks requiring discretionary powers in translating political choices into action.

03 In its proposal for the 2021-2027 multiannual financial framework (MFF), the Commission emphasised the importance of executive agencies in programme implementation, as this generates cost savings and economies of scale and ensures operational proximity to beneficiaries. According to the Commission, consideration should therefore be given to further outsourcing.

The Innovation and Networks Executive Agency

04 Located in Brussels, the Innovation and Networks Executive Agency (INEA) was set up in 2013[3] for the 2014-2020 programming period[4]. It succeeded the Trans-European Transport Network Executive Agency (TEN-T EA), which had managed the 2007-2013 TEN-T programme (with around 100 staff, and a budget of €7.9 billion

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1 Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes (OJ L 11, 16.1.2003, p. 1).

2 In addition to INEA, these are the Executive Agency for Small and Medium-sized Enterprises (EASME), the Education, Audio-visual and Culture Executive Agency (EACEA), the Consumers, Health, Agriculture and Food Executive Agency (CHAFEA), the Research Executive Agency (REA) and the European Research Council Executive Agency (ERCEA).

3 Commission Implementing Decision 2013/801/EU of 23 December 2013 establishing the Innovation and Networks Executive Agency and repealing Decision 2007/60/EC as amended by Decision 2008/593/EC (OJ L 352, 24.12.2013, p. 65). Commission Decision C(2013) 9235 delegated powers to the Agency.

4 Covering January 2014 to December 2024.

distributed among nearly 700 projects). INEA's mission is to support the Commission, project promoters and stakeholders by providing expertise and programme management to infrastructure, research and innovation projects in the fields of transport, energy and telecommunications and to promote synergies between these activities[5]. INEA therefore plays a key role in the technical implementation of the Commission's sectoral policies.

05 INEA has four "parent" directorates-general (DGs) at the Commission, for which it manages parts of the delegated programmes shown in ***Table 1***.

Table 1 – Programmes delegated to INEA and respective parent DGs

Programme	Parent DGs
Connecting Europe Facility (CEF): transport, energy and telecommunications	DG MOVE (lead DG), DG ENER, DG CNECT
Horizon 2020 (H2020): transport and energy research	DG RTD, DG MOVE, DG ENER, DG CNECT
Legacy of the 2007-2013 TEN-T and Marco Polo II	DG MOVE

Source: INEA work programmes and Memorandum of Understanding between INEA and parent DGs.

06 More specifically, INEA prepares and launches calls for proposals, organises project evaluation and selection procedures, prepares and signs grant agreements, ensures the technical and financial follow-up of projects, and gives feedback to the Commission. It has annual administrative expenditure of about €27 million and had nearly 300 full-time staff for 2018.

[5] Annex to Commission Decision C (2019)1453 of 25.2.2019 approving the 2019 Work Programme of the Innovation and Networks Executive Agency, Part 2.

Table 2 – Budget delegated to INEA for the 2014-2020 period and number of projects

	Delegated budget, € million	EU contribution to projects, € million	Number of projects	Completed projects
CEF Transport	23 187	22 870	711	33
CEF Energy	4 574	2 400	121	40
CEF Telecom	388	228	394	60
CEF Synergy	-	21	7	-
Total CEF	28 149	25 519	1 233	133
H2020 Transport	2 276	1 757	296	28
H2020 Energy	3 018	2 257	312	25
Total H2020	5 294	4 014	608	53
Grand total (without WiFi4EU)	33 443	29 533	1 841	186
WiFi4EU[6]	128			
Grand total	**33 571**			

Source: Information from INEA, January 2019.

07 INEA has been entrusted with 93 % of the total CEF budget and 7 % of the H2020 budget. These total €33.6 billion, which is the largest budget managed by an EU executive agency. The two programmes co-finance nearly 2 000 projects in INEA's portfolio. In 2014-2018, across the three CEF sectors, INEA organised 59 calls for proposals and the evaluation of 2 272 eligible project proposals. Grants were awarded to 1 233 projects, amounting to total CEF support of €25.5 billion (see ***Table 2***).

Connecting Europe Facility

08 The CEF, launched in January 2014, is a flagship programme of the Europe 2020 Strategy that co-finances infrastructure investment in the transport, energy and telecommunications sectors.

[6] Part of CEF-ICT.

09 Within this programme, **CEF Transport (CEF-T)** is a key EU funding instrument used to implement European transport infrastructure policy. Its main objective is to help complete the trans-European transport network (TEN-T), which comprises roads, railway lines, inland waterways, inland and maritime ports, airports and rail-road terminals throughout the 28 Member States, and cross-border links with some third countries. The CEF aims to fund projects with EU added value which remove bottlenecks, bridge missing links and complete cross-border sections, mainly in sustainable modes of transport. The EU's aim is to complete the core network by 2030 and the wider comprehensive network by 2050.

10 **CEF Energy (CEF-E)** aims to financially support implementation of projects of common interest, i.e. key energy infrastructure projects, in particular cross-border electricity and gas interconnectors, smart grids and cross-border carbon dioxide networks, which are not commercially viable. Its broader policy objectives are to increase 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 energy supply in the EU and contributing to sustainable development and protection of the environment.

11 The aim of **CEF Telecom (CEF-ICT)** is to bring improvements for citizens, businesses, and administrations through the deployment of trans-European interoperable infrastructure in the area of telecommunications. It focuses on providing operational services which are ready to be deployed and will be sustainable over time. In terms of connectivity, CEF-ICT is intended to stimulate investment for deploying and modernising broadband networks and provide high-quality wireless connectivity in local communities.

Audit scope and approach

12 We selected INEA for audit because of the size of the budgets it is managing for the 2014-2020 programming period, and because we had never audited its performance before. We have timed our report so as to be able to contribute to the reflections on the renewed legal framework for the upcoming CEF II programme.

13 INEA was our principal auditee. Given its status as an executive agency, with no discretionary powers, this meant also auditing the processes at the European Commission which directly impact INEA's work.

14 We therefore examined whether INEA, together with the Commission:

- achieves the expected benefits of externalising responsibilities and fulfils the tasks delegated to it;
- ensures robust procedures for the management of the CEF programme.

15 For our audit of programme management, we focused on INEA's contribution to the efficient and effective implementation of the CEF, which makes up the bulk of INEA's delegated budget. We did not cover H2020 or the legacy programmes (Marco Polo II and TEN-T).

16 We held interviews with INEA, its parent DGs (MOVE, ENER, CNECT and RTD) and other stakeholders. These included the external evaluators in charge of its triennial assessment, TEN-T European coordinators, the Agency for the Cooperation of Energy Regulators (ACER) and observers of INEA's evaluation procedures. We attended meetings of INEA's Steering Committee, the INEA Advisory Group on CEF Transport, the CEF Transport Committee, and (in the context of their preparation of a consensus report) the external evaluators in the 2018 CEF-ICT call.

17 We examined INEA's regulatory framework, its responsibilities and control systems, and conducted direct testing of its performance in managing the CEF programme and projects. We also analysed the Commission's role in the final selection of projects and assessed the performance framework for monitoring results.

18 Specifically, we:

- carried out a quantitative and qualitative analysis of the overall CEF project portfolio. We examined the project selection procedures in five CEF-E calls, four

CEF-T calls and three CEF-ICT calls. We analysed the procedures for the implementation, cancellation and termination of projects.

- reviewed a sample of 22 projects in depth on the basis of the documentation available at INEA. Moreover, for eight additional projects we carried out a desk review focusing on the selection phase. Our criteria for sampling projects were the coverage of the various CEF sectors, the amount of EU support, geographical coverage, the balance between cross-border and non-cross-border projects and the completion status of projects.
- analysed INEA's mid-term review of 356 CEF-T projects[7] and its CEF-E annual reports. We examined the documentation on project implementation and changes to project completion dates and budgets; we also investigated the reasons for decommitments and project implementation delays.
- gathered corroborative evidence from various other sources, such as the triennial evaluation of INEA launched by the Commission in 2018, evaluation-related documents and reports by the Commission's Internal Audit Service.

[7] The review focused on projects with the highest EU allocation from the 2014 and 2015 multi-annual calls. This meant 56 % of all CEF-T projects, with total grants of €18 billion (80 % of the total EU contribution to CEF-T).

Observations

INEA delivered expected benefits with some limitations related to framework constraints

19 We examined INEA's organisational structure from two angles: whether the creation of the Agency has brought the expected benefits of delegating programmes and whether it has fulfilled its delegated tasks.

20 Before setting up the Agency, the Commission conducted a mandatory cost-benefit analysis (CBA) in 2013[8]. The CBA highlighted the following main benefits of delegating tasks to INEA as compared to the Commission managing the programme:

- coherence between the programme portfolio and continuous simplification of processes and procedures;
- efficiency gains of approximately €54 million due to the lower staff costs required to manage the programmes outside the Commission;
- synergies from having closely related policy domains under the umbrella of the same executive agency, with efficiency gains likely to follow.

INEA developed standardised procedures that have simplified implementation

21 INEA has developed standardised tools and procedures that have simplified programme management. For instance, the TenTec database used to monitor the CEF has well-developed modules for the electronic submission of proposals and for monitoring project implementation. INEA has developed methodological guidance for all steps of the project management cycle. INEA acts as a central contact point for beneficiaries by providing helpdesk and advisory services on the submission of proposals and reporting on implementation.

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[8] Cost-Benefit Analysis for the delegation of certain tasks regarding the implementation of Union Programmes 2014-2020 to the Executive Agencies, August 2013. Prior to the delegation of the WiFi4EU initiative, an additional CBA was carried out.

22 INEA also delivers faster grant approval procedures: in 2007-2010, the average time to grant of the predecessor TEN-T EA was 10 to 20 months, whereas INEA's average, for 2014-2017, was 7.7 to 8 months. This is confirmed by the mid-term evaluation of the 2014-2020 CEF, which concluded that INEA's management of grants has proved very efficient[9]. The triennial external evaluation of INEA also reported that its organisation and governance, its operating procedures and its practices were sound, and that most beneficiaries had noticed some simplification of procedures[10].

INEA's administrative costs are below initial estimates, though staff costs are slightly higher

23 We examined INEA's administrative costs to assess whether efficiency gains have been achieved. In 2014-2018, total administrative costs were €105 million, below the initial target of €111 million calculated for the above-mentioned efficiency gains[11]. This was mainly due to lower than estimated infrastructure and operating expenditure (€6 million less) and programme support expenditure (€5 million less). However, staff costs were €5 million (7 %) higher than planned, because the initial estimate was based on average staffing costs and took no account of salary indexing, the reclassification of staff and increased HR costs.

24 If the total administrative costs were to remain in line with or below the initial estimate over INEA's entire lifespan, the expected efficiency gains of €54 million could be achieved. It will only be possible to assess this after the closure of the programmes.

Synergies materialised only in a limited number of actions

25 One of the main expected benefits of delegating programmes to INEA was that synergies would be gained from having closely related policy domains under the

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[9] Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the mid-term evaluation of the Connecting Europe Facility (CEF), COM(2018) 66 of 14.2.2018.

[10] This conclusion was based on an online survey of applicants and beneficiaries (Study Supporting the Evaluation of the Innovation and Networks Executive Agency (INEA) 2014-2016, 5 February 2019, Centre for Strategy and Evaluation Services).

[11] The €111 million target for efficiency gains excludes the WiFi4EU initiative, which was delegated to INEA in 2018. Therefore, in 2018 INEA had to cover the administrative costs of running Wifi4EU, notably salaries, which were not initially part of the target.

umbrella of a single agency, with efficiency gains likely to follow[12]. The CEF Regulation requires the coordination of work programmes to exploit synergies between the three sectors, and the adoption of at least one multi-sectoral call for proposals[13].

26 We found that several elements limited the possibility of achieving synergies. Some of the expected synergies were not realistic due to inherent differences between the CEF and H2020 and within CEF sectors. These include differences in the policy aims, scope and legal frameworks of the programmes as well as in programme implementation rules (different types of stakeholders targeted, legal and financial rules).

27 Despite these difficulties, INEA has taken a number of measures to achieve synergies between H2020 and the CEF, especially in transport and energy. For transport, INEA has identified common thematic areas grouped in four categories. Several initiatives have been presented to the parent DGs, such as the creation of an INEA platform dedicated to H2020/CEF synergies and the introduction of innovation indicators to measure the CEF priorities. However, so far results from only a limited number of research projects have been implemented in the CEF. This is mainly because the programmes do not naturally align and because of the time required for research projects to reach technological readiness. The triennial external evaluation also noted the limited synergies between Horizon 2020 research and CEF infrastructure projects.

28 Notwithstanding INEA's efforts, there is less synergy across the CEF sectors than initially projected. The only multi-sectoral synergy call launched so far was not very successful, as just over half of its budget was committed to seven projects (see ***Table 2***). The CEF mid-term evaluation[14] also confirmed that the low number of actions covering multiple CEF sectors was mainly due to differences in the sectoral legal frameworks. This makes it difficult to achieve synergies through multi-sectoral calls. Examples of such incompatibilities include different rules in the three sectors, as

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[12] 2013 CBA.

[13] Article 17(7) of Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/2010 (OJ L 348, 20.12.2013, p. 129).

[14] COM(2018) 66 of 14.2.2018: Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the mid-term evaluation of the Connecting Europe Facility (CEF).

regards, for example, the geographical location of an action or the type of eligible assets.

29 Synergies with programmes implemented by other executive agencies and joint undertakings are also limited. The Council Regulation establishing the Shift2Rail Joint Undertaking[15] stipulates that, to achieve maximum impact in the deployment of innovative solutions, close synergies are necessary with other EU programmes, including the CEF. Despite mutual efforts to share information about portfolios and identify possible cooperation or synergies, coordination between both sides could be increased with a view to developing structured measures.

30 A challenge relates to the fact that INEA and the Executive Agency for Small and Medium-sized Enterprises (EASME) share responsibility for implementing the H2020 energy research programme. The two agencies coordinate calls for proposals, but each separately administers its part of the programme, which means administrative costs on both sides and limited potential for synergies.

INEA faces framework constraints

INEA fulfils its tasks and delivers on its KPIs, but these are not specifically results-oriented not being targeted to measure the effective implementation of the programmes

31 INEA was entrusted with implementing parts of the CEF and H2020 programmes (see ***Annex 1*** for details on the respective responsibilities of the Commission and INEA). More specifically, INEA:

- prepares and launches calls for proposals;
- organises project evaluation (including the reception of project proposals, eligibility and admissibility checks and the recruitment of external evaluators) and supports the Commission during the final selection process;
- prepares and signs grant agreements, acting as a single contact point for project promoters;
- provides technical and financial follow-up for projects, including day-to-day supervision of projects, payments and recoveries, and audits;

[15] Council Regulation (EU) No 642/2014 of 16 June 2014 establishing the Shift2Rail Joint Undertaking, recital 15 (OJ L 177, 17.6.2014, p. 9).

- gives feedback to the Commission, through project portfolio reports and other tailored reports and statistics.

32 We found that INEA fulfils its tasks as defined in its mandate (paragraph ***31***) and as measured against key performance indicators (KPIs). INEA has five KPIs, approved by the Commission, with which to measure the effectiveness of its tasks. In its annual activity reports it addresses these KPIs fully and in a structured manner. INEA has consistently performed well on all KPIs, fully achieving all targets (see ***Table 3***).

Table 3 – INEA's KPIs

Indicator	Target	Results
Rate of execution of commitment appropriations	100 %	100 %
Rate of execution of payment appropriations	100 %	100 %
Time taken to signature of grant agreement	> 98 % of grants signed on time • CEF: 9 months (276 days) • H2020: 8 months (245 days)	All targets fully achieved
Net time taken to pay	> 98 % of payments made on time • 30 days for pre-financing • 60 days for further pre-financing • 90 days for interim/final payments	All targets fully achieved
Residual multiannual error rate detected during ex-post audit	Error rate below 2 %	0.27 % - 0.75 %

NB: The "rate of execution of commitment appropriations" and the "rate of execution of payment appropriations" refer to annual budgetary commitment appropriations and annual planned payment appropriations - not to the initial estimates for the entire MFF.

Source: INEA annual work programmes and annual activity reports 2014-2018.

33 INEA's KPIs are essential for measuring its administrative management of EU support for projects. In their current guise, however, they provide limited information on the quality of programme management. For instance, INEA closely monitors its project portfolio to mitigate the risks linked to slow project implementation. The current indicators do not sufficiently relate to the rate of programme implementation or the absorption of funds (paragraph ***60***).

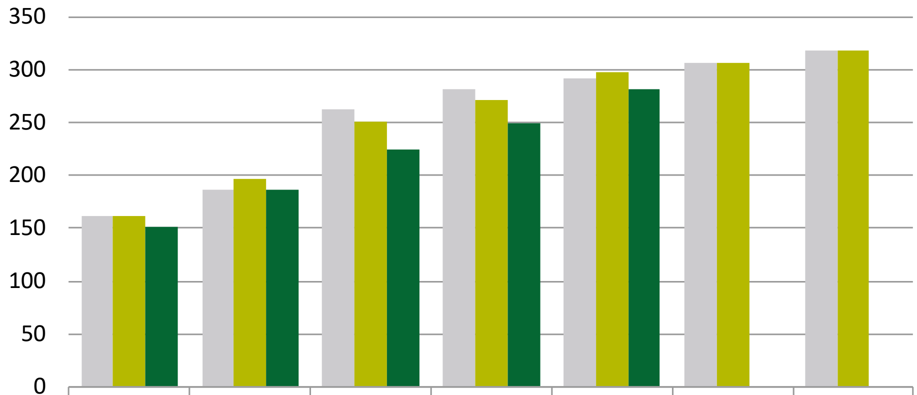
34 Other executive agencies use similar KPIs, but some also apply indicators that measure the efficiency of the management of calls and evaluations, project monitoring and feedback to the parent DGs and other clients. In a 2009 special report on executive agencies, we recommended that agencies be supervised on a results basis, with SMART objectives to be monitored through a limited number of KPIs[16].

INEA has flexibility constraints in assigning its staff to the most pressing tasks

35 INEA's staffing plan comprises up to 318 full-time equivalents (FTEs) for the period to 2020. This plan was adjusted several times between 2014 and 2018 in line with the redeployment of parts of the budget of spending programmes (see ***Figure 1***).

[16] ECA Special Report No 13/2009: "Delegating implementing tasks to executive agencies: a successful option?", paragraph 66.

Figure 1 – INEA staffing plan for 2014-2020 and actual staff



	2014	2015	2016	2017	2018	2019	2020
SFS (2013)	162	187	262	282	292	306	318
Staffing plan (2019)	162	197	251	272	298	307	318
Actual	151	186	225	249	282		

SFS (2013) Staffing plan (2019) Actual

Source: SFS[17], information provided by INEA in January-February 2019.

36 As regards staff allocation across INEA , some of the initial sector-specific workload projections were not based on a proper needs assessment, and therefore the agreed staff numbers turned out not to correspond to real needs. Also, the CEF programme portfolio has evolved considerably; for example, the CEF-ICT budget is now significantly larger than the initial estimate.

37 INEA does not have the necessary flexibility to reassign its staff across sectors to the most pressing tasks, as staff numbers are broken down by programme and, within each programme, by activity and DG[18]. This creates a constraint. In particular, under the current rules INEA cannot reassign its staff at all between the CEF and H2020. This limits INEA’s flexibility to adjust to a fluctuating workload.

38 From 2014 to 2018, INEA had difficulties in recruiting to meet its rapidly increasing need for qualified staff. At the end of 2018, it employed 282 staff out of 298 authorised FTEs (see ***Figure 1***). Its staff turnover was 11 % in 2016 and 9 % in 2018. In

[17] Specific financial statement submitted to the Committee for Executive Agencies and the Budgetary Authority in the event of delegation to an executive agency of tasks related to the management of EU programmes.

[18] In line with section 9.2.2 of the Guidelines for the establishment and operation of executive agencies financed from the Union budget (Commission Decision C(2014) 9109 final of 2.12.2014).

September 2018, INEA adopted a staff retention policy based on measures such as integration and orientation for new staff, flexitime and internal mobility.

The Commission has no coordinated mechanism for the multiannual planning of calls

39 Under the proposal for the 2021-2027 CEF Regulation, the calendar and topics of calls would be set in three-year work programmes. This multiannual planning could improve the coordination and predictability of calls[19].

40 During 2014-2020, work programmes, including the timing of calls, are established by the parent DGs and decided by the Commission after consulting the CEF Coordination Committee on a yearly rather than multiannual basis. Planning is regularly adapted to changes in the situation, such as new legislative initiatives. We found that coordination between the different DGs with regard to call planning occasionally created challenges for INEA. This situation is due to the DGs' different approaches to strategic planning in the three CEF sectors which are determined by internal requirements and timing constraints. The impact for INEA is that there are peak periods for preparatory work and concluding call evaluations. For example, the second and fourth quarters of 2018 were very busy owing to an unusually high number of calls running in parallel.

There are shortcomings in the otherwise well organised CEF selection procedures, risks in the implementation of the programme and weaknesses in performance reporting

41 This section examines the management of the CEF by the Commission and INEA throughout the project lifecycle: selection, programme implementation and performance reporting.

[19] Proposal for a Regulation of the European Parliament and of the Council establishing the Connecting Europe Facility and repealing Regulations (EU) No 1316/2013 and (EU) No 283/2014. Article 19 stipulates that the CEF is to be implemented through work programmes. According to the Commission, it must adopt the first multiannual work programmes by 31 December 2020, including a calendar of the calls for proposals, with topics and an indicative budget, for the first three years of the new CEF, as well as a projected framework covering the entire period.

Selection procedures are well-organised, but would benefit from increased coherence and transparency

The procedures for selecting projects are well-organised

42 The Commission plans calls for proposals and defines the criteria for selecting projects in line with the underlying regulations[20]. INEA contributes to this preparatory work through its experience with the evaluation and implementation of previous projects. INEA then launches the calls. In each call, project proposals are evaluated against eligibility, selection and award criteria[21]. Applications also have to meet formal admissibility requirements.

43 The evaluation of project proposals and granting of financial aid is structured in phases. There are two phases of the evaluation procedures for CEF project proposals: external and internal evaluation. The procedure is described in detail in ***Box 1***.

[20] Articles 3 and 4 of Regulation (EU) No 1316/2013; Regulation (EU) No 1315/2013; Regulation (EU) No 347/2013; Regulation (EU) No 283/2014.

[21] Articles 197-199 of the Financial Regulation. Eligibility criteria relate to the legal nature of applicants and include compliance with relevant EU legislation. Selection criteria aim to assess the applicant's ability to complete the proposed action. Award criteria are used to assess the quality of proposals.

Box 1

Evaluation procedures in the three sectors of the CEF

(1) **Admissibility and eligibility checks, including of the selection criteria (responsibility of INEA).** INEA checks the admissibility of project proposals and the eligibility and selection criteria. At least three experts must evaluate each project proposal. The expert are chosen by INEA in agreement with the parent DG. In this phase, the evaluation process is the same in all three sectors.

(2) **First phase (evaluation by external experts, organised by INEA).** In cooperation with the parent DG, INEA organises an information session to brief the external experts about the objectives of the call/work programme and the award criteria (different for each sector) they should use to evaluate the project proposals and draw up individual assessment reports. The assessments are followed by consensus meetings, moderated by INEA, at which the experts reach a final assessment for each project proposal. The pass mark is three out of five for each criterion.

In some calls, for both phases of the evaluation, INEA brought in independent observers to monitor the evaluation process, highlight problem areas, and suggest improvements.

	CEF-T	CEF-E	CEF-ICT
Award criteria used by external experts	- Relevance - Impact - Maturity - Quality	- Maturity - Cross-border dimension - Positive externalities and impact of the action on solidarity - Need to overcome financial obstacles - Soundness of the implementation plan	- Relevance - Quality and efficiency of implementation - Impact - Sustainability
Guidance on how to interpret criteria	Oral briefing including presentation material, but no detailed written guidelines	Oral briefing including presentation material, and detailed written guidelines	Oral briefing including presentation material, and written guidelines since 2018
Ranking	No	Yes	Yes

(3) **Second phase (evaluation by a committees, organised by the parent DG).**

	CEF-T	CEF-E	CEF-ICT
Procedure at the parent DG	Evaluation is in two steps: first by an internal evaluation panel and then by a selection committee (both chaired by DG MOVE). The panel reviews the results of the first evaluation phase.	The evaluation committee, internal to DG ENER, is in charge of assessing proposals against each award criteria, including those applied by the external experts during the first evaluation phase.	The evaluation process is carried out by an evaluation committee (chaired by DG CNECT) after consultation of the DGs/units relevant for the calls.
Award criteria used in the second phase	The selection committee reviews the funding proposals resulting from the work of the internal evaluation panel on the basis of the overall CEF-T funding objectives, priorities and policy issues. This review should include in particular the results of the external evaluation and an analysis of: (i) the complementarity of actions, (ii) EU added value, (iii) potential synergies, (iv) budgetary constraints, (v) the leverage effect of EU funds and the European Fund for Strategic Investments, (vi) geographical balance, (vii) balanced development of the network and (viii) risks of double funding.	The committee evaluates proposals against the following two award criteria: (i) priority and urgency of the action, whether the project will remove bottlenecks, end energy isolation and contribute to the internal energy market, and (ii) the stimulating effect of the financial assistance on the completion of the action. (The total weight of these two criteria is 30 % for works and 40 % for studies).	The internal committee does not perform an additional evaluation of the proposals. Instead, it checks on the risk of double funding, points out considerations relevant from a policy perspective that should be taken into account when the grant agreement is being prepared, and assesses the funding approach based on the external experts' evaluation.

Departure from the external experts' advice	In exceptional cases the panel, while duly justifying its decisions, may depart from the external experts' recommendations.	The total weight of the expert assessment is 70 % for works and 60 % for studies. The committee may depart from the experts' advice, duly justifying its decision. Its arguments should be clearly recorded.	The committee relies on the ranking drawn up by the external experts using the criteria defined in the calls.
Final ranking of proposals	No. The experts' opinion serves as the basis for the work of the internal evaluation panel/selection committee, which establishes the final list of selected projects.	Yes, experts' opinion serves as a basis and the evaluation committee establishes the final scores and the ranking of project proposals.	Yes, based on the ranking drawn up by the external experts.
Reserve list	Not used so far but not excluded in principle.	Not used so far but not excluded in principle.	Not in all calls.
INEA's role	The Director of INEA is a member of the selection committee.	INEA appoints an observer for the internal evaluation.	INEA appoints an observer for the internal evaluation.

44 Following the evaluation and selection process, the Commission, in consultation with the CEF coordination committee of Member States, adopts a decision including the list of selected projects. INEA is then responsible for concluding, monitoring and implementing the respective grant agreements with project promoters as beneficiaries of EU funds.

Project selection procedures need further harmonisation among CEF sectors

45 One of the objectives of making INEA responsible for all sectors of the CEF was to simplify and harmonise procedures (paragraph ***20***). We found that INEA and its parent DGs had not yet sufficiently analysed the evaluation procedures in the three CEF sectors with a view to identifying best practices and then harmonising the process and the criteria used.

46 As indicated in ***Box 1***, the evaluation of project proposals is organised differently in the three CEF sectors. These differences are apparent in the award criteria (wording and content), the weighting of the criteria (exists only in CEF-E) and the ranking of project proposals (used in CEF-E and CEF-ICT, but not in CEF-T).

Differences between the Commission's award decision and the experts' recommendation

47 As experts scrutinise project proposals in detail, and as INEA invests time and resources in the selection of experts and the organisation of evaluations, the assessment by the external experts should contribute to the Commission's award decision[22]. Even though the final award decision rests with the Commission, departures from the external assessment should be justified and well-documented, in line with the Commission's guidelines for CEF-E grant administration or the text of the CEF-T calls. This is important for the transparent use of EU funds.

For CEF-T, the link between the external assessment and the award decision needs to be better documented

48 We found that the relevance given in the Commission's final award decision to the external experts' recommendation including a weighting factor, differs between CEF sectors. For instance, in CEF-T, higher external evaluation scores did not systematically lead to the final selection of recommended projects. Some projects with a higher score in the external evaluation were not taken on board, whilst others with a lower score were selected. 68 % of all project proposals recommended by external experts were ultimately co-financed. Consideration of a policy nature played an important role in the final selection process, as per the provisions of the work programme and the call text.

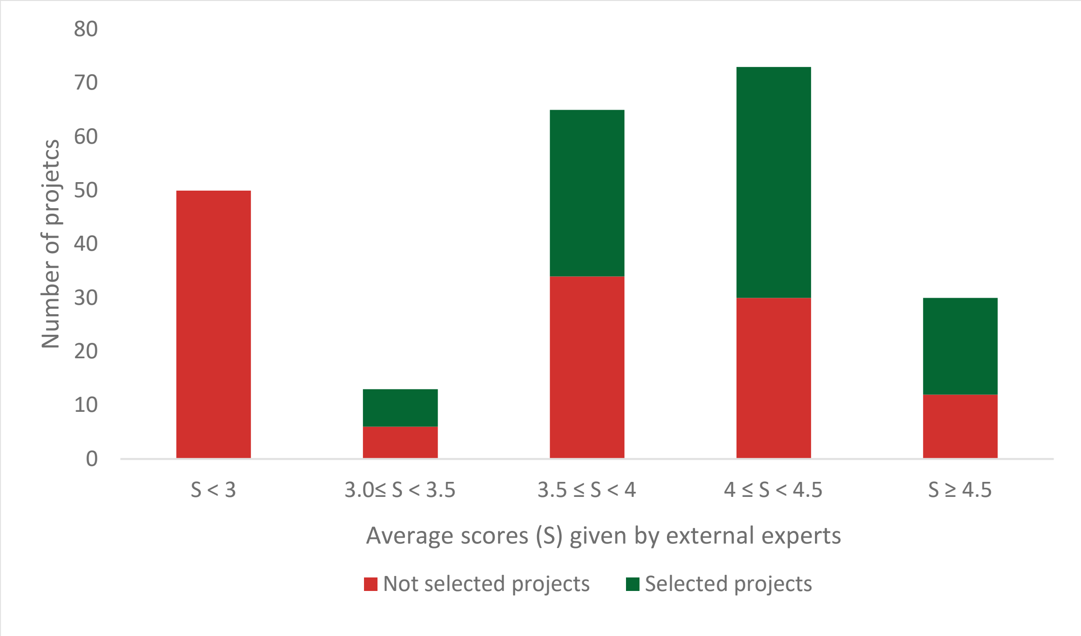
49 The impact of the external evaluation on the final selection of projects differs from one sector to another due to differences in the final selection procedure. In CEF-T, scores are mainly used to classify projects either above or below a pre-determined threshold, with no ranking. This results in a system where the probability of being selected is independent of the scores given by external experts for recommended projects. This is illustrated below, taking two calls as examples (one each for CEF-T and CEF-E). ***Figure 2*** shows that, for the CEF-T call, once a project proposal had achieved the minimum score of 3 points, the probability of its being selected was virtually independent of the average score given by the external experts. We found no

[22] At the time of the audit, INEA told us that 380 external experts had been involved in the evaluation of CEF project proposals, on which they had spent an estimated 5 050 days.

systematic link between the scores of project proposals recommended by external experts and the Commission's final list of selected projects.

Figure 2 – Scores given by external experts and final selection of projects in one CEF-T call (MAP 2014 F01)

Equal probability of being selected irrespective of scores given by external experts

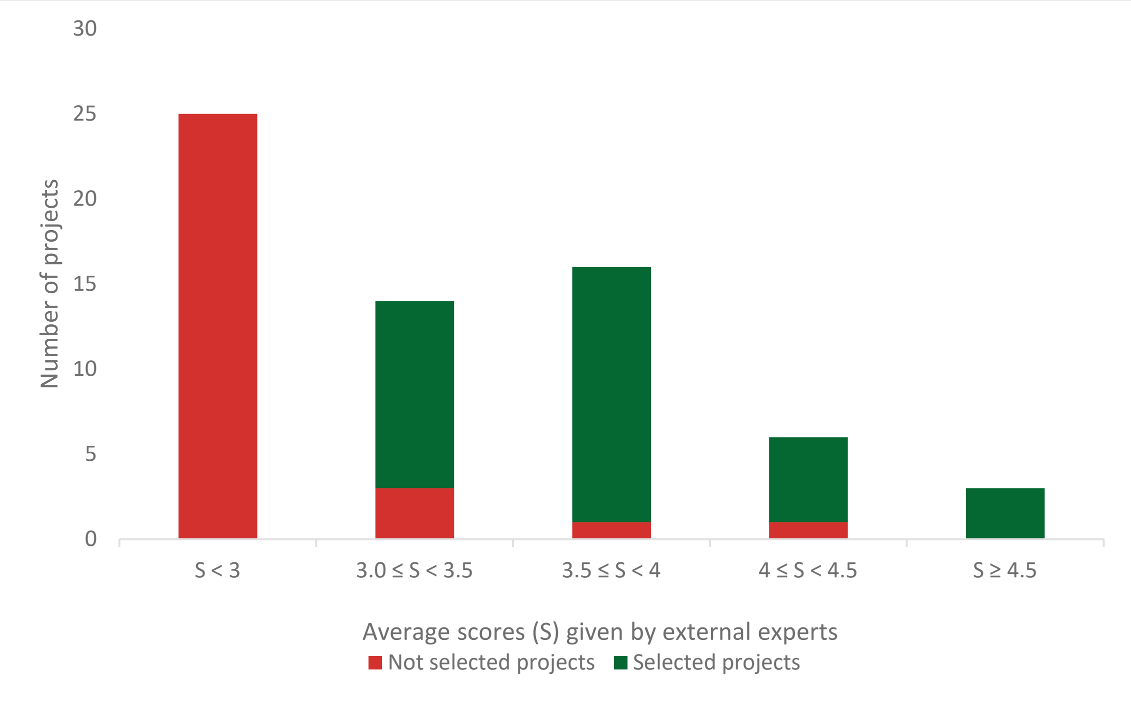


Source: ECA based on data received by INEA.

50 By contrast, in CEF-E and CEF-ICT, there is a strong correlation between the scores given by external experts and the Commission's final selection (see ***Figure 3*** for CEF-E).

Figure 3 – Expert scores and final selection of projects in one CEF-E call (2014)

Higher probability of being selected depending on higher scores given by external experts



Source: ECA based on data received by INEA.

51 Furthermore, for CEF-T, the Commission does not record very clearly to what extent the external experts' evaluation is taken into consideration for the final selection. The minutes of the selection committee do not provide details on award decisions. The procedures that the Commission applies for the final selection of CEF-T projects are therefore not properly documented.

Some projects were selected although they did not receive the minimum score in the external assessment

52 We found that, in a number of cases, projects to which the external experts had not given even the minimum score were nevertheless selected by the Commission. During the 2014-2020 period, the Commission has selected 14 CEF-T projects, worth about €711 million in EU grants, which the external experts had not recommended for funding for reasons of maturity, quality or impact[23]. Referring to the evaluation of external experts, INEA objected to the selection of six of these projects (total co-financing about €411 million). Nonetheless, the selection committee decided to select

[23] In total, 711 projects were selected for €23 billion in CEF-T grants (see ***Table 2***).

them all, citing their "EU-added value", "wider benefits for the network", the "leverage effect of EU funds", or a "political signal to another Member State", although neither these criteria nor their weight in the evaluation are sufficiently explained. An example of such a project is provided in ***Box 2***. In CEF-E, two projects not recommended for funding by the external experts were approved for grants worth a total of €41 million in EU co-financing.

Box 2

Example of a project rejected by the experts and INEA but selected by the CEF selection committee

A project proposal concerning the electrification of a railway line in one Member State was rejected by the experts because it would not have any real impact unless the authorities in a neighbouring Member State pushed ahead with the electrification of the same line across the border. INEA also objected to this project, giving the same reason.

The selection committee nevertheless chose the project, which was awarded a grant of €19 million. To date, the neighbouring Member State authorities have still not classified the project as a priority in their long-term planning for 2030, and therefore the impact of the project will remain low.

The award criteria applied need further clarity

53 Article 199 of the Financial Regulation requires the Commission to define clear award criteria for the selection of projects so that the quality of proposals can be assessed in the light of the objectives. INEA organises briefing sessions for external experts and provides briefing material to help them understand the criteria.

54 Our analysis of the scoring of individual external evaluations shows discrepancies and inconsistencies in the scoring of award criteria. This view is corroborated by the external observers, who note that, although the award criteria are generally well understood, individual experts had a different understanding of the evaluation criteria in a number of cases. These discrepancies among evaluations (see examples in ***Box 3***) were discussed and a common position was found in consensus meetings. Detailed written guidance for experts on the interpretation of award criteria is available in CEF-E and, since 2018, in CEF-T.

Box 3

Examples of issues with the interpretation of award criteria

The external observers' reports highlight issues with the clarity of criteria:

"Ensure that the detailed descriptions of the award criteria and sub-criteria are consistent throughout the evaluation: e.g. in some consensus meetings, the experts had used slightly different descriptions of the criteria that were not listed in the call preparation material." (CEF ICT, 2017 calls)

"There are always some problems with the interpretation and application of the award criteria. (…) During this phase it was important, as regularly observed, to occasionally remind evaluators what specific evaluation criteria mean in specific contexts (for instance, how to interpret maturity in the case of works, studies and for mixed projects) and that marks must be consistent with comments and remarks. In some consensus meetings it was observed that experts took different views on what was explicit in the proposal and what could be inferred from the description of the proposal." (CEF-T, annual and multi-annual work programme calls, 2014)

55 The thorough assessment of the criteria "maturity" and "quality" is key for anticipating issues that may affect the timely implementation of projects. Insufficiently realistic planning was cited by INEA as one of the main reasons why implementation lags behind schedule. The main issues identified by external experts with regard to the maturity of projects concern land acquisition, environmental impact assessments and financial or technical readiness.

56 We found that experts cannot always properly assess the maturity of projects based on the documents submitted in an application. Works can start up to 18 months after the submission of a proposal. Also, projects may include both studies and works, or works may be carried out in parallel with studies in a separate project. This means that a project may be submitted although the works component is still at an early stage of maturity. The assessment of maturity for such projects is challenging, because much relevant information will not be known until the study is completed.

There is a risk that the CEF will not be fully implemented

57 We examined the state of play regarding the implementation of the CEF budget and the action INEA has taken to ensure it is being used. To achieve concrete benefits in the transport, energy and telecommunications sectors, the budget needs to be managed soundly and spent on relevant and suitable investment projects which are then implemented on a timely basis.

There is a risk of under-execution of the CEF

58 The CEF Regulation itself estimated funding needs for transport, telecommunications and energy that were substantially higher than the €33 billion available in the 2014-2020 budget[24]. The regulation for the predecessor 2007-2013 TEN-T programme gave a similar assessment.

59 Despite these stated needs, the 2007-2013 TEN-T budget was not entirely used. The absorption rate, at closure, was 74 % of the budget, with €5.5 billion actually used out of a total of €7.4 billion[25]. Thus every fourth euro of the budget was not invested. However, the entire budget had been awarded to projects. Delayed and under-executed infrastructure projects were the main reason for the slow use of funding, which eventually adversely impacted overall programme implementation.

60 INEA monitors the progress of the implementation, but does not compare it, *mutatis mutandis*, to the implementation rate for the predecessor programme. Nevertheless, several elements indicate that the use of EU funding is still slow for the current programme. INEA had planned for the cumulative amount of budgetary commitments to be €19 billion in 2018, but the actual level stood at €14 billion, i.e. 26 % lower than expected[26]. By January 2019, five years into the programming period, less than one quarter of the CEF funds awarded to projects had resulted in payments (see ***Table 4***).

Table 4 – Implementation of the 2014-2020 CEF, € million

	Grants awarded to projects	Budgetary commitments	Payments	% payments / grants
Transport	22 870	11 868	5 416	24 %
Energy	2 400	1 836	416	17 %

[24] Recital 3 to Regulation No 1316/2013 estimated that the investment requirement for trans-European networks in the transport, telecommunications and energy sectors for the period to 2020 was €970 billion.

[25] The absorption rate for TEN-T would have been even lower if TEN-T EA had not managed to commit about one third of the budget twice, by reinjecting funds from non-performing projects into new grants through “reflow calls” worth €2.3 billion.

[26] After signing grant agreements, INEA commits funds in line with planned payments for the relevant year. Thus, budgetary commitments only reflect part of the budget granted to projects.

Telecom	228	208	100	44 %
Synergy	21	21	8	40 %
Grand total	25 519	13 933	5 940	23 %

Source: Information provided by INEA, January 2019.

61 The payment rate is particularly low for CEF-E and CEF-T at 17 % and 24 % respectively of the initial budget. This low rate is traceable to the delayed implementation of projects. By January 2019, the grant agreements for 76 projects (total EU grants of €4 billion) were modified to postpone the implementation deadline by at least one year. However, we found that these changes only reflect a small number of delays. In reality, far more projects are delayed, as demonstrated by INEA's internal analysis:

- For CEF-T, a mid-term review (MTR) took stock of the implementation of a sample of 356 projects. More than half of the projects were delayed: 156 by a year or more and 50 by less than a year. On average, the delay at completion was 10.7 months.
- For CEF-E, at the end of 2017, around two thirds of 39 ongoing projects reviewed by INEA were not fully on track: average delay 6.5 months.

Projects incurring delays often lacked maturity when submitted

62 The parent DGs plan calls for proposals, and thus decide on the distribution of the budget (paragraphs ***39*** to ***40***). For this reason, INEA granted much of the CEF budget early in the programming period, with 85 % of CEF-T awarded through the 2014 and 2015 calls. The CEF-T budget for 2014 alone was €12 billion - or 52 % of the total of €23 billion for the period.

63 Because so much of the budget was allocated to the first calls, and it was difficult for applicants to predict future calls, some projects selected were not mature enough.

64 In the absence of multiannual call planning, beneficiaries submitted applications despite the fact that the maturity of some projects could have benefitted from submission at a later stage. INEA's internal analysis revealed that the low maturity of initial proposals was a common cause of delayed projects. ***Box 4*** presents an example of an immature project. For eight of the 12 projects[27] that have so far been terminated prematurely, the reason was the immaturity of the projects.

Box 4

Example of an immature project: Construction of an energy interconnection between two Member States

Two applications relating to design and construction works for an energy interconnection between two Member States were submitted in a 2014 CEF-E call.

The experts awarded the works project only three out of five points for maturity. The project received the minimum score for financing, but the overall assessment was that it was not ready. Both projects were selected, with the works project not due to start until May 2016.

At the end of 2018, the study project was delayed by 22 months. The works project was delayed by 24 months.

Delays are monitored, but this does not ensure that effective corrective measures are taken on time

65 It is essential for INEA to monitor the technical and financial implementation of projects closely so that effective corrective measures can be taken in time. The use of funding can be accelerated by decommitting funds from underperforming projects and reinjecting them into others. If a project does not use its entire grant, the unused amounts can be made available for other projects through a new call for proposals. This is only possible if the status of projects is sufficiently closely monitored to detect weak implementation.

Grant agreements do not directly link funding to the achievement of milestones

66 INEA supervises the implementation of supported activities on the basis of grant agreements. Though the agreements contain provisions that allow INEA to terminate an action if there is insufficient progress, the deadlines for the implementation of specific milestones are not directly linked to the EU funding.

Action status reports do not always disclose project delays

67 INEA uses action status reports (ASRs) to monitor the technical and financial implementation of CEF-E and CEF-T projects. ASRs are annual progress reports

[27] This is, however, a small share of the 1 233 selected projects. The twelve projects had a total agreed initial EU contribution of €112 million.

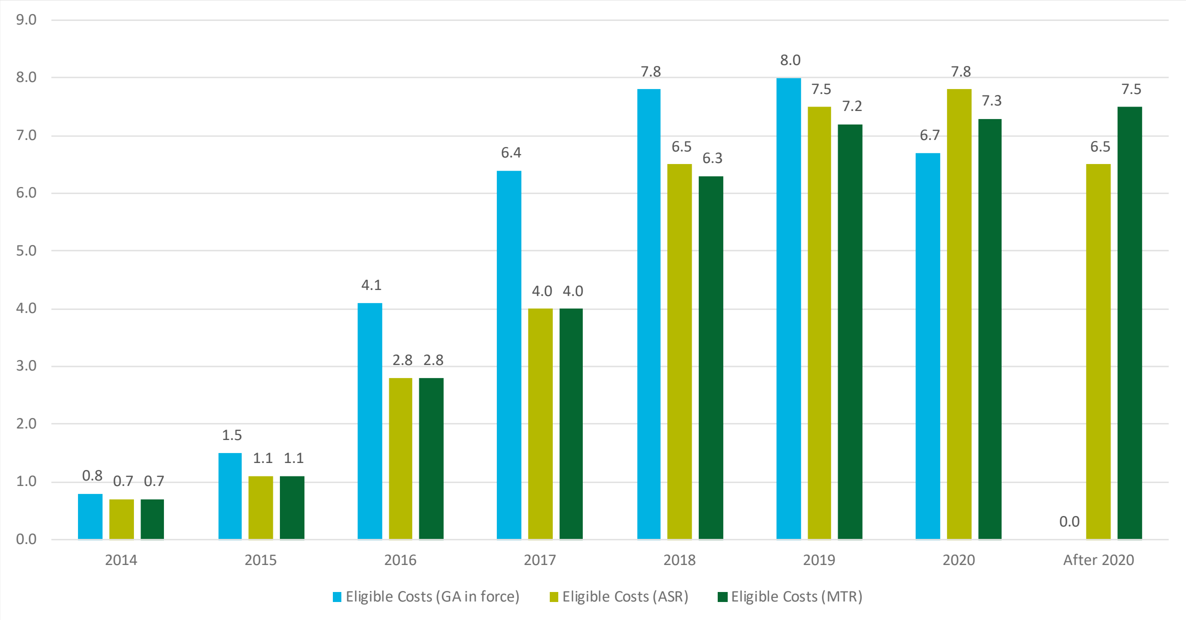
prepared by the beneficiary. They give some indication of project progress, but there is a risk that they will not always describe the full extent of delays or underspending, despite the fact that grant agreements require beneficiaries to report this. Our analysis of a sample of ASRs[28] indicated that delays with an impact on the project implementation period were not always fully reported. Instead they were identified later, during the MTR.

Only CEF-T has a mid-term review and a fixed end date for implementation

68 In 2010, aware of the challenges posed by non-performing projects for the effective use of funds, DG MOVE decided that funds not used by a project within a specified period would be withdrawn from that project and returned to the budget to be reallocated to others. In this context, DG MOVE established a final deadline of 31 December 2023 for the implementation of CEF-T, meaning that no grant agreement could be signed or extended beyond that date. This is a necessary basis for decommitments, since otherwise projects could be extended indefinitely even without progress. Furthermore, through the 2017/2018 MTR of 356 projects, INEA conducted an extensive analysis of the implementation status of the CEF-T project portfolio. With the help of external experts, it assessed project progress and proposed adaptations to technical scope, budgets and implementation conditions. By analysing the situation more realistically, it revealed more delays than the ASRs and thus allowed the spending profiles of several projects to be adjusted (see ***Figure 4***). More than half of the 139 actions due to end by April 2019 needed an extended implementation deadline or a reduction in funding.

[28] For example, in five of the 10 CEF-T works projects we reviewed the implementation period was only modified after the MTR exercise.

Figure 4 – Comparison of aggregated spending profiles of CEF-T projects, according to grant agreements, ASRs and the MTR, in billion €



NB: A spending profile is the budget allocated to a project over the years of its implementation.

Source: INEA mid-term review, 2018.

69 This led to the recovery of €46 million from these 139 projects. For the remaining 217 projects, the MTR concluded that decommitments might eventually amount to one billion euro, i.e. twenty times more than the sum recovered. There has not yet been a formal decision as to how to act upon this information. According to our interviews with INEA staff, future decommitments might be even higher.

70 In CEF-E, there are no plans to reduce grants and re-inject funds into the programme. There is no final implementation deadline and no MTR exercise. To date, implementation has been slower for energy than for transport (see ***Table 4***). As a consequence, the implementation of CEF-E could be delayed well beyond the end of the programming period.

INEA's corrective steps for projects that are not on track do not fully address the risks

71 Although INEA is able to forecast absorption rates quite accurately through its various monitoring tools, the action taken so far has not fully addressed the present risks. While INEA reports delays to the parent DGs, its mandate to take corrective action has not been spelled out in detail.

72 With the 2014-2020 period due to end next year, there is a risk that payments, decommitments and reflows will build up significantly in the coming months. This may negatively impact implementation: if decommitments are made too late in the programming period, INEA could have little time to reinject funds into other projects.

73 In our special report 17/2018 on shared management in EU Cohesion funding, we found that measures to enhance absorption towards the end of a programming period may give little consideration to results. Therefore it is important to use all existing tools to ensure the effective use of funds during the entire implementation period. We also found that, when a large amount of funding remains to be managed after the start of a successor programme, there may be a knock-on effect delaying that programme's implementation[29].

The existing performance framework is not well-suited to demonstrate how projects contribute to programme objectives

74 Mechanisms should be in place to monitor and evaluate whether and how projects contribute to achieving the CEF programme objectives. There should be clarity as to who is in charge of monitoring the results achieved.

75 The performance framework is not well suited for INEA to monitor whether and how the funded projects contribute to the programme objectives. Different legal sources lay out indicators and targets to be monitored, but they are not fully clear or consistent. The INEA delegation act does not explicitly charge INEA with developing a performance framework and reporting on project progress.

76 In 2017, INEA and the parent DGs formed a working group to examine the suitability of the indicators defined in the CEF programme statement. The working group concluded that no indicator was directly suitable for monitoring purposes: 10 indicators would be suitable with minor improvements, but 34 needed major improvements, or were completely unsuitable or outside the scope of INEA. For example, although the CEF Regulation provides a general definition of the term "bottleneck" in the field of transport, this is insufficient to measure the performance of projects in this respect[30]. This may lead to inconsistent reporting between projects of different magnitude (see ***Box 5***).

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[29] Special report 17/2018: "Commission's and Member States' actions in the last years of the 2007-2013 programmes tackled low absorption but had insufficient focus on results" (http://eca.europa.eu).

[30] The working group concluded that the "*current indicator on bottlenecks for which INEA collects data (…) needs major improvements because of its low informative value*".

Box 5

Example of inconsistent reporting on bottlenecks between projects of different magnitude

One CEF-T project granted €4.3 million plans to remove six bottlenecks by replacing bridges and culverts along a 4.2 km section of waterway.

By contrast, another complex CEF-T project to construct a cross-border tunnel, for over €500 million, will remove just one bottleneck.

77 In early 2018, INEA submitted a proposal to the parent DGs for new transport and energy indicators for CEF II. However, the process was at a standstill at the time of the audit.

78 Despite these difficulties, INEA carries out some performance monitoring, collecting information from beneficiaries for nine output indicators. To better capture actual project outputs, these indicators differ slightly from those in the CEF Regulation.

79 This monitoring, however, mostly focuses on inputs and outputs, such as the number of kilometres or supply points for alternative fuel constructed, and does not capture results, such as generated time-savings or increased traffic volumes. This is in accordance with INEA's mandate and delegation acts with its parent DGs. While grant agreements have technical annexes with descriptions of objectives, activities and milestones, they do not include KPIs for evaluating project results, which would significantly enhance performance monitoring.

80 We have already observed in several past reports that project monitoring is mainly output-oriented and fails to assess results[31]. Thus, there is no systematic information as to whether and how EU co-funded projects, taken individually and/or in the context of the core network corridors, have achieved the expected result-based objectives and impact on economic development. A more systematic evaluation of the results generated by CEF projects would allow the Commission to assess to what extent its financial support has contributed to any headway towards the objectives of

[31] Landscape review: "Towards a successful transport sector in the EU: challenges to be addressed"; special report 21/2018 "Selection and monitoring for ERDF and ESF projects in the 2014–2020 period are still mainly outputs-oriented"; special report 19/2018: "A European high-speed rail network: not a reality but an ineffective patchwork"; special report 23/2016: "Maritime transport in the EU: in troubled waters — much ineffective and unsustainable investment".

the CEF, and ultimately the overarching goal of advancing the trans-European networks (paragraphs ***08*** to ***11***).

Conclusions and recommendations

81 INEA has fulfilled the delegated tasks as defined in its mandate and delivered expected benefits, with some limitations, related to framework constraints. We found shortcomings in the otherwise well organised CEF selection procedures, risks in the implementation of the programme and weaknesses in performance reporting.

82 The expected benefits of externalising responsibilities from the Commission to INEA have been achieved, but with some limitations related to framework constraints. INEA has developed standardised procedures that have simplified the implementation of the delegated programmes. Its overall administrative expenditure is below the initial estimates (paragraphs ***20*** to ***24***).

83 INEA has taken a number of measures to prepare the ground for synergies between H2020 and the CEF, and between the CEF sectors. Despite this, few synergies have been deployed so far, owing to obstacles in the legal framework, unaligned programme objectives and different project readiness levels. INEA and EASME share responsibility for implementing the H2020 energy research programme, and since each agency separately administers its part of the programme, there are administrative costs on both sides (paragraphs ***25*** to ***30***).

Recommendation 1 – Improve the potential for synergies

(a) The Commission and INEA should, within their remit, remove obstacles to synergies, include the necessary elements in strategic documents and work programmes, and introduce relevant provisions to evaluate the achieved synergies.

(b) The Commission should assess whether to delegate the implementation of similar programmes, such as in the energy research field, to only one executive agency in the next programming period.

Timeframe: start of implementation of the 2021-2027 CEF.

84 INEA has fulfilled the tasks delegated to it and delivered on its key performance indicators. However, the existing framework creates constraints. Since staff numbers are linked to the delegated programmes, INEA does not have sufficient flexibility to reassign staff to the most pressing tasks. Also, INEA's KPIs are not specifically results-oriented: they are not specifically targeted to measuring the quality of programme management (paragraphs ***31*** to ***40***).

Recommendation 2 – Strengthen the framework for INEA's management of the delegated programmes

(a) To address short-term fluctuations in human resources needs, the Commission should define a framework, which would allow INEA to re-allocate staff more flexibly between and across programmes.

(b) The Commission and INEA should make use of more results-oriented goals and indicators.

Timeframe: from 2021.

85 Procedures for the selection of CEF projects are well-organised, but we found implementation weaknesses. They need to be better harmonised across the three CEF sectors. In CEF-T, the probability of being selected is independent of the scores given by the external experts' for recommended projects. The reasons for departing from the assessment need to be better documented. Also, differences in the application of award criteria (paragraphs ***42*** to ***56***).

Recommendation 3 – Ensure greater harmonisation and transparency of project selection procedures

With a view to enhancing project selection procedures, the Commission and INEA should:

(a) undertake a structured analysis of the procedures in the three CEF sectors to identify best practices, and potentially harmonise them;

(b) define – both for the external and the internal evaluation – in more detail the award criteria; in particular, the maturity criterion should be precisely defined and its assessment should be reinforced. Other award criteria should be more explicitly formulated and make it possible to demonstrate that selected projects will have a significant impact and EU added value;

(c) better document the link between the opinion of external experts and the final assessment by the Commission, with particular reference to the justification of divergences.

Timeframe: by the end of 2020.

86 The CEF programme risks not being fully implemented. This would mean further pushing into the future the programme's effects. Experience of the past has shown that measures to enhance absorption towards the end of a programming period risk having less consideration for results. And, a high amount of funds still to be managed after the start of a successor programme can create a knock-on effect of delays.

87 The particularly low rate of payments in CEF-E and CEF-T is linked to the delayed implementation and under-execution of projects. The underlying issue is non-performing projects, which are not able to fully use the funds granted to them. The Commission does not currently plan its calls for proposals on a multiannual basis, resulting in the submission of proposals with different maturity.

88 INEA's corrective steps for projects that are not on track do not fully address these risks. Model grant agreements do not directly link funding to the achievement of milestones. Tools for the in-depth monitoring of projects require enhancement (paragraphs ***58*** to ***73***).

Recommendation 4 – Set better conditions for timely implementation of the CEF

To streamline the multiannual planning of fund allocation and enhance the use of funds:

(a) The Commission and INEA should ensure the long-term and coherent planning of commitments and calls;

Timeframe: start of implementation of the 2021-2027 CEF.

(b) The Commission and INEA should enhance the link between funding and the achievement of project milestones;

Timeframe: start of implementation of the 2021-2027 CEF.

(c) The Commission should enhance tools for the in-depth monitoring of projects regarding the use of funding. For all CEF sectors, INEA should focus further on the timely implementation of projects in close cooperation with the parent DGs, Member States and beneficiaries. The Commission should support INEA in taking corrective steps when projects are not on track.

Timeframe: by the end of 2020.

89 The current performance framework does not sufficiently measure how projects contribute to the achievement of the CEF programme objectives. INEA monitors indicators which focus mainly on project outputs but do not allow an assessment of the programme efficiency. INEA prepared revised indicators in 2018, but the process has yet to be taken further (paragraphs ***75*** to ***80***).

Recommendation 5 – Redesign the performance framework to better monitor project results

(a) Based on experience and lessons learned from TEN-T and CEF projects, INEA and the Commission should define a performance framework that breaks down the objectives of the CEF programme into clear and measurable indicators, covering all CEF sectors, and expected project results.

(b) INEA should specify these indicators in call objectives, consider them in the evaluation of project proposals, monitor them through grant agreements and report on them on a regular basis to the Commission.

Timeframe: start of implementation of the 2021-2027 CEF.

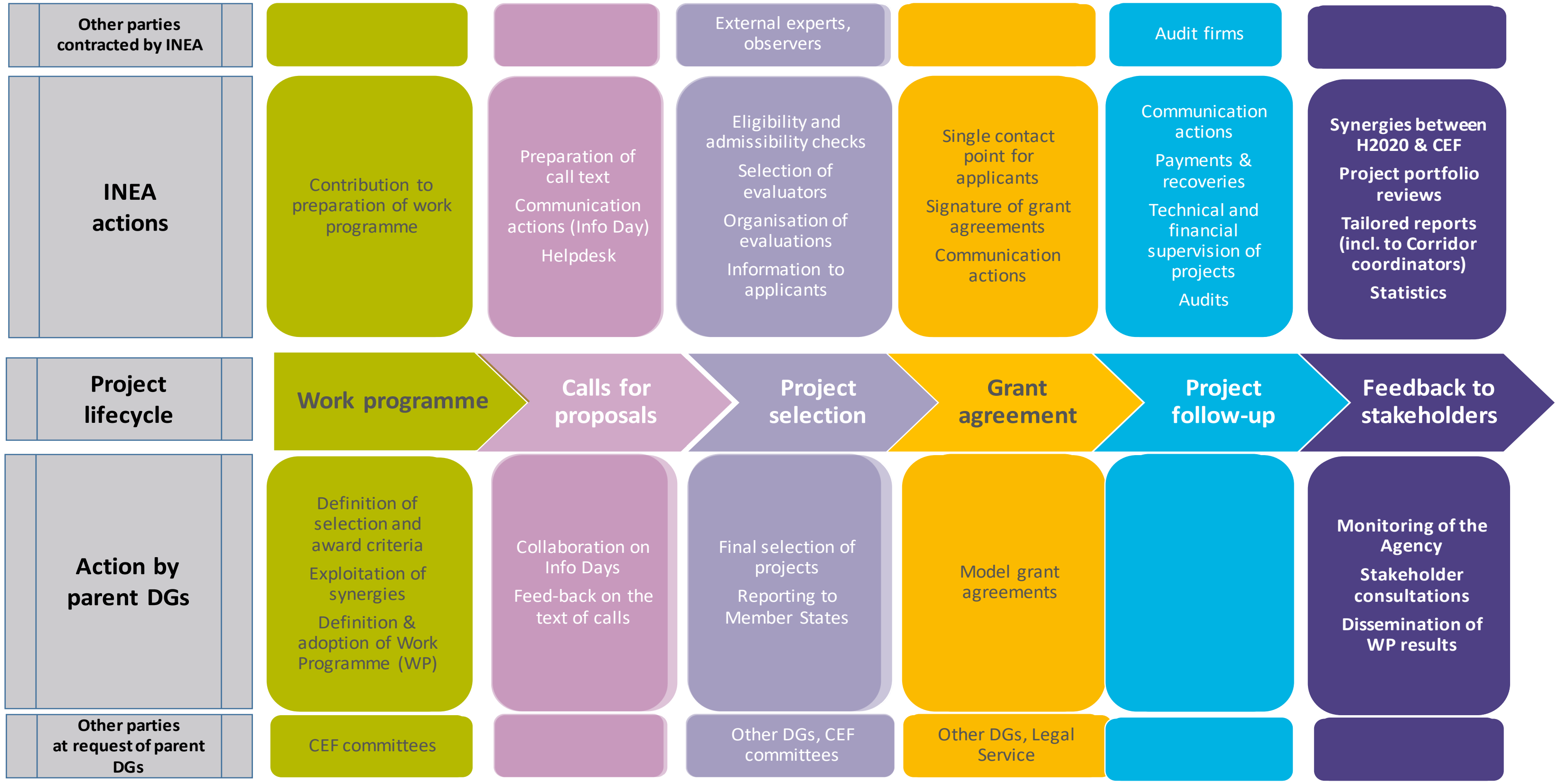
This Report was adopted by Chamber II, headed by Mrs Iliana Ivanova, Member of the Court of Auditors, in Luxembourg at its meeting of 25 September 2019.

For the Court of Auditors

Klaus-Heiner Lehne
President

Annexes

Annex I — Commission and INEA responsibilities in the area of CEF management



Source: ECA.

Glossary and abbreviations

ASR - action status report: a document used by beneficiaries to report on the technical progress of their projects compared to the initial plan and the associated use of the budget. It is the main document used by INEA to follow and review the progress of a project.

CBA: cost-benefit analysis.

CEF - Connecting Europe Facility: a facility, which, since 2014, has provided financial aid to three sectors: energy (CEF-E), transport (CEF-T), and information and communication technology (CEF-ICT). In these three sectors, CEF identifies priority investments, including electricity and gas corridors, the use of renewable energy, interconnected transport corridors and cleaner modes of transport, high-speed broadband connections, and digital networks.

CEF-E: Connecting Europe Facility – Energy.

CEF-ICT: Connecting Europe Facility – Telecommunications.

CEF-T: Connecting Europe Facility – Transport.

CHAFEA - Consumers, Health, Agriculture and Food Executive Agency: the body set up by the European Commission to manage four EU programmes on its behalf: Health Programme; Consumer Programme; Better Training for Safer Food initiative – BTSF; Promotion of Agricultural Products Programme.

DG: Directorate-General.

DG CNECT - Directorate-General for Communications Networks, Content and Technology: the Commission department responsible for developing a digital single market to generate smart, sustainable and inclusive growth in Europe.

DG ENER - Directorate-General for Energy: the Commission department responsible for the EU's energy policy: secure, sustainable, and competitively priced energy for Europe.

DG MOVE - Directorate-General for Mobility and Transport: the Commission department responsible for EU policy on mobility and transport.

DG RTD - Directorate-General for Research and Innovation: the Directorate-General for Research and Innovation is responsible for EU policy on research, science and innovation, with a view to helping create growth and jobs and tackling the most pressing societal challenges.

EACEA - Education, Audio-visual and Culture Executive Agency: body set up by the Commission to manage funding, on its behalf, for education, culture, audio-visual, sport, citizenship and volunteering.

EASME - Executive Agency for Small and Medium-sized Enterprises: body set up by the Commission to manage, on its behalf, several EU programmes in the fields of SME support and innovation, environment, climate action, energy and maritime affairs.

ERCEA - European Research Council Executive Agency: body set up by the Commission to implement the ERC strategy set by the Scientific Council, with responsibility for the day-to-day administration of grants.

FR: Financial Regulation.

FTE: full-time equivalent.

H2020 - Horizon 2020: the EU’s research and innovation programme for 2014-2020, with nearly €80 billion of funding available over seven years.

INEA - Innovation and Networks Executive Agency: the successor to the Trans-European Transport Network Executive Agency (TEN-T EA), which was created by the Commission in 2006 to manage the technical and financial implementation of the TEN-T programme. INEA, headquartered in Brussels, officially commenced its activities of implementing parts of the CEF, H2020, and legacy programmes (TEN-T and Marco Polo 2007-2013) on 1 January 2014.

KPI: key performance indicator.

MTR - mid-term review: in 2018, INEA carried out a mid-term review of ongoing actions from the 2014 and 2015 calls under its multiannual work programme, with the aim of ensuring the efficient and effective use of EU funds. Depending on their CEF contributions, the actions were subject to either a 'comprehensive' or a 'desktop' review.

PCIs - Projects of common interest: key infrastructure projects, especially cross-border projects that link the energy systems of EU countries. They benefit from faster and more efficient permit-granting procedures and improved regulatory treatment (by allocating costs according to the net benefits). They can also be supported under the CEF.

REA - Research Executive Agency: a body set up by the Commission in 2007 to implement parts of the 7th Framework Programme for Research & Innovation (FP7). In 2013 its remit expanded to include managing much of Horizon 2020.

S2R - Shift2Rail Joint Undertaking: a European rail initiative establish to seek focused research and innovation and market-driven solutions by accelerating the integration of new and advanced technologies into innovative rail product solutions.

TEN-T - Trans-European Transport Network: a set of planned road, rail, air and water infrastructure developments in implementation of the trans-European transport network policy The TEN-T networks are part of a wider system of Trans-European Networks (TENs), including a telecommunications network (eTEN) and a proposed energy network (TEN-E). The development of the TEN-T infrastructure is closely linked to the implementation and further advancement of EU transport policy.

REPLIES OF THE COMMISSION TO THE SPECIAL REPORT OF THE EUROPEAN COURT OF AUDITORS

"INEA: BENEFITS DELIVERED BUT CEF SHORTCOMINGS TO BE ADDRESSED"

EXECUTIVE SUMMARY

III. Second indent: The Commission believes that INEA's performance indicators are adequate for the measurement of the performance of INEA in accordance with the mandate that it has received from the Commission. The Commission therefore considers that INEA's performance indicators should be distinguished from the evaluation of the results of the programmes themselves.

INEA's performance indicators provide information on the yearly results in relation to the budget voted by the Budgetary Authority (i.e. absorption of funds).

Fourth indent: Over the years, the CEF DGs have increased the coordination of their calls so as to ease the work-load of INEA. Under CEF 2, the first multiannual work programme will include the timetable of the calls for proposals for the first three years of the programme, their topics and indicative budget as well as a prospective framework covering the entire programming period.

IV. First indent: The CEF DGs have already reviewed their individual evaluation and selection procedures and are preparing a common approach in view of CEF 2. This will notably transpose the evaluation elements in article 13 of the draft CEF 2 Regulation into the award criteria. Such common approach will also facilitate the migration of the CEF programme towards the eGrants IT module.

The 14 CEF-T projects mentioned by the ECA represent only 1,9% of the selected projects and 3% of total funding. As a norm, the selection of projects is aligned with the experts' recommendation to retain projects for funding.

Third indent: The Commission underlines that the implementation of EU spending programmes for infrastructure in particular carries a certain degree of risk. The Commission considers that the inherent risk that CEF programmes may not be fully implemented is being continuously managed by the Commission and INEA.

Fourth indent: The front-loading of the CEF-T budget was a clear policy approach aimed at facilitating the economic recovery, supporting very significant cross-border infrastructure projects partly already funded under the TEN-T 2007-2013 programe, optimising budget absorption, and meeting the commitment to provide for the full execution of the Cohesion envelope budget (€ 11.3 billion) until end 2016 which was the deadline for the national envelopes (article 11(2) of the CEF Regulation).

Fifth indent: Active portfolio management should ensure the effective use of EU funds and this may include, where appropriate, extensions and rescoping of projects.

V. See Commission's replies to Recommendations 1 to 5.

OBSERVATIONS

29. The Commission acknowledges that coordination between executive agencies and joint undertakings (JU) could be increased in view of further developing structured measures.

Efforts in this regard are being deployed; in relation to Shift2Rail (S2R) JU, for instance, INEA is a member of the ERTMS Policy Board, where ERTMS and related technical matters are being coordinated. As soon as results from research projects managed by the S2R JU become available for deployment and as far as eligible under CEF, more cooperation will emerge. This is the case for Air Traffic Management, where CEF implements the results of research SESAR projects supported by the SESAR JU.

Furthermore, at least one key project (selected during the 2015 CEF Transport call) was jointly supported by INEA and the Fuel Cell Hydrogen Joint Undertaking according to the respective competencies. Finally, INEA is also using expertise from regulatory agencies like ERA, EMSA and EASA during the evaluations of project proposals.

30. Horizon 2020 is the biggest programme that has been delegated to Executive Agencies in terms of amount and various strands. Not only Executive Agencies but also several DGs and Joint Undertakings are responsible for implementing parts of Horizon 2020. At the time of the delegation of Horizon 2020 Energy to INEA and EASME, synergies were rather expected between the Horizon 2020 Energy strand in INEA with CEF Energy and between the Horizon 2020 Energy strand in EASME with Horizon 2020 Envirnoment and resources, LIFE and CIP Eco-innovation.

The Commission launched in September 2018 a Cost Benefit Analysis (CBA) that is studying various scenarios regarding the breakdown of future EU programmes (or strands of programmes) to be delegated to the various Executive Agencies 2021-2027. The CBA will take into account several factors among which yielding savings, keeping agencies at a manageable size, limiting as far as possible the number of parent DGs and consistency in terms of targeted beneficiaries.

33. The Commission believes that INEA's KPIs are adequate for measuring the performance of INEA in accordance with the mandate that it has received from the Commission. INEA's performance indicators should therefore be distinguished from the indicators measuring the results of the programmes themselves, set by the co-legislators in the legal framework of the programmes.

INEA's KPIs provide information on the yearly results in relation to the budget voted by the Budgetary Authority (i.e. absorption of funds).

34. INEA's current set of key performance indicators were designed to reflect the agency's specific role but are similar to the KPIs used by the other executive agencies. However, the Commission notes that there are significant differences between the programmes managed by different executive agencies that might explain use of different indicators. The Commission will, nevertheless, assess the scope for further improvement of indicators while keeping the total number of KPIs limited.

37. The Commission is currently assessing the possibilities to introduce additional flexibility mechanisms for staff allocation between programmes within a given executive agency in order to reach increased efficiency in its management. However, the Commission is bound by the respect of the budgetary principles set out in the Financial Regulation, and in particular the specification principle; any such flexibility will therefore need to be properly framed to ensure the respect of this principle.

45. An analysis of the evaluation and selection procedures of the three CEF sectors has been carried out in the meantime and a common approach is being prepared in view of CEF 2.

48. Scoring considerations have a lesser impact because there is no ranking for CEF Transport. The experts' recommendation does not only contain scores but also a qualitative appraisal by criterion which the Commission takes into account in its selection.

The Commission considers that the main reason for proposals recommended by the experts not being funded is the mismatch between the budget available and the demand for funding, not scoring considerations.

49. <u>Common Commission reply to paragraphs 49 and 50:</u>

The Commission notes that the budget availability is a major difference between the three sectors. In transport even after the recommendations by the external experts, there is still a high over-subscription which constrains the Commission during the selection process to reject high-quality proposals. To the contrary for the other two sectors, the pressure by over-subscription is less relevant, hence the reason for an apparent correlation.

52. As already indicated in paragraph 48, the 14 cases mentioned by the ECA of CEF-T selected projects which had not been recommended by the external experts represent only 1,9% of the selected projects and 3% of total funding. The Commission considers that in all 14 cases the justification for selection is clearly outlined in the minutes of the selection committee and in the individual evaluation forms of the respective projects. The Commission nevertheless recognises that more detailed justifications could have been elaborated in this respect. This issue will be addressed in the context of the common approach for the evaluation and selection process under CEF 2.

Box 2 - Example of a project rejected by the experts and INEA but selected by the CEF selection committee

The Action is being implemented in one Member State and will bring about significant benefits there but it is true that the network impact will only fully materialise with electrification in the neighbouring Member State. There are local political efforts to advance the electrification in the neighbouring Member State. The Commission reiterates that the regular monitoring of the project by INEA shows a timely and effective implementation.

54. Next to the scoring, the Commission also places particular importance on the qualitative assessment of each criterion by the experts. The scores attempt to express a very complex situation described in the text by a single value, while the text provides more arguments and nuances.

The Commission underlines that discrepancies and inconsistencies in the scoring of award criteria may occur for reasons other than differences in the understanding of the evaluation criteria, such as those, related to the characteristics and the experience of the experts.

Guidance for experts on the interpretation of award criteria is made available, in writing or orally, to all CEF sectors.

56. While indeed challenging, the Commission considers that the assessment of project maturity is possible as the implementation of the project over time may be adapted to any issues (extensions, re-scoping, de-scoping, termination).

The specific work programmes and call texts explain what kind of proposals are expected (studies, works, mixed) and by when the projects need to start. The reality of infrastructure is highly complex with different phases running in parallel. In more and more cases, beneficiaries tender on a “design and build” basis which comprises studies and works under a single contract.

60. The Commission considers that for the transport sector, the change from priority projects to a core/comprehensive network approach makes a comparison not pertinent. Having said this, the Commission is highly committed to increasing the absorption rate of 74% stated in the previous paragraph and INEA applies a very active portfolio management in view of maximising the absorption rate of CEF.

For CEF-T, following INEA´s constant review of the project portfolio and resulting amendments to grant agreements of certain delayed projects, in application of the ‘use-it-or-lose-it’ principle, reflow calls are being prepared for 2019 and 2020. The objective is to minimise under-utilisation of the Programme’s budget.

65. The Commission considers that, besides the monitoring of delays, there are other safeguards that are designed to ensure that “*effective corrective measures are taken on time*”, such as taking appropriate action within the remit of the applicable legal and financial framework.

66. The Commission considers that the reduction of EU funding in case of delays does not always lead to the desired results in terms of implementation. Most of the delaying factors cannot be fully managed by the beneficiaries alone. In the end, it is more important that important investments in EU infrastructure take place even with some delays.

67. In particular circumstances, the action status reports may not give the most up-to-date view of the technical and financial implementation of projects. However; the Commission observes that the ASRs are not the only monitoring tool used by INEA.

The set of existing monitoring tools, which includes the MTR for transport, allows INEA to identify implementation issues even if not fully presented in the action status report, as the report rightly points out.

70. The portfolios of the three CEF sectors are quite different and therefore difficult to compare. Yet, the Commission observes that reduction of grants should not be planned ex-ante, but carried out only when necessary for individual projects. This is currently the case for all CEF sectors, despite of whether or not a fully-fledged MTR exercise has been organised.

Furthermore, it is current practice for the implementation of projects to continue well beyond the end of the programming period (i.e. end of 2020). As foreseen by the Financial Regulation, INEA will make the final commitments until the end of 2021 and then manage the phasing out of the programme.

71. The Commission considers that INEA's mandate is clearly laid down in the various governance documents and the grant agreements give INEA sufficient tools to take corrective actions while ensuring that projects continue to be implemented.

Cooperation between INEA and its parent DGs is also very effective on this subject.

72. The Commission takes the view that INEA has the right tools to manage the projects. Commitments to individual projects are possible until the end of 2021 and INEA, in close cooperation with its parent DGs, will make the best use of this period to maximise the use of EU funding.

74**.** Concerning their respective roles, INEA is responsible for budget implementation, monitoring of projects and reporting to the Commission, whereas the Commission is responsible for the monitoring of the programme as a whole, and the related reporting in the Programme Statements.

75. The Commission stresses the effort towards improved and harmonised objectives and indicators in the CEF performance framework.

It notes that the INEA delegation act includes, in its article 19(1) (a) and (b), the necessary provisions regarding the INEA's reporting.

It will assess the scope for clarifying the agency's role in this respect in the revision of the act of delegation for the 2021-2027 period. The Commission considers that a performance framework to link projects funded to the programme objectives has to be a joint effort by the parent DGs and INEA. While INEA will greatly contribute to such a scheme, the responsibilities are to be shared appropriately between the parent DGs and INEA.

Box 5 - Example of inconsistent reporting on bottlenecks between projects of different magnitude

The Commission notes that the box merely describes the outcome of the legal definition of the CEF Regulation. However, INEA is well able to report correctly about projects of different magnitude, as there are many other indicators used than the "bottleneck" indicator.

77. The Commission takes note of this observation and stresses that a working group has been re-established in March 2019 and therefore the process has resumed. The working group includes members from all parent DGs and INEA to cover all three CEF sectors.

The Commission considers that there is ample time to conclude this process before the beginning of the next programming period (i.e. for CEF 2).

79. Whereas more information could be collected about long-term results of the investments made, the Commission stresses that currently INEA is entrusted specifically with the management of financial support to selected projects, which by nature focus on outputs at the end of the project. Measuring the long-term effects of infrastructure investment is an interesting path in which the Commission is keen to engage.

80. While the measures at stake are desirable, the Commission points out that a more systematic evaluation of the results would need to be foreseen at programme level with the contribution of INEA. The Commission therefore believes that such matter is beyond the scope of the present audit which targets the performance of INEA.

CONCLUSIONS AND RECOMMENDATIONS

Recommendation 1 – Improve the potential for synergies

(a) The Commission accepts the recommendation.

The Commission highlights that the proposals related to CEF2 and Horizon Europe already pay particular attention to reaping synergies.

(b) The Commission accepts the recommendation insofar as this assessment is carried out in the framework of the ongoing Cost Benefit Analysis.

The Commission cannot prejudge the results of this analysis which will consider several scenarios. It, however, notes that other elements - such as keeping agencies at a manageable size, limiting as far as possible the number of parent DGs and consistency in terms of targeted beneficiaries - will have to be taken into account in the analysis.

84. Regarding the flexibility in staff re-assignement, the Commission is currently looking at possibilities to introduce additional flexibility mechanisms for staff allocation between programmes within an executive agency, in order to reach increased efficiency in their management. This flexibility in staff assignment will however need to be properly framed to ensure the respect of the specification principle, which is set out in the Financial Regulation.

Recommendation 2 – Strengthen the framework for INEA's management of the delegated programmes

(a) The Commission partially accepts the recommendation.

It will assess the possibilities to introduce additional flexibility mechanisms for staff allocation between programmes within a given executive agency, in order to reach increased efficiency in its management. However, the Commission is bound by the respect of the budgetary principles set out in the Financial Regulation, and in particular the specification principle. So that any such flexibility will need to be properly framed to ensure the respect of this specification principle. Furthermore, this issue should be addressed within the scope of the revision of the framework applicable to executive agencies as the Commission considers that any such flexibility mechanism should be common to all executive agencies.

(b) The Commission accepts this recommendation.

The Commission and the agency have different roles: INEA implements on behalf of the Commission, and its reporting feeds into the Commission's reporting on the performance of the programme. As such, the performance of INEA as an Agency should be distinguished from the performance framework of the programmes themselves.

Recommendation 3 – Ensure greater harmonisation and transparency of project selection procedures

(a) The Commission accepts the recommendation.

(b) The Commission accepts the recommendation.

(c) The Commission accepts the recommendation.

86. The risk related to the full implementation of a programme is inherent in all (EU) funding programmes, in particular when related to infrastructure. Infrastructure projects typically entail long development and implementation times. The risk has been identified and INEA will continue to work to mitigate and reduce it. Furthermore, the commission believes that the knock-on effect of delays can be avoided if the transition between the two programming periods is well managed. The Commission will work in view of ensuring a smooth transition.

Recommendation 4 – Set better conditions for timely implementation of the CEF

(a) The Commission accepts the recommendation.

(b) The Commission accepts the recommendation.

(c) The Commission accepts the recommendation.

89. Works have already started to better monitor project results from a policy perspective.

Recommendation 5 – Redesign the performance framework to better monitor project results

(a) The Commission accepts the recommendation.

The Commission stresses that a working group for this purpose has been re-established in March 2019 which includes members from all parent DGs and INEA to cover all three CEF sectors. The Commission aims to conclude this process before the beginning of the next programming period (i.e. for CEF 2).

(b) The Commission accepts the recommendation.

Audit team

The ECA's special reports set out the results of its audits of EU policies and programmes, or of management-related topics from specific budgetary areas. The ECA selects and designs these audit tasks to be of maximum impact by considering the risks to performance or compliance, the level of income or spending involved, forthcoming developments and political and public interest.

This performance audit was carried out by Audit Chamber II Investment for cohesion, growth and inclusion spending areas, headed by ECA Member Iliana Ivanova. The audit was led by ECA Member Oskar Herics, supported by Thomas Obermayr, Head of Private Office and Laura Gores, Private Office Attaché; Pietro Puricella, Principal Manager; Jolita Korzuniene, Head of Task; Susanna Rafalzik, Dieter Böckem, Thierry Lavigne, Nils Odins and Christian Verzé, Auditors. Thomas Everett and Cathryn Lindsay provided linguistic support.

From left to right: Thomas Everett, Susanna Rafalzik, Dieter Böckem, Jolita Korzuniene, Oskar Herics, Cathryn Lindsay, Nils Odins, Laura Gores, Christian Verzé, Pietro Puricella.

Timeline

Event	Date
Adoption of Audit Planning Memorandum (APM) / Start of audit	4.7.2018 / 3.9.2018
Official sending of draft report to Commission (or other auditee)	28.6.2019
Adoption of the final report after the adversarial procedure	25.9.2019
Commission's (or other auditee's) official replies received in all languages	31.10.2019

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INEA's mission is to support the Commission, project promoters and stakeholders by providing expertise and programme management to infrastructure, research and innovation projects in the fields of transport, energy and telecommunications and to promote synergies between these activities.

INEA has been entrusted with 93 % of the total CEF budget and 7 % of the H2020 budget. These total €33.6 billion, which is the largest budget managed by an EU executive agency.

We found that INEA has fulfilled the delegated tasks as defined in its mandate and delivered expected benefits, with some limitations, related to framework constraints. We found shortcomings in the otherwise well organised CEF selection procedures, risks in the implementation of the programme and weaknesses in performance reporting.

We make recommendations to Commission and INEA aimed at improving the potential for synergies, strengthening the framework for INEA's management of the delegated programmes, ensuring greater harmonisation and transparency of the CEF project selection procedures, setting better conditions for timely implementation of the CEF and redesigning the performance framework to better monitor CEF project results.

ECA special report pursuant to Article 287(4), second subparagraph, TFEU.

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