

2021

Report on the performance of the EU budget – Status at the end of 2021



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OF AUDITORS

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Pursuant to Article 287(1), (2) and (4) of the TFEU, Article 258 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 and Article 43 of Council Regulation (EU) 2018/1877 of 26 November 2018 on the financial regulation applicable to the 11th European Development Fund, and repealing Regulation (EU) 2015/323

**the Court of Auditors of the European Union, at its meeting
of 10 November 2022, adopted its**

Report on the performance of the EU budget – Status at the end of 2021

The report, together with the institutions' replies to the Court's observations, have been sent to the authorities responsible for giving discharge and to the other institutions.

The Members of the Court of Auditors are:

Tony MURPHY (President), Ladislav BALKO, Pietro RUSSO, Baudilio TOMÉ MUGURUZA, Iliana IVANOVA, Nikolaos MILIONIS, Klaus-Heiner LEHNE, Bettina JAKOBSEN, Jan GREGOR, Mihails KOZLOVS, Rimantas ŠADŽIUS, Juhan PARTS, Ildikó GÁLL-PELCZ, Eva LINDSTRÖM, Hannu TAKKULA, Annemie TURTELBOOM, Viorel ȘTEFAN, Ivana MALETIĆ, Francois-Roger CAZALA, Joëlle ELVINGER, Helga BERGER, Marek OPIOŁA, Jorg Kristijan PETROVIČ, Stef BLOK, George Marius HYZLER, Lefteris CHRISTOFOROU

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General introduction

0.1. This report is one of two parts of our annual report for the 2021 financial year. It covers the *performance* of the spending *programmes* under the EU budget at the end of 2021. The other part covers the reliability of the EU accounts and the *legality and regularity* of underlying *transactions*.

0.2. We split our annual report into these two parts, concluding the two-year pilot project which started with the annual report for the 2019 financial year. The main reason behind the project was to give more prominence in our annual reporting to the *results* achieved with the EU budget. In addition, splitting the annual report enabled us to take account of the *Annual Management and Performance Report (AMPR)*, which is the Commission's main high-level performance report on the EU budget. Given that the legal deadline for its adoption comes at the end of June of year n+1, we had not been able, in the past, to cover it in our annual report, which is normally published at the beginning of October. After evaluating the pilot project's results and taking into consideration the *impact* on current audits of emerging EU priorities, we decided to return to reporting on performance, along the lines previously used in chapter 3 of the annual report. We will nevertheless continue seeking ways to take account of AMPRs in our annual reporting.

0.3. The main theme of this year's report on performance is the *mainstreaming* of five horizontal policy priorities into the EU budget:

- (i) combating climate change;
- (ii) preserving biodiversity;
- (iii) gender equality;
- (iv) the *Sustainable Development Goals (SDGs)* of the United Nations; and
- (v) the digital transition.

0.4. We have already completed or are currently performing several audit tasks on these horizontal priorities. This report relies on our previous audit work where possible.

0.5. The report is divided into three chapters:

- In **chapter 1**, we examine whether the horizontal priorities have been incorporated throughout selected EU spending programmes. To answer this question, we assessed the Commission's overall approach and methodologies, and the performance information in the AMPR relating to the horizontal policy priorities. We based our assessment on a sample of 11 out of the total of 47 spending programmes established for the 2021-2027 period, representing around 90 % of the period's total budget.
- In **chapter 2**, we examine whether the Commission applied an appropriate performance framework to measure the EU budget's contribution to these horizontal priorities. To answer this question, we assessed the methodologies applied by the Commission to track expenditure under the programmes covered in **chapter 1**, as well as relevant performance information, including related indicators, reported in their *programme statements*.
- The conclusions and recommendations for both chapters are included in **chapter 2**.
- **Chapter 3** presents the results of our follow-up of audit recommendations we made in special reports published in 2018.

0.6. The **Annex** presents the results of the follow-up of our recommendations made in **chapter 3** of our 2018 annual report.

0.7. We aim to present our observations in a clear and concise way. We cannot always avoid using terms specific to the EU, its policies and budget, or to accounting and auditing. On our website, we have published a [glossary](#) with definitions and explanations of most of these specific terms. The terms defined in the glossary appear in italics when they first appear in the report.

Chapter 1

**Incorporating the Commission's
horizontal policy priorities into the EU budget**

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Introduction

1.1. The EU implements its policies through a combination of non-spending policy instruments (mainly regulations) and spending programmes (such as the regional policy and the *common agricultural policy*). Expenditure is mainly financed from the EU budget and *NextGenerationEU* (NGEU). NGEU is the EU's temporary fund to support Member States following the COVID-19 pandemic. The budget also addresses the EU's overarching or 'horizontal' political priorities.

1.2. The EU's current long-term budget, the *multiannual financial framework* (MFF), spans seven years (from 2021 to 2027) and provides for €1.2 trillion in funding.

Table 1.1 shows how this is organised into six operational headings and 47 spending programmes.

Table 1.1 – The 2021-2027 MFF

MFF headings	2021-2027 budget (billion euros)	Number of programmes
Heading 1: Single market, innovation and digital	169.6	11
Heading 2: Cohesion, resilience and values (*)	450.4	14
Heading 3: Natural resources and environment	419.0	5
Heading 4: Migration and border management	16.9	2
Heading 5: Security and defence	10.4	4
Heading 6: Neighbourhood and the world	110.9	7
<i>Special instruments</i>	14.6	4
Total	1 191.8	47

Source: ECA, based on Commission data (excluding administrative expenditure).

(*): Excluding the *Recovery and Resilience Facility* (RRF) financed under the NGEU, which the Commission includes under heading 2.

1.3. The Commission has overall responsibility for managing the EU budget. Its AMPR is a key input for the annual *discharge* procedure. The AMPR is based on *annual activity reports*, programme statements accompanying the draft budget, and other relevant information. The 2021 AMPR is a detailed document with three volumes and includes information on the EU's horizontal priorities.

1.4. An interinstitutional agreement¹ from 2020 listed climate, biodiversity, gender and the SDGs as areas to be covered in the annual report to accompany the general EU budget, to be drawn up by the Commission. The Commission pursues such horizontal policy priorities in a wide range of EU programmes and instruments. This practice, known as ‘mainstreaming’, is explained in [Box 1.1](#).

Box 1.1

What is ‘mainstreaming’?

Mainstreaming means systematically incorporating a cross-cutting issue into the design, implementation, monitoring and evaluation of policies or programmes. It is commonly used in connection with issues such as governance, poverty reduction, environmental sustainability, climate change and gender equality.

In the context of the EU budget, **mainstreaming** means incorporating a specific cross-cutting priority into the design, implementation and evaluation phases of all budgetary programmes. It may involve setting a specific target for the proportion of the programme’s budget to be spent in support of the cross-cutting priority, and monitoring progress towards achieving it.

Source: Organisation for Economic Co-operation and Development (OECD): [Mainstreaming cross-cutting issues. 7 Lessons from DAC Peer Reviews. Mainstreaming cross-cutting issues advancing gender equality and environmental sustainability](#), 2014, and [SWD\(2022\) 225 final: Commission Staff Working Document. Climate Mainstreaming Architecture in the 2021-2027 MFF](#).

1.5. The Commission aims to progressively incorporate cross-cutting policy objectives into the design and implementation of the EU budget², and to ensure that its spending programmes address these cross-cutting policy objectives alongside objectives specific to the programme itself.

¹ [Interinstitutional agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, part II, paragraph 16.](#)

² [COM\(2021\) 366 final: Communication from the Commission to the European Parliament and the Council on the performance framework for the EU budget under the 2021-2027 MFF.](#)

1.6. The EU has several horizontal policies, which are defined in the Treaty on the Functioning of the European Union (TFEU) and other relevant documents and include combating climate change and preserving biodiversity³, gender equality⁴, the UN Sustainable Development Goals⁵, and the digital transition⁶. The horizontal priorities, by their nature, can apply to different extents across spending programmes.

1.7. *Figure 1.1* contains an overview of the development of the Commission's policy documents related to these priorities.

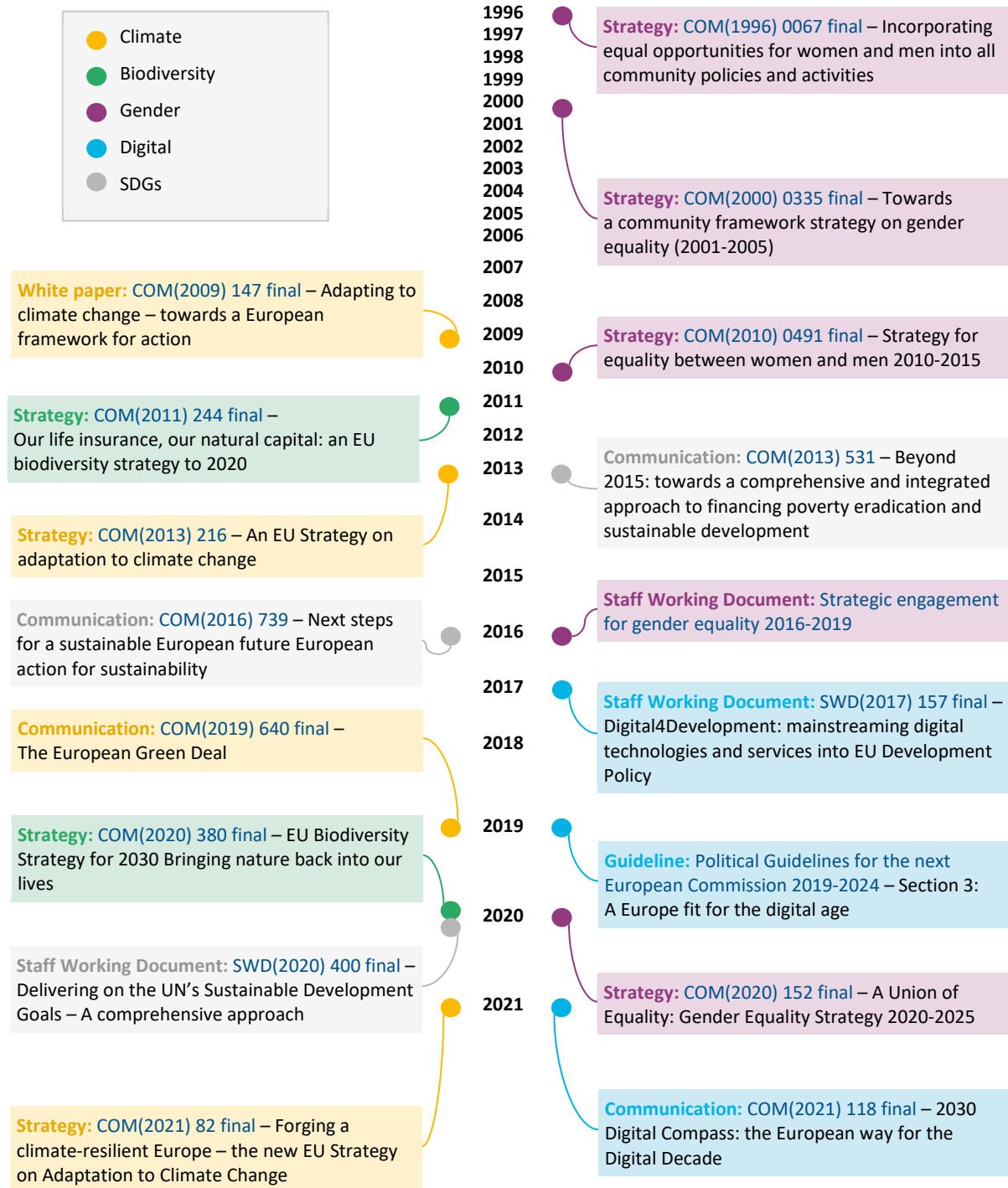
³ Articles 11 and 191 of the TFEU; Article 37 of the [Charter of Fundamental Rights of the European Union](#).

⁴ Article 8 of the TFEU.

⁵ Article 208 of the TFEU.

⁶ Article 179 of the TFEU.

Figure 1.1 – The Commission’s policy documents related to the selected priorities



Source: ECA, based on Commission data.

Scope and approach

1.8. This year is the first time that we have reported on the EU’s horizontal priorities as a whole. Our main audit question was whether the Commission incorporated horizontal policy priorities into the EU budget, tracked expenditure and reported accurately on results. In **chapter 1**, we assess:

- whether the horizontal policy priorities are incorporated throughout the selected EU spending programmes;
- whether the Commission reports accurately on mainstreaming of horizontal policy priorities in the AMPR.

1.9. We analysed the overall approach to incorporating horizontal priorities into selected spending programmes and the performance information contained in the AMPR on five overarching priorities. We selected the following horizontal priorities taking into account their relevance for the MFF 2021-2027 and new emerging priorities of the Recovery and Resilience Facility (RRF):



Combating climate change, also referred to as ‘climate’ in the rest of the text



Preserving biodiversity, also referred to as ‘biodiversity’ in the rest of the text



Gender equality, also referred to as ‘gender’ in the rest of the text







The United Nations SDGs, also referred to as ‘SDGs’ in the rest of the text



The digital transition, also referred to as ‘digital’ in the rest of the text

1.10. We examined how these priorities had been incorporated into a selection of 11 spending programmes, together representing 90 % of payments made up to the end of 2021 under four operational headings of the 2021-2027 MFF (see [Table 1.2](#)). We did not assess the incorporation of horizontal priorities into the RRF under NGEU. However, we noted that, in addition to the target for the contribution to climate, the RRF introduced the digital as a new priority with a specific target.

Table 1.2 – Selected EU spending programmes

MFF heading	Programme	
	Name / acronym used in this report	Full name
1 'Single market, innovation and digital' 	CEF DIGITAL	<i>Connecting Europe Facility Digital</i>
	DIGITAL EU	Digital Europe Programme
	HORIZON EUROPE	<i>Horizon Europe – the Framework Programme for Research and Innovation</i>
2 'Cohesion, resilience and values' 	ESF+	<i>European Social Fund +</i>
	REGIONAL (ERDF)	Regional policy (<i>European Regional Development Fund</i>)
3 'Natural resources and environment' 	CAP (EAGF and EAFRD)	Common agricultural policy (<i>European Agricultural Guarantee Fund and European Agricultural Fund for Rural Development</i>)
	EMFAF	European Maritime Fisheries and Aquaculture Fund
	JTM	<i>Just Transition Mechanism</i>
	LIFE	Programme for the Environment and Climate Action
6 'Neighbourhood and the world' 	IPA III	Instrument for Pre-Accession Assistance
	NDICI – Global Europe	<i>Neighbourhood, Development and International Cooperation Instrument – Global Europe</i>

Source: ECA.

1.11. We used relevant EU legislation, as well as guidance and instructions issued by the Commission, including its Better Regulation Guidelines and Toolbox, as criteria for our audit. We also used generally accepted criteria devised by the Organisation for Economic Co-operation and Development (OECD) (see paragraphs [1.14-1.16](#), [1.18](#) and [1.21](#)).

1.12. We have already completed extensive audit work on some issues relating to horizontal policy priorities in the EU budget (see [Box 1.2](#) below).

Box 1.2**ECA special reports on specific EU cross-cutting priorities**

- [Special report 09/2022](#) – ‘Climate spending in the 2014-2020 EU budget – Not as high as reported’.
- [Special report 22/2021](#) – ‘Sustainable finance: More consistent EU action needed to redirect finance towards sustainable investment’.
- [Special report 10/2021](#) – ‘Gender mainstreaming in the EU budget: time to turn words into action’.
- [Special report 19/2020](#) – ‘Digitising European Industry: an ambitious initiative whose success depends on the continued commitment of the EU, governments and businesses’.
- [Special report 13/2020](#) – ‘Biodiversity on farmland: CAP contribution has not halted the decline’.
- [Review 01/2020](#) – ‘Tracking climate spending in the EU budget’.
- [Review 07/2019](#) – ‘Reporting on sustainability: A stocktake of EU Institutions and Agencies’.
- [Special report 31/2016](#) – ‘Spending at least one euro in every five from the EU budget on climate action: ambitious work underway, but at serious risk of falling short’.
- [Special report 17/2013](#) – ‘EU Climate Finance in the context of external aid’.

Incorporation of horizontal policy priorities into the selected EU budget programmes

1.13. Integrating cross-cutting policy priorities into the design and implementation of the EU budget is an important element to build a comprehensive overview of its performance as a whole. We examined how the Commission incorporated the priorities of climate, biodiversity, gender, SDGs and digital into the selected EU budget programmes.

There is a framework for addressing most horizontal policy priorities in the 2021-2027 MFF

1.14. In December 2020, the Commission, the European Parliament and the Council of the European Union adopted an interinstitutional agreement setting out provisions for the implementation of the 2021-2027 MFF. The agreement stipulated that, to improve cooperation on budgetary procedures and to provide budgetary transparency, the Commission would prepare an annual report bringing together information on the EU's assets, liabilities and expenses, as well as on the following horizontal policy priorities⁷.

- **Climate:** at least 30 % of the total amount of the EU budget and EU Recovery Instrument expenditure was required to support climate objectives.
- **Biodiversity:** 7.5 % in 2024 and 10 % in 2026 and in 2027 of annual spending under the MFF was required to support biodiversity objectives.
- **Gender:** a method for measuring gender-related expenditure at programme level would be devised and incorporated into the 2021-2027 MFF.
- **SDGs:** they would be considered in all relevant EU programmes in the 2021-2027 MFF.

⁷ [Interinstitutional agreement of 16 December 2020](#), part II, paragraph 16.

1.15. For the objective of combating climate change, in addition to the overall target of spending, the agreement contained the following key elements.

- A ‘climate adjustment mechanism’ for taking action if programme-specific climate spending targets are unlikely to be met.
- An effective method for tracking the level of climate-related expenditure.
- The application of the ‘do no harm’ principle to ensure that money spent under the EU budget does not prevent the EU from achieving its climate and environmental goals.

1.16. In November 2021, the Commission updated its Better Regulation Guidelines and Toolbox, which set out the principles that the Commission follows when preparing new proposals. The updated Better Regulation package integrates the SDGs. It reinforced the analysis of the ‘do no significant harm’⁸ and ‘digital by default’ principles and of the implementation of the European Climate Law. It also reinforced the analysis of gender equality in *impact assessments* and evaluations. It also integrates strategic foresight into policy-making, with a particular focus on the green, digital, geopolitical and socio-economic policy areas.

1.17. The interinstitutional agreement does not include the ‘digital’ priority as one of the priorities to be mainstreamed (see paragraph [1.38](#)).

The selected EU spending programmes incorporate the horizontal policy priorities we reviewed

1.18. The OECD⁹ states that in order to effectively mainstream policies, objectives and performance targets should be set and progress against them should be tracked. Mainstreamed policies should be taken into account in all phases of the budget cycle, maximising transparency about how funds relevant to the different horizontal priorities are allocated¹⁰. The Commission also stressed the key function of the OECD’s

⁸ As defined by Article 17 of the Taxonomy Regulation ([Regulation \(EU\) 2020/852](#)).

⁹ OECD: [Mainstreaming cross-cutting issues, 7 Lessons from DAC Peer Reviews](#), and [Strengthening climate resilience. Guidance for Governments & Development Co-operation](#).

¹⁰ OECD: [Toolkit for Mainstreaming and Implementing Gender Equality](#), 2018, and [Gender and the Environment: Building Evidence and Policies to Achieve the SDGs](#), 2021.

environmental markers when tracking climate-related expenditure, evaluating climate performance and setting targets¹¹.

1.19. We analysed how the horizontal priorities of climate, biodiversity, gender, SDGs and digital had been incorporated in 11 selected spending programmes by examining the three factors that we consider to be the most relevant:

- the extent to which the Commission had considered the impacts when it drew up its sectoral proposals for the selected EU funding programmes (see paragraph [1.21](#)),
- the level of integration in the adopted legislation (see paragraph [1.23](#)), and
- the existence of specific targets (see paragraph [1.24](#)).

1.20. [Figure 1.2](#) summarises our analysis and is based on the aggregated average of our assessment of the above three factors (see [Annex 1.1](#), [Annex 1.2](#) and [Annex 1.3](#)). We found that the priorities had indeed been incorporated into the selected spending programmes. However, there were significant differences between the degree of integration of each priority, gender being the least well-integrated priority.

¹¹ OECD: [Integrating Environmental and Climate Action into Development Co-operation: Reporting on DAC Members' High-Level Meeting Commitments, 2021](#).

Figure 1.2 – Incorporation of horizontal policy priorities into the selected EU funding programmes

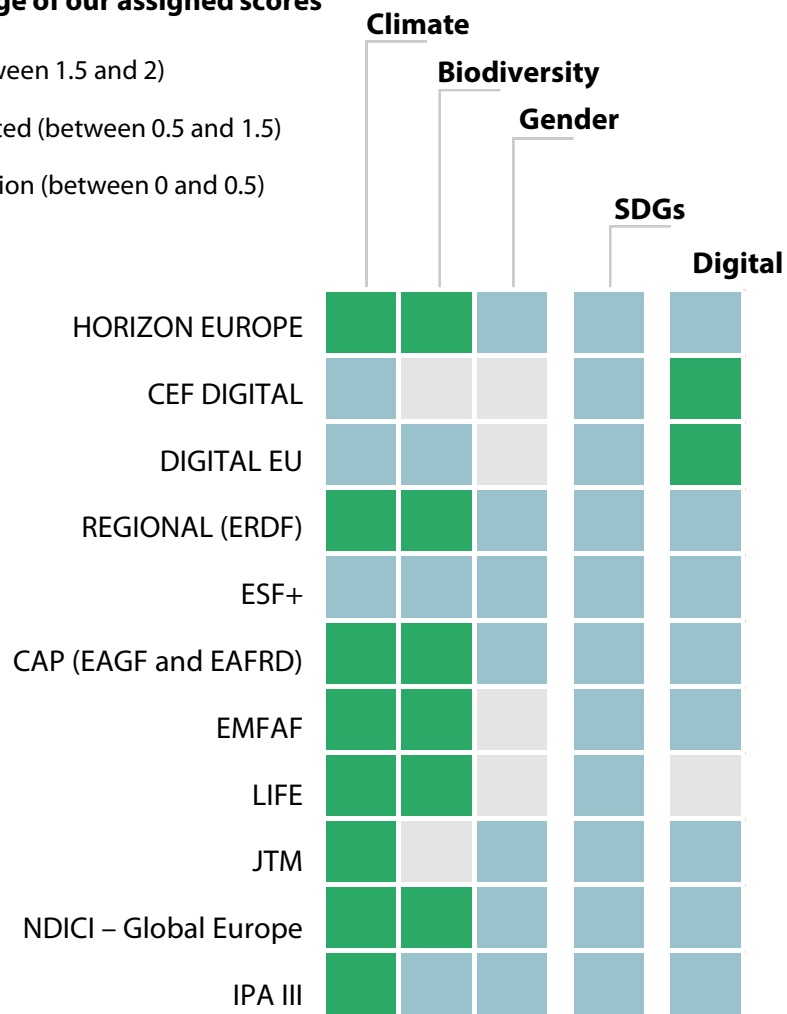
Summary of our analysis of the three areas audited (impact assessments, legislation and spending targets) regarding the incorporation of horizontal priorities

Aggregated average of our assigned scores

■ Integrated (between 1.5 and 2)

■ Partially integrated (between 0.5 and 1.5)

■ Limited integration (between 0 and 0.5)



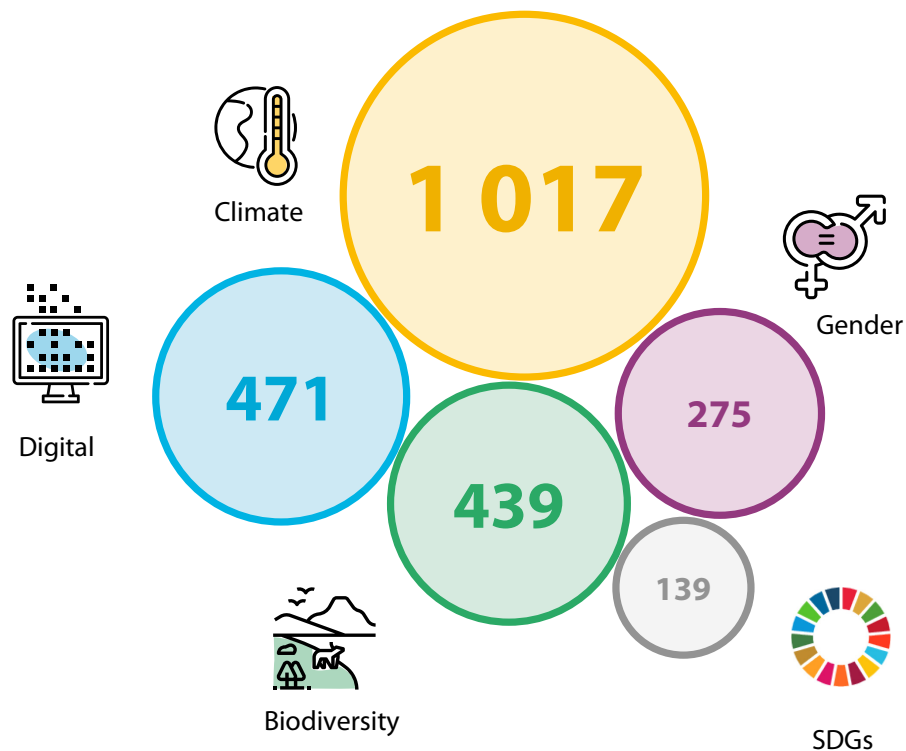
Source: ECA.

1.21. Under the Commission’s better regulation agenda, the Commission’s proposals for funding programmes are subject to impact assessments. We assessed whether the impact assessments for selected EU funding programmes analysed horizontal priorities. We found that environmental priorities were adequately incorporated, digital and the SDGs were partially incorporated and the gender priority was the least incorporated (see [Annex 1.1](#)).

1.22. Each legislative proposal contains general policy objectives, specific objectives, and indicators. The specific objectives set out in detail what the policy is meant to achieve¹². Indicators represent a quantitative or qualitative indication of how close an initiative is to achieving its set goal. Indicators can relate to different stages of the initiative (*inputs, outputs, results, and impacts*)¹³.

1.23. We checked how the selected horizontal priorities were covered in the general policy objectives, specific objectives and indicators set in the legislation governing selected funding programmes. We found that the programme legislation incorporated the horizontal priorities, although gender was integrated in fewer than half of the programmes we examined (see [Annex 1.2](#)). The climate objective was referred to most often. [Figure 1.3](#) lists the number of references to the selected priorities in the selected legislation. Although the SDGs were referred to in all programmes, this was the least mentioned objective.

Figure 1.3 – Mentions of the five priorities in the legislation



Source: ECA based on the legislative proposals selected.

¹² Tool #11: Format of the impact assessment report in European Commission: [Better Regulation Toolbox](#), November 2021.

¹³ Ibid., Tool #43: Monitoring arrangements and indicators.

1.24. We also checked whether targets were set in legislation. Only the climate objective had specific targets for the budget amounts, and for monitoring progress towards achieving this spending target (see [Annex 1.3](#)). For the biodiversity objective, there is a target for the overall EU budget. [Table 1.3](#) shows the spending targets for selected priorities.

Table 1.3 – Spending targets for the priorities selected

Horizontal policy priority	Spending targets for the 2021-2027 MFF
Climate Biodiversity	<p style="text-align: center;">Yes</p> <p>For climate, there is an overall target of 30 % climate spending in the EU budget for the 2021-2027 period. For biodiversity, there is an ambition to have targets for the overall EU budget of 7.5 % in 2024 and 10 % in 2026 and 2027.</p>
Gender Digital SDGs	<p style="text-align: center;">No</p> <p>There is no overall target for spending related to the priorities of gender, digital or SDGs in the EU budget for the 2021-2027 period.</p>

Source: ECA, based on Commission data.

The Commission has developed methods to track spending for some horizontal policy priorities

1.25. To identify and report how much it is spending on horizontal policy priorities, the Commission tracks expenditure across multiple programmes (see [Box 1.3](#)).

Box 1.3

What is expenditure tracking?

Expenditure tracking is a system to measure the contributions made by different EU spending programmes to a given overarching policy priority. Tracking requires a detailed understanding of how specific actions contribute to a given policy priority; these actions need to be identified in a way that allows the related financial resources to be counted, or tracked, and then aggregated at the level of the entire EU budget to monitor progress.

Source: [COM\(2021\) 366 final](#): Communication from the Commission to the European Parliament and the Council on the performance framework for the EU budget under the 2021-2027 MFF.

1.26. *Table 1.4* indicates how the Commission tracks expenditure for horizontal policy objectives.

Table 1.4 – Expenditure tracking methodology for the selected priorities

Horizontal policy priority	Expenditure tracking methodology developed
<p>Climate</p>	<p style="text-align: center;">Yes</p> <p>The climate contribution is drawn directly from the Commission’s accounting system and provided by the Directorate-General for Budget (DG BUDG). The Commission is working on replacing its accounting system.</p>
<p>Biodiversity</p> <p>Gender</p>	<p style="text-align: center;">Yes</p> <p>Each directorate-general (DG) performs its calculation, and DG BUDG reviews the consistency of all inputs provided for all programmes.</p>
<p>Digital</p> <p>SDGs</p>	<p style="text-align: center;">No</p> <p>There is no requirement, nor any central guidance, to track expenditure on the digital or SDGs priorities across the EU budget. However, some DGs track expenditure for specific programmes that contribute to the objectives; for example, the Directorate-General for Research and Innovation (DG RTD) (for the digital objective) and Directorate-General for International Partnerships (DG INTPA) (for digital and the SDGs).</p>

Source: ECA.

Note: The Commission also tracks expenditure for the horizontal priorities of clean air and migration.

Climate

1.27. In the 2014-2020 MFF, the Commission applied specific coefficients to quantify expenditure contributing to climate objectives, based on the OECD’s methodology (the ‘Rio markers’) (see paragraphs [1.28](#) and [1.31](#)):

- **100 %:** the activity is expected to make a substantial contribution (direct or indirect) to climate change mitigation or adaptation objectives in line with EU climate goals.
- **40 %:** the activity is expected to make a non-marginal, positive contribution (direct or indirect) to climate change mitigation or adaptation objectives.
- **0 %:** the activity is expected to have a neutral impact on climate objectives.

1.28. For the 2021-2027 MFF, the Commission updated its methodology for tracking climate-relevant expenditure¹⁴. The EU climate coefficients retain the system used by the OECD Rio markers, but include expected effects on climate. The methodological changes include:

- requiring activities not to cause any significant harm to the EU’s environmental objectives;
- a shift towards ‘effect-based’ expenditure tracking based on a list of specific activities (‘activity-based’ tracking);
- reducing the risk that similar projects will be categorised differently depending on the objectives of the programme in question;
- introducing climate tagging in the Commission’s official accounting and reporting systems;
- linking with the EU Green Deal (e.g. EU Taxonomy).

1.29. While we welcome these developments, earlier in 2022 we expressed concerns¹⁵ about the reliability of 2021-2027 climate reporting, and noted that most of the issues we identified for 2014-2020 still remain. We found that the reported spending was not always relevant to climate action. Our overall assessment was that the Commission overestimated the climate contribution of key components of agricultural funding. For the common agricultural policy, the Commission intends to update its climate tracking methodology in 2026¹⁶.

¹⁴ [SWD\(2022\) 225 final](#): Commission Staff Working Document. Climate Mainstreaming Architecture in the 2021-2027 MFF.

¹⁵ [Special report 09/2022](#) – ‘Climate spending in the 2014-2020 EU budget – Not as high as reported’.

¹⁶ [SWD\(2022\) 225 final](#): Commission Staff Working Document. Climate Mainstreaming Architecture in the 2021-2027 MFF.

Biodiversity

1.30. In its report on the follow-up to the discharge for the 2020 financial year¹⁷, the Commission stated that it had made progress in establishing a methodology for tracking biodiversity-relevant expenditure, which it will use to monitor compliance with its *commitments* for the 2024, 2026 and 2027 budgets.

1.31. In the 2021 AMPR, the Commission largely based its calculation of the biodiversity-relevant expenditure for the current MFF period on the one it used in the 2014-2020 period. The Commission applies coefficients of 0 %, 40 % and 100 %, which are adapted from the OECD's 'Rio markers'. In 2020, we reported¹⁸ that the Commission's criteria for these coefficients were less conservative than the OECD's. For example, the Commission applies a weighting of 40 % if the EU support makes a moderate contribution to biodiversity, while the OECD applies the same coefficient to expenditure on activities where biodiversity is a significant objective but not the main one.

1.32. In June 2022, the Commission released its new biodiversity tracking methodology. This new methodology does not apply to the CAP, an area for which a new methodology is still under development¹⁹.

Gender

1.33. There are standards to track gender related expenditure. The OECD's Development Assistant Committee (DAC) has developed Gender Equality Markers to track related expenditure and minimum criteria to qualify for one of the three scores used (score 0, 1 and 2). The European Institute for Gender Equality (EIGE) has developed a tool for tracking resource allocations for gender equality in the EU Funds. The EIGE tool developed three possible weightings (100 %, 40 % and 0 %), similar to the climate and biodiversity methodologies. The EIGE also refers to '0 %*', used for projects which need to be analysed further before a weighting is assigned. The

¹⁷ [COM\(2022\) 331 final](#): Report from the Commission to the European Parliament and the Council on the follow-up to the discharge for the 2020 financial year.

¹⁸ [Special Report 13/2020](#) – 'Biodiversity on farmland: CAP contribution has not halted the decline'.

¹⁹ European Commission: '[Biodiversity tracking methodology for each programme 2021-2027](#)'.

*Common Provisions Regulation*²⁰ provides three codes for assessing gender equality, using the same weightings as the EIGE tool.

1.34. The Commission has produced a pilot methodology to measure expenditure related to gender equality, which refers to the above-mentioned OECD and EIGE tools. The pilot methodology provides scores to be applied to budget interventions. These scores reflect the extent to which gender equality is targeted through EU budget intervention. The approach followed is similar to the old climate-tracking methodology rather than the improved approach based on expected effects (see paragraph **1.28**).

1.35. The Commission attributes the following scores:

- **Score 2:** to interventions whose principal objective is to improve gender equality.
- **Score 1:** to interventions having gender equality as an important and deliberate objective but not as the main reason for the intervention.
- **Score 0:** to not targeted interventions, which do not contribute significantly towards gender equality.
- **Score 0*:** to interventions that may have an impact on gender equality, but where the Commission is currently unable to assess that impact. The Commission will update the 0* score for an intervention, changing it to 0, 1 or 2 as appropriate when sufficient information becomes available.

1.36. The assessment criteria used by the Commission for the attribution of these scores are not in line with the minimum criteria for the attribution of scores used for the OECD Gender Equality Markers²¹ or with the minimum requirements of the tool developed by EIGE for tracking resources allocated to gender equality in the EU funds²². In particular, the OECD and EIGE would require gender-specific objectives or indicators disaggregated by sex as a minimum criterion but the Commission does not include those in its pilot methodology.

²⁰ Annex I, Table 7 of *Regulation (EU) 2021/1060*; 01, 'gender targeting' (weighting of 100 %); 02, 'gender mainstreaming' (weighting of 40 %); or 03, 'gender-neutral' (weighting of 0 %).

²¹ <https://www.oecd.org/dac/gender-development/dac-gender-equality-marker.htm>

²² <https://eige.europa.eu/gender-mainstreaming/toolkits/gender-budgeting/tracking-system>

1.37. Unlike the EIGE tool and the CPR, the Commission’s pilot methodology does not include weightings. Furthermore, it does not account for potential negative effects: it considers whether interventions reduce gender inequality, but not the risk that they might increase it.

Digital

1.38. The interinstitutional agreement includes no requirement to track overall expenditure on the digital priority (see paragraph [1.14](#)), and the Commission does not do so. The OECD²³ considers that progress made in incorporating horizontal priorities into vertical policy measures should be tracked, and that associated performance targets should be set (see paragraph [1.18](#)).

SDGs

1.39. In its draft budget circular for 2022 and 2023, DG BUDG asked the other directorates-general (DGs) to identify how the SDGs were linked to expenditure programmes by providing a description of how the programme’s actions contributed to the SDGs, using at least one illustrative example (see paragraph [2.52](#)). The DGs were also required to identify which programme indicators were relevant for the SDGs (see paragraph [1.47](#)).

1.40. In 2020, the Commission announced²⁴ that it was exploring the possibility of developing an SDG expenditure tracking methodology for the EU budget. Such a methodology is not yet in place. The Commission’s pilot project on cross-sectional indicators does not include the SDGs (see paragraph [1.50](#)).

²³ OECD: [Mainstreaming cross-cutting issues, 7 Lessons from DAC Peer Reviews, and Strengthening climate resilience. Guidance for Governments & Development Co-operation.](#)

²⁴ [SWD\(2020\) 400 final](#): Commission Staff Working Document. Delivering on the UN’s Sustainable Development Goals – A comprehensive approach.

Reporting on the achievement of the horizontal policy priorities

1.41. Tracking expenditure from spending programmes relevant for horizontal priorities is an important element of a performance reporting system (paragraph [1.18](#)). Identifying the outputs and results achieved from such expenditure is an additional, more complex step. We examined how the Commission identified and reported on such results.

The AMPR provides overly positive conclusions on the progress made towards mainstreaming targets

1.42. The Commission reports on its management of the EU budget in the AMPR (see paragraph [1.3](#)). The AMPR, which includes the *programme performance overview* (PPO) and the programme statements, reports on spending programme objectives set in sectoral legislation. The documents also cover various cross-cutting objectives in separate sections, including an annex summarising horizontal priorities for 2021.

1.43. In Volume I of the AMPR, we found cases where the conclusions reported were overly positive:

- The Commission reported that key overarching EU policy goals had been fully incorporated into the EU's budget programmes. However, we found significant differences between climate and biodiversity compared with gender (see [Figure 1.2](#)).
- The Commission reported that the methodology for tracking climate spending had been updated and enshrined in a consistent manner across all key basic acts. However, there were significant approximations which the Commission did not fully explain (see paragraph [2.24](#)).
- The Commission reported that the methodology used for tracking biodiversity spending had been largely updated in a similar fashion to that for climate. However, the new methodology was not yet available for the CAP (see paragraph [1.32](#)).

- The Commission reported that most of the EU budget has the potential to contribute positively to furthering gender equality. We note that only 11 of 47 programmes declared amounts contributing to gender equality under the scores 2 or 1, amounting to €12 billion, or 5 % of commitments by the end of 2021 (see paragraphs **2.39-2.43**).

1.44. In the annex to the AMPR report dealing with horizontal priorities, we found the following.

- For climate, the Commission calculated that the EU budget had financed climate-relevant interventions to the value of around €138 billion in 2021, or 32 % of the total budget. The Commission updated its calculations on the climate contributions for the previous MFF and reported that between 2014 and 2020, the EU had spent €221 billion, or 20.6 % of its overall multiannual budget, on climate-related measures. In a recent audit, we concluded that the Commission had overstated climate spending by at least €72 billion²⁵. In line with findings of previous ECA reports, we also found overestimations in the 2021 calculations (see paragraph **2.15**).
- For gender, the Commission explained its pilot methodology for measuring expenditure related to gender equality and presented the distribution of programmes based on the maximum score awarded to interventions. In the AMPR, the Commission awarded the ESF+ programme a score of 1, even though the reported contribution to gender equality was €0. This programme also received a score of 0* in the programme statement.

²⁵ [Special report 09/2022](#) – ‘Climate spending in the 2014-2020 EU budget – Not as high as reported’.

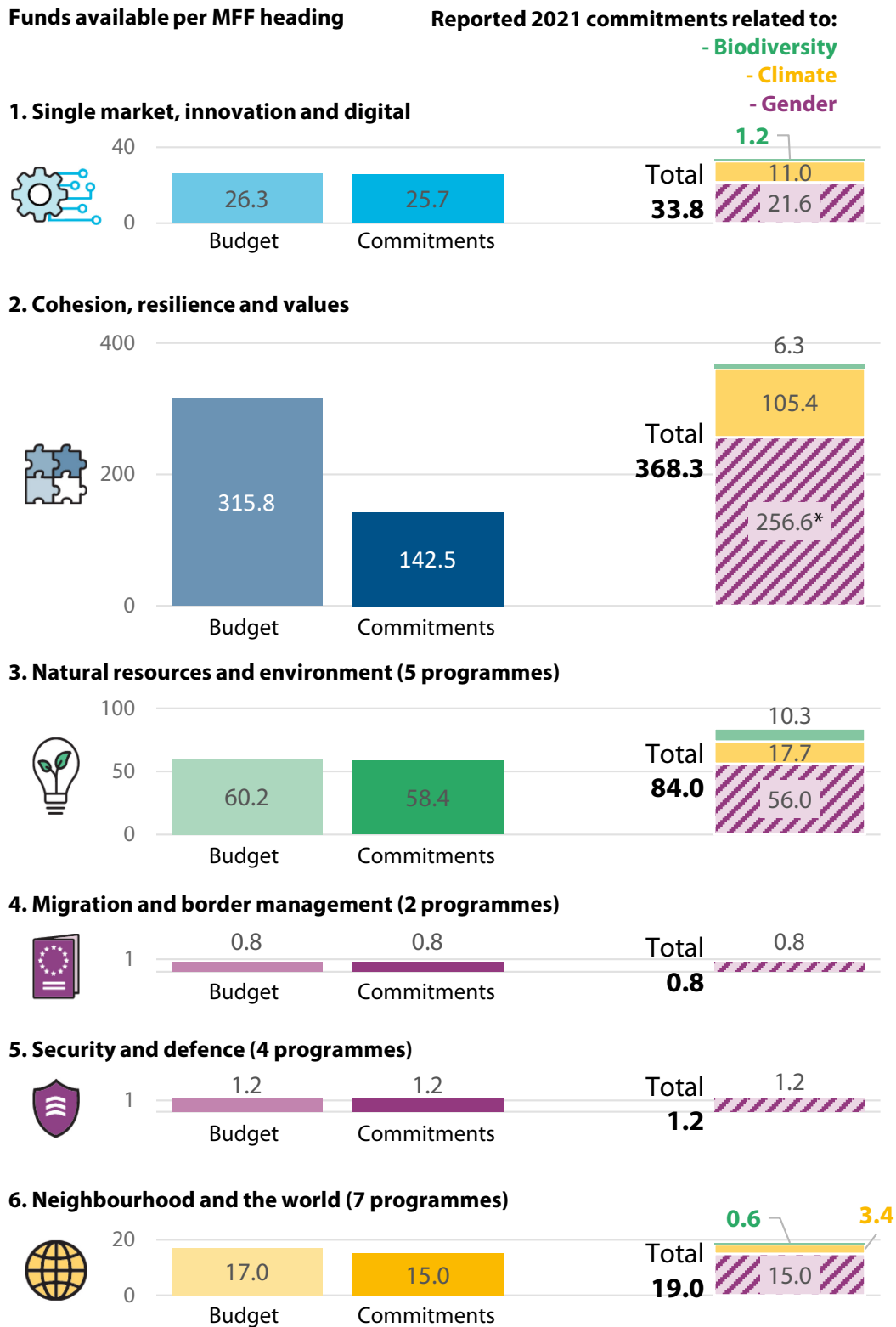
Little information available on whether spending contributes meaningfully to multiple priorities at the same time

1.45. The PPOs contain a section with the calculations of the contributions to climate, biodiversity and gender. We aggregated this information for each MFF heading. Having programmes contributing to multiple priorities at the same time is inherent to mainstreaming. The Commission notes²⁶ that in order to avoid the double counting of expenditure on cross-cutting policy priorities, money spent cannot simply be aggregated across different objectives. The AMPR did not explain synergies between climate, biodiversity and gender. In **chapter 2**, we provide examples of synergies between priorities. In **Figure 1.4**, we show how the potential contributions of the 2021 EU budget to selected horizontal policies compare with the total funds available per MFF heading.

²⁶ SWD(2022) 225 final: Commission Staff Working Document. Climate Mainstreaming Architecture in the 2021-2027 MFF.

Figure 1.4 – Reported potential contributions of the 2021 EU budget to selected horizontal priorities

(billion euros)



Source: ECA based on Commission data.

* Gender contribution in Heading 2 includes the NextGenerationEU loans (€154 billion).

Existing programme performance indicators can provide relevant information on horizontal priorities

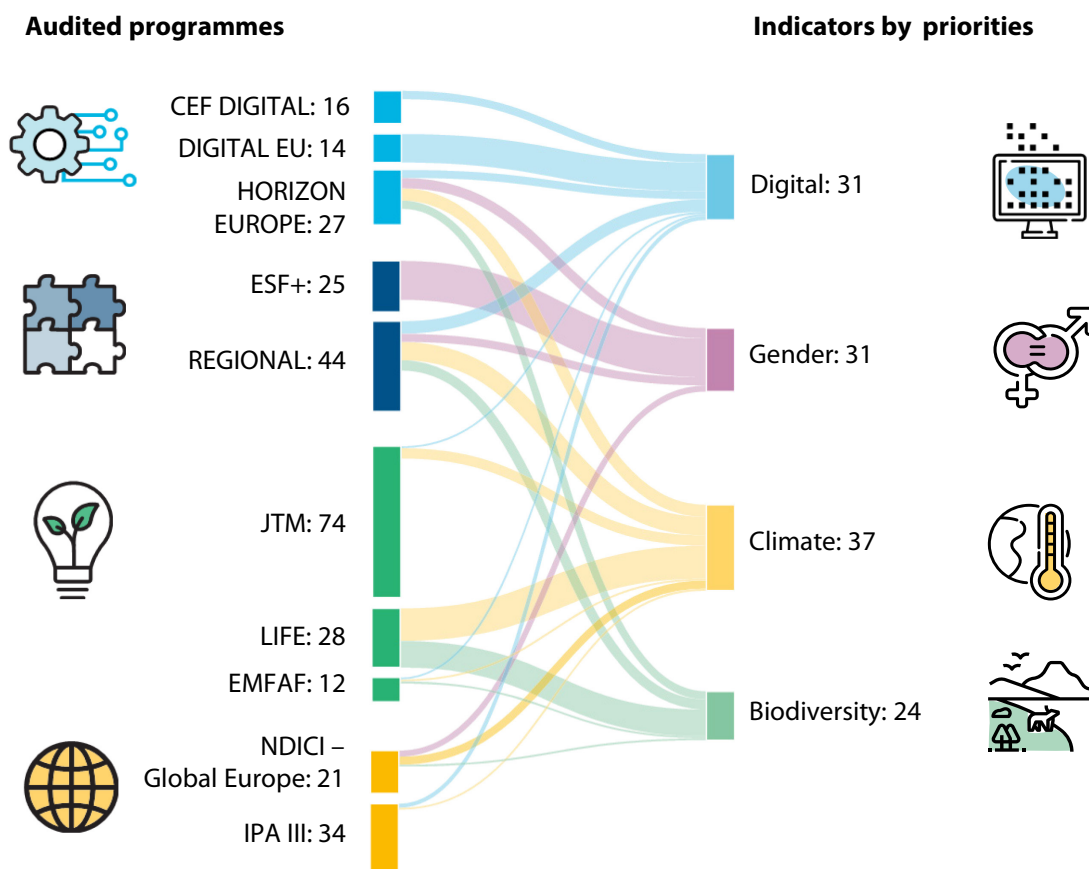
1.46. In its 2021 communication on the performance framework for the EU budget²⁷, the Commission stated that its ambition was to integrate performance information from across the EU budget to build a comprehensive overview of its performance as a whole, and that it would work towards a better understanding of how EU programmes can contribute most effectively to cross-cutting policy goals.

1.47. The guidelines DG BUDG issued to other Commission departments to prepare the draft budget submissions for 2022 and 2023 included instructions on linking programme performance indicators with horizontal priorities: climate; biodiversity; clean air; gender; migration; digital; youth; and *small and medium-sized enterprises* (SMEs). The contribution of the given indicators to any of the 17 SDGs could also be described.

1.48. We examined these classifications of indicators from selected expenditure programmes for 2022 and 2023 (see [Figure 1.5](#)). Overall, we found that the Commission departments classified indicators consistently and accurately. All programmes included some indicators linked to the selected horizontal priorities. We analysed how many indicators in the PPO for our selected programmes were linked to horizontal priorities. We found that this was the case for almost half of them (47 %, 35 out of 75). The Commission is working on a pilot project to develop a methodology to aggregate indicators linked to horizontal priorities and use them to measure and report on outcomes (see paragraphs [1.50](#) and [1.51](#)).

²⁷ COM(2021) 366 final: Communication from the Commission to the European Parliament and the Council on the performance framework for the EU budget under the 2021-2027 MFF.

Figure 1.5 – Indicators linked to horizontal priorities in selected EU programmes



Source: ECA, based on Commission data.

The Commission's performance framework does not yet measure outcomes

1.49. The Commission's Joint Research Centre (JRC) produced several reports in 2016 and 2017 about developing performance indicators for horizontal policy priorities, dealing with issues such as aggregated and cross-cutting programme indicators.

1.50. In 2019, the Commission started a pilot project²⁸ to develop a conceptual framework to measure aggregated outcomes across various programmes for jobs, climate, and digitalisation. It engaged experts to assist it in 2021. When preparing the 2023 draft budget, the Commission²⁹ stated that it was working towards a cross-sectional indicator on climate mitigation, to estimate the total impact of the various interventions funded by the EU budget. In its report on the follow-up to the discharge for the 2020 financial year³⁰, the Commission also referred to this pilot project.

1.51. We recognise the complexities of developing a performance framework for horizontal priorities, but we consider current progress to be insufficient. The Commission does not yet assess outcomes of tracked expenditure. We saw one example where the OECD³¹ referred to the Ministry for Foreign Affairs of Finland³², which had issued guidelines on measuring the outcomes of its cross-cutting development policy objectives (see [Box 1.4](#)).

Box 1.4

The use of aggregate indicators for monitoring cross-cutting objectives

In 2020, the Ministry for Foreign Affairs of Finland published guidelines for cross-cutting objectives in Finnish development policy and co-operation.

The overall results of Finland's development policy are monitored using common aggregate indicators across different development co-operation instruments. This enables comprehensive reporting on results, which combines data from programmes and various forms of co-operation from different parts of the world.

²⁸ 6th Workshop on performance indicators. Preparing for the next MFF performance – core performance indicators for annual reporting, 25 September 2019.

²⁹ COM(2022) 400: Draft General Budget of the European Union for the Financial Year 2023. Working Document Part I. Programme Statements of operational expenditure.

³⁰ COM(2022) 331 final: Report from the Commission to the European Parliament and the Council on the follow-up to the discharge for the 2020 financial year.

³¹ OECD: [Integrating Environmental and Climate Action into Development Cooperation. Reporting on DAC Members' High Level meeting Commitments](#), 2021.

³² Ministry for Foreign Affairs of Finland: [Theories of Change and Aggregate Indicators for Finland's Development Policy 2020](#).

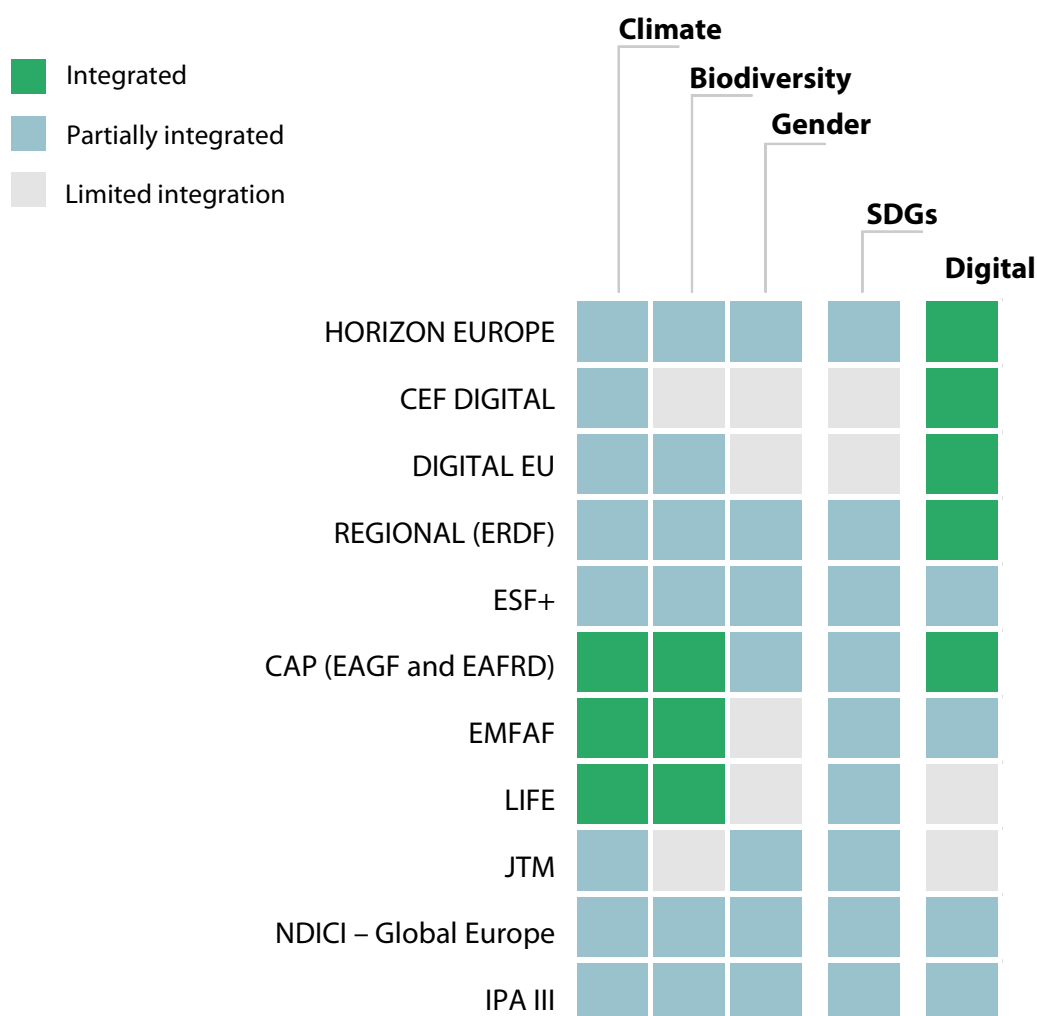
The Commission's review of reported information faces challenges

1.52. In DG BUDG, there is a dedicated team dealing with 'horizontal priorities' which reviews the consistency of all inputs provided by Commission departments. Our work confirmed that this review process had improved the quality of the information provided by the DGs. However, despite this review, the Commission identified several encoding errors in the AMPR published on 7 June 2022, and made subsequent corrections (see paragraph **2.14**).

Annexes

Annex 1.1 – Integration of the horizontal policy priorities into the impact assessments

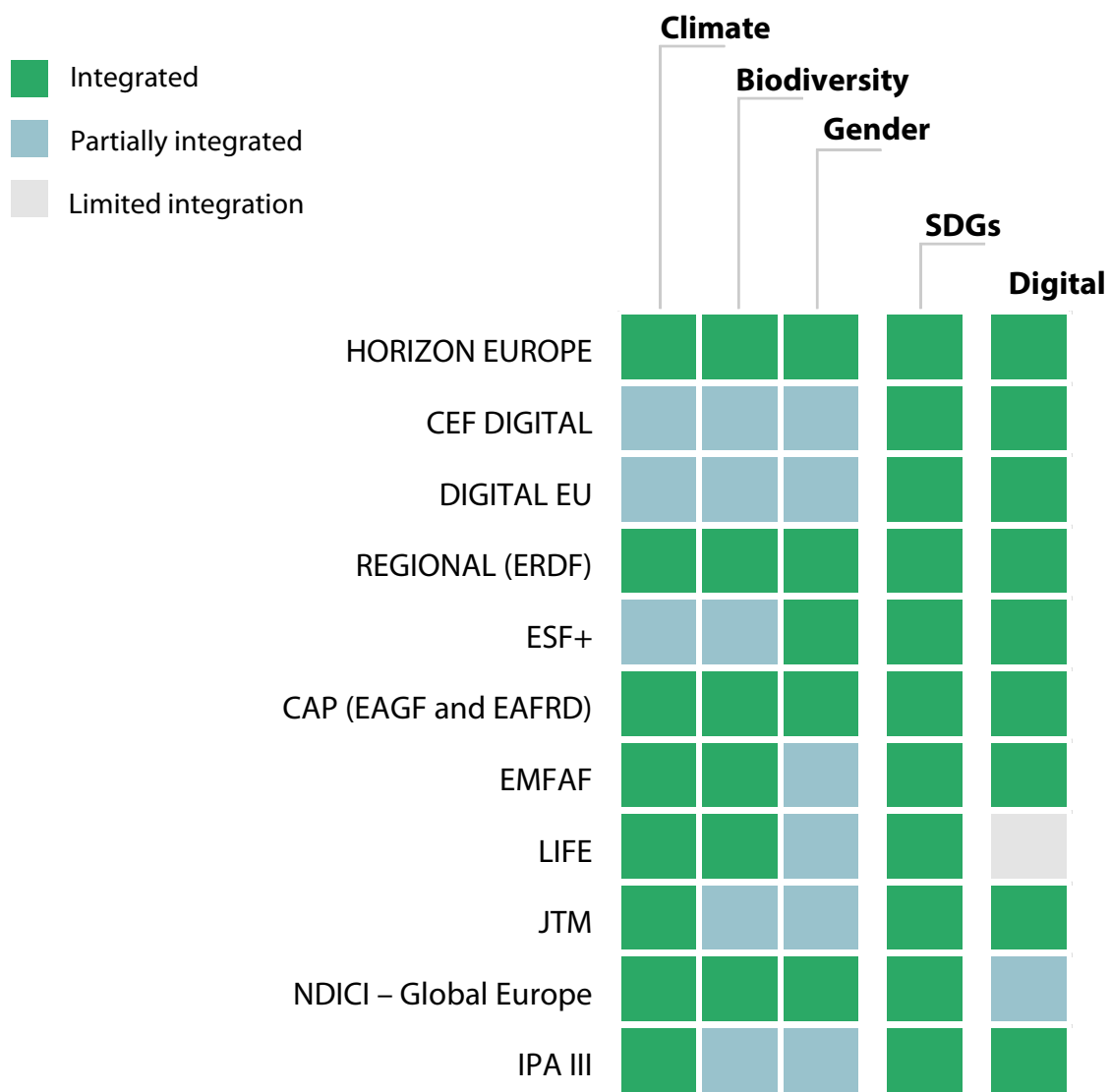
Criteria	Scoring given
In the impact assessment, there is no identification of the horizontal priority in the spending programme and there is no assessment of related impacts and risks/opportunities	0 – Limited integration
In the impact assessment, the horizontal priority is identified but assessment of related impacts and risks/opportunities is vague or absent	1 – Partially integrated
In the impact assessment, the horizontal priority is identified and there is a detailed assessment of related impacts and risks/opportunities (qualitative/quantitative assessment)	2 – Integrated



Source: ECA.

Annex 1.2 – Integration of the horizontal policy priorities into the legislation

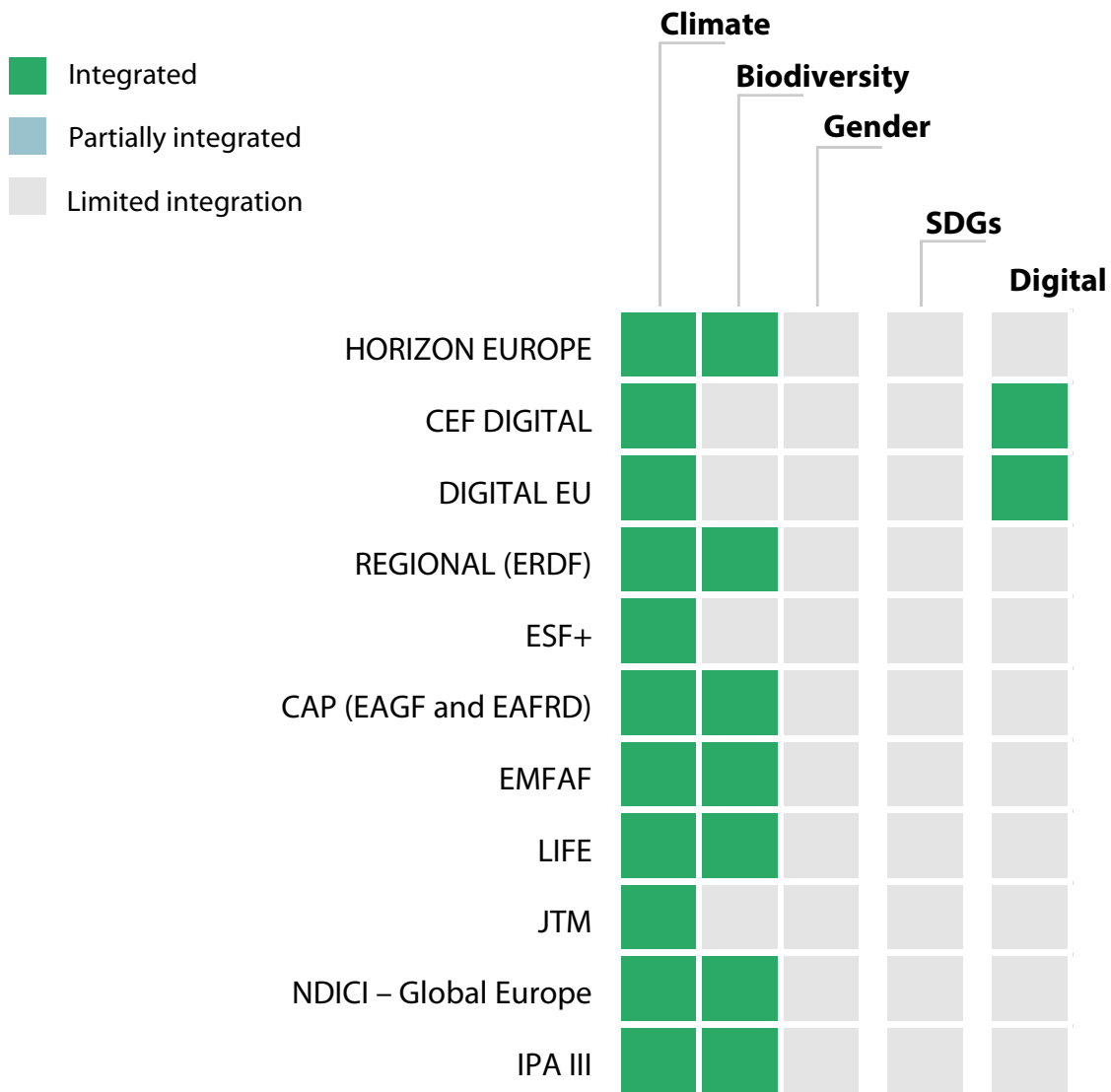
Criteria	Scoring given
The horizontal priority is not referred to in the legislation	0 – Limited integration
The horizontal priority is referred to in the legislation either in recitals or among the programme objectives or programme principles	1 – Partially integrated
The horizontal priority is referred to in the legislation either in recitals or among programme objectives or programme principles, and there are indicators linked to the priority	2 – Integrated



Source: ECA.

Annex 1.3 – Spending targets defined for the horizontal policy priorities

Criteria	Scoring given
The spending programme has no expenditure targets or dedicated financial envelope for the horizontal priority	0 – Limited integration
The spending programme has not expenditure targets but there is a dedicated financial envelope for the horizontal policy priority	1 – Partially integrated
The spending programme has expenditure targets for the horizontal priority, or the full programme contributes with dedicated financial envelopes towards the horizontal policy priority	2 – Integrated



Source: ECA.

Chapter 2

**The performance framework
for the Commission's horizontal policy priorities**

Contents

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Recent ECA audits found the EU budget's contribution to climate and biodiversity to be overstated	2.9.-2.12.
Weaknesses in reported figures yet to be addressed by the Commission's new methodology	2.13.-2.20.
The Commission tracks spending but reported progress involves significant estimations	2.21.-2.28.
Progress has been made in incorporating gender equality into the performance framework	2.29.-2.46.
ECA audits have identified weaknesses in gender mainstreaming	2.31.-2.32.
The Commission's first estimation of the overall contribution of the EU budget to promoting gender equality was affected by weaknesses	2.33.-2.43.
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Limited information is available on the progress of EU programmes towards the SDGs	2.47.-2.55.
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The Commission has provided information on the contribution to the digital transition for specific programmes 2.58.-2.61.

Conclusions and recommendations 2.62.-2.68.

Annexes

Annex 2.1 – Audit criteria used to assess the performance framework for climate, biodiversity, gender, SDGs and digital

Annex 2.2 – Climate contribution in 2021, previous year’s estimate and targets set in basic legal acts

Annex 2.3 – Climate contribution in 2021 as percentage of total commitments

Annex 2.4 – Biodiversity contribution in 2021 and future estimates (in billion euros)

Annex 2.5 – Gender contribution in 2021 by score (in billion euros)

Introduction

2.1. The Commission's AMPR is based on several reports, including the programme statements accompanying the draft budget for the 47 EU spending programmes under the 2021-2027 MFF. For each programme, the programme statement provides comprehensive information on the amounts committed and spent and the progress made in achieving its objectives. They also provide information on the programmes' contribution to the EU's horizontal priorities.

2.2. The Commission's internal instructions for its DGs on preparing the budget (known as the 'budget circular'¹) required them to provide estimates of spending on climate, biodiversity and gender objectives for the 2021-2027 period, and examples of relevant key achievements.

2.3. We reported in 2020 that the programme statements and the AMPR provided information on the contribution made by EU spending programmes to cross-cutting objectives (such as climate and biodiversity). However, we noted there was only limited information on their contribution to gender and the SDGs².

¹ Budget circular for 2023. Standing Instructions, 15 December 2021.

² 2019 report on the performance of the EU budget.

Scope and approach

2.4. In this chapter, we assess whether the Commission applied an appropriate performance framework to measure the EU budget's support for the cross-cutting priorities³ of the programmes⁴ covered in **chapter 1** (see paragraphs **1.9-1.10**).

2.5. In addition to relying on our previous audit work, we assessed whether the Commission had correctly applied appropriate methodologies to track expenditure on the selected priorities for the 2021-2027 period. We also assessed whether the Commission's reporting in the programme statements on the contribution to horizontal policy priorities of the selected spending programmes was accurate. We focused on the AMPRs for 2020 and 2021.

2.6. Just as we did for **chapter 1**, we derived our audit criteria from relevant EU legislation and commitments, as well as guidance and instructions issued by the Commission. We also used generally accepted criteria devised by the OECD (see paragraph **1.11** and **Annex 2.1**).

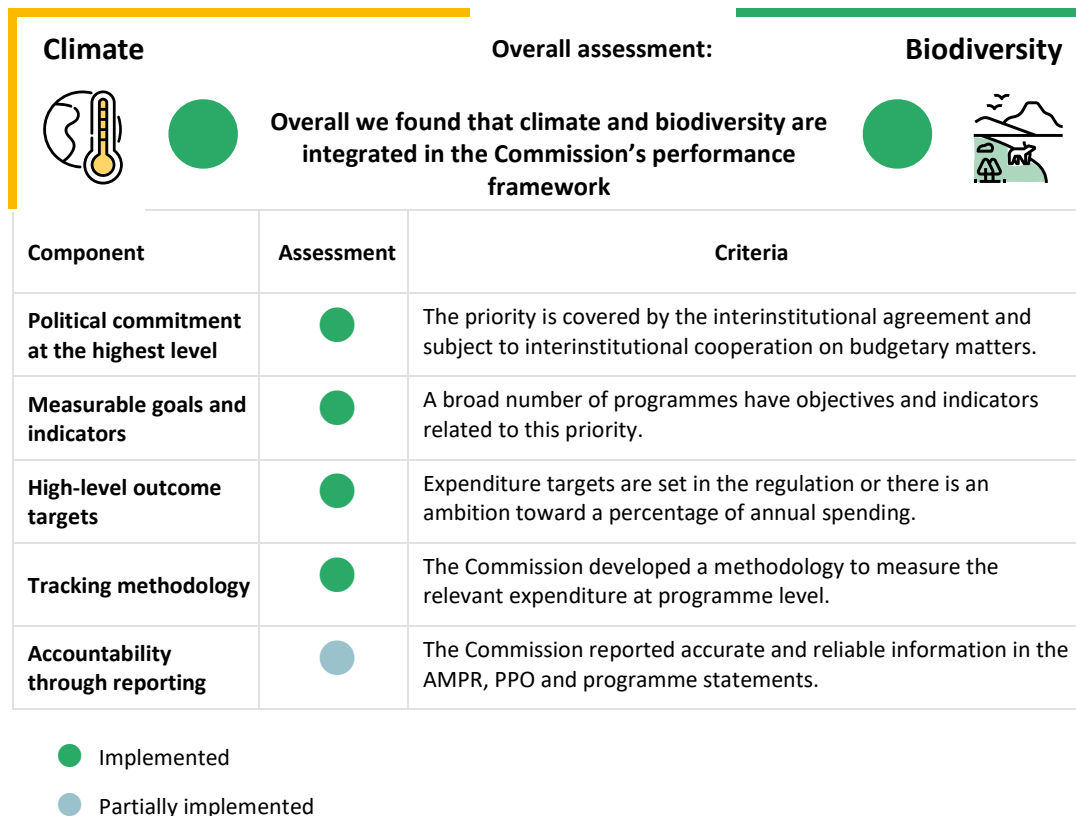
³ Climate, biodiversity, gender, SDGs and digital.

⁴ CEF DIGITAL, DIGITAL EU, HORIZON EUROPE, ESF+, REGIONAL, CAP, EMFAF, JTM, LIFE, IPA III, NDICI – Global Europe.

Climate and biodiversity priorities are integrated into the performance framework

2.7. In this section, we focus on whether the Commission applied an appropriate performance framework to measure the EU budget's contribution to climate and biodiversity objectives. *Figure 2.1* shows the criteria we used and our overall assessment.

Figure 2.1 – The performance framework for climate and biodiversity



Source: ECA.

Note: Our assessment criteria are further explained in [Annex 2.1](#).

2.8. The interinstitutional agreement for the 2021-2027 MFF covers both the climate and biodiversity priorities, which are incorporated into a broad number of programmes through objectives, indicators and expenditure targets. The Commission has developed methodologies to measure relevant expenditure at programme level, which we assessed. The following sections show that there are some inaccuracies in reported expenditure.

Recent ECA audits found the EU budget's contribution to climate and biodiversity to be overstated

2.9. Our latest audit on climate mainstreaming⁵ found that the Commission's reported spending for the 2014-2020 MFF was overstated, as not all spending reported was relevant for climate. We reported that the coefficients applied to track climate spending were not always realistic and the potential negative effects were not accounted for.

2.10. In June 2021, the Commission reported that 'the EU spent 20.1 % of its 2014-2020 budget, or €216 billion, on combating climate change, delivering on its 20 % target'⁶. In May 2022, we reported that in some cases there was no evidence to substantiate the climate contribution made by EU spending, while in others the contribution was overstated. Our analysis indicated that the Commission had unduly recorded around €72 billion as climate spending. In June 2022, the Commission stated that 'the latest available information shows that, between 2014 and 2020, the EU devoted the equivalent of €221 billion, or 20.6 % of its overall multiannual budget, to climate-related measures'⁷.

2.11. The Commission generally bases its reporting on planned or committed amounts. We reported in 2019 that in such cases, reported amounts are inflated by funds not yet used or disbursed (due, for example, to project delays, late payments or low maturity of projects)⁸. In a 2018 report, we noted the impact this had had in the 2007-2013 period⁹, when every fourth euro of the budget was not invested.

⁵ [Special report 09/2022](#) – 'Climate spending in the 2014-2020 EU budget – Not as high as reported'.

⁶ European Commission, Directorate-General for Budget: [2020 Annual Management and Performance Report for the EU budget, Volume I](#), Publications Office of the European Union, 2021.

⁷ European Commission, Directorate-General for Budget: [2021 Annual Management and Performance Report for the EU budget, Volume I](#), Publications Office of the European Union, 2022.

⁸ [Special report 19/2019](#) – 'INEA: benefits delivered but CEF shortcomings to be addressed', paragraph IV.

⁹ [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'.

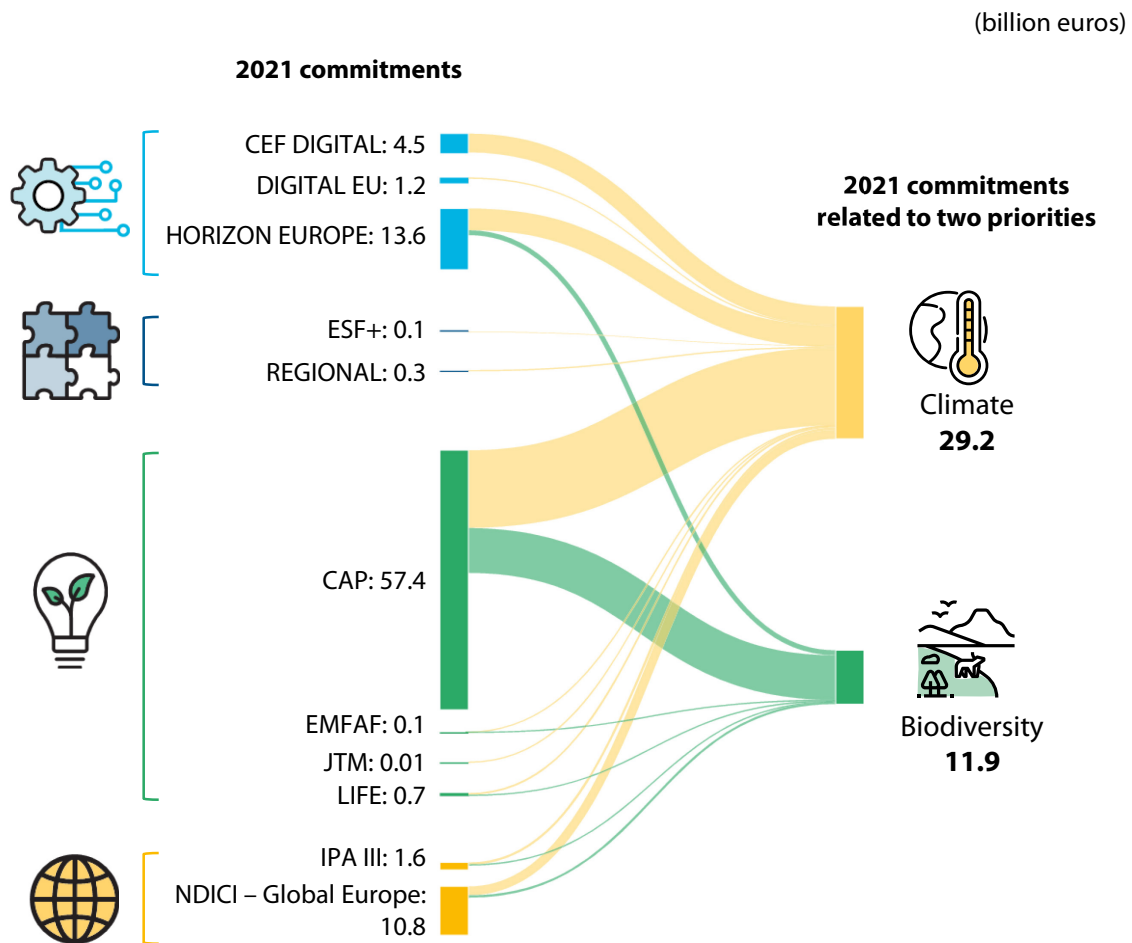
2.12. In relation to biodiversity mainstreaming¹⁰, we reported in 2020 that the Commission overestimated spending on biodiversity. As in the case of climate spending, the Commission does not track and offset expenditure from schemes that could have a negative impact on farmland biodiversity.

Weaknesses in reported figures yet to be addressed by the Commission's new methodology

2.13. The Commission reported that the EU budget in 2021 supported climate-relevant measures worth around €138 billion and biodiversity-relevant measures worth around €18 billion. *Figure 2.2* shows the contributions made to both priorities by the EU spending programmes we selected (see *Annex 2.2* and *Annex 2.4*). In total, they contributed €29.2 billion to climate objectives and €11.9 billion to biodiversity objectives.

¹⁰ *Special report 13/2020 – 'Biodiversity on farmland: CAP contribution has not halted the decline'*, paragraphs 33, 34 and 35.

Figure 2.2 – Climate and biodiversity contributions made by the audited programmes in 2021



Source: ECA, based on Commission data.

2.14. The CAP is the largest contributor from the EU budget to both climate and biodiversity objectives. After publishing its 2021 AMPR on 7 June 2022, the Commission identified errors in the amounts stated for horizontal priorities, including a €8.8 billion overstatement of the CAP’s contribution to climate objectives due to a clerical error. The Commission issued a corrected AMPR on 11 July 2022¹¹, which reported that the CAP had contributed €17.2 billion to climate objectives and €9.9 billion to biodiversity objectives in 2021.

¹¹ COM(2022) 401 final/2: AMPR, Volume II, Annexes after the adoption of the corrigendum on 11 July 2022 and [list of corrections](#) that were made on 11 July 2022 to the Programme Performance Overview website after the adoption of the AMPR on 7 June 2022.

2.15. Our [special report 09/2022](#) found that climate spending from 2014-2020 was not as high as reported by the Commission¹². We note the Commission has updated its methodology for tracking climate-relevant expenditure (see paragraph **1.28**) for the current MFF. Following the extension of the 2014-2020 CAP rules up to 2022¹³, the Commission did not apply this new methodology to the CAP for 2021, instead using the previous methodology. Applying the same methodology we used in [special report 09/2022](#), we calculate that the amount reported by the Commission (€17.2 billion) is overstated by €8.9 billion.

2.16. We reported in 2020 that the Commission's tracking of CAP spending on biodiversity was unreliable¹⁴. Due to a lack of underlying data, we are unable to calculate the amount by which it has been overestimated, as we did for climate spending.

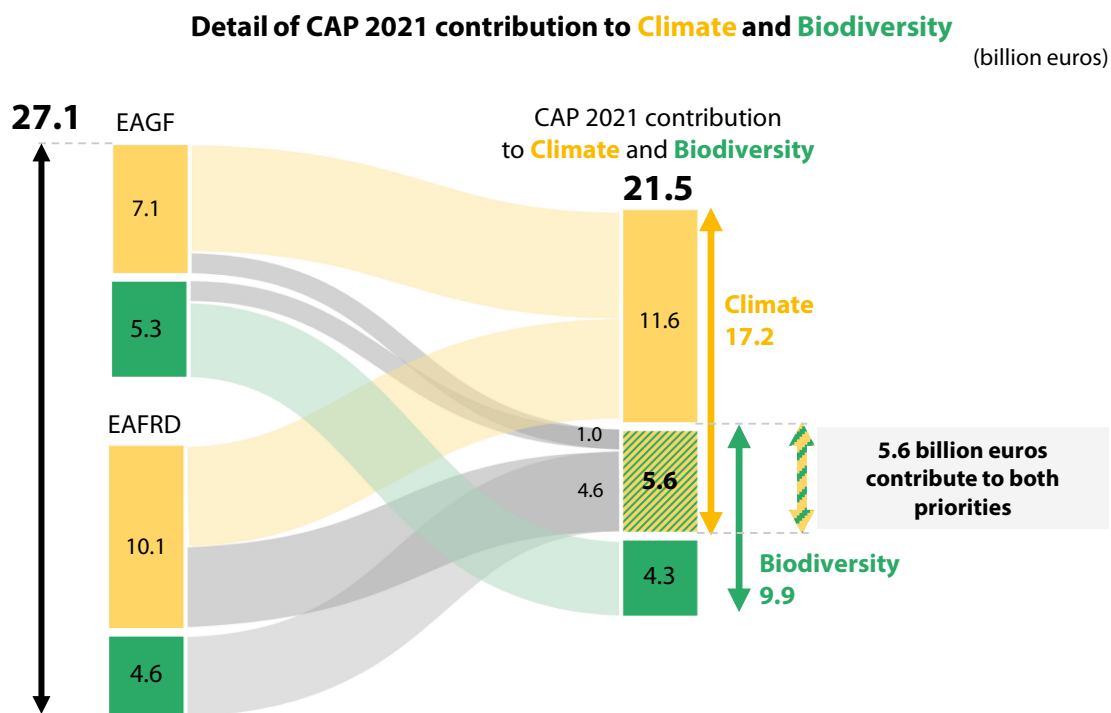
2.17. There are clear synergies between actions that contribute both to climate and to biodiversity (see paragraph **1.45**). This is inherent to mainstreaming. However, the Commission reports the CAP's contribution to each priority separately, and does not specifically highlight programme expenditure that contributes to more than one priority. [Figure 2.3](#) shows that of the total of €27.1 billion from the CAP contributing to climate and biodiversity, €5.6 billion contributes to both priorities.

¹² [Special report 09/2022](#) – 'Climate spending in the 2014-2020 EU budget – Not as high as reported', paragraphs 26 to 28.

¹³ [Regulation \(EU\) 2020/2220](#) of the European Parliament and of the Council of 23 December 2020 laying down certain transitional provisions for support from the European Agricultural Fund for Rural Development (EAFRD) and from the European Agricultural Guarantee Fund (EAGF) in the years 2021 and 2022.

¹⁴ [Special report 13/2020](#) – 'Biodiversity on farmland: CAP contribution has not halted the decline', paragraph 76.

Figure 2.3 – Overlaps* between the climate and biodiversity priorities in the CAP



Source: ECA, based on the programme statements and Directorate-General for Agriculture and Rural Development (DG AGRI) data.

* Programme expenditure contributing 100 % to one priority and, at the same time, contributing 40 % or 100 % to another priority.

2.18. The interinstitutional agreement¹⁵ requires the Commission to consider ‘the existing overlaps between climate and biodiversity goals’ when calculating the contribution made by annual spending under the MFF to biodiversity objectives. Similar provisions are included in the LIFE¹⁶ and NDICI – Global Europe¹⁷ programmes, and in the programmes covered by the Common Provisions Regulation¹⁸. The Commission did not report on existing overlaps between climate and biodiversity goals in the programme statements or in the 2021 AMPR.

¹⁵ Interinstitutional agreement of 16 December 2020, part II, paragraph 16 (e).

¹⁶ Regulation (EU) 2021/783.

¹⁷ Regulation (EU) 2021/947.

¹⁸ Regulation (EU) 2021/1060.

2.19. The programme statements for NDICI – Global Europe and IPA III reported €529 million and €33 million respectively as contributing to biodiversity. We identified that €294 million (56 %) and €9.6 million (29 %) of these respective amounts also contributed to climate. In the case of Horizon Europe, various actions contribute to several priorities. For example, two actions¹⁹ contribute 100 % to climate while at the same time contributing to biodiversity and other priorities. These overlaps were not specifically reported by the Commission.

2.20. The NDICI – Global Europe programme provides a good example of the monitoring and reporting of ‘cross-cutting’ contributions to climate. Its programme statement for the 2021 draft budget reports amounts contributing to adaptation, to mitigation and to both aspects. The Commission has informed us that the JRC, as part of the development of indicators to monitor implementation of the EU’s biodiversity strategy, is aiming to estimate such overlap between biodiversity and climate spending from the MFF.

The Commission tracks spending but reported progress involves significant estimations

2.21. In policy areas where achieving climate goals is a primary objective, the basic legal acts governing certain spending programmes set specific targets for contributions to these goals (see paragraph **1.24**). The Commission tracks the annual contribution made by each programme (including programmes without such specific targets) in detail in the programme statements²⁰, and it reports aggregated figures in the statement of estimates for the draft budget²¹.

¹⁹ (1) Cluster 5. Destination 1 – Climate sciences and responses: 100 % climate, 36.40 % biodiversity, 5.10 % clean air, 8.03 % digital. (2) Cluster 6. Destination 5 – Land, oceans and water for climate action: 100 % climate, 38.40 % biodiversity, 25.50 % clean air, 11.40 % digital.

²⁰ COM(2022) 400: Draft General Budget of the European Union for the Financial Year 2023. Working Document Part I. Programme Statements of operational expenditure.

²¹ SEC(2022) 250 in COM(2022) 400: Statement of estimates of the European Commission for the financial year 2023, June 2022.

2.22. In June 2022, the Commission reported that the EU budget was on track to achieve the overall target for the proportion of combined EU budget and NGEU expenditure supporting climate action in the 2021-2027 period (30 %), as well as the spending programmes' specific targets.

2.23. The Commission does not provide information on actual climate expenditure in the programme statements or AMPR. Its climate-tracking methodology is based on *ex ante* estimates by assigning 'EU climate coefficients' to budget commitments. In order to assess its progress towards the overall 30 % target for the 2021-2027 period, the Commission estimated the contribution that each spending programme would make to climate action up until 2027. For the programmes we examined, it estimated that the contribution for 2021-2027 would be 32 % of their combined budget (see [Annex 2.2](#)). For 2021, at the start of the current MFF period, the proportion of commitments contributing to climate objectives for the same programmes was also 32 % which means that overall they are on track to achieve the target of 30 % for the 2021-2027 period (see [Annex 2.3](#)).

2.24. In June 2021, in the 2022 draft budget, the Commission estimated each programme's climate contribution for 2021. The total contribution estimated for the selected programmes was €48.2 billion. In June 2022, in the 2023 draft budget, the Commission revised its estimates for 2021, following which the total contribution for the selected programmes fell to €29.2 billion (see [Annex 2.2](#)). The difference between the two years (a 39 % decrease) demonstrates that the Commission's estimates involve significant approximations. The Commission stated that it would update its figures for expenditure to date and estimated future expenditure once data became available²².

2.25. The Commission bases its estimates of the EU budget's climate contribution for future years on the most up-to-date information available for each programme. This has resulted in more precise estimates for programmes under the Commission's *direct management* such as Horizon Europe and NDICI – Global Europe, which are based on adopted work programmes. In the case of Horizon Europe, we found a good example of such an estimate. DG RTD estimated the programme's climate contribution for 2023-2024 based on *ex ante* estimates of its work programme's climate contribution and on expenditure-tracking *metadata* available as at the end of April 2022. On this basis, it identified the risk that Horizon Europe would not achieve its 35 % target for climate spending in 2023-2024.

²² Ibid.

Indicators relevant for climate and biodiversity

2.26. The programme statements accompanying the 2023 draft budget reported on the financial implementation and performance of the 2021-2027 programmes. For many programmes, implementation is only just starting and no results are available yet. The basic legal acts governing the 2021-2027 programmes define their objectives, as well as indicators to measure and monitor the progress made in achieving them. The Commission has identified risks and limitations in the use and interpretation of indicator data.

2.27. As explained in *chapter 1* (see paragraph **1.48**), the programmes we examined included some indicators linked to the selected horizontal policy priorities, and the Commission is working on a pilot project to develop a methodology to aggregate indicators linked to horizontal priorities. *Table 2.1* shows examples of indicators from different programmes that are relevant for climate and *Table 2.2* shows examples of indicators from different programmes that are relevant for biodiversity.

2.28. We found that the programme statement for regional policy clearly explained the link between a programme’s performance and its contribution to climate objectives. It explicitly mentions 10 of the programme’s indicators²³ that are relevant for climate. It concludes: ‘Overall, performance on the climate-related indicators can be described as satisfactory’, based on the moderate or strong trend in terms of achieving their 2023 targets.

Table 2.1 – Example of indicators from different programmes that are relevant for climate

EU funding programme	Indicator name	Indicator type	Frequency of data
JTM	Enterprises supported to achieve the reduction of greenhouse-gas emissions	Output	Annual
REGIONAL (ERDF)	Additional renewable energy produced	Result	First data in 2026
LIFE	Population benefitting from a reduction of their vulnerability to the adverse effects of climate change	Impact	Annual

Source: ECA, based on the programme statements.

²³ Indicators of the specific objectives 4, 5 and 7.

Table 2.2 – Example of indicators from different programmes that are relevant for biodiversity

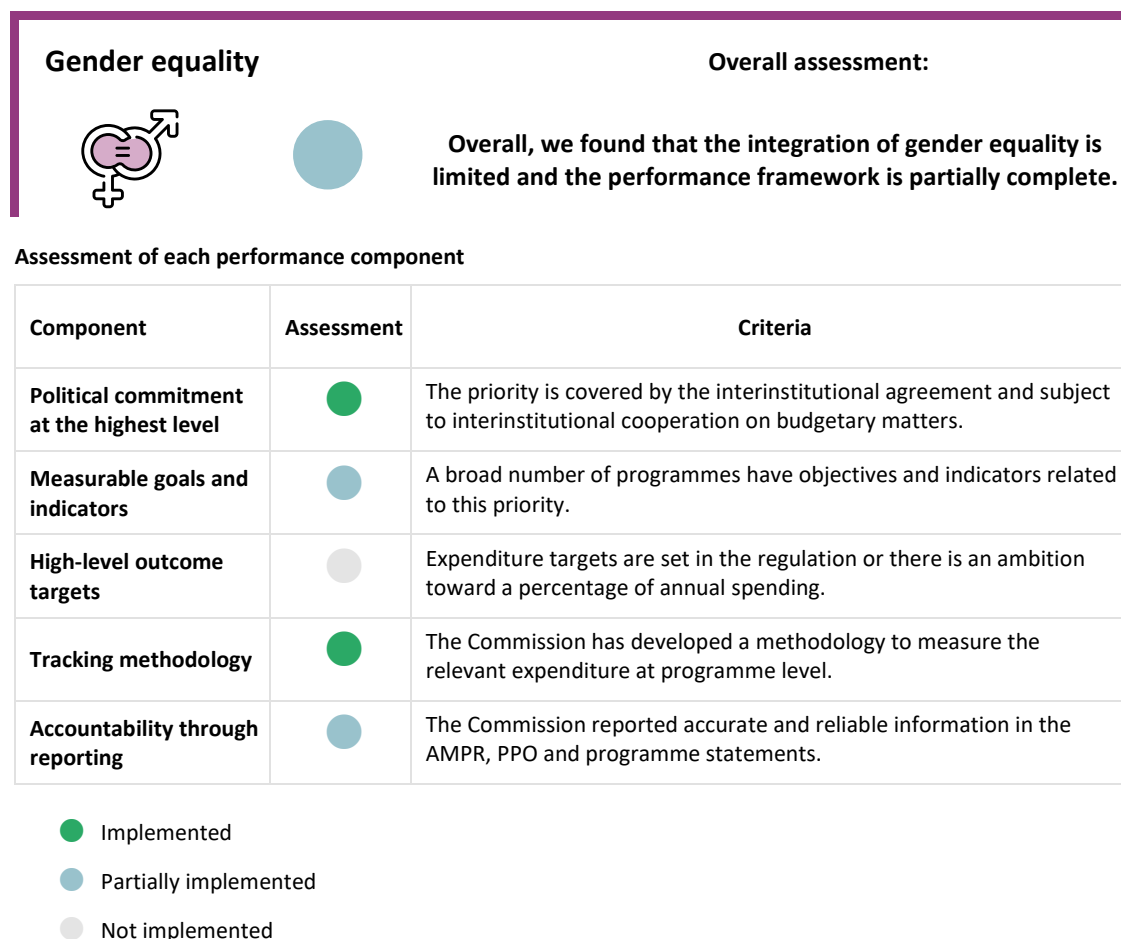
EU funding programme	Indicator name	Indicator type	Frequency of data
LIFE	Number of projects, including strategic nature projects, implementing plan, strategies or programmes of action for mainstreaming nature and biodiversity	Output	Annual
EMFAF	Actions contributing to <i>Good Environmental Status</i> , including nature restoration, conservation, protection of ecosystems, biodiversity, animal health and welfare	Result	Annual
NDICI – Global Europe	Area of marine, terrestrial and freshwater ecosystems protected and/or sustainably managed with EU support	Result	Annual

Source: ECA, based on the programme statements.

Progress has been made in incorporating gender equality into the performance framework

2.29. In this section, we focus on whether the Commission applied an appropriate performance framework to measure the EU budget's contribution to gender equality. [Figure 2.4](#) shows the criteria we used and our overall assessment.

Figure 2.4 – The performance framework for gender equality



Source: ECA.

Note: Our assessment criteria are further explained in [Annex 2.1](#).

2.30. The interinstitutional agreement for the 2021-2027 MFF covers gender equality, and the Commission produced a pilot methodology to measure related expenditure. There is no expenditure target, and the Commission has not yet determined whether a significant number of programmes will have an impact on gender equality. The following sections show that there are weaknesses in its design

and in the accuracy of the information reported. Also it shows that while some programmes have sex-disaggregated indicators (i.e. indicators broken down by gender), they are not used for reporting or monitoring.

ECA audits have identified weaknesses in gender mainstreaming

2.31. In our audit on gender mainstreaming²⁴, we found that the EU's budget cycle did not adequately take gender equality into account. The Commission paid little attention to gender analysis of EU policies and programmes, and it has made little use of sex-disaggregated data and indicators. Also, the Commission made little information available on the EU budget's overall impact on gender equality in the programme statements and the AMPR.

2.32. We found that there was no common system for tracking funds allocated and used on gender equality under the EU budget for the 2014-2020 MFF. The DGs used different methods to estimate their programmes' contribution to gender equality. This made it impossible to calculate a total contribution across the entire EU budget, so DG BUDG was unable to arrive at a meaningful overall estimate of the EU budget's contribution to gender equality.

The Commission's first estimation of the overall contribution of the EU budget to promoting gender equality was affected by weaknesses

2.33. In the 2020-2025 gender equality strategy²⁵, the Commission stated it would consider measuring expenditure related to gender equality at programme level in the 2021-2027 MFF. In November 2020, the Commission, the Council and the European

²⁴ [Special report 10/2021](#) – 'Gender mainstreaming in the EU budget: time to turn words into action'.

²⁵ [COM\(2020\) 152 final](#): Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. A Union of Equality: Gender Equality Strategy 2020-2025.

Parliament agreed that the Commission should develop a method for measuring relevant expenditure under each programme in the 2021-2027 MFF²⁶.

2.34. In October 2021, the Council²⁷ called on the Commission to develop a robust system for tracking funds allocated and used to support gender equality and to report annually on related results, in order to improve accountability and budgetary transparency. It called on the Commission to ensure the availability of reliable information on funds allocated to and used for the promotion of gender equality at programme level in the 2021-2027 MFF.

2.35. The Commission has developed a pilot methodology to track expenditure related to gender equality in the 2021-2027 MFF. The Commission piloted this methodology across all EU funding programmes when preparing the 2023 draft budget. In the programme statements accompanying the 2023 draft budget, the Commission provided a table for each programme setting out its contribution to gender equality in 2021. All programmes classified the total annual commitments for the year, based on a scoring system (see paragraph **1.35**). The programme statement for regional policy based the contribution on ‘annual commitments implemented’. The ESF+ programme statement, however, based it on ‘annual expenditures adopted, estimated or programmed for the 2021-2027 programming period’. In the case of Horizon Europe, the programme statement noted that a methodology for tracking actions contributing to gender equality still needed to be developed.

2.36. We could only reconcile the reported contribution to gender equality for 2021 with reported commitments for three²⁸ of the 11 programmes we examined. In addition, after publishing the AMPR, the Commission made subsequent corrections, including to figures relevant for gender equality²⁹.

2.37. *Figure 2.5* presents an overview of the reported contribution to gender equality of the budget as a whole for 2021, as well as the criteria used by the Commission.

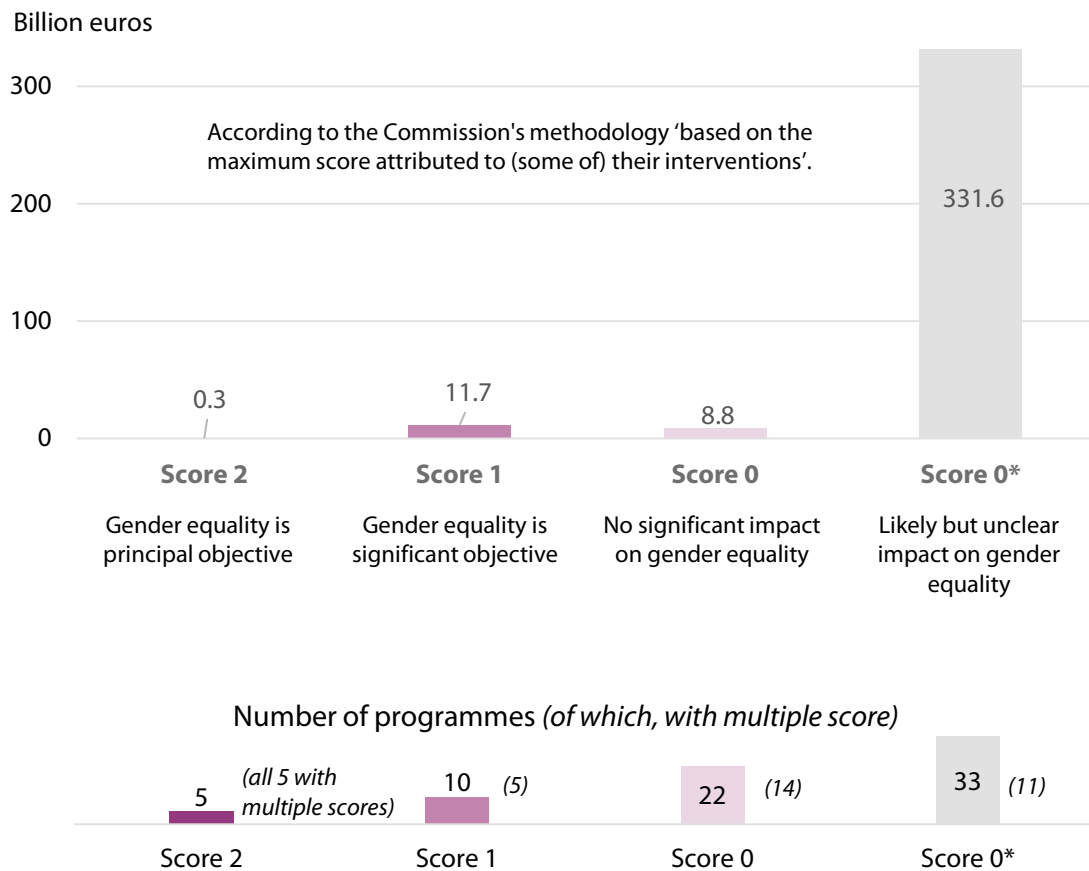
²⁶ [Interinstitutional agreement of 16 December 2020](#).

²⁷ [Council Conclusions 12829/21](#). Gender Mainstreaming in the EU Budget (CoA SR No 10/2021), 15 October 2021.

²⁸ CEF, regional policy and EMAF.

²⁹ [List of corrections made on 20 July 2022 to the Programme Performance Overview website after the adoption of the corrigendum of the AMPR on 11 July 2022](#).

Figure 2.5 – EU budget and programmes contributing to gender equality



Source: ECA, based on Commission data in the 2023 draft budget.

2.38. The 2023 draft budget and the AMPR did not include consolidated information on the amounts contributing to gender equality. We could not reconcile the scores reported by the Commission³⁰ with the individual information for each programme.

2.39. The Commission reported in the 2023 draft budget that 95 % of spending programmes either contributed (scores of 1 and 2) or potentially contributed (score of 0*) to gender equality. The Commission concluded that, based on the information currently available, less than 5 % could be considered as gender neutral.

³⁰ Score of 2: 5 programmes; score of 1: 6 programmes; score of 0: 7 programmes; score of 0*: 30 programmes.

2.40. The Commission aggregated the budgeted amounts of the programmes under the scores 2, 1 and 0*. However, under the Commission’s methodology, a score of 0* means the programme’s contribution to gender equality is unclear and will need to be reassessed.

2.41. The OECD³¹ recommends leaving programmes unscored if their contribution to gender equality is unclear. This is to avoid confusion between activities that do not contribute to gender equality (score of 0) and those whose contribution is unknown (score of 0*). We consider that the Commission’s extensive use of the 0* score (33³² programmes) does not provide clear information.

2.42. We reviewed the information in section 6.4 of the programme statements (‘Contribution to Gender Equality’) in the 2023 draft budget. We found for 23 of the 47 programmes, sufficient justification for the assigned scores had not been provided. No justification at all was provided for 3 programmes. For a further 20, the justification provided was weak, and of a general nature. Of these 23 programmes, 15 did not contain details of any contribution to SDG 5 on gender equality.

2.43. *Annex 2.5* shows the contribution to gender equality made by the 11 selected programmes, broken down by score. Eight of these programmes assigned a score of 0* to the entirety of their commitments in 2021, and the rest used multiple scores (2, 1, 0 and 0*). We found that:

- of the eight programmes that only used the score 0*, three³³ explained why the score had been assigned and only one³⁴ indicated contributions to SDG 5 on gender equality.
- the two *external action* programmes followed the OECD methodology and did not use the score 0*.

³¹ OECD: [Definition and minimum recommended criteria for the DAC gender equality policy marker](#), December 2016.

³² Eleven programmes also used other scores and 22 only used the score 0*.

³³ DIGITAL EU, regional policy and ESF+.

³⁴ LIFE.

There are no spending targets and few indicators for gender equality

2.44. The 2021-2027 MFF has specific spending targets for climate and biodiversity actions, but no similar target for gender equality.

Indicators relevant for gender

2.45. As explained in *chapter 1* (see paragraph **1.48**), the programmes we examined included some indicators linked to the selected horizontal policy priorities. [Table 2.3](#) shows examples of indicators from different programmes that are relevant for gender equality.

Table 2.3 – Example of indicators from different programmes that are relevant for gender equality

EU funding programme	Indicator name	Indicator type	Frequency of data
REGIONAL (ERDF)	New or modernised capacity for childcare and education facilities	Output	Annual
ESF+	Unemployed, including long-term unemployed, participants reached	Output	Annual
NDICI – Global Europe	Proportion of EU-funded cooperation promoting gender equality and women’s empowerment	Input	Annual

Source: ECA, based on the programme statements.

2.46. Gender indicators can refer to quantitative indicators based on sex-disaggregated statistical data³⁵. We found that, although for some funds there are legal requirements to break down personal data by gender³⁶, the programme statements did not include sex-disaggregated information on indicators and their targets.

³⁵ OECD: [DAC Network on Gender Equality](#).

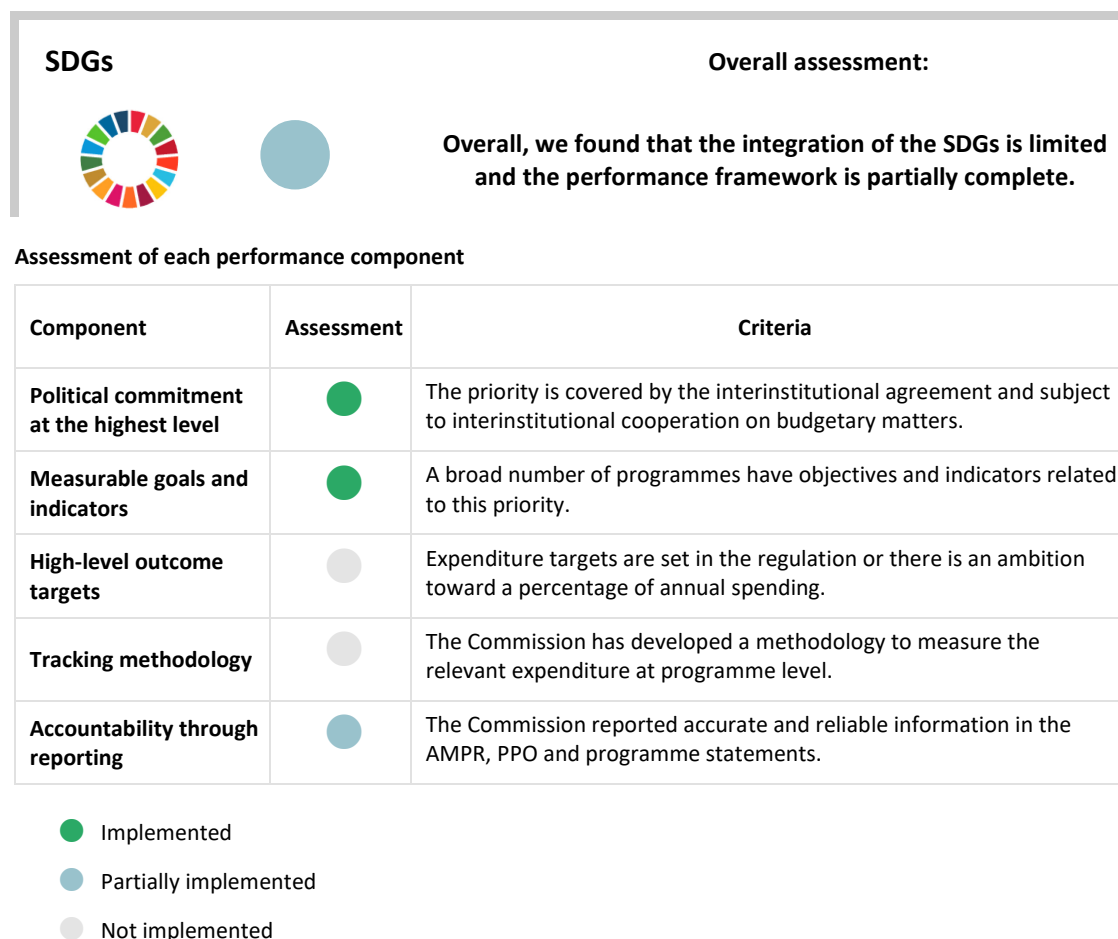
³⁶ For example, ESF+ indicators, including ‘Unemployed, including long-term unemployed, participants reached’, must be broken down into women, men and non-binary persons in accordance with Annex I to [Regulation \(EU\) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus \(ESF+\) and repealing Regulation \(EU\) No 1296/2013](#).

Limited information is available on the progress of EU programmes towards the SDGs

2.47. In this section, we focus on whether the Commission applied an appropriate performance framework to measure the EU budget's contribution to the SDGs.

Figure 2.6 shows the criteria we used and our overall assessment.

Figure 2.6 – The performance framework for the SDGs



Source: ECA.

Note: Our assessment criteria are further explained in [Annex 2.1](#).

2.48. The interinstitutional agreement for the 2021-2027 MFF covers the SDGs, and there are several programmes with objectives and indicators related to this priority. It did not include an expenditure target and the Commission has not developed a methodology to measure relevant expenditure for each programme. The following sections show that there are inaccuracies in the information reported.

Previous ECA work has observed that the Commission does not report on the budget's contribution to SDGs

2.49. In our 2019 review on sustainability reporting³⁷, we reported that since 2017, programme statements had included general descriptions (without assigning financial values) of how the programme in question contributed to the SDGs. In 2018, the Commission determined that nearly every programme contributed to one or more of the SDGs.

2.50. We acknowledged in our review that integrating sustainability reporting into the Commission's performance reporting was a challenge. However, we pointed out that it could help the Commission to streamline performance indicators and to better align specific programme and policy objectives with high-level general objectives.

2.51. This review pointed out the need for a comprehensive reporting framework, with indicators monitoring actual spending on climate and related results. We considered that these indicators could be relevant for measuring progress towards the SDG on climate.

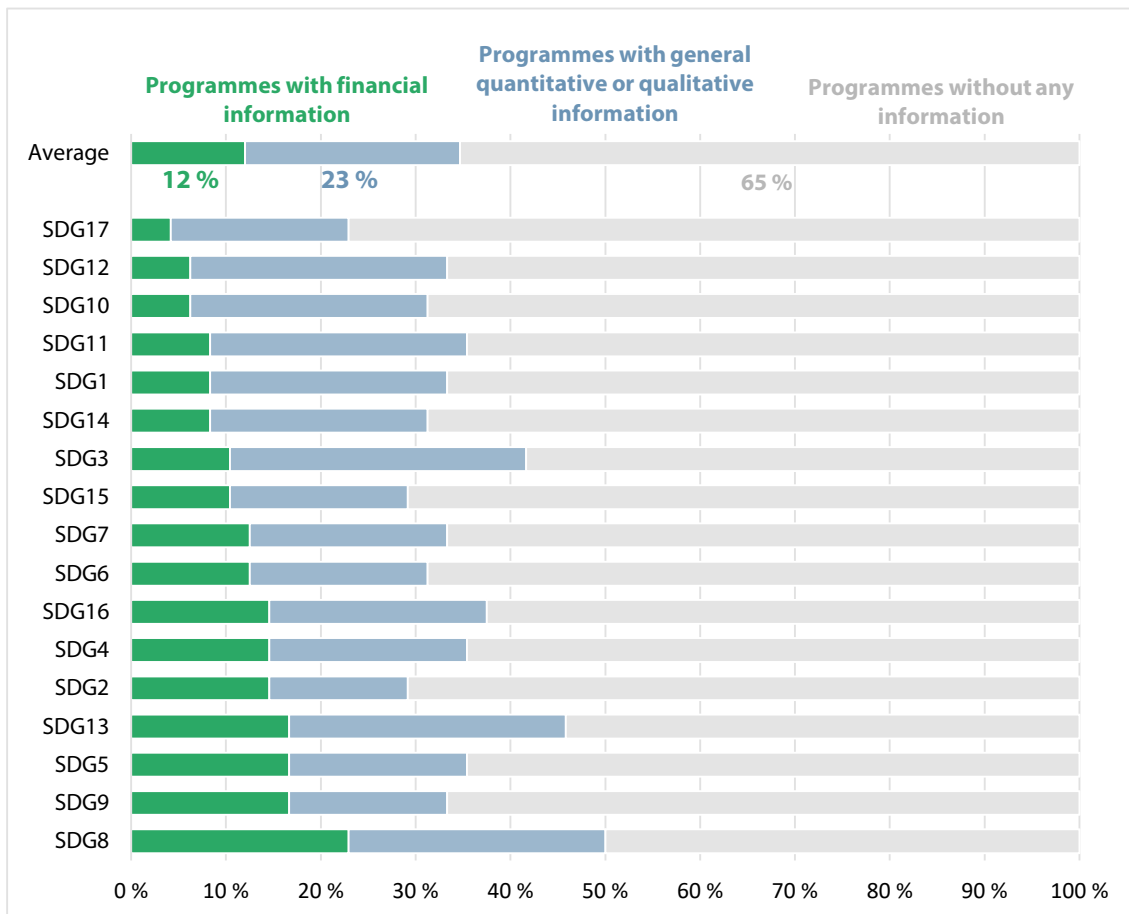
The Commission has started reporting on the links between EU spending programmes and the SDGs

2.52. The Commission's budget circular for 2023 instructed directorates-general to list the SDGs to which their respective programmes contribute, and to provide illustrative examples. In the 2023 draft budget, the Commission concluded that 41 programmes contributed to at least one SDG in 2021. The Commission specified the SDGs to which each EU programme contributes, along with examples of its contribution.

2.53. We reviewed the overall information in section 6.5 of the programme statements ('Contribution to the SDGs') and found that most programmes contributed to at least one SDG in 2021. Individual SDGs are on average covered by one third of the spending programmes (see [Figure 2.7](#)).

³⁷ Review 07/2019 – 'Reporting on sustainability: A stocktake of EU Institutions and Agencies'.

Figure 2.7 – Information on SDGs in programme statements

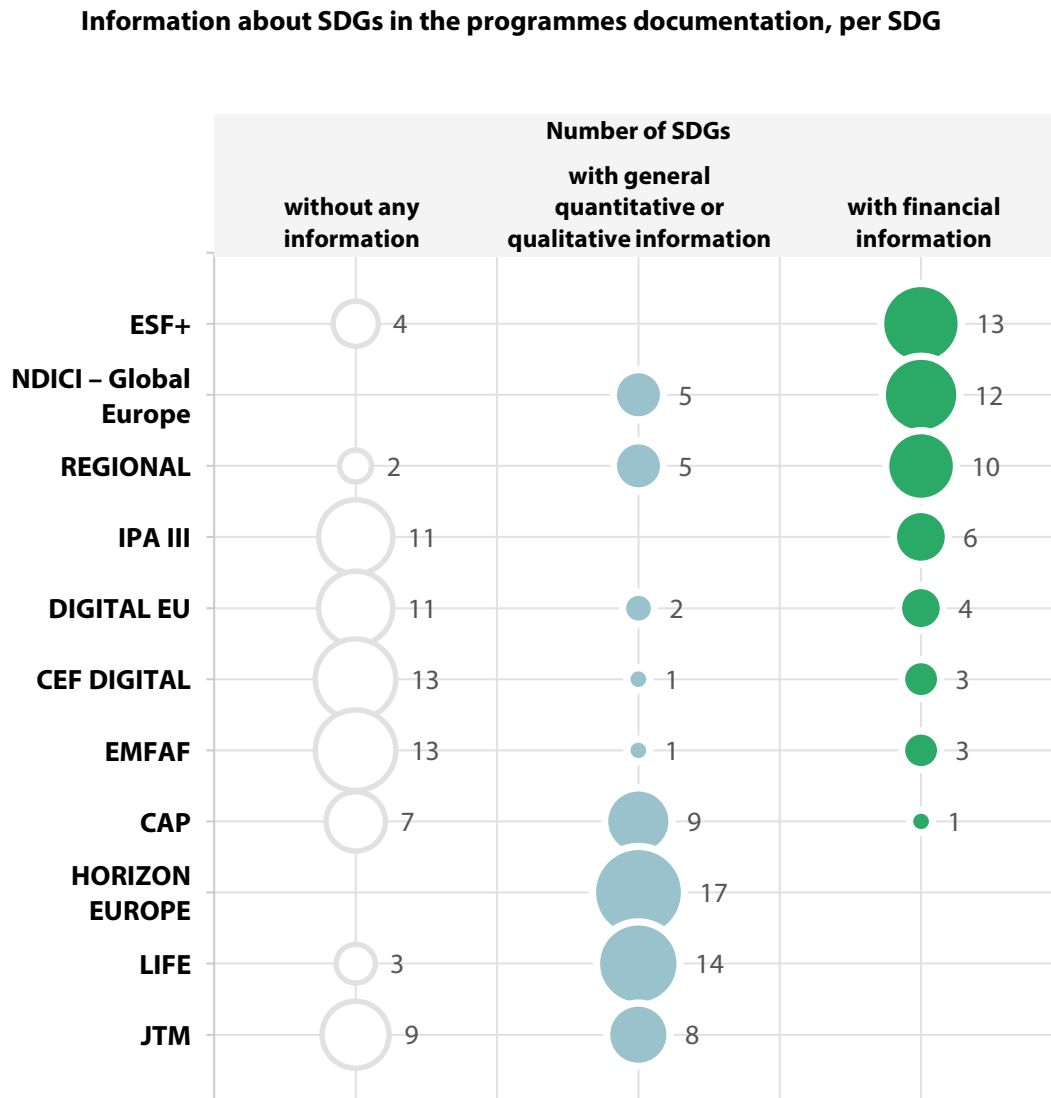


Source: ECA, based on Commission data.

2.54. The extent to which the programme statements provided performance information on the SDGs varied significantly. For the 11 programmes selected, we found that (see [Figure 2.8](#)):

- eight programmes provided financial information on at least one of the 17 SDGs;
- ESF+, NDICI – Global Europe and regional policy were the three programmes which provided the most detailed financial information;
- NDICI – Global Europe and Horizon Europe were the only two programmes covering all 17 SDGs.

Figure 2.8 – Few programmes provide detailed financial information about the SDGs



Source: ECA, based on Commission data.

Indicators relevant for the SDGs

2.55. As explained in *chapter 1* (see paragraph 1.48), the programmes we examined included some indicators linked to the selected horizontal policy priorities. *Table 2.4* shows example of indicators from different programmes that are relevant for the SDGs.

Table 2.4 – Example of indicators from different programmes that are relevant for the SDGs

EU funding programme	Indicator name	Indicator type	Frequency of data
NDICI – Global Europe	Number of students enrolled in education: (a) primary education, (b) secondary education and number of people who have benefitted from institution or workplace-based VET/skills development interventions, supported by the EU	Output	Annual
IPA III	Energy intensity measured in terms of primary energy and GDP	Result	Annual
IPA III	Employment rate of persons aged 20 to 64	Impact	Annual

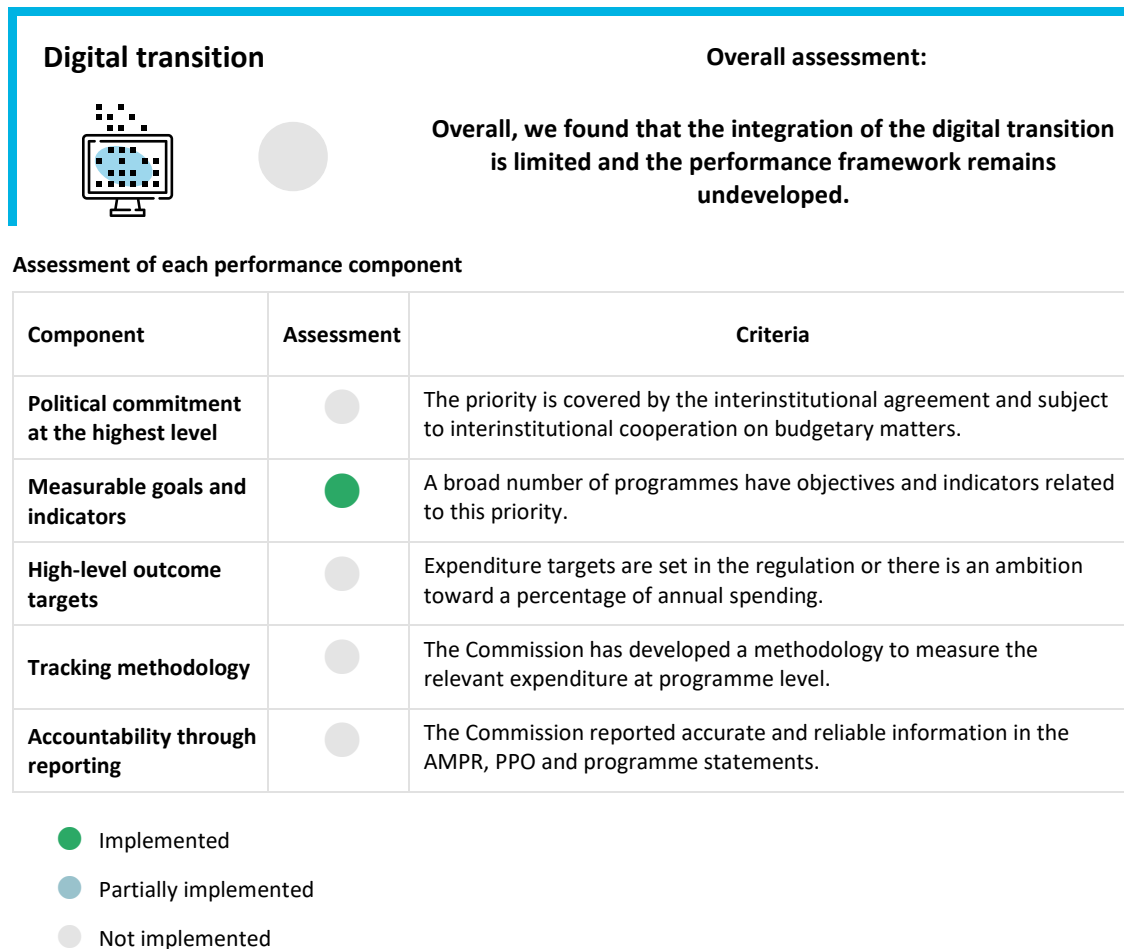
Source: ECA, based on the programme statements.

Note: These three indicators are relevant for SDG 4 ‘Quality education’, SDG 7 ‘Affordable and clean energy’ and SDG 8 ‘Decent work and economic growth’ respectively.

The digital transition is a new priority

2.56. In this section, we focus on whether the Commission applied an appropriate performance framework to measure the EU budget's contribution to the digital transition. *Figure 2.9* shows the criteria we used and our overall assessment.

Figure 2.9 – The performance framework for the digital transition



Source: ECA.

Note: Our assessment criteria are further explained in [Annex 2.1](#).

2.57. The interinstitutional agreement for the 2021-2027 MFF does not cover the digital transition. The MFF legislation and interinstitutional agreement do not set expenditure targets or require the Commission to track expenditure. NGEU introduces the digital transition as a new priority under the RRF. Specifically, it includes a criterion

that at least 20 % of each Member State’s total estimated RRF costs should contribute to the digital transition³⁸.

The Commission has provided information on the contribution to the digital transition for specific programmes

2.58. Since the interinstitutional agreement did not include the digital transition as a priority to be mainstreamed, the Commission did not report on it in the section of each programme statement that sets out the programme’s contribution to horizontal priorities.

2.59. Information on the digital transition was however reported for programmes with relevant general or specific objectives. For example, the achievements of the Digital Europe programme were reported both in its programme statement and in Volume II of the AMPR.

Indicators relevant for the digital transition

2.60. As explained in *chapter 1* (see paragraph **1.48**), the programmes we examined included some indicators linked to the selected horizontal policy priorities. *Table 2.5* shows example of indicators from different programmes that are relevant for the digital transition.

Table 2.5 – Example of indicators from different programmes that are relevant for the digital transition

EU funding programme	Indicator name	Indicator type	Frequency of data
CEF DIGITAL	New connections to very high capacity networks for socio-economic drivers and very high quality connections for local communities	Result	Annual
REGIONAL (ERDF)	Additional dwellings and enterprises with broadband subscriptions to a very high capacity network	Result	First data in 2026
DIGITAL EU	Enterprises with high digital intensity score	Impact	Annual

Source: ECA, based on the programme statements.

³⁸ [Special report 21/2022](#) – ‘The Commission’s assessment of national recovery and resilience plans – Overall appropriate but implementation risks remain’.

2.61. The [Global Europe Results Framework](#) (formerly the EU Results Framework) has several indicators linked to this priority. However, they were not included in the performance framework for the NDICI – Global Europe programme, as the framework was only launched at a later stage.

Conclusions and recommendations

2.62. Based on our analysis of *chapter 1*, we found that the priorities of climate, biodiversity, gender, SDGs and the digital transition had indeed been incorporated into the selected spending programmes. However, the extent of this incorporation differs significantly between priorities, gender being the least well integrated priority (see paragraph **1.20**).

2.63. The Commission tracks expenditures on climate, biodiversity and gender. The Commission produced a pilot methodology to measure expenditure on gender equality, which is not as advanced as the methodology for climate and biodiversity spending (see paragraphs **1.25-1.37**).

2.64. Only the climate objective currently has specific targets for the proportion of the budget to be spent on it, and for monitoring progress towards achieving this spending target (see paragraph **1.24**).

2.65. In 2019, the Commission started a pilot project to develop a conceptual framework to measure aggregated outcomes across various programmes, for jobs, climate, and digitalization. We recognise the complexities of developing a performance framework for horizontal priorities, but we consider current progress to be insufficient (see paragraphs **1.50-1.51**).

Recommendation 1 – Better integrating the horizontal policy priorities into the performance framework

While taking into account the cost and feasibility of its approach, the Commission should improve the integration of the horizontal policy priorities into the performance framework by:

- (a) following up on the results of its pilot project on performance indicators of the effects of budget expenditures on horizontal priorities and, based on the conclusions drawn, implementing appropriate measures;
- (b) refining the methodology for tracking gender expenditure, strengthening the minimum criteria for the attribution of scores used as EU gender markers and, in future legislative proposals incorporating gender equality into programmes;

- (c) analysing whether and deciding how to track expenditure to support the digital transition and the SDGs.

Target implementation date: when preparing the post-2027 multiannual financial framework

2.66. Every year, DG BUDG issues instructions, the ‘budget circular’, to the other DGs to inform the preparation of the draft budget. The Commission identified several encoding errors in the AMPR published on 7 June 2022. Some of these errors were significant, and the Commission subsequently issued corrections (see paragraphs **1.52** and **2.14**). In addition, we consider that significant approximations were made (see paragraph **2.24**) which the Commission did not sufficiently explain.

2.67. Having programmes contributing to multiple priorities at the same time is inherent to mainstreaming. There may be synergies between different priorities. The AMPR did not explain such synergies, particularly those between climate and biodiversity (see paragraph **1.45** and paragraphs **2.17-2.19**).

2.68. Overall, the Commission applied an appropriate performance framework to measure the EU budget’s climate and biodiversity contribution. The performance framework for measuring its contribution to gender equality has improved but has limitations, and the frameworks for measuring its contribution to the SDGs and the digital transition remain to be developed (see paragraphs **2.8**, **2.30**, **2.48** and **2.57**).

Recommendation 2 – Enhance reporting on horizontal policy priorities in the Annual Management and Performance Report and the programme statements

To improve the reliability of information reported in the *Integrated Financial and Accountability Reporting* package on the horizontal policy priorities both for individual programmes and for the EU budget as a whole, the Commission should:

- (a) as much as possible, present accurate financial and non-financial information on horizontal policy priorities in the Annual Management and Performance Report;
- (b) report in both the AMPR and the programme statements on the use of expenditure that contributes to several horizontal policy priorities at the same time, to better highlight synergies between such policies and develop its future new accounting system to track funds;

- (c) report in the Annual Management and Performance Report on the total relevant expenditure of the budget identified as having a positive impact on gender equality.

Target implementation date: for the preparation of the 2023 Annual Management and Performance Report, except for the future accounting system, which should be implemented for the next multiannual financial framework

Annexes

Annex 2.1 – Audit criteria used to assess the performance framework for climate, biodiversity, gender, SDGs and digital

Performance component	Criteria	Assessment of the performance component
Political commitment at the highest level	The priority is not integrated into the interinstitutional agreement and subject to the interinstitutional cooperation in budgetary matters.	Not implemented
	The priority is integrated into the interinstitutional agreement and subject to the interinstitutional cooperation in budgetary matters.	Implemented
Measurable goals and indicators	A limited number of programmes integrate objectives and indicators related to this priority.	Not implemented
	Some programmes integrate objectives and indicators related to this priority.	Partially implemented
	A broad number of programmes integrate objectives and indicators related to these priorities.	Implemented
High-level outcome targets	Expenditure targets are not set in the regulation and there is not any ambition toward a percentage of annual spending.	Not implemented
	Expenditure targets are set in the regulation or there is an ambition toward a percentage of annual spending.	Implemented
Tracking methodology	The Commission has not developed a methodology to measure the relevant expenditure at programme level.	Not implemented
	The Commission has developed a methodology to measure the relevant expenditure at programme level.	Implemented

Performance component	Criteria	Assessment of the performance component
Accountability through reporting	The Commission reported accurate and reliable information in the AMPR, PPO and programme statements regarding the horizontal priority for few of the programmes.	Not implemented
	The Commission reported accurate and reliable information in the AMPR, PPO and programme statements regarding the horizontal priority for some of the programmes.	Partially implemented
	The Commission fully reported accurate and reliable information in the AMPR, PPO and programme statements regarding the horizontal priority for all programmes.	Implemented
Overall assessment	Less than half of the performance components are implemented.	0 – Not implemented
	About half of performance components are implemented.	1 – Partially implemented
	More than half of the performance components are implemented.	2 – Implemented

Annex 2.2 – Climate contribution in 2021, previous year’s estimate and targets set in basic legal acts

Programme	Climate 2021 (draft budget 2022) (billion euros)	Climate 2021 (draft budget 2023) (billion euros)	Total estimated climate 2021-2027 (billion euros)	Total budget 2021-2027 (billion euros)	% estimated 2021-2027	Targets basic acts
Horizon Europe	5 000	4 750	32 226	92 972	35 %	35 %
CEF DIGITAL	4 284	4 194	20 944	33 109	63 %	60 %
DIGITAL EU	0	36	36	6 608	1 %	N/A
REGIONAL	17 474	37	80 425	293 525	27 %	(¹)
ESF+	1 075	0	6 450	118 122	5 %	N/A
CAP	15 900	17 212	144 321	386 333	37 %	40 %
EMFAF	109	48	1 025	6 073	17 %	N/A
LIFE	446	375	2 979	5 457	55 %	61 %
JTM	0	9	20 045	20 097	100 %	100 %
NDICI – Global Europe	3 618	2 037	27 879	79 756	35 %	30 %
IPA III	297	509	3 848	14 780	26 %	18 %
TOTAL	48 203	29 208	340 178	1 056 831	32 %	

Source: ECA, based on Commission data.

(¹): 30 % ERDF and 37 % *Cohesion Fund* (CF).

Annex 2.3 – Climate contribution in 2021 as percentage of total commitments

Programme	Total climate commitments – Budget and NGEU (billion euros)	Total commitments in 2021 (billion euros)	Climate % achieved 2021	Target set in basic legal act
Horizon Europe	4 750	13 586	35 %	35 %
CEF DIGITAL	4 194	4 510	93 %	60 %
DIGITAL EU	36	1 160	3 %	N/A
REGIONAL	37	261	14 %	(¹)
ESF+	0	146	0 %	N/A
CAP	17 212	57 389	30 %	40 %
EMFAF	48	107	45 %	N/A
LIFE	375	740	51 %	61 %
JTM	9	10	97 %	100 %
NDICI – Global Europe	2 037	10 834	19 %	30 %
IPA III	509	1 572	32 %	18 %
TOTAL	29 208	90 313	32 %	

Source: ECA, based on Commission data.

(¹): 30 % ERDF and 37 % CF.

Annex 2.4 – Biodiversity contribution in 2021 and future estimates (in billion euros)

Programme	Biodiversity 2021	2022	2023	2024	2025	2026	2027	Total 2021-2027
Horizon Europe	1 068	1 068	960	1 030	884	902	920	6 832
CEF DIGITAL	0	0	0	0	0	0	0	0
DIGITAL EU	0	0	0	0	0	0	0	0
REGIONAL	0	2 050	2 424	2 826	3 252	3 705	4 184	18 441
ESF+	0	0	0	0	0	0	0	0
CAP	9 943	9 179	9 021	9 038	9 055	9 072	9 090	64 398
EMFAF	17	129	129	129	129	129	129	791
LIFE	332	344	331	346	366	391	420	2 530
JTM	0	0	0	0	0	0	0	0
NDICI – Global Europe	529	814	837	953	1 174	1 150	1 058	6 515
IPA III	33	84	94	96	96	97	102	602
TOTAL	11 922	13 668	13 796	14 418	14 956	15 446	15 903	100 109

Source: ECA, based on Commission data.

Annex 2.5 – Gender contribution in 2021 by score (in billion euros)

Programme	Gender score 2	Gender score 1	Gender score 0	Gender score 0*	Total gender 2021
Horizon Europe	37.7	160.0	0.0	11 195.5	11 393.2
CEF DIGITAL	0.0	0.0	0.0	4 510.1	4 510.1
DIGITAL EU	0.0	0.0	0.0	1 130.0	1 130.0
REGIONAL	0.0	0.0	0.0	260.8	260.8
ESF+	0.0	0.0	0.0	143.1	143.1
CAP	0.0	0.0	0.0	55 032.2	55 032.2
EMFAF	0.0	0.0	0.0	106.5	106.5
LIFE	0.0	0.0	0.0	738.7	738.7
JTM	0.0	0.0	0.0	3.9	3.9
NDICI – Global Europe	200.0	8 453.0	2 180.0	0.0	10 833.0
IPA III	42.8	498.4	1 025.1	0.0	1 566.3
TOTAL	280.5	9 111.4	3 205.1	73 121.8	85 717.8

Source: ECA, based on Commission data.

Chapter 3

Follow-up of recommendations

Contents

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Introduction

3.1. Every year, we review the extent to which our auditees have taken action in response to our recommendations three years after we made them. This follow-up of our recommendations is an important step in the audit cycle. It provides us with feedback on whether our auditees have implemented the actions we recommended and whether the issues we raised have been addressed, and gives our auditees an incentive to implement our recommendations. It is also important in designing and planning our future audit work and for keeping track of risks.

3.2. This year, we analysed recommendations from 30 of the 35 special reports we published in 2018. The recommendations made in five special reports¹, are beyond the scope of this exercise as we have followed up on them in separate audits or will do so in the future.

3.3. In total, we followed up on 325 recommendations. Of these, 255 were addressed to the European Commission. The remaining 70 recommendations were addressed to the European Parliament, the Council of the European Union, the Court of Justice of the European Union, the European Central Bank, the European External Action Service and the European Insurance and Occupational Pensions Authority. As in the past, recommendations addressed solely to Member States were beyond the scope of the follow-up exercise.

¹ [Special report 22/2018](#) – ‘Mobility under Erasmus+: Millions of participants and multi-faceted European Added Value, however performance measurement needs to be further improved’, [special report 27/2018](#) – ‘The Facility for Refugees in Turkey: helpful support, but improvements needed to deliver more value for money’, [special report 28/2018](#) – ‘The majority of simplification measures brought into Horizon 2020 have made life easier for beneficiaries, but opportunities to improve still exist’, [special report 30/2018](#) – ‘EU passenger rights are comprehensive but passengers still need to fight for them’, and [special report 32/2018](#) – ‘European Union Emergency Trust Fund for Africa: Flexible but lacking focus’.

3.4. We used documentary reviews and interviews with auditees to carry out our follow-up work. To ensure a fair and balanced review, we sent our findings to the auditees and took account of their replies in our final analysis. To exclude double-counting, recommendations are listed under the auditee to which the recommendation was mainly addressed (with the exception of special report 34/2018 as recommendations were addressed to all five institutions audited). The results of our work reflect the situation at the beginning of May 2022.

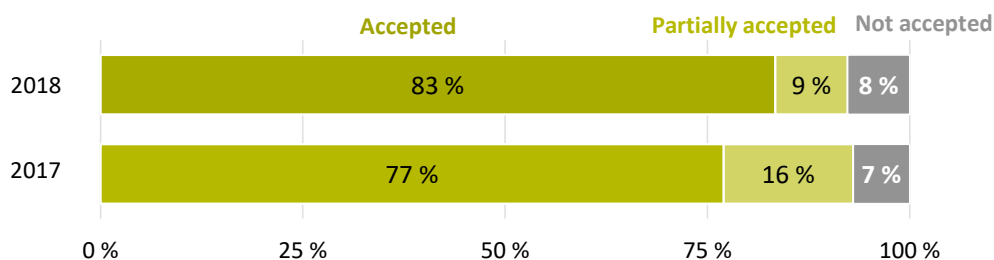
Observations

Proportion of recommendations fully accepted by our auditees increased

3.5. Out of the 325 recommendations that we followed up, our auditees accepted fully or partially 300 (92 %) of them and did not accept 25 (8 %) (see [Figure 3.1](#)).

3.6. Compared with the previous year, the proportion of our recommendations fully accepted increased from 77 % to 83 %, while the total proportion of recommendations fully or partially accepted remained relatively stable.

Figure 3.1 – Acceptance of our 2018 and 2017 special report recommendations by our auditees



Source: ECA.

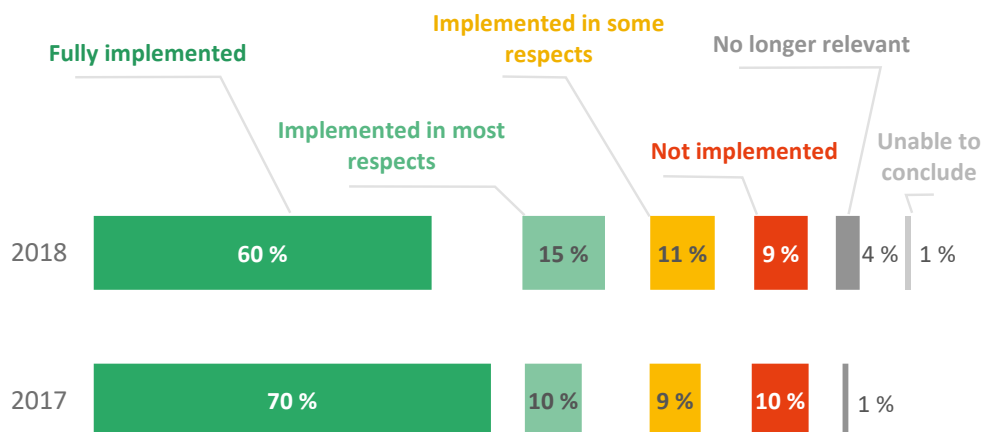
Slight decrease overall in proportion of recommendations fully or mostly implemented

3.7. Sixteen of the 325 recommendations we followed up were not yet due for implementation by the time of our follow-up review. Of the remaining 309 recommendations, our auditees have fully implemented 184 (60 %). They have implemented a further 45 (15 %) in most respects (see [Figure 3.2](#)).

3.8. Compared with the previous year, the proportion of recommendations fully implemented decreased from 70 % to 60 %, while the proportion of recommendations implemented in most respects increased from 10 % to 15 %. The total proportion of recommendations implemented only in some respects or not at all remained relatively

stable. [Annex 3.1](#) and [Annex 3.2](#) show the implementation status of the recommendations in more detail.

Figure 3.2 – Implementation of our 2018 and 2017 special report recommendations by our auditees



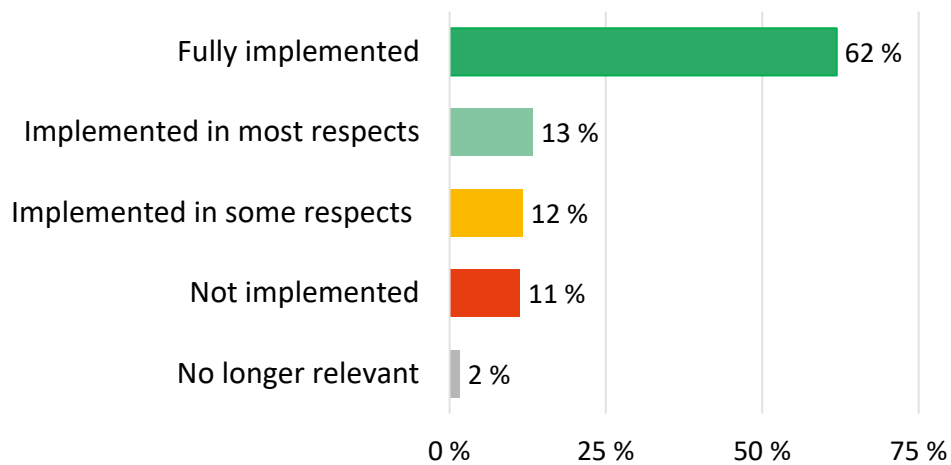
Source: ECA.

75 % of recommendations addressed to the European Commission implemented fully or in most aspects

3.9. The total number of recommendations addressed to the Commission was 321. Sixty-six of these came from the five special reports ([22/2018](#), [27/2018](#), [28/2018](#), [30/2018](#) and [32/2018](#)), which are covered by a separate follow-up and therefore not included in this report (see paragraph [3.2](#)).

3.10. Sixteen of the 255 recommendations we covered were not yet due for implementation by the time of our follow-up review. Of the remaining 239 recommendations, the Commission has fully implemented 148 (62 %) and implemented a further 32 (13 %) in most respects. In addition, the Commission has implemented 28 (12 %) in some respects, and has not implemented 27 (11 %) of them at all (see [Figure 3.3](#)). When our auditees did not implement our recommendations, this was most often because they had not accepted them (see paragraph [3.21](#)). In four cases (2 %), no assessment of the implementation status was required, as we considered the recommendation not to be relevant any more.

Figure 3.3 – Implementation of our 2018 special report recommendations addressed to the Commission



Source: ECA.

3.11. *Annex 3.1* shows the implementation status of the recommendations in more detail. It also provides brief descriptions of the improvements and remaining weaknesses affecting the recommendations which have been implemented in some respects.

3.12. For 13 of the 28 special reports that include recommendations addressed to it (see *Annex 3.3*), the Commission implemented all of them in full or in most respects.

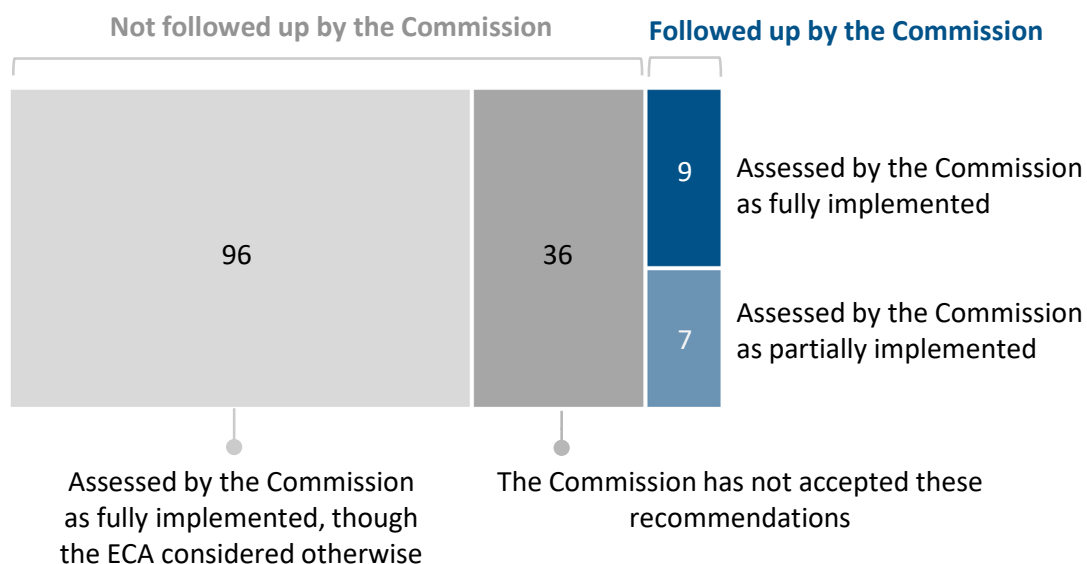
3.13. The Commission sometimes has a different view than the ECA on whether and to what extent recommendations have been implemented. If the Commission considers a recommendation as fully implemented, it usually stops to follow it up, even if we assess the level of implementation differently.

3.14. We assessed 101 recommendations from our 2016 special reports and 47 recommendations from our 2017 special reports as outstanding in our follow-up exercises from 2019 and 2020². This year, 132 of those 148 recommendations remained unimplemented and were no longer being followed up by the Commission (see *Figure 3.4*). The Commission had not accepted 36 of those 132 recommendations in the special reports themselves. It considered that the remaining

² See our [2019 report on the performance of the EU budget](#), paragraphs 7.11-7.12, and our [2020 report on the performance of the EU budget](#), paragraphs 7.11-7.13.

96 recommendations had been fully implemented by the time of the last two years' follow-up exercises, though we assessed otherwise.

Figure 3.4 – Follow-up of 2016 and 2017 special report recommendations not fully implemented by the Commission during our two previous years' follow-up exercises



Source: ECA.

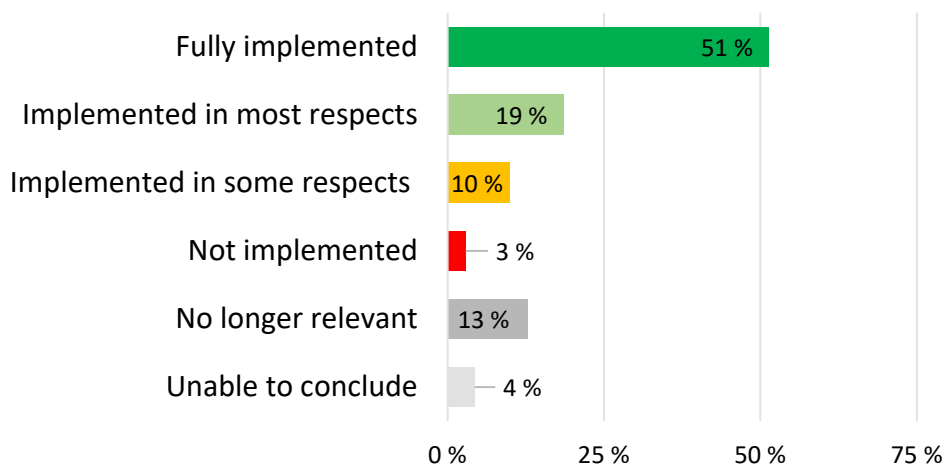
3.15. The Commission has continued to follow up the remaining 16 of the 148 recommendations which had not been implemented in full. The Commission considers that it has since finished implementing 9 of those 16 recommendations. Applying the follow-up approach for outstanding recommendations from 2016 and 2017 special reports, we continue to monitor such cases by analysing Commission data but we have not examined them in detail.

70 % of recommendations addressed to other auditees fully or mostly implemented

3.16. Special reports [02/2018](#), [14/2018](#), [15/2018](#), [29/2018](#) and [34/2018](#) contained a total of 70 recommendations addressed to auditees other than the European Commission (the European Parliament, the Council of the European Union, the Court of Justice of the European Union, the European Central Bank, the European External Action Service and the European Insurance and Occupational Pensions Authority).

3.17. These auditees have fully implemented 36 (51 %) of the recommendations addressed to them. They have implemented a further 13 (19 %) in most respects (see [Figure 3.5](#)). Of the remaining recommendations, they have implemented seven (10 %) in some respects, and have not implemented two (3 %) of them at all. In both of these cases, the auditee had not accepted our recommendation. In three cases (4 %) we were unable to conclude (e.g. as there were no new projects to assess), and in nine cases (13 %), no assessment of the implementation status was required, as we considered the recommendation to be no longer relevant.

Figure 3.5 – Implementation of our 2018 special report recommendations addressed to auditees other than the Commission



Source: ECA.

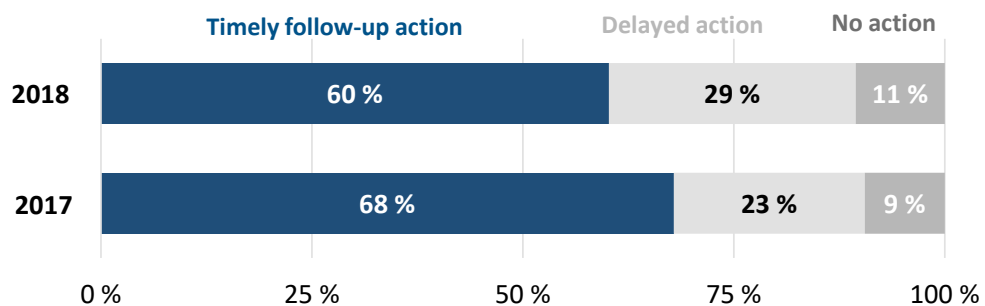
3.18. [Annex 3.2](#) provides a detailed overview of the implementation status of these recommendations addressed to auditees other than the Commission. It also provides brief descriptions of improvements made and weaknesses remaining in relation to the recommendations which have been implemented in some respects.

Decrease in proportion of recommendations implemented on time

3.19. For the last few years, we have consistently given a timeframe for implementation of recommendations in our special reports. Timeframes are discussed and agreed with the auditee and specified in our special reports to ensure that they are clear to all parties concerned.

3.20. Compared to the previous year, the proportion of recommendations implemented in a timely fashion decreased from 68 % to 60 %, while the proportion with delayed action and the proportion with no action taken increased (see [Figure 3.6](#)). This change can be explained by the fact that, compared with the previous year, the proportion of recommendations not fully implemented increased.

Figure 3.6 – Timeliness of actions taken by auditees to address our 2018 and 2017 special report recommendations



Note: Excluded from the calculation are recommendations without implementation timeline (17 cases in 2017), where the timeline has not yet passed (five cases in 2017 and 16 cases in 2018), where we were unable to conclude (three cases in 2018) and where the recommendations are no longer relevant (two cases in 2017 and 13 cases in 2018).

Source: ECA.

Level of implementation correlates with auditees' acceptance of audit recommendations

3.21. Our analysis shows that 84 % of the 2018 special report recommendations fully or partially accepted by the auditees were implemented fully or in most respects. In contrast, only five (20 %) out of the 25 recommendations of the 2018 special report recommendations not accepted by the auditees were implemented fully or in most respects. [Figure 3.7](#) presents the level of implementation broken down by different levels of acceptance and shows that the level of implementation correlates with auditees' acceptance of audit recommendations.

Figure 3.7 – Level of implementation broken down by auditees' acceptance levels

Implementation level	Acceptance level		
	Accepted	Partially accepted	Not accepted
Fully implemented	70 %	44 %	12 %
Implemented in most respects	15 %	24 %	8 %
Implemented in some respects	11 %	24 %	8 %
Not implemented	4 %	8 %	72 %

Note: The percentage values of the level of implementation relate to the respective level of acceptance. Excluded from the calculation are 16 cases where the timeline has not yet passed, three cases where we were unable to conclude and 13 cases where the recommendations is no longer relevant.

Source: ECA.






Conclusion



















3.22. Our analysis shows that although acceptance of our 2018 special report recommendations had increased from 77 % to 83 % from the previous year, the proportion of recommendations implemented fully or in most respects decreased from 80 % to 75 %. Similarly, the proportion of recommendations implemented in a timely manner decreased from 68 % last year to 60 % this year.





Annexes



Annex 3.1 – Detailed status of 2018 recommendations by report – European Commission

Level of acceptance:  accepted;  partially accepted;  not accepted.

Level of timeliness:  timely;  delayed;  deadline still pending;  no follow-up action;  no assessment of timeliness.

Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
SR 01/2018 – ‘Joint Assistance to Support Projects in European Regions (JASPERS) – time for better targeting’	1 (a)	122		x						
	1 (b)	122		x						
	1 (c)	122		x						
	1 (d)	122		x						
	1 (e)	122			x					
	2 (a)	124		x						
	2 (b)	124		x						
	3 (a)	130				x				
	3 (b)	130		x						

























Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness	
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant		
	4 (a)	133	✓			For the 2021-2027 period, the Commission published the ‘Roadmaps for Administrative Capacity Building’, in which it envisaged a potential (on-demand) role for JASPERS in helping Member States to identify how to address their weaknesses in the area of project preparation and assessment. The Commission’s <i>technical assistance</i> strategy did not include JASPERS capacity-building activities (in particular those offered by its Networking Platform and Competence Centre division, which are intended to complement its standard advisory services) to address cases where Member States’ administrative capacity was insufficient.					
	4 (b)	133	✓		x						
	5 (a)	138	✓			At the time of the mid-term evaluation (August 2021), work to improve the post-2021 JASPERS monitoring system was still ongoing. The Commission has not yet introduced a comprehensive system, covering all services, for monitoring the extent to which JASPERS’s long- and short-term objectives have been met.					
	5 (b)	138	✓			The Commission has presented the JASPERS mid-term evaluation. Its content partially addresses the ECA’s recommendation. The Commission has not yet ensured that present and future evaluations of JASPERS are sufficiently					

















Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
						comprehensive, and therefore cannot draw conclusions as to whether JASPERS has achieved its main objectives. Work to improve monitoring is ongoing, under the remit of the new <i>InvestEU</i> Advisory Hub.				
	5 (c)	138	✓			In 2017, JASPERS introduced a new <i>key performance indicator</i> (KPI): 'Weighted average completions per expert'. However, this KPI is an insufficient basis for optimising JASPERS's <i>efficiency</i> and <i>effectiveness</i> , and particularly for ensuring that the actual cost of JASPERS assistance for each assignment is monitored reliably and compared against JASPERS's outputs and results. Nor does the current scope of JASPERS's mid-term evaluation provide any such assurance. Work is still ongoing between the Commission and JASPERS for the InvestEU scheme to follow the KPIs.				
	5 (d)	138	✓				x			















Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
SR 03/2018 – 'Audit of the Macroeconomic Imbalance Procedure (MIP)'	1 (i)	101	✓				x			✗
	1 (ii)	101	✓				x			✗
	1 (iii)	101	✓				x			✗
	1 (iv)	101	✓				x			✗
	2 (i)	104	✓	x						⚙️
	2 (ii)	104	✗				x			✗
	2 (iii)	104	✓				x			✗
	2 (iv)	104	✗				x			✗
	3 (i)	107	✓		x					⚙️
	3 (ii)	107	✓		x					⚙️
	4	108	✓		x					⚙️
	5 (i)	110	✓		x					⚙️
	5 (ii)	110	✓		x					⚙️
	6 (i)	111	✓			x				⚙️
	6 (ii)	111	✓			x				⚙️

Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness	
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant		
SR 04/2018 – 'EU Assistance to Myanmar/ Burma'	1 (1st indent)	63	✓	x							
	1 (2nd indent)	63	✓	x							
	1 (3rd indent)	63	✓			Given the changed political situation, the Commission had to modify the way it operates in Myanmar. Through the Nexus Response Mechanism, the Commission is now targeting most parts of the country due to protracted crises. The Commission did not provide evidence of having ranked the country's regions by priority based on the most urgent needs and the level of support provided by other donors.					
	2 (1st indent)	64	✓	x							
	2 (2nd indent)	64	✓	x							
	3	65	✓	x							
	4	66	✗					x			
	5 (1st indent)	68	✓			x					
	5 (2nd indent)	68	✓		x						







Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
	6 (1st indent)	69	✓	x						
	6 (2nd indent)	69	✓	x						
SR 05/2018 – ‘Renewable energy for sustainable rural development: significant potential synergies, but mostly unrealised’	1	85	✓		x					
	2	86	✓		x					
	3	88	✓	x						
	4	91	✓		x					
	5	93	✓	x						
SR 06/2018 – ‘Free Movement of Workers – the fundamental freedom ensured but better targeting of EU funds would aid worker mobility’	1 (a)	67	✓	x						
	1 (b)	67	✓	x						
	2	67	✓			The Commission (and in particular the newly created European Labour Authority) makes more use of easily available data in Member States. This may enable it to identify cases or areas of discrimination. However, the European Labour Authority is not yet in a position to provide a systematic overview of areas of discrimination				






Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
						related to free movement, or how these vary between Member States.				
	3	67		x						
	4	67		x						
	5 (a)	67		x						
	5 (b)	67		x						
SR 07/2018 – ‘EU pre-accession assistance to Turkey: Only limited results so far’	1	60		x						
	2	61		x						
	3 (a)	63		x						
	3 (b)	63		x						
	3 (c)	63		x						
	3 (d)	63		x						
	4	64		x						
	5	65		x						

Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
SR 08/2018 – ‘EU support for productive investments in businesses – greater focus on durability needed’	1 (b)	100						x		
	4	104						x		
	5 (a)	105		x						
SR 09/2018 – ‘Public Private Partnerships in the EU: Widespread shortcomings and limited benefits’	1	78		x						
	3 (b)	84							x	
	4 (b)	90					x			
	5 (a)	92					x			
	5 (c)	92		x						







Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
SR 10/2018 – ‘Basic Payment Scheme for farmers – operationally on track, but limited impact on simplification, targeting and the convergence of aid levels’	1	75		x						
	2 (a)	77					x			
	2 (b)	77		x						
	2 (c)	77		x						
	3	85					The Commission conducted an impact assessment to analyse changes in the model for delivering <i>basic payment scheme</i> (BPS) support. The assessment did not fully cover all factors affecting farm-household income, as included in our recommendation. This weakness had already been stressed in ECA opinion 7/2018 . Under the new support delivery model, common agricultural policy (CAP) strategic plans have to be based on specific needs evaluations, clear objectives, and quantified targets for each Member State/region. It remains unclear whether the Commission, when assessing CAP strategic plans, was able to link the proposed measures to appropriate operational objectives and baselines for measuring the performance of BPS support.			
SR 11/2018 – ‘New options for financing rural	1	77		x						
	2	78		x						

Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
development projects: Simpler but not focused on results'	3 (1st indent)	80	✓	x						
	3 (2nd indent)	80	✓	x						
	4	82	✓	x						
SR 12/2018 – 'Broadband in the EU Member States: despite progress, not all the Europe 2020 targets will be met'	1	87	✓	x						
	3	87	✓		x					
	5	87	✓		x					
	6	87	✓	x						
	7	87	✓		x					
	8	87	✓		x					
SR 13/2018 – 'Tackling radicalisation that leads to terrorism: the Commission addressed the needs of Member States,	1 (a)	40	✓	x						
	1 (b)	40	✓	x						
	2 (a)	40	✓	x						
	2 (b)	40	✓	x						
	2 (c)	40	✓	x						

Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
but with some shortfalls in coordination and evaluation'	2 (d)	40	✓	x						
	2 (e)	40	✓	x						
	3 (a)	42	✓			The Commission has now identified objectives, indicators and tools to measure success and value for money in achieving its policy goals. However, it has not published any reports assessing its policy goals on the basis of this framework. A limited number of the indicators mentioned above have been used for reporting, and these do not make it possible to assess the overall effectiveness and value for money of the counter-radicalisation policy as a whole.				
	3 (b)	42	✓	x						
	3 (c)	42	✓	x						
	3 (d)	42	✓			Although the Commission asks applicants to provide an evaluation of their projects, it does not require them to demonstrate how they would measure their effectiveness. This leads to the continued submission of projects containing the same weaknesses as those mentioned in the special report.				























Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
SR 14/2018 – 'The EU Chemical, Biological, Radiological and Nuclear Centres of Excellence: more progress needed'	1 (a)	65	✓		x					
	1 (b)	65	✓	x						
	1 (c)	65	✓	x						
	2	67	✓	x						
	4	69	✓	x						
	5 (a)	70	✓	x						
	5 (b)	70	✓	x						
	6 (a)	71	✓			x				
	6 (b)	71	✓			x				
SR 15/2018 – 'Strengthening the capacity of the internal security forces in Niger and Mali: only limited and slow progress'	1 (2nd indent)	64	✓	x						
	1 (3rd indent)	64	✓	x						
	3 (2nd indent)	66	✓	x						

















Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
SR 16/2018 – 'Ex-post review of EU legislation: a well-established system, but incomplete'	1 (a)	87	✓			The Commission has made progress in terms of providing guidance on drafting monitoring clauses. The main improvements were twofold: (a) issuing (and updating) a tool, explicitly making reference to review clauses and relevant terminology, and (b) the Commission's proposal to co-legislators 'to develop common definitions and identify best practices through regular dialogue in the context of the Interinstitutional Agreement on Better Law-Making'. Nevertheless, substantial progress towards an inter-institutional vade-mecum is still pending.				
	1 (b)	87	✗				x			
	2 (a)	92	✓		x					
	2 (b)	92	✓				x			
	2 (c)	92	✓	x						
	3	92	✓	x						
	4 (a)	95	✓		x					
	4 (b)	95	✓	x						
	5	96	✓	x						

















Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
SR 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’	1	90	✔		x					
	2 (a)	90	✔	x						
	2 (b)	90	✔		x					
	3 (a)	90	✔	x						
	3 (b)	90	✔	x						
	3 (c)	90	✔	x						
	4	90	✔				The Commission has undertaken initiatives to improve administrative capacity in the Member States. When assessing <i>operational programmes</i> , desk officers are now required to examine the soundness of the <i>intervention logic</i> , the setting of indicators and targets and other performance-related aspects. However, the focus on results is not yet sufficiently strong. As indicated in our special report 24/2021 , the release of the <i>performance reserve</i> in 2014-2020 was based mainly on Member States’ achievement of their spending and output targets and less than 1 % on results achieved. In addition, many milestones were amended before the performance review, which led to the release of a higher proportion of the performance reserve (82 % rather than 56 %).			

Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
SR 18/2018 – 'Is the main objective of the preventive arm of the Stability and Growth Pact delivered?'	1 (a)	137	✘				x			✘
	1 (b)	137	✘				x			✘
	1 (c)	137	✔			The Commission's review addresses certain aspects of the effectiveness of the matrix of required adjustments, as required by the 2016 'commonly agreed position on flexibility within the Stability and Growth Pact'. However, the review does not provide a detailed assessment of three important considerations: (a) the cumulative effects, in any annual assessment, of allowable deviations for that year and the two preceding years; (b) the differences between the speed of debt reduction resulting from the matrix requirements and the speed resulting from the debt rule; (c) more specific parameters (or clarity) for fiscal adjustment in high-debt countries in normal (>0.5 %) and good times (>=0.75 % or >=1 %), in proportion to each country's individual level of debt.				⚙️
	2 (a)	141	✘				x			✘
	2 (b)	141	✘				x			✘
	2 (c)	141	✔	x						⚙️
	3	142	✔				x			⚙️








Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
	4 (a)	143	✓		x					
	4 (b)	143	✓	x						
	4 (c)	143	✓	x						
	4 (d)	143	✓	x						
	5 (a)	145	✗				x			
	5 (b)	145	✗				x			
	5 (c)	145	✗				x			
	6 (a)	146	✓	x						
	6 (b)	146	✓	x						
	SR 19/2018 – 'A European high-speed rail network: not a reality but an ineffective patchwork'	1 (1st indent)	106	✓	x					
1 (2nd indent)		106	✓	x						
2 (1st indent)		106	✓	x						
2 (2nd indent)		106	✓				x			

Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
	2 (3rd indent)	106						x		
	2 (4th indent)	106		x						
	2 (5th indent)	106					x			
	2 (6th indent)	106		x						
	3 (1st indent)	106		x						
	3 (2nd indent)	106		x						
	3 (3rd indent)	106		x						
	4 (1st indent)	106		x						
	4 (2nd indent)	106		x						
	4 (3rd indent)	106		x						
	4 (4th indent)	106				The Commission has taken steps to introduce a separate punctuality measure for high-speed				









Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
						services, and the consultation process with the Member States is ongoing. However, Commission Implementing Regulation (EU) 2015/1100 has not yet been revised to introduce a separate obligation to report on the punctuality of high-speed rail operations (with a standard reporting framework and methodology).				
	4 (5th indent)	106		x						
SR 20/2018 – ‘The African Peace and Security Architecture: need to refocus EU support’	1 (1st indent)	63		x						
	1 (2nd indent)	63		x						
	1 (last phrase)	63		x						
	2 (1st indent)	64		x						
	2 (2nd indent)	64			x					
	2 (3rd indent)	64		x						
	2 (4th indent)	64		x						



Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
SR 21/2018 – ‘Selection and monitoring for ERDF and ESF projects in the 2014–2020 period are still mainly outputs-oriented’	2 (b)	83		x						
	3 (a)	83		x						
	3 (b)	83		x						
SR 23/2018 – ‘Air pollution: Our health still insufficiently protected’	1 (a)	89		x						
	1 (b)	89		x						
	1 (c)	89		x						
	2 (a)	90				The Commission conducted an impact assessment in preparation for updating EU limit and target values in line with the latest WHO guidance. A legislative proposal is planned for the second half of 2022.				
	2 (b)	90				The Commission conducted an impact assessment, held stakeholder meetings, and collected feedback on policy interventions in preparation for improving air quality plans. In line with the Commission’s partial acceptance of this recommendation, it has not implemented any particular additional tools for making air quality				







Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
						plans more result-oriented. A legislative proposal is planned for the second half of 2022.				
	2 (c)	90	✔			The Commission conducted an impact assessment and held stakeholder meetings in preparation for improving air quality plans. See comments on recommendation 2 (a) for further information.				🕒
	2 (d)	90	✔			The Commission conducted an impact assessment and held stakeholder meetings in preparation for adjusting the number of monitoring points where necessary. See comments concerning recommendation 2 (a) for further information.				🕒
	2 (e)	90	✔			The Commission conducted an impact assessment and held stakeholder meetings in preparation for improving Member States' delivery of validated and real-time data. See comments on recommendation 2 (a) for further information.				🕒
	2 (f)	90	✔			The Commission has begun preparations for introducing provisions to ensure citizens' access to justice. It conducted an impact assessment and held an open public consultation, as well as stakeholder meetings at which it presented a preparatory analysis. See comments on recommendation 2 (a) for further information.				🕒









Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
	3 (a)	92	✓		x					
	3 (b)	92	✓	x						
	4 (a)	93	✓				x			
	4 (b)	93	✓	x						
	4 (c)	93	✓	x						
	4 (d)	93	✓			The Commission has followed up on complaints it received without using a specifically developed tool. It is working on an online guidance document for national competent authorities. The Commission is still developing a specific tool for citizens to report on air quality breaches and provide feedback to the Commission on issues related to Member States' actions to improve air quality.				
	4 (e)	93	✓	x						
	4 (f)	93	✓			The Commission has requested Member States to harmonise their approaches to air quality indices via the Ambient Air Quality Expert Group. The Commission's launch (in cooperation with the European Environment Agency) of the mobile application for air quality data (including the Agency's air quality index) provides an additional incentive for harmonisation. In several instances,				











Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
						Member States have subsequently moved to align national air quality indices with the European Air Quality Index. In several other cases, however, Member States have declined to fully harmonise their air quality indices.				
SR 24/2018 – ‘Demonstrating carbon capture and storage and innovative renewables at commercial scale in the EU: intended progress not achieved in the past decade’	1	116	✓		x					
	2 (a)	119	✓	x						
	2 (b)	119	✓	x						
	2 (c)	119	✓	x						
	2 (d)	119	✓						x	
	2 (e)	119	✓	x						
	2 (f)	119	✓	x						
	3 (a)	121	✓	x						
	3 (b)	121	✓	x						
	4 (a)	126	✓	x						
	4 (b)	126	✓	x						
	5 (a)	127	✓	x						

Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
	5 (b)	127		x						
	5 (c)	127		x						
SR 25/2018 – 'Floods Directive: progress in assessing risks, while planning and implementation need to improve'	1	102				In October 2019, the Working Group on Floods held a workshop with the Member States to identify and share examples of good practice in terms of objective-setting in flood risk management plans. In September 2021, the Commission published a compilation of Member States' flood risk management practices. In 2024, the Commission plans to report on the assessment of Member States' second round of flood risk management plans and third round of river basin management plans. This is in connection with the publication of the Floods Directive implementation report, which is due by the same date (under Article 16 of the Floods Directive). The deadline for Member States to submit these plans was March 2022.				
	2 (a)	103				The Commission has established a working group with the Member States to discuss the costing and financing of the measures necessary to implement the Water Framework Directive and the Floods Directive. The Commission has also planned a series of workshops to strengthen Member States' capacity to implement such measures. The Commission has maintained its				






Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
						original position in response to the recommendation, namely that it intends to report on the assessment of the second round of flood risk management plans and the third round of river basin management plans in 2024, rather than by the recommendation's target implementation date of March 2022. See comments on recommendation 1 for further information.				
	2 (b)	103	✓			A 2021 study, conducted by the World Bank and sponsored by the Commission, on the economics of disaster prevention and preparedness ('Investment in Disaster Risk Management in Europe Makes Economic Sense') confirmed the need to carry out comprehensive assessments of international river basins, with a view to making cross-border investments, as recommended by us. The Commission has maintained its original position in response to the recommendation, namely that it intends to report on the assessment of the second round of flood risk management plans and the third round of river basin management plans in 2024, rather than by the recommendation's target implementation date of March 2022. See comments on recommendation 1 for further information.				
	3	106	✗			Under the current regulation for the 2021-2027 structural funds, financed projects should present				







Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
						‘the best relationship between the amount of support, the activities undertaken and the achievement of objectives’. We had recommended using cost-benefit analysis. The Commission, with support from JASPERS, has published guidance on simplified cost-benefit analysis. However, Member States can still use other methods that are potentially easier but less relevant and objective and would therefore provide a lower level of assurance about the prioritisation of flood measures in accordance with the flood risk management plans.				
	4	107			x					
	5	108			x					
	6 (A)	112				In the new EU strategy on adaptation to climate change (COM(2021) 82), the Commission has reiterated its general commitment to helping improve knowledge and modelling on climate change adaptation. To help the Member States to design better measures, in September 2021 the Commission published a report entitled ‘Current Practice in Flood Risk Management in the European Union’ and, in October 2021, the Working Group on Floods (comprising Member State-designated experts and Commission officials) held a workshop on related matters. The				

Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
						Commission has until 22 December 2024 to report on its checks on Member States' progress on data acquisition and modelling. This is in connection with the next Floods Directive implementation report, which is due by the same date (under Article 16 of the Floods Directive).				
	6 (B) (a)	112				The Commission has encouraged Member States to estimate and model the impact that climate change has on floods based on certain studies and research. The Commission has until 22 December 2024 to report on the checks recommended by us. This is in connection with the Water Framework Directive and Floods Directive implementation reports, which are due by the same date.				
	6 (B) (b)	112					x			
	6 (B) (c)	112					x			
	7 (a)	113				The Commission has started encouraging Member States to plan measures aimed at increasing insurance coverage for flood risks, and at raising public awareness of the advantages of such insurance coverage (see 'Closing the climate protection gap', SWD(2021) 123). The Commission has yet to check whether Member States have planned appropriate action to raise				











Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
						public awareness of the benefits of insurance coverage for flood risks.				
	7 (b)	113				The Commission has organised a workshop with the Member States on insurance and floods and, in the context of the strategy for financing the transition to a sustainable <i>economy</i> (COM(2021) 390), has planned to take appropriate measures. The Commission has yet to check whether Member States have taken appropriate actions to increase flood insurance coverage.				
	8 (a)	115				The Commission checked whether the first round of flood risk management plans provided information on spatial planning and found that such information was very limited. In 2020, the Commission held a workshop with Member States on spatial planning and floods. The Commission has maintained its initial position that it will not implement this recommendation, which it did not accept, as it considers land use planning to be a national competence.				
	8 (b)	115		x						
SR 26/2018 – 'A series of delays in	1 (a)	50			x					
	1 (b)	50			x					



Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
Customs IT systems: what went wrong?	2 (a)	50	✓	x						
	2 (b)	50	✓	x						
	3 (a)	50	✓		x					
	3 (b)	50	✓	x						
	4	50	✓	x						
	5 (a)	50	✓	x						
	5 (b)	50	✓			x				
SR 31/2018 – ‘Animal welfare in the EU: closing the gap between ambitious goals and practical implementation’	1 (a)	100	✓	x						
	1 (b)	100	✓			The Commission has designed a standard template form to be used by Member States in the annual reports they submit to the Commission. The Commission intends to use the results reported by Member States to set baselines and target indicators for animal welfare on farms. It has yet to define baseline and target indicators to measure and compare the Member States degree of compliance in remaining risk areas.				
	1 (c)	100	✓			To address the conclusions of the published evaluation of the EU strategy for the protection				

Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
						and welfare of animals (2012-2015), the Commission has planned several follow-up actions: a roadmap for the fitness check of EU animal welfare legislation, public consultation on the revision of EU legislation on animal welfare, and animal welfare labelling. As of the beginning of 2022, the Commission was in the process of working on the roadmap for the fitness check of EU animal welfare legislation.				
	2 (a)	102	✓	x						
	2 (b)	102	✓	x						
	3 (a)	103	✗				x			
	3 (b)	103	✓	x						
	4 (a)	104	✓			Member States had to submit their CAP strategic plans by 31 December 2021. They will be able to pay farmers for measures that go beyond the minimum requirements for animal welfare. Docking of pigs' tails has been identified as an issue that needs to be addressed at a political level, achieving compliance with animal welfare rules through the 'Farm to Fork' strategy. National strategic plans have not yet been approved. The Commission has not yet adopted a delegated act to supplement the Strategic Plans				

Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
						Regulation in relation to animal welfare. The potential overlap between <i>rural development programmes</i> and private schemes covering similar animal welfare commitments is still unclear.				
	4 (b)	104	✔	x						
	4 (c)	104	✔	x						
SR 33/2018 – ‘Combating desertification in the EU: a growing threat in need of more action’	1 (a)	74	✔			The Commission has taken steps to identify indicators and consolidate available knowledge, but has not yet established a methodology to assess the extent of desertification and land degradation in the EU.				
	1 (b)	74	✔			The Commission has taken steps (such as creating the EU Soil Observatory) towards the systematic collection and exchange of information on desertification and land degradation, but has not yet published the data in a clear and user-friendly way.				
	2	76	✔	x						
	3 (a)	78	✔			The Commission has funded a study and has signalled the issue of land degradation neutrality in its new soil strategy, but has not yet explained how the EU plans to achieve land degradation neutrality by 2030.				

Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
	3 (b)	78	✓	x						
	3 (c)	78	✓					x		
SR 34/2018 – ‘Office accommodation of EU institutions – Some good management practices but also various weaknesses’	1 (1st para.)	93	⚠			The Commission has outlined some of the main principles of its real-estate strategy in several documents. However, some of these have become obsolete or do not cover the entire Commission portfolio. The Commission has not yet updated and formalised its main decision-making principles in a general building strategy covering its entire portfolio.				
	1 (2nd para.)	93	⚠	x						
	2 (i)	94	✓						x	
	2 (ii)	94	✓						x	
	3	97	✗	x						
	4	98	⚠	x						
	5 (a)	101	✓	x						
	5 (b)	101	✓			The institutions have agreed on a common measurement code for all the main locations of the EU institutions (Brussels, Luxembourg, and Strasbourg). This is an important step towards				






Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
						improving the comparability of data on surface area. The institutions have not yet agreed on common cost indicators and currently do not share any surface area or cost indicators with each other in interinstitutional fora. The data presented in the annual working documents on buildings do not make it possible to calculate or compare surface area or cost indicators.				
	5 (c)	101	✓		x					
SR 35/2018 – ‘Transparency of EU funds implemented by NGOs: more effort needed’	1 (a)	66	✗		x					
	1 (b)	66	✗		x					
	2 (a)	69	✓	x						
	2 (b)	69	✓	x						
	3 (a)	71	✓	x						
	3 (b)	71	✓	x						
	3 (c)	71	✓	x						
	4 (a)	74	✓	x						
	4 (b)	74	✓	x						


Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
	4 (c)	74		x						







Source: ECA.

Annex 3.2 – Detailed status of 2018 recommendations by report – other auditees

Level of acceptance:  accepted;  partially accepted;  not accepted.

Level of timeliness:  timely;  delayed;  deadline still pending;  no follow-up action;  no assessment of timeliness.









Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
SR 02/2018 – 'The operational efficiency of the ECB's crisis management for banks'	European Central Bank (ECB)									
	1 (a)	123		x						
	1 (b)	123		x						
	2 (a)	124		x						
	2 (b)	124		x						
	3 (a)	125			x					
	3 (b)	125			x					
	3 (c)	125		x						
	4	126			x					
	5 (a)	127		x						
5 (b)	127					The ECB's establishment of an independent directorate-general for on-site inspections in late 2019 was a positive step. Although there have				

Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
						<p>been recent recruitment campaigns to fill vacancies, its on-site capacity remains insufficient to readily address asset quality problems and cover them comprehensively. On-site inspections have not sufficiently covered the overall asset quality of banks with a <i>supervisory review and evaluation process</i> (SREP) score of 4. There is no buffer for contingencies and constraints remain in the on-site resources at the ECB's disposal (skills, geography, availability in time). In recent years, comprehensive asset quality reviews have mainly been performed when banks join the Single Supervisory Mechanism. However, they have rarely been used to comprehensively verify the overall asset quality of deteriorating banks or the appropriateness of their liabilities (in accordance with Article 27(1)(h) of the Banking Recovery and Resolution Directive and paragraph 11 of the European Banking Authority's guidelines on triggers for use of early intervention measures). Certain aspects of credit risks and/or the credit quality of selected portfolios have instead been routinely assessed in on-site inspections.</p>				
	5 (c)	127			x					
	6 (a)	128		x						
	6 (b)	128					x			

















Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
	7	129	✘				x			✘
	8	130	✘	x						⚙️
SR 14/2018 – 'The EU Chemical, Biological, Radiological and Nuclear Centres of Excellence: more progress needed'	European External Action Service (EEAS)									
	3 (a)	68	✔️	x						⚙️
	3 (b)	68	✔️	x						⚙️
SR 15/2018 – 'Strengthening the capacity of the internal security forces in Niger and Mali: only limited and slow progress'	European External Action Service (EEAS)									
	1 (1st indent)	64	✔️	x						⚙️
	2	65	✔️			The EU Capacity Building Mission in Niger has succeeded in filling vacancies more quickly. There is no evidence that the EU Capacity Building Mission in Mali has tried innovative solutions to fill vacancies.				⚙️
	3 (1st indent)	66	✔️	x						⚙️
	4	67	✔️	x						⚙️

Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness		
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant			
	5	69	✓		x							
SR 29/2018 – ‘EIOPA made an important contribution to supervision and stability in the insurance sector, but significant challenges remain’	European Insurance and Occupational Pensions Authority (EIOPA)											
	1 (a)	93	✓	x								
	1 (b)	93	✓			The reports on peer reviews do not show each one focusing on a single supervisory convergence issue. The peer reviews were not completed within one year, although considerable progress has been made in this respect.						
	1 (c)	93	✓	x								
	2 (a)	96	✓	x								
	2 (b)	96	✓	x								
	3 (a)	97	✓			x						
	3 (b)	97	✓			x						
	4 (a)	99	✓	x								
	4 (b)	99	✓	x								
	5	100	✓	x								
6	101	✓			x							

Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
	7 (a)	102	✓	x						
	7 (b)	102	✓	x						
	7 (c)	102	✓					x		
	8 (a)	105	✓	x						
	8 (b)	105	✓	x						
	8 (c)	105	✓	x						
	European Parliament (EP)									
SR 34/2018 – 'Office accommodation of EU institutions – Some good management practices but also various weaknesses'	1 (1st para.)	93	✓	x						
	1 (2nd para.)	93	✓		x					
	2 (i)	94	✓						x	
	2 (ii)	94	✓						x	
	3	97	✓	x						
	4	98	✓					x		
	5 (a)	101	✓	x						

Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness	
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant		
	5 (b)	101	✓			The institutions have agreed on a common measurement code for all the main locations of the EU institutions (Brussels, Luxembourg, and Strasbourg). This is an important step towards improving the comparability of data on surface area. The institutions have not yet agreed on common cost indicators and currently do not share any surface area or cost indicators with each other in interinstitutional fora. The data presented in the annual working documents on buildings do not make it possible to calculate or compare surface area or cost indicators.					
	5 (c)	101	✓		x						
Council of the European Union (Council)											
	1 (1st indent)	93	✓		x						
	1 (2nd indent)	93	✓	x							
	2 (i)	94	✓							x	
	2 (ii)	94	✓							x	
	3	97	✓					x			
	4	98	✓	x							

Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness	
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant		
	5 (a)	101	✓			The Council has been working on a new space management procedure defining new indicators. However, it is not yet finished.					
	5 (b)	101	✓			The institutions have agreed on a common measurement code for all the main locations of the EU institutions (Brussels, Luxembourg, and Strasbourg). This is an important step towards improving the comparability of data on surface area. The institutions have not yet agreed on common cost indicators and currently do not share any surface area or cost indicators with each other in interinstitutional fora. The data presented in the annual working documents on buildings do not make it possible to calculate or compare surface area or cost indicators.					
	5 (c)	101	✓		x						
Court of Justice of the European Union (CJEU)											
	1 (1st para.)	93	✓		x						
	1 (2nd para.)	93	✓	x							
	2 (i)	94	✓							x	
	2 (ii)	94	✓							x	

Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
	3	97		x						
	4	98		x						
	5 (a)	101							x	
	5 (b)	101				The institutions have agreed on a common measurement code for all the main locations of the EU institutions (Brussels, Luxembourg, and Strasbourg). This is an important step towards improving the comparability of data on surface area. The institutions have not yet agreed on common cost indicators and currently do not share any surface area or cost indicators with each other in interinstitutional fora. The data presented in the annual working documents on buildings do not make it possible to calculate or compare surface area or cost indicators.				
	5 (c)	101		x						
European Central Bank (ECB)										
	1 (1st para.)	93		x						
	1 (2nd para.)	93		x						
	2 (i)	94							x	

Report number and title	No.	SR paragraph	Level of acceptance	Level of implementation						Level of timeliness
				Fully	In most respects	In some respects	Not implemented	Unable to conclude	No longer relevant	
	2 (ii)	94	✔						x	↺

Source: ECA.

Annex 3.3 – Special reports where all recommendations to the Commission have been implemented either fully or in most respects

- [Special report 05/2018](#) – ‘Renewable energy for sustainable rural development: significant potential synergies, but mostly unrealised’
- [Special report 07/2018](#) – ‘EU pre-accession assistance to Turkey: Only limited results so far’
- [Special report 08/2018](#) – ‘EU support for productive investments in businesses – greater focus on durability needed’
- [Special report 11/2018](#) – ‘New options for financing rural development projects: Simpler but not focused on results’
- [Special report 12/2018](#) – ‘Broadband in the EU Member States: despite progress, not all the Europe 2020 targets will be met’
- [Special report 14/2018](#) – ‘The EU Chemical, Biological, Radiological and Nuclear Centres of Excellence: more progress needed’
- [Special report 15/2018](#) – ‘Strengthening the capacity of the internal security forces in Niger and Mali: only limited and slow progress’
- [Special report 20/2018](#) – ‘The African Peace and Security Architecture: need to refocus EU support’
- [Special report 21/2018](#) – ‘Selection and monitoring for ERDF and ESF projects in the 2014–2020 period are still mainly outputs-oriented’
- [Special report 23/2018](#) – ‘Air pollution: Our health still insufficiently protected’
- [Special report 24/2018](#) – ‘Demonstrating carbon capture and storage and innovative renewables at commercial scale in the EU: intended progress not achieved in the past decade’
- [Special report 26/2018](#) – ‘A series of delays in Customs IT systems: what went wrong?’
- [Special report 35/2018](#) – ‘Transparency of EU funds implemented by NGOs: more effort needed’

Remark: The above list excludes the four recommendations that did not require any assessment of implementation status as they were no longer relevant and the 16 recommendations not yet due for implementation by the time of our follow-up review.

Annex

Follow-up of recommendations from chapter 3 of the 2018 annual report

Year	ECA recommendation	ECA's analysis of the progress made					
		Fully implemented	Implemented		Not implemented	Not applicable	Insufficient evidence
			In most respects	In some respects			
2018	<p>Recommendation 3.1 – The Commission should promote the inclusion in the programme statements of indicators that:</p> <p>(a) through a better balance between inputs, outputs, results and impacts, provide more relevant information on the achievements of EU spending programmes.</p> <p>Implementation date: 2022, when issuing the programme statements for the 2023 budget.</p>	X					
2018	<p>Recommendation 3.1 – The Commission should promote the inclusion in the programme statements of indicators that:</p> <p>(b) have a clear link with the actions financed by EU spending programmes.</p> <p>Implementation date: 2022, when issuing the programme statements for the 2023 budget.</p>		X				

Year	ECA recommendation	ECA's analysis of the progress made					
		Fully implemented	Implemented		Not implemented	Not applicable	Insufficient evidence
			In most respects	In some respects			
2018	<p>Recommendation 3.1 – The Commission should promote the inclusion in the programme statements of indicators that:</p> <p>(c) reflect the achievements of EU spending programmes rather than the performance of the Commission and other bodies implementing them; and</p> <p>Implementation date: 2022, when issuing the programme statements for the 2023 budget.</p>		X				
2018	<p>Recommendation 3.1 – The Commission should promote the inclusion in the programme statements of indicators that:</p> <p>(d) cover the programme objectives.</p> <p>Implementation date: 2022, when issuing the programme statements for the 2023 budget.</p>		X				
2018	<p>Recommendation 3.2 – To be able to calculate progress towards the target from the baseline, the Commission should propose performance frameworks for all programmes with the characteristics listed below for performance indicators. If the Commission deems this is not meaningful for a specific indicator, it should explain its choice in the programme statements.</p> <p>(a) quantitative baselines, stipulating the year for the baseline.</p> <p>Implementation date: 2022, when issuing the programme statements for the 2023 budget.</p>			X			

Year	ECA recommendation	ECA's analysis of the progress made					
		Fully implemented	Implemented		Not implemented	Not applicable	Insufficient evidence
			In most respects	In some respects			
2018	<p>Recommendation 3.2 – To be able to calculate progress towards the target from the baseline, the Commission should propose performance frameworks for all programmes with the characteristics listed below for performance indicators. If the Commission deems this is not meaningful for a specific indicator, it should explain its choice in the programme statements.</p> <p>(b) quantitative milestones.</p> <p>Implementation date: 2022, when issuing the programme statements for the 2023 budget.</p>			X			
2018	<p>Recommendation 3.2 – To be able to calculate progress towards the target from the baseline, the Commission should propose performance frameworks for all programmes with the characteristics listed below for performance indicators. If the Commission deems this is not meaningful for a specific indicator, it should explain its choice in the programme statements.</p> <p>(c) quantitative targets, stipulating the year of the target.</p> <p>Implementation date: 2022, when issuing the programme statements for the 2023 budget.</p>			X			

Year	ECA recommendation	ECA's analysis of the progress made					
		Fully implemented	Implemented		Not implemented	Not applicable	Insufficient evidence
			In most respects	In some respects			
2018	<p>Recommendation 3.2 – To be able to calculate progress towards the target from the baseline, the Commission should propose performance frameworks for all programmes with the characteristics listed below for performance indicators. If the Commission deems this is not meaningful for a specific indicator, it should explain its choice in the programme statements.</p> <p>(d) data with the required level of quality so that progress towards the target from the baseline can easily be calculated.</p> <p>Implementation date: 2022, when issuing the programme statements for the 2023 budget.</p>						X
2018	<p>Recommendation 3.3 – The Commission should aim to receive timely performance information for all performance indicators, for instance by introducing new reporting tools on internet platforms.</p> <p>Implementation date: project launch in 2021.</p>	X					
2018	<p>Recommendation 3.4 – The Commission should document the targets proposed so that the <i>budgetary authority</i> can assess their level of ambition. This will involve proposing targets for all indicators in spending programmes.</p> <p>Implementation date: 2022, when issuing the programme statements for the 2023 budget.</p>			X			

Year	ECA recommendation	ECA's analysis of the progress made					
		Fully implemented	Implemented		Not implemented	Not applicable	Insufficient evidence
			In most respects	In some respects			
2018	<p>Recommendation 3.5 – The Commission should further improve the Programmes' Performance Overview, especially by:</p> <p>(a) using one method for calculating progress towards the target from the baseline. If the Commission deems this is not feasible for a specific indicator, it should explain its approach in the PPO.</p> <p>Implementation date: 2021 issue of the Programme Performance Overview.</p>	X					
2018	<p>Recommendation 3.5 – The Commission should further improve the Programmes' Performance Overview, especially by:</p> <p>(b) explaining the rationale used to select performance indicators for each programme.</p> <p>Implementation date: 2021 issue of the Programme Performance Overview.</p>	X					

**Institutions' replies to the Report of
the European Court of Auditors on the
performance of the EU budget –
Status at the end of 2021**

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REPLIES OF THE COMMISSION TO THE REPORT OF THE EUROPEAN COURT OF AUDITORS ON THE PERFORMANCE OF THE EU BUDGET – STATUS AT THE END OF 2021

“CHAPTER 1 – INCORPORATING THE COMMISSION’S HORIZONTAL POLICY PRIORITIES INTO THE EU BUDGET”

INTRODUCTION TO THE COMMISSION REPLIES

The Commission welcomes the focus of the ECA’s 2021 Annual Report on Performance on policy mainstreaming.

Mainstreaming is an essential tool for the Commission to pursue horizontal goals, such as the fight against climate change or the pursuit of a more gender-equal society, while keeping its spending programmes sharply focused on the pursuit of specific EU goals in the respective policy areas. For the 2021-2027 Multiannual Financial Framework (MFF), mainstreaming has been discussed with the co legislators, and the resulting agreement has been enshrined in the Inter-Institutional Agreement (IIA). This guides the Commission’s implementation of the 2021-2027 MFF.

As the ECA report acknowledges (paragraph 1.14), the IIA commits the Commission to pursue mainstreaming to varying degrees in different areas. Beyond policy considerations, these differentiations also reflect resource and information systems constraints. Whereas for some priorities, such as climate and biodiversity, there are some explicit commitments to track input expenditure, in no area commitments extend to measuring results (as opposed to inputs).

Beyond the IIA, the Commission has published its ambition on the budgetary performance framework, including mainstreamed priorities, in the June 2021 “Communication on the EU budget performance framework” (COM(2021) 366, available at: (<https://europa.eu/!8DF8RG>)). This Communication provides the basis for an ambitious work programme, including pilot projects to measure the aggregated results generated in specific areas from all EU budget interventions. Work is currently progressing for this area. While the Commission remains fully committed, progress in this area has however been slowed down by the unprecedented crises and shocks that have arisen during and since the adoption of the MFF that have required full attention from the Commission. Given circumstances and resulting limitations, the Commission has focused on ensuring compliance with its legal obligations.

From a methodological perspective, the performance framework of any given EU spending programme does not need to feature either specific objectives or indicators directly linked to horizontal (as opposed to programme-specific) priorities. In any case, the final sets of both specific objectives and key performance indicators in the basic acts of individual EU spending programmes are the outcome of the negotiation process with the co legislators. The Commission has also attempted to reduce the number of specific objectives and key performance indicators for the design of the 2021-2027 MFF and to link them together closely, also in response to a corresponding recommendation from the ECA (Recommendation 3 from the ECA’s Annual Reports concerning the financial year 2017). On that basis, the Commission does not expect the key performance indicators to cover horizontal priorities, let alone Sustainable Development Goals (SDGs), in any way comprehensively.

In this context, reporting on the impact obtained through the various spending programmes requires a careful approach to aggregating the available information.

In some paragraphs (e.g., 1.29, 1.31, 1.44, 2.9, 2.10, 2.11, 2.12), the ECA refers to findings from some of its previous reports. The Commission replies to those findings in those reports remain valid.

INCORPORATION OF HORIZONTAL POLICY PRIORITIES INTO THE SELECTED EU BUDGET PROGRAMMES

The framework to address horizontal policy priorities in the 2021-2027 MFF

1.17 As the ECA acknowledges, the IIA does not commit the Commission to track the contribution of the entire EU spending towards the digital transition. For this reason, such tracking does not currently take place.

Methods to track spending for some horizontal policy priorities

Climate

1.29 The Commission consistently aims to measure the Common Agricultural Policy's contributions in the most reliable, scientific-based manner possible, while also taking into account that the methodology needs to be simple to implement and undue administrative burdens should be avoided. The Commission agrees to modify the weightings referred to in Article 100(2) of Regulation (EU) 2021/2115, where such modification is warranted for more precise tracking of expenditure on environmental and climate-related objectives.

1.31 The Commission updated its methodology on tracking biodiversity expenditure in line with the study published in May 2022 and applied it throughout the EU budget in the context of the AMPR 2021 / Draft budget 2023.

Gender

1.36 The Commission has consciously decided to include in its gender-equality expenditure tracking methodology also interventions/activities in programmes that may not have gender-specific objectives and/or sex-disaggregated indicator data requirements in their basic acts. This is because, on one hand, the basic acts for the 2021-2027 MFF have already been adopted (so that the extent to which they feature gender-specific objectives or data requirement is given) and, on the other hand, the programmes provide sufficient substantiation on the actual contribution they will bring on the ground, regardless of the existence of indicators in their basic act.

1.37 The Commission provides on its public website all the information needed for a stakeholder interested in obtaining a single aggregate (weighted) value for the nominal contribution of the EU budget to enhancing gender equality. The attribution of weights, both under the EIGE tool and the CPR, is artificial, constitutes a mere methodological assumption, and is widely recognized to be one way to estimate/approximate to the actual amount of the intervention in question that is in reality effectively dedicated to the promotion of gender equality.

SDGs

1.39 In line with the inter-institutional agreement accompanying the 2021-2027 MFF, the Commission has committed to consider SDGs in all relevant programmes (see paragraph 1.14 above). The Commission demonstrated that it complies with this commitment by providing examples, in its reporting, of the ways in which relevant programmes further relevant SDGs.

REPORTING ON THE ACHIEVEMENT OF THE HORIZONTAL POLICY PRIORITIES

1.41 The Commission reiterates that it has undertaken to report on the commitments undertaken in the IIA with respect to horizontal priorities which it is committed to mainstream, albeit to different extents. None of the commitments extends at this moment to measuring—let alone producing—given results. Still, the Commission is firmly of the view that measuring the results in the aggregate of the manifold budgetary interventions in the mainstreamed areas is important.

To this end it has launched a pilot project to establish the necessary methodologies, taking into account the relevant constraints. The Commission has always underlined that going beyond the deliverables that it has committed to is subject to resource constraints from an administrative perspective. Progress in this area has also been adversely impacted by the necessity for the Commission to manage unprecedented crises and shocks that have arisen during or after the adoption of the MFF.

Reporting in the AMPR on the progress made towards mainstreaming targets

1.43 First indent - The planned extents to which the horizontal priorities referred to in this report are to be mainstreamed by the Commission are different. The AMPR reports that the extent of incorporation of the key overarching policy goals into the EU budget's programmes is fully in line with the Commission's plans/commitments.

Second indent – As explained for instance in the Commission's replies to the ECA special report on climate spending in the 2014-2020 MFF, at any point in time the Commission's estimate of the EU budget's contribution to climate change both in the current year, but also in the past and in the future, reflects the best information then available. The Commission is committed to update its estimate as new information becomes available and to provide all the information on which its estimation is based, in a transparent manner.

Third indent - With respect to the ECA's statement in third bullet in paragraph 1.43, the Commission notes that in describing the extent to which it has updated the biodiversity tracking methodology, the Commission used the adverb "largely" precisely to indicate that the update has covered most but not all programmes.

Fourth indent - In previous reports, the ECA had faulted the EU budget for claiming to be largely gender-neutral. The pilot application of the methodology has however shown that most of the EU budget has the potential to contribute positively to gender equality. This is not in contradiction with the ECA's statement that some 4% of the EU budget is known to contribute to enhancing gender equality. The Commission is clear that the activities which are marked "O*" have the potential, but by no means the guarantee, to contribute and that ascertaining the extent to which they contribute (and even the sign of such eventual contribution) requires further analysis and data. It needs to be

recalled that the methodology is novel and has been applied for the very first time on a pilot basis only, so that there is ample room for further development.

1.44 First indent - Please see the Commission reply to paragraph 2.15.

Second indent - The Commission has attributed a maximum score of 1 in the AMPR to the ESF+ programme in recognition of the fact that gender was a significant objective in the design of the shared management strand. More specifically, gender mainstreaming is a horizontal principle of the ESF+. It needs to be taken into account throughout the preparation, implementation, monitoring and evaluation of all ESF+ programmes. Moreover, under the ESF+ shared management, Member States have the obligation to programme targeted actions aimed at increasing the sustainable participation and progress of women in employment and all ESF+ selection criteria and procedures must ensure gender equality. Finally, all ESF+ personal data and indicators will be broken down by gender.

As regards its actual commitments in 2021 relevant for gender equality, which are reported in the programme statement, these were 0 due to the fact that implementation had not started and no Member States' programmes had been adopted.

Information on whether spending contributes to multiple priorities at the same time

1.45 The Commission reiterates that, rather than of double-counting (with a negative connotation), it is appropriate to refer to synergies every time one activity contributes to more than one objective.

Measurement of outcomes

1.50 Please see the Commission reply to paragraph 2.48.

1.51 The Commission has set out its ambition to go, over the 2021-2027 MFF, beyond the commitments in the IIA when it comes to mainstreaming. The pace of progress in this respect depends on available resources. Several unforeseen events that have occurred during and after the adoption of the MFF have required a comprehensive response by the Commission, including through reorientation of budget implementation.

Without prejudice to the rigour of the Finnish example, the Commission considers that a like-for-like comparison would need to take into account the full range of activities that the EU budget supports when compared to those supported by the Finnish development policy. The Commission has established common indicators for specific policies such as cohesion policy or RRF. The challenge is to have homogeneous indicators that can be applied across the entire range of activities funded by the EU budget.

The Commission's review of reported information

1.52 The Commission is fully committed to presenting high-quality performance information in its reporting. This commitment also implies that, when errors are identified, the Commission corrects them in a transparent way.

Annex 1.1 – Integration of the horizontal policy priorities into the impact assessments

The Commission did not consider biodiversity as a key horizontal priority for Digital Europe in the Impact Assessment. In the Impact Assessment there is a mention of the possibility that the Digital Europe might develop a synergy with the LIFE programme on page 65.

Annex 1.3 – Spending targets defined for the horizontal policy priorities

In coherence with Annex 2.2 of chapter 2, Digital Europe does not have a spending target for Climate in its legal base.

REPLIES OF THE COMMISSION TO THE REPORT OF THE EUROPEAN COURT OF AUDITORS ON THE PERFORMANCE OF THE EU BUDGET – STATUS AT THE END OF 2021

“CHAPTER 2 – THE PERFORMANCE FRAMEWORK FOR THE COMMISSION’S HORIZONTAL POLICY PRIORITIES”

INTRODUCTION

2.3 In its reporting on budgetary implementation, the Commission strives to strike a balance between comprehensiveness and conciseness, so as to keep the reporting itself useful and reader-friendly. In deciding the type of information and the level of detail provided, the Commission uses the agreement reached with the co-legislators in the inter-institutional agreement of 16 December 2020 on budgetary discipline, cooperation on budgetary matters and sound financial management (IIA). This implies that not all cross-cutting domains are reported in the same way.

This said, the 2021 AMPR includes detailed information on the new pilot methodology for tracking contribution to gender equality. The contribution to United Nations’ Sustainable Development Goals (SDGs) is established through reporting on concrete illustrative examples.

INTEGRATION INTO THE PERFORMANCE FRAMEWORK OF CLIMATE AND BIODIVERSITY PRIORITIES

EU budget’s contribution to climate and biodiversity

2.9-2.12 As regards reporting on climate spending, the Commission refers to its replies to the ECA special report No 9/2022 on climate spending in the 2014-2020 EU Budget.

In relation to biodiversity, the Commission released in June 2022 its new biodiversity tracking methodology¹ based on an extensive external study², with the aim of ensuring reliable tracking and addressing the shortcomings identified through an ex post assessment of the previous tracking methodology and specific recommendations.^{[1][2]} The new methodology does not track expenditures which may be harmful to biodiversity, given that the 2021-2027 MFF approach focuses on operationalising the Do No Significant Harm principle across EU funds and programmes.

Reporting on the EU budget’s contribution to climate and biodiversity

2.14 The Commission is fully committed to presenting high-quality performance information in its reporting and it has continued to strengthen the reliability and quality of the information provided. This commitment also implies that, when errors are identified, the Commission reports on them in a transparent way.

¹ https://ec.europa.eu/environment/nature/biodiversity/pdf/Biodiversity_tracking_methodology_for_each_programme_except_CAP.pdf

² <https://op.europa.eu/en/publication-detail/-/publication/793eb6ec-dbd6-11ec-a534-01aa75ed71a1/language-en/format-PDF/source-258471562>

The corrigendum only touches on volume II (annexes 1 and 4). With these errors corrected, the Commission is confident that the AMPR now reports the most up-to-date and accurate information.

2.15 The Commission notes that climate tracking was implemented for the 2014-2020 period and that it was already the subject of the ECA special report No 09/2022. The Commission also refers to its replies to the special report No 31/2016.

For the sake of consistency, the Commission applies this same methodology also for the current transition period. The new CAP will start its implementation on 1 January 2023 and application of the tracking methodology for the climate expenditure for period 2023-2027 according to the provisions of Article 100 of Regulation (EU) 2021/2115.”

2.16 The Commission refers to its replies made in the ECA special report No 13/2020.

2.18 According to the Interinstitutional agreement of 16 December 2020³, the Commission is required to *consider* the overlaps, and it does so as a matter of routine. For example, the Commission does not exclude an activity that is identified as contributing to tackling climate change from the pool of activities whose (potential) contribution to restoring biodiversity it assesses, precisely because it considers that there may very well be synergies created by the pursuit of the two goals.

Reporting on the precise extent of such overlaps (not required by the IIA) is technically complex and based on the current systems not feasible because the different horizontal priorities are tracked at different levels of granularity, relying on different mechanisms and IT systems.

2.19 The Commission considered all the overlaps referred by the ECA in §2.19, as required by the IIA.

Tracking of spending and use of estimates in reporting progress

2.23-2.24 As explained in the replies to the Special Report on Climate Spending in 2014-2020, the fact that the EU budget comprises activities which are multi-year in nature and are implemented in very different modes implies that the only way to provide a real time annual estimate of the contribution of the EU budget to tackling climate change is to aggregate expenditure which are at different stages of the expenditure cycle. It is for this very reason that the Commission routinely updates also past data, in light of any new information that becomes available.

2.25 As a consequence of the identified risk of missing the 35% climate spending target for 2023-2024, programming entities have strengthened the investments in climate action by autumn 2022 in the Work Programme of DG RTD. The final ex-ante estimate figure is of 35.6% (approx. EUR 170 million above the 35% target).

INCORPORATION OF GENDER EQUALITY INTO THE PERFORMANCE FRAMEWORK

Gender mainstreaming

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32020Q1222%2801%29>

2.31 The Commission notes that the audit referred to by the ECA on gender mainstreaming in the EU budget (Special report No 10/2021⁴), published in May 2021, covered mainly the set-up of the 2014-2020 MFF.

EU budget contribution to promoting gender equality

2.35 For ESF+, the Commission acknowledge that text mentioned in paragraph 2.35 appeared as a result of a clerical error (for technical reasons this reference was manually introduced under the table and in those two cases it was not updated accordingly). The one and only reference under the table should read ‘Consolidated information about the annual commitments implemented (total per score by programme in EUR Million).’

With respect to the reference from the Horizon Europe Programme Statement in paragraph 2.35, the Commission wishes to clarify that it refers to the need to develop a dedicated system, specific to the Horizon Europe programme, to flag the programme’s actions and budget allocated so that they can be reported under the newly developed Commission methodology, on which the entire reporting under section 6.4 is conducted.

2.36 The reported amounts to gender equality concern the annual commitments implemented by each programme (total per score by programme in EUR Million). The total of the commitments reported under the score(s) for which a programme qualifies equal the amount of commitments under the voted budget implementation in 2021. For the purposes of the methodology, the amounts contributed to the promotion of gender equality under REACT-EU are not reported on.

The figures relevant for gender equality were updated in limited cases to capture more up-to-date information received from the responsible Directorates General (DGs).

2.38 The information on the amounts contributing to gender equality was available in a transparent manner for all individual programmes. The Commission acknowledges that no consolidated information was presented yet in the Draft Budget (DB) 2023 and the Annual Management and Performance Report (AMPR) on the amounts contributing to gender equality (scores 1 and 2). The Commission will ensure that consolidated information will be available already under draft budget 2024.

Concerning the list with maximum score attributed per programme, the Commission established that this difference comes for:

Score 1: from counting ESF+ towards score 1 (shared management strand). This is because the score is attributed strictly on the basis of the design/ performance framework of the programme and not on the amount of commitments for 2021 (in the case of the ESF+ shared management strand, this amount equals EUR 0 due to the lack of programming/ implementation). Given the late adoption of the ESF+ Regulation (June 2021) and the priority given by the Member States’ authorities to other instruments to tackle the consequences of the COVID-19 outbreak (REACT-EU, Recovery and Resilience Facility and Coronavirus Response Investment Initiative CRII and CRII+), the adoption of the ESF+ shared management programmes was delayed to 2022 and the 2021 tranche of the allocation re-programmed. As a result, no expenditure was adopted, estimated or programmed in 2021 under the ESF+ shared management strand. The table with the amounts in the Programme Statement will therefore be updated following the adoption of all ESF+ programmes.

⁴ https://www.eca.europa.eu/Lists/ECADocuments/SR21_10/SR_Gender_mainstreaming_EN.pdf

Score 0*: For the European Defence Fund, the marking was revised conservatively to score 0 (from score 0*). Therefore, score 0* programmes for Draft Budget 2023 are 29.

2.40 In the aggregation of amounts with scores 0*, 1 and 2, the Commission refers specifically to programme that either *contribute* (score 1 and/or 2) or have the *potential to contribute* (score 0*). This is in line with the definition of the various scores. This aggregation serves to underline the potential relevance that the EU budget has for gender equality and the need to further mobilise it in this direction, where possible, under the current MFF.

2.41 The Commission has decided to use the score 0* to keep the spotlight on activities that have the potential to contribute to gender equality, so as to steer the actual budgetary implementation as much as possible towards as many as possible actual gender-equality enhancing outcomes. The European Institute for Gender Equality (EIGE) also envisages this intermediate score 0*. The Commission has stated very clearly that this score can be in the future changed into a 0, 1 or 2 score only in the presence of supporting analysis/data.

2.42 All programmes provide justification for the scores attributed under the ‘Key achievements and performance’ sub-section, which includes an overview of the relevance of the programme on the basis of academic literature and, where applicable, how gender is featured in its legal basis/ performance framework/ work plans. The only exception is the Programme Statement for the Just Transition Mechanism and, partially, the Programme Statement for the EU4Health, where the explanation for only one of the two scores is given. In case only score 0* was attributed, programme statements might not provide an explanation for that score (for example, the Innovation Fund). This is in line with the methodology, where a justification is required for attributing scores 0, 1 and 2.

2.43 First indent - Concerning contributions to SDG 5 on gender equality, the Commission recalls that score 0* programmes have a likely but not yet clear impact on gender equality. Understandably, at a stage when most programmes have not yet entered their programming/implementation phase, very few of these programmes would have concrete illustrative examples of their contribution to SDG 5, as requested by the Budget Circular.

Please see also Commission reply to §2.42.

Spending targets and indicators for gender equality

2.44 Setting expenditure targets in this area is not a widespread practice amongst OECD countries, even the most advanced ones, since such targets offer benefits and disadvantages (see OECD publication on Gender Budgeting in OECD countries at <https://www.oecd.org/gender/Gender-Budgeting-in-OECD-countries.pdf>).

2.46 The adoption of the ESF+ shared management programmes was delayed to 2022 due to the late adoption of the ESF+ Regulation in June 2021 and the priority given by Member States’ authorities to other instruments to tackle the consequences of the COVID-19 outbreak. As a consequence, implementation had not started at the time of drafting the Programme Statement 2022.

Gender-disaggregated data will be featured in Commission reporting following the adoption of all ESF+ programmes and throughout their implementation.

INFORMATION ON THE PROGRESS OF EU PROGRAMMES TOWARDS THE SUSTAINABLE DEVELOPMENT GOALS

2.48 The Commission complies with its undertakings under the IIA in the area of SDG by reporting annually in the Working Document I accompanying the Draft Budget on the EU budget's contribution to the SDGs. This is done by providing an overview of the EU budget's policy coherence towards SDGs in the horizontal section as well as providing the SDGs to which each programme contributes, including illustrative examples of said contribution, in the dedicated section of the individual Programme Statements.

Reporting on the budget's contribution to SDGs

2.51 As regards SDGs in general, please see Commission reply to §2.48

With respect to the SDG on climate action, the Commission has its own reporting framework which it considers robust, and it intends to invest in enhancing it in relation to the reporting on impacts, including in the context of the reporting requirements the Commission has undertaken upon issuing Green Bonds in the context of NGEU.

THE DIGITAL TRANSITION

2.59 Reporting on the Digital Europe Programme covers information on the digital transition not as a result of mainstreaming but because the latter is part of the specific objectives of the programme.

2.60 Please see Commission reply to §1.1 and 1.48.

CONCLUSIONS AND RECOMMENDATIONS

2.62 The updated Better Regulation framework, as of 2021, introduces a requirement to carry out a gender analysis in the impact assessments of all relevant legislation going forward.

2.63 The Commission acknowledges that the gender tracking methodology is novel and has been applied only on a pilot basis, ahead of the schedule agreed to with the co-legislators in the IIA. As such there is scope to improve it, and efforts are ongoing to this end.

Recommendation 1 – Better integrating the horizontal policy priorities into the performance framework

a) The Commission accepts this recommendation.

The Commission intends to report on the results of its ongoing pilots on green, digital and jobs as soon as the methodological work is completed and will follow up on those results as appropriate.

b) The Commission partially accepts this recommendation.

The Commission is working on refining the methodology and on integrating gender equality into the programming of the current programmes. The Commission is not in a position to commit to the content of future legislative initiatives.

c) The Commission accepts this recommendation.

2.66 The Commission is fully committed to presenting high-quality performance information in its reporting. This commitment also implies that, when errors are identified, the Commission corrects them in a transparent way.

As explained under 2.23, the Commission routinely updates its estimates of climate spending in light of any new information that becomes available. A real time annual estimate is not possible because that would require aggregating expenditure which are at different stages of the expenditure cycle.

Recommendation 2 – Enhance reporting on horizontal policy priorities in the AMPR and the programme statements

a) The Commission accepts this recommendation.

b) The Commission accepts this recommendation.

c) The Commission accepts this recommendation.

REPLIES OF THE COMMISSION TO THE REPORT OF THE EUROPEAN COURT OF AUDITORS ON THE PERFORMANCE OF THE EU BUDGET – STATUS AT THE END OF 2021

“CHAPTER 3 – FOLLOW-UP OF RECOMMENDATIONS”

OBSERVATIONS

3.8, 3.9 and Annex 3.1 The Commission notes the significant increase in the number of recommendations to be followed up, from 149 in respect of the year 2017 to 255 in 2018. This has to be seen in relation with the increase of the number of Special Reports with recommendations addressed to the Commission. This number increased from a total of 20 in 2017 to 33 in 2018). This makes their implementation and monitoring more challenging. In particular of all the reports published in 2018, six Special Reports included 15 recommendations (i.e. recommendations and their sub-recommendations) or more (e.g. Special Report No 01/2018 Joint Assistance to Support Projects in European Regions (JASPERS), Special Report No 03/2018 Audit of the Macroeconomic Imbalance Procedure (MIP) and Special Report No 19/2018 A European high-speed rail network). The average number of recommendations addressed to the Commission remain stable was between 9-10 recommendations per report.

The Commission notes that for 28 recommendations considered by the ECA as not implemented, the Commission considers that four are fully implemented since 23 May 2022 and that, initially, it did not accept 16 and partially accepted two, for the reasons set out in the published replies to the corresponding special reports.

Likewise, for 68 recommendations shown as “delayed”, five recommendations were not accepted. Of this five the ECA considers; one as fully implemented, two implemented in most respect and two implemented in some respect. This means that the Commission took action, despite the fact that the recommendation was not accepted. In addition, 13 recommendations have initially only been partially accepted.

3.13-3.15 The Commission considers it of the utmost importance to follow-up and implement all accepted recommendations. While the monitoring system closes the monitoring path when the Commission considers a given recommendation to be implemented, this is without prejudice to the fact that the Commission might continue taking action in case of ongoing initiatives which need to be undertaken on a continuous basis (e.g. SR 07/2020 Implementing Cohesion policy, recommendation 3, SR 04/2017 Protecting the EU budget from irregular spending recommendation 4 and SR 02/2017 The Commission’s negotiation of 2014-2020 Partnership Agreements and programmes in Cohesion, 2b and 5). Such actions would not be reflected in the Commission database. In addition, it cannot be excluded that the ECA considers recommendations partially implemented whereas the Commission considers them fully implemented.

3.20 The level of implementation and the timeliness of the follow-up actions is to be seen in conjunction with the acceptance of the ECA's recommendations. The Commission is fully committed to implement all accepted recommendations within the timeframes set-up in the ECA's special reports. This is however not applicable for recommendations which the Commission did not accept in the first place, for the reasons set out in the published replies to the concerned special report.

In addition, in some cases, the follow-up actions may require more time than initially expected due to complexity of the measures, legislative or policy-related developments, resources constraints, or external factors such as the Covid-19 pandemic and actions taken in response to this unprecedented crisis, which required reprioritization of many actions. The fact that a recommendation is not fully implemented by the initial expected completion date does not entail that no action has been taken by that date or that this recommendation will not eventually be fully implemented thereafter.

CONCLUSION

3.22 The Commission refers to its reply to paragraph 3.8, and in particular the significant increase in the number of recommendations to be followed up in respect of special reports published in 2018, compared to previous years, which makes their implementation and monitoring more challenging.

REPLIES OF THE EUROPEAN COMMISSION TO ANNEX 3.1 “DETAILED STATUS OF 2018 RECOMMENDATIONS BY REPORT – EUROPEAN COMMISSION”

Special Report 1/2018: Joint Assistance to Support Projects in European Regions (JASPERS) – time for better targeting

Reply to recommendation 4(a), paragraph 133: The objective of the Commission's Technical Assistance strategy is to outline all of its Technical Assistance actions, without focusing specifically on the coordination of capacity building. However, in order to further clarify JASPERS' role in the field of technical capacity building, JASPERS is drafting a transfer of knowledge strategy. Alignment with the Commission's policy lines in the area of administrative capacity building will be ensured and each technical capacity building assignment will be included in JASPERS' Country Work Programmes. This will allow to link identified and agreed technical assistance needs with the policy objectives of Cohesion Policy, the Just Transition Fund and the Connecting Europe Facility in each Member State.

Reply to recommendation 5(a), paragraph 138: JASPERS is embedded in the InvestEU Advisory Hub and the alignment with its monitoring requirements is ongoing.

Reply to recommendation 5(b), paragraph 138: JASPERS is drafting a monitoring and reporting requirements document which, among other topics, aims to set a framework allowing future evaluation to be sufficiently comprehensive.

Reply to recommendation 5(c), paragraph 138: Data on the estimated budget of each JASPERS' assignment will be collected under the KPI “Number, size, type and distribution of advisory

assignments received and supported”. The actual direct cost of completed assignments based on the FAFA rates will be monitored as well. In addition to monitoring costs, the intensity of usage of human resources is also monitored to provide data for the evaluation of efficiency and effectiveness.

Reply to recommendation 5(d), paragraph 138: The Financial and Administrative Framework Agreement between the EIB and the European Commission states that “in order to harmonise, systematise and facilitate future cooperation and on the basis of the experience gained so far, it appears appropriate and in line with the aim of simplification that the Union and the Bank, in accordance with their respective roles under the Treaty, agree in a framework agreement in respect of the Financial Regulation the principles, standard terms, conditions and procedures under which the Union and the Bank shall cooperate in the preparation, set-up, implementation and management of Financial Instruments administered by the Bank, to which the Union makes a financial contribution from the Union budget and/or the EDF”. In this context, Schedule VIII of the FAFA includes standard rates for staff which the Commission applied as all the other relevant articles of the FAFA. Schedule VIII of the FAFA also indicates the following: “the rates referred to in Points 1 and 2 shall be applied for Implementing Agreements without further ex post controls concerning the underlying actual costs or the definition and measurement method of staff time.”

Special Report 3/2018: Audit of the Macroeconomic Imbalance Procedure (MIP)

Reply to recommendation 1(i), paragraph 101: The Commission sought to implement this recommendation already in May 2022 through its Spring Package. The package was published on 23 May 2022 and the Commission made changes that enabled it to implement the recommendation by selecting MIP-relevant CSRs that work within the standard timeframe for the broad set of CSRs. While the follow up to the economic governance review will consider the implementation of this recommendation as central, the Commission is of the view that this recommendation has already been fully implemented.

Reply to recommendation 1(ii), paragraph 101: The Commission sought to implement this recommendation already in May 2022 through its Spring Package. The package was published on 23 May 2022 and the Commission made changes that enabled it to implement the recommendation by, in the recitals of the country-specific CSR legal document, better explaining the rationale of the MIP-related CSRs and by stressing that the implementation of the recovery and resilience plans should be GDP growth enhancing, which per se will in turn contribute to address imbalances. While the follow up to the economic governance review will consider the implementation of this recommendation as central, the Commission is of the view that this recommendation has already been fully implemented.

Reply to recommendation 1(iii), paragraph 101: The Commission sought to implement this recommendation already in May 2022 through its Spring Package. The package was published on 23 May 2022 and the Commission made changes that enabled it to implement the recommendation by, in the IDRs, putting more attention on analysis of policy response and of remaining policy gaps to address imbalances, and linking that to the evolution of imbalances. Undertaking full ex-ante or ex-post assessments of the CSRs is hampered by the reasons listed in the Commission reply included on the original ECA report. While the follow up to the economic governance review will consider the implementation of this recommendation as central, the Commission is of the view that this recommendation has already been fully implemented.

Reply to recommendation 1(iv), paragraph 101: The Commission sought to implement this recommendation already in May 2022 through its Spring Package. The package was published on 23 May 2022 and the Commission made changes that enabled it to implement the recommendation by selecting MIP-relevant CSRs that work within the standard timeframe for the broad set of CSRs. While the follow up to the economic governance review will consider the

implementation of this recommendation as central, the Commission is of the view that this recommendation has already been fully implemented.

Reply to recommendation 2(i), paragraph 104: As stated in the Commission reply to the audit report (paragraph 97), revisions to the MIP implementation (except concerning recommendations 3.ii, 4, 5, and 6) should take into account the MIP review. The follow up to the 6-pack review was delayed in light of the COVID-19 crisis amid the need to focus on the immediate challenges of the crisis, and thereby the completion date of various recommendation had to be extended. The Commission sought to implement this recommendation in May 2022 through its Spring Package. The package was published on 23 May 2022 and the Commission made changes that enabled it to implement the recommendation by ensuring that the IDR assessment clearly characterises the severity of the imbalances.

Reply to recommendation 2(iii), paragraph 104: The implementation of the EIP is a core element of the ongoing review of the economic governance framework but the timing for the conclusion of the review is still uncertain. Thus, the expected completion date of the recommendation has to be extended to July 2023 to take that into account.

Special Report 4/2018: EU Assistance to Myanmar/Burma

Reply to recommendation 1 (3rd indent), paragraph 71: The prioritisation of needs, in accordance with needs varying between regions and states and in coordination with other donors and their support at region and state level, is carried out and reviewed on a regular basis throughout implementation. Given the emerging needs and varying donor support, it is not always possible to fully determine priority interventions ahead of the beginning of programme implementation, and instead the process of prioritisation of regions/states and protracted crisis situations has been built into the Nexus Response Mechanism (NRM). Coordination with other donors and partners is also an ongoing process throughout programme implementation. This approach aims at preserving a flexible NRM that is able to deliver responses to crisis situations and emerging needs of the people of Myanmar in a timely manner, including through assessments and scoping exercises. As an active member of the Cooperation Partner Group, the UN-led coordination body among the main donors and development partners, the Commission ensures the coordination and prioritisation of EU support to Myanmar and its people.

Special Report 6/2018: Free Movement of Workers – the fundamental freedom ensured but better targeting of EU funds would aid worker mobility

Reply to recommendation 2, paragraph 67: The Commission will continue to work closely with the European Labour Authority, experts and stakeholders at national level to collect relevant data on areas where discrimination against mobile workers might occur. The collection of relevant data is also ensured through the SOLVIT reports, CHAP complaints and the reports from different Member States drafted by the Network of legal experts (MoveS). The Commission is closely monitoring these areas as well via the Advisory Committee on Free Movement of Workers and the Free Movement of Workers Bodies.

Special Report 10/2018: Basic Payment Scheme for farmers – operationally on track, but limited impact on simplification, targeting and the convergence of aid levels

Reply to recommendation 3, paragraph 85: The Commission considers the recommendation as fully and timely implemented for the part it has accepted.

It is Member States that present their needs assessment (including towards the CAP specific objective of fair income) and their intervention strategy in their CAP Strategic Plans, as decided by co-legislators. They also set targets in terms of redistribution of support to smaller farmers and areas in needs. The performance of the CAP in increasing support to farmers most in need will be assessed in the evaluation of the policy, which will, among others, look into developments in farmers' income and the distribution of support as compared to the pre-reform situation.

As regards the Member States CAP Strategic Plans, on 18 December 2020, the Commission provided recommendations for each Member State based on an analysis of their agricultural sector and rural areas. These recommendations are linked to the nine CAP specific objectives that touch upon environmental, social and economic challenges and to a crosscutting objective on knowledge and innovation.

In addition, on 31 March 2022, the Commission began sending observation letters relating to the draft CAP strategic plans that have been submitted by EU countries. These letters were sent to all Member States and examine how the EU countries identified their needs, the underlying evidence they used, the interventions they intend to implement and the targets they have set.

The letters address key issues relating to the entirety of a Plan – its strategic focus, contributions to the CAP's general objectives and include detailed observations according to the CAP's ten specific objectives, the instruments and other elements of the proposed Plan that require further explanation, completion or adjustments before the Commission can approve them.

The Commission is currently evaluating the replies and engaging in intensive discussion with the Member States. The first CAP Strategic Plans have been approved in August 2022. The legal framework adopted by Council and Parliament leaves flexibility to the Member States to address their redistribution needs. The approved CAP plans by and large see a limited but real improvement compared to the current situation. This improvement stems from the combined effect of various instruments and mechanisms: the redistributive payment, the reduction mechanism, the application of capping, the convergence of payment entitlements as well as sometimes the coupled support and the eco-schemes.

Supporting links:

CAP strategic plans recommendations

(https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/cap-strategic-plans_en#recommendations)

Overview CAP strategic plans – Commission observations

(https://ec.europa.eu/info/sites/default/files/food-farming-fisheries/key_policies/documents/overview-cap-plans-ol-220331.pdf)

Observation letters on CAP strategic plans

(https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/cap-strategic-plans/observation-letters_en).

Special Report 13/2018: Tackling radicalisation that leads to terrorism: the Commission addressed the needs of Member States, but with some shortfalls in coordination and evaluation

Reply to recommendation 3 (a), paragraph 42: The Commission considers the recommendation fully implemented. The ECA asked the Commission to carry out the necessary consultation and research in order to identify objectives and indicators for evaluating its success and value for money in achieving its policy goals in helping Member States to address radicalisation. The Commission

launched this specific study and identified objectives, indicators and tools to measure success and value for money in achieving its policy goals, as that was the core of the recommendation. Considering the timeline, The Commission understood the recommendation as a process leading to a comprehensive assessment of the prevention of radicalisation policy. Therefore, the Commission considers that it fulfilled this recommendation since it implemented fully its short and mid-term objectives. Regarding the long-term perspective, the Commission is in the process of integrating indicators in the next annual progress reports.

Reply to recommendation 3 (d), paragraph 42: The Commission does not agree with the assessment of the ECA that the recommendation is implemented in some respect only. The Commission has ensured the effectiveness of the union actions financed in the area of radicalisation and counter narratives campaigns via a rigorous evaluation of the proposals' intervention logic (including general and specific objectives, methodology, indicators (baseline, target and the source and mean of verification)) against the desired outcomes defined in the call. Moreover, it required that "proposals foresee a quantitative and qualitative evaluation of the reach and impact of actions proposed, accompanied by a set of lessons learned and good practices for future similar actions".

The ECA's statement referring to the use of predefined effectiveness indicators seems to go beyond the spirit of the initial recommendation. In accordance with the HOME Funds legal basis, the Union Actions' specific objective is to "complement the implementation of the policy objectives of the Fund at national level through Member States' programmes (...) serve overall strategic purposes (...) in relation to policy analysis and innovation, transnational mutual learning and partnerships and the testing of new initiatives and actions across the Union". In this context of innovation and testing new initiatives, the setting of predefined effectiveness indicators would prove counter-productive, as it would curb the originality, ingenuity and modern approach requested from the potential applicants in the intervention area.

Commission remains of the opinion that, the absence of effectiveness indicators does not imply that the effectiveness cannot be assessed. On the contrary via the evaluation of the proposals, before the funding decision is taken, the Commission assesses the entire intervention logic and how the proposed description of actions responds to the objective of the calls, thereby ensuring their prospective effectiveness. As for the implementation, only the evaluation, putting together all relevant information, may provide conclusions on the progress made by the project and the numerous factors, not reflected in indicators, that have had an influence in such a progress. Such evaluation reports are requested from the applicants and are compulsory delivered in the end of the project, explicitly for the purpose of measuring the effectiveness of the implemented action. If the latter is not achieved, the Commission can at the final payment reduce the grant, and as such protect the EU budget.

Special Report 16/2018: Ex-post review of EU legislation: a well-established system, but incomplete

Reply to recommendation 1 (a), paragraph 87: In what concerns the inter-institutional vademecum required in the recommendation, the Commission accepted the recommendation insofar the Commission itself is concerned. The Commission cannot take action on matters depending on other Institutions' prerogatives. More specifically on recommendation 1a the Commission has implemented the recommendation as far as it could. The Commission did deploy all efforts at its side to meet the recommendation, through the revision of the Tool #44 in its MFF horizontal approach for evaluation and monitoring clauses, and especially by calling the co-legislators in its 2021 Communication "Joining forces to make better laws" to cooperate to develop common definitions and identify best practices through a regular dialogue in the context of the

Interinstitutional Agreement on Better Law Making. The rest depends on the other institutions and is connected to the political dialogue.

Reply to recommendation 1 (b), paragraph 87: Under Article 295 TFEU, there is no obligation for an inter-institutional agreement to be binding. The three Institutions decided jointly in 2016 to make the Inter-Institutional Agreement on Better Law-Making legally non-binding. There are a number of legal and institutional concerns that all institutions wanted to avoid when negotiating the agreement and these concerns are still valid.⁴ There is no plan to revise the current Inter-Institutional Agreement on Better Law-Making.

Reply to recommendation 2 (b), paragraph 92: The Commission stresses that it has partially accepted this recommendation. The Commission has looked into the aspect of extending the mandate of the RSB to ex-post reviews other than evaluations as a follow-up of the 2019 better regulation stocktaking exercise and when revising in 2020 the RSB mandate. The Commission considered the extension of the mandate to other ex-post reviews than evaluations as not proportionate and efficient, including taking into account the 2020 extension of the RSB mandate to the 'one-in, one out' and strategic foresight integration in better regulation and increased outreach.

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

Reply to recommendation 4, paragraph 90: In the ECA report 17/2018, the Commission was recommended to put more emphasis on results while providing Member States with targeted support to accelerate the implementation of the 2014-2020 programming period. The Commission has undertaken initiatives to implement this recommendation and considers it as fully implemented, e.g. through a myriad of targeted technical support tools and advisory services to improve the capacity of Member State to implement the Funds as well as through a close monitoring of the programmes at risk of delays, which were listed in our previous replies. The Commission is also in a daily contact with the Managing Authorities to ensure that the 2014-2020 programmes are being implemented smoothly. The Commission reiterates its previously expressed opinion that the special report 24/21 referenced in the remaining weaknesses with regard to the recommendation has no strict link to the concerned recommendation.

Special Report 18/2018: Is the main objective of the preventive arm of the Stability and Growth Pact delivered?

Reply to recommendation 1(c), paragraph 137: The Commission is of the view that it has fully implemented those aspects of Recommendation 1(c) that it accepted. The Commission partially accepted Recommendation 1(c) to the extent that it was asked to review the effectiveness of the matrix, given that it was at that time conducting a wider review of the flexibility arrangements required under the Commonly Agreed Position with Member States. The Commission stated that it could not prejudge the outcome of that process. The Commission examined the parameters of the matrix as part of its wider review of flexibility under the Stability and Growth Pact (SGP), which was published in May 2018. The three detailed considerations that the ECA highlights were not assessed in detail by the Commission. These considerations are linked to Recommendations 1(a) and 1(b), which the Commission rejected. The Commission will, therefore, not seek to address those recommendations.

Reply to recommendation 3, paragraph 142: The Commission is of the view that it has fully implemented those aspects of Recommendation 3 that it accepted. The Commission partially accepted Recommendation 3 and stated that it was open to the possibility of revisiting this issue

and building support for such proposals among Member States. It also stated that the Commission could not commit at that stage to submitting a note to the EFC. In a later response to the ECA, the Commission stated that it had "decided to examine this issue further in its Economic Governance Review". In discussions in the EFC, Member States have indicated that they would like for any future changes to the fiscal rules to be part of an overall package. As such, targeted changes to the fiscal rules, such as the change highlighted in Recommendation 3, would not be supported by them at this time. For that reason, the Commission has not submitted a note to the EFC on this issue. The Commission also recalls that it did not, in any case, commit to submitting such a note when it partially accepted Recommendation 3. The Commission cannot prejudge the outcome of the public debate on the economic governance review. It will provide orientations on possible changes to the economic governance framework after the 2022 summer break and well in time for 2023.

Special Report 19/2018: A European high-speed rail network: not a reality but an ineffective patchwork

Reply to recommendation 2 (2nd indent), paragraph 106: The deadline for the implementation for this recommendation has not passed. However, the recommended action is linked to the on-going revision of the TEN-T Regulation (the adoption of the text is expected by mid-2024).

Reply to recommendation 4 (4th indent), paragraph 106: The revision of the Regulation was delayed and the Commission is in the process of preparing an amended text in view of its adoption by July 2023.

Special Report 25/2018: Floods Directive: progress in assessing risks, while planning and implementation need to improve

Reply to recommendation 1, paragraph 102: As of 1 June 2022, 8 Member States had completed their reporting obligation under Article 15 of the Floods Directive (AT, CZ, DE, FI, IE, LV, NL, SE).

Common Commission reply to recommendations recommendation 2(a) and 2(b) paragraph 103: Indeed, the Member States are required to publish their 2nd Flood Risk Management Plans-FRMPs (and 3rd RBMPs) by December 2021 and report them to the European Commission by March 2022. Afterwards, the Commission will assess such plans and write a report with findings and recommendations, which obviously takes time, given the width and technical complexity of the underlying analysis. While the legal deadline for the Commission's report is December 2024, the Commission services are taking measures to achieve an earlier delivery in 2024 (depending also on the timeliness of MS' reporting).

Reply to recommendation 3, paragraph 106: The Commission stresses that this recommendation was not accepted.

Reply to recommendation 6A, paragraph 112: The Commission has started work on updating the Common Implementation Strategy's Guidance Document No 24 "River basin management in a changing climate". It is expected to conclude this activity end-2023 or early 2024.

Reply to recommendation 6B(a), paragraph 112: As under 2(a) and 6(a).

Common Commission reply to recommendations 6B(b) and 6B(c), paragraph 112: The Commission considers this recommendation partially implemented based on the following: The Commission published in February 2019 its assessment of MS' progress in flood risk management. The report includes sections dedicated to addressing climate change in the FRMPs and on adaptation measures (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=SWD:2019:31:FIN&qid=1551205988853&from=EN>). The Commission

prepared a discussion paper (<https://circabc.europa.eu/ui/group/9ab5926d-bed4-4322-9aa7-9964bbe8312d/library/419cedb7-961b-485e-8c10-608e422258a1/details>) and carried out a survey amongst MS to identify gaps in MS knowledge with regards to impacts from climate change.

A first version of the survey report has been published (<https://circabc.europa.eu/ui/group/9ab5926d-bed4-4322-9aa7-9964bbe8312d/library/7073b7ab-1178-455d-abc3-7c1c5624a633/details>). An updated version will be published by October 2022. A workshop on climate change and flood risk management was held in October 2021. A workshop on pluvial flooding was held in May 2022. The Climate Law (2021) and the Adaptation to Climate Change Strategy (2021) will add to the impetus.

Member States have to prepare the 2nd FRMPs by end-2021 and to send them to the Commission by end-March 2022 (Articles 14 and 15 of the FD). The Commission has committed to report on its review of these plans by end-2024, in connection with the next implementation report of the WFD and FD, which is due by the same date. In this context, the Commission will check the tools proposed by the Member States.

Reply to recommendation 7(a), paragraph 113: The Commission partially accepted this recommendation as there is no obligation in the Floods Directive for Member States to include insurance as a measure in their FRMPs and insurance information is not made available by all Member States through their reporting.

Nevertheless, the Commission already checked whether and how Member States have treated insurance in their 1st FRMPs in its 2019 overview (SWD(2019)31). In addition, the Commission, supports the idea of raising public awareness on the option of insurance against floods as a risk transferring mechanism. Increasing insurance coverage as part of a broad flood risk management strategy could be a good approach to transferring risks. The benefits of insurance depend on the regulatory context within each Member State and the specific characteristics of flood risk in those Member States.

In 2020, the Commission liaised with Insurance Europe, which carried out a survey amongst its national member organisations on floods and insurance. In parallel, the Commission and the Member States carried out a survey amongst flood risk managers. In October 2020 a workshop on insurance took place and the draft report has been published in April 2021 (<https://circabc.europa.eu/ui/group/9ab5926d-bed4-4322-9aa7-9964bbe8312d/library/a6981d29-3a4e-4f2d-873e-4e717f30540d/details>). The report also reflects Insurance Europe's survey.

The Commission is currently assessing the second cycle's FRMPs as prepared by the MS. These assessments and EU overviews will be published by end-2024 here (https://ec.europa.eu/environment/water/flood_risk/overview.htm).

Reply to recommendation 8(a), paragraph 115: The Commission stresses that this recommendation was not accepted.

Special Report 31/2018: Animal welfare in the EU: closing the gap between ambitious goals and practical implementation

Reply to recommendation 1(b), paragraph 100: DG SANTE published in mid-March 2022 an overview report on Animal Welfare indicators at farm level detailing the various challenges and difficulties in establishing a feasible system of animal welfare indicators. A range of projects are ongoing to address the issues. The intention is to consider such indicators for the revised Animal Welfare legislation; the Commission proposal is expected to be adopted by the end of 2023.

Reply to recommendation 1(c), paragraph 100: The results of the evaluation of the EU strategy for the protection and welfare of animals (2012-2015) were used for reviewing the animal welfare acquis. The roadmap for the animal welfare Fitness Check was published in May 2020, thus there was no delay in implementation. Work on the Fitness Check itself is ongoing and the related Staff Working Document is expected to be published by Q3 2022.

The Inception Impact Assessment for the revision of the animal welfare legislation was published in July 2021 and open for feedback until end of August 2021. The Open Public Consultation run from 15 October 2021 until 21 January 2022. Plans are to finalise the Impact Assessment studies by early 2023 and to adopt the related legislative proposals by Q4 2023.

Reply to recommendation 4(a), paragraph 104: The implementation of the recommendation is ongoing with the assessment of the CAP strategic plans. Observation letters on CAP strategic plans were sent to all Member States requesting clarification as well as greater ambition with regard to animal welfare. The Commission is currently evaluating the replies and engaging in intensive discussion with the Member States. Commission Delegated Regulation (EU) 2022/126 of 7/12/2021, OJ L20 has been adopted supplementing the Strategic Plans Regulation as for animal welfare.

Supporting links

Overview CAP strategic plans – Commission observations (https://ec.europa.eu/info/sites/default/files/food-farming-fisheries/key_policies/documents/overview-cap-plans-ol-220331.pdf)

Observation letters on CAP strategic plans (https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/cap-strategic-plans/observation-letters_en)

Special Report 33/2018: Combating desertification in the EU: a growing threat in need of more action

Reply to recommendation 1(a), paragraph 74: The Commission took important action to implement this recommendation through the adoption of the EU Soil Strategy for 2030 and research carried out by the JRC. The establishment of a methodology to assess the extent of desertification and land degradation in the EU needs to be coordinated with the Soil health law, for which the European Commission will table a dedicated legislative proposal by 2023. The methodology can thus not be established before that date.

Reply to recommendation 1(b), paragraph 74: The Commission took important action to implement this recommendation through the adoption of the EU Soil Strategy for 2030. The new EU Soil Strategy for 2030 includes in section 4.2 the action "Supported by the European Environment Agency (EEA) and the Joint Research Centre (JRC), [the Commission will] publish information every five years about the state of land degradation and desertification in the EU."

Reply to recommendation 3(a), paragraph 78: The new EU Soil Strategy for 2030 sets the overarching framework and concrete actions to significantly contribute to achieve the commitments and objectives set, which includes land degradation neutrality by 2030. Once the methodology (see recommendation 1a) and the soil health law will be established, this will allow to further detail how land degradation neutrality will be achieved and to report on progress. The implementation of this recommendation depends thus on the implementation of recommendation 1a and the Soil Health law adoption process.

Special Report 35/2018: Transparency of EU funds implemented by NGOs: more effort needed

Common Commission reply to recommendations 1(a) and 1(b), paragraph 66: This Commission notes that this sub-recommendation was initially not accepted for the reasons explained in the Commission replies to the ECA special report No35/2018, especially given that the regulatory framework did not provide for an accepted definition of NGOs at an international or European level. At the time of the ECA special report, the Financial Regulation had just been revised. However, in April 2022 the Commission adopted a proposal for a revision of the Financial Regulation, where a definition of an NGO and the relevant criteria are introduced. It will now be for the co-legislators to decide the way forward and to adopt the amendment of the Financial Regulation.

Reply of the European Central Bank to the Report of the European Court of Auditors on the performance of the EU Budget – Status at the end of 2021 “Chapter 3 – Follow-up of recommendations”

Recommendation 5b – ECA’s Special Report No 2/2018

After the ECA’s audit in 2018, the ECB took action and updated its Emergency Action Plan (EAP) framework to provide harmonised guidance for the process that follows once a bank has been classified under an EAP stage. This includes, for all stages, that Joint Supervisory Teams (JSTs) can consider requesting a targeted on-site inspection to evaluate (for example) the factors that are leading to asset quality deterioration, meaning that a process along the lines of Recommendation 5b has been put in place. In addition, the JSTs can request on-site inspections to be conducted as part of significant banks’ annual Supervisory Examination Programmes, using systematic quantitative techniques on individual files or an individual bank’s historical data (via credit file reviews and challenger models), thorough collateral reviews by external appraisers, or by developing sophisticated prudent valuation techniques for market risk-related exposures. The development and application of these on-site techniques over recent years has allowed JSTs to challenge the quality of the assets in a manner proportionate to the issues at stake – as the techniques have a systematic quantitative outcome reflected in quantified provisions or a valuation gap – and to request a reclassification of assets, where needed. These on-site inspections are thus a proportionate way to review the quality of assets on an ongoing basis. If an urgent need to conduct an on-site inspection arises in the context of the EAP framework, the ECB has the capability to swiftly set up a dedicated inspection team to carry out such an inspection, by reprioritising the on-site program and redirecting the on-site resources.

**REPLIES OF THE COMMISSION TO THE REPORT OF THE
EUROPEAN COURT OF AUDITORS ON THE PERFORMANCE OF
THE EU BUDGET – STATUS AT THE END OF 2021**

“Annex”

**Follow-up of recommendations from chapter 3 of the 2018
annual report**

With respect to Recommendations 3.2 (a), 3.2(b), 3.2(c) and 3.4 from the 2018 ARP, the Commission would like to note that baselines, milestones, and targets (with associated documentation) for several programmes have not yet been established due to the delays in the launching of operational arrangements caused by the late adoption of the relevant regulations.

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The European Court of Auditors examined the performance of the spending programmes under the EU budget at the end of 2021, based on performance information from the Commission and other sources, including its own recent audit and review work. The main theme of this year's report on performance is the mainstreaming of horizontal policy priorities into the EU budget. It assessed whether they had been incorporated in selected EU spending programmes, and whether the Commission applied an appropriate performance framework to measure the EU budget's contribution for such priorities.



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