

# 2020

## Report of the European Court of Auditors on the performance of the EU budget – Status at the end of 2020



EUROPEAN  
COURT  
OF AUDITORS

EN

EUROPEAN COURT OF AUDITORS  
12, rue Alcide De Gasperi  
1615 Luxembourg  
LUXEMBOURG

Tel. +352 4398-1  
Enquiries: [eca.europa.eu/en/Pages/ContactForm.asp](http://eca.europa.eu/en/Pages/ContactForm.asp)  
Website: [eca.europa.eu](http://eca.europa.eu)  
Twitter: @EJAuditors

More information on the European Union is available on the internet (<http://europa.eu>).

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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 meetings  
of 21 October and 11 November 2021, adopted its**

## **Report on the performance of the EU budget – Status at the end of 2020**

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:

Klaus-Heiner LEHNE (President), Ladislav BALKO, Lazaros S. LAZAROU, Pietro RUSSO, Baudilio TOMÉ MUGURUZA, Iliana IVANOVA, Alex BRENNINKMEIJER, Nikolaos MILIONIS, Bettina JAKOBSEN, Samo JEREB, Jan GREGOR, Mihails KOZLOVS, Rimantas ŠADŽIUS, Leo BRINCAT, Juhan PARTS, Ildikó GÁLL-PELCZ, Eva LINDSTRÖM, Tony MURPHY, Hannu TAKKULA, Annemie TURTELBOOM, Viorel ȘTEFAN, Ivana MALETIĆ, Francois-Roger CAZALA, Joëlle ELVINGER, Helga BERGER, Marek OPIOLA

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# General introduction

**0.1.** This report is one of two parts of our annual report for the 2020 financial year. It covers the *performance* of spending *programmes* under the EU budget as at the end of 2020. 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 as a 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.

**0.3.** This report is divided into seven chapters:

- o In chapter 1 we examine whether and how the Commission and the co-legislators have used the lessons learnt from previous *multiannual financial framework (MFF)* periods (e.g. from evaluations, *impact assessments* and audits) to improve the design and performance of spending programmes for the 2021-2027 period. We do this on the basis of a sample of the Commission's legislative proposals for five out of 48 spending programmes established for the 2021-2027 period, corresponding to around 60 % of the period's total budget.
- o In chapters 2 to 6, we analyse the *results* achieved by EU programmes under, respectively, headings 1a, 1b, 2, 3 and 4 of the 2014-2020 MFF. Our purpose was to establish how much relevant performance information is available and, based on that information, to assess how well EU spending programmes have actually performed. Out of 58 spending programmes established for the 2014-2020 period, we selected five which, taken together, represent around a fifth of all payments made up to the end of 2020 against the 2014-2020 MFF *commitments*. This follows on from our coverage, in the [2019 report on performance](#), of nine other programmes, which represented around three quarters of total payments by the end of 2019. We based our assessment on the performance information coming from the Commission (including the AMPR, performance indicators and evaluations) and – where available – recent findings from our own audit and

review work. We checked the Commission's performance information for plausibility and consistency with our findings, but we did not audit its reliability.

- Chapter 7 presents the results of our follow-up of audit recommendations we made in special reports published in 2017.

**0.4.** In preparing this report, we have considered the *impact* of Brexit and the COVID-19 pandemic on the performance of EU spending programmes. However, most of the monitoring data on which this report is based, is from 2019 or before, i.e. it predates both the UK's exit from the EU single market and customs union and the spread of COVID-19 in Europe.

**0.5.** We explain our approach and methodology for preparing this report in the ***Appendix***.

**0.6.** 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<sup>1</sup> with definitions and explanations of most of these specific terms. The terms defined in the glossary appear in italics when they first appear in each chapter.

**0.7.** We thank the Commission for its excellent cooperation in preparing this report. The Commission's replies to our observations are presented with this report.

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<sup>1</sup> <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=58667>

# Chapter 1

## Performance framework

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# Introduction

**1.1.** The EU pursues its policy objectives through a combination of spending *programmes*, financed or co-financed from the EU budget, and non-spending policy instruments (mainly regulation).

**1.2.** The EU implements its spending programmes in seven-year cycles, or *multiannual financial framework (MFF)* periods. The last few years have seen intensive preparations for the [2021-2027 MFF](#). The MFF is based on an extensive legislative package, proposed by the Commission and adopted by the Parliament and the Council, following procedures defined in the [Treaty on the Functioning of the European Union \(TFEU\)](#). It includes:

- o the [MFF regulation](#), which sets out the overall size of the EU budget, as well as its basic structure (divided into spending categories or ‘headings’, each with its own annual spending limits or ‘ceilings’) and flexibility rules on transferring money between headings and years. The MFF regulation is adopted by the Council, acting unanimously, under a special legislative procedure, with the consent of the Parliament<sup>1</sup>.
- o MFF sectoral regulations, which provide the legal basis for spending programmes and set out their basic rules. These regulations are generally adopted by ordinary legislative procedure<sup>2</sup>, with the Parliament and the Council acting on equal footing as co-legislators.

**1.3.** A major factor affecting the *performance* of MFF spending programmes is their timely launch and rollout. When presenting its legislative proposals for the 2021-2027 MFF, the Commission announced its objective to have them adopted before the upcoming European Parliament elections in May 2019<sup>3</sup>. In our review<sup>4</sup> of the Commission’s proposal, we assessed this objective as overly ambitious (because it assumed that the legislative process could be completed in one year, compared to two-and-a-half for the previous MFF period), but emphasised its importance for rolling out new spending programmes without delays. As [Figure 1.1](#) shows, in reality, the

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<sup>1</sup> [Article 312, TFEU](#).

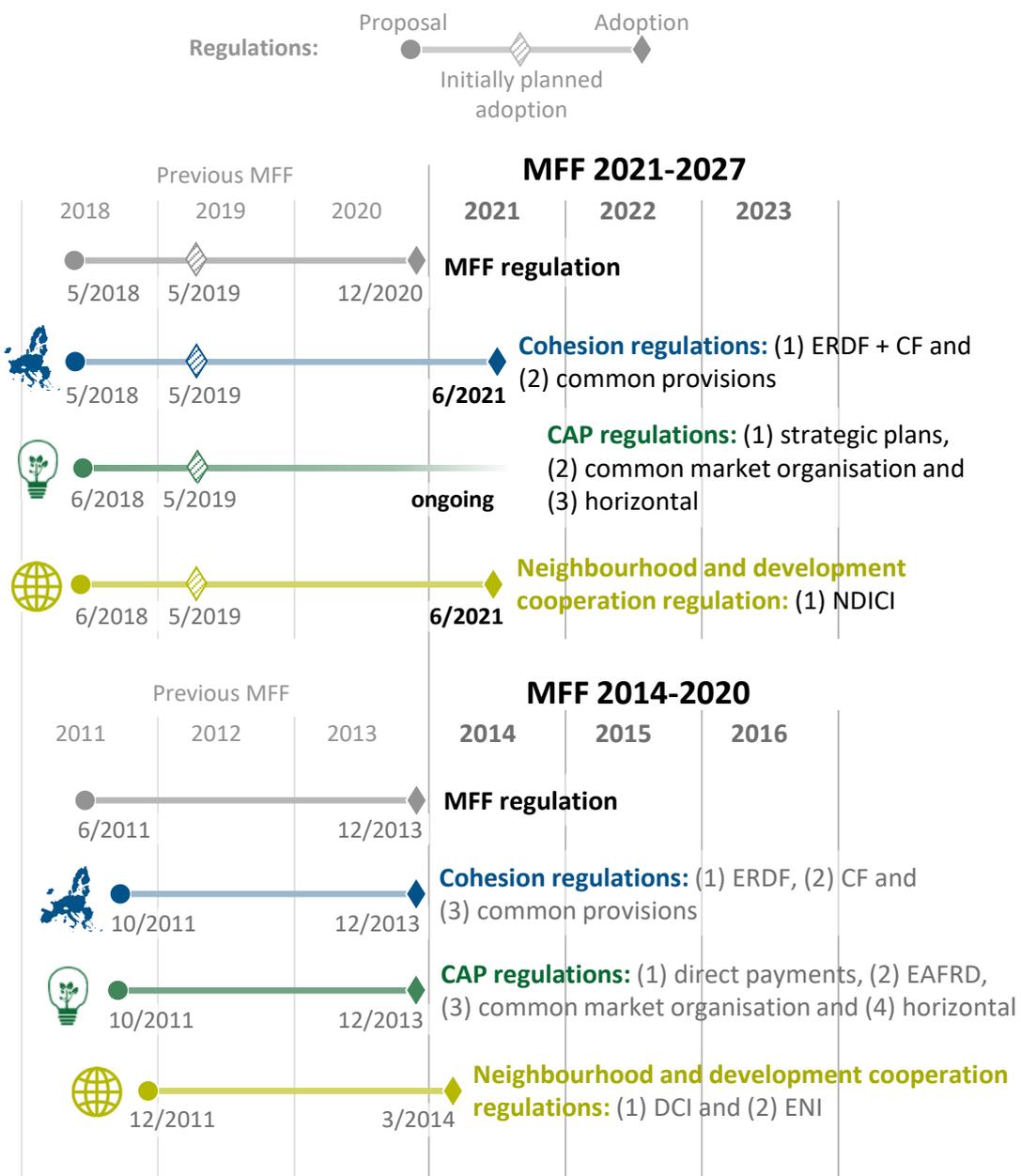
<sup>2</sup> [Article 294, TFEU](#).

<sup>3</sup> [COM\(2018\) 321 final](#), p. 28.

<sup>4</sup> [Review 06/2018](#): “The Commission’s proposal for the 2021-2027 Multiannual Financial Framework Briefing Paper”, July 2018, paragraph 17.

legislative process leading up to the 2021-2027 MFF took over three years. In the case of the CAP legislation, it was still ongoing at the time of the conclusion of our audit work for this chapter and a **transitional regulation** was adopted in December 2020, ensuring CAP continuity under the 2014-2020 rules until the end of 2022. Part of the delay can be linked to the outbreak of the COVID-19 pandemic, which, since early 2020 substantially changed EU priorities and the programming of EU action, leading to the urgent revision of the MFF proposals and the development of the NGEU package.

**Figure 1.1 – The sectoral legislation for the 2021-2027 MFF took almost a year longer to adopt than that for the previous period**



Source: ECA, based on EUR-Lex.

**1.4.** The EU has developed principles to help ensure its laws (including, but not limited to, the MFF legislation) are of a high quality. In 2016, the Parliament, the Council and the Commission concluded an [interinstitutional agreement on better law-making](#), and in 2017, the Commission issued its [better regulation guidelines](#) (an update on the [2015 better regulation guidelines](#)), accompanied by a set of detailed notes with guidance, tips and best practice, called a [better regulation toolbox](#). Both the agreement and the guidelines recognise that the quality of legislation (which, in the case of MFF legislation affects the design and future performance of the spending programmes), depends on a few key elements, including:

- **Evaluations, i.e.** independent assessments of the *effectiveness, efficiency, coherence, relevance and EU added value* of a policy or (in the case of the MFF) a spending programme. They can be carried out *ex-post*, i.e. after the policy or programme has been fully implemented, or *mid-term*, i.e. during the implementation period.
- **Impact assessments, which** analyse the likely effects of a policy initiative or (in the case of the MFF) a proposed spending programme. They build upon lessons learnt from past implementation, as identified in relevant evaluations. They may also refer to past audit conclusions and recommendations.

## Scope and approach

**1.5.** The main audit question for this chapter was whether and how the Commission, as well as the Parliament and the Council, have used the lessons learnt from previous MFF periods to improve the design and performance of spending programmes for the 2021-2027 period. We focused on lessons learnt that are relevant for programmes' performance. In answering this question, we analysed whether:

- there is a process enabling the Commission to incorporate lessons learnt into its legislative proposals (paragraphs [1.9-1.23](#));
- the Commission's legislative proposals take into account lessons learnt from evaluations, audits and impact assessments (paragraphs [1.24-1.27](#));
- substantial amendments affecting the performance of these proposed spending programmes can be linked to impact assessments (including ones prepared by the Parliament or the Council) or other sources of lessons learnt (paragraphs [1.28-1.32](#)).

**1.6.** Out of 48 spending programmes established for the 2021-2027 period, we focused on five which together represent 60 % of the total MFF budget:

- two under MFF heading 2 'Cohesion resilience and values': (1) the *European Regional Development Fund (ERDF)* and (2) the *Cohesion Fund (CF)*;
- two under MFF heading 3 'Natural resources and environment', forming the two pillars of the *Common Agricultural Policy (CAP)*: (3) the *European Agricultural Guarantee Fund (EAGF)* and (4) the *European Agricultural Fund for Rural Development (EAFRD)*; and
- one under MFF heading 6 'Neighbourhood and the world': (5) the *Neighbourhood Development and International Cooperation Instrument (NDICI)*.

**1.7.** As [Table 1.1](#) shows, we examined six legislative procedures relating to these programmes, as well as one relating to the whole MFF (including 17 related evaluations and three impact assessments).

**Table 1.1 – We covered six legislative procedures relating to five programmes and one relating to the whole MFF.**

Legislative procedure	Regulation	Programmes concerned
2018/0197/COD	ERDF and CF regulation	ERDF and CF
2018/0196/COD	Common provisions regulation	
2018/0216/COD	CAP strategic plans regulation*	EAGF and EAFRD (the CAP)
2018/0218/COD	Common market organisation*	
2018/0217/COD	CAP horizontal regulation*	
2018/0243/COD	NDICI regulation	NDICI
2018/0132/APP	MFF regulation	All

\* The legislative proposal – the regulation had not yet been adopted at the time we concluded our audit work.

Source: ECA.

**1.8.** The Commission made the above legislative proposals in May and June 2018. At the time we concluded our audit work in September 2021, the co-legislators had not yet adopted the CAP legislation. Therefore, for the two CAP programmes we could not cover amendments to the Commission’s legislative proposals. For a detailed description of our approach and methodology, please see the **Appendix**.

## ‘Better regulation’ approach helps the Commission to identify lessons learnt

**1.9.** The Commission’s **better regulation** approach helps in the process of identifying lessons learnt and using them to improve performance. We checked whether the Commission had complied with certain key requirements from this approach which, in our view, help EU policy-making to become more evidence-based and transparent:

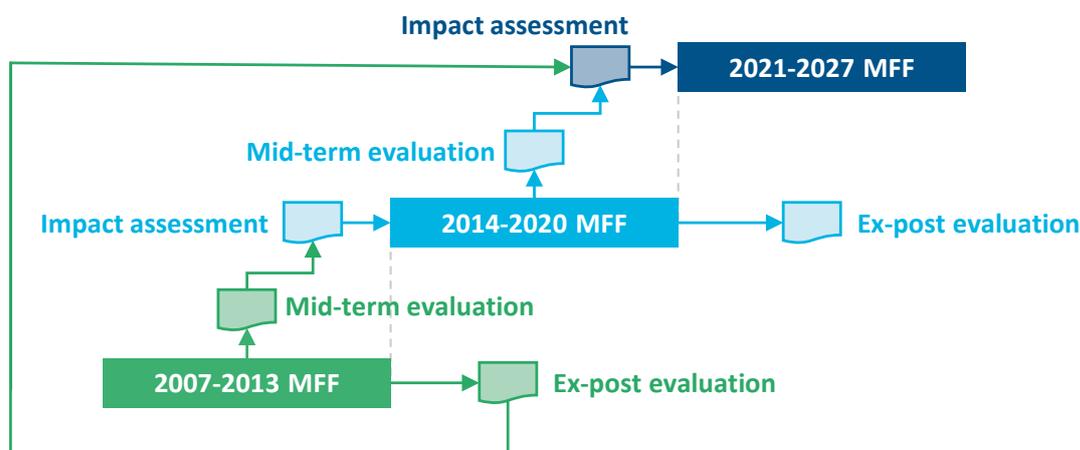
- Lessons learnt from evaluations of past EU actions should be available and feed into impact assessment work from the outset (the ‘**evaluate first**’ principle). Relevant evidence from evaluations should be available to support the preparation of new initiatives.
- Evaluations and impact assessments should be **published**.
- Evaluation conclusions should clearly **identify lessons learnt** and the directorates-general (DGs) responsible should identify relevant **follow-up actions**.
- **Impact assessments** must **compare policy options** based on their economic, social and environmental *impacts*. All relevant impacts should be assessed **qualitatively** and, where possible, also **quantitatively**.
- Before the Commission can issue a legislative proposal, a positive opinion on the accompanying impact assessment is generally required from the **Regulatory Scrutiny Board** (RSB), which the Commission set up in 2016 to **assess the quality of all impact assessments and major evaluations**.

**The Commission had mostly complied with the ‘evaluate first’ principle, with limitations linked principally to the MFF cycle**

**1.10.** In the context of EU spending programmes, due not only to the time needed for programmes to produce *outputs* and outcomes, but also the time it takes to evaluate them, it is difficult to apply the ‘evaluate first’ principle fully. For example, it is impossible to make a programme’s ex-post evaluation available in time to be taken into account in the impact assessment for the next MFF period. The best that can be done is to base impact assessments for the next MFF period on the mid-term

evaluations for the current MFF period (which, if available<sup>5</sup>, can only offer a preliminary assessment of the programme’s performance) and the ex-post evaluations for the preceding MFF. This effect is exacerbated by the ‘n+3 rule’, which, for certain programmes, allows payments to be made up to three years after the corresponding budgetary *commitment* (see [Figure 1.2](#)).

**Figure 1.2 – At best, MFF-related impact assessments use mid-term evaluations from the previous period and ex-post evaluations from the period before that**



Source: ECA.

**1.11.** For the legislative procedures in our sample, the RSB concluded<sup>6</sup> that the Commission had generally complied with the ‘evaluate first’ principle. The only exception was the package of legislative proposals for the CAP. In this case, while the Commission could rely on some recent CAP evaluations, a comprehensive set of such evaluations (either ex-post evaluation for the 2007-2013 MFF or mid-term for the 2014-2020 MFF) covering all important aspects of the CAP was not available in time to feed into the impact assessment. Allowing for the constraints described in paragraph 1.10, our assessment regarding the ‘evaluate first’ principle confirms that of the RSB.

**1.12.** The Commission had not carried out an impact assessment for its proposal for the [common provisions regulation](#), which contains important horizontal rules applicable to the ERDF, the CF and six other programmes. We commented, in our [opinion](#)<sup>7</sup> on the proposal, that this differed from what the Commission had done in

<sup>5</sup> See also paragraph 2.31 of our [2020 annual report](#).

<sup>6</sup> [RSB 2018 annual report](#), Annex: Impact assessments and evaluations.

<sup>7</sup> [Opinion 6/2018](#) on the common provisions regulation, paragraphs 5, 81 and 113.

2011 for the 2014-2020 period. In the absence of an impact assessment, there was insufficient evidence that the Commission had made the optimal choices in its proposal regarding certain key parameters and arrangements affecting the implementation of the programmes concerned.

## Evaluations and impact assessments are published, but can be difficult to find

**1.13.** The [2015 better regulation guidelines](#) introduced a shift in the way evaluations were conducted. The Commission had previously contracted external experts to carry out evaluations. With the new guidelines, the Commission started preparing them internally, in the form of staff working documents (SWD) by the relevant DGs. Evaluation studies by external experts are still used as one of the key inputs. Different channels are used to communicate the *results* of evaluations and related studies. External evaluation studies are available from the [EU Bookshop](#), while evaluation and impact assessment SWDs can be retrieved from [EUR-Lex](#), the official [Register of Commission Documents](#) and the ‘[Have your Say](#)’ portal. Often, relevant documents can also be found on the relevant DGs websites<sup>8</sup>.

**1.14.** Publishing evaluation and impact assessments provides a key opportunity to engage with stakeholders and the general public. Disseminating evaluation findings is a prerequisite for active discussion. For maximum transparency and ease of access, the Commission guidelines specify that the final evaluation SWDs must be published centrally together with the associated external study and the RSB opinion (if applicable)<sup>9</sup>.

**1.15.** However, there is no single point of access to all published, ongoing and planned evaluations and impact assessments. Locating relevant information is challenging. The Commission’s April 2021 [communication on better regulation](#) envisages linking various evidence registers and portals and reaching out to the European Parliament and the Council to set up a common evidence register, the ‘Joint

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<sup>8</sup> [Evaluation in the European Commission; Rolling Check-List and State of Play](#), PE 611.020, European Parliament Research Service, November 2017.

<sup>9</sup> [Better regulation guidelines, Chapter VI – Guidelines on evaluation \(including fitness checks\)](#), European Commission.

Legislative Portal'. This will allow anyone interested in EU policymaking to easily find all the evidence underpinning a given initiative<sup>10</sup>.

## Evaluations formulate lessons learnt, but follow-up actions are not clearly identified

**1.16.** According to the [better regulation guidelines](#), evaluation conclusions must pinpoint lessons learnt thereby providing input for future policy development. Generally, the evaluations we examined clearly formulated lessons learnt and presented them in a dedicated section, which made them easy to find.

**1.17.** The [better regulation guidelines](#) also state that evaluation results should be assessed and, where relevant, be complemented by follow-up actions. The guidelines require follow-up actions stemming from evaluation results to be identified in the annual management plans published by the relevant Commission DGs. The guidelines also state that identifying and sharing the planned follow-up actions is part of accepting responsibility and accountability for EU actions and ensures transparency.

**1.18.** We analysed the management plans of the Directorates-General for Agriculture and Rural Development (DG AGRI), Regional and Urban Policy (DG REGIO), Neighbourhood and Enlargement Negotiations (DG NEAR) and International Partnerships (DG INTPA) for the years 2018-2021. We found that they did not clearly identify follow-up actions linked to the results of evaluations of EU spending programmes. In addition, from the 17 evaluations we examined, we found two examples of follow-up action plans, which are separate internal Commission documents, thus not publicly available. We also examined the Commission's internal instructions for preparing such management plans for the same period. We found that the instructions for the 2018 and 2019 management plans contained the requirement to include follow-up actions from evaluations, but this was no longer the case for the 2020 and 2021 versions of the instructions.

## Impact assessments present different options but with limited quantitative analysis

**1.19.** The [better regulation guidelines](#) stipulate that impact assessments should compare policy options based on their economic, social and environmental impacts,

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<sup>10</sup> [Better Regulation: Joining forces to make better laws](#), European Commission.

using quantified costs and benefits whenever possible. The impact assessments we examined presented different options, but these were not always comprehensive alternative scenarios covering all important aspects of the programme. For the aspects they covered, the various options were comparable, mostly based on qualitative information, as quantitative information, such as a cost-benefit or cost-effectiveness analysis, was limited (see [Table 1.2](#)). Relevant quantitative analysis can help readers better judge the relative merits of the option recommended by the impact assessment.

**Table 1.2 – Impact assessments present various options that are comparable qualitatively, but offer limited quantitative analysis**

ERDF and Cohesion Fund	EAGF and EAFRD	NDICI
<b>Presentation of several options</b>		
The impact assessment presents a baseline and three options to absorb the planned 10 % cut in spending: (1) equal reduction across the board, (2) geographical concentration (no cuts for less developed countries) and (3) thematic concentration (priority for innovation, SMEs and the environment).	The impact assessment presents a baseline and three options. These options are not mutually exclusive but represent a range of different priorities on which Member States may prefer to focus.	The options in the impact assessment are rather variants of a single option, because the whole comparative analysis is limited to the question of which external instruments and <i>budgetary guarantees</i> to merge into the NDICI.
<b>Comparability</b>		
Analysis of advantages and disadvantages of the options, with a focus on estimated impact on the EU GDP.	Analysis of expected effectiveness in achieving the CAP objectives under each option.	Analysis of advantages and disadvantages of merging the separate external instruments into the NDICI, followed by conclusions for each instrument.
<b>Quantification</b>		
The impact assessment lacks a detailed cost-benefit or cost-effectiveness analysis.	The impact assessment includes a quantified analysis of environmental and economic aspects, such as the distributional impact, but lacks a	The impact assessment focuses mainly on similar objectives and coherence aspects, without quantification.

ERDF and Cohesion Fund	EAGF and EAFRD	NDICI
	detailed cost-benefit or cost-effectiveness analysis.	
<b>Identification of the preferred option</b>		
Yes, explicitly (option 3 i.e. thematic concentration).	No, the impact assessment suggests the best choice might be a mixture of the various options presented.	Yes, the impact assessment concludes which instruments should be merged into the NDICI.

Source: ECA.

## The Regulatory Scrutiny Board contributes to improving the quality of evaluations and impact assessments

**1.20.** In line with the [better regulation guidelines](#), the RSB assesses the quality of all impact assessments and selected evaluations that it considers major. As [Figure 1.3](#) shows, the RSB's workload is considerable: between 2017 and 2020 it examined 171 impact assessments and 58 evaluations – 229 cases in total. Of these, 42 (18 %) concerned the MFF directly. The RSB's workload averages around 60 cases per year but fluctuates with the MFF and wider EU political cycle.

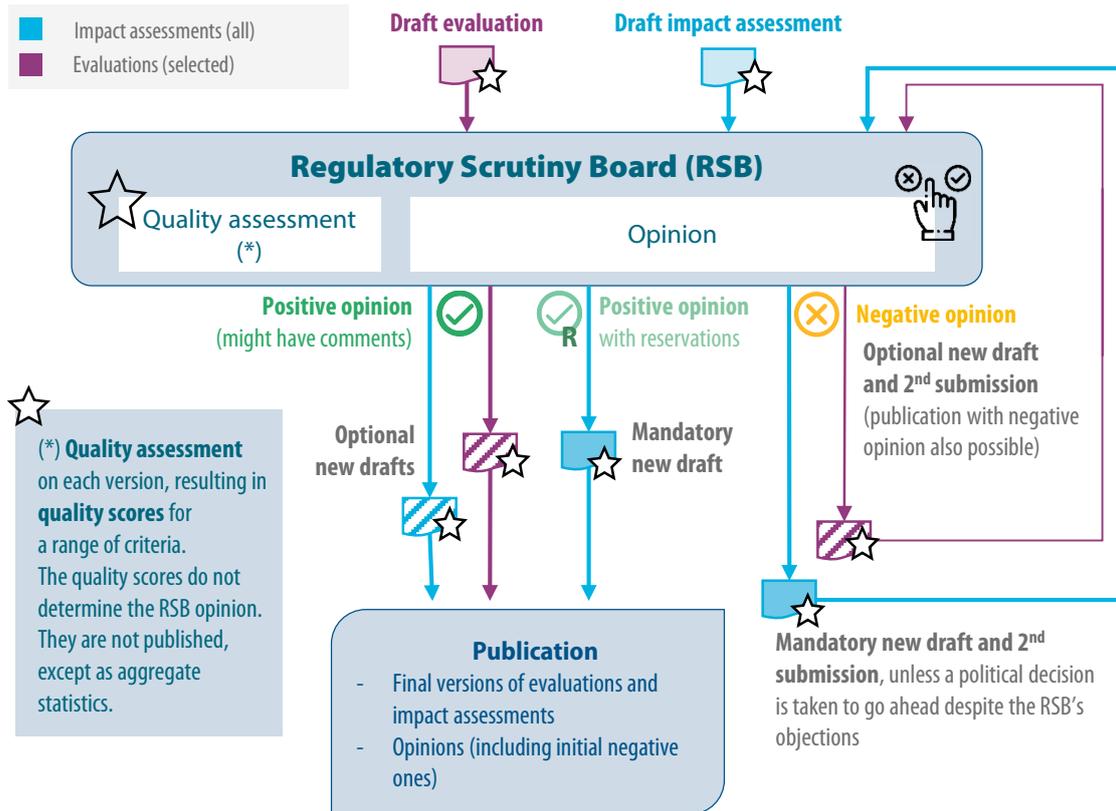
**1.21.** For each case it reviews, the RSB issues an opinion, which may be negative, or positive (or, in the case of impact assessments, also 'positive with reservations'). Impact assessments receiving a negative RSB opinion on first submission must be redrafted, taking into account the RSB's comments, and resubmitted for another review. This second submission is usually final. If the RSB maintains its negative opinion, only the Commission's Vice-President for Interinstitutional Relations and Foresight can approve the launch of an interservice consultation before the College of Commissioners decides whether or not to go ahead with the initiative. For evaluations, a negative opinion from the RSB does not block publication, but in most cases the DGs concerned correct the draft and seek a positive opinion on second submission.

**1.22.** In addition, the RSB assesses the quality of each draft evaluation and impact assessment following each submission and of the corresponding final version before publication, using scores for a range of criteria. On average, the RSB scored the quality of final impact assessments and evaluations 15 % higher than the first drafts it reviewed. This improvement was greater in cases with an initial negative assessment (29 %), but could also be observed in cases with an initial positive opinion (10 %),

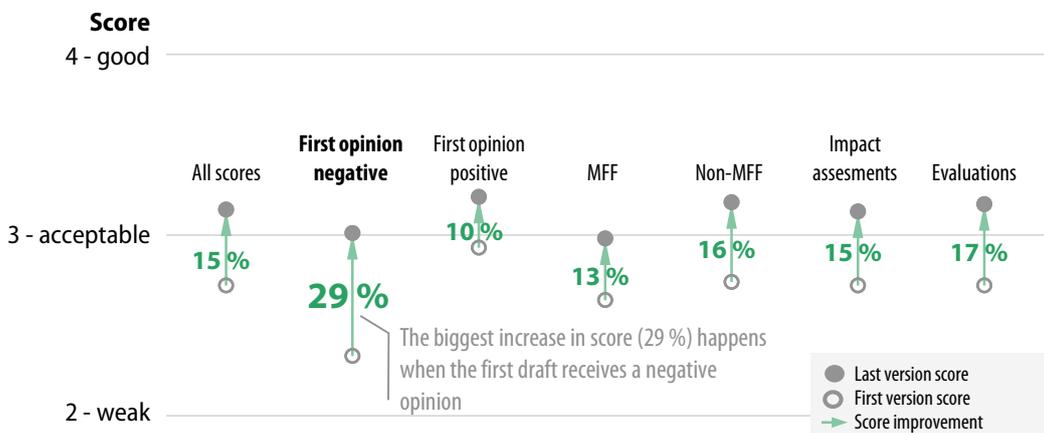
where the RSB trusted the DGs concerned to implement its review comments without resubmission. The improvements were similar between evaluations and impact assessments and between MFF and non-MFF cases.

**Figure 1.3 – The RSB helps improve the quality of impact assessments and evaluations**

**RSB workflow**



**Improvement in RSB quality scores between the first and the last versions**



Source: ECA.

**1.23.** We reviewed six MFF-related cases: three impact assessments and three evaluations. We were able to identify specific quality improvements attributable to the RSB review. We also found the RSB's quality assessments of these files reasonable, for both initial and final versions.

## The Commission prepared its legislative proposals with lessons learnt in mind

**1.24.** We found that in the seven legislative proposals we examined, the Commission had generally taken into account the lessons learnt from the relevant evaluations and audits, although not always fully and in some cases only to a limited extent. In addition, the Commission's legislative proposal for a basic legal act governing a given programme is only a first step in its design and cannot, on its own, guarantee improvement in the programme's performance. Firstly, the legislation adopted on the basis of such a proposal is the result of legislative negotiations between the European Parliament and the Council, often including substantial amendments. Secondly, some key requirements and arrangements still need to be set out in lower-level implementing and delegated acts. The Commission adopts implementing acts after consulting committees with Member State representatives, and adopts delegated acts – subject to a right of objection by the Parliament and the Council to enter into force – taking into account the views of Member States' experts. In *shared management*, programme performance will depend largely on the specific provisions of various operational programmes, CAP strategic plans and similar programming documents, which need to be proposed by Member States and approved by the Commission before implementation can actually start.

**1.25.** In this section, we present three cases of lessons learnt and look into how the Commission took them on board in its legislative proposals. The first of these concerns the overall architecture of EU *external action*, which the Commission changed radically in response to past diagnoses and recommendations (see [Box 1.1](#)).

### Box 1.1

#### Lesson learnt: various external action instruments should be consolidated

##### What was the problem and what lesson was learnt?

In the 2014-2020 MFF, a large number of external financing instruments coexisted under the 'Global Europe' heading. The mid-term evaluations covering these instruments found that the multiplicity of programmes led to the risk of overlapping actions, missed synergies and multiplication of implementation

arrangements<sup>11</sup>. They highlighted the need to simplify ways of working and increase consistency.

We have argued that the existence of multiple instruments, such as the EDF, outside the EU budget increases the complexity of operational arrangements and undermines accountability<sup>12</sup>. The Commission acknowledged this point in its 2017 [reflection paper on the future of EU finances](#), stating: “The use of additional instruments outside the EU budget should be kept to a minimum, as they blur the understanding of the budget and put at risk democratic control, transparency and good management.”

#### **How did the Commission apply the lesson learnt in its legislative proposal?**

These lessons learnt prompted the Commission to propose a revised architecture for external financing instruments to increase consistency between regional and thematic programmes and streamline procedures<sup>13</sup>. The adoption of the NDICI regulation in June 2021 significantly reduced the number of external action instruments, merging eight<sup>14</sup> formerly separate ones (including the EDF, now incorporated into the budget) into a single instrument to finance external action.

However, we consider that it is too early to fully assess the extent to which the NDICI will achieve simplification and increased consistency in practice. The upcoming programming exercise and subsequent implementation will demonstrate the extent to which these goals are achieved.

**1.26.** Another example relates to monitoring and measuring performance in the area of cohesion. In this case, the Commission applied the lesson learnt and defined a set of common *result indicators* for the ERDF, the CF and related programmes (see [Box 1.2](#)). However, this increased the total number of EU-level indicators, which entails a trade-off with another lesson learnt, namely that the programmes should use fewer

<sup>11</sup> See [COM\(2017\) 720 final](#), p. 20 and [SWD\(2017\) 601 final](#), p. 22.

<sup>12</sup> See [review 01/2018: “Future of EU finances: reforming how the EU budget operates Briefing Paper”](#), February 2018, paragraphs 26-30 and 40 and chapter 2 of our [2016 annual report](#), paragraphs 2.29-2.31 and Box 2.8.

<sup>13</sup> [Impact assessment accompanying the document Proposal for a Regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument](#), p. 19.

<sup>14</sup> Development Cooperation Instrument (DCI), European Instrument for Democracy and Human Rights (EIDHR), European Neighbourhood Instrument (ENI), Instrument contributing to Stability and Peace (IcSP), Instrument for Nuclear Safety Cooperation (INSC), Partnership Instrument (PI), the Common Implementing Regulation (CIR) and the European Development Fund (EDF).

(but more relevant) indicators, including at EU level. Such trade-offs are often inevitable in designing spending programmes.

### Box 1.2

#### Lesson learnt: the ERDF and the CF should have common result indicators

##### What was the problem and what lesson was learnt?

The 2014-2020 MFF legislation for the ERDF and for the CF established a list of common output indicators. However, no common result indicators were set for the two funds.

Instead, differing sets of result indicators were established separately for each operational programme, increasing administrative burden and making meaningful aggregation of results at EU level impossible. We recommended that, for the 2021-2027 MFF, the Commission should propose a set of common result indicators<sup>15</sup>.

##### How did the Commission apply the lesson learnt in its legislative proposal?

The Commission carried out an [analysis of the 2014-2020 indicators](#) to assess the possibility of expanding the list of common output indicators and the feasibility of developing a list of common direct result indicators for post-2020 ERDF and CF activities.

The legislative package for the 2021-2027 *programming period* includes a list of common result indicators for the ERDF and the CF. These result indicators will measure the effects on beneficiaries, including the short-term ones, of the activities supported.

**1.27.** In some cases, the Commission’s legislative proposals reflected the lessons learnt only to a limited extent. An example of this is the issue of increasing the CAP’s contribution to climate action and measuring it realistically (see [Box 1.3](#)).

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<sup>15</sup> See [special report 02/2017](#): “The Commission’s negotiation of 2014-2020 Partnership Agreements and programmes in Cohesion: spending more targeted on Europe 2020 priorities, but increasingly complex arrangements to measure performance” and [special report 21/2018](#): “Selection and monitoring for ERDF and ESF projects in the 2014–2020 period are still mainly outputs-oriented”.

### Box 1.3

#### Lesson learnt: the approach to assess the CAP's contribution to climate action should better reflect reality

##### What was the problem and what lesson was learnt?

To mitigate climate change, the EU set a series of greenhouse gas emission reduction targets: for 2020 (by 20 % compared to 1990 level), 2030 (by 55 % compared to 1990 levels) and 2050 (zero net emissions). The agricultural sector is included in all three of these headline targets, but no separate sectoral target for agriculture has been agreed so far<sup>16</sup>.

The CAP's contribution to climate action is measured as part of the EU's commitment to spend a specific share of its budget (20 % during the 2014-2020 MFF and 25 % during the 2021-2027 MFF) on activities related to climate change mitigation and adaptation. However, in a [2016 report](#)<sup>17</sup> we found that the way the tracking method had been applied overestimated the CAP's contribution by almost a third. We also found that information on the expected results of climate spending, for example in terms of reducing emissions, was limited. We recommended applying the principle of conservativeness and correcting overestimates in CAP climate spending. In a [2021 report](#)<sup>18</sup>, we found that, although the CAP represented half of EU climate spending, emissions from agriculture had changed little since 2010.

##### How did the Commission apply the lesson learnt in its legislative proposal?

In our [review 01/2020](#)<sup>19</sup>, we found that the methodology used by the Commission for tracking EU budget climate spending had remained largely unchanged. While the Commission had reduced the estimated contribution of payments for areas with natural constraints, in line with our recommendation, it had significantly raised the estimated contribution of 'basic payments', i.e. the new principal form of direct payments to farmers, on the grounds that such payments were subject to 'enhanced conditionality' which included former '*greening*' practices. However, as

<sup>16</sup> [Special report 18/2019](#): "EU greenhouse gas emissions: Well reported, but better insight needed into future reductions", Box 6.

<sup>17</sup> [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".

<sup>18</sup> [Special report 16/2021](#): "Common Agricultural Policy and climate: Half of EU climate spending but farm emissions are not decreasing".

<sup>19</sup> [Review 01/2020](#): "Tracking climate spending in the EU budget".

we stated in our 2018 [opinion](#)<sup>20</sup>, a more realistic way to estimate direct payments' contribution to climate action would be to take into account only support paid for areas where farmers actually apply practices to mitigate climate change.

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<sup>20</sup> Opinion 7/2018 concerning Commission proposals for regulations relating to the common agricultural policy for the post-2020 period, paragraphs 37-38.

## Amendments to draft MFF legislation partly supported by Commission impact assessments, but no additional ones prepared by the Parliament or the Council

**1.28.** The TFEU defines the legislative powers of the European Parliament and the Council. The two institutions have a democratic mandate and, within the limits defined by the treaty, are free to exercise these legislative powers as they see fit. The [interinstitutional agreement on better law-making](#), to which they are both parties, provides some guidance on good legislative practices and commits them to pursuing them. Article 15 stipulates that, “when they consider this to be appropriate and necessary for the legislative process”, the two institutions will “carry out impact assessments in relation to their substantial amendments to the Commission’s proposal”. As a general rule, they will “take the Commission’s impact assessment as the starting point for their further work”. The definition of what constitutes a ‘substantial amendment’ under Article 15 “should be for the respective Institution to determine”.

**1.29.** The amendments introduced by the co-legislators in the sectoral legislative procedures we examined, and by the Council, with the Parliament’s consent, in the case of the MFF regulation, were numerous, and we considered a number of them significant in terms of programme performance. In most cases, such amendments could be linked, at least to a certain extent, to the lessons learnt from evaluations and audits, and to the Commission’s impact assessment. This was broadly the case for the lesson learnt on increasing the flexibility built into the MFF regulation (see [Box 1.4](#)).

### Box 1.4

#### Lesson learnt: the MFF should be more flexible to respond better to changing circumstances

##### What was the problem and what lesson was learnt?

In its 2017 [reflection paper on the future of EU finances](#), the Commission advocated an EU budget with “more flexibility within a stable framework”, arguing

that more flexibility was essential to respond to crises and unforeseen events. In our [2018 review](#) we broadly agreed with the Commission's diagnosis, adding that the flexibility tools under the 2014-2020 MFF were largely used to deal with the budgetary consequences of unanticipated delays in implementing programmes, leaving little flexibility to deal with any further unforeseen events.

How did the Commission apply the lesson learnt in its legislative proposal?	How did the Council, with the Parliament's consent, amend the Commission's proposal?
<p>In our <a href="#">review 06/2018</a> of the Commission's proposal for the 2021-2027 MFF, we identified a number of elements significantly increasing overall budget flexibility, including:</p>	<p>The Council, with the Parliament's consent, retained some main elements of the Commission's proposal, but changed it in some important respects. These included structuring various special instruments more clearly into thematic and non-thematic ones, as well as:</p>
<ul style="list-style-type: none"> <li>○ Removing limits on carrying forward to future years (through the 'Global Margin for Payments' mechanism) unused <i>payment appropriations</i>, i.e. the difference between the maximum amount the EU was allowed to pay in a given year (annual payment appropriation ceiling) and the amount it had actually paid. This would help ensure that funds were available for payments in case of delays in programme implementation.</li> </ul>	<ul style="list-style-type: none"> <li>○ Consolidating the 'Global Margin for Payments' into the 'Single Margin Instrument' and reintroducing limits on carrying forward unused payment appropriations from one year to the next. As was the case for the 2014-2020 MFF, such limits apply to the last three years of the period, but this time they are around 20 % higher in total.</li> </ul>
<ul style="list-style-type: none"> <li>○ Increasing the size and scope of four special instruments outside the MFF<sup>21</sup> to €2.4 billion per year (a 34 % increase on the previous MFF) and clarifying that any amounts spent from these instruments come on top of the</li> </ul>	<ul style="list-style-type: none"> <li>○ Reducing the total value of these special instruments slightly (by 4 %), to €2.3 billion per year, still 28 % higher than in the previous period. In addition, a new thematic special instrument was created: the 'Brexit Adjustment</li> </ul>

<sup>21</sup> The European Globalisation Adjustment Fund, the European Union Solidarity Fund, the Emergency Aid Reserve and the Flexibility Instrument.

annual ceiling for payment appropriations	Reserve' with a €5 billion ceiling for its entire duration.
<ul style="list-style-type: none"> <li>Extending the possibility of carrying forward any unused <i>commitment appropriations</i> to future years, through the 'Union Reserve', by allowing them to be allocated to any policy area (and not just areas related to growth, employment, migration and security, as was the case under the 2014-2020 MFF).</li> </ul>	<ul style="list-style-type: none"> <li>Consolidating the 'Union Reserve' into the 'Single Margin Instrument'. Although the lack of thematic restrictions on using the mechanism was maintained, an annual limit on carrying amounts forward was introduced: 0.04 % of the EU Member States' combined gross national income.</li> </ul>
<ul style="list-style-type: none"> <li>Creating the possibility of re-using cancelled commitments ('<i>decommitments</i>') by adding them to the 'Union Reserve'. Historically, decommitments have amounted to between €2 billion and €5 billion per year.</li> </ul>	<ul style="list-style-type: none"> <li>Eliminating the possibility of re-using cancelled commitments in this way.</li> </ul>

**1.30.** In other cases, the amendments introduced by the co-legislators departed significantly from the Commission's proposal stemming from the lessons it had learnt. This can be illustrated by the example of the co-legislators' rejecting the Commission's proposal to shorten (from three years to two) the period during which payments under multiannual programmes could still be made after the budgetary commitment (see [Box 1.5](#)).

### Box 1.5

#### Lesson learnt: the 'n+3 rule' should be replaced by the 'n+2 rule'

The EU spends a significant proportion of its budget through multiannual programmes, such as the ERDF and CF. Under the 2014-2020 MFF, the **n+3 rule** allowed spending for such programmes to continue until 2023, i.e. for three years after the nominal end of the period (see also paragraph [1.10](#)). This was a change compared to the preceding periods (2000-2006 and 2007-2013), when the **n+2 rule** applied.

The n+3 rule was introduced to allow more time to make up for the slow roll-out of programmes and weak *absorption* of funds at the beginning of the period.

However, as we observed<sup>22</sup>, it created problems for budgetary management and performance, by:

- contributing to the growth of *outstanding commitments*, i.e. the amounts the Commission had committed to pay out from the EU budget but had not yet paid out;
- increasing administrative burden by lengthening to three years the period for which two MFF periods, with two distinct sets of rules, overlapped;
- weakening the incentive to produce outputs – and subsequent results – earlier, effectively delaying them by a year in some cases as compared to the n+2 rule.

How did the Commission apply the lesson learnt in its legislative proposal?	How did the co-legislators amend the Commission's proposal?
<p>For the 2021-2027 period, in its <a href="#">proposal for a common provisions regulation</a>, the Commission <b>reverted to the n+2 rule</b><sup>23</sup>.</p> <p>The Commission proposed this change “in order to promote <i>sound financial management</i> as well as timely implementation” and argued that it should be feasible because “simplification will make it easier for programmes to reduce delays”<sup>24</sup>.</p> <p>However, as mentioned in paragraph <a href="#">1.12</a>, the Commission did not prepare an impact assessment to support this horizontal legislative proposal.</p>	<p>The co-legislators decided to <b>continue with the n+3 rule</b> for the years 2021-2026 and amended the Commission's proposal accordingly.</p>

<sup>22</sup> [Review 05/2019](#): “Rapid case review. Outstanding commitments in the EU budget – A closer look”, April 2019, paragraphs 34-39 and [special report 36/2016](#): “An assessment of the arrangements for *closure* of the 2007-2013 cohesion and rural development programmes”, paragraphs 58-68.

<sup>23</sup> Article 99 of the [draft common provisions regulation](#) and Article 36 of the [draft regulation on the financing, management and monitoring of the common agricultural policy](#).

<sup>24</sup> [Explanatory memorandum](#) accompanying the Commission's legislative proposal. See also the Commission's 2017 [reflection paper on the future of EU finances](#), section 4.1.3.

**1.31.** Neither the Parliament nor the Council prepared any impact assessments in relation to the Commission’s legislative proposal for the MFF and its spending programmes. We took note of the Parliament’s criticism of the Council for not preparing such impact assessments for the substantial amendments it had proposed<sup>25</sup>. We found that the two institutions had developed internal guidance on impact assessments. In line with the [interinstitutional agreement on better law-making](#), both institutions, in their respective guidelines, emphasise that they will take full account of the impact assessments prepared by the Commission. Moreover, both institutions list certain conditions that would need to be met in order for them to prepare their own impact assessments. Any new impact assessment by either institution would need to enjoy broad political support and not unduly delay the legislative process. In addition, the guidance of both institutions provides that a new impact assessment may be considered necessary only for ‘substantial’ amendments to the Commission’s legislative proposal. However, neither institution defines what makes an amendment ‘substantial’ or sets out criteria for assessing this. The Parliament’s guidance states that “it is difficult to provide a definition of ‘substantial’ which is valid across the board – it is an assessment which must be made on a case-by-case basis”. The Council guidance advocates a similar case-by-case approach. While we agree that it might not be possible to come up with a single, universally applicable definition, the lack of criteria for assessing what constitutes a substantial amendment creates the risk of various committees of the two institutions adopting differing interpretations and practices.

**1.32.** We checked whether the co-legislators had considered our opinions<sup>26</sup> on the legislative proposals we examined. We found that they had followed some of our suggestions (see [Box 1.6](#)).

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<sup>25</sup> European Parliament resolution of 29 April 2021 with observations forming an integral part of the decision on *discharge* in respect of the implementation of the general budget of the European Union for the financial year 2019, Section II – European Council and Council (2020/2142(DEC)), paragraph 12.

<sup>26</sup> [Opinion 6/2018](#) on the common provisions regulation; [opinion 7/2018](#) on the CAP legislative package and [opinion 10/2018](#) on the NDICI regulation.

**Box 1.6****In some cases, the co-legislators followed our opinions regarding the Commission's legislative proposals**

- They aligned the proposed definition of result indicators in the common provisions regulation and the fund-specific regulations (including the ERDF/CF regulation)<sup>27</sup>.
- They extended the results-based programming principle, already applied to geographical programmes, to all NDICI programmes<sup>28</sup>.

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<sup>27</sup> [Opinion 6/2018](#) on the common provisions regulation, point 60.

<sup>28</sup> [Opinion 10/2018](#) on the NDICI regulation, point 23.

## Conclusions and recommendations

**1.33.** The [better regulation](#) approach helps the Commission in identifying lessons learnt from past implementation of policies and programmes and using them to improve future performance (see paragraph [1.9](#)).

**1.34.** We found that, allowing for constraints related to the MFF cycle, the Commission had complied with the ‘evaluate first’ principle in most of the legislative procedures we examined. However, it did not carry out an impact assessment for the [common provisions regulation](#), which contained important performance-related provisions for the ERDF, the CF and six other programmes. In addition, in the case of the legislative proposals for the CAP, not all thematic aspects of the policy had been sufficiently covered by evaluations by the time the impact assessment was prepared (see paragraphs [1.10-1.12](#)).

### Recommendation 1.1

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When preparing the next MFF, the Commission should:

- (a) ensure impact assessments examine the key substantive (i.e. not merely procedural) aspects of legislation covering several programmes, such as the [common provisions regulation](#);
- (b) plan its evaluations for all spending programmes, including evaluations covering specific thematic aspects of such programmes, so that their results are available to use in the relevant impact assessments.

**Timeframe: during preparations for the post-2027 MFF**

**1.35.** Impact assessments and evaluations, and their supporting studies, are published, but can be difficult to find and there is no single point of access to them all (see paragraphs [1.13-1.15](#)).

## Recommendation 1.2

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The Commission should pursue and implement its plans to establish a user-friendly point of access for all impact assessments, evaluations and underlying studies. This could be achieved by linking its relevant evidence registers and portals and reaching out to other institutions to set up a common evidence register, the Joint Legislative Portal.

**Timeframe: end of 2023**

**1.36.** Lessons learnt were generally clearly identified in the evaluations we examined. However, the Commission did not clearly identify the related relevant follow-up actions in the management plans it published (see paragraphs [1.16-1.18](#)).

## Recommendation 1.3

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The Commission should clearly identify relevant follow-up actions arising from evaluations, by presenting them in its annual management plans or in other publicly available documents of equivalent status.

**Timeframe: end of 2022**

**1.37.** The impact assessments we examined put forward a range of options for the design of the spending programmes concerned. However, they offered little quantified information to make it easier to compare the options presented (see paragraph [1.19](#)).

## Recommendation 1.4

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When presenting options in impact assessments, the Commission should include more quantitative information, especially cost-benefit and cost-effectiveness analyses.

**Timeframe: during the preparation of the impact assessments for the post-2027 MFF**

**1.38.** The RSB carries out significant work. It reviews all impact assessment and a selection of evaluations and contributes tangibly to improving their quality (see paragraphs [1.20-1.23](#)).

**1.39.** The MFF-related legislative proposals we examined demonstrate that the Commission generally took into account relevant lessons learnt from evaluations and

audits, at least partly. However, the basic legal act governing a programme is only a first step in ensuring improved performance: a lot depends on key requirements and arrangements still to be set out in lower-level implementing and delegated acts, as well as programming documents (see paragraphs [1.24-1.27](#)).

**1.40.** The adoption of the legislation for the 2021-2027 MFF took longer than for the preceding period, delaying the rollout of spending programmes. The Parliament and the Council introduced numerous amendments to the Commission's legislative proposals we examined, some of which we considered significant in terms of programme performance. Most such amendments could be linked to lessons learnt through evaluations or impact assessments. Both the Parliament and the Council decided not to use the option provided for in the [interinstitutional agreement on better law-making](#) to carry out their own impact assessments (see paragraphs [1.28-1.32](#)).

# Annexes

## Annex 1.1 – Follow-up of recommendations from chapter 3 of the 2017 annual report

Year	ECA recommendation	ECA's analysis of the progress made					
		Fully implemented	Being implemented		Not implemented	Not applicable	Insufficient evidence
			In most respects	In some respects			
2017	Recommendation 1: For the upcoming MFF period, the Commission should propose measures to streamline and simplify the strategic frameworks governing the implementation of the EU budget, thereby reinforcing accountability for results and increasing clarity and transparency for all stakeholders. This should entail working with stakeholders in order to achieve a coherent set of high-level measurable objectives, suitable for guiding the steps made towards achieving the results set for the entire multiannual financial framework budget throughout its implementation period.	X					
2017	Recommendation 2: The Commission should include up-to-date performance information in performance reporting, including in the annual management and performance report.		X				

Year	ECA recommendation	ECA's analysis of the progress made					
		Fully implemented	Being implemented		Not implemented	Not applicable	Insufficient evidence
			In most respects	In some respects			
2017	<p>Recommendation 3: The Commission should streamline indicators on the performance of the EU budget and improve the alignment between high-level general objectives and specific programme and policy objectives. To this end, it should take the following steps.</p> <p>(a) It should establish a direct link between the specific objectives in the legal basis of each spending programme and the general objectives.</p>	X					
2017	<p>Recommendation 3: The Commission should streamline indicators on the performance of the EU budget and improve the alignment between high-level general objectives and specific programme and policy objectives. To this end, it should take the following steps.</p> <p>(b) It should review the performance indicators used for the EU budget at all levels, recording information such as the intended user of each indicator, and its intended purpose. If this information cannot be ascertained, then it should consider eliminating the indicator</p>		X				

Year	ECA recommendation	ECA's analysis of the progress made					
		Fully implemented	Being implemented		Not implemented	Not applicable	Insufficient evidence
			In most respects	In some respects			
2017	<p>Recommendation 3: The Commission should streamline indicators on the performance of the EU budget and improve the alignment between high-level general objectives and specific programme and policy objectives. To this end, it should take the following steps.</p> <p>(c) It should ensure that the information used for the day-to-day management of programmes and policies in DGs is aligned with the aggregated performance information included in the core performance reports.</p>			X			X
2017	<p>Recommendation 4: The Commission should provide information in the core performance reports about how it uses performance information. It should show, as systematically as possible, and taking into account the time needed to obtain such information, how performance information concerning the EU budget has been used in its decision-making.</p>		X				
2017	<p>Recommendation 5: The Commission should introduce or improve measures and incentives to foster a greater focus on performance in the Commission's internal culture, building of the progress already made. To this end, it should:</p> <p>(a) provide its managers with more knowledge and guidance about performance management, and about the use of performance information for decision-making.</p>	X					

Year	ECA recommendation	ECA's analysis of the progress made					
		Fully implemented	Being implemented		Not implemented	Not applicable	Insufficient evidence
			In most respects	In some respects			
2017	<p>Recommendation 5: The Commission should introduce or improve measures and incentives to foster a greater focus on performance in the Commission's internal culture, building of the progress already made. To this end, it should:</p> <p>(b) exchange good practices in using performance information both within the Commission and with key stakeholders such as Member States.</p>		X				
2017	<p>Recommendation 5: The Commission should introduce or improve measures and incentives to foster a greater focus on performance in the Commission's internal culture, building of the progress already made. To this end, it should:</p> <p>(c) further improve its internal culture to achieve a greater focus on performance, taking into account the challenges identified by DGs as well as the possibilities for progress identified by survey respondents and the opportunities offered by the revised <i>Financial Regulation</i>, the Budget Focused on Results initiative, performance reporting for on-going projects, and other sources.</p>	X					

## **Chapter 2**

### **Competitiveness for Growth and Jobs**

# Contents

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<b>Annex 2.1 – Erasmus+ objectives</b>	

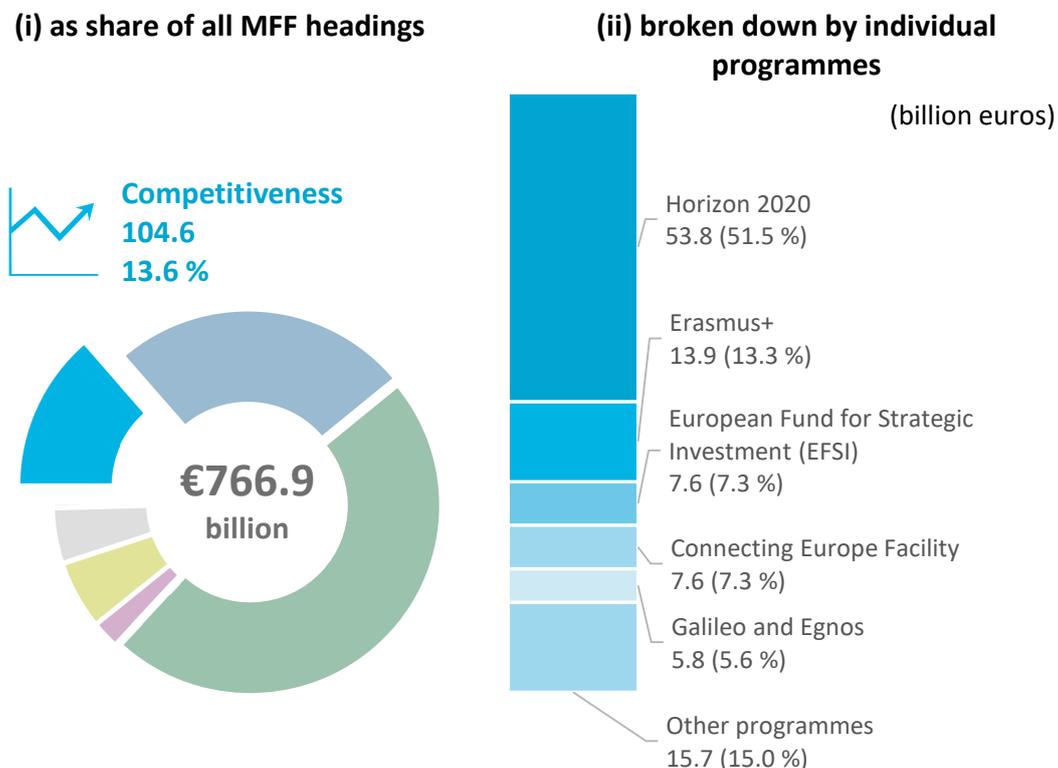
# Introduction

## Brief description of ‘Competitiveness for growth and jobs’

**2.1.** The *programmes* financed under sub-heading MFF1a ‘Competitiveness for growth and jobs’ are diverse and aim to foster an inclusive society, stimulate growth, boost research, development and innovation, and create employment in the EU. The principal programmes are *Horizon 2020* (H2020) for research and innovation, and Erasmus+ for education, training, youth and sport. The sub-heading also encompasses space programmes such as Galileo and EGNOS, as well as the *Connecting Europe Facility* (CEF). MFF1a also includes financial instruments such as the *European Fund for Strategic Investments* (EFSI).

**2.2.** The total planned expenditure under this sub-heading of the 2014-2020 MFF is €142 billion, of which €104.6 billion had been paid out by the end of 2020 (see [Figure 2.1](#)).

**Figure 2.1 – Competitiveness for growth and jobs: Payments made in 2014-2020 on the period’s commitments**

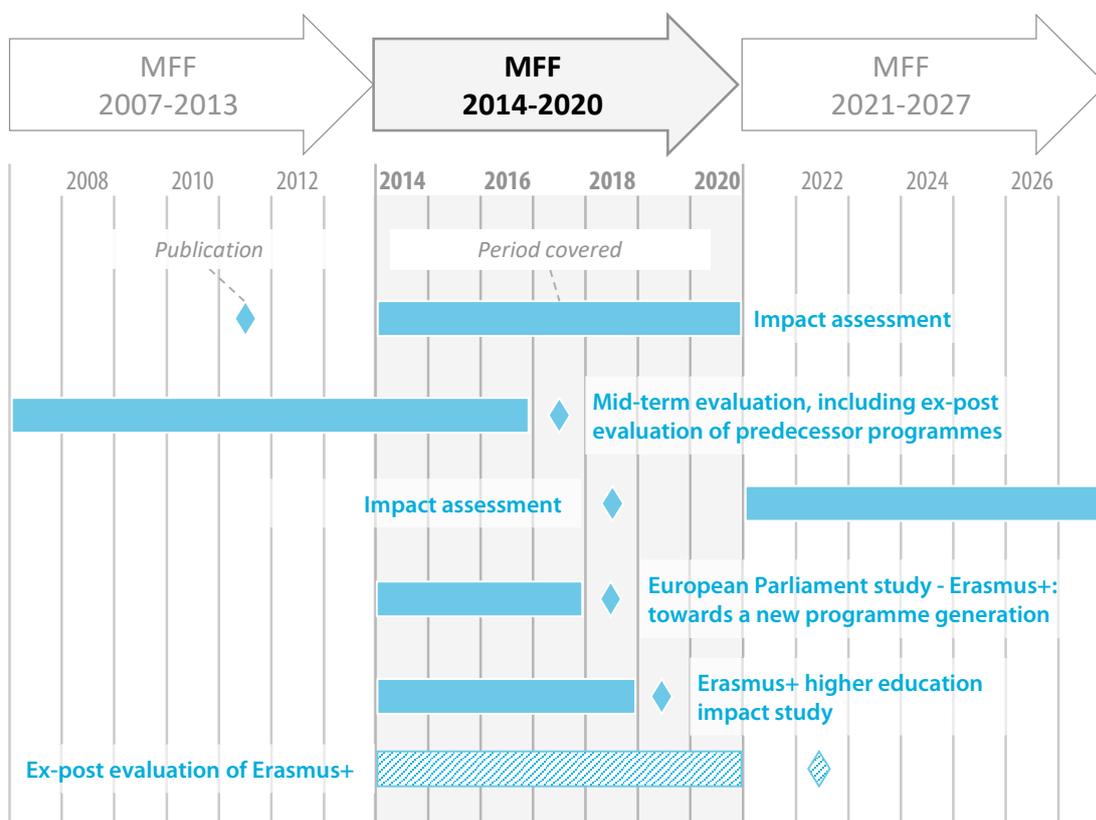


## Scope and approach

**2.3.** Out of 23 programmes under Competitiveness for growth and jobs, we selected one: Erasmus+, representing 13.3 % of the total payments made by the end of 2020 for this MFF heading. Our aim was to establish how much relevant *performance* information was available and, based on that information, to assess how well EU spending programmes had performed. This follows on from our coverage, in the [2019 report on performance, of Horizon 2020 and EFSI](#), which represented 57.4 % of total payments by the end of 2019.

**2.4.** We have prepared this chapter using the Commission’s performance information, which comprised the *2020 Annual Management and Performance Report (AMPR)*, the programme statements for the 2022 draft budget, and key evaluations and other reports shown in [Figure 2.2](#). We checked this information for plausibility and against our own findings, but did not audit its reliability. We have also drawn upon our own recent audit and review *results* in a number of reports that are referred to in the text. The **Appendix** describes the methodology used to prepare this chapter in more detail.

**Figure 2.2 – Timing of main evaluations and other reports and periods covered**



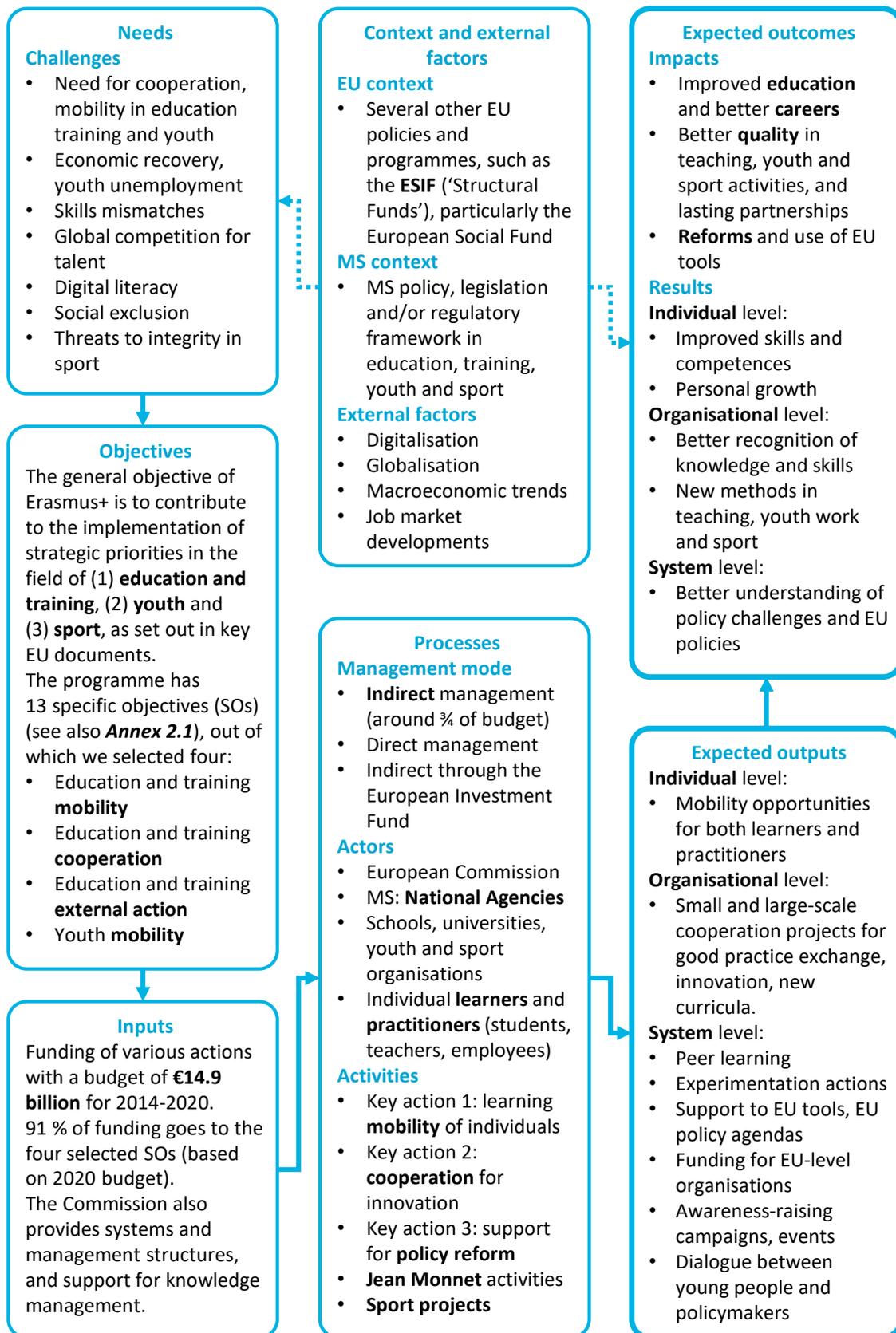
Source: ECA.

**2.5.** The legislation establishing each EU spending programme contains a number of objectives, which are classified as either general (usually broader and more strategic) or specific (usually narrower and more operational). Erasmus+ has 14 objectives (one general and 13 specific), of which this chapter covers the general objective and four specific objectives (see [Annex 2.1](#)).

### **The purpose of Erasmus+ and how it is intended to work**

**2.6.** [Figure 2.3](#) gives the background to Erasmus+ and provides a conceptual overview, showing the needs it addresses, its objectives, and its expected *outputs* and *outcomes*.

Figure 2.3 – Overview of Erasmus+



Source: ECA on the basis of *intervention logic* as presented in **SWD(2018) 40 final** and based on both the **Regulation (EU) No 1288/2013** and **COM(2020) 300 final** (programme statements of operational expenditure).

**2.7.** Erasmus+ is the EU's programme in the fields of (1) education and training, (2) youth, and (3) sports. The Member States have exclusive competence in these fields, meaning they decide, for example, on their education system or social policy for youth. However, the EU can carry out actions to support, coordinate or supplement Member States' actions. The Erasmus+ programme came into existence in 2014 as the successor to Erasmus, the student mobility programme started in 1987, and six other programmes in the aforementioned fields, such as Leonardo da Vinci, Comenius and Youth in Action. Erasmus+ made some €14.9 billion of funding available over seven years (2014-2020).

**2.8.** The programme's general objective is phrased in such a way as to reference a series of high-level objectives and strategies to which Erasmus+ is to contribute. The 13 specific objectives cover all three fields. Most education and training, and youth actions fall under one of the following: key action 1: *learning mobility* of individuals; key action 2: cooperation for innovation and exchange of good practices; key action 3: support for policy reform.

# Performance assessment of Erasmus+, based on published performance information

## General comments

**2.9.** *Figure 2.4* provides our overview of all the Erasmus+ indicators included in the programme statement. *Figure 2.5* presents the indicators related to the general objective. Our specific overviews for each selected specific objective are presented in *Figure 2.6*, *Figure 2.7*, *Figure 2.8* and *Figure 2.9*. In the *2019 report on performance*<sup>1</sup>, we discussed some general caveats that apply when interpreting these indicators. In particular, our assessment of whether a given indicator is ‘on track’ relates to the likelihood of its meeting its target. That assessment does not take into account whether, or how closely, a given indicator is linked to the Erasmus+ actions and objectives, or whether the target set for the indicator is sufficiently ambitious. Therefore, it is only a first step in analysing the programme’s performance. We have not audited the reliability of the underlying data (we did, however, discuss it in the *2019 report on performance*<sup>2</sup>).

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<sup>1</sup> 2019 report on the performance of the EU budget, paragraph 1.24.

<sup>2</sup> 2019 report on the performance of the EU budget, paragraphs 1.13-1.23.

**Figure 2.4 – Overview of all Erasmus+ indicators in the programme statement**

Objective (*)	Total	Output				Result				Impact			
		All			?	All			?	All			?
GO 1	15	11	5		6					4	1	1	2
SO 1	3	2	1	1		1	1						
SO 2	2	1			1			1					
SO 3	2					2	2						
SO 4	3	3	2	1									
SO 5	2					2	1	1					
SO 6	1	1	1										
SO 7	3	1	1			2	2						
SO 8	1					1	1						
SO 9	1					1	1						
SO 10	1	1	1										
SO 11	1					1	1						
SO 12	1					1	1						
SO 13	2	1	1			1	1						
<b>Total</b>	<b>38</b>	<b>21</b>	<b>12</b>	<b>2</b>	<b>7</b>	<b>13</b>	<b>11</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>2</b>

(\*) For full list of objectives see Annex 2.1

**LEGEND**

Is the indicator on track to meet its target (taking into account any milestones and progress so far)?



? Unclear: no data, old data or inconclusive data

Source: ECA, based on programme statements for the 2022 draft budget.

**2.10.** The Erasmus+ general objective is to contribute to the achievement of the following: ‘the objectives of the *Europe 2020 strategy*, including the headline education target; the objectives of the strategic framework for European cooperation in education and training (ET 2020), including the corresponding benchmarks; the sustainable development of partner countries in the field of higher education; the overall objectives of the renewed framework for European cooperation in the youth field (2010-2018); the objective of developing the European dimension in sport, in particular grassroots sport, in line with the EU work plan for sport; the promotion of European values in accordance with Article 2 of the Treaty on European Union’<sup>3</sup>.

*Figure 2.5* presents the related indicators.

<sup>3</sup> Article 4 of Regulation (EU) No 1288/2013.

Figure 2.5 – Overview of indicators linked to the general objective

## Summary of all indicators

On track?	Output	Results	Impact	TOTAL
Yes	5		1	6
No			1	1
Unclear	6		2	8
<b>TOTAL</b>	<b>11</b>		<b>4</b>	<b>15</b>

## Details on selected individual indicators

Indicator	Progress to target
Higher education (HE) staff supported by the programme Output	123 100 % (2020)  Milestone 71 % (2016) 
Vocational education and training (VET) staff supported by the programme Output	123 100 % (2020)  Milestone 73 % (2016) 
Schools staff supported by the programme Output	123 100 % (2020)  Milestone 75 % (2016) 
Adult staff supported by the programme Output	123 100 % (2020)  Milestone 60 % (2016) 
Youth staff supported by the programme Output	123 100 % (2020)  Milestone 84 % (2019) 

## LEGEND

## Type of target



Quantitative



Qualitative



No target or unclear target

Is the indicator on track to meet its target (taking into account any milestones and progress so far)?



Yes



No



Unclear: no data, old data or inconclusive data

Does the Commission's assessment of progress roughly correspond to ours?



Yes



No

For a detailed explanation of this overview and our methodology, please see Appendix, points 15-23.

Source: ECA, based on programme statements for the 2022 draft budget.

**2.11.** The general objective includes seven indicators set out in the Erasmus+ regulation, although some of these measure more than one thing. Hence there are 15 different indicators in total. One example is the indicator highlighted in [Figure 2.5](#), which records the number of staff supported by the programme in five different categories. This is a typical output indicator, although the Commission classifies it as a *result indicator* in the programme statement. We consider that the target set has been met.

### A popular programme benefitting especially individual participants

**2.12.** Erasmus+ is valued by stakeholders and the public as a useful programme that achieves its objectives<sup>4</sup>. However, the Commission's mid-term evaluation found that some key societal challenges are only marginally addressed by the projects reviewed<sup>5</sup>. In general, individuals participating in Erasmus+ actions report positive effects on their skills and competences (learners) and on personal and professional growth (practitioners). The programme has a concrete effect on organisations in that it gives rise to stronger and broader international networks, although there is less evidence of fundamental changes to institutional or pedagogical practices<sup>6</sup>.

**2.13.** The attractiveness of Erasmus+ is clear from its oversubscription, but with this comes the downside that even good-quality applications are rejected due to lack of available budget<sup>7</sup>.

### Scale and scope of Erasmus+ create added value

**2.14.** Erasmus+ brings together 33 programme countries, and countries from all over the world that are eligible as partner countries. The United Kingdom participated in Erasmus+ as a programme country until the end of 2020 (see [Box 2.1](#)). This level of international cooperation lends it a distinct added value, as it is unmatched by any

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<sup>4</sup> [Research for CULT Committee - Erasmus+: Towards a New Programme Generation](#), European Parliament, p. 73.

<sup>5</sup> [Combined evaluation of Erasmus+ and predecessor programmes, Final report – main evaluation report \(Volume 1\)](#), p. 11.

<sup>6</sup> *Ibid.*, p. 14.

<sup>7</sup> *Ibid.*, p. 16.  
[Research for CULT Committee - Erasmus+: Towards a New Programme Generation](#), European Parliament, p. 9.

programme at national level in similar fields. Aside from the programme's geographical scope, its scale, processes and cross-country cooperation add further value<sup>8</sup>. The financial contributions made by a number of non-EU countries in exchange for advanced participation in the programme is further testimony of its added value (see [Box 2.2](#)). Our own audit work<sup>9</sup> and the opinion held by stakeholders underlines yet further the overall positive added value<sup>10</sup>.

### Box 2.1

#### Erasmus+ and 'Brexit'

The United Kingdom (UK) ceased to be an EU Member State on 1 February 2020. However, the withdrawal agreement<sup>11</sup> between the EU and UK provided for a transition period ending on 31 December 2020. The UK therefore continued participating in Erasmus+ as a programme country up to that date, after which it became a non-associated third country.

The UK played a significant role as a destination country for mobility under Erasmus+ with more incoming participants than outgoing. As an example, figures for higher education students under agreements concluded under the 2018 'call year' showed 18 099 periods of mobility from the UK to other programme countries, compared to 29 797 mobility periods in the opposite direction<sup>12</sup>.

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<sup>8</sup> Combined evaluation of Erasmus+ and predecessor programmes, Final report – main evaluation report (Volume 1).

<sup>9</sup> [Special report 22/2018](#): "Mobility under Erasmus+: Millions of participants and multi-faceted European Added Value, however performance measurement needs to be further improved".

<sup>10</sup> [Research for CULT Committee - Erasmus+: Towards a New Programme Generation](#), European Parliament, p. 9.

<sup>11</sup> [Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community](#).

<sup>12</sup> Statistical Annex to [Erasmus+ Annual report 2019](#), pp. 38-39.

**2.15.** The *efficiency* of Erasmus+ has been improved by its simplification<sup>13</sup> compared to predecessor programmes<sup>14</sup>, which is generally welcomed by stakeholders. However, they still see room for improvement by, for example, reducing the number of IT tools, making the programme guide easier to understand<sup>15</sup>, and simplifying the application procedure<sup>16</sup>.

## Box 2.2

### Our review of financial contributions from non-EU countries

In our review No 03 of 2021<sup>17</sup> we looked at the ‘Financial contributions from non-EU countries to the EU and Member States’. We examined several types of contributions and those earmarked for two programmes in particular: Horizon 2020 and Erasmus+.

The contributions non-EU countries make to Erasmus+ are the second highest for any single programme, after Horizon 2020, and totalled some €227.9 million in 2020. Ten non-EU countries contribute financially to Erasmus+:

- the non-EU European Economic Area countries of Iceland, Liechtenstein and Norway contributed around €75.5 million to Erasmus+ in 2020, which allowed them to participate as programme countries;
- a further seven non-EU countries contributed €152.4 million in 2020. North Macedonia, Turkey and Serbia have the status of programme country. Albania, Bosnia and Herzegovina, Kosovo\*, and Montenegro are partner countries and can participate in selected Erasmus+ activities.

<sup>13</sup> Combined evaluation of Erasmus+ and predecessor programmes, Final report – main evaluation report (Volume 1), p. 12.

<sup>14</sup> Research for CULT Committee - Erasmus+: Towards a New Programme Generation, European Parliament, p. 10, p. 31, p. 113.

<sup>15</sup> Research for CULT Committee - Erasmus+: Towards a New Programme Generation, European Parliament, p. 75.

<sup>16</sup> Ibid., p. 79.

<sup>17</sup> Review 03/2021.

Our review highlighted key challenges related to the management of contributions from non-EU countries, many of which are also relevant to Erasmus+:

- if the existing formulas for calculating contributions continue to apply, non-EU countries might be asked to pay higher contributions following the UK's withdrawal from the EU;
- Erasmus+ contributions are calculated on the basis of a formula used by the Commission. However, in the case of candidate countries and *potential candidates*, the resultant contributions are adjusted on a case-by-case basis.

\*This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo Declaration of Independence.

## Programme design simplified, but aspects of gender equality not addressed

**2.16.** Combining the predecessor programmes under one programme has enhanced the way in which the various activities work together on the basis of consistent objectives, avoiding overlaps for the most part. It has also simplified the programme's design. Erasmus+ is generally complementary to other EU programmes in policy areas such as cohesion, research and innovation, and health, though according to the Commission mid-term evaluation, there is little evidence of clear synergies with these programmes<sup>18</sup>.

**2.17.** In our special report 10/2021<sup>19</sup>, we analysed the Commission's actions relating to gender *mainstreaming* in the EU budget and assessed Erasmus+ in this respect. We concluded that the Commission had not taken gender equality into account across all aspects of Erasmus+, and criticised the level of gender analysis in the *impact assessment*<sup>20</sup>. A Commission study focusing on higher education pointed to a gender gap, with more women than men participating in Erasmus+, whereas this cannot be explained by differences in overall participation rates in higher education<sup>21</sup>.

<sup>18</sup> Combined evaluation of Erasmus+ and predecessor programmes, Final report – main evaluation report (Volume 1), p. 12.

<sup>19</sup> Special report 10/2021: "Gender mainstreaming in the EU budget: time to turn words into action".

<sup>20</sup> Ibid., paragraphs 94-100.

<sup>21</sup> Erasmus+ Higher Education Impact Study - Final Report, European Commission, p. 42.

We also found that the programme statement for Erasmus+ did not provide a financial estimate of the programme's contribution to gender equality<sup>22</sup>.

## Education and training mobility

**2.18.** *Figure 2.6* provides an overview of the programme statement indicators linked to specific objective 1: Education and training mobility.

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<sup>22</sup> Special report 10/2021, paragraph 69.

**Figure 2.6 – Overview of indicators linked to ‘Education and training mobility’**

### Summary of all indicators

On track?	Output	Results	Impact	TOTAL
Yes	1	1		2
No	1			1
Unclear ?				
<b>TOTAL</b>	<b>2</b>	<b>1</b>		<b>3</b>

### Details on selected individual indicators

Indicator	Progress to target
Higher education (HE) students and trainees participating in the programme Output	 97 % (2020)  Milestone 80 % (2019) 
Vocational education and training (VET) pupils, students and trainees participating in the programme Output	 100 % (2020)  Milestone 81 % (2019) 

#### LEGEND

##### Type of target



Quantitative



Qualitative



No target or unclear target

##### Is the indicator on track to meet its target (taking into account any milestones and progress so far)?



Yes



No



Unclear: no data, old data or inconclusive data

##### Does the Commission's assessment of progress roughly correspond to ours?



Yes



No

For a detailed explanation of this overview and our methodology, please see Appendix, points 15-23.

Source: ECA, based on programme statements for the 2022 draft budget.

**2.19.** Specific objective 1, which is to promote education and training mobility, funds the mobility of individual students, trainees and staff. It has by far the largest funding allocation, with €1 630.7 million budgeted for 2020, i.e. 54.1 % of the programme's total. This objective also covered the *Erasmus+ Master Loan Guarantee Facility*, which aimed to incentivise financial intermediaries (for example banks or

student loan agencies) to provide EU-guaranteed loans for students wishing to study for a Master's degree abroad.

**2.20.** The programme statement shows Erasmus+ is missing its participation target for higher education learners by a small margin, but it is achieved for vocational education and training (VET) learners (see [Figure 2.6](#)). This is explained by the COVID-19 pandemic. We disagree with the Commission's classification of this indicator as a result indicator in the programme statement and consider it rather a measure of output.

### Interest in mobility has been increasing

**2.21.** Although financing remains the main obstacle to individuals taking part in mobility, interest in this possibility has increased by 10 % annually since Erasmus+ was launched in 2014, with the majority of participants coming from higher education<sup>23</sup>. The impact of the COVID-19 pandemic, and the related travel ban, has had an impact on physical mobility (see [Box 2.3](#)). Take-up of the Master Loan Guarantee Facility has not met expectations<sup>24</sup>. The objective was to provide €3 billion worth of loans to 200 000 master's students by 2020, yet by the end of 2017 only 358 such students had been granted the loan, hence the Commission decided to reallocate the relevant funds<sup>25</sup>.

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<sup>23</sup> Research for CULT Committee - Erasmus+: Towards a New Programme Generation, European Parliament, p. 23.

<sup>24</sup> Special report 22/2018; COM(2018) 050 final, European Commission, p. 4.

<sup>25</sup> Special report 22/2018, paragraph 118.

**Box 2.3****Impact of the COVID-19 pandemic**

The COVID-19 outbreak started to have major disruptive effects in Europe from March 2020 and to negatively impact many Erasmus+ activities, especially the individual mobility activities funded under specific objectives 1 and 7, which we selected for this report. Travel restrictions meant that many planned mobility activities could not take place.

An initial analysis by DG EAC of the numbers of individual mobility activities shows that there were some 500 000 fewer in 2020 compared with the 2016-2019 average, a reduction of around 60 %.

Furthermore lockdown measures meant that in-person education, training and youth activities could not go ahead, including the networking and socialising activities, which often add value in terms of experience.

Regarding Erasmus+, the European Commission responded to the COVID-19 pandemic in various ways, e.g. by extending deadlines allowing organisations to postpone mobility activities and in the form of guidance to participants and beneficiaries. Moreover, two extraordinary calls were launched to support digital education readiness and creative skills. Surveys were also organised to collect the views of mobility participants and higher education institutions on the impact of COVID-19 on their activities.

**Mobility provides multi-faceted European Added Value**

**2.22.** There is ample evidence that participants in mobility projects are satisfied with the programme, and are able to improve their skills<sup>26</sup>. All higher education students receive formal recognition of their participation in mobility and, more importantly, 80 % receive full academic recognition of learning outcomes. The European Credit Transfer and Accumulation System, ECTS<sup>27</sup>, has made this possible.

**2.23.** The relevance of the programme is clear and the impact on higher education students is positive, especially on those from countries with long-term youth unemployment in southern Europe and in partner countries<sup>28</sup>. Mobility has a large

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<sup>26</sup> Research for CULT Committee - Erasmus+: Towards a New Programme Generation, European Parliament, p. 23.

<sup>27</sup> Erasmus+ Higher Education Impact Study - Final Report, European Commission, p. 11.

<sup>28</sup> Ibid., p. 17.

long-term impact on beneficiaries' professional future by boosting skills and employability, notably in the VET sector<sup>29</sup>, and allows most of these students to find a job. Mobility also has a significant impact as far as universities and their staff are concerned. In our previous work, we highlighted the many forms of added value that the programme delivers (see [Box 2.4](#)).

### Box 2.4

#### Erasmus+ provides more than the added value foreseen in the Regulation

In our special report on Mobility under Erasmus+<sup>30</sup>, we identified additional ways in which mobility provides European added value beyond what the Erasmus+ Regulation intended, such as:

- mobility and learning abroad **increase participants' European identity**. This would not be achieved by countries acting alone;
- a **system of charters**, similar to a guarantee of quality, that boosts the reputation and attractiveness of institutions;
- mobility has helped create a **network of cooperation and harmonisation** of university curricula and learning programmes;
- a **strategic approach to mobility** that helps ensure management buy-in to the objectives of projects, and longer term retention of links and know-how;
- the **effect of mobility of teaching staff**, who apply in their home institutions what they have learned during their mobility;
- mobility boosts **multilingualism**, one of the specific objectives of the programme. Language skills contribute to the mobility, employability and personal development of European citizens;
- Erasmus+ contributes to **cross-border and international mobility**, an important part of education strategy in most countries;
- by promoting learning mobility between programme countries and partner countries, Erasmus+ contributes to soft diplomacy and acts as **part of the EU's neighbourhood and development policy**;
- inclusion of vocational education and training (VET) **brings Erasmus+ closer to a greater variety of citizens**. The programme supplements limited national

<sup>29</sup> Special report 22/2018, paragraph 22.

<sup>30</sup> Special report 22/2018.

funds for VET mobility and, through its renown and reputation, contributes to **increasing the prominence and prestige of VET.**

## Education and training cooperation

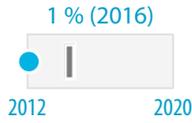
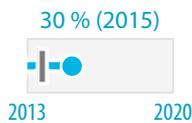
**2.24.** *Figure 2.7* provides an overview of the programme statement indicators linked to specific objective 2: Education and training cooperation.

**Figure 2.7 – Overview of indicators linked to ‘Education and training cooperation’**

### Summary of all indicators

On track?	Output	Result	Impact	TOTAL
Yes 				
No 				
Unclear ?	 1	 1		 2
<b>TOTAL</b>	<b>1</b>	<b>1</b>		<b>2</b>

### Details on individual indicators

Indicator	Progress to target
Hits on Euroguidance <span style="float: right;">Result</span>	 <div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">1 % (2016)</div> <div style="flex-grow: 1;">  </div> <div style="margin-left: 10px;">Milestone 29 % (2017)</div> <div style="margin-left: 10px;">? ≈</div> </div>
Participants in Euroguidance seminars/workshops <span style="float: right;">Output</span>	 <div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">30 % (2015)</div> <div style="flex-grow: 1;">  </div> <div style="margin-left: 10px;">Milestone 10 % (2017)</div> <div style="margin-left: 10px;">? ≈</div> </div>

#### LEGEND

##### Type of target



Quantitative



Qualitative



No target or unclear target

##### Is the indicator on track to meet its target (taking into account any milestones and progress so far)?



Yes



No



Unclear: no data, old data or inconclusive data

##### Does the Commission's assessment of progress roughly correspond to ours?



Yes



No

For a detailed explanation of this overview and our methodology, please see Appendix, points 15-23.

Source: ECA, based on programme statements for the 2022 draft budget.

**2.25.** Specific objective 2 in the field of education and training is aimed at cooperation between *beneficiary* organisations intended to achieve quality improvements, successfully develop innovative approaches to education and training, and advance internationalisation in this area. This objective is significant in budgetary terms, with €782.4 million allocated for 2020, i.e. 26.0 % of the programme's total. Nearly all projects funded under this objective take the form of partnerships between

organisations, such as higher education institutions and/or businesses, from three or more programme countries.

**2.26.** This specific objective comes with two indicators related to Euroguidance (see [Figure 2.7](#)), a network and website supporting professionals in education and employment. A lack of data since 2016 makes it impossible to establish whether these indicators are on track. We consider that this specific objective would have benefitted from indicators that measure the objective better.

### Activities and their impact differ between regions and institutions

**2.27.** The impact of cooperation actions may vary according to the European region<sup>31</sup> concerned. The study further highlighted features such as the strong competition for cooperative actions. Countries and institutions with more experience or means are at an advantage and have more chance of becoming beneficiaries. Larger institutions also build upon existing contacts<sup>32</sup>.

**2.28.** Erasmus+ cooperation projects contribute to the development and strengthening of cooperation between beneficiary organisations. In the case of cooperation projects in higher education, around 9 in 10 institutions reported Erasmus+ to be very important or essential for them. The reasons for internationalisation vary between institutions and regions and use of the programme depends on the strategic objectives participants wish to achieve, such as attracting staff from abroad or involving employers<sup>33</sup>.

### Low levels of innovation on the part of strategic partnerships

**2.29.** The actions funded by Erasmus+ to enhance cooperation are intended to result in innovative practices at organisational, local, regional, national or European level<sup>34</sup>. The programme resulted in more than 36 000 schools participating in strategic partnerships between 2014 and 2020<sup>35</sup>. However, the mid-term evaluation found that

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<sup>31</sup> [Erasmus+ Higher Education Impact Study - Final Report](#), European Commission, p. 7.

<sup>32</sup> [Combined evaluation of Erasmus+ and predecessor programmes, Final report – main evaluation report \(Volume 1\)](#), p. 135, p. 164.

<sup>33</sup> [Erasmus+ Higher Education Impact Study - Final Report](#), European Commission, p. 7.

<sup>34</sup> [Key Action 2: Cooperation among organisations and institutions](#), European Commission.

<sup>35</sup> [Draft general budget of the European Union](#), European Commission, p. 604.

the level of innovation attained by the strategic partnerships is relatively low, compared with predecessor actions<sup>36</sup>. The level of innovation of funded projects is often insufficient for it to have any impact beyond the beneficiary organisation<sup>37</sup>.

### Virtual formats enable savings

**2.30.** Virtual formats can serve as an effective option to address challenges related to intercultural collaboration and transversal or soft skills according to European Parliament research<sup>38</sup>. The increasing number of open education resources, such as ‘massive open online courses’ facilitates access to internationalisation<sup>39</sup>. Moreover, the possibilities offered by new technologies enable, for instance, savings on travelling time, costs and emissions, the latter being in line with the Green Deal objectives<sup>40</sup>.

### Education and training external action

**2.31.** *Figure 2.8* provides an overview of the programme statement indicators linked to specific objective 4: Education and training *external action*.

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<sup>36</sup> Combined evaluation of Erasmus+ and predecessor programmes, Final report – main evaluation report (Volume 1), p. 18.

<sup>37</sup> Ibid., p. 514.

<sup>38</sup> Research for CULT Committee - Virtual formats versus physical mobility - Concomitant expertise for INI report, European Parliament, p. 4.

<sup>39</sup> Erasmus+ Higher Education Impact Study - Final Report, European Commission, p. 180.

<sup>40</sup> Research for CULT Committee - Virtual formats versus physical mobility - Concomitant expertise for INI report, European Parliament, p. 1.

**Figure 2.8 – Overview of indicators linked to ‘Education and training external action’**

### Summary of all indicators

On track?	Output	Results	Impact	TOTAL
Yes	2			2
No	1			1
Unclear				
<b>TOTAL</b>	<b>3</b>			<b>3</b>

### Details on selected individual indicators

Indicator	Progress to target
Higher education (HE) students and staff coming from a partner country Output	 100 % (2020)  Milestone 77 % (2019) 
Higher education (HE) students and staff going to a partner country Output	 100 % (2020)  Milestone 100 % (2019) 

#### LEGEND

##### Type of target



Quantitative



Qualitative



No target or unclear target

##### Is the indicator on track to meet its target (taking into account any milestones and progress so far)?



Yes



No



Unclear: no data, old data or inconclusive data

##### Does the Commission's assessment of progress roughly correspond to ours?



Yes



No

For a detailed explanation of this overview and our methodology, please see Appendix, points 15-23.

Source: ECA, based on programme statements for the 2022 draft budget.

**2.32.** Specific objective 4 focuses on the international dimension of education and training, with ‘international’ meaning activities involving partner countries. Projects are, for example, aimed at capacity building in higher education in such countries in order to modernise and internationalise institutions and systems, with a special focus on partner countries neighbouring the EU. Student and staff mobility from and to

partner countries is also supported. In budgetary terms, this is the third largest specific objective, with 233.8 million allocated for 2020, accounting for 7.8 % of the Erasmus+ budget.

**2.33.** The indicators in *Figure 2.8* show that this specific objective is on track in terms of the number of students and staff coming from and going to partner countries. We consider these to be measures of output and not results as the programme statement suggests.

### Soft diplomacy through global outreach

**2.34.** The inclusion of a specific objective aimed at partner countries ensures that Erasmus+ contributes to the EU's global outreach, notably by facilitating the mutual recognition of qualifications by EU and partner countries<sup>41</sup>. Our special report on Mobility under Erasmus+<sup>42</sup> also pointed to the soft diplomacy exercised through the programme (see *Box 2.4*).

### Youth mobility

**2.35.** *Figure 2.9* provides an overview of the programme statement indicators linked to specific objective 7: Youth mobility.

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<sup>41</sup> COM(2018) 050 final, European Commission, p. 3.

<sup>42</sup> Special report 22/2018, paragraph 46.

**Figure 2.9 – Overview of indicators linked to ‘Youth mobility’**

### Summary of all indicators

On track?	Output	Result	Impact	TOTAL
Yes	1	2		3
No				
Unclear				
<b>TOTAL</b>	<b>1</b>	<b>2</b>		<b>3</b>

### Details on selected individual indicators

Indicator	Progress to target
Participants declaring that they have increased their key competences Result	 100 % (2020)  Milestone 40 % (2016) 
Young people engaged in mobility actions supported by the programme Output	 100 % (2020)  Milestone 80 % (2019) 

#### LEGEND

##### Type of target



Quantitative



Qualitative



No target or unclear target

##### Is the indicator on track to meet its target (taking into account any milestones and progress so far)?



Yes



No



Unclear: no data, old data or inconclusive data

##### Does the Commission's assessment of progress roughly correspond to ours?



Yes



No

For a detailed explanation of this overview and our methodology, please see Appendix, points 15-23.

Source: ECA, based on programme statements for the 2022 draft budget.

**2.36.** Specific objective 7 is focused on mobility of youth and youth workers. Projects funded under youth mobility seek to enable organisations to set up youth exchanges whereby groups of young people go abroad for up to 21 days to interact with young people from one or more other countries. These exchanges are all about informal learning and aim to boost the participants' competences, as well as promote values such as inclusion, solidarity and friendship. This objective in the youth field is comparable to specific objective 1 in the field of education and training. There is,

however, a difference in terms of budget in that specific objective 7 has an allocation of just €91.8 million for 2020, or 3 % of the programme's total.

**2.37.** The first indicator shown in [Figure 2.9](#) relates to the increase in key competences declared by participants, and is on track. We consider this to be a result indicator, whereas the Commission classifies it as an impact indicator. The second selected indicator measures the number of young people engaged in supported mobility actions and is on track as well. We consider this to be a measure of output unlike the Commission's classification as a result indicator. We have assessed this indicator by looking at its performance cumulatively over the 2014-2020 period, and not purely at the achievements for 2020 as is done in the programme statement.

### Positive effects on participants and improved internal coherence

**2.38.** The Commission's mid-term evaluation considered Erasmus+ support in the field of youth effective<sup>43</sup>. It found mostly positive outcomes for participants, such as a marked effect on foreign language skills, positive enhancement of key competences, and a moderate influence on retention in education and training. The effect on employability in the youth sector was not clear<sup>44</sup>, although in surveys 69 % of the participants declared that their employability had improved following their mobility.

**2.39.** The programme's added value in the field of youth is high, particularly because of the scarcity of national funding programmes in this area<sup>45</sup>. The integration of the youth field into Erasmus+ has improved internal coherence, meaning that youth activities better complement and fit in with the other two fields of the programme. However, this integration is considered by stakeholders in the field, as reported to different national agencies, to have reduced the programme's alignment with the practice of youth work in comparison with the predecessor youth programme<sup>46</sup>. The use of Erasmus as a 'brand name' has also increased the visibility<sup>47</sup>.

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<sup>43</sup> Combined evaluation of Erasmus+ and predecessor programmes, Final report – main evaluation report (Volume 1), p. 339.

<sup>44</sup> Ibid., p. 340.

<sup>45</sup> Ibid., p. 481.

<sup>46</sup> Ibid., p. 159.

<sup>47</sup> Ibid., p. 39.

## Small budget and strong competition for projects

**2.40.** Funding for the youth field is considerably less than for the education and training field, and especially higher education. Competition for projects is relatively high<sup>48</sup> and the programme is perceived as more suited to larger organisations active in youth work because they tend to have the knowledge and resources for successful applications<sup>49</sup>.

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<sup>48</sup> Combined evaluation of Erasmus+ and predecessor programmes, Final report – main evaluation report (Volume 1), p. 137.

<sup>49</sup> Ibid., p. 95.

## Conclusions

**2.41.** Assessing Erasmus+ overall, the programme is characterised by high EU added value (see paragraph [2.14](#)). Its simplification at the time of its introduction is appreciated, but there is room for further improvement (see paragraph [2.15](#)). Erasmus+ brings its predecessor programmes under one umbrella, thereby making the programme's setup simpler and ensuring greater coherence (see paragraph [2.16](#)). There is room for improvement in addressing gender equality, in both programming and reporting (see paragraph [2.17](#)). Erasmus+ is valued by both the public and stakeholders (see paragraph [2.12](#)). The programme's popularity is shown by its oversubscription, the downside of which is that not all proposals can be funded (see paragraph [2.13](#)).

**2.42.** Erasmus+ has 13 specific objectives, and we examined the four largest in terms of funding:

- o education and training mobility which is addressed under specific objective 1, receives most funding (see paragraph [2.19](#)) and has seen increased participation (see paragraph [2.21](#)). However, restrictions on travel and in-person education imposed in response to the COVID-19 pandemic resulted in a marked decrease in mobility activities in 2020 (see [Box 2.3](#)). The mobility supported by the programme provides many types of added value beyond those the Erasmus+ Regulation intended (see paragraph [2.23](#) and [Box 2.4](#));
- o specific objective 2 supports cooperation action in the field of education and training and is considered highly important by beneficiary organisations, hence competition for funding is strong (see paragraphs [2.27](#) and [2.28](#)). Actions support innovative practices (see paragraph [2.30](#)), but rarely have an innovative effect beyond the beneficiary organisations (see paragraph [2.29](#));
- o specific objective 4 focuses on external action in the field of education and training. Erasmus+ contributes to the EU's global outreach and is a vehicle for soft diplomacy (see paragraph [2.34](#));
- o youth mobility is covered by specific objective 7. Actions in this area have largely positive effects on participants (see paragraph [2.38](#)) and high added value (see paragraph [2.39](#)).

# Annexes

## Annex 2.1 – Erasmus+ objectives

General objective			
Objective	Full name	Short name (and abbreviation)	Represented in our sample
General objective 1	The Programme shall contribute to the achievement of [1] the objectives of the Europe 2020 strategy, including the headline education target; [2] the objectives of the strategic framework for European cooperation in education and training (“ET 2020”), including the corresponding benchmarks; [3] the sustainable development of partner countries in the field of higher education; [4] the overall objectives of the renewed framework for European cooperation in the youth field (2010-2018); [5] the objective of developing the European dimension in sport, in particular grassroots sport, in line with the Union work plan for sport; and [6] the promotion of European values in accordance with Article 2 of the Treaty on European Union. (numbering added by ECA)	Contribute to EU objectives for education and training, youth, and sport (GO1)	Yes

Specific objectives			
Objective	Full name	Short name (and abbreviation)	Represented in our sample
<i>Field: education and training</i>			
Specific objective 1	to improve the level of key competences and skills, with particular regard to their relevance for the labour market and their contribution to a cohesive society, in particular through increased opportunities for learning mobility and through strengthened cooperation between the world of education and training and the world of work	Education and training mobility (SO1)	Yes
Specific objective 2	to foster quality improvements, innovation excellence and internationalisation at the level of education and training institutions, in particular through enhanced transnational cooperation between education and training providers and other stakeholders	Education and training cooperation (SO2)	Yes
Specific objective 3	to promote the emergence and raise awareness of a European lifelong learning area designed to complement policy reforms at national level and to support the modernisation of education and training systems, in particular through enhanced policy cooperation, better use of Union transparency and recognition tools and the dissemination of good practices	Education and training policy reforms (SO3)	No

Specific objectives			
Objective	Full name	Short name (and abbreviation)	Represented in our sample
Specific objective 4	to enhance the international dimension of education and training, in particular through cooperation between Union and partner-country institutions in the field of VET and in higher education, by increasing the attractiveness of European higher education institutions and supporting the Union's external action, including its development objectives, through the promotion of mobility and cooperation between the Union and partner-country higher education institutions and targeted capacity-building in partner countries	Education and training external action (SO4)	Yes
Specific objective 5	to improve the teaching and learning of languages and to promote the Union's broad linguistic diversity and intercultural awareness	Language teaching and learning, and intercultural awareness (SO5)	No
Specific objective 6	to promote excellence in teaching and research activities in European integration through the Jean Monnet activities worldwide	Jean Monnet activities (SO6)	No

Specific objectives			
Objective	Full name	Short name (and abbreviation)	Represented in our sample
<i>Field: youth</i>			
Specific objective 7	to improve the level of key competences and skills of young people, including those with fewer opportunities, as well as to promote participation in democratic life in Europe and the labour market, active citizenship, intercultural dialogue, social inclusion and solidarity, in particular through increased learning mobility opportunities for young people, those active in youth work or youth organisations and youth leaders, and through strengthened links between the youth field and the labour market	Youth mobility (SO7)	Yes
Specific objective 8	to foster quality improvements in youth work, in particular through enhanced cooperation between organisations in the youth field and/or other stakeholders	Youth cooperation (SO8)	No
Specific objective 9	to complement policy reforms at local, regional and national level and to support the development of knowledge and evidence-based youth policy as well as the recognition of non-formal and informal learning, in particular through enhanced policy cooperation, better use of Union transparency and recognition tools and the dissemination of good practices	Youth policy reform (SO9)	No

Specific objectives			
Objective	Full name	Short name (and abbreviation)	Represented in our sample
Specific objective 10	to enhance the international dimension of youth activities and the role of youth workers and organisations as support structures for young people in complementarity with the Union's external action, in particular through the promotion of mobility and cooperation between the Union and partner-country stakeholders and international organisations and through targeted capacity-building in partner countries	Youth external action (SO10)	No
<i>Field: sport</i>			
Specific objective 11	to tackle cross-border threats to the integrity of sport, such as doping, match-fixing and violence, as well as all kinds of intolerance and discrimination	Integrity of sport (SO11)	No
Specific objective 12	to promote and support good governance in sport and dual careers of athletes	Good governance in sport and dual careers (SO12)	No
Specific objective 13	to promote voluntary activities in sport, together with social inclusion, equal opportunities and awareness of the importance of health-enhancing physical activity through increased participation in, and equal access to, sport for all	Inclusion and equality through sport (SO13)	No

Source: ECA, based on the programme statements for the 2022 draft budget.

## **Chapter 3**

**Economic, social and territorial cohesion**

# Contents

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Employment rates have increased but, mainly due to the COVID-19 pandemic, still fall short of the Europe 2020 target	3.42.-3.46.
The NEET rate has fallen, but participation in YEI operations is higher among those closer to the labour market	3.47.-3.48.
Additionality and focusing on labour mobility are emerging challenges	3.49.-3.50.
<b>Poverty and social inclusion</b>	3.51.-3.59.
It is unlikely that the Europe 2020 poverty reduction target will be achieved	3.53.-3.54.

Limitations in available monitoring data affect the assessment of policy impact for specific target groups	3.55.-3.56.
Although ESF social inclusion measures are aligned with the policy framework, complementarity of funds, targeting and sustainability remain challenging	3.57.-3.59.
<b>Education and training</b>	3.60.-3.68.
Progress towards Europe 2020 headline targets is on track overall, but varies between Member States	3.62.-3.63.
Though monitoring has improved, data limitations still hamper the assessment of achievements	3.64.-3.65.
OPs are aligned with the EU education objectives	3.66.-3.68.
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<b>Annex 3.1 – Objectives of the ESF (including the YEI)</b>	

# Introduction

## Brief description of 'Economic, social and territorial cohesion'

**3.1.** The aim of the EU's cohesion policy is to strengthen economic and social cohesion by reducing disparities in the level of development between regions<sup>1</sup>. There are four main spending programmes, all under heading 1b of the 2014-2020 multiannual financial framework (MFF):

- o The European Regional Development Fund (ERDF) strengthens economic, social and territorial cohesion in the EU by correcting imbalances between its regions through investments in key priority areas<sup>2</sup>.
- o The Cohesion Fund (CF) reduces economic and social shortfalls and stabilises the economy of Member States whose gross national income per inhabitant is less than 90 % of the EU average<sup>3</sup>.
- o The European Social Fund (ESF) promotes employment and social inclusion, integrating disadvantaged people into society and ensuring fairer life opportunities<sup>4</sup>.
- o The Fund for European Aid to the Most Deprived (FEAD) supports Member States' actions to provide food and basic material assistance to those who need it the most in the community<sup>5</sup>.

**3.2.** The total planned expenditure under this heading in the 2014-2020 MFF is €371 billion, of which €194.8 billion had been paid out by the end of 2020 (see [Figure 3.1](#)).

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<sup>1</sup> Article 174 of the EU Treaty.

<sup>2</sup> Regulation (EU) No 1301/2013.

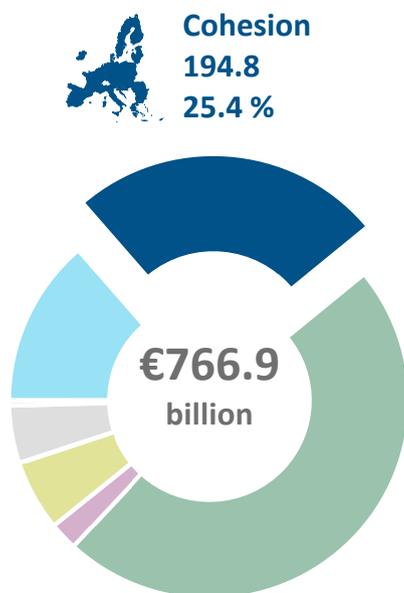
<sup>3</sup> Regulation (EU) No 1300/2013.

<sup>4</sup> Regulation (EU) No 1304/2013.

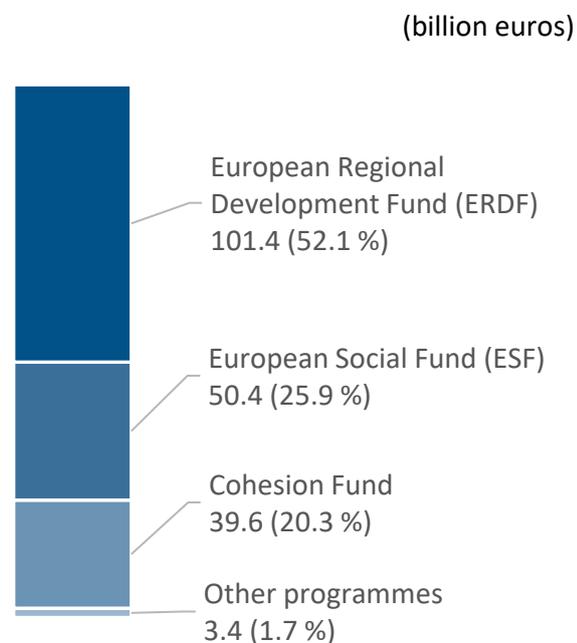
<sup>5</sup> Regulation (EU) No 223/2014.

**Figure 3.1 – ‘Economic, social and territorial cohesion’: Payments made in 2014-2020 on the period’s commitments**

(i) as share of all MFF headings



(ii) broken down by individual programmes



Source: ECA, based on Commission data.

**3.3.** Cohesion policy is implemented by managing authorities in the Member States through about 390 operational programmes (OPs), under the Commission’s supervision and guidance.

**3.4.** Cohesion policy objectives are heavily influenced by a wide range of external factors. The nature of cohesion policy means also that there are time lags between programming, the selection of operations, their implementation and the materialisation of results and even outputs (see also [Figure 3.3](#)).

## Scope and approach

**3.5.** This year we selected the ESF for performance analysis, representing 25.9 % of all 2014-2020 cohesion policy payments made by the end of 2020<sup>6</sup> (see [Figure 3.1](#)). Our aim was to establish how much relevant performance information was available and, based on that information, to assess how well EU spending programmes had

<sup>6</sup> COM(2021) 301 final, AMPR 2020.

performed. We covered the ERDF and CF in the [2019 report on performance](#), which represented 72.4 % of total payments by the end of 2019.

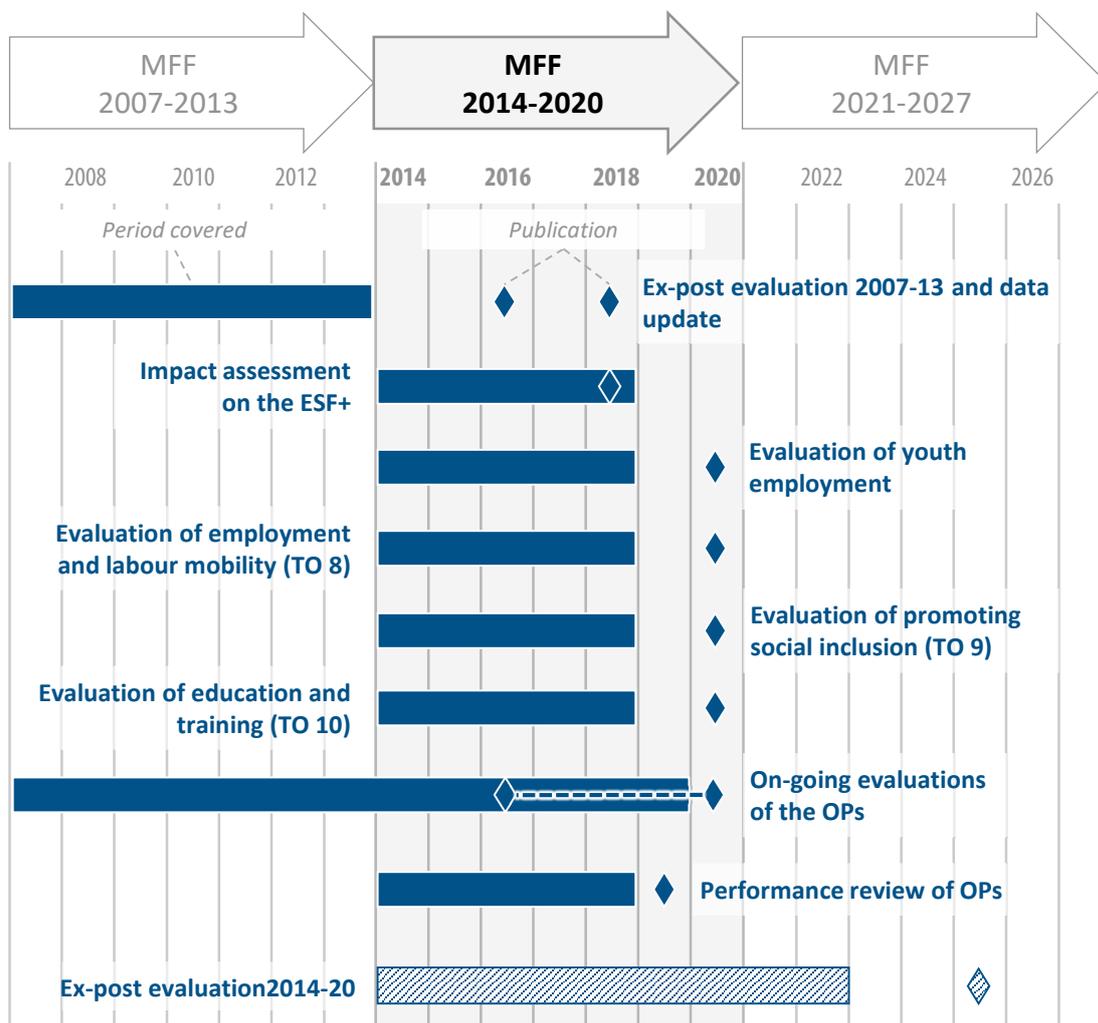
**3.6.** We have prepared this chapter using the Commission’s performance information, which mainly comprised the 2020 Annual Management and Performance Report (AMPR), the programme statements for the 2022 draft budget, and key Commission evaluations, as well as the 7th Cohesion Report. [Figure 3.2](#) shows evaluations and other Commission reports we have reviewed. We checked this information for plausibility and against our own findings, but did not audit its reliability. We have also drawn upon our own recent audits, and other reports and studies. The **Appendix** describes our methodology in more detail.

**3.7.** In its programme statement of MFF 2014-2020, the Commission highlighted five specific objectives (SOs) for the ESF (see [Annex 3.1](#)). We present our assessment of the SOs in three sections:

- sustainable and quality employment and labour mobility (SO1 and SO5, corresponding to thematic objective (TO) 8);
- social inclusion, combating poverty and discrimination (SO2, corresponding to TO9);
- education, training and vocational training for skills and life-long learning (SO3, corresponding to TO10).

We covered the performance of operations addressing the needs of young people ‘Not in Education, Employment or Training’ (NEET) in the first section. Reducing the number of NEETs is the thematic objective of the Youth Employment Initiative (YEI). Operations addressing the needs of the young people in employment are funded by both the ESF and the YEI. The EU launched YEI in 2013 to provide support to young people living in regions where youth unemployment was higher than 25 %. Our assessment does not cover SO4 ‘Enhancing the institutional capacity of public authorities and stakeholders’.

**Figure 3.2 – Timing of main evaluations and other reports and periods covered**



Source: ECA.

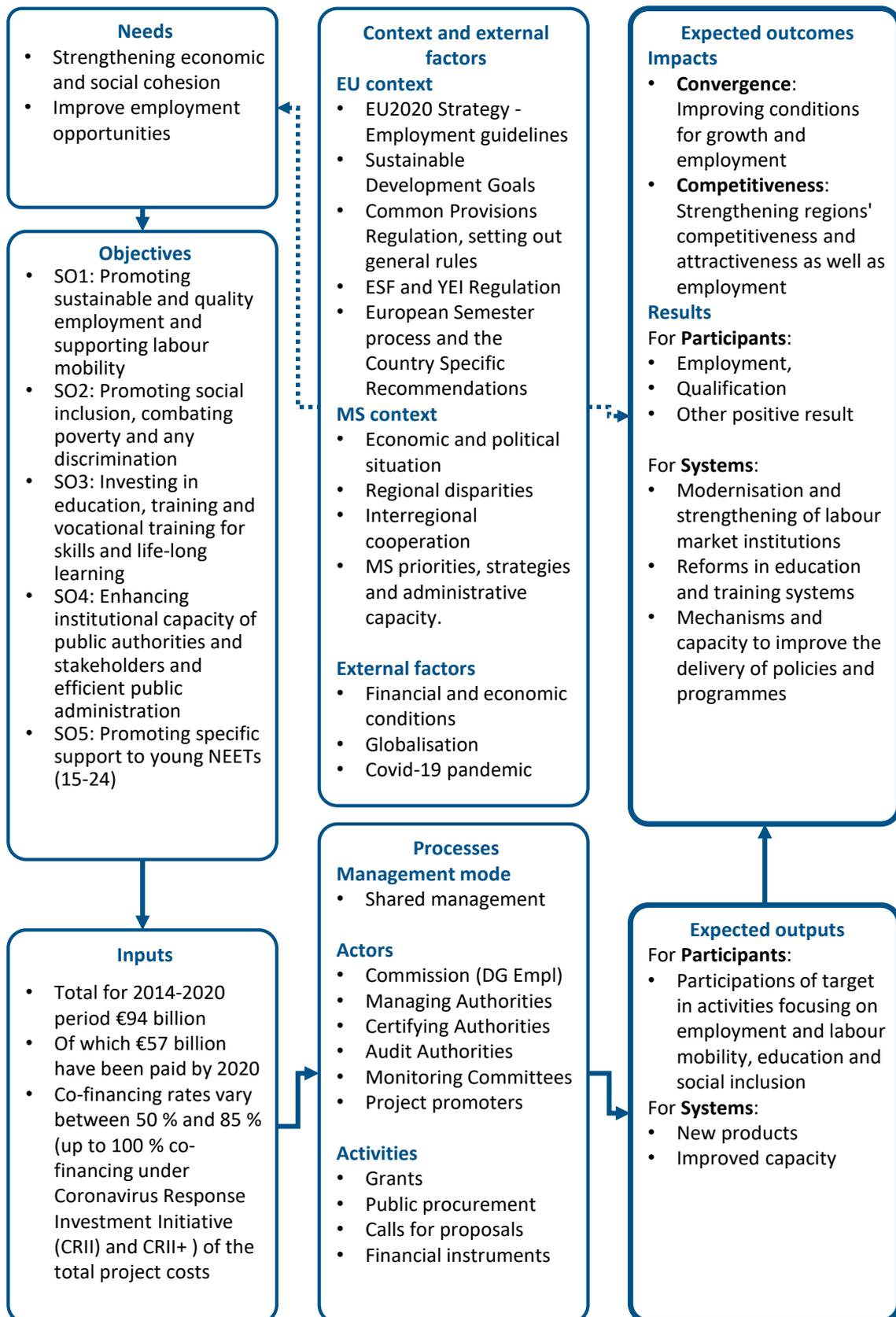
## The purpose of the ESF and how it is intended to work

**3.8.** *Figure 3.3* provides an overview of the ESF's intervention logic model, setting out how the five SOs address the needs and the expected outputs and outcomes of ESF measures.

**3.9.** The Commission and Member States share responsibility for managing the ESF. Investment priorities are defined by the ESF Regulation and selected by Member States under OPs that are agreed with the Commission. Implementation is the responsibility of national and regional administrations, which select operations for funding. In most cases, activities supported through OPs receive national public or private funding in addition to that from the EU.

**3.10.** As with other programmes, the Commission monitors the implementation and performance of the ESF and YEI by means of a set of indicators and a number of specific evaluations throughout the MFF period.

Figure 3.3 – Overview of the ESF



Source: ECA, European Commission AMPR 2020 and ex-post evaluation of 2007-2013 ESF programmes.

# Performance assessment of the ESF, based on published performance information

## General comments on the ESF performance framework

**3.11.** The European Parliament<sup>7</sup>, the Commission<sup>8</sup> and the European Economic and Social Committee<sup>9</sup> have emphasised the added value of cohesion policy in terms of mobilising and coordinating national and regional organisations and encouraging them to work towards EU priorities.

### The performance framework is well developed

**3.12.** The performance frameworks of the OPs comprise, milestones and targets for each priority axis of these ESF and YEI OPs<sup>10</sup>. The rules require the monitoring of ESF and YEI OPs using three kinds of indicators<sup>11</sup>: (a) financial indicators relating to allocated expenditure; (b) output indicators relating to supported operations; and (c) result indicators relating to the SO under the priorities concerned, where appropriate and closely linked to supported policy interventions. The use of result indicators is optional<sup>12</sup>.

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<sup>7</sup> Building blocks for a post-2020 EU Cohesion policy European Parliament resolution of 13.6.2017 on building blocks for a post-2020 EU cohesion policy, European Parliament, 2017.

<sup>8</sup> COM(2018) 321 final, A Modern Budget for a Union that Protects, Empowers and Defends, The Multiannual Financial Framework for 2021-2027.

<sup>9</sup> The effectiveness of ESF and FEAD funding as part of civil society efforts to tackle poverty and social exclusion under the Europe 2020 strategy, European Economic and Social Committee, 2017.

<sup>10</sup> Guidance for Member States on performance framework, review and reserve, Commission, 2018.

<sup>11</sup> Regulation (EU) No 1303/2013.

<sup>12</sup> Article 5(5) of the Commission Implementing Regulation (EU) No 215/2014

**3.13.** Indicators can be common for all ESF and YEI programmes across the EU or programme-specific. There are 32 common indicators for the ESF (23 output / nine result indicators) and 12 common indicators for the YEI (nine immediate result / three longer-term result indicators). For each ESF and YEI OP, the Member States select and report to the Commission the relevant common indicators and define programme-specific indicators. Overall, 28 % of result and 32 % of output indicators used by Member States for ESF were common.<sup>13</sup>

**3.14.** The Commission reports annually to the European Parliament and the Council about the funds' achievements (see paragraph 3.6). The Commission's annual programme statements contain information on 13 of the 44 ESF and YEI common indicators. The Commission also reports regularly on progress against all common indicators, together with the financial aspects of programmes, in its Open Data Platform<sup>14</sup>, a publicly accessible database.

**3.15.** In addition, evaluations of the performance of ESF OPs are carried out by both Member States and the Commission at different stages of the programme's life cycle:

- The Commission produces both ongoing and ex-post EU-wide evaluations. In 2019 it also conducted a performance review against the milestones set for the year 2018 with a view to allocating the performance reserve<sup>15</sup>.
- Member States are required to submit to the Commission ex-ante evaluations for each OP, as well as at least one assessment of the contribution made by the funds to each priority.

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<sup>13</sup> The analysis of the outcome of the negotiations concerning the Partnership Agreements and ESF Operational Programmes, for the programming period 2014-2020, European Commission, 2016.

<sup>14</sup> <https://cohesiondata.ec.europa.eu/funds/esf>

<sup>15</sup> COM(2021) 300, Draft general budget of the EU, financial year 2022, programme statements of operational expenditure.

## The Commission compiles an ‘achievement ratio’ for indicators with targets

**3.16.** According to the Commission, Member States set targets for almost all programme-specific indicators (98 % of the result and 95 % of the output indicators)<sup>16</sup>. At the same time, Member States had to report monitoring data for all 32 ESF common output and result indicators uniformly in all investment priorities of all OPs (broken down by category of region). They could also specify targets for these common indicators. Wherever targets were set, the Commission compiled and published an aggregated ‘achievement ratio’ to assess progress in programme implementation at both Member State and EU level<sup>17</sup>. At the same time, it aggregated the monitoring data reported by Member States for common output and result indicators, including those where no targets had been set.

## The performance framework focuses insufficiently on results

**3.17.** We reported<sup>18</sup> that a more robust intervention logic for OPs was in place for 2014-2020, but that this was accompanied by an excessive number of indicators and that Member States were having difficulty defining result indicators. We also reported<sup>19</sup> that, overall, the 2014-2020 performance framework was mainly output-oriented and that there was no significant shift towards measuring results. This has been a regular finding of Commission evaluations in the cohesion policy area<sup>20</sup>.

**3.18.** We reported<sup>21</sup> that the indicators used by the Commission for the 2019 performance review of OPs were almost entirely linked to outputs (64 %) or financial aspects (35 %), but very rarely (1 %) to results achieved. Thus, the extent to which the

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<sup>16</sup> Final ESF synthesis report of annual implementation reports 2019, submitted 2020, European Commission, 2021

<sup>17</sup> Ibid.

<sup>18</sup> Review 5/2018: “Simplification in post-2020 delivery of Cohesion Policy”, paragraph 41.

<sup>19</sup> Special report 15/2017: “Ex ante conditionalities and performance reserve in Cohesion: innovative but not yet effective instruments”, paragraphs 71 to 76; and Special report 21/2018: “Selection and monitoring for ERDF and ESF projects in the 2014–2020 period are still mainly outputs-oriented”, paragraph 71.

<sup>20</sup> SWD(2018) 289 final, Annex 3, Impact assessment accompanying the proposal for a Regulation of the European Parliament and the Council on the European Social Fund Plus.

<sup>21</sup> Special report 15/2017, paragraph 74.

performance reserve was released in 2019 (or reallocated to other programmes and priorities) was more an indication of Member States' ability to spend EU funds and produce outputs than to deliver results.

**3.19.** Similarly, we reported<sup>22</sup> that the release of the performance reserve for the 2014-2020 cohesion programmes was mainly determined by Member States' progress in implementation as reflected by the achievement of outputs and their success in spending money (around one third of all indicators were financial indicators). Moreover, without significant reductions in the milestones for about 30 % of indicators, far less of the performance reserve (only 56 %) could have been released<sup>23</sup>.

**3.20.** According to the OECD<sup>24</sup>, the EU system of budgeting for performance and results scores highly, but performance monitoring appears to have little direct impact on how resources are used from year to year. The Commission's power to suspend payments to Member States if there are significant weaknesses in the quality and reliability of monitoring systems is seen by the OECD as an option of last resort rather than a routine tool for management control and programme adjustment.

### **Evaluations cover most areas of the ESF, but more methodological efforts are required to assess the impact of policies**

**3.21.** The Commission's ex-post evaluation of the 2007-2013 period<sup>25</sup> aimed to assess the ESF's overall impact. However, it did not conclude on the achievement of objectives or targets, as the available information did not allow results to be aggregated across the EU. We have ourselves reported<sup>26</sup> several data limitation issues caused by poor programme design, the inadequate definition of indicators, lack of data, lack of targets, etc. The evaluation's analysis of efficiency was limited to a cost-per-participant comparison of different types of ESF interventions in all Member

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<sup>22</sup> Special report 24/2021: "Performance-based financing in Cohesion policy: worthy ambitions, but obstacles remained in the 2014-2020 period", paragraph 122.

<sup>23</sup> Ibid., paragraph 120.

<sup>24</sup> OECD, 2017, Budgeting and performance in the European Union: A review by the OECD in the context of EU budget focused on results by Ronnie Downes, Delphine Moretti and Scherie Nicol, *OECD Journal on Budgeting*, Volume vol. 2017/1.

<sup>25</sup> SWD(2016) 452 final, Commission, Ex-post evaluation of the 2007-2013 ESF programmes.

<sup>26</sup> Special report 16/2018: "Ex-post review of EU legislation: a well-established system, but incomplete", paragraphs 51 to 56.

States. The Regulatory Scrutiny Board (RSB) concluded<sup>27</sup> that the evaluation “contained serious data limitations, lacked sufficient counterfactual analysis, and had limited scope”. The evaluation “did not offer strong conclusive performance evidence and did not constitute a robust enough basis for the design of future programmes”.

**3.22.** In 2019 the Commission carried out thematic evaluations to be used for the 2021-2027 programme negotiations. During the 2014-2020 period, Member States were expected to carry out at least one impact evaluation for each priority axis of their OPs, with the Commission monitoring all evaluation plans. The Commission’s DGs REGIO and EMPL set up a joint helpdesk to assist with evaluations. Member States planned 420 ESF and YEI evaluations and a further 1 519 evaluations on multi-fund programmes which include an ESF and YEI element. By February 2021, they had completed 745 evaluations of 2014-2020 programmes<sup>28</sup>. The bulk of the planned evaluations will not be finalised until after the end of the implementation period<sup>29</sup>, mainly because programme periods overlap and results – and even outputs – may take several years to materialise. These evaluations will thus not be available in time to inform the design of 2021-2027 programmes; however, they may be helpful for the 2025 mid-term review.

**3.23.** Of the 124 ESF/YEI/multi-fund evaluations published in 2018<sup>30</sup>, 23 % aimed to assess intervention outcomes and results. In a 2020 study, the European Parliament<sup>31</sup> noted that more sophisticated methods, such as counterfactual analysis, theory-based approaches and cost-benefit analysis, were rarely used. The study concluded that, despite progress, the overall quality of evaluations remained moderate, and that it was difficult for evaluation findings to feed into the policy cycle, due to strict requirements (e.g. in terms of timing or coverage), a lack of capacity in Member States and a weak ‘evaluation culture’.

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<sup>27</sup> Regulatory Scrutiny Board, opinion, DG Employment – Ex-post evaluation of the ESF 2007-13, 2016.

<sup>28</sup> COM(2021) 301 final, AMPR 2020.

<sup>29</sup> COM(2019) 627 final, Strategic report 2019 on the implementation of the European Structural and Investment Funds.

<sup>30</sup> Final ESF Synthesis Report of Annual Implementation Reports 2018 submitted in 2019, Commission, 2020.

<sup>31</sup> The Role of Evaluation in Cohesion Policy, Policy Department for Structural and Cohesion Policies Directorate-General for Internal Policies, European Parliament, 2020.

**3.24.** We have also noted previously<sup>32</sup> that, in their evaluations, neither the Member States nor the Commission are required to examine programme economy, a principle<sup>33</sup> which requires EU resources to be made available in due time, in appropriate quantity and quality, and at the best price.

### General comments on ESF performance

**3.25.** *Figure 3.4* provides our overview of the 13 ESF common indicators reported by the Commission in the programme statement for the 2022 draft budget. Our specific overviews of indicators are presented in *Figure 3.5* to *Figure 3.7*. In the [2019 report on performance](#)<sup>34</sup>, we discussed some general caveats that apply when interpreting these indicators. In particular, our assessment of whether a given indicator is ‘on track’ relates to the likelihood of it meeting its target. That assessment does not take into account directly whether, or how closely, a given indicator is linked to the ESF actions and objectives, or whether the target set for the indicator is sufficiently ambitious. Therefore, it is only a first step in analysing the programme’s performance. We have not audited the reliability of the underlying data (we did, however, discuss it in the [2019 report on performance](#)<sup>35</sup>).

### Indicators show that Member States are making good progress against targets

**3.26.** The indicators reflect the data reported by Member States at the end of 2019. We consider that 12 of the 13 indicators are on track to achieve their targets (see *Appendix* on methodology). However, in the programme statement for the 2021 draft budget the Commission reduced the target values for seven indicators, compared to the previous programme statement, by between 12.1 % and 52.1 %. In fact five of these are now only on track because of the reduction. One indicator is still not on track despite the reduction. To conclude, seven of the 13 indicators would not be on track if

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<sup>32</sup> Opinion 1/2017 concerning the proposal for a revision of the Financial Regulation (OJ C 91, 23.3.2017), paragraph 88(c); and Opinion 6/2018 on the Commission's proposal of 29.5.2018 on the Common Provisions Regulation, COM(2018) 375 final, paragraph 67.

<sup>33</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18.7.2018 on the financial rules applicable to the general budget of the Union.

<sup>34</sup> 2020 report of the European Court of Auditors on the performance of the EU budget – Status at the end of 2019, paragraph 1.24.

<sup>35</sup> *Ibid.*, paragraphs 1.13 – 1.23.

the target values had not been changed. According to the Commission the review was necessary due to methodological changes compared with the previous period.

**Figure 3.4 – Overview of all the ESF indicators in the programme statement**

Objective (*)	Total	Output				Result				Impact			
		All			?	All			?	All			?
SO1	2	1	— 1			1	— 1						
SO2	3	2	— 2			1	— 1						
SO3	2	1	— 1			1	— 1						
SO4	1	1	— 1										
SO5	5	2	— 2			3	— 2	— 1					
<b>Total</b>	<b>13</b>	<b>7</b>	<b>7</b>			<b>6</b>	<b>5</b>	<b>1</b>					

(\*) For full list of objectives see Annex 3.1

#### LEGEND

Is the indicator on track to meet its target (taking into account any milestones and progress so far)?



Yes



No



? Unclear: no data, old data or inconclusive data

Source: ECA, based on programme statement for the 2022 draft budget.

## The Commission released 85 % of the performance reserve for ESF programmes

**3.27.** The Commission reported that, by the end of 2020, the project selection rate had increased to 99 %<sup>36</sup>. Nevertheless, the rate of ESF payments and the number of participants in the 2014-2020 period are still behind compared with the equivalent stage of the previous programming period. Commission data<sup>37</sup> gave an absorption rate (interim payments made vs allocations for 2014-2020) of 43 %, 13 percentage points lower than in the 2007-2013 period. One main reason was the lower level of expenditure declared by final beneficiaries. In 2020<sup>38</sup>, DG EMPL reported that, overall, 86 % of the OPs it reviewed were performing well or acceptably, but that 25 % of OPs were performing poorly or worse in terms of both the number of selected operations and the volume of eligible expenditure declared.

<sup>36</sup> COM(2021) 300.

<sup>37</sup> Ibid.

<sup>38</sup> DG EMPL, Annual activity report 2020, Commission, 2021.

**3.28.** The Commission reported in 2020<sup>39</sup> that three quarters of the ESF programme priorities had achieved their milestones; on this basis it released 85 % of the €5 billion ESF related performance reserve for the 2014-2020 period.

**3.29.** However, given the reductions in milestones and targets in the years prior to the performance review (see paragraphs **3.19** and **3.26**), together with the weaknesses in result indicators (see paragraph **3.18**), we do not consider this constitutes convincing evidence of satisfactory programme performance.

### The 2021-2027 ESF+ proposal aims for further simplification and synergies

**3.30.** The macroeconomic effects of current investments under the 2014-2020 ESF, estimated using the Joint Research Centre's Rhomolo model<sup>40</sup>, suggested a permanent positive effect on aggregate EU-28 GDP of 0.1 % (roughly €13 billion) in 2024 and 0.15 % (roughly €25 billion) by 2030.

**3.31.** The ex-post evaluation of the ESF and the four thematic evaluations during the 2014-2020 period all pointed to the need to simplify the funding landscape and the fund's implementation<sup>41</sup>. In the 2014-2020 period, the ESF and YEI objectives (see **Figure 3.3**) were partly also addressed by other funds (mainly FEAD, the EU Programme for Employment and Social Innovation and the EU Health programme). Differences in the rules governing the use of these funds led to risks of overlap and limited synergies. To address these risks, for the 2021-2027 period the Commission has proposed merging all relevant funds into a single "ESF+" programme, thus streamlining the funding approach and strengthening synergies<sup>42</sup>.

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<sup>39</sup> Calculations based on special report 24/2021: "Performance-based financing in Cohesion policy: worthy ambitions, but obstacles remained in the 2014-2020 period", Figure 6 of the preliminary observations.

<sup>40</sup> SWD(2018) 289 final.

<sup>41</sup> See also, SWD(2018) 289 final; and COM(2021) 300.

<sup>42</sup> SWD(2018) 289 final.

**3.32.** The need for an integrated funding approach was supported by a 2019 academic review<sup>43</sup>, which found that results varied between different EU countries and regions. Another study<sup>44</sup> emphasised the need to further improve the analysis of the factors conditioning policy success and failure, and to clearly identify its net impact by comparing actual results with what would have happened to beneficiaries in the absence of an intervention.

**3.33.** Lastly, a study<sup>45</sup> on the mapping of country-specific recommendations (CSRs), part of the European Semester process, highlighted the scope for closer alignment with programme implementation in Member States. For instance, CSRs are often formulated broadly, without implementation targets and milestones, and the contribution made by OPs is not systematically monitored. Nevertheless, the study also reported that ex-ante conditionalities and administrative capacity building financed by ESI funds have been useful to stimulate structural reforms.

### Employment, labour mobility and young NEETs

**3.34.** One of the ESF objectives is to promote sustainable and quality employment and labour mobility, thereby contributing to the Europe 2020 headline target of increasing the employment rate of the population aged 20-64 to at least 75 % by 2020.

**3.35.** *Figure 3.5* provides an overview of the programme statement indicators for the employment objective and two ESF and YEI SOs: (a) Promoting sustainable and quality employment and supporting labour mobility and (b) Promoting specific support to young NEETs.

**3.36.** Having assessed the information reported in the programme statement for the 2022 draft budget, we consider that six of the seven indicators are on track to meet their targets.

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<sup>43</sup> Darvas, Z. et al, 2019, How to improve European Union cohesion policy for the next decade, Bruegel, Policy Contribution, Issue no 8, May 2019.

<sup>44</sup> Crescenzi, R., Giua M., 2017, Different approaches to the analysis of EU Cohesion Policy, Leveraging complementarities for evidence-based policy learning, EU cohesion policy, edited by Bachtler, J. et al, Routledge, Oxon.

<sup>45</sup> Cifollilli, A. et al, 2018, Support of ESI Funds to the implementation of the Country Specific Recommendations and to structural reforms in Member States, published by DG EMPL.

**3.37.** In the case of four YEI indicators, the targets were initially set for 2018 but were subsequently put back to 2020, together with successive funding top-ups and an extension of the programme period. Without this adjustment, these YEI indicators would not have been on target.

**Figure 3.5 a – Overview of indicators linked to employment**

### Summary of all indicators

On track?	Output	Result	Impact	TOTAL
Yes	1	1		2
No				
Unclear				
<b>TOTAL</b>	<b>1</b>	<b>1</b>		<b>2</b>

### Details on individual indicators

Indicator	Progress to target
Participants benefiting from ESF under this thematic objective Output	 81 % (2019)  Milestone 84 % (2018) 2013 2023
Participants (unemployed or inactive) in employment upon leaving Result	 92 % (2019)  Milestone 100 % (2018) 2013 2023

#### LEGEND

##### Type of target



Quantitative



Qualitative



No target or unclear target

##### Is the indicator on track to meet its target (taking into account any milestones and progress so far)?



Yes



No



Unclear: no data, old data or inconclusive data

##### Does the Commission's assessment of progress roughly correspond to ours?



Yes



No

For a detailed explanation of this overview and our methodology, please see Appendix, points 15-23.

Source: ECA, based on programme statement for the 2022 draft budget.

Figure 3.5 b – Overview of indicators linked to young NEETs

### Summary of all indicators

On track?	Output	Result	Impact	TOTAL
Yes	2	2		4
No		1		1
Unclear ?				
<b>TOTAL</b>	<b>2</b>	<b>3</b>		<b>5</b>

### Details on individual indicators

Indicator	Progress to target
Participants aged 15-24 benefiting from ESF Output	 81 % (2019)  Milestone 76 % (2018) 
Unemployed participants who complete the YEI supported intervention Output	 80 % (2019)  Milestone 36 % (2016) 
Unemployed participants in education/training, gaining a qualification or in employment upon leaving the YEI supported intervention Result	 100 % (2019)  Milestone 32 % (2016) 
Inactive participants not in education or training who complete the YEI supported intervention Result	 68 % (2019)  Milestone 41 % (2016) 
Inactive participants in education/training, gaining a qualification or in employment upon leaving the YEI supported intervention Result	 94 % (2019)  Milestone 41 % (2016) 

#### LEGEND

##### Type of target



Quantitative



Qualitative



No target or unclear target

##### Is the indicator on track to meet its target (taking into account any milestones and progress so far)?



Yes



No



Unclear: no data, old data or inconclusive data

##### Does the Commission's assessment of progress roughly correspond to ours?



Yes



No

For a detailed explanation of this overview and our methodology, please see Appendix, points 15-23.

Source: ECA, based on programme statement for the 2022 draft budget.

## Implementation is slower than planned, with significant differences between Member States

**3.38.** For the 2014-2020 period, ESF and national allocations to the employment objective were €39.8 billion; at the end of 2019, 83 % of funds had been committed<sup>46</sup>. According to the Open Data platform<sup>47</sup>, as of June 2021 Member States had spent an average of 54 % of available funding, ranging from 24 % in Malta to 90 % in Cyprus.

**3.39.** YEI and national allocations were €10.4 billion at the end of 2019. All but eight Member States had fully committed all funds<sup>48</sup>. According to the Open Data platform<sup>49</sup>, as of June 2021 Member States had spent an average of 66 % of available funding, ranging from 2 % in Romania to 100 % in Latvia and Lithuania.

**3.40.** In April 2020, a Commission study<sup>50</sup> confirmed that YEI implementation was advancing but progressing more slowly than planned. The YEI was set up as an emergency response to youth unemployment and targets individuals, while the ESF can also contribute to structural measures, such as institutional capacity and systems support (see also paragraph [3.37](#)).

**3.41.** The Commission<sup>51</sup> and Member States<sup>52</sup> have reported that improved socio-economic conditions, programming and monitoring requirements, the administrative burden on beneficiaries and weak administrative capacity have all affected the

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<sup>46</sup> Final ESF Synthesis Report of Annual Implementation Reports 2018 submitted in 2019, Commission, 2020.

<sup>47</sup> Open Data Platform, Commission latest update 6.6.2021, Data extracted 29.6.2021.

<sup>48</sup> Final ESF Synthesis Report of Annual Implementation Reports 2018 submitted in 2019, Commission, 2020.

<sup>49</sup> Open Data Platform, Commission latest update 6.6.2021, Data extracted 29.6.2021.

<sup>50</sup> Study on the Evaluation of ESF Support to Youth Employment, Final Report, Commission, 2020.

<sup>51</sup> Study for the evaluation of ESF Support to Employment and Labour Mobility, Final Report, Commission, 2020.

<sup>52</sup> Final ESF synthesis report of annual implementation reports 2018, submitted 2019, Commission.

implementation of YEI operations. We too have reported<sup>53</sup> that Member States' weak administrative and monitoring arrangements have affected YEI implementation.

### **Employment rates have increased but, mainly due to the COVID-19 pandemic, still fall short of the Europe 2020 target**

**3.42.** In a previous report<sup>54</sup>, we noted that progress towards the Europe 2020 target on employment was positive and that it is likely to be met in full. However, mainly due to the pandemic, this was ultimately not the case.

In 2019, according to Eurostat, the EU-27 employment rate in the 20-64 age group was at its highest (73.1 %) since the launch of the EU 2020 strategy in 2010<sup>55</sup>. It dropped slightly to 72.4 % the following year<sup>56</sup> – short of the Europe 2020 target of 75 %. The Commission reported<sup>57</sup> clear differences between Member States in the employment rate for this age group, ranging from 80.4 % in Sweden to 61.2 % in Greece.

**3.43.** The gender gap in employment has decreased over the last decade as more women have entered the job market<sup>58</sup>: the difference in the employment rates for men and women fell from 13.5 % in 2010 to 11.3 % in 2021. The highest employment rate among women was in Sweden (78.3 %), and the lowest rates were in Italy (52.7 %) and Greece (51.8 %)<sup>59</sup>.

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<sup>53</sup> Special report 5/2017: “Youth employment – have EU policies made a difference? An assessment of the Youth Guarantee and the Youth Employment Initiative”, paragraphs 139, 145 and 179.

<sup>54</sup> Special report 16/2020: “The European Semester: Country Specific Recommendations address important issues but need better implementation”, paragraph 21.

<sup>55</sup> Eurostat, News release 64/2020, Commission.

<sup>56</sup> Employment and Social Developments in Europe, Quarterly review, March 2021, Commission.

<sup>57</sup> DG EMPL annual activity report 2020, Commission, 2021.

<sup>58</sup> Employment and Social Developments in Europe, Quarterly review, September 2021, Commission.

<sup>59</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php/Employment\\_-\\_annual\\_statistics#Female\\_employment\\_rate\\_increases\\_over\\_time](https://ec.europa.eu/eurostat/statistics-explained/index.php/Employment_-_annual_statistics#Female_employment_rate_increases_over_time). Data extracted 25.6.2021, Commission.

**3.44.** The Commission has reported that, in view of the high unemployment levels at the start of the period, Member States focused on the most common and widespread needs<sup>60</sup>. Little funding was allocated to other structural measures such as gender equality, active ageing and the modernisation of labour market institutions (5 %, 2 % and 3 % respectively), and implementation was slow. The study concluded that the focus on these investment priorities was too low given the challenges to be tackled.

**3.45.** Our analysis of the data reported by Member States<sup>61</sup> showed the following distribution by status of participants in ESF employment operations: unemployed 40 %, employed 26 %, long-term unemployed 22 %, inactive 12 %. Therefore, participation was highest among individuals who are either active or unemployed but closer to the labour market.

**3.46.** In 2020, about 33 % of unemployed people in the EU were long-term unemployed<sup>62</sup>. In 2016, the Council recommended<sup>63</sup> offering the registered long-term unemployed in-depth individual assessments and guidance before they reached 18 months out of work. In 2019, the Commission reported<sup>64</sup> that Member States had introduced measures in line with this recommendation, but it was too early to assess the full effect. At the same time, notwithstanding the improvement in employment rates, job-finding rates among the long-term unemployed continued to be low. We are currently undertaking an audit on long-term unemployment for which we plan to publish the results in late 2021.

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<sup>60</sup> Study for the evaluation of ESF Support to Employment and Labour Mobility, Final Report, Commission, 2020.

<sup>61</sup> Data reported by Member States in the 2019 Annual Implementation Report, report extracted from Launchpad in April 2021, Commission.

<sup>62</sup> Employment and Social Developments in Europe, Quarterly review, March 2021, Commission.

<sup>63</sup> Council recommendation, 2016/C 67/01, on the integration of the long-term unemployed into the labour market.

<sup>64</sup> COM(2019) 169 final, Report from the Commission to the Council, Evaluation of the Council Recommendation on the integration of long-term unemployed into the labour market.

## The NEET rate has fallen, but participation in YEI operations is higher among those closer to the labour market

**3.47.** A Commission study in 2020<sup>65</sup> indicated that, between 2014 and 2018, the NEET rate (the proportion of unemployed and inactive NEETs in the youth population) in the EU declined from 12.5 % to 10.4 %. However, the proportion of inactive NEETs remained constant, at 6 %. This highlights the difficulty in reaching and mobilising this part of the NEET population. We have reported previously<sup>66</sup> on Member States that have not created adequate strategies with clear milestones and objectives to reach all NEETs. In addition, the design of YEI OPs has been weakened by poor information about the NEET population, so that OPs may not define which target groups are most in need or explain why the measures they propose are the most appropriate.

**3.48.** In 2020 the Council issued a new recommendation on the Youth Guarantee<sup>67</sup>, in which it required Member States to step up efforts to reach vulnerable young people across the EU through better tracking and early warning systems, and to improve the quality of offers.

## Additionality and focusing on labour mobility are emerging challenges

**3.49.** Two 2020 Commission studies<sup>68</sup> concluded that ESF and YEI funding demonstrated considerable EU added value. However, in our report on the Youth Guarantee and the YEI, we reported<sup>69</sup> that there is a risk that YEI/ESF resources will not result in a net increase in the available funding for NEETs, as some operations which used to be funded through national budgets would now be EU-funded. The same Commission studies raised similar concerns about additionality, due to over-dependence on ESF funding.

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<sup>65</sup> Study on the Evaluation of ESF Support to Youth Employment, Final Report, Commission, 202.

<sup>66</sup> Special report 5/2017, paragraphs 61 to 72, 109 and 165.

<sup>67</sup> Council Recommendation, 2020/C 372/01, on a Bridge to Jobs – Reinforcing the Youth Guarantee, replacing the Council Recommendation of 22.4.2013 on establishing a Youth Guarantee.

<sup>68</sup> Study for the evaluation of ESF Support to Employment and Labour Mobility, Commission, 2020; and Study on the Evaluation of ESF Support to Youth Employment, Commission, 2020

<sup>69</sup> Special report 5/2017, paragraph 176

**3.50.** The Commission's 2020 annual report on EU intra-mobility<sup>70</sup> found that intra-EU-27 mobility was continuing to grow at 3 % (roughly the same rate as during 2014-2018). We have reported, however<sup>71</sup>, that programming of labour mobility actions under the ESF is not necessarily a priority for Member States. This has recently been confirmed by a Commission study<sup>72</sup>, which reported low ESF spending on geographical labour mobility and little evidence due to the lack of dedicated indicators.

## Poverty and social inclusion

**3.51.** The ESF also complements national efforts to achieve the Europe 2020 headline target of reducing poverty. It promotes social inclusion and combats poverty and discrimination by focusing on a range of groups, including low-skilled adults, the long-term unemployed, the elderly, people with disabilities, marginalised communities and people with a migrant or foreign background. To ensure that sufficient resources are available, the ESF Regulation requires Member States to allocate at least 20 % of total ESF funding to this thematic objective.

**3.52.** *Figure 3.6* provides an overview of the indicators reported under this specific objective in the Commission's programme statement for the 2022 draft budget. Having assessed the programme statement, we consider that all three indicators are on track to meet their targets.

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<sup>70</sup> The Annual Report 2020 on EU intra-mobility, Commission, 2021.

<sup>71</sup> Special report 6/2018: "Free Movement of Workers – the fundamental freedom ensured but better targeting of EU funds would aid worker mobility", paragraph 42.

<sup>72</sup> Study for the evaluation of ESF Support to Employment and Labour Mobility, Commission, 2020.

Figure 3.6 – Overview of indicators linked to poverty and social inclusion

### Summary of all indicators

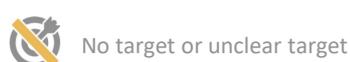
On track?	Output	Result	Impact	TOTAL
Yes	2	1		3
No				
Unclear				
<b>TOTAL</b>	<b>2</b>	<b>1</b>		<b>3</b>

### Details on individual indicators

Indicator	Progress to target
Participants belonging to a disadvantaged group reached by the ESF Output	 100 % (2019)  Milestone 100 % (2018) 
Inactive participants engaged in job searching upon leaving Result	 No baseline 
Participants above 54 years of age Output	 Target below baseline 

#### LEGEND

##### Type of target



##### Is the indicator on track to meet its target (taking into account any milestones and progress so far)?



##### Does the Commission's assessment of progress roughly correspond to ours?



For a detailed explanation of this overview and our methodology, please see Appendix, point (xx)

Source: ECA, based on programme statement for 2022 draft budget.

## It is unlikely that the Europe 2020 poverty reduction target will be achieved

**3.53.** ESF and national allocations<sup>73</sup> in this area amount to €33.3 billion, about 27 % of the total ESF budget, which is well above the 20 % requirement set in the common provisions regulation.

**3.54.** In a 2020 report, we concluded<sup>74</sup> that it was unlikely that the Europe 2020 target of lifting 20 million people out of poverty would be achieved. According to the latest available data, which predates the COVID-19 crisis<sup>75</sup>, 104 million people were at risk of poverty or social exclusion in the EU-27 countries as considered by the Europe 2020 strategy (including the UK, excluding Croatia). Given the risk of economic fallout due to the pandemic, the Commission expects<sup>76</sup> that the number of people at risk of poverty will increase again rather than continue to decrease, and that the Europe 2020 target will be missed<sup>77</sup>.

## Limitations in available monitoring data affect the assessment of policy impact for specific target groups

**3.55.** ESF monitoring focusses on the main policy outcomes. Assessing the effectiveness of 2014-2020 ESF funding for specific target groups is difficult due to the lack of monitoring data, as noted in a number of our reports (see **Box 3.1**) as well as various Commission evaluations<sup>78</sup>. This is so because most measures are of a broad nature (i.e. participants may belong to different groups of disadvantaged people) and there is no legal requirement to break down results by the key characteristics of participants. For example, the ESF/YEI includes Roma and migrants are included in the

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<sup>73</sup> Final ESF synthesis report of annual implementation reports 2019, submitted 2020, Commission, 2021.

<sup>74</sup> Special report 20/2020: "Combating child poverty – Better targeting of Commission support required", paragraphs 48 to 50.

<sup>75</sup> [https://ec.europa.eu/eurostat/databrowser/product/view/ILC\\_PEPS01](https://ec.europa.eu/eurostat/databrowser/product/view/ILC_PEPS01)

<sup>76</sup> Final ESF synthesis report of annual implementation reports 2019, submitted 2020, Commission, 2021.

<sup>77</sup> DG EMPL, Annual activity report 2020, Commission, 2021.

<sup>78</sup> Study supporting the 2020 evaluation of promoting social inclusion, combatting poverty and any discrimination by the European Social Fund (TO9), Commission, 2020; and SWD(2016) 452 final; and ESF Performance and thematic reports: The ESF support to social innovation, Commission, 2018.

target group 'migrants, participants with a foreign background, minorities' (for reporting on outputs) and also in 'disadvantaged participants' (for reporting on results). Therefore, the available indicators cannot provide information on the outcomes of measures specifically for Roma or migrants.

### Box 3.1

#### Limitations reported by the ECA in the availability of monitoring data on poverty reduction

- Expenditure on the integration of migrants was unknown because specific data was not recorded. The 2014-2020 ESF legislative framework did not require Member States to specifically monitor the outcomes (results and impact) of migrant integration measures<sup>79</sup>.
- Roma integration strategies in several Member States did not specify how much national and EU financial support was available for measures supporting Roma inclusion. We found it difficult to monitor the progress made by Roma integration projects, mainly because of shortcomings in relation to the availability and quality of data<sup>80</sup>.
- It was impossible to monitor the success of social inclusion measures due to a lack of quantitative data, and therefore the contribution of EU funding to the social inclusion of the most deprived could not be measured<sup>81</sup>.
- As there was no specific investment priority or relevant indicator concerning child poverty in 2014-2020, the Commission had no information about the degree to which EU funds were being used to tackle child poverty directly or what had been achieved in this area<sup>82</sup>. The ESF+ Regulation for 2021-2027 provides for appropriate resources to be earmarked at national level for tackling child poverty.

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<sup>79</sup> Briefing paper 4/2018: "The integration of migrants from outside the EU", paragraph 46.

<sup>80</sup> Special report 14/2016: "EU policy initiatives and financial support for Roma integration: significant progress made over the last decade, but additional efforts needed on the ground", paragraphs 47, 51 and 133.

<sup>81</sup> Special report 5/2019: "FEAD-Fund for European Aid to the Most Deprived: Valuable support but its contribution to reducing poverty is not yet established", paragraphs 56 and 60.

<sup>82</sup> Special report 20/2020: "Combating child poverty – Better targeting of Commission support required", paragraphs 71 to 74.

**3.56.** In a 2019 study, the Commission<sup>83</sup> pointed out that monitoring data on social inclusion was inconsistent between Member States. Furthermore, the ESF common result indicators focused on “concrete” employment outcomes, such as job searching or new qualifications, rather than “soft” ones such as overcoming disadvantages, improved well-being, behavioural changes or higher motivation. While difficult to standardise and mostly qualitative, softer outcomes are also very important for monitoring social inclusion operations. Finally, following a recommendation in the ESF 2007-2013 ex-post evaluation<sup>84</sup>, the Commission introduced four longer-term common result indicators measuring results six months after an intervention (e.g. participants whose labour market situation has improved six months later).

**Although ESF social inclusion measures are aligned with the policy framework, complementarity of funds, targeting and sustainability remain challenging**

**3.57.** ESF-funded social inclusion measures in the Member States are aligned both with the overall EU policy framework and with CSRs<sup>85</sup>. Nevertheless, the Commission has confirmed issues we have ourselves raised about synergies<sup>86</sup> and the risk of overlap with other EU funds<sup>87</sup>.

**3.58.** Targeting those most in need is still a major challenge. In its 2020 evaluation<sup>88</sup> the Commission concluded that there is mixed evidence to suggest that ESF support for social inclusion reaches the most vulnerable populations. It highlighted the risk that programmes might mainly target the less vulnerable because their needs are less complex. In our report on European aid for the most deprived, we also recommended that the Commission focus on better targeting EU spending under ESF+<sup>89</sup>.

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<sup>83</sup> Study (TO9), Commission, 2020.

<sup>84</sup> SWD(2016) 452 final.

<sup>85</sup> Study (TO9), Commission, 2020.

<sup>86</sup> ESF performance and thematic reports: The ESF support to social innovation, Final Report, Commission, 2018.

<sup>87</sup> Study (TO9), Commission, 2020.

<sup>88</sup> Ibid.

<sup>89</sup> Special report 5/2019, recommendation 1.

**3.59.** Finally, a key challenge emerging in a number of OPs is the dependence of projects, project designers and final beneficiaries on the future continuation of EU support, which raises questions about project sustainability<sup>90</sup>. A 2018 Commission study on Roma integration<sup>91</sup> found that, in those countries where most Roma live, many programmes and projects were highly dependent on EU funding because they received modest co-funding (about 20 %) from national budgets.

## Education and training

**3.60.** Investment in education and training for all is a key priority for the EU. Total ESF and national allocations to education and training are €37.8 billion. The targets of the Europe 2020 strategy included reducing the share of early leavers (those not completing education or training) to under 10 %, and increasing the share of the population aged 30 to 34 who have completed tertiary or equivalent education to at least 40 %<sup>92</sup>.

**3.61.** *Figure 3.7* provides an overview of the indicators reported under this specific objective in the programme statement for the 2022 draft budget. That information shows that both indicators are on track to meet their target.

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<sup>90</sup> Final ESF Synthesis Report of Annual Implementation Reports 2018 submitted in 2019, Commission, 2020.

<sup>91</sup> SWD(2018) 480 final, Evaluation of the EU Framework for National Roma Integration Strategies up to 2020.

<sup>92</sup> Final ESF synthesis report of annual implementation reports 2019, submitted 2020, Commission, 2021.

Figure 3.7 – Overview of indicators linked to education and training

### Summary of all indicators

On track?	Output	Result	Impact	TOTAL
Yes	1	1		2
No				
Unclear				
<b>TOTAL</b>	<b>1</b>	<b>1</b>		<b>2</b>

### Details on individual indicators

Indicator	Progress to target
Participants benefiting from ESF under this thematic objective Output	 74 % (2019)  Milestone 88 % (2018) 
Participants gaining a qualification upon leaving under this thematic objective Result	 <b>No baseline</b> 

#### LEGEND

##### Type of target



Quantitative



Qualitative



No target or unclear target

##### Is the indicator on track to meet its target (taking into account any milestones and progress so far)?



Yes



No



Unclear: no data, old data or inconclusive data

##### Does the Commission's assessment of progress roughly correspond to ours?



Yes



No

For a detailed explanation of this overview and our methodology, please see Appendix, point (xx)

Source: ECA, based on programme statement for 2022 draft budget.

### Progress towards Europe 2020 headline targets is on track overall, but varies between Member States

**3.62.** Overall, the EU is on track towards the Europe 2020 headline targets in this area (see Table 3.1), but progress varies significantly between countries and regions.

There is a significant gender disparity for both targets, with men performing less well than women<sup>93</sup>.

**Table 3.1 – Europe 2020 headline targets for education**

EU headline target	2005	2013	2018	Remarks
Early leavers of education and training < 10 % <b>(a)</b>	15.7 %	11.9 %	10.6 %	Eleven Member States had not yet reached the EU target by end 2019
Tertiary education attainment > 40 % <b>(b)</b>	28.0 %	37.1 %	40.7 %	Nine Member States had not yet reached the EU target by end 2019

Source: ECA, based on European Commission, 2020, Study for the Evaluation of ESF support to Education and Training, July 2020, and synthesis report of annual implementation reports 2019 (submitted 2020).

- (a) The early leavers indicator is expressed as the percentage of people aged 18-24 who have completed at most lower secondary education and are not involved in further education or training.
- (b) The tertiary education indicator measures the share of the population aged 30-34 who have successfully completed tertiary studies.

**3.63.** The ESF makes up only about 1 % on average of Member States' education budgets and therefore contributes little to the Europe 2020 targets. However, there is significant variation between Member States, since in at least four the ESF share is greater than 3 %<sup>94</sup>. An audit by the Contact Committee of the EU Supreme Audit Institutions has concluded that, given the weight of other factors, it is difficult to measure the ESF's contribution to education targets. The committee recommended that Member States strengthen the intervention logic of ESF funding by further clarifying the links between action and results<sup>95</sup>.

<sup>93</sup> Study for the Evaluation of ESF support to Education and Training (TO 10), Final Report, Commission, 202.

<sup>94</sup> Ibid.

<sup>95</sup> Supreme Audit Institutions of the Member States of the European Union and the ECA, 2017, Report on the parallel audit on Contribution of the Structural Funds to the Europe 2020 Strategy in the areas of Employment and Education.

## Though monitoring has improved, data limitations still hamper the assessment of achievements

**3.64.** The Commission's 2020 study<sup>96</sup> concluded that limitations in monitoring data had created difficulties in assessing achievements within and between Member States by objectives and by participants' groups.

**3.65.** In our special report on EU education objectives<sup>97</sup>, we noted improvements in the monitoring framework for the 2014-2020 period, particularly the introduction of common result indicators. However, only one third of the 2014-2020 OPs we examined set baselines and targets for the three education objectives most closely linked with employment – vocational education and training, lifelong learning and tertiary education attainment.

## OPs are aligned with the EU education objectives

**3.66.** We found in our education audit<sup>98</sup> that the OPs we examined were consistent with the EU education objectives. The audit showed that, overall, the OPs satisfactorily described the situation prior to their implementation and clearly identified the needs to be addressed. The OPs also suggested ways of achieving the objectives and set out guiding principles for selecting operations and, where appropriate, identifying the main target groups, territories and beneficiary types. The 2017 parallel audit by the Contact Committee of the EU's supreme audit institutions<sup>99</sup> also confirmed that, notwithstanding minor weaknesses, OPs were clearly aligned with national needs and Council recommendations.

**3.67.** A Commission study<sup>100</sup> has concluded that ESF support for education and training was coherent with other ESF thematic objectives (meaning mutually reinforcing created complementarities that brought progress towards the stated

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<sup>96</sup> Study (TO 10), Commission, 2020.

<sup>97</sup> Special report 16/2016: "EU education objectives: programmes aligned but shortcomings in performance measurement", paragraphs 65, 69 to 73 and 80.

<sup>98</sup> Ibid., paragraphs 66 and 67.

<sup>99</sup> Supreme Audit Institutions of the Member States of the European Union and the ECA, 2017, Report on the parallel audit on Contribution of the Structural Funds to the Europe 2020 Strategy in the areas of Employment and Education.

<sup>100</sup> Study (TO 10), Commission, 2020.

objectives). However, the situation regarding coherence with other EU funds in the field of education and training was more mixed: synergies were good with the ERDF, for example, but less so with the Asylum, Migration and Integration Fund and the Marie Skłodowska-Curie Actions. The issue was less one of legislation, and more to do with challenges in combining different funding instruments in practice.

**3.68.** In our review on digital skills<sup>101</sup>, we reported that the Commission had defined an internationally recognised digital competence framework, supported the development of national strategies and assisted in creating many national “coalitions” combining digital skills with jobs. Projects specifically focusing on digital skills in Member States represented around 2 % of ESF funding.

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<sup>101</sup> Review 2/2021: “EU actions to address low digital skills”, paragraphs 57 and 60.

## Conclusions

**3.69.** The ESF's aims are to create more and better jobs and a socially inclusive society in support of the Europe 2020 strategy goal of generating smart, sustainable and inclusive growth in the EU. When assessing performance in this area of investment, account must be taken of a wide range of external factors, such as the overall economic situation, the impact of policies, and the considerable time lags between policy planning, programming, selection of operations, implementation and results that can be achieved through ESF spending (paragraphs [3.1-3.10](#)).

**3.70.** For the 2014-2020 period, the Commission has set up a comprehensive and innovative performance framework for the European Structural and Investment funds, which include the ESF. The framework comprises milestones and targets for each priority axis of ERDF, CF and ESF OPs. However, while this system has considerably increased the availability of performance information, the focus remains on financial inputs and outputs rather than results. Member States have set targets for almost all programme-specific indicators and some selected common indicators. On this basis, the Commission assessed progress in programme implementation by compiling an aggregated 'achievement ratio' for reaching targets. At the same time, the Commission can aggregate the monitoring data reported by Member States for common output and result indicators, including those where no targets have been set. Finally, the performance data reported by Member States is not always fully conclusive and the Commission has only limited means with which to verify its accuracy (paragraphs [3.11-3.24](#)).

**3.71.** We examined the performance information provided by Member States up to the end of 2019, and concluded that 12 of the 13 ESF and YEI common indicators reported in the Commission's programme statement for the 2022 draft budget were on track to achieve their targets. Results varied considerably by Member State and region. It is important to note that, in 2018, a number of target values for common ESF/YEI performance indicators was reduced. As a result of these adjustments, the Commission reported more success in meeting the common performance indicators. Without these adjustments, six out of the 13 indicators would have been on track. (paragraphs [3.25-3.33](#)).

**3.72.** During the 2014-2020 period, employment rates in the EU increased, but are still falling short of the Europe 2020 target. The share of ESF funding allocated to measures addressing other structural issues (such as gender equality, active ageing and the modernisation of labour market institutions) was relatively low, and

implementation was slower than expected. Moreover, participation in ESF-funded activities was highest among individuals who are either active or unemployed but closer to the labour market. It was difficult to reach those who were disconnected from the labour market, such as young NEETs (paragraphs [3.34-3.50](#)).

**3.73.** By the end of 2019, although the number of people at risk of poverty or social exclusion in the EU had decreased overall, only around half of the Member States had met their 2020 targets. Since then, the economic effects of the COVID-19 crisis are likely to have added to the population at risk of poverty. It is thus unlikely that the Europe 2020 target for the reduction of poverty and greater social inclusion will be achieved (paragraphs [3.51-3.59](#)).

**3.74.** Progress towards the Europe 2020 headline targets on education and training is on track overall, but likewise varies between Member States. As with the other main objectives, the considerable influence of other factors makes it difficult to identify how much the ESF has contributed to the education targets (paragraphs [3.60-3.68](#)).

**3.75.** Overall, the ESF is in line with and contributing to the Europe 2020 strategy for generating smart, sustainable and inclusive growth in the EU. The performance information reported by Member States and the Commission shows that a considerable number of EU citizens have benefited from ESF funding to improve their skills, employability and career prospects. However, due to data limitations and also the fact that many operations were still ongoing at the time of our audit, we are not yet in a position to draw an overall conclusion on the actual performance of ESF spending during the 2014-2020 period.

## Annexes

### Annex 3.1 – Objectives of the ESF (including the YEI)

Specific objectives			
Objective	Full name	Abbreviation used in this chapter	Represented in our sample?
Specific objective 1 (ESF)	Promoting sustainable and quality employment and supporting labour mobility	SO1	Yes
Specific objective 2 (ESF)	Promoting social inclusion, combating poverty and any discrimination	SO2	Yes
Specific objective 3 (ESF)	Investing in education, training and vocational training for skills and life-long learning	SO3	Yes
Specific objective 4 (ESF)	Enhancing institutional capacity of public authorities and stakeholders and efficient public administration	SO4	No
Specific objective 5 (ESF and YEI)	Promoting specific support to young NEETs (15-24)	SO5	Yes

Source: ECA, based on the programme statements for the 2022 draft budget.

# Chapter 4

## Natural resources

# Contents

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<b>Performance assessment of the EMFF, based on published performance information</b>	4.14.-4.44.
<b>General comments</b>	4.14.-4.17.
The Commission's performance information concentrates on inputs, outputs and financial contribution rather than results	4.15.-4.17.
<b>Promoting competitive, environmentally sustainable, economically viable and socially responsible fisheries and aquaculture</b>	4.18.-4.29.
Economic viability of fisheries is increasing, but data on aquaculture is less conclusive	4.19.-4.24.
The Commission reports on the EMFF's spending for environmental objectives, but the link between this and key environmental indicators is not well defined	4.25.-4.29.
<b>Fostering the implementation of the CFP</b>	4.30.-4.44.
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Scientific advice and data collection are key aspects of fisheries management	4.41.-4.42.
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<b>Conclusions</b>	4.45.-4.51.
<b>Annexes</b>	
<b>Annex 4.1 – The European Maritime and Fisheries Fund objectives</b>	

# Introduction

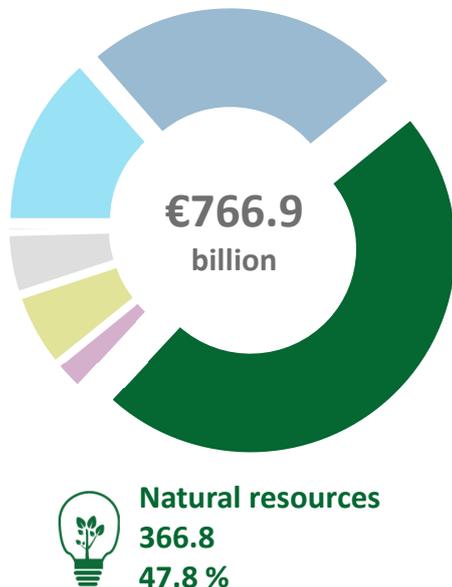
## Brief description of 'Natural resources'

**4.1.** MFF heading 2 covers expenditure linked to policies on the sustainable use of natural resources, financing the *Common Agricultural Policy*, the *Common Fisheries Policy (CFP)*, and environmental and climate action.

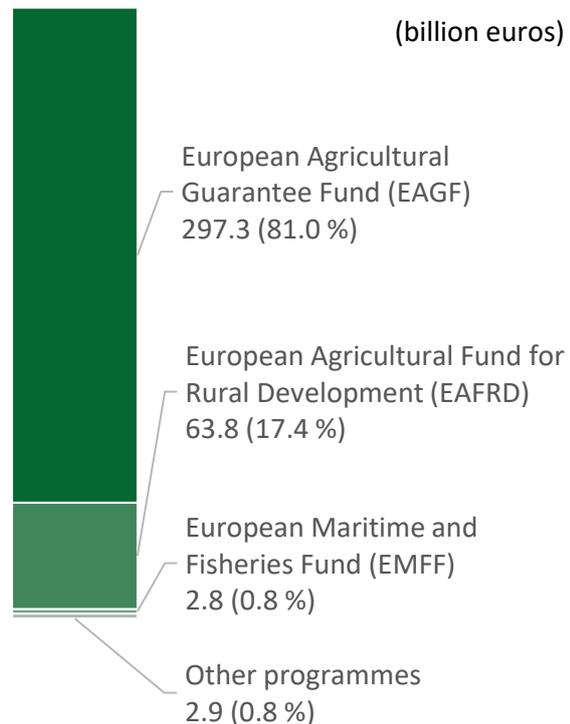
**4.2.** The total planned expenditure under this heading in the 2014-2020 period was €420 billion (in current prices), of which €367 billion had been paid out by the end of 2020 (see [Figure 4.1](#)).

**Figure 4.1 – 'Natural resources': Payments made in 2014-2020 on the period's commitments**

(i) as share of all MFF headings



(ii) broken down by individual programmes

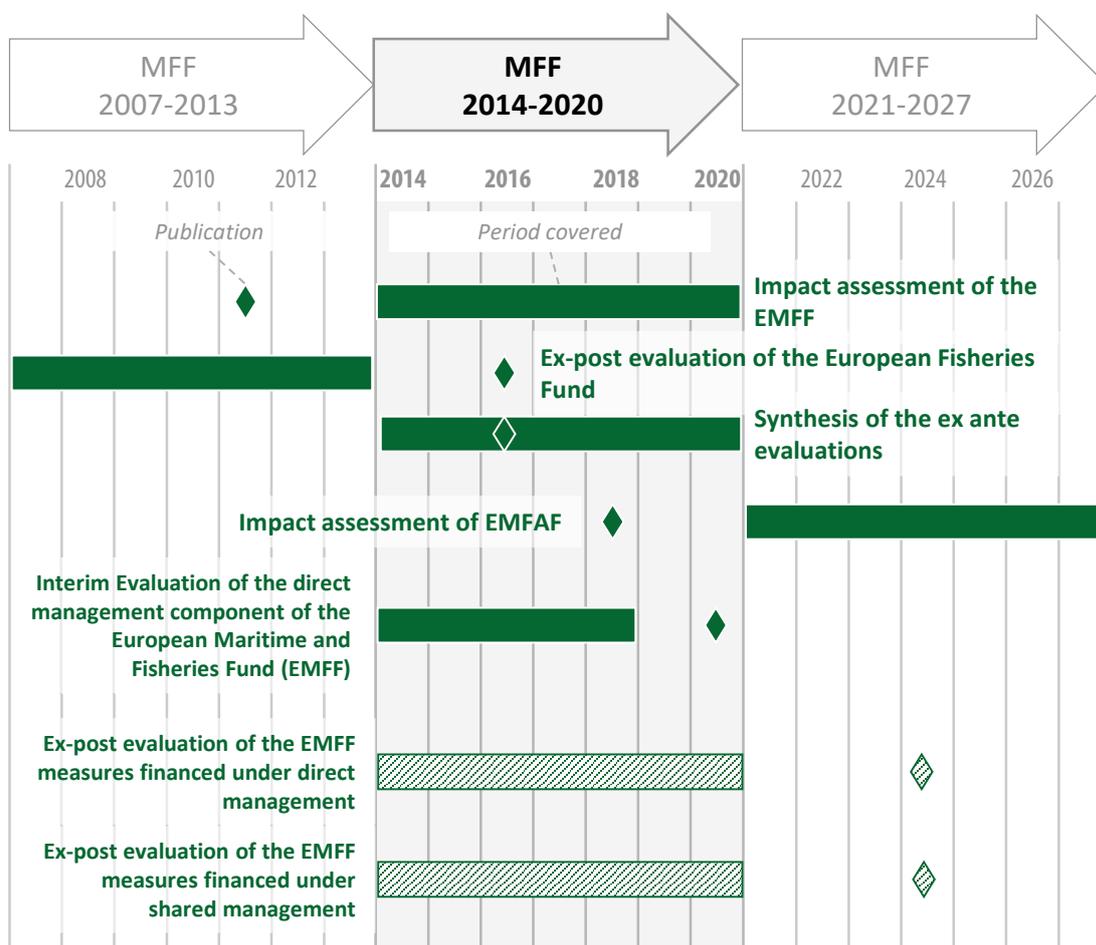


Source: ECA, based on Commission data.

## Scope and approach

**4.3.** Of the five MFF heading 2 programmes, we selected the *European Maritime and Fisheries Fund (EMFF)*, representing 0.8 % of the total payments made by the end of 2020 for this MFF heading. Our aim was to establish how much relevant performance information was available and to use that information to assess, to the extent possible, how EU spending programmes had performed. We also comment on selected aspects of the CFP which are supported by the EMFF. This follows our coverage of the *EAGF* and the *EAFRD*, which represented 98.6 % of total payments by the end of 2019, in our [2019 report on performance](#).

**Figure 4.2 – Timing of main evaluations and periods covered**



Source: ECA.

**4.4.** We have prepared this chapter using the Commission's performance information, which comprised the *2020 Annual Management and Performance Report (AMPR)*, the *programme statements for the 2022 draft budget*, the *Annual EMFF Implementation Report* and key evaluations shown in [Figure 4.2](#). We checked this information for plausibility and against our own findings, but did not audit its

reliability. We have also drawn upon our own recent audit results. The **Appendix** describes the methodology used to prepare this chapter.

**4.5.** The legislation establishing each EU spending programme contains a number of objectives. The EMFF has six Union priorities linked with four objectives, of which this chapter covers two (see **Annex 4.1**). The selected objectives correspond to 84 % of the EMFF allocation.

## The purpose of the EMFF and how it is intended to work

**4.6.** **Figure 4.3** gives an overview of the EMFF objectives, priorities, and *result indicators*.

**Figure 4.3 – Overview of the EMFF**

Union priorities (Article 6*)	EMFF Objectives (Article 5*)	Result Indicators of the programme statement
<p><b>UP1.</b> Promoting environmentally sustainable, resource efficient, innovative, competitive and knowledge based fisheries</p> <p><b>UP2.</b> Fostering environmentally sustainable, resource efficient, innovative, competitive and knowledge based aquaculture</p> <p><b>UP 5.</b> Fostering marketing and processing</p>	<p><b>(a)</b> promoting competitive, environmentally sustainable, economically viable and socially responsible fisheries and aquaculture;</p>	Labour productivity (in terms of gross value added per employee) in the EU fisheries sector
		Profitability of the EU fishing fleet by fleet segment
		Fuel efficiency of fish capture
		Volume of discards of commercially exploited species
		Value of aquaculture production in the EU
		Relative value or volume of products placed on the market by Producers Organisations (POs)
<p><b>UP 3.</b> Fostering the implementation of the CFP</p>	<p><b>(b)</b> fostering the implementation of the CFP; (data collection and control)</p>	Number of apparent infringements of CFP rules by operators found in the framework of joint deployment plans (JDPs) divided by the number of inspections conducted
		Number of Member States with an effective control system
		Proportion or number of stocks that are fished at MSY levels
		Degree of adequate responses to data calls under the data collection framework
<p><b>UP 4.</b> Increasing employment and territorial cohesion</p>	<p><b>(c)</b> promoting a balanced and inclusive territorial development of fisheries and aquaculture areas; (CLLD)</p>	Employment created in the fisheries and aquaculture sectors with support from the EMFF
		Employment maintained in the fisheries and aquaculture sectors with support from the EMFF
		Number of local strategies selected by Fisheries Local Action Groups (FLAGs)

Union priorities (Article 6*)	EMFF Objectives (Article 5*)	Result Indicators of the programme statement
UP 6. Fostering the implementation of the Integrated Maritime Policy	(d) fostering the development and implementation of the Union's IMP in a manner complementary to cohesion policy and to the CFP.	Marine knowledge 2020 initiative: Degree of use of the European Marine Observation and Data Network (EMODnet) measured by the number of users downloading data
		Maritime Surveillance: Percentage of available cross-sectorial and/or cross-border data, as a percentage of the total information gap identified in the Impact Assessment on CISE (Common Information Sharing Environment)
		Percentage of the surface area of marine waters conserved through spatial protection measures in the context of Article13.4 of MSFD

\* Regulation (EU) No 508/2014.

Source: DG MARE.

**4.7.** The EMFF supports the CFP, which has the primary objective of ensuring that the fishing and aquaculture sectors are environmentally sustainable in the long term and managed in a way that is consistent with achieving economic, social and employment benefits, as well as to contribute to the availability of food supplies<sup>1</sup>.

**4.8.** We selected EMFF Specific Objectives 1 and 4 as set out in the Commission's programme statement and AMPR (see [Annex 4.1](#)) for our analysis of performance information.

**4.9.** Objective "Promote fisheries and aquaculture" (SO1) supports competitive and more *sustainable fishing*. For example, the EMFF may cover the costs of fishing gear with improved fish size selectivity to reduce unwanted catches or compensate for the permanent cessation of fishing activities. For aquaculture, the EMFF can be used to strengthen companies' competitiveness.

**4.10.** Objective "Foster the implementation of the CFP" (SO4) focuses on managing fisheries conservation policy through the improvement of scientific knowledge and of fisheries control. One of the management tools available to the EU under the CFP to achieve sustainable fishing levels is setting *total allowable catch* limits (TACs) for commercial fish stocks. The Council, on the basis of the Commission proposal, sets the TACs annually which are later shared between Member States.

<sup>1</sup> Article 2(1) of [Regulation \(EU\) No 1380/2013](#).

**4.11.** As required by the CFP Regulation<sup>2</sup>, the Commission's proposal on TACs take into account scientific advice issued by advisory bodies, such as the *ICES* (International Council for the Exploration of the Sea) and the *STEF* (Scientific, Technical and Economic Committee for Fisheries). The EMFF supports measures aimed at improving the collection and supply of scientific data.

**4.12.** Member States can also use the EMFF to strengthen the fisheries control system, in order to improve compliance with CFP rules.

**4.13.** The EMFF has an overall budget of €6.4 billion for the 2014-2020 period. The Commission, through the Directorate-General for Maritime Affairs and Fisheries (DG MARE), *shares responsibility* with the Member States for managing the EMFF. The Member States and the European Commission share the management of 90 % of the Fund, while the European Commission manages the remaining 10 % directly.

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<sup>2</sup> Article 6(2) of Regulation (EU) No 1380/2013.

# Performance assessment of the EMFF, based on published performance information

## General comments

**4.14.** *Figure 4.4* provides our overview of all EMFF indicators in the programme statement and our assessment of whether they are on track. For 9 out of 21 indicators we had insufficient data to conclude. We present our specific overviews of indicators for the two selected objectives in *Figure 4.5* and *Figure 4.7*. In the *2019 report on performance*<sup>3</sup>, we discuss some general caveats that apply when interpreting these indicators. In particular, the assessment of whether an indicator is ‘on track’ relates to the likelihood of it meeting the target defined by the Commission. That assessment does not consider whether, or how closely, a given indicator is linked to the EMFF, or whether the target set for the indicator is meaningful. Therefore, it is only part of an overall assessment of performance. We have not audited the reliability of the underlying data (we did, however, discuss it in the *2019 report on performance*<sup>4</sup>).

**Figure 4.4 – Overview of all EMFF indicators in the programme statement**

Objective (*)	Total	Output				Result				Impact			
		All			?	All			?	All			?
SO1	8					1			– 1	7	– 2		■ 5
SO2	4					4	– 3		– 1				
SO3	3	1	– 1			2			– 2				
SO4	6	1	– 1			2		– 2		3		– 3	
<b>Total</b>	<b>21</b>	<b>2</b>	<b>– 2</b>			<b>9</b>	<b>– 3</b>	<b>– 2</b>	<b>■ 4</b>	<b>10</b>	<b>– 2</b>	<b>– 3</b>	<b>■ 5</b>

(\*) For full list of objectives see Annex 4.1

### LEGEND

Is the indicator on track to meet its target (taking into account any milestones and progress so far)?



Yes



No



Unclear: no data, old data or inconclusive data.

Source: ECA, based on programme statements for the 2022 draft budget.

<sup>3</sup> 2019 report on the performance of the EU budget, paragraph 1.24.

<sup>4</sup> Ibid., paragraphs 1.13-1.23.

## The Commission's performance information concentrates on inputs, outputs and financial contribution rather than results

**4.15.** The main conclusion of the 2011 *impact assessment* for the CFP reform was that it had failed to ensure the sustainable exploitation of living resources<sup>5</sup>. The Commission identified a number of key problems, including a lack of environmental sustainability, poor economic viability, and social uncertainties connected with emerging challenges such as climate change and pollution.

**4.16.** Descriptive information about the EMFF 's performance presented in the Commission's programme statement and AMPR concentrates on numbers of *beneficiaries* and operations supported by the EMFF (outputs), and on funds assigned to certain projects (*inputs*). But there is no focus on *results*. The Commission has not presented an *intervention logic* that establishes the contribution of the EMFF to achieving policy objectives. This makes it difficult to identify the causal relationship between EMFF support and a result, and to assess the EMFF's *impact* on overall policy performance.

**4.17.** The Commission has designed a complementary set of EMFF-specific indicators<sup>6</sup> to monitor spending in Member States. Information for these indicators is based on the financial data in Member State Annual Implementation Reports (AIR), and in the annual Infosys report (which delivers complementary data on operations selected by the Member States for funding)<sup>7</sup>. The indicators and data, summarised in the [EMFF Annual Implementation Report](#)<sup>8</sup>, concentrate on the EMFF's financial contribution to the CFP objectives rather than results.

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<sup>5</sup> SEC(2011) 891 final, SEC(2011) 1416 final.

<sup>6</sup> Commission Delegated Regulation (EU) 1014/2014.

<sup>7</sup> Articles 114 and 97(1)(a) of Regulation (EU) No 508/2014.

<sup>8</sup> [EMFF Implementation Report](#), European Commission, 2021.

## Promoting competitive, environmentally sustainable, economically viable and socially responsible fisheries and aquaculture

**4.18.** *Figure 4.5* provides an overview of the programme statement indicators linked to this objective.

### Figure 4.5 – Overview of indicators linked to Promoting competitive, environmentally sustainable, economically viable and socially responsible fisheries and aquaculture

#### Summary of all indicators

On track?	Output	Result	Impact	TOTAL
Yes			2	2
No				
Unclear		1	5	6
<b>TOTAL</b>		<b>1</b>	<b>7</b>	<b>8</b>

#### Details on selected individual indicators

Indicator		Progress to target
Profitability of the EU fishing fleet: Average	Impact	 100 % (2018)  2012 2023 Milestone 0 % (2018) 
Volume of discards of commercially exploited species	Impact	 Target: reduce  
Value of aquaculture production in the EU	Impact	 82 % (2018)  2013 2023 Milestone 100 % (2020) 

#### LEGEND

##### Type of target

Quantitative	Qualitative	No target or unclear target
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##### Is the indicator on track to meet its target (taking into account any milestones and progress so far)?

Yes	No	Unclear: no data, old data or inconclusive data
-----	----	---

##### Does the Commission's assessment of progress roughly correspond to ours?

Yes	No
-----	----

For a detailed explanation of this overview and our methodology, please see Appendix, points 15-23.

Source: ECA, based on programme statements for the 2022 draft budget.

## Economic viability of fisheries is increasing, but data on aquaculture is less conclusive

**4.19.** The EU accounts for about 3 % of global fisheries and aquaculture production and is the world's sixth-largest producer<sup>9</sup>. Around 80 % of this production comes from fisheries, and 20 % from aquaculture<sup>10</sup>.

**4.20.** The Commission's data indicates that the Marine Living Resources sector (of which fisheries and aquaculture form a large part) is an important, but small component of the EU Blue Economy. In 2018<sup>11</sup>, this sector including the processing and distribution generated 11 % of the EU Blue Economy gross value added.

**4.21.** The indicator used in the 2022 programme statement indicates that over the recent years the profitability of the EU fishing fleet has improved (see [Figure 4.5](#) and [Figure 4.6](#))<sup>12</sup>. The Commission also reports the positive economic results for fleets targeting stocks that are exploited sustainably, with improved profitability and salaries, and the opposite for fleets targeting overexploited stocks<sup>13</sup>.

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<sup>9</sup> [Blue economy report](#), European Commission, 2021.

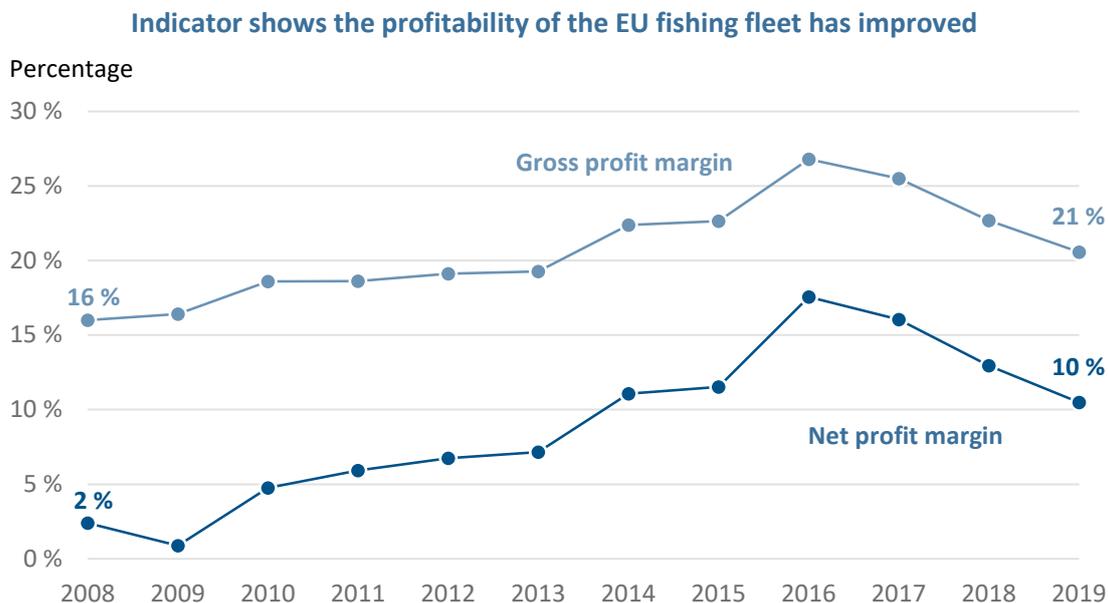
<sup>10</sup> [Facts and figures on the Common Fisheries Policy](#), Eurostat, 2019.

<sup>11</sup> [Blue economy report](#), European Commission, 2021.

<sup>12</sup> [COM\(2021\) 279 final](#).

<sup>13</sup> [Ibid.](#); see also [SWD\(2020\) 112 final](#).

**Figure 4.6 – Trends on revenue and profit**



Source: Data from DG MARE received 16.7.2021; with United Kingdom, but excluding Greece and Croatia.

**4.22.** Globally, aquaculture production has quadrupled since 1990<sup>14</sup>. Within the EU, production stagnated between 2008 and 2018<sup>15</sup>. In the 2020 AMPR<sup>16</sup>, the Commission reported that the 2023 target for annual production of €4.89 billion had been achieved in 2016. However, the 2022 programme statement indicate that in 2017 and 2018 the value of aquaculture production had again fallen below the target.

**4.23.** EMFF direct support to the fisheries and aquaculture sectors amounts to €3.6 billion (64 % of the total EMFF) for the entire 2014-2020 period<sup>17</sup>. The EMFF monitoring indicators contained in the programme statement present the general trends, for instance the *profitability of the EU fishing fleet*, or the *value of aquaculture production*, and are useful in providing an overall view of the situation of the fisheries and aquaculture sectors. These indicators depend on general macroeconomic variables such as fuel prices, which have a more direct impact on the condition of both sectors.

<sup>14</sup> The EU Aquaculture Sector-Economic report 2020, STECF,2021.

<sup>15</sup> Agriculture, forestry and fishery statistics, EUROSTAT,2020.

<sup>16</sup> AMPR vol. II, paragraph 1.4.2.

<sup>17</sup> ECA calculations based on the data provided by the European Commission.

**4.24.** Specific indicators demonstrating the performance of EMFF's support at the operational level are available as part of the monitoring framework described in paragraph 4.17. For example, these indicators allow the change in net profits of the EMFF-supported beneficiaries to be observed (in 2020, the results achieved already exceeded the 2023 target). They also make it possible to see the number of aquaculture farms providing environmental services (by 2020, the EMFF had supported 1 600 such farms, or 19.5 % of the 2023 target), and the number of businesses created (486 by 2020, or 10.8 % of the 2023 target)<sup>18</sup>.

**The Commission reports on the EMFF's spending for environmental objectives, but the link between this and key environmental indicators is not well defined**

**4.25.** The EMFF should promote environmentally sustainable fisheries and aquaculture. Fishing is the main pressure on the marine environment<sup>19</sup>. The CFP aims to ensure that the negative impacts of fishing activities on the marine ecosystem are minimised, and that fisheries management follows an ecosystem-based approach<sup>20</sup>. We recently reported that while a framework to protect the marine environment was in place, EU actions, including actions by Member States, had not restored seas to *good environmental status*<sup>21</sup>. Problems such as the negative impact of bottom trawlers on the marine environment and the by-catch of protected species persist<sup>22</sup>.

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<sup>18</sup> Data provided by the European Commission.

<sup>19</sup> Marine environmental pressures, EEA,2018 ; Ecosystem Effects of Fishing in the Mediterranean: An Analysis of the Major Threats of Fishing Gear and Practices to Biodiversity and Marine Habits, FAO,2004; Marine messages II, EEA,2019; Global assessment report on biodiversity and ecosystem services", IPBES,2019; The economics of Biodiversity: The Dasgupta Review,2021.

<sup>20</sup> Article 2(3) of Regulation (EU) No 1380/2013.

<sup>21</sup> Special report 26/2020, paragraph V.

<sup>22</sup> Assessment of the existing EU policy tools in the field of Sustainable Development Goal (SDG) 14 and other ocean-related Agenda 2030 targets, European Commission,2021; Bycatch of protected and potentially vulnerable marine vertebrates – review of national reports under Council Regulation (EC) No. 812/2004 and other information, ICES,2019.

**4.26.** By the end of 2020, the Commission had recorded €20.1 million in commitments from the EMFF to fund 1 364 operations for measures intended to limit the impact of fishing on the marine environment and adapting fishing to the protection of species<sup>23</sup>.

**4.27.** The Commission identifies *discards* as a factor behind the CFP's lack of environmental sustainability<sup>24</sup>. In 2011, DG MARE estimated that around 23 % of total catches were being discarded annually in EU waters. In order to end this practice and encourage fishers to fish more selectively to avoid unwanted catches, the current CFP (subject to certain derogations) bans discards. The provision which prohibits them, the Landing Obligation<sup>25</sup>, was introduced in 2015. It has been fully in force since 2019. EMFF funding can contribute to the implementation of the Landing Obligation, for example, by helping fishers to buy more selective fishing gear.

**4.28.** A specific objective of the EMFF Regulation<sup>26</sup> is the reduction of the impact of fisheries on the marine environment, including the avoidance and reduction, as far as possible, of unwanted catches. The most recent publications conclude that the practice of discarding unwanted catches is continuing<sup>27</sup>. European Fisheries Control Agency (EFCA) reports<sup>28</sup> have identified widespread non-compliance with the Landing Obligation in certain fleet segments in the North Sea and the North Western Waters. Both the EMFF programme statement and the EMFF Annual Implementation Report<sup>29</sup> contain an indicator on the volume of discards. However, the Commission presents no data for this indicator in the programme statement. In the EMFF Annual Implementation Report the Commission presents some data that it considers unreliable.

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<sup>23</sup> EMFF Implementation Report, European Commission, 2021.

<sup>24</sup> SEC(2011) 891 final.

<sup>25</sup> Article 15 of Regulation (EU) No 1380/2013.

<sup>26</sup> Article 6(1)(a) of Regulation (EU) 508/2014.

<sup>27</sup> SWD(2021) 122 final; EP report on securing the objectives of the Landing Obligation under Article 15 of the CFP; EP study on EU fisheries policy – latest developments and future challenges.

<sup>28</sup> Compliance Evaluation reports, EFCA, 2019.

<sup>29</sup> EMFF Implementation Report, European Commission, 2021.

**4.29.** The EU has an international commitment to use *marine protected areas* to conserve marine life. This may entail the use of various measures, including fishing restrictions. In 2018, the EEA reported that the EU had met the Aichi biodiversity target of designating a minimum of 10 % of its waters as MPAs by 2020<sup>30</sup>. The relevant indicator in the Commission's EMFF programme statement confirms this. In our special report on the protection of marine environment, we concluded that MPAs provided little protection for marine biodiversity<sup>31</sup>.

### Fostering the implementation of the CFP

**4.30.** *Figure 4.7* provides an overview of the programme statement indicators linked to this objective.

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<sup>30</sup> EU reaches the Aichi target of protecting ten percent of Europe's seas, EEA,2018.

<sup>31</sup> Special report 26/2020, paragraphs 31-39.

**Figure 4.7 – Overview of indicators linked to *Fostering the implementation of the CFP***

### Summary of all indicators

On track?	Output	Result	Impact	TOTAL
Yes	1			1
No		2	3	5
Unclear				
<b>TOTAL</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>6</b>

### Details on selected individual indicators

Indicator		Progress to target
Member States with action plans to improve control systems	Result	<p>0 % (2019)</p> <p>Milestone 17 % (2017)</p>
Proportion or number of stocks that are fished at MSY levels: ICES area	Impact	<p>Narrative data</p>
Proportion or number of stocks that are fished at MSY levels: Mediterranean Sea	Impact	<p>Narrative data</p>
Proportion or number of stocks that are fished at MSY levels: Black Sea	Impact	<p>Narrative data</p>
Adequate responses to data calls	Result	<p>0 % (2019)</p> <p>Milestone 50 % (2017)</p>

#### LEGEND

##### Type of target



Quantitative



Qualitative



No target or unclear target

##### Is the indicator on track to meet its target (taking into account any milestones and progress so far)?



Yes



No



Unclear: no data, old data or inconclusive data

##### Does the Commission's assessment of progress roughly correspond to ours?



Yes



No

For a detailed explanation of this overview and our methodology, please see Appendix, points 15-23.

Source: ECA, based on programme statements for the 2022 draft budget.

## The CFP conservation objective is unlikely to be met

**4.31.** Article 3 of the TFEU grants the EU exclusive competence for the conservation of marine biological resources. In 2011, the Commission reported<sup>32</sup> that 78.5 % of the Community stocks for which the scientific data was available were fished unsustainably. Making fisheries sustainable, including restoration and maintenance of fish stocks, is the key objective of the CFP. By the end of 2020, Member States had selected almost 6 180 operations with a total EMFF funding of €695 million and spent €374 million for this purpose<sup>33</sup>.

**4.32.** In pursuit of the conservation objective, the Commission reports progress towards reaching the maximum sustainable yield (MSY) produced at or below the sustainable exploitation rate ( $F_{msy}$ ). These safe fishing levels based on scientific advice had to be achieved by 2015 where possible, and by 2020 at latest for all fish stocks<sup>34</sup>. The indicator used by the Commission in the EMFF programme statement is the “proportion or number of stocks that are fished at MSY levels”, and it is reported for the North East Atlantic (ICES), the Mediterranean and the Black Sea separately. The baseline figure of 59 %, which the Commission incorrectly used for all seas, in fact only applies to the North East Atlantic.



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**4.33.** The EMFF programme statement for the 2022 draft budget does not present the actual quantitative results towards reaching the CFP conservation objective, although this information is available. In the descriptive section, the Commission refers to the high proportion of the expected landings coming from fishing quotas set in line with  $F_{msy}$  without also highlighting the large proportion of fish stocks where fishing at safe levels has not yet been achieved. We found that this focus on landings rather than on fish stocks gives an overly positive impression about the prospects of reaching the objective of fishing at MSY levels.

<sup>32</sup> SEC(2011) 891 final, SEC(2011) 1416 final.

<sup>33</sup> EMFF Implementation Report, European Commission, 2021.

<sup>34</sup> Article 2(2) of Regulation (EU) No 1380/2013.

**4.34.** The Commission also reports in the EMFF programme statement that for the North East Atlantic, *fishing pressure* has stabilised at a sustainable level, whereas for the Mediterranean and Black Seas, fishing pressure was more than twice the Fmsy target.

**4.35.** Overall, in the EMFF programme statement for the 2022 draft budget, the Commission considers it has achieved moderate progress in reaching the conservation objective. Latest official assessments indicate that the EU is unlikely to have achieved it by 2020<sup>35</sup>. Recent scientific data<sup>36</sup> show that for the North East Atlantic, the proportion of overexploited stocks, although it has significantly decreased over the last decade, is close to 40 %. Furthermore, in the Mediterranean and Black Seas, 83 % of the fish stocks assessed were overfished (calculation based on incomplete data).

**4.36.** We examined factors contributing to these unsatisfactory conservation results in our recent special report on the protection of the marine environment<sup>37</sup>. We found that while EU action had resulted in measurable progress in the Atlantic, where fisheries management is linked to limits on allowable catches, the Mediterranean Sea remained significantly overfished and there had been no meaningful sign of progress.

**4.37.** The Commission considers<sup>38</sup> that overcapacity of the fishing fleet is the key driver of overfishing. For too many fleet segments the fishing capacity exceeds fishing opportunities. The objective of reducing fishing capacity is therefore another essential component of EU sustainable fisheries management. By the end of 2020, Member States selected 24 958 operations with a total EMFF funding of €260 million and spent €199 million for measures supporting the adjustment of the fishing fleet capacity to fishing opportunities<sup>39</sup>.

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<sup>35</sup> Status of marine fish and shellfish stocks in European seas, EEA,2021.

<sup>36</sup> Monitoring the performance of the Common Fisheries Policy, STECF,2021.

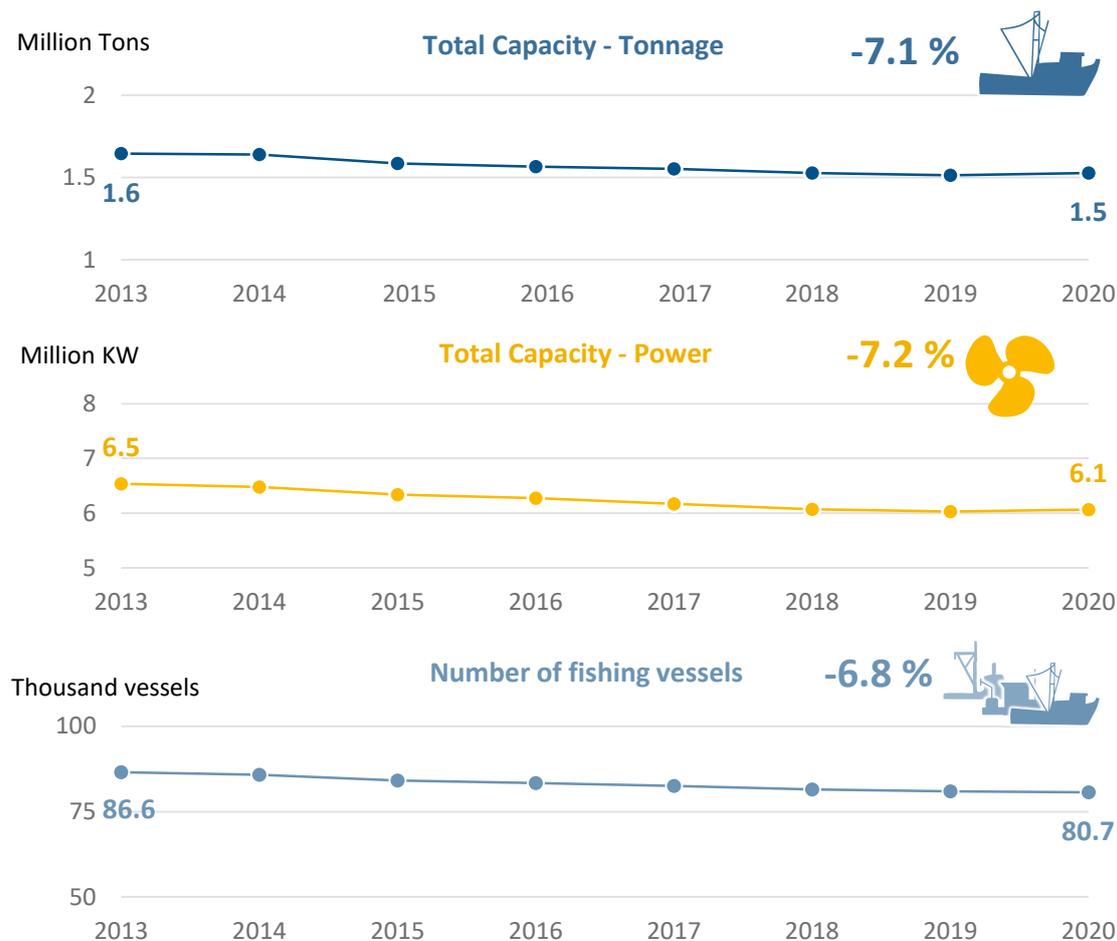
<sup>37</sup> Special report 26/2020, paragraph 84.

<sup>38</sup> SEC(2011) 891 final.

<sup>39</sup> EMFF Implementation Report, European Commission,2021.

**4.38.** Recent data<sup>40</sup> shows that the capacity of the EU fleet is slowly declining (see [Figure 4.8](#)). However, the sustainable harvest indicator shows that for a significant number of fleet segments in most Member States, the fishing capacity is still out of balance with their fishing opportunities (in 2018, 145 out of 182 fleet segments assessed)<sup>41</sup>.

**Figure 4.8 – Overview of the EU fishing fleet capacity**



Source: ECA based on data from European Commission EU fleet register, December 2020.

**4.39.** The capacity of a fishing vessel is measured on the basis of its volume (gross tonnage GT) and its engine power (kW). In our 2017 report on EU fisheries control, we noted that some Member States did not properly verify their fleet capacity in terms of these two criteria<sup>42</sup>.

<sup>40</sup> EU fleet register, data as of December 2020.

<sup>41</sup> SWD(2021) 122 final, COM(2021) 279 final.

<sup>42</sup> Special report 08/2017.

**4.40.** The EMFF Regulation stipulates that EMFF support must not result in an increase in the fishing capacity of the EU fleet<sup>43</sup>. The issue of harmful fisheries subsidies is highlighted by the [Sustainable Development Goals \(target 14.6\)](#), which call for an end to such practices by 2020. This is the subject of intensive [WTO negotiations](#).

### **Scientific advice and data collection are key aspects of fisheries management**

**4.41.** Major CFP decisions concerning quotas for catches, for example, should take into account scientific advice. The availability of scientific data is thus essential. The EMFF supports data-collection and management by Member States. By the end of 2020, they had committed €482 million and spent €379 million for this purpose<sup>44</sup>.

**4.42.** We noted in our special report on marine environment protection<sup>45</sup> that in 2017 ICES could not provide the scientific advice for more than half of stocks due to data limitations. In 2019, this was the case for 62 % (159 out of 256 stocks were data-limited<sup>46</sup>). In the Mediterranean and the Black Sea, 47 fish stocks were assessed in 2016, but information was only available for 21 stocks in 2018<sup>47</sup>.

### **The fisheries control system is being upgraded.**

**4.43.** The success of the CFP is strongly linked to the effectiveness of the fisheries control system. We reported problems with the control system in 2017<sup>48</sup>. The Commission proposed a revised fisheries control regulation in 2018<sup>49</sup>. The legislative proposal has not been adopted by the co-legislators and weaknesses in the control system remain<sup>50</sup>.

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<sup>43</sup> Article 5 of [Regulation \(EU\) 508/2014](#).

<sup>44</sup> [EMFF Implementation Report](#), European Commission, 2021.

<sup>45</sup> [Special report 26/2020](#).

<sup>46</sup> [Monitoring the performance of the Common Fisheries Policy](#), STECF, 2021.

<sup>47</sup> [SWD\(2020\) 112 final](#).

<sup>48</sup> [Special report 08/2017](#).

<sup>49</sup> [COM\(2018\) 368 final](#).

<sup>50</sup> [Report on the implementation of the Control Regulation](#), European Commission, 2021.

**4.44.** EMFF provides funding to improve the effectiveness of the national control systems, which are necessary for enforcing the rules. The EMFF measures contributing to this process are so far the largest in terms of money committed (€440 million up to 2020<sup>51</sup>); however, there are no indicators providing information about the EMFF's contribution towards achieving the objective of an effective control system.

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<sup>51</sup> EMFF Implementation Report, European Commission, 2021.

## Conclusions

**4.45.** The CFP should address challenges such as unsustainable fishing, the degradation of the marine environment, and the transformation of the EU's fisheries and aquaculture sectors. The EMFF should support these CFP objectives. Performance information produced or obtained by the Commission should reflect the results achieved through the EMFF intervention, highlight any unsatisfactory progress, and trigger corrective action.

**4.46.** We found that the Commission's performance information for the most part concentrates on the financial contribution of the Fund to the CFP objectives, rather than results.

**4.47.** The programme statement and AMPR mostly consist of general macro-level indicators. These are helpful in providing an overall view of the condition of the fisheries and aquaculture sectors. However, there is no clear link between the EMFF's contribution and the declared achievements (see paragraph [4.16](#)). This link is necessary to assess the *effectiveness* of the EMFF in meeting the CFP's objectives, and to justify budgetary requests. Specific EMFF indicators and data, designed outside the programme statement and AMPR framework and summarised in the EMFF Annual Implementation Report, allow for a more complete overview of the EMFF's implementation, however they too concentrate on the spending rather than results (see paragraphs [4.17](#)).

**4.48.** We found that the Commission provides little performance information on the EMFF results in terms of supporting the CFP environmental objectives in the EMFF programme statement and the AMPR. The CFP target of reaching the desired conservation status for all fish stocks by 2020 is unlikely to have been met. The key indicator designed to monitor progress in this area (fishing at MSY levels) does not contain sufficient information to indicate the level of progress towards reaching it (see paragraphs [4.32-4.36](#)). We also noted that the negative impacts of fishing activities on the marine ecosystem persist, the harmful practice of discarding unwanted catches continues, and the metrics to inform about the effectiveness of the protection of the marine areas has significant flaws (see paragraphs [4.25-4.29](#)).

**4.49.** The available information indicates that the EU fishing fleet is profitable overall, and that sustainable fisheries are beneficial for fishers. Progress in boosting EU aquaculture production is less advanced, as it has stagnated recently (see paragraphs [4.20-4.24](#)).

**4.50.** The EMFF finances data collection and management in order to deliver necessary scientific advice. However, due to data limitations, scientific advice is not available for many fish stocks, particularly in the Mediterranean and the Black Sea. (see paragraphs [4.41-4.42](#)).

**4.51.** Finally, the fisheries control system is a crucial factor in implementing the objectives of the CFP. The Commission has taken corrective measures, which may bring improvements to national control systems; however, problems persist (see paragraph [4.43](#)).

# Annexes

## Annex 4.1 – The European Maritime and Fisheries Fund objectives

Specific objectives			
Objective	Full name	Short name (and abbreviation)	Represented in our sample
Specific Objective 1	Promoting competitive, environmentally sustainable, economically viable and socially responsible fisheries and aquaculture	Promote fisheries and aquaculture (SO1)	Yes
Specific Objective 2	Fostering the development and implementation of the Union's IMP in a manner complementary to cohesion policy and to the CFP	Foster the IMP (SO2)	No
Specific Objective 3	Promoting a balanced and inclusive territorial development of fisheries and aquaculture areas	Promote territorial development (SO3)	No
Specific Objective 4	Fostering the implementation of the CFP	Foster the CFP (SO4)	Yes

Source: ECA, based on the programme statements for the 2022 draft budget.

# Chapter 5

## Security and Citizenship

# Contents

	Paragraph
<b>Introduction</b>	5.1.-5.9.
<b>Brief description of ‘Security and citizenship’</b>	5.1.-5.2.
<b>Scope and approach</b>	5.3.-5.5.
<b>The purpose of ISF-Borders and Visa and how it is intended to work</b>	5.6.-5.9.
<b>Performance assessment of ISF-Borders and Visa</b>	5.10.-5.31.
<b>General comments</b>	5.10.-5.17.
There are marked differences in the implementation of national programmes	5.11.
There are some gaps in ISF-Borders and Visa’s performance information	5.12.-5.14.
Performance indicators published in the AMPR give an optimistic picture of ISF-Borders and Visa performance	5.15.-5.16.
The indicator for ISF-Borders and Visa’s general objective is on track, but is influenced by several external factors	5.17.
<b>Supporting a common visa policy</b>	5.18.-5.21.
ISF-Borders and Visa has contributed to efficient visa processing, but falls short on encouraging consistent application of the acquis through training	5.20.-5.21.
<b>Supporting integrated border management</b>	5.22.-5.31.
ISF-Borders and Visa performs better at upgrading IT systems and equipment than at training border guards to use them	5.23.-5.26.
ISF-Borders and Visa has enabled the development of the necessary systems for integrated border management	5.27.-5.30.
The ISF-Borders and Visa contribution to effective border management is dependent on Member States entering reliable, relevant and up-to-date information in IT systems	5.31.
<b>Conclusions</b>	5.32.-5.36.

## **Annexes**

### **Annex 5.1 – Internal Security Fund Borders and Visa objectives**

# Introduction

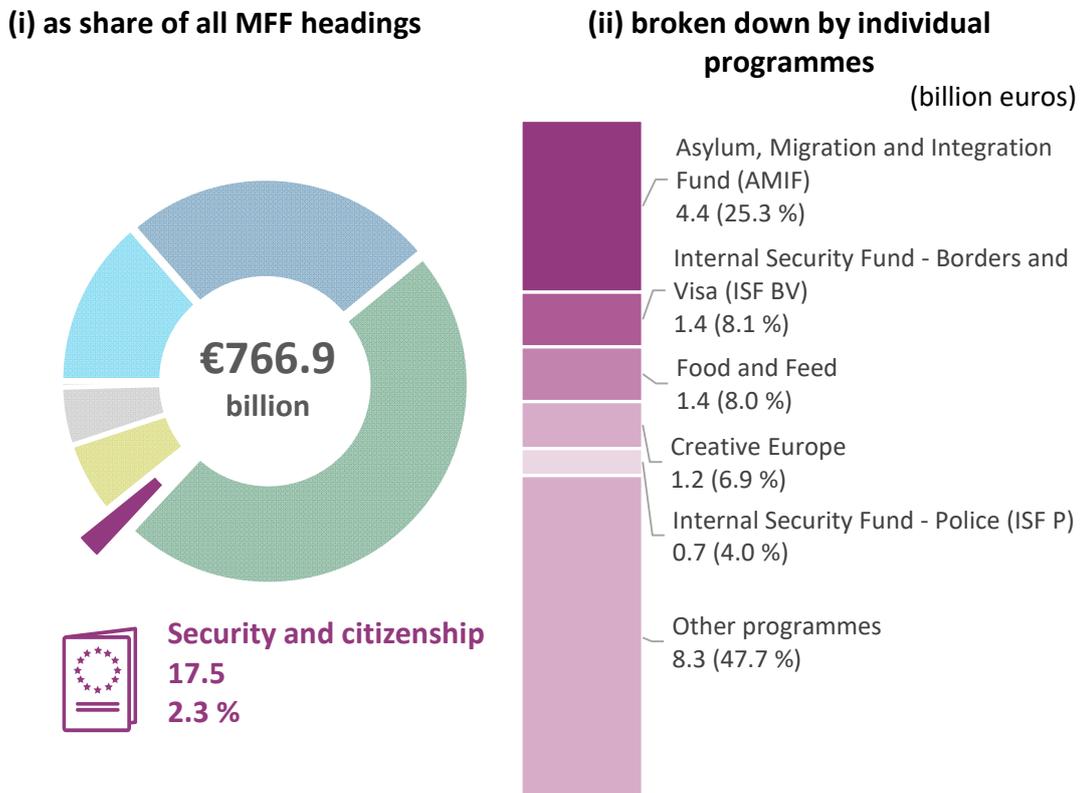
## Brief description of 'Security and citizenship'

**5.1.** MFF heading 3 concerns expenditure linked to policies with the aim of strengthening the concept of European citizenship by creating an area of freedom, justice and security without internal borders. It covers funding for:

- asylum and migration;
- internal security, covering harmonised border management, developing a common visa policy, cooperation among law enforcement agencies and improving the capacity to manage security-related risks and crises;
- migration and security, and judicial cooperation;
- human, animal and plant health;
- culture and the audio-visual sector; and
- justice, consumer rights, equality and citizenship.

**5.2.** The total planned expenditure under this heading in the 2014-2020 MFF was €22.4 billion, of which €17.5 billion had been paid out by the end of 2020 (see [Figure 5.1](#)). The most significant area of expenditure concerns two inter-related policy areas, which are migration and security.

**Figure 5.1 – Security and citizenship: payments made in 2014-2020 on the period’s commitments**



Source: ECA, based on Commission data.

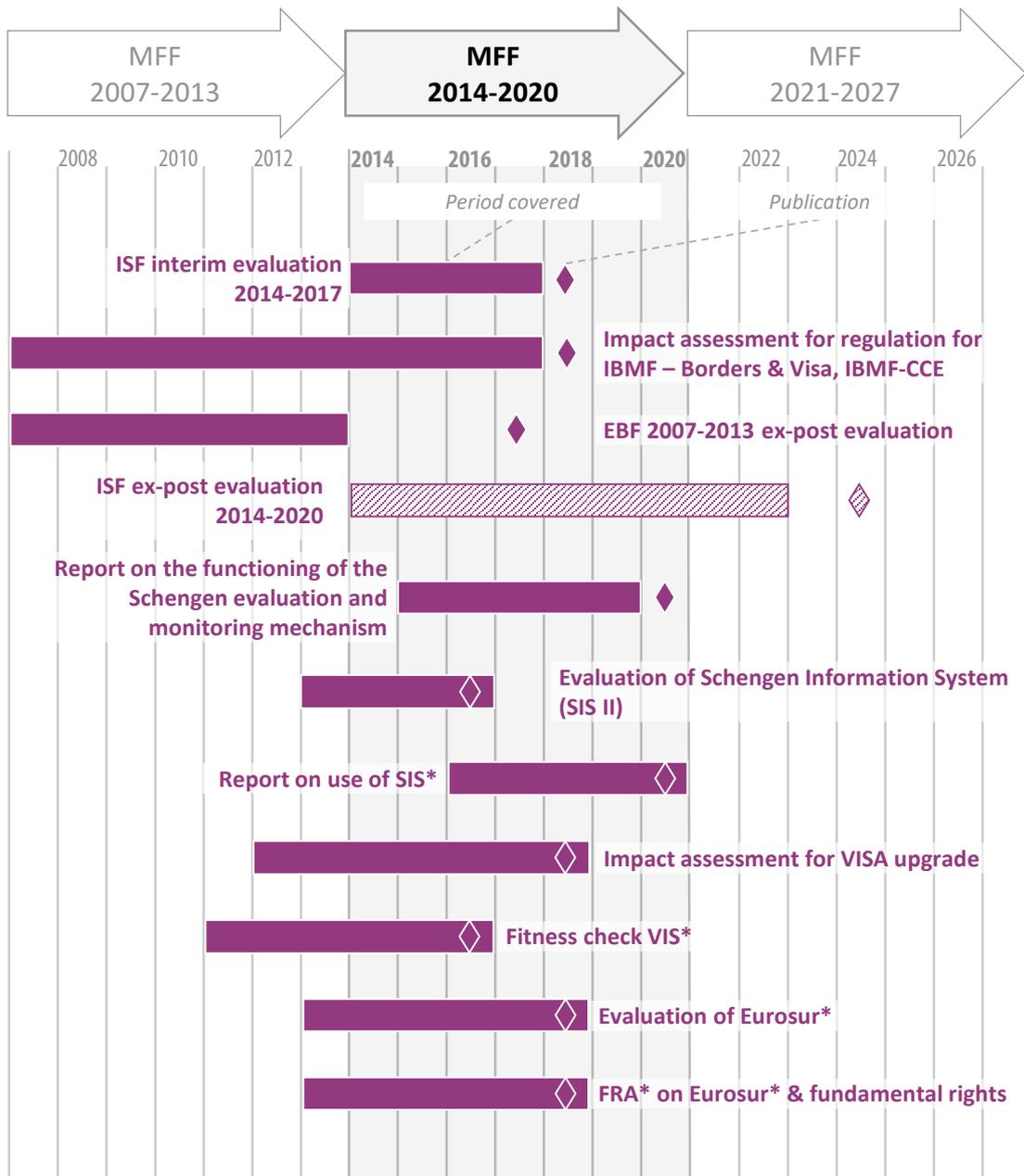
## Scope and approach

**5.3.** Out of 11 programmes under ‘Security and citizenship’, we selected ISF-Borders and Visa (hereafter ISF-BV), which represents 8.1 % of the total payments made until the end of 2020 for this MFF heading. Our aim was to establish how much relevant performance information was available and, based on that information, to assess how well EU spending programmes had performed. This follows on from our coverage, in the [2019 report on the performance of the EU budget](#), of the Asylum, Migration and Integration Fund (AMIF), which represented 23.9 % of total payments by the end of 2019.

**5.4.** We prepared this chapter using the Commission’s performance information, which comprised the *2020 Annual Management and Performance Report (AMPR)*, the *programme statements* for the 2022 draft budget, key evaluations and other reports shown in [Figure 5.2](#). We checked this information for plausibility and against our own findings, but did not audit its reliability. We have also drawn upon our own recent

audit and review results. The **Appendix** describes the methodology used to prepare this chapter in more detail.

**Figure 5.2 – Timing of main evaluations and other reports, and periods covered**



\* SIS: Schengen Information System, VIS: VISA Information System, FRA: Fundamental Rights Agency, Eurosur: European Border Surveillance System.

Source: ECA.

**5.5.** The legislation establishing each EU spending programme contains a number of objectives, which are classified as either general (usually broader and more strategic) or specific (usually narrower and more operational). This chapter covers the general objective and the two specific objectives relating to ISF-BV. The ISF-BV legislation also sets out the operational objectives of funding (see [Annex 5.1](#))<sup>1</sup>.

## The purpose of ISF-Borders and Visa and how it is intended to work

**5.6.** ISF-BV provides support (€2.4 billion<sup>2</sup> in commitments for the 2014-2020 period) for harmonised border management measures that allow a uniform and high level of border control, and for developing a common visa policy<sup>3</sup>, in compliance with the Union's commitment to fundamental freedoms and human rights. [Figure 5.3](#) gives the background to ISF-BV and provides a conceptual overview, showing the needs it addresses, its objectives, and its expected *outputs* and *outcomes*.

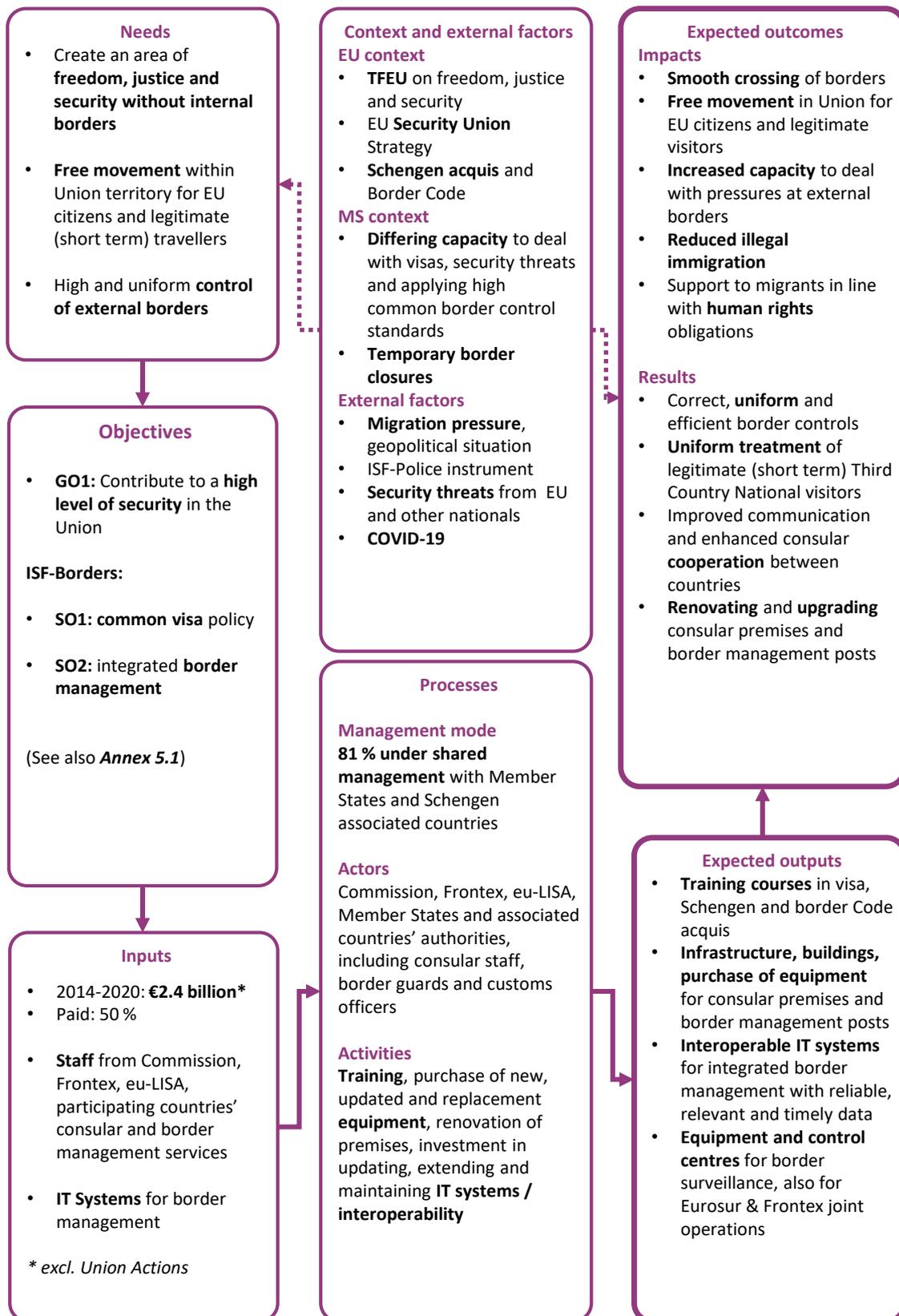
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<sup>1</sup> Article 3 of [Regulation \(EU\) No 515/2014](#) establishing the instrument for financial support for external borders and visa.

<sup>2</sup> Shared Management only, excludes emergency assistance (€414 million) and union actions.

<sup>3</sup> Article 3 of [Regulation \(EU\) No 515/2014](#).

Figure 5.3 – Overview of ISF-BV



Source: ECA, based on Regulation 515/2014.

**5.7.** Most ISF-BV funding (81 %) is managed through the national programmes of participating EU Member States (all except Ireland) and the four Schengen associated countries (Iceland, Liechtenstein, Switzerland and Norway), together with the Commission’s Directorate-General for Migration and Home Affairs (DG HOME). The latter also manages the remaining EU actions and emergency assistance directly or indirectly. *Figure 5.4* provides an overview of the actual spending reported by countries for their national programmes for the period 2014-2020.

**Figure 5.4 – Overview of national programme spending**

National Programme spending declared by Member States (2014-2020): € 1 320 million			
% of payments by type of spending			
National Objectives for ISF-Borders	SO1 Supporting a common visa policy	SO2 Integrated border management	STS Special Transit Scheme
	8 %	82 %	10 %
SO1 - Operating support for a common visa policy: improving Member States' capacity for applying a common visa policy to facilitate legitimate travel (Schengen visas), ensuring equal treatment of third country nationals (TCNs) and tackling illegal immigration	2.5 %		
SO1 - NO1 - National capacity: developing national components of VIS and other IT tools for issuing visas, renovating / refurbishing visa sections, opening new visa sections in third countries	4.6 %		
SO1 - NO2 - Union <i>acquis</i> : training in common visa policy, implementing specific recommendations from the Schengen Evaluation Mechanism	0.2 %		
SO1 - NO3 - Increasing consular cooperation: setting up common visa application centres, representation arrangements, developing and upgrading consulates, equipment and supporting specialised posts in third countries, such as immigration liaison officers	0.7 %		
SA1 - Consular cooperation: under specific actions	0.3 %		
SO2 - NO1 - Eurosur: putting in place Member States' components of Eurosur (including buildings, equipment and ICT for national coordination centres, national situation development, exchange of information), investments in border control equipment and surveillance systems, including equipment to be shared with Frontex for joint border operations		8 %	
SO2 - NO2 - Information exchange: communication systems, training courses, expert meetings and seminars between different agencies to improve cooperation		2 %	
SO2 - NO3 - Common union standards: setting up secure, interoperable IT border management systems such as SIS, VIS, ETIAS, and Eurosur, developing and upgrading border control infrastructure (such as ABC gates)		2 %	
SO2 - NO4 - Union <i>acquis</i> : border related training (Schengen borders code), implementing specific recommendations from the Schengen evaluation mechanism		1 %	
SO2 - NO5 - Future challenges: agency driven border analysis activities		1 %	
SO2 - NO6 - National capacity: Investments for developing and maintaining infrastructure at border crossing points		30 %	
SO2 - SA2 - Frontex equipment: Specific actions of Member States for purchase of equipment made available to Frontex for joint operations		11 %	
SO2 - Technical assistance borders: provide technical assistance for Member States		2 %	
SO2 - Operating support for borders: maintenance costs for fixed and mobile border control equipment		25 %	
STS - Special Transit Scheme: Special arrangement for a transit scheme between Lithuania and Russia			10 %

Source: ECA, based on Member States’ 2020 annual implementation reports.

**5.8.** Policy implementation and ISF-BV spending require close coordination and cooperation between the Commission, EU agencies (especially Frontex) and the national authorities responsible for customs (when performing border-related tasks), visas, immigration and border management. In particular, Frontex must be consulted on national programmes, expenditure relating to integrated border management, and the purchase of vehicles and equipment for joint operations<sup>4</sup>.

**5.9.** Border controls and the implementation of ISF activities may be impacted by events outside the control of national governments, such as the health impacts of the COVID-19 pandemic, security concerns relating to terrorist threats and unforeseen movements of migrants from outside the EU.

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<sup>4</sup> Article 9(2)(f) and Annex II, paragraph 2, of [Regulation \(EU\) No 514/2014](#).

# Performance assessment of ISF-Borders and Visa

## General comments

**5.10.** *Figure 5.5* provides our overview of all indicators in the ISF-BV programme statement, *Figure 5.6* shows the indicator for the ISF-BV general objective, and *Figure 5.8* and *Figure 5.9* give our specific overviews of indicators for the two ISF-BV specific objectives. In our 2019 report on the performance of the EU budget<sup>5</sup>, we discussed some general caveats that apply when interpreting these indicators. In particular, our assessment of whether a given indicator is ‘on track’ relates to the likelihood of its meeting its target. That assessment does not take into account whether, or how closely, a given indicator is linked to the ISF-BV actions and objectives, or whether the target set for the indicator is sufficiently ambitious. Therefore, it is only a first step in analysing programme performance. We have also not audited the reliability of the underlying data (though this was discussed in the 2019 report on performance<sup>6</sup>).

**Figure 5.5 – Overview of all indicators in the ISF-BV programme statement**

Objective (*)	Total	Output				Result				Impact			
		All			?	All			?	All			?
GO1	1									1			
SO1	5	3	 1	 2		2	 2						
SO2	6	4	 2	 1	 1	1		 1		1		 1	
<b>Total</b>	<b>12</b>	<b>7</b>	 <b>3</b>	 <b>3</b>	 <b>1</b>	<b>3</b>	 <b>2</b>	 <b>1</b>		<b>2</b>	 <b>1</b>	 <b>1</b>	

(\*) For full list of objectives see Annex 5.1

### LEGEND

Is the indicator on track to meet its target (taking into account any milestones and progress so far)?



? Unclear: no data, old data or inconclusive data

Source: ECA, based on programme statements for the 2022 draft budget.

<sup>5</sup> 2019 report on the performance of the EU budget, paragraph 1.24.

<sup>6</sup> *Ibid.*, paragraphs 1.13-1.23.

## There are marked differences in the implementation of national programmes

**5.11.** The financial information published in the AMPR and programme statements consolidates very different allocation and absorption rates in relation to the Member States' national programmes:

- Based on the allocation criteria stated in the regulation, 43 % (€1 billion) of shared management funding from the instrument (€2.4 billion) is allocated to four Member States (Greece, Italy, Spain, Lithuania).
- Up to the end of 2020, only 55 % of national programme allocations had been paid out<sup>7</sup>. Spending by countries was uneven, varying between 18 % and 79 % of their allocations. Member States reported the following issues delaying the uptake of funds<sup>8</sup>:
  - Procurement delays caused by factors such as the limited number of applicants, complex tender specifications and minimum technical standards, leading to, for example, the need for new technical specifications and procurement cancellations.
  - Rigidity of the legislation, which made it difficult to redirect national allocations to increase funding for projects involving IT systems, resulting in lower fund absorption rates.
  - Inaction by some Member States with regard to coordination for setting up consulates in non-EU countries (e.g. setting up a common Schengen office in third countries).
  - Other factors beyond the control of implementing authorities, including COVID-19, interdependence with other, late-running projects, an increased number of appeals in public procurement, and political and administrative obstacles in non-EU countries.

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<sup>7</sup> Programme statements for the 2022 draft budget, p. 1006.

<sup>8</sup> Member States' 2020 annual implementation reports.

## There are some gaps in ISF-Borders and Visa's performance information

**5.12.** Action at EU level ('Union actions') and emergency assistance, which represent 19 % of allocations from ISF-BV, are not covered by the performance framework. As there is no legal requirement, the Commission has not yet developed a performance monitoring framework for these actions. Consequently there is limited aggregated performance information on a total of €553 million.

**5.13.** The AMPR and programme statements provide little information about *economy* and *efficiency* in implementing the fund, or about the cost-effectiveness of ISF-BV actions.

**5.14.** More than half (7 out of 12) of the ISF-BV indicators published in the AMPR and programme statements are output indicators, and thus a measure of the programme's operational implementation, which is closely linked, to the budget spending rate. Apart from the information given in the 2018 interim evaluation of the ISF (see [Figure 5.2](#)), made at a time when implementation was slow, there has been no reporting on the achievement of operational objectives (see [Annex 5.1](#)). There is inevitably a time lag between spending on a multiannual programme and observing its outcome. At the end of 2020, 45 % of the ISF-BV allocation had not yet been paid out by the Member States, meaning that many results were likely to materialise after 2020. Member States will submit an *ex post* evaluation to the Commission by the end of 2023.

## Performance indicators published in the AMPR give an optimistic picture of ISF-Borders and Visa performance

**5.15.** The key performance indicators chosen for publication in the 2020 AMPR show significant progress by ISF-BV towards its targets, with over 100 % achievement (see paragraph [5.16](#) on how exceptional outputs from a limited number of countries can change the overall performance of SO2.2 and SO1.4). These, together with the description of activities funded by ISF-BV, give an optimistic view of progress. The less encouraging indicators on training and capacity-building for Member States' consulates and border guards are not presented.

**5.16.** As the published performance indicators aggregate the results reported by Member States, the exceptional performance of a limited number of countries leads to a positive overall picture:

- The reported development of 2 680 consulates under SO1.4 (2020 target 923) is mostly due to four countries reporting over 500 consulates each (Germany, Spain, Greece, Italy). Without these countries the overall target is reduced to 641, and the figure for progress to date drops from 290 % to 85 %.
- France reported exceptional results under SO2.2 in upgrading or developing border control infrastructure (14 735 items compared to a target of 4 000), greatly contributing to the overachievement of 33 516 items upgraded or developed compared to the overall target of 19 902. Excluding France, the overall achievement would have been 18 781 items compared to a target of 15 902.
- If the three countries (France, Slovenia, Norway) that reported exceptional development of consular cooperation activities under SO1.1 are excluded, the figure for progress to date drops from 294 % (430; target 146) to 121 %.
- Out of 759 specialised posts for consular staff in third countries reported under SO1.3 (target 395), 679 were reported by four countries alone (Austria, Germany, Greece, the Netherlands). Without these four countries, the figure for progress to date drops from 192 % to 28 %.

The indicator for ISF-Borders and Visa's general objective is on track, but is influenced by several external factors

**Figure 5.6 – Overview of the indicator linked to the general objective**

### Summary of all indicators

On track?	Output	Results	Impact	TOTAL
Yes			1	1
No				
Unclear ?				
<b>TOTAL</b>			<b>1</b>	<b>1</b>

### Details on a selected individual indicator

Indicator	Progress to target
Irregular migrants apprehended at the EU external borders Impact	<p>100 % (2020)</p> <p>2012 2022</p>

#### LEGEND

##### Type of target



Quantitative



Qualitative



No target or unclear target

##### Is the indicator on track to meet its target (taking into account any milestones and progress so far)?



Yes



No



Unclear: no data, old data or inconclusive data.

##### Does the Commission's assessment of progress roughly correspond to ours?



Yes



No

For detailed explanation of this overview and our methodology, please see Appendix, points 15-23.

Source: ECA, based on programme statements for the 2022 draft budget.

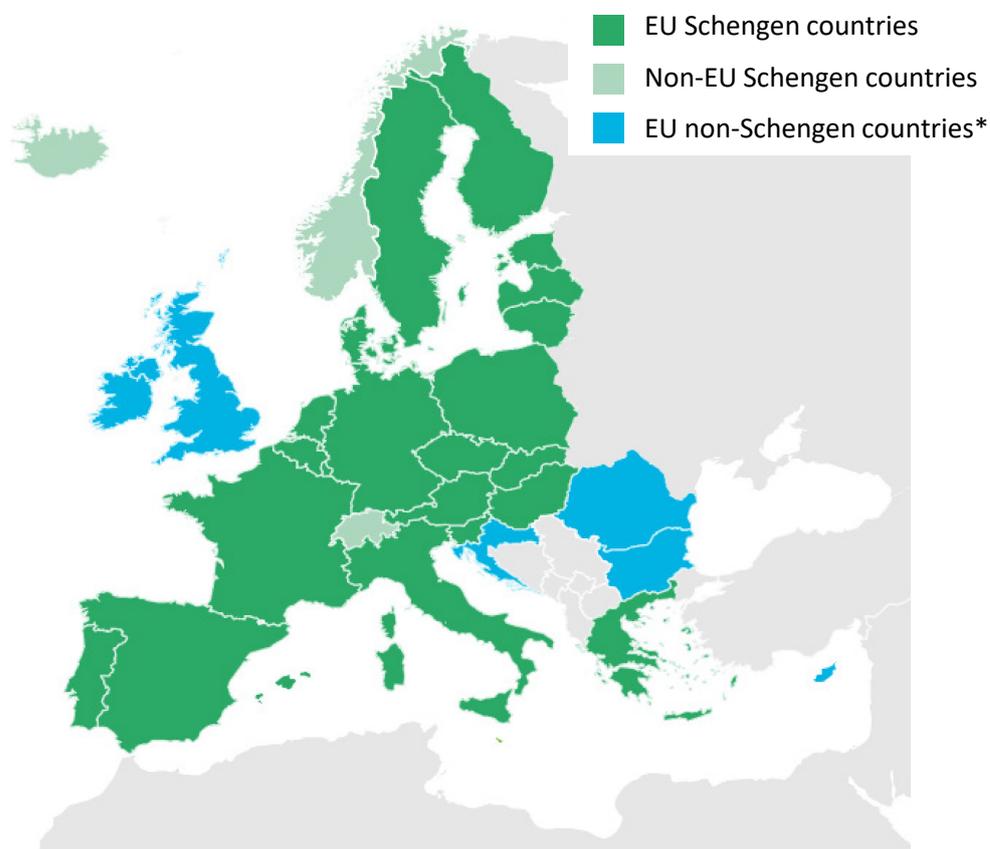
**5.17.** The ISF-BV general objective is 'to contribute to ensuring a high level of security in the Union'. The migration crisis put enormous pressure on the EU's external borders, inciting some Member States to reintroduce internal border controls and step up other response initiatives. ISF-BV assisted Member States in this endeavour with increased funding. However, it is difficult to isolate and assess the programme's effectiveness at achieving this objective, which is also influenced by several external factors. The same applies to the general impact indicator defined for assessing the general objective (see [Figure 5.6](#)). While ISF-BV spending and activities may contribute

to apprehending irregular migrants at the EU's external borders, the number of migrants depends on highly volatile external factors beyond the EU's control.

## Supporting a common visa policy

**5.18.** ISF-BV aims to encourage the development of a common policy to allow control-free travel within the Schengen area for both EU nationals and third-country nationals (TCN) in possession of a visa (*Figure 5.7*). An overview of the programme statement indicators linked to specific objective 1: 'supporting a common visa policy' is presented in *Figure 5.8*.

**Figure 5.7 – Map of the Schengen area**



\* The UK participated in these programmes until it ceased to be a member of the EU as of 31.1.2020.

Source: ECA: based on data from European Parliament – *Study PE 658.699 – The State of Play of Schengen Governance*, November 2020, p. 16.

Figure 5.8 – Overview of indicators linked to a common visa policy

### Summary of all indicators

On track?	Output	Results	Impact	TOTAL
Yes	1	2		3
No	2			2
Unclear (*) ?				
<b>TOTAL</b>	<b>3</b>	<b>2</b>		<b>5</b>

### Details on individual indicators

Indicator		Progress to target
Consular cooperation activities developed with ISF support	Results	100 % (2020) Milestone 50 % (2017)
Staff trained on the common visa policy funded by ISF	Output	38 % (2020) Milestone 50 % (2017)
Training courses on the common visa policy funded by ISF	Output	7 % (2020) Milestone 50 % (2017)
Specialised posts in third countries supported by ISF	Output	100 % (2020) Milestone 50 % (2017)
Consulates developed or upgraded with the help of the ISF	Results	100 % (2020) Milestone 50 % (2017)

#### LEGEND

##### Type of target



Quantitative



Qualitative



No target or unclear target

##### Is the indicator on track to meet its target (taking into account any milestones and progress so far)?



Yes



No



Unclear: no data, old data or inconclusive data.

##### Does the Commission's assessment of progress roughly correspond to ours?



Yes



No

For detailed explanation of this overview and our methodology, please see Appendix, points 15-23.

Source: ECA, based on programme statements for the 2022 draft budget.

**5.19.** The common visa policy deals only with short-term visas. Longer-term visas and residence permits are still a Member State competence, with no obligation to share this information with other countries (see paragraph [5.31](#)). For example, Schengen countries are still using over 200 different types of national visas and residence permits to allow TCNs to enter and travel around the Schengen area; in our special report on EU border information systems we found out that almost 2.7 million such permits were issued in 2017 alone<sup>9</sup>. ISF-BV can therefore only contribute to the consistent and efficient processing of some of the permits used to enter the EU.

### **ISF-Borders and Visa has contributed to efficient visa processing, but falls short on encouraging consistent application of the *acquis* through training**

**5.20.** By funding the upgrading of 2 680 consulates (290 % of the 2020 target), ISF-BV has helped to create more secure and efficient visa processing centres. Member States were initially reluctant to create common consular activities and visa centres despite financial incentives from ISF-BV<sup>10</sup>. Although 430 common consular activities have been developed (295 % of the 2020 target), this is mainly due to the exceptional performance of three Member States (see paragraph [5.16](#)). In addition, ISF-BV has been pivotal to the development of the common visa policy's IT systems<sup>11</sup> (see also section on SO2 below).

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<sup>9</sup> [Special report 20/2019](#): “EU information systems supporting border control - a strong tool, but more focus needed on timely and complete data”, paragraphs 59-62, 73.

<sup>10</sup> [SWD\(2018\) 340 final](#): “Interim Evaluation of the Internal Security Fund - Borders and Visa 2014-2017”, section 5.1.1, paragraph 5.

<sup>11</sup> [SWD\(2018\) 340 final](#): “Interim Evaluation of the Internal Security Fund - Borders and Visa 2014-2017”, section 5.1.1, paragraph 1.

**5.21.** However, 4 322 staff (38 % of the 2020 target) have been trained in the common visa policy to date, and 12 386 training hours (7 % of the 2020 target) have taken place. Although implementation rates for training have varied considerably between countries, the average is just 3 hours of training received compared to 16 hours planned. Low implementation would increase the risk that Schengen visa applications will not be processed in a harmonised manner (especially when determining the validity of visas and supporting documents), causing TCNs to be treated differently<sup>12</sup>.

### Supporting integrated border management

**5.22.** *Figure 5.9* provides an overview of the programme statement indicators linked to specific objective SO2: ‘supporting integrated border management’.

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<sup>12</sup> COM(2020) 779 final: “Report [...] on the Functioning of the Schengen Evaluation and Monitoring Mechanism”, pp. 8-9.

**Figure 5.9 – Overview of indicators linked to integrated border management**

### Summary of all indicators

On track?	Output	Result	Impact	TOTAL
Yes	2			2
No	1	1	1	3
Unclear	1			1
<b>TOTAL</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>6</b>

### Details on individual indicators

Indicator		Progress to target
Staff trained in border management with the help of the ISF	Output	86 % (2020) Milestone 50 % (2017)  ? 2013 2022
Training courses in border management with the help of the ISF	Output	39 % (2020) Milestone 50 % (2017) 2013 2022
Border control infrastructure and means developed or upgraded with the help of the ISF	Output	100 % (2020) Milestone 53 % (2017) 2013 2022
External border crossings through ABC gates funded from the ISF	Result	30 % (2020) No milestone 2013 2022
National border surveillance infrastructure established/further developed in the framework of EUROSUR	Output	100 % (2020) Milestone 100 % (2017) not specified 2022
Incidents reported by Member States to the European Situational Picture	Impact	60 % (2020) Milestone 50 % (2017) 2013 2022

#### LEGEND

##### Type of target

Quantitative	Qualitative	No target or unclear target
--------------	-------------	-----------------------------

##### Is the indicator on track to meet its target (taking into account any milestones and progress so far)?

Yes	No	Unclear: no data, old data or inconclusive data.
-----	----	--

##### Does the Commission's assessment of progress roughly correspond to ours?

Yes	No
-----	----

For detailed explanation of this overview and our methodology, please see Appendix, points 15-23.

Source: ECA, based on programme statements for the 2022 draft budget.

## ISF-Borders and Visa performs better at upgrading IT systems and equipment than at training border guards to use them

**5.23.** The upgrading of IT systems, equipment and infrastructure for visa and border checks has real EU added value. By improving the efficiency and effectiveness of border checks, upgrades may enhance the experience of legitimate travellers. As the benefits they bring depend on the proper training of border guards<sup>13</sup>, insufficient training may mean that these upgrades do not deliver their full potential. The Commission's own evaluation of SIS II<sup>14</sup> found that, despite the system's outstanding operational and technical success, it was not being used at full capacity.

**5.24.** By the end of 2020, 33 516 items of border control infrastructure and equipment had been developed or upgraded with ISF-BV support – well above the 2020 target of 19 902. By the same date, 29 903 staff (86 % of the 2020 target) had averaged a little more than 4 hours of training on aspects of border management, although training rates varied considerably between countries. Some Member States reported hours of training, training days and the number of training courses under the same indicator, so the aggregated values are not comparable.

**5.25.** Automatic border control gates, also known as 'e-gates', increase the efficiency of border crossings (usually at airports) by allowing large numbers of passengers to be checked without human intervention, thus freeing up border guards for more detailed checks where necessary. While the year-on-year figures for crossings through e-gates improved from 2 % of the target in 2015 to 30 % in 2020, hitting the target in 2022 is unlikely.

**5.26.** A clear element of EU added value offered by the fund is that countries can use ISF-BV funding to purchase border surveillance equipment and make it available to Frontex for joint operations. The 2020 programme statement reports commitments of €337 million and payments declared up to 2020 of €141 million under this heading.

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<sup>13</sup> [Special report 20/2019](#), paragraph 23.

<sup>14</sup> [COM\(2016\) 880 final](#) on the evaluation of the second generation Information System (SIS II), paragraphs 4.3.3, 4.3.4, 4.3.5, 4.3.7, 4.3.8, 4.3.9.

## ISF-Borders and Visa has enabled the development of the necessary systems for integrated border management

**5.27.** ISF-BV has provided very relevant support for the development, maintenance, extension and interoperability of four<sup>15</sup> current IT border management systems - Eurosur, SIS II, VIS and Eurodac - and for the EES and ETIAS systems, which are still under development (see [Figure 5.10](#)). An interoperability package linking these systems was adopted in May 2019, although project completion is not expected before the end of 2023.

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<sup>15</sup> Additionally the Passenger Name Register (PNR), which is an ISF-Police-funded IT system that is interconnected with ISF-Borders software.

**Figure 5.10 – EU information systems for border management**

### Before the border

- surveillance of external borders
- framework for information exchange, situational pictures and surveillance tools
- managed by Frontex



**Eurosur**



**PNR\***

- flight passengers data
- public and private users (airlines)
- decentralised system, managed by individual countries

### At the border

#### Current systems

allows recording of asylum seekers & irregular migrants:

- fingerprints database
- used for entry/exit and criminal procedures
- managed by eu-LISA



**Eurodac**

allows consultation on persons at border:

- information on missing or wanted persons
- main Schengen area system
- used for entry/exit and criminal procedures
- managed by eu-LISA



**SIS**

allows checks on visa holders:

- supports visa application procedure
- used to verify Schengen visas
- managed by eu-LISA



**VIS**

#### Future systems

entries and exits of third country nationals (TCNs) in and out of Schengen, coming for short stays



**EES**

visa-exempt TCNs coming for short stays



**ETIAS**

TCNs who reside in the EU, coming for a long stay or who often cross the external borders



**VIS update**

\* PNR exclusively funded by ISF-Police, which is not covered in the chapter.

Source: ECA.

**5.28.** These systems are crucial to allow border checks to identify people who pose a security threat while allowing legitimate travellers to cross smoothly. The databases are consulted increasingly frequently. For example, SIS II was consulted 6.7 billion times in 2019, up from 4 billion times in 2016<sup>16</sup>. While irregular border crossings fell

<sup>16</sup> Programme statements for the 2020 draft budget, p. 344 and EU-lisa SIS II – 2019 Statistics, p. 6.

from 149 000 in 2018 to 142 000 in 2019 and then to 125 000 in 2020, the number of TCNs refused entry at external border crossings has increased steadily, from 297 860 in 2015 to 689 065 in 2019<sup>17</sup>, indicating that the border management systems are helping border controls to be carried out effectively.

**5.29.** At the time of our audit in 2019 of EU information systems for border control<sup>18</sup>, we noted that the countries covered by the audit devoted between 3 % and 29 % of their ISF allocations to the five systems audited.

**5.30.** Important financial and other resources have been earmarked for border management IT systems. They have been financed from a range of sources: national budgets, ISF-BV and ISF-Police national programmes, specific EU budget lines and agencies. However, there is no comprehensive overview of how much they have cost the EU budget in total to date, since the only available information is scattered around a number of documents covering different periods.

### **The ISF-Borders and Visa contribution to effective border management is dependent on Member States entering reliable, relevant and up-to-date information in IT systems**

**5.31.** To allow for efficient and effective visa and border checks, it is essential that the IT systems used for border controls function correctly and use reliable, relevant and up-to-date information. The following issues could limit the impact of the ISF-BV contribution to effective border management:

- o SIS II is the largest and most widely used security and border management system. It allows national authorities to insert and consult alerts on individuals and objects. While the system makes border checks more effective (see paragraph 5.28), issues of data quality<sup>19</sup> compromise the efficiency and effectiveness of checks<sup>20</sup>. Moreover, border guards could consult SIS II more systematically<sup>21</sup>: in a 2019 survey we found that time constraints oblige personnel to take entry/exit decisions without consulting the database.

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<sup>17</sup> Source: Eurostat.

<sup>18</sup> Special report 20/2019, paragraph 46.

<sup>19</sup> Ibid., paragraphs 68-72.

<sup>20</sup> COM(2016) 880 final, paragraph 4.3.6.

<sup>21</sup> Special report 20/2019, paragraphs 49-54, 91.

- o The VIS connects consulates in non-EU countries with all external border checkpoints in Schengen countries, allowing countries to exchange visa data. Border guards are able to verify that the person presenting a visa is its rightful holder, that the visa is authentic and that the visa holder meets the visa requirements. However, the system only records short-term Schengen visas (see paragraph 5.19), and there is no consolidated record of all visas issued and checked<sup>22</sup>.
- o The 2020 programme statement for Eurosur shows that all the national and sub-national coordination centres required by the system rules were in place by December 2014. However, the Commission's evaluation four years later found that several Member States were still not fully compliant with the requirements, and we found that countries had not implemented all requirements fully and consistently<sup>23</sup>. Eurosur's effectiveness is hampered by countries not reporting all incidents (by number and type of information), not updating information promptly and/or not sharing all information. Accordingly, the indicator showing the number of incidents reported by countries is likely to be understated. The Commission has taken steps to address these issues by setting out binding rules regarding the Member States' obligation to report<sup>24</sup>.

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<sup>22</sup> *Ibid.*, paragraph 91.

<sup>23</sup> *Special report 08/2021: "Frontex's support to external border management: not sufficiently effective to date"*, paragraph 29 and Annex III.

<sup>24</sup> Regulation (EU) 2021/581 of 9 April 2021: "The situational pictures of the European Border Surveillance System (EUROSUR)", JO L 124 of 12.4.2021, p. 3.

## Conclusions

**5.32.** ISF-BV has provided substantial support (€1.4 billion so far) to help Member States face the costs and challenges of establishing and running an integrated border management framework and a common visa policy at a time when the migration crisis has put enormous pressure on the EU's external borders. It is unclear to what extent the programme has achieved its general objective of contributing to a high level of security in the EU, because the indicator measuring progress towards this objective is influenced by several external factors (see paragraph [5.17](#)).

**5.33.** Up to the end of 2020, 55 % of national programme allocations had been paid out. There were marked differences in the Member States' absorption rates of ISF-BV funding, which varied from 18 % to 79 %. Thus, many results are likely to materialise after 2020. Union actions and emergency assistance, which represent 19 % of allocations from ISF-BV, are not covered by the performance framework (see paragraphs [5.11-5.12](#)).

**5.34.** Overall, 6 of the 12 indicators for ISF-BV published in the AMPR and programme statements are on track to meet their 2020 targets. More than half (seven) are output indicators, and thus a measure of the programme's operational implementation. In its AMPR, the Commission presents the indicators that show a high degree of progress towards the ISF-BV targets, but not the less encouraging indicators on training and capacity-building for consulates and border guards. Furthermore, as the published performance indicators aggregate the results reported by Member States, the exceptional results achieved by a limited number of countries give a positive overall picture and an optimistic view of progress so far (see paragraphs [5.10, 5.14-5.16](#)).

**5.35.** Regarding the specific objective of support for a common visa policy, ISF-BV has helped upgrade more than 2 620 consulates, thereby creating more secure and efficient visa processing centres. It has also fostered consular cooperation activities between Member States, including the establishment of common visa centres. However, the average of three hours of visa training means that the programme has contributed insufficiently to the consistent application of the *acquis* through training (see paragraphs [5.20-5.21](#)).

**5.36.** Regarding support for integrated border management, the programme provides added value by allowing countries to upgrade and develop border surveillance infrastructure, including key IT systems used for border controls. Nevertheless, for border management to be effective, the information in those systems must be reliable, relevant and up-to-date. The evidence shows that data quality has been a recurrent issue and that the systems could be used more regularly as a matter of course. Proper training of border guards is also essential to ensure that the new developments and tools funded by the programme are used to their full potential. However, training targets have not been met and the aggregated figures reported by the Member States are not comparable (see paragraphs [5.23-5.31](#)).

# Annexes

## Annex 5.1 – Internal Security Fund Borders and Visa objectives

General objective			
Objective	Full text of the objective	Short name (and abbreviation)	Represented in our sample?
General objective 1	Contribute to ensuring a high level of security in the Union while facilitating legitimate travel, through a uniform and high level of control of the external borders and the effective processing of Schengen visas, in compliance with the Union's commitment to fundamental freedoms and human rights.	Ensuring a high level of security in the Union (GO1)	Yes
Specific objectives			
Objective	Full text of the objective	Short name (and abbreviation)	Represented in our sample?
Specific objective 1	Supporting a common visa policy to facilitate legitimate travel, provide a high quality of service to visa applicants, ensure equal treatment of third-country nationals and tackle illegal immigration.	Supporting a common visa policy (SO1)	Yes
Specific objective 2	Supporting integrated border management (...) to ensure, on one hand, a uniform and high level of control and protection of the external borders (...), and on the other hand, the smooth crossing of the external borders in conformity with the Schengen acquis, while guaranteeing access to international protection for	Supporting integrated border management (SO2)	Yes

Specific objectives			
Objective	Full text of the objective	Short name (and abbreviation)	Represented in our sample?
	those needing it, in accordance with the obligations contracted by the Member States in the field of human rights, including the principle of non-refoulement.		
Operational objectives for ISF-BV			
Objective	Full text of the objective	Short name (and abbreviation)	Represented in our sample?
(a)	Promoting the development, implementation and enforcement of policies with a view to ensuring the absence of any controls on persons, whatever their nationality, when crossing the internal borders, and to carrying out checks on persons and monitoring efficiently the crossing of external borders;		Yes
(b)	Gradually establishing an integrated management system for external borders, based on solidarity and responsibility, in particular by means of: (i) the reinforcement of external border checks and surveillance systems and of inter-agency cooperation between border guards, customs, migration, asylum and law enforcement authorities of Member States at the external borders, including in the maritime border area;		Yes

Operational objectives for ISF-BV			
Objective	Full text of the objective	Short name (and abbreviation)	Represented in our sample?
	(ii) measures within the territory relating to the management of external borders and the necessary flanking measures on document security, identity management and the interoperability of acquired technical equipment; (iii) any measures also contributing to the prevention and fight against cross-border crime at external borders relating to the movement of persons, including trafficking in human beings and human smuggling;		
(c)	Promoting the development and implementation of the common policy on visas and other short-stay residence permits, and of different forms of consular cooperation in order to ensure better consular coverage and harmonised practices on visa issuing;		Yes
(d)	Setting up and running IT systems, their communication infrastructure and equipment that support the common visa policy, border checks and border surveillance at the external borders and fully respect personal data protection law;		Yes
(e)	Reinforcing situational awareness at the external borders and the reaction capabilities of Member States;		Yes

Operational objectives for ISF-BV			
Objective	Full text of the objective	Short name (and abbreviation)	Represented in our sample?
(f)	Ensuring the efficient and uniform application of the Union's acquis on borders and visas, including the effective functioning of the Schengen evaluation and monitoring mechanism;		Yes
(g)	Reinforcing actions by the Member States contributing to enhancing the cooperation between Member States operating in third countries as regards the flows of third-country nationals into the territory of Member States, including prevention and tackling of illegal immigration, as well as the cooperation with third countries in that respect in full coherence with the objectives and principles of Union external action and humanitarian policy.		Yes

Source: Regulation (EU) No 515/2014.

# Chapter 6

## Global Europe

# Contents

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<b>Performance assessment of IPA II, based on published performance information</b>	6.11.-6.49.
<b>General comments</b>	6.11.-6.30.
Most indicators are either not on track or their progress is unclear	6.12.-6.16.
The sector approach was a strategic choice to improve IPA II’s performance, but could not be applied consistently	6.17.-6.20.
Indirect management by beneficiary countries sometimes adversely affected operational efficiency	6.21.-6.23.
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<b>Annex 6.1 – IPA II objectives</b>	

# Introduction

## Brief description of 'Global Europe'

**6.1.** Heading 4 of the 2014-2020 *multiannual financial framework* (MFF), 'Global Europe', covers expenditure on all *external action* funded by the EU general budget. These policies aim to:

- promote EU values abroad such as democracy, rule of law and respect for human rights and fundamental freedoms;
- address major global challenges such as climate change and biodiversity loss;
- increase the *impact* of EU development cooperation, with the aim of helping to eradicate poverty, support *sustainable development* and promote prosperity;
- foster stability and security in enlargement and neighbourhood countries;
- enhance European solidarity after natural or man-made disasters;
- improve crisis prevention and conflict resolution, preserve peace, strengthen international security and promote international cooperation;
- promote EU and mutual interests abroad.

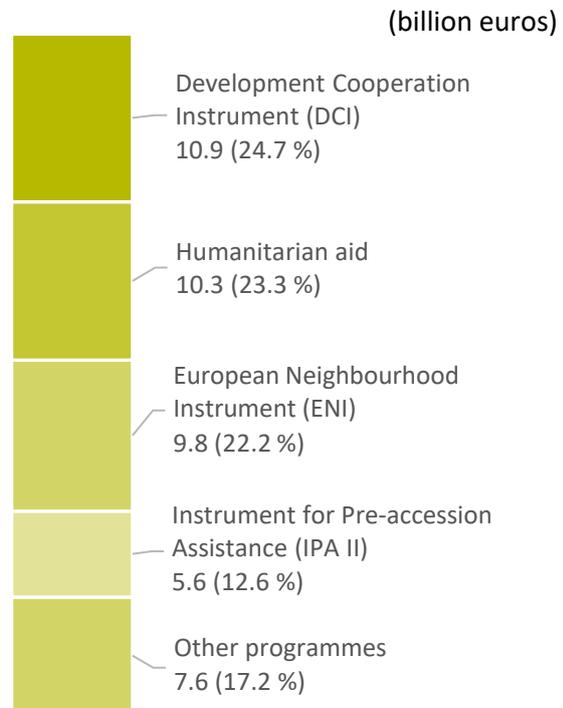
**6.2.** The total planned expenditure under this heading for the 2014-2020 MFF is €66.3 billion, of which €44.2 billion had been paid out by the end of 2020 (see [Figure 6.1](#)).

**Figure 6.1 – ‘Global Europe’: Payments made in 2014-2020 on the period’s commitments**

(i) as share of all MFF headings



(ii) broken down by individual programmes



Source: ECA, based on European Commission data.

## Scope and approach

**6.3.** Out of 15 *programmes* under ‘Global Europe’, we selected one: the Instrument for Pre-accession Assistance II (IPA II), representing 12.6 % (€5.6 billion) of the total payments made up until the end of 2020 for this MFF heading. Our aim was to establish how much relevant *performance* information was available and, based on that information, to assess how well EU spending programmes had performed. This follows on from our coverage, in the [2019 report on performance](#), of the Development Cooperation Instrument and the European Neighbourhood Instrument, which represented 44.8 % of total payments by the end of 2019.

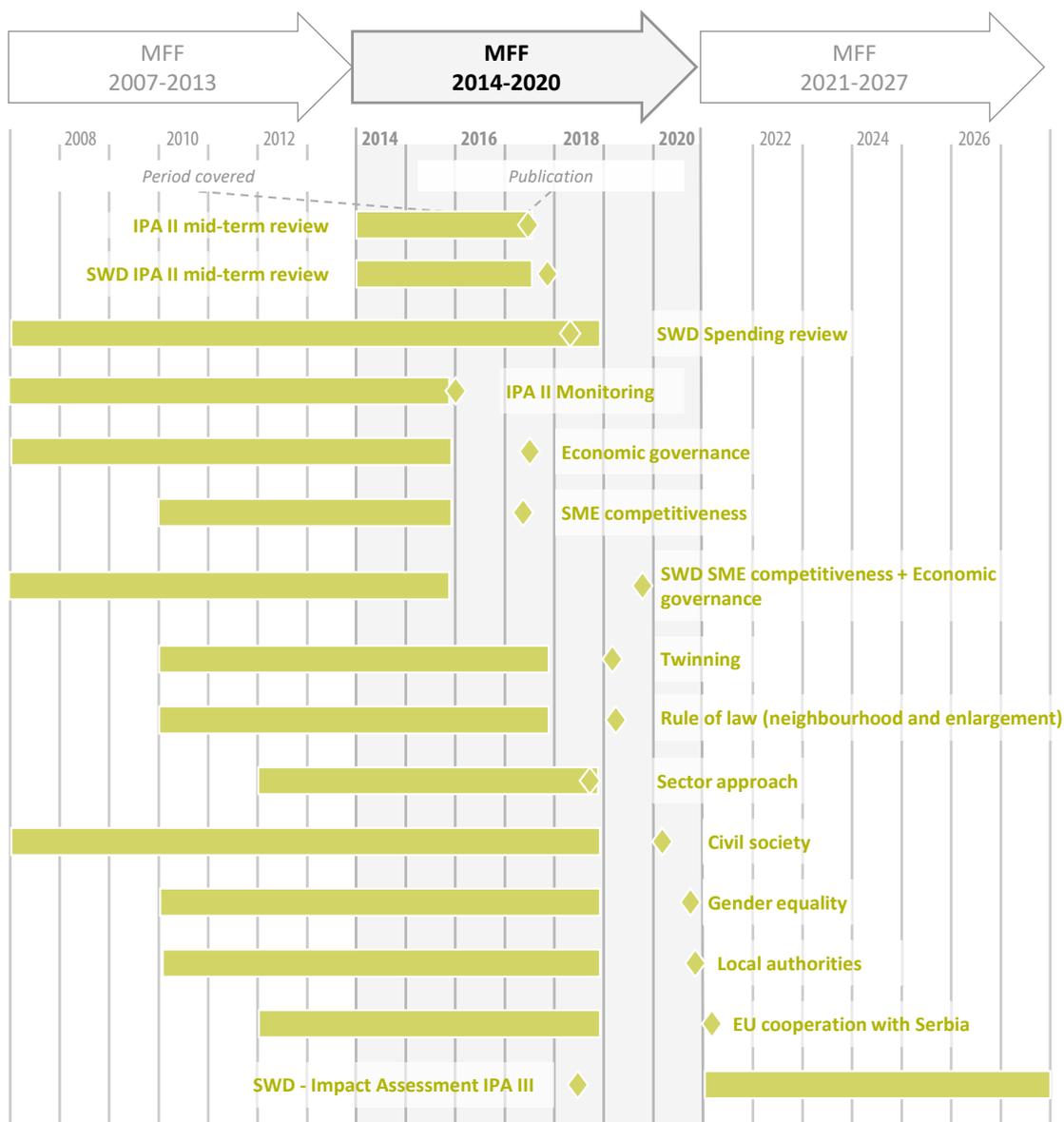
**6.4.** We have prepared this chapter using the European Commission’s performance information, including the 2020 *Annual Management and Performance Report (AMPR)*, *programme statements for the 2022 draft budget*, and the *2020 annual activity report (AAR)* of the Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR); and key evaluations and other reports shown in *Figure 6.2*. Our review also covered the annual report on the implementation of the EU’s instruments for financing external action. It reports on the EU’s delivery on global *commitments*, based on, among other things, the EU international cooperation and development *results* and the IPA performance frameworks’ indicators. We checked this information for plausibility and against our own findings, but did not audit its reliability. For the purposes of this chapter and this report as a whole, the term ‘result’ corresponds to ‘outcome’ in the Official Development Assistance glossary<sup>1</sup>.

**6.5.** We have also drawn upon our own recent audit and review results. The *Appendix* describes the methodology used to prepare this chapter in more detail.

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<sup>1</sup> OECD, *DAC Glossary of Key Terms in Evaluation and Results Based Management*.

**Figure 6.2 – Timing of main evaluations and other reports and periods covered**



Source: ECA.

**6.6.** Each EU spending programme has a number of objectives, classified as general or specific, which are defined in its founding legislation<sup>2</sup>. IPA II has five objectives (one general and four specific), of which this chapter covers four (see [Annex 6.1](#)).

<sup>2</sup> Regulation (EU) No 231/2014 on the Instrument for Pre-accession Assistance (IPA II).

## The purpose of IPA II and how it is intended to work

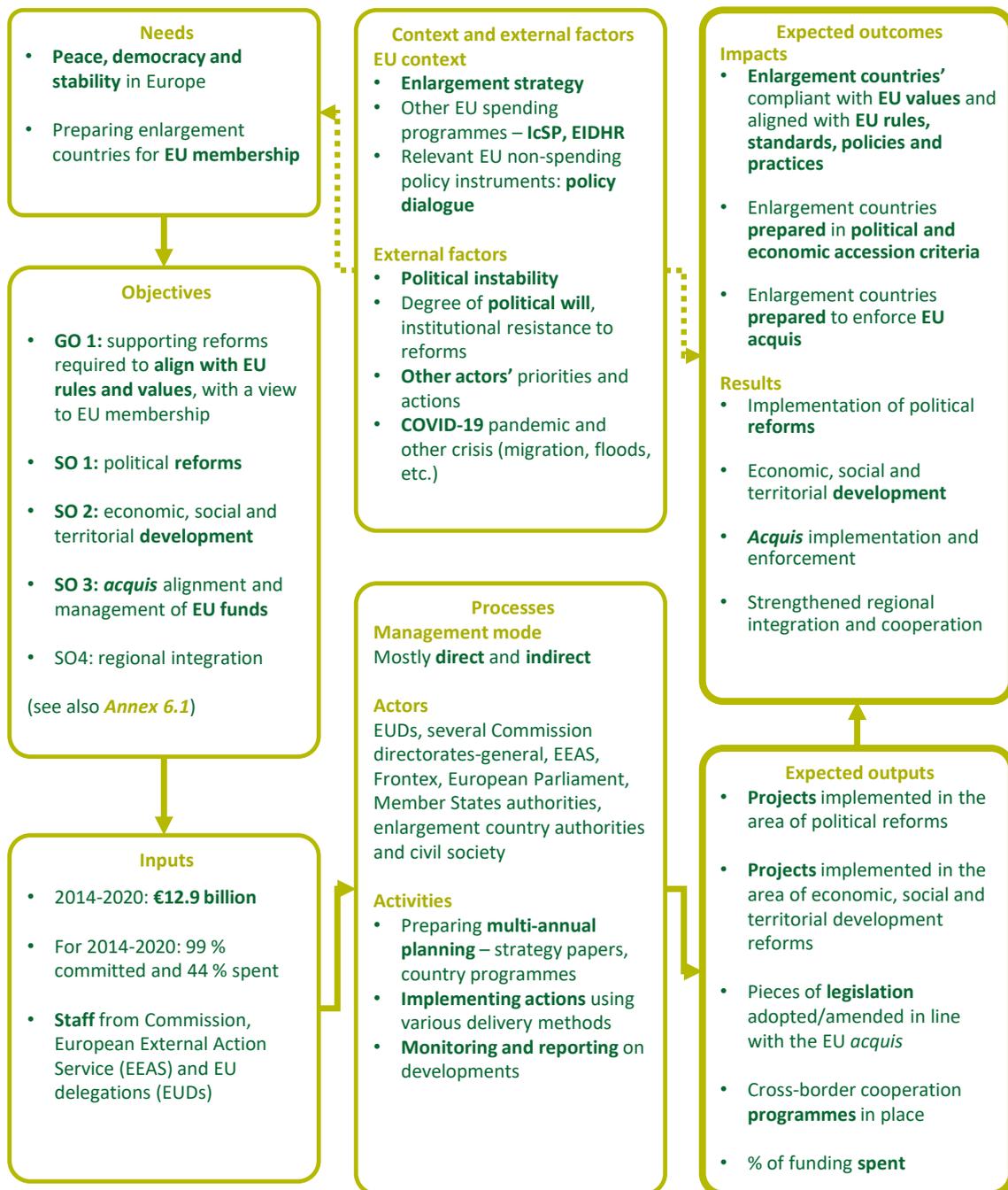
**6.7.** The accession process is based upon the fulfilment of the three sets of Copenhagen criteria (political criteria, economic criteria and the administrative and institutional capacity to effectively implement EU legislation (referred to in its entirety as the *acquis*)<sup>3</sup> Certain elements of these criteria, namely the rule of law, fundamental rights, strengthening democratic institutions, public administration reform and economic governance, are given priority, an approach known as 'fundamentals first'. IPA II is the main source of EU funding for five *candidate countries* (Albania, Montenegro, North Macedonia, Serbia and Turkey) and two *potential candidates* (Bosnia and Herzegovina, and Kosovo\*<sup>4</sup>), together referred to hereinafter as 'IPA II beneficiaries'. Managed by DG NEAR and the Directorate-General for Agriculture and Rural Development (DG AGRI), IPA II supports the implementation of the EU's enlargement policy. [Figure 6.3](#) provides our conceptual overview of IPA II and its background, showing the needs it is supposed to address, the objectives it is meant to achieve, and the *outputs* and outcomes it is expected to produce.

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<sup>3</sup> Presidency conclusions, Copenhagen European Council, 21-22 June 1993.

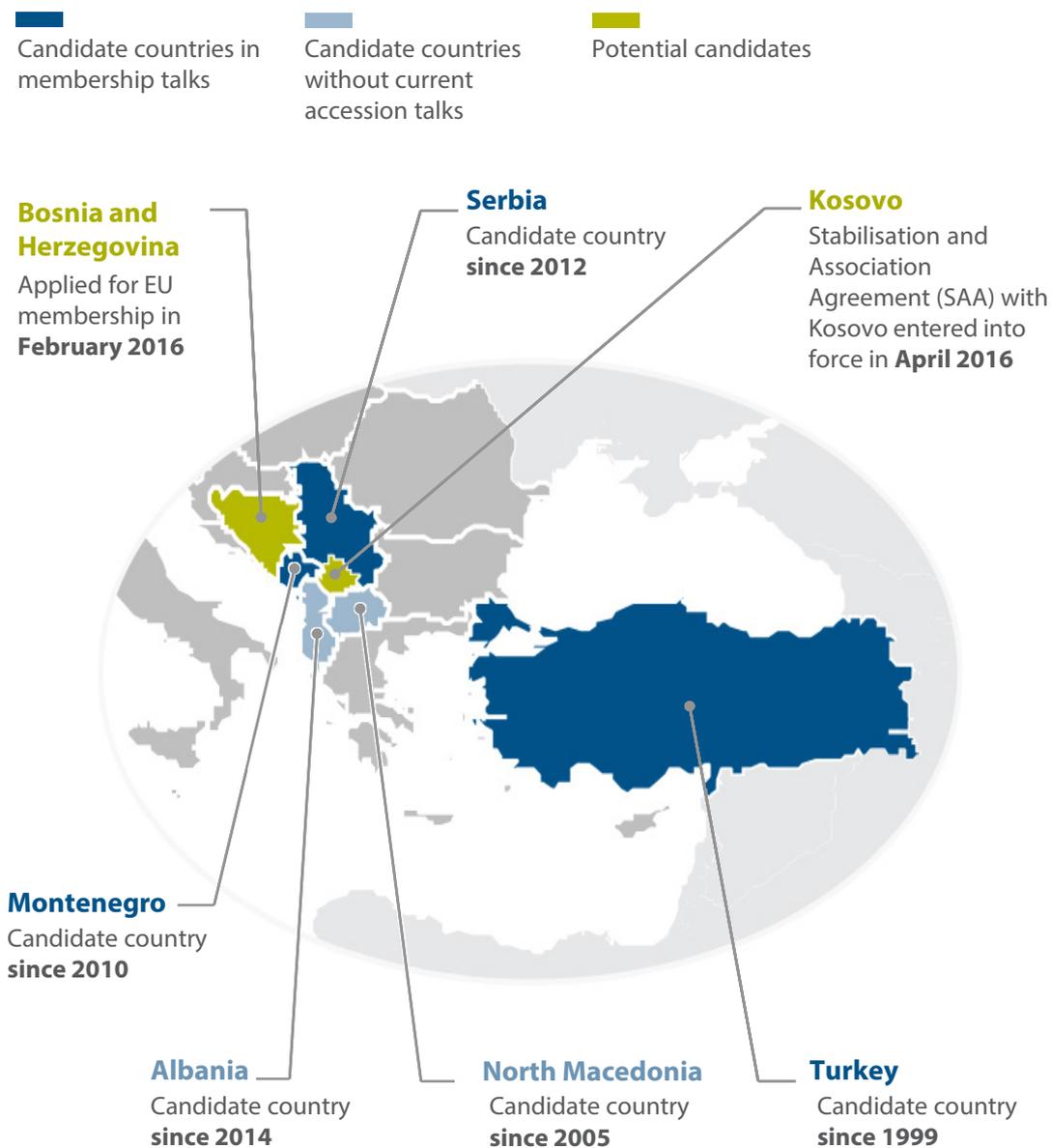
<sup>4</sup> \* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

Figure 6.3 – Overview of IPA II



Source: ECA, based on IPA II Regulation 231/2014, Commission programme statements, AMPR and the evaluation on IPA II (SWD(2017) 463 final).

**6.8.** First established for the 2007-2013 *programming period*, the IPA assists beneficiaries (see map in *Figure 6.4*) on their European path. It replaced a series of programmes and *financial instruments* that existed for this purpose before 2007. IPA II covers the 2014-2020 period.

**Figure 6.4 – IPA II beneficiaries**

Source: ECA based on Commission data.

**6.9.** IPA II helps beneficiaries in adopting and implementing the reforms required to align them with EU standards and policies and with the *acquis*. It prepares them for the EU accession negotiations, which are divided into 35 *negotiation chapters*, covering the different areas of the *acquis*. In line with the revised enlargement methodology, endorsed by the Council in March 2020, the negotiation chapters will now be grouped into six thematic ‘clusters’<sup>5</sup>.

<sup>5</sup> COM(2020) 57 final.

**6.10.** By the end of 2020, 97 % of IPA II's 2014-2020 budget had been contracted, mainly under *direct or indirect management*. *Shared management*, where implementation tasks are delegated to EU Member States, is only used for cross-border cooperation programmes with EU countries (for up to 4 % of IPA II's budget).

# Performance assessment of IPA II, based on published performance information

## General comments

**6.11.** *Figure 6.5* provides our overview of all IPA II indicators included in the programme statement. Our specific overviews of indicators are presented in *Figure 6.6*, *Figure 6.7* and *Figure 6.8*. In the 2019 report on performance<sup>6</sup>, we discussed some general caveats that apply when interpreting these indicators. In particular, our assessment of whether a given indicator is ‘on track’ relates to the likelihood of this indicator meeting its target. This particular assessment does not take into account whether, and how closely, a given indicator is linked to IPA II’s actions and objectives, nor whether the target set for this indicator is adequately ambitious. Therefore, it is only a first step in analysing IPA II’s performance. We have not audited the reliability of the underlying data (we did, however, discuss it in the 2019 report on performance<sup>7</sup>).

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<sup>6</sup> 2019 report on the performance of the EU budget, paragraph 1.24.

<sup>7</sup> 2019 report on the performance of the EU budget, paragraphs 1.13-1.23.

**Figure 6.5 – Overview of all IPA II indicators in the programme statement**

Objective (*)	Total	Output				Result				Impact			
		All			?	All			?	All			?
SO1	3									3		3	
SO2	11	4	– 1		– 3					7	– 3	4	
SO3	3	2	– 1		– 1					1			– 1
SO4	2	2		– 2									
<b>Total</b>	<b>19</b>	<b>8</b>	<b>– 2</b>	<b>– 2</b>	<b>– 4</b>					<b>11</b>	<b>– 3</b>	<b>7</b>	<b>– 1</b>

(\*) For full list of objectives see Annex 6.1

**LEGEND**

Is the indicator on track to meet its target (taking into account any milestones and progress so far)?



? Unclear: no data, old data or inconclusive data

Source: ECA, based on programme statements for the 2022 draft budget.

## Most indicators are either not on track or their progress is unclear

**6.12.** Although there is a general objective for IPA II (see [Annex 6.1](#)), the programme statement does not present any related indicators. Of the 19 IPA II programme statement indicators related to the programme's specific objectives, most (11) concern specific objective 2, which accounts for 40 % of commitments from IPA II's budget. Overall, 58 % (11) of IPA II's indicators are impact indicators and 42 % (8) are output indicators.

**6.13.** Based on the information reported in the programme statement, we consider that a quarter (5) of the indicators are on track while half (9) are not. For the remaining quarter (5), the programme statement does not present enough information to assess their progress clearly<sup>8</sup>. This is either because no results are reported for the milestones (3) or because there are no milestones in the first place (2).

**6.14.** The indicators (17) for the three specific objectives selected (specific objectives 1-3), accounting for two thirds of the IPA II budget, are impact (11) and output indicators (6). The programme statement mentions a source for each indicator: for some there is a clear reference to reports or websites where the information is

<sup>8</sup> This concerns indicators 5 (in relation to the Western Balkans) and 6 under specific objective 2, and indicators 1 and 2 (the latter in relation to the Western Balkans) under specific objective 3.

published (7), but for most it just refers to the institutions providing the data (10). Therefore, it is not always clear how the figures presented have been calculated<sup>9</sup>. For example, it is not clear how average exports/imports for the Western Balkans are calculated.

**6.15.** This year, for the first time, the Commission introduced its own progress assessment in the programme statement. We consider this an improvement compared to previous programme statements. However, the Commission’s analysis sometimes differs from ours. For example, the Commission considers that all three indicators under specific objective 1 show moderate progress, whereas the quantitative information reported for all three indicators shows no progress (see also paragraphs [6.33-6.35](#)).

**6.16.** Six of the 19 indicators in the programme statement are presented in the AMPR as *key performance indicators*. However, we do not consider this AMPR selection representative of IPA II’s performance. Four are impact indicators and give an indication of IPA II’s context rather than its performance. The other two are output indicators but relate to cross-border cooperation programmes, which are not representative of IPA II expenditure (see paragraph [6.10](#)). Moreover, all indicators selected show progress, and the two that have reached their targets are both impact indicators. In addition, none of the key performance indicators belong to specific objective 1 on political reforms, despite this being a central element for enlargement (see paragraph [6.7](#)).

### **The sector approach was a strategic choice to improve IPA II’s performance, but could not be applied consistently**

**6.17.** IPA is unique in addressing EU membership preparation, which is a long-term process. The ‘sector approach’ means defining a coherent set of actions to bring about reform in a given area or ‘sector’, such as the rule of law, the judiciary or public administration, and bring it up to EU standards. It involves analysing the conditions in that particular sector, the required actions and sequencing, and the actors and tools needed to implement them. For IPA II, the Commission made a strategic choice to apply this approach in order to ensure “a more long-term, coherent and sustainable

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<sup>9</sup> This concerns indicators 2, 3 and 4 (in relation to the Western Balkans) under specific objective 2, and indicator 2 (in relation to both the Western Balkans and Turkey) under specific objective 3.

approach, allow for increased ownership, facilitate cooperation among donors, eliminate duplication of efforts and bring greater *efficiency* and *effectiveness*"<sup>10</sup>.

**6.18.** In its initial years, the sector approach faced a number of obstacles in some IPA II beneficiaries, the main ones being:

- lack of national sector strategies and performance assessment frameworks to monitor performance<sup>11</sup>;
- weak political commitment, bureaucratic resistance and low administrative capacity<sup>12</sup>.

**6.19.** Moreover, for IPA II programming, the sector approach yielded increased dialogue between the EU and IPA II beneficiaries and internal coherence<sup>13</sup> within IPA II in those sectors that<sup>14</sup>:

- were included in the ‘fundamentals first’ approach (e.g. the judiciary), thus ensuring a continuous flow of assistance
- benefitted from sector *budget support* or multiannual programmes<sup>15</sup> adequately coupled with specific facilities/tools for capacity development<sup>16</sup>.

**6.20.** Implementing the sector approach, in particular through budget support, has improved the strategic focus of IPA II and increased its focus on reforms. However, according to the mid-term evaluation, implementation of the sector approach remained uneven across sectors and IPA II beneficiaries<sup>17</sup>.

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<sup>10</sup> Revised indicative strategy paper for Turkey (2014-2020), p. 5.

<sup>11</sup> External evaluation of the Instrument for Pre-accession Assistance (IPA II) (2014 – mid 2017), pp. iii-iv and 38-39; Revised indicative strategy paper for Bosnia and Herzegovina (2014-2020), p. 10, and Revised indicative strategy paper for Kosovo\* (2014-2020), p. 12.

<sup>12</sup> Evaluation of sector approach under IPA II, p. 44.

<sup>13</sup> Ibid., p. 45.

<sup>14</sup> Ibid., p. viii.

<sup>15</sup> Ibid., p. viii.

<sup>16</sup> Ibid., p. 30; SWD(2017) 463 final, p. 11.

<sup>17</sup> SWD(2017) 463 final, p. 3.

## Indirect management by beneficiary countries sometimes adversely affected operational efficiency

**6.21.** As stated in paragraph 6.10, IPA II's budget is mainly under direct and indirect management. Under direct management, the Commission implements the budget directly until IPA II beneficiaries' relevant authorities are accredited to do so.. Under indirect management, the Commission entrusts budget implementation tasks to:

- o IPA II beneficiary countries or their designated entities (known as indirect management with the beneficiary country or IMBC); or
- o EU or Member State agencies; or
- o international organisations.

**6.22.** IMBC is primarily used to prepare the beneficiaries' authorities to manage structural/*cohesion funds* in the future. IPA II's mid-term evaluation, which assessed the first years of its implementation, concluded that although IMBC had improved beneficiaries' ownership of the programme, it had been less efficient than direct management<sup>18</sup>. Due to serious efficiency problems related to systemic weaknesses and low administrative capacity, the Commission had reintroduced direct management in some sectors. In Turkey, where IPA I and II funding has mostly been under IMBC, chronic delays had led to a spending backlog of over €600 million. In Albania, IPA II procurement procedures under IMBC had been suspended, causing delays in tendering procedures<sup>19</sup>. Such inefficiencies affect projects' relevance and effectiveness<sup>20</sup>.

**6.23.** Serbia and Montenegro have also qualified for IMBC, whereas Kosovo and Bosnia and Herzegovina have not<sup>21</sup>. However, IPA II beneficiaries are not always interested in IMBC. For example, in the 'rule of law' sector, the Serbian authorities preferred direct management, mainly due to the mismatch they have experienced

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<sup>18</sup> External evaluation of the Instrument for Pre-accession Assistance (IPA II) (2014 – mid 2017), pp. iii, 36 and 39.

<sup>19</sup> SWD(2018) 151 final, p. 83.

<sup>20</sup> External evaluation of the Instrument for Pre-accession Assistance (IPA II) (2014 – mid 2017), pp. ii, iii, iv and 36.

<sup>21</sup> Ibid., p. 13.

between the EU's stringent requirements for IMBC and the responsible agencies' low administrative capacity<sup>22</sup>, further exacerbated by high staff turnover<sup>23</sup>.

## IPA II has responded flexibly to help mitigate crises

**6.24.** IPA II helps to mitigate crises with a potential impact on its general and specific objectives, namely on the economic and social development of IPA II beneficiaries. For example, after the 2014 floods in the Western Balkans, DG NEAR reallocated IPA II funds (€127 million) to a special measure on flood recovery and flood risk management<sup>24</sup>.

**6.25.** In response to the COVID-19 pandemic, almost €900 million in IPA II funds was reprogrammed to support the Western Balkans<sup>25</sup>. This was part of the €3.3 billion the region received through also other EU instruments such as *macro-financial assistance*, and through preferential loans from the European Investment Bank.

## There are some gaps in IPA II's performance information

**6.26.** DG NEAR publishes detailed annual reports on each candidate country and potential candidate's state of play and progress in the different negotiation chapters and in meeting the political and economic criteria (see paragraph 6.7). Although these reports, mandated by the Council of the European Union (the Council), fulfil their purpose of providing information on the enlargement process, specifying the extent to which progress (or lack thereof) is due to IPA II and how much relates to other actors or factors would make them even more informative.

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<sup>22</sup> IPA II monitoring, reporting and performance framework, p. 14; Thematic evaluation of EU support for rule of law in neighbourhood countries and candidates and potential candidates of enlargement (2010-2017), pp. 29-30.

<sup>23</sup> Strategic country-level evaluation of the European Union's cooperation with Serbia over the period 2012-2018, pp. 61-62.

<sup>24</sup> C(2014) 9797 final.

<sup>25</sup> Annual Activity Report 2020 DG NEAR, p. 17.

**6.27.** There were weaknesses in the monitoring of individual projects, as noted by several external evaluations and ECA audits. In some instances, monitoring focused on *inputs*, activities and processes rather than on results and impacts<sup>26</sup>. Some of the indicators analysed in our reports lacked baselines or were poorly defined<sup>27</sup>.

**6.28.** The Commission engages external contractors to evaluate programmes, providing an external assessment of their effectiveness, efficiency, relevance, coherence and EU added value. A key deliverable of these evaluations is a *staff working document* (SWD) presenting the results. However, for 7 of the 11 evaluations we reviewed, there were no SWDs, meaning DG NEAR's judgement on the external evaluators' conclusions was not published. Furthermore, we noted that the evaluation conclusions in the area of economic governance and *small and medium-sized enterprises'* competitiveness were endorsed by the corresponding SWD, while disregarding significant weaknesses in the evaluation process. We reported similar weaknesses for other focus areas in the [2019 report on performance](#).

**6.29.** IPA II's programme statement presents impact and output indicators, with no *result indicators* to link the two. Result indicators are key in order to understand how the programme has contributed to progress towards its objectives. Other Commission reports, such as the AAR and the annual report on the implementation of EU instruments for financing external action, contain additional indicators, including result indicators, which could provide a more complete picture. Although these indicators provide values for DG NEAR as a whole or for all external action instruments together, the information for some of these indicators can be broken down by instrument. This means that the Commission could use them to assess and report on IPA II's performance specifically. As part of programming for IPA III (the successor for the 2021-2027 period), DG NEAR is working on a matrix to group all available programme indicators.

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<sup>26</sup> Evaluation of EU support to local authorities in enlargement and neighbourhood regions (2010-2018), p. 6; Evaluation of the EU's external action support to gender equality and women's and girls' empowerment (2010-2018), p. 14; Thematic evaluation of EU support for rule of law in neighbourhood countries and candidates and potential candidates of enlargement (2010-2017), pp. ix and 32.

<sup>27</sup> Special report 07/2018, paragraphs VIII and 39; Special report 27/2018, paragraphs IX and 54.

**6.30.** There is an inevitable time lag between spending funds on a multiannual programme and observing its outcome. As of 31 December 2020, 56 % of IPA II's total allocation for the 2014-2020 MFF had not yet been paid, meaning many results are likely to only materialise after 2020. As for all external action instruments, the Commission has to produce a final evaluation report on the 2014-2020 period as part of the interim review for the next financial period, which will take place by 31 December 2024.

## Political reforms

**6.31.** *Figure 6.6* provides an overview of the programme statement indicators linked to specific objective 1: ‘Political reforms’.

**Figure 6.6 – Overview of indicators linked to ‘Political reforms’**

### Summary of all indicators

On track?	Output	Result	Impact	TOTAL
Yes	0	0	0	0
No	0	0	3	3
Unclear	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>3</b>

### Details on individual indicators

Indicator	Progress to target
Readiness of enlargement countries on political accession criteria Impact	Target: most countries moderately prepared
Weighted score based on 8 external sources: Western Balkans Impact	0 % (2019) Milestone 14 % (2017) 2010 2020
Weighted score based on 8 external sources: Turkey Impact	0 % (2019) Milestone 38 % (2017) 2010 2020

#### LEGEND

##### Type of target



Quantitative



Qualitative



No target or unclear target

##### Is the indicator on track to meet its target (taking into account any milestones and progress so far)?



Yes



No



Unclear: no data, old data or inconclusive data

##### Does the Commission's assessment of progress roughly correspond to ours?



Yes



No

For a detailed explanation of this overview and our methodology, please see Appendix, points 15-23.

Source: ECA, based on programme statements for the 2022 draft budget.

## Implementation of political reforms is generally slow

**6.32.** Political criteria are one of the three sets of Copenhagen criteria (see paragraph 6.7). They focus on rule of law, fundamental rights, and strengthening democratic institutions and public administration.

**6.33.** Despite some beneficiaries' progress in meeting political criteria<sup>28</sup>, all indicators from the programme statement<sup>29</sup> relating to IPA II beneficiaries' readiness for EU membership in terms of political reforms have regressed in relation to their baselines, and none of them are on track to reach their target. However, as all indicators for the political reforms are impact indicators, their progress depends not only on IPA II support, but also on other contextual factors such as the political will of the IPA II beneficiary concerned, as the Commission recognises in its 2020 communication on EU enlargement policy<sup>30</sup>.

**6.34.** The first indicator for specific objective 1 concerns the number of cases where IPA II beneficiaries are at an early stage of preparation in terms of meeting the political accession criteria. The 2018 milestone was that this number should decrease. However, it increased mainly due to Turkey's backslide in the functioning of the judiciary, public administration reform and freedom of expression. This regression means that, although some IPA II beneficiaries have made progress, the target of having most of them moderately prepared by 2020 has not been achieved.

**6.35.** The other two indicators are based on eight external sources measuring mostly the perception of corruption, press freedom, government effectiveness, rule of law, regulatory quality and voice and accountability. They show a general backslide up until 2019 and, despite improvement in 2020, they remain below baseline levels, most notably for Turkey, and are clearly not on track to reach their targets.

**6.36.** Moreover, one of the indicators initially set for specific objective 1, which monitors civil society involvement in reform processes, has been discontinued, despite the fact that the IPA II monitoring evaluation stated that this indicator "could provide very useful information on the involvement of the civil society organisations in IPA II".

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<sup>28</sup> 2020 annual reports.

<sup>29</sup> COM(2021) 300, pp. 1164-1165.

<sup>30</sup> COM(2020) 660 final.

## EU support has been more effective in promoting fundamental reforms than in securing their implementation

**6.37.** IPA assistance has helped IPA II beneficiaries integrate human rights and democracy issues into their national policy frameworks. The EU has contributed to legal and constitutional reforms through financial support, technical assistance and policy dialogue<sup>31</sup>.

**6.38.** EU support and policy dialogue have encouraged many IPA II beneficiaries to adhere to international human rights conventions<sup>32</sup>. Turkey hosted the Istanbul convention in 2011, which resulted in a treaty promoting the creation of a pan-European legal framework to protect women against all form of violence, and to prevent, prosecute and eliminate such violence. Since then, all but one of the IPA II beneficiaries have ratified it. Kosovo, due to its specific status, has not yet formally signed up to the convention, but has undertaken to apply its provisions through constitutional amendments. It is worth noting that Turkey subsequently withdrew officially from the Istanbul Convention in July 2021.

**6.39.** However, according to the thematic evaluation on rule of law, “legal reforms, like constitutional ones, require considerable secondary legislation and regulations in order to be implementable”<sup>33</sup>. The evaluation points out that although the EU has contributed, through technical assistance, to drafting laws for justice institution reform or to capacity building for institutions including parliaments, results are often slow in coming. The evaluation concludes: “In general, EU support is more effective in promoting fundamental reforms than in following through on the nitty-gritty of implementation. In addition, while support to legislative reform has been considerable, EU stakeholders observe that relatively little parallel support has been provided to parliamentary institutions to support the passage of reform [...]”<sup>34</sup>.

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<sup>31</sup> Thematic evaluation of EU support for rule of law in neighbourhood countries and candidates and potential candidates of enlargement (2010-2017), p. 40.

<sup>32</sup> Ibid., p. 59.

<sup>33</sup> Ibid., p. 38.

<sup>34</sup> Ibid., p. 38.

## Economic, social and territorial development

**6.40.** *Figure 6.7* provides an overview of the programme statement indicators linked to specific objective 2: 'Economic, social and territorial development'.

**Figure 6.7 – Overview of indicators linked to ‘Economic, social and territorial development’**

### Summary of all indicators

On track?	Output	Result	Impact	TOTAL
Yes	1	0	3	4
No	0	0	4	4
Unclear ?	3	0	0	3
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>7</b>	<b>11</b>

### Details on selected individual indicators

Indicator		Progress to target
Readiness of enlargement countries on economic criteria	Impact	Target: most countries with good preparation
Economic entities with modernisation projects in agri-food sector: Western Balkans	Output	52 % (2020) Milestone 10 % (2017) ? 2013 2023
Economic entities with modernisation projects in agri-food sector: Turkey	Output	100 % (2020) Milestone 10 % (2017)
Physical capital investment in agri-food and rural development by IPA II beneficiaries: Western Balkans	Output	34 % (2020) Milestone 7 % (2017) ? 2013 2023
Physical capital investment in agri-food and rural development by IPA II beneficiaries: Turkey	Output	66 % (2020) Milestone 13 % (2017) ? 2013 2023

#### LEGEND

##### Type of target



Quantitative



Qualitative



No target or unclear target

##### Is the indicator on track to meet its target (taking into account any milestones and progress so far)?



Yes



No



Unclear: no data, old data or inconclusive data

##### Does the Commission's assessment of progress roughly correspond to ours?



Yes



No

For a detailed explanation of this overview and our methodology, please see Appendix, points 15-23.

Source: ECA, based on programme statements for the 2022 draft budget.

## **IPA II has contributed to the agri-food and rural development sectors but less than expected**

**6.41.** Of the 11 indicators for ‘Economic, social and territorial development’, all but one have shown progress compared to their respective baselines. However, fewer than half (4) are clearly on track to reach their targets. These indicators mainly provide information on the economic context in which IPA II operates and on how it contributes to the agri-food and rural development sectors. There are no indicators specifically measuring IPA II’s contribution to social and territorial development.

**6.42.** Most of the 11 indicators report on IPA II’s impact (7). Three are on track to reach their target. However, the rest are not on track because of the deteriorating economic context. The first indicator monitors readiness in respect of economic criteria, which also belong to the ‘fundamental’ areas (see paragraph 6.7). It has remained stable, as Bosnia and Herzegovina and Kosovo are still at an early stage of preparation in terms of a functioning market economy and competitiveness.

**6.43.** The rest of the indicators monitor IPA II’s outputs (4). These relate to agri-food and rural development, which are both important areas for the development of IPA II beneficiaries, notably in the Western Balkans. They have all shown progress but only one has so far reached its target.

## **Acquis alignment and management of EU funds**

**6.44.** *Figure 6.8* provides an overview of the programme statement indicators linked to specific objective 3: ‘Acquis alignment and management of EU funds’.

**Figure 6.8 – Overview of indicators linked to ‘Acquis alignment and management of EU funds’**

### Summary of all indicators

On track?	Output	Result	Impact	TOTAL
Yes	1	0	0	1
No	0	0	0	0
Unclear	1	0	1	2
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>3</b>

### Details on individual indicators

Indicator	Progress to target
Readiness of enlargement countries on alignment to the acquis Impact	No baseline, no target ?
Economic entities upgrading towards EU standards in agri-food sector: Western Balkans Output	68 % (2020) No milestone ?
Economic entities upgrading towards EU standards in agri-food sector: Turkey Output	100 % (2020) No milestone

#### LEGEND

##### Type of target



##### Is the indicator on track to meet its target (taking into account any milestones and progress so far)?



##### Does the Commission's assessment of progress roughly correspond to ours?



For a detailed explanation of this overview and our methodology, please see Appendix, points 15-23.

Source: ECA, based on programme statements for the 2022 draft budget.

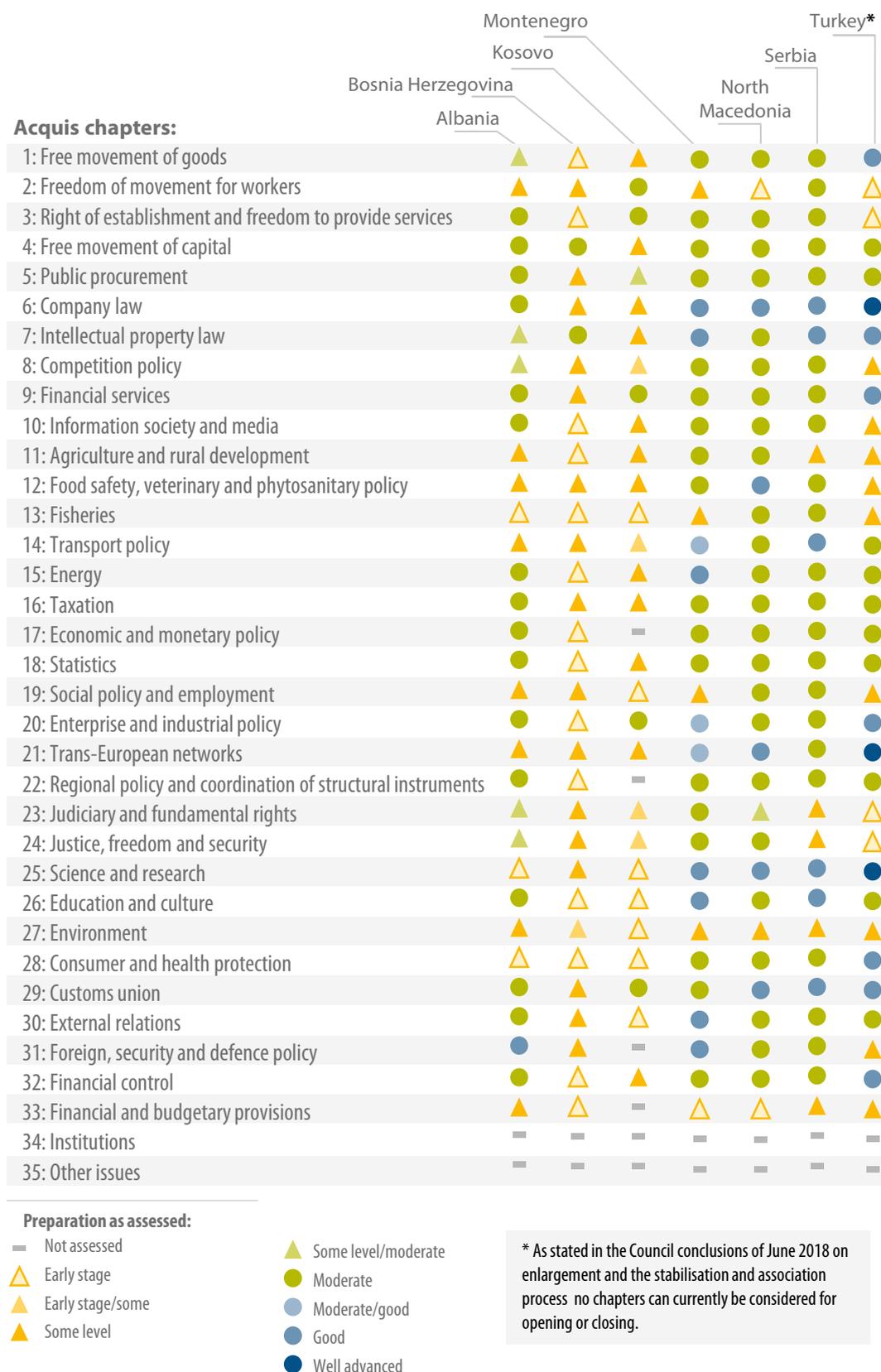
**IPA II beneficiaries have made some progress on alignment, but only limited information is available on their readiness to manage EU funds**

**6.45.** One of the three indicators under this specific objective has reached its target. For the other two, it is not possible to conclude as to whether they are on track to reach their targets due to lack of baselines and/or target values.

**6.46.** The first indicator, on IPA II beneficiaries' readiness for alignment with the acquis, refers to the number of chapters where they are at an early stage of preparation. The programme statement does not include either a milestone or a target for this indicator. The 2015 baseline was 50 chapters and although this number had decreased by almost half by 2017, it has since increased to 30 (as of 2019). This is mainly due to Bosnia and Herzegovina, and Kosovo, which are still at an early stage of preparation in 14 and 7 chapters respectively.

**6.47.** *Figure 6.9* presents the Commission's assessment of how prepared IPA II beneficiaries are in all the negotiation chapters, even though only Montenegro, Serbia and Turkey have started official accession negotiations. This level of preparation depends not only on IPA II support, but also on a number of external factors, notably the political will of the beneficiaries themselves. Negotiations on a chapter can also be suspended by the Council or unilaterally blocked by a Member State.

**Figure 6.9 – Level of preparation in the chapters of the EU acquis as of 2020**



Source: ECA based on 2020 reports from the Commission's enlargement package.

**6.48.** The other two indicators concern the number of economic entities upgrading towards EU standards in agri-food sector in the Western Balkans and in Turkey respectively. Their target year is 2023. Based on 2020 results, the indicator for Turkey has already reached its target. Since no baseline year for assessing progress has been set, it is unclear whether the indicator for the Western Balkans can reach its corresponding target.

**6.49.** Specific objective 3 also concerns preparing IPA II beneficiaries for managing the European Agricultural Fund for Rural Development, the *European Structural and Investment Funds* and the Cohesion Fund. However, there are no indicators in the programme statement and the AMPR reporting on their readiness to manage these funds.

## Conclusions

**6.50.** In the 2014-2020 period, €5.6 billion was disbursed to assist IPA II beneficiaries on their European path. The indicators reported by the Commission in the programme statement show a modest performance for IPA II: we consider that a quarter (5) are on track to meet their targets while half (9) are not. For the remaining quarter (5), there is not enough information to assess their progress clearly. However, as per IPA II's legal basis, most indicators (11) measure impact and, hence, can be affected by external factors unrelated to the programme's performance. The AMPR presents a selection of these indicators, which we do not consider entirely representative of IPA II's activities or performance (see paragraphs [6.11-6.16](#)).

**6.51.** The Commission made a strategic choice to employ the sector approach to implement IPA II. This enabled it to establish a more coherent set of actions to foster reforms and increased dialogue between the EU and IPA II beneficiaries. However, the approach was not implemented consistently by all IPA II beneficiaries, due to a lack of national sector strategies, weak political commitment, bureaucratic resistance and low administrative capacity in some cases. Consequently, the benefits of the sector approach have not yet fully materialised (see paragraphs [6.17-6.20](#)).

**6.52.** Through substantial financial reallocations to special measures and new projects, IPA II has responded flexibly and swiftly to help mitigate the negative impact of unforeseen crises. However, the use of IMBC has caused delays and spending backlogs in some cases, making the programme's spending less efficient than it would have been through direct management. Moreover, some information gaps limited the timely availability of pertinent information on IPA II's performance (see paragraphs [6.21-6.30](#)).

**6.53.** Although some IPA II beneficiaries have made progress, all indicators from the programme statement relating to political reforms have regressed in relation to their baselines, and none of them are on track to reach their target. The main reason for the slow progress is insufficient political will in certain cases, but there is also evidence that EU support has been more effective in promoting these reforms than in securing their implementation (see paragraphs [6.31-6.39](#)).

**6.54.** IPA II contributed to modernisation in the agri-food and rural development sectors. However, the overall progress of IPA II beneficiaries' economic, social and territorial development is slower than expected. Seven of the eleven indicators measuring progress in this area are either not on track to meet their targets or it is unclear whether they will meet them (see paragraphs [6.40-6.43](#)).

**6.55.** Finally, another IPA II objective is to help IPA II beneficiaries align with the EU acquis. Overall, they have increased their alignment. However, since the latest programme statement does not include a target for the indicator measuring progress in this area, it is difficult to assess whether the pace of alignment is sufficient. The same applies to IPA II's objective of preparing beneficiaries for managing EU funds, which is not linked to any corresponding indicators (see paragraphs [6.44-6.49](#)).

# Annexes

## Annex 6.1 – IPA II objectives

General objective			
Objective	Full name	Short name (and abbreviation)	Represented in our sample
General objective 1	The Instrument for Pre-accession Assistance ('IPA II') shall support candidate countries and potential candidates in adopting and implementing the political, institutional, legal, administrative, social and economic reforms required by the beneficiaries listed in Annex I to comply with Union values and to progressively align to Union rules, standards, policies and practices with a view to Union membership. Through such support, IPA II shall contribute to stability, security and prosperity in the beneficiaries	Union membership (GO1)	Yes
Specific objectives			
Objective	Full name	Short name (and abbreviation)	Represented in our sample
Specific objective 1	Support for political reforms	Political reforms (SO1)	Yes
Specific objective 2	Support for economic, social and territorial development, with a view to a smart, sustainable and inclusive growth	Economic, social and territorial development (SO2)	Yes

Specific objectives			
Objective	Full name	Short name (and abbreviation)	Represented in our sample
Specific objective 3	Strengthening of the ability of the beneficiaries listed in Annex I of the IPA II-Regulation to fulfil the obligations stemming from Union membership by supporting progressive alignment with, and adoption, implementation and enforcement of, the Union acquis, including preparation for management of Union Structural Funds, the Cohesion Fund and the European Agricultural Fund for Rural Development	Acquis alignment and management of EU funds (SO3)	Yes
Specific objective 4	Strengthening regional integration and territorial cooperation involving the beneficiaries listed in Annex I of the IPA II-Regulation, Member States and, where appropriate, third countries within the scope of Regulation (EU) No 232/2014 of the European Parliament and of the Council	Regional integration (SO4)	No

Source: ECA, based on the Programme Statements for the 2022 draft budget.

# Chapter 7

## Follow-up of recommendations

# Contents

	Paragraph
<b>Introduction</b>	7.1.-7.5.
<b>Observations</b>	7.6.-7.21.
How has the Commission addressed our recommendations?	7.7.-7.13.
How have other auditees addressed our recommendations?	7.14.-7.15.
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How timely have auditees addressed our recommendations?	7.18.-7.20.
What is the key driver for adequate and timely follow-up actions?	7.21.
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<b>Annexes</b>	
Annex 7.1 – Detailed status of 2017 recommendations by report – European Commission	
Annex 7.2 – Detailed status of 2017 recommendations by report – other auditees	

## Introduction

**7.1.** Every year, we review the extent to which our auditees have taken action in response to our recommendations. 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 an incentive to our auditees to implement our recommendations. It is also important in designing and planning our future audit work and for keeping track of risks.

**7.2.** This year, we analysed recommendations from 20 of the 23 special reports we published in 2017. The recommendations of [special report 06/2017](#), “EU response to the refugee crisis: the ‘hotspot’ approach”, [special report 17/2017](#), “The Commission’s intervention in the Greek financial crisis” and [special report 23/2017](#), “Single Resolution Board: Work on a challenging Banking Union task started, but still a long way to go”, are outside the scope of this exercise as they were or will be followed up under separate audits.

**7.3.** In total, we followed up on 161 recommendations. Of these, 149 were addressed to the Commission. The remaining 12 recommendations were addressed to the European External Action Service. As in the past, recommendations addressed to Member States fell outside the scope of the follow-up exercise. In 2017, there were 20 recommendations addressed to Member States.

**7.4.** 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.

**7.5.** The results of our work reflect the situation at the end of April 2021.

## Observations

**7.6.** Our auditees accepted fully or partially 150 (93 %) of our recommendations and did not accept eleven recommendations (7 %) from the special reports we published in 2017 (see [Figure 7.1](#)).

**Figure 7.1 – Acceptance of our 2017 special report recommendations by our auditees**



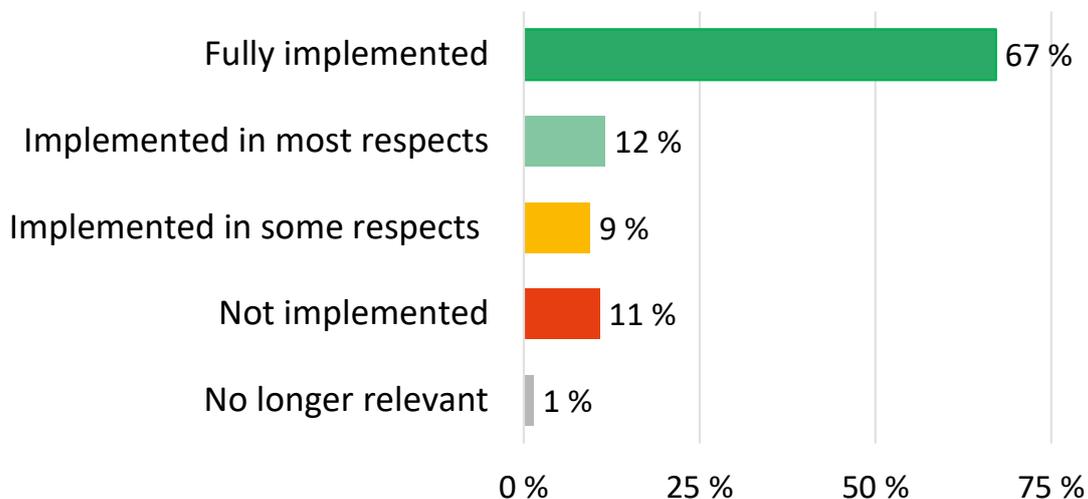
Source: ECA.

### How has the Commission addressed our recommendations?

**7.7.** The total number of recommendations addressed to the Commission was 165. Sixteen of these came from [special reports 06/2017](#) and [17/2017](#), which fell outside the scope of this exercise.

**7.8.** The Commission has fully implemented 100 (67 %) of our 149 recommendations followed-up. It has implemented a further 17 (12 %) in most respects. Of the remaining recommendations, the Commission has implemented 14 (9 %) in some respects, and has not implemented 16 (11 %) of them at all (see [Figure 7.2](#)). When our auditees did not implement our recommendations, this was most often because it had not accepted them (see paragraph [7.21](#)). In two cases (1 %), no assessment of the implementation status was required, as we considered the recommendation to be no longer relevant.

**Figure 7.2 – Implementation of our 2017 special report recommendations addressed to the Commission**



Source: ECA.

**7.9.** *Annex 7.1* 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.

**7.10.** In six of the 18 special reports addressed to it, the Commission implemented all recommendations in full or in most respects (see *Box 7.1*).

**Box 7.1****Special reports where all recommendations to the Commission have been implemented either fully or in most respects**

- **Special report 08/2017** – “EU fisheries controls: more efforts needed”
- **Special report 09/2017** – “EU support to fight human trafficking in South/South-East Asia”
- **Special report 10/2017** – “EU support to young farmers should be better targeted to foster effective generational renewal”
- **Special report 12/2017** – “Implementing the Drinking Water Directive: water quality and access to it improved in Bulgaria, Hungary and Romania, but investment needs remain substantial”
- **Special report 16/2017** – “Rural Development Programming: less complexity and more focus on results needed”
- **Special report 18/2017** – “Single European Sky: a changed culture but not a single sky”

*Remark:* Without consideration of the two recommendations where no assessment of the implementation status was required as the recommendation was no longer relevant.

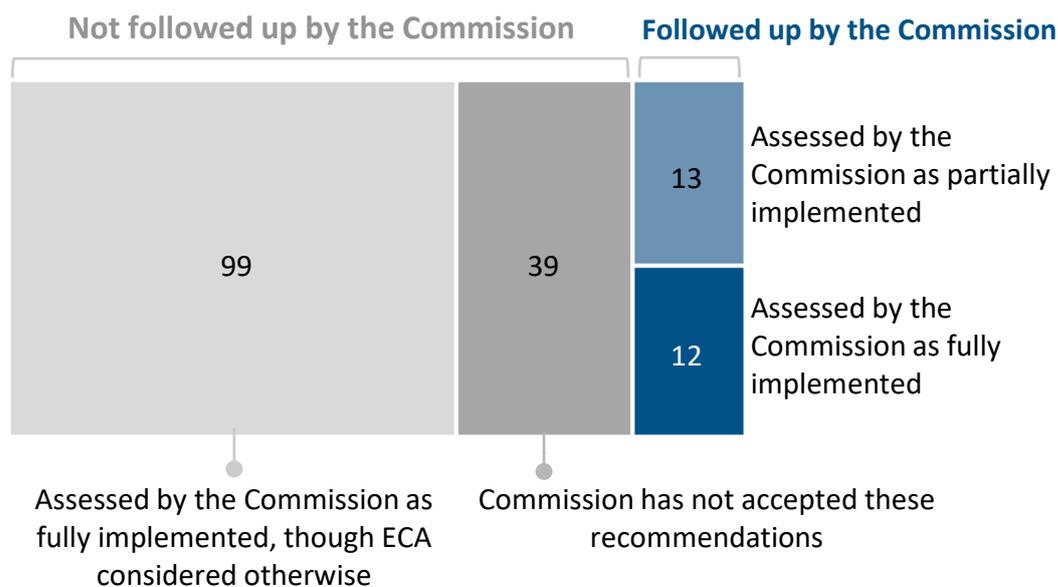
**7.11.** The Commission monitors the implementation level of recommendations with the help of a database called “Recommendations, Actions, Discharge” (RAD). This database includes the 62 recommendations from our 2015 special reports and 101 recommendations from our 2016 special reports that had been outstanding since our follow-up exercises from 2018 and 2019<sup>1</sup>. However, the Commission does not actively follow up or keep records in its database about any developments concerning the recommendations that it considers to have been implemented, even when the ECA does not assess them to have been fully implemented.

**7.12.** This year, 138 of those 163 recommendations remained unimplemented and were no longer being followed up by the Commission (see [Figure 7.3](#)). The Commission had not accepted 39 of those 138 recommendations in the special reports themselves.

<sup>1</sup> See our [2018 annual report](#), paragraphs 3.72-3.78, and our [2019 report on the performance of the EU budget](#), paragraphs 7.11-7.12.

It considered that the remaining 99 recommendations had been fully implemented by the time of the two last year's follow-up exercises, though the ECA assessed otherwise.

**Figure 7.3 – Follow-up of 2015 and 2016 special report recommendations not fully implemented by the Commission during our two previous years' follow-up exercises**



Source: ECA.

**7.13.** The Commission has continued to follow up the remaining 25 of the 163 recommendations which had not been implemented in full. According to the Commission's database, the Commission has since completed the implementation of 12 of those 25 recommendations. Applying the follow-up approach for outstanding recommendations from 2015 and 2016 special reports, we continue to monitor such cases in the RAD database but we have not examined them in detail.

## How have other auditees addressed our recommendations?

**7.14.** The total number of recommendations<sup>2</sup> addressed to auditees other than the Commission was 18. Six of these came from [special report 23/2017](#), which fell outside the scope of this exercise.

**7.15.** All 12 recommendations addressed to auditees other than the Commission have been fully implemented. [Annex 7.2](#) shows the implementation status of these recommendations, all addressed to the European External Action Service, in detail.

## In comparison to the previous year, how have our auditees addressed our recommendations?

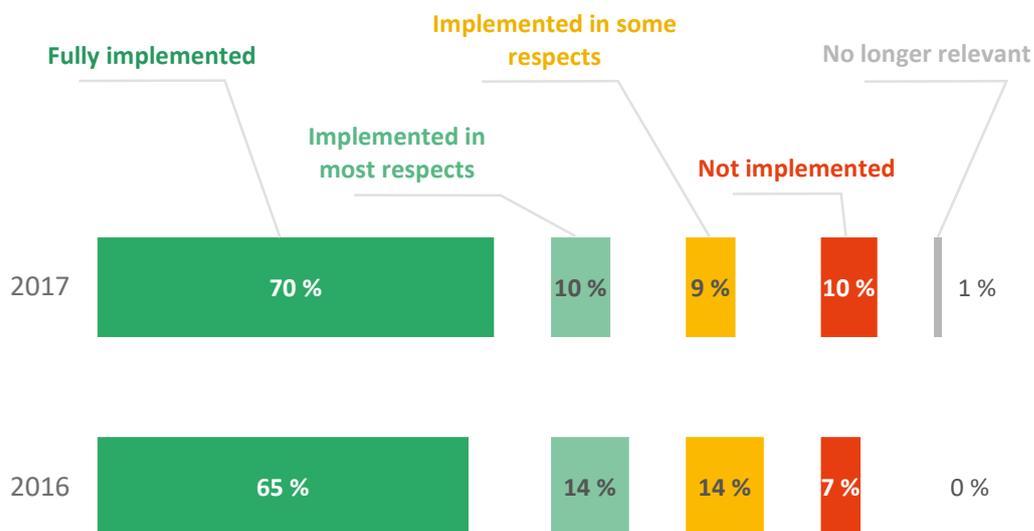
**7.16.** We followed up 20 special reports published in 2017. Our auditees have fully implemented 112 (70 %) of our 161 recommendations. They have implemented a further 17 (10 %) in most respects (see [Figure 7.4](#)).

**7.17.** Compared with the previous year, the proportion of recommendations fully implemented increased to 70 % from 65 %, while the total proportion of recommendations implemented fully or in most respects, as well as the total proportion of recommendations not or only partially implemented, remained relatively stable. [Annex 7.1](#) and [Annex 7.2](#) shows the implementation status of the recommendations in more detail.

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<sup>2</sup> [Special report 14/2017](#): “Performance review of case management at the Court of Justice of the European Union” does not formulate recommendations but “considerations”; it therefore falls outside the scope of this chapter.

**Figure 7.4 – Implementation of our 2016 and 2017 special report recommendations addressed to our auditees**



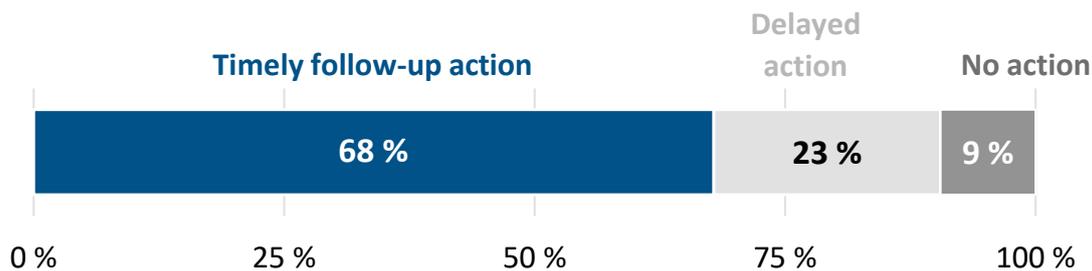
Source: ECA.

## How timely have auditees addressed our recommendations?

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

**7.19.** During this year's follow-up exercise, we have for the first time analysed the timeliness of corrective actions taken by our auditees. Overall, 68 % of our recommendations were implemented in a timely fashion (see [Figure 7.5](#)).

**Figure 7.5 – Timeliness of corrective actions taken by auditees**

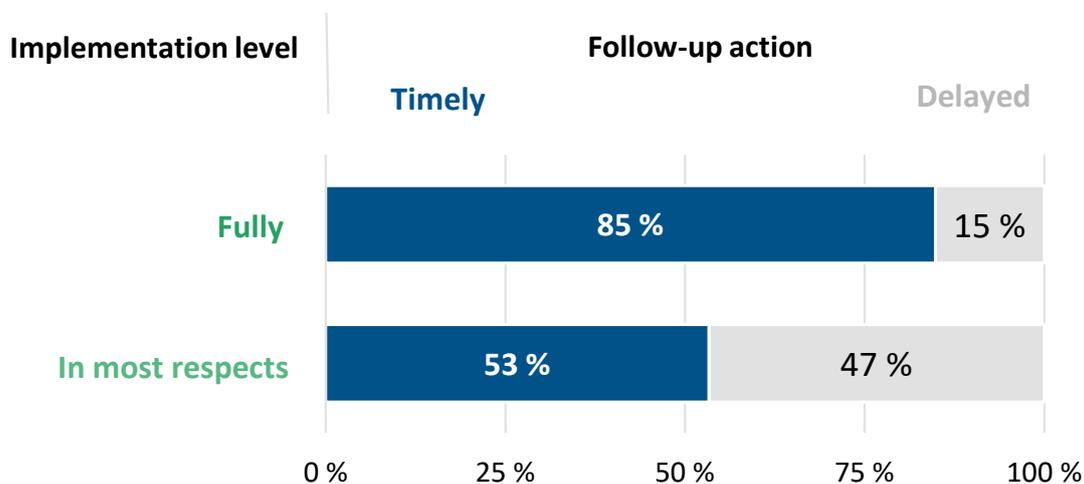


*Note:* Excluded from the calculation are recommendations without implementation timeline (17 cases), where the timeline has not yet passed (five cases) and where the recommendations is no longer relevant (two cases).

*Source:* ECA.

**7.20.** *Figure 7.6* presents the level of timeliness broken down by the different levels of implementation, showing that a higher level of implementation correlates with a higher level of timeliness.

**Figure 7.6 – Timeliness of corrective actions taken by auditees broken down by level of implementation**



*Note:* The percentage values of timeliness relate to the respective level of implementation. The calculation “Proportion of implementation level” is without consideration of recommendations not implemented and where no assessment of the implementation status was required as the recommendation is no longer relevant.

*Source:* ECA.

## What is the key driver for adequate and timely follow-up actions?

**7.21.** Recommendations call for action based on the evidence that has been gathered and analysed during the audit. Good ongoing communication and a mutual understanding between auditors and the auditee as to the audit conclusions and recommendations are helpful to ensure that adequate follow-up measures are taken to remedy the reported deficiencies. This is shown by the fact that 86 % of the 2017 special report recommendations fully or partially accepted by the auditees were implemented fully or in most respects. In contrast, only one out of the eleven recommendations of the 2017 special report recommendations not accepted by the auditees was implemented fully or in most respects. *Figure 7.7* presents the level of implementation broken down by different levels of acceptance.

**Figure 7.7 – Level of implementation correlates with auditees’ acceptance of audit recommendations**

Implementation level	Acceptance level		
	Accepted	Partially accepted	Not accepted
Fully implemented	74 %	84 %	0 %
Implemented in most respects	12 %	4 %	9 %
Implemented in some respects	10 %	0 %	18 %
Not implemented	4 %	12 %	73 %

*Note:* The percentage values of the level of implementation relate to the respective level of acceptance. Excluded from the calculation are recommendations no longer relevant (two cases).

*Source:* ECA.

## Conclusion

**7.22.** Most of the special report recommendations have been implemented on time (68 %). Compared with the previous year, the proportion of recommendations implemented fully or in most respects remained relatively stable (80 %). There is scope for further progress with regard to the recommendations that have not been implemented and those which have been implemented in some and in most respects. Our analysis shows that the auditees' acceptance of audit recommendations is helpful to ensure that adequate follow-up measures are taken to remedy the reported deficiencies.

# Annexes

## Annex 7.1 – Detailed status of 2017 recommendations by report – European Commission

Level of timeliness:  timely;  delayed;  deadline not passed;  no follow-up action;  no deadline for implementation set;  recommendation no longer relevant.

SR	Report title	No.	SR paragraph	Level of implementation					Level of timeliness
				Fully	In most respects	In some respects	Not implemented	No longer relevant	
SR 1/2017	More efforts needed to implement the Natura 2000 network to its full potential	1 (c)	82	X					
		2 (d)	83		X				
		3 (b)	84			The Commission has not established any new cross-cutting Natura 2000 indicators for all EU funds. Additional cross-cutting indicators would be useful to allow more precise and accurate tracking of the results generated by EU funds in Natura 2000 sites.			
SR 2/2017		1	142	X					
		2 (b)	144					X	
		3	151	X					
		4 (1st paragraph)	151	X					

SR	Report title	No.	SR paragraph	Level of implementation					Level of timeliness
				Fully	In most respects	In some respects	Not implemented	No longer relevant	
	The Commission's negotiation of 2014-2020 Partnership Agreements and programmes in Cohesion: spending more targeted on Europe 2020 priorities, but increasingly complex arrangements to measure performance	5 (1st indent)	152	X					
		5 (2nd indent)	152	X					
		6 (1st indent)	154			The Commission uses data to prepare annual performance overviews and the strategic reports. These are high-level documents, too general in scope to focus specifically on the use of benchmarking to allow for policy learning during the 2014-2020 period. The recommended comprehensive comparative analysis of performance and the introduction of benchmarking are pending tasks. The Commission will work further on this issue after the 2014-2020 period ends, together with the <i>ex-post</i> evaluation.			
		6 (2nd indent)	154				X		
SR 3/2017	EU Assistance to Tunisia	1 (a)	65	X					
		1 (b)	65	X					
		1 (c)	65	X					
		2 (a)	70	X					

SR	Report title	No.	SR paragraph	Level of implementation					Level of timeliness
				Fully	In most respects	In some respects	Not implemented	No longer relevant	
		2 (b)	70		X				
		3	71			The procedures for approving Macro-Financial Assistance have not changed, and the Commission has made no proposal to change them as recommended. The weaknesses highlighted by the ECA persist.			
		4	73		X				
SR 4/2017	Protecting the EU budget from irregular spending: The Commission made increasing use of preventive measures and financial corrections in Cohesion during the 2007-2013 period	1	146	X					
		2	147		X				
		3	148			The Commission provided us with three tables with different data concerning monitoring the preventive and corrective measures and explained that there are different levels and responsible persons involved in the monitoring. The design and development of an integrated monitoring system covering both preventive measures and financial corrections would make this exercise more effective.			
		4	150	X					

SR	Report title	No.	SR paragraph	Level of implementation					Level of timeliness	
				Fully	In most respects	In some respects	Not implemented	No longer relevant		
SR 5/2017	Youth unemployment – have EU policies made a difference?	1 (1st indent)	164	X						
		1 (2nd indent)	167	X						
		2	167	X						
		4 (1st paragraph)	172	X						
		5 (1st paragraph)	173	X						
		6	175					X		
		7 (first indent)	178					X		
		7 (2nd indent)	178					X		
SR 7/2017	The certification bodies' new role on CAP expenditure: a positive step towards a single audit model but with significant	1	92	X						
		2	94	X						
		3 (1st indent)	96	X						
		3 (2nd indent)	96	X						

SR	Report title	No.	SR paragraph	Level of implementation					Level of timeliness
				Fully	In most respects	In some respects	Not implemented	No longer relevant	
	weaknesses to be addressed	3 (3rd indent)	96	X					
		4	97	X					
		5 (1st indent)	99				X		
		5 (2nd indent)	99	X					
		6	101	X					
		7 (1st indent)	103	X					
		7 (2nd indent)	103	X					
SR 8/2017	EU fisheries controls: more efforts needed	1 (b)	96	X					
		2 (a)	98	X					
		2 (b)	98	X					
		3 (d)	99		X				
		3 (e)	99	X					
		3 (f)	99		X				

SR	Report title	No.	SR paragraph	Level of implementation					Level of timeliness
				Fully	In most respects	In some respects	Not implemented	No longer relevant	
		3 (g)	99	X					
		3 (h)	99	X					
		4 (b)	101	X					
		4 (e)	101	X					
SR 9/2017	EU support to fight human trafficking in South/South-East Asia	1 (1st indent)	70	X					
		1 (2nd indent)	70	X					
		1 (3rd indent)	70	X					
		2 (1st indent)	72	X					
		2 (2nd indent)	72	X					
		2 (3rd indent)	72	X					
		2 (4th indent)	72	X					
SR 10/2017	EU support to young farmers	1 (1st indent)	88	X					

SR	Report title	No.	SR paragraph	Level of implementation					Level of timeliness
				Fully	In most respects	In some respects	Not implemented	No longer relevant	
	should be better targeted to foster effective generational renewal	1 (2nd indent)	88	X					
		1 (3rd indent)	88	X					
		3 (1st indent)	90	X					
		3 (3rd indent)	90	X					
SR 11/2017	The Békou EU trust fund for the Central African Republic: a hopeful beginning despite some shortcomings	1 (1st indent)	72	X					
		1 (2nd indent)	72			The Commission has set up the principle of conducting a structured needs assessment as a prerequisite for the establishment of a Trust Fund, but acknowledges that the methodology has not been developed, which was a condition recommended by the ECA in its special report to ensure the appropriateness of the subsequent analytic works performed to demonstrate the added value and the advantage of the Trust Fund compared to other instruments.			
		2 (1st indent)	76	X					

SR	Report title	No.	SR paragraph	Level of implementation					Level of timeliness
				Fully	In most respects	In some respects	Not implemented	No longer relevant	
		2 (2nd indent)	76	X					
		2 (3rd indent)	76		X				
		2 (4th indent)	76	X					
SR 12/2017	Implementing the Drinking Water Directive: water quality and access to it improved in Bulgaria, Hungary and Romania, but investment needs remain substantial	1	111	X					
		2 (a)	111	X					
		2 (b)	111	X					
		2 (c)	111	X					
		2 (d)	111	X					
		4	113	X					
SR 13/2017	A single European rail traffic management system: will the political choice ever become reality?	1	90	X					
		2	90	X					
		3	91	X					
		4 (a)	91	X					
		4 (b)	91	X					

SR	Report title	No.	SR paragraph	Level of implementation					Level of timeliness
				Fully	In most respects	In some respects	Not implemented	No longer relevant	
		4 (c)	91	X					
		4 (d)	91	X					
		5	91	X					
		6 (a)	91		X				
		6 (b) (i)	91	X					
		6 (b) (ii)	91				X		
		7	92	X					
		8 (a)	92	X					
		8 (b)	92	X					
SR 15/2017	Ex ante conditionalities and performance reserve in Cohesion: innovative but not yet effective instruments	1 (a)	111			No documented assessment of the relevance and usefulness of <i>ex-ante</i> conditionalities and the elimination of overlaps. Furthermore, as stated in <a href="#">opinion 6/2018</a> , some of the proposed criteria may not affect the efficient and effective implementation of the related specific objective.			
		1 (b)	111				X		
		1 (c)	111			<a href="#">Opinion 6/2018</a> highlights that some of the criteria are ambiguous. In particular, the			

SR	Report title	No.	SR paragraph	Level of implementation					Level of timeliness
				Fully	In most respects	In some respects	Not implemented	No longer relevant	
						proposed thematic conditions relating to the development of strategies and strategic policy frameworks lack detail on how the strategies should be defined, which entities should be responsible for their implementation, what capacity is needed for their fulfilment and application and, in most cases, how they should be monitored.			
		1 (d)	111	X					
		2 (a)	111			According to the Commission's proposal for the Common Provisions Regulation (2021-2027), the mid-term review provides an opportunity for Member States to take stock of the country-specific recommendations, socio-economic situation and milestones reached, and to reassess their operational programmes. Funding to be allocated to operational programmes following the mid-term review exceeds the 6 % under the performance reserve. However, as stated in <a href="#">opinion 6/2018</a> , some weaknesses related to the mid-term review exist, as it is unclear how performance will be assessed, and what the consequences of this assessment will be.			
		2 (b)	111				X <a href="#">Opinion 6/2018</a> indicates that		

SR	Report title	No.	SR paragraph	Level of implementation					Level of timeliness
				Fully	In most respects	In some respects	Not implemented	No longer relevant	
							the proposed mid-term review will mostly be limited to the reported values of output indicators, and not result indicators in any form, as there will be no milestones available for the result indicators in the performance framework.		
		2 (c)	111				X There are no provisions for suspensions and financial corrections for underachievement of the		⊗

SR	Report title	No.	SR paragraph	Level of implementation					Level of timeliness
				Fully	In most respects	In some respects	Not implemented	No longer relevant	
							milestones/ targets set.		
SR 16/2017	Rural Development Programming: less complexity and more focus on results needed	1 (a)	100					X	
		2	102	X					
		3	104	X					
		4 (1st paragraph)	104	X					
		4 (2nd paragraph)	104	X					
		5	104	X					
		6 (1st paragraph)	109	X					
		6 (2nd paragraph)	109	X					
SR 18/2017	Single European Sky: a changed culture but not a single sky	1	78	X					
		2 (a)	80	X					
		2 (b)	80	X					
		3	81	X					

SR	Report title	No.	SR paragraph	Level of implementation					Level of timeliness
				Fully	In most respects	In some respects	Not implemented	No longer relevant	
		4	81	X					
		5	82	X					
		6 (a)	83		X				
		6 (b)	83		X				
		7 (a)	87		X				
		7 (b)	87	X					
		8	87	X					
		9 (a)	88	X					
		9 (b)	88	X					
SR 19/2017	Import procedures: shortcomings in the legal framework and an ineffective implementation impact the financial interests of the EU	1	143			Despite the steps taken towards a methodology for calculating the customs gap, the gap has not been calculated.			
		2	145	X					
		3	145	X					
		4 (a)	146	X					
		4 (b)	146	X					

SR	Report title	No.	SR paragraph	Level of implementation					Level of timeliness
				Fully	In most respects	In some respects	Not implemented	No longer relevant	
		5	146		X				
		6 (a)	147			The checks carried out to control the upgrade of the systems in the Member States have not covered all countries yet.			
		6 (b)	147			The work done so far to make the issuance of EU-wide valuation decisions possible is still in the preliminary phase. The results which will be needed to decide whether future legislation is necessary are still outstanding.			
		7	148		X				
		8 (a)	149				X		
		8 (b)	149	X					
		8 (c)	149	X					
SR 20/2017	EU-funded loan guarantee instruments: positive results but better targeting of beneficiaries and coordination with	1 (a)	109	X					
		1 (b)	109			Efforts have been made to collect data on management costs. However, data collection is imperfect.			
		2 (a)	112			The new adopted Regulation takes into account the context of the recommendation. The definition and adoption of eligibility criteria are subject to ongoing negotiations.			

SR	Report title	No.	SR paragraph	Level of implementation					Level of timeliness
				Fully	In most respects	In some respects	Not implemented	No longer relevant	
	national schemes needed	2 (b)	112				X		
		2 (c)	112				X		
		3 (a)	114				X		
		3 (b)	114				X		
		4 (a)	115	X					
		4 (b)	115		X				
		4 (c)	115				X		
		4 (d)	115	X					
SR 21/2017	Greening: a more complex income support scheme, not yet environmentally effective	1 (a)	83			In the proposal for the new CAP regulation, all Member States are asked to draw up an intervention logic in their Strategic Plans, based on a needs assessment and analysis of priorities. However, as indicated in our <a href="#">opinion 7/2018</a> , the ECA considers that the proposal does not contain the necessary elements of an effective performance system. The proposal transfers the responsibility for prioritising the types of interventions to the Member States and it is unclear for the moment how the Commission would assess the Member States Strategic			

SR	Report title	No.	SR paragraph	Level of implementation					Level of timeliness
				Fully	In most respects	In some respects	Not implemented	No longer relevant	
						Plans to ensure environmental and climate ambitions.			
		1 (b)	83	X					
		1 (c)	83		X				
		2 (a) (1st indent)	83	X					
		2 (a) (2nd indent)	83				X		
		2 (a) (3rd indent)	83	X					
		2 (b) (1st indent)	83		X				
		2 (b) (2nd indent)	83		X				
		2 (c)	83	X					

Source: ECA.

## Annex 7.2 – Detailed status of 2017 recommendations by report – other auditees

Level of timeliness:  timely;  delayed;  deadline not passed;  no follow-up action;  no deadline for implementation set;  recommendation no longer relevant.

SR	Report title	No.	SR paragraph	Level of implementation					Level of timeliness
				Fully	In most respects	In some respects	Not implemented	No longer relevant	
SR 9/2017	EU support to fight human trafficking in South/South-East Asia	European External Action Service (EEAS)							
		1 (4th indent)	70	X					
SR 22/2017	Election Observation Missions – efforts made to follow up recommendations but better monitoring needed	European External Action Service (EEAS)							
		1 (1st indent)	128	X					
		1 (2nd indent)	128	X					
		2 (1st indent)	128	X					
		2 (2nd indent)	128	X					
		3 (1st indent)	128	X					

SR	Report title	No.	SR paragraph	Level of implementation					Level of timeliness
				Fully	In most respects	In some respects	Not implemented	No longer relevant	
		3 (2nd indent)	128	X					
		4 (1st indent)	128	X					
		4 (2nd indent)	128	X					
		5 (1st indent)	128	X					
		5 (2nd indent)	128	X					
		5 (3rd indent)	128	X					

Source: ECA.

# Appendix

## Audit approach and methodology

- (1) Our *performance* audit methodology is set out on our AWARE platform. In our audits we follow the [International Standards of Supreme Audit Institutions \(ISSAI\) on performance audits](#).

### PART 1 – Chapter 1: Performance framework

- (2) Each year we examine a different aspect of the performance framework. The main audit question we selected for this year's report was how the Commission and the co-legislators have used the lessons learnt from previous *multiannual financial framework (MFF)* periods to improve the design and performance of spending *programmes* for the 2021-2027 period.
- (3) In answering this question, we focused on lessons learnt that are relevant to programme performance and analysed whether:
- there is a process enabling the Commission to incorporate lessons learnt into its legislative proposals;
  - the Commission's legislative proposals take account of the lessons learnt from evaluations, audits and impact assessments;
  - substantial amendments adopted by the European Parliament and the Council and potentially affecting the performance of the proposed spending programmes, can be linked to *impact assessments* (including those prepared by the co-legislators) or other sources of lessons learnt.
- (4) We based our analysis on a sample of legislative procedures relating to five out of 48 spending programmes established for the 2021-2027 period: the *European Regional Development Fund (ERDF)*, the *Cohesion Fund (CF)*, the *European Agricultural Guarantee Fund (EAGF)*, the *European Agricultural Fund for Rural Development (EAFRD)* and the *Neighbourhood Development and International Cooperation Instrument (NDICI)*. Together, these five programmes represent around 60 % of the period's planned spending. The main criteria for our selection were financial materiality and the fact that we have issued opinions on the Commission's legislative proposals for these programmes.

- (5) As part of our work we reviewed:
- (a) impact assessments for the five selected 2021-2027 spending programmes;
  - (b) mid-term evaluations of relevant 2014-2020 spending programmes;
  - (c) ex-post evaluations of relevant 2007-2013 spending programmes;
  - (d) our own audit and review reports, where applicable;
  - (e) the Commission’s proposals and subsequent amendments under the legislative procedures listed in [Table 1](#).

**Table 1 – Legislative procedures covered**

Legislative procedure	Regulation
2018/0197/COD	ERDF and CF regulation
2018/0196/COD	Common <i>provisions</i> regulation
2018/0216/COD	CAP strategic plans regulation*
2018/0218/COD	Common market organisation*
2018/0217/COD	CAP horizontal regulation*
2018/0243/COD	NDICI regulation
2018/0132/APP	MFF regulation

\* *Legislative proposal – the regulation had not yet been adopted at the time we concluded our audit work.*

Source: ECA.

- (6) As part of the audit, we held remote meetings and exchanged emails with the Commission (Secretariat-General, Directorates-General for Budget (DG BUDG), Agriculture and Rural Development (DG AGRI), Regional and Urban Policy (DG REGIO), Migration and Home Affairs (DG HOME) and International Partnerships (DG INTPA), and the Regulatory Scrutiny Board). The main topic of these contacts was the design and functioning of procedures and arrangements developed under the Commission’s [better regulation](#) approach for identifying and putting into practice the lessons learnt from evaluations and for ensuring adequate quality of evaluations and impact assessments.
- (7) We also held remote meetings and exchanged emails with representatives of the secretariats-general of the European Parliament and the Council. The main purpose of these contacts was to obtain an understanding of how the two institutions, as co-legislators, have implemented the provisions of the

interinstitutional agreement on better law-making as regards carrying out impact assessments for substantial amendments to the Commission’s legislative proposals.

## PART 2 – Chapters 2 to 6: Performance of EU spending programmes

(8) In chapters 2 to 6, we cover the *results* achieved by EU programmes under headings 1a, 1b, 2, 3 and 4 of the 2014-2020 MFF. Our purpose was to establish how much relevant performance information is available and, based on that information, to assess how well EU spending programmes have actually performed.

### Our sample

(9) There are 58 spending programmes under the 2014-2020 MFF. For our assessment we took a sample of five (see [Table 2](#)), one for each MFF heading. The main criterion for our selection of programmes was financial materiality: under each heading, we selected the biggest or second biggest programme (by budget), first excluding those we covered in the [2019 report on performance](#). Taken together, the five selected spending programmes represent 19 % of all payments made up to the end of 2020 against the 2014-2020 MFF *commitments*. The nine programmes we covered in our [2019 report](#) represented 74 % of total payments up to the end of 2019.

**Table 2 – Our sample of spending programmes for chapters 2 to 6**

Chapter	MFF heading	Selected spending programme
2	1a: Competitiveness for growth and jobs	Erasmus+
3	1b: Economic, social and territorial cohesion	<i>European Social Fund (ESF)</i>
4	2: Sustainable growth: natural resources	<i>European Maritime and Fisheries Fund (EMFF)</i>
5	3: Security and citizenship	Internal Security Fund - Borders and Visa (ISF-BV)
6	4: Global Europe	Instrument for Pre-Accession Assistance (IPA II)

Source: ECA.

(10) Each spending programme has between one and twenty objectives (general and/or specific), to which we refer in the way they are presented in the

Commission's programme statements for the 2022 draft budget. We examined the performance of spending programmes against a selection of these objectives (see Annexes 2.1, 3.1, 4.1, 5.1 and 6.1). We covered all general objectives and a selection of specific objectives chosen for their materiality and links to a general objective and higher-level EU objectives.

### **Assessment of performance information**

- (11) We based our assessment on the performance information issued by the Commission, including:
- (a) the 2020 AMPR;
  - (b) the relevant programme statements for the 2022 draft budget;
  - (c) the 2020 annual activity reports of the relevant directorates-general;
  - (d) evaluations of programme performance under the 2014-2020 and the 2007-2013 MFFs;
  - (e) various programme-specific performance reports.
- (12) We supplemented this information with recent findings from our own audit and review work. We did not have extensive own results available for each of the selected programme objectives.
- (13) We checked the Commission's performance information for plausibility and consistency with our findings, but we did not audit its reliability.
- (14) We focused on the most recent information on the latest versions of EU spending programmes under the 2014-2020 MFF. Given that ex-post evaluations of these programmes will not be prepared until well after the end of the period, and that interim evaluations are not available for all programmes, we often had to refer to performance information for the predecessor programmes under the 2007-2013 MFF. In doing so, we took into account the extent of changes in programme design and implementation between the two periods.

### **Analysis of indicators**

- (15) As part of our performance assessment, we analysed the information given by the performance indicators presented in the relevant programme statements for the 2022 draft budget. We also made a comparison with previous programme statements.

- (16) The five programmes in our sample are covered by a total of 114 indicators, more than are numbered in the programme statements themselves. This is because indicators in the programme statements frequently consist of two or more sub-indicators, each with separate baselines, targets and sets of actual values achieved. We counted each such sub-indicator as a separate indicator.
- (17) We classified all indicators as *output*, *result* or *impact* indicators, based on the criteria set out in the Commission’s [better regulation guidelines](#). In some cases the Commission classifies the same indicators differently. Our analysis of indicators included a calculation of progress so far to target, in each case using the relevant baseline (see [Table 3](#)). This was only possible where quantified data was available for the baseline, target and latest actual values.

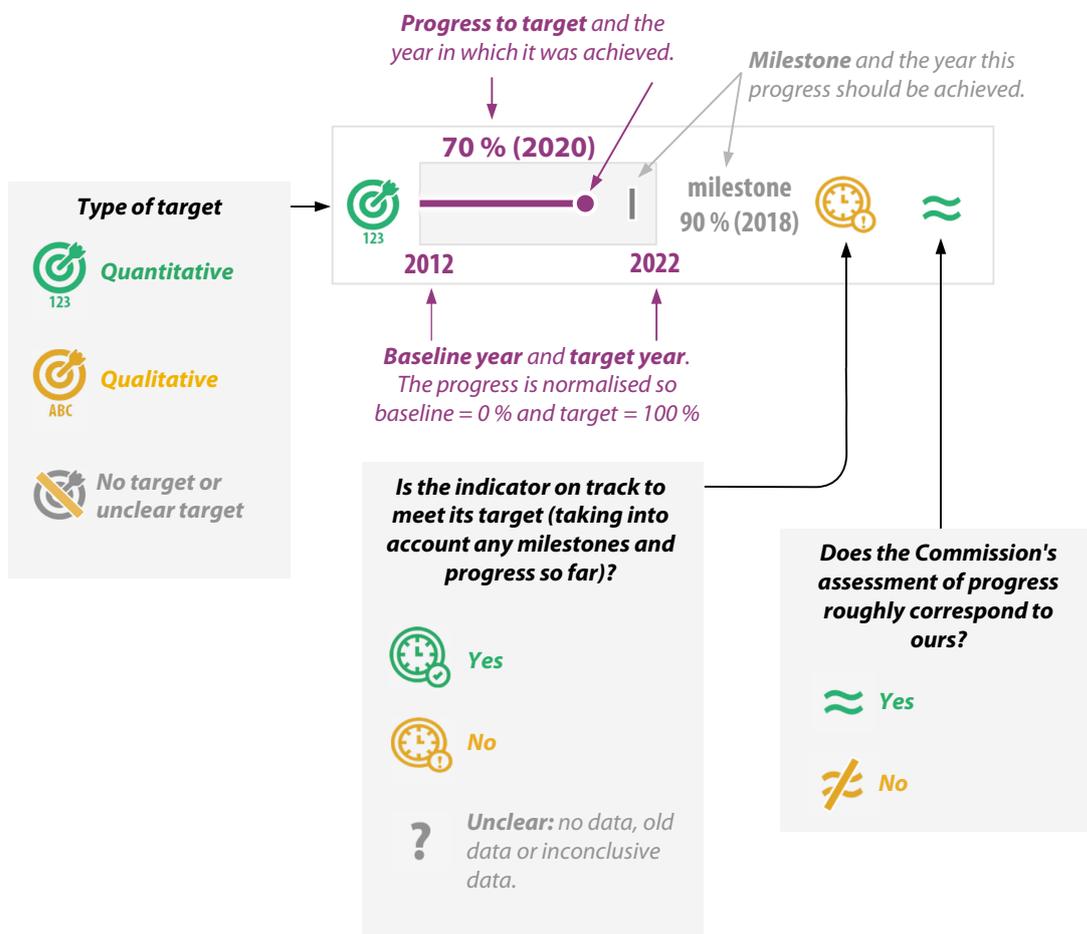
**Table 3 – Calculation of progress to target (from baseline)**

Baseline	Latest actual value	Target	Calculation	Progress to target
20	40	70	$(40-20)/(70-20)$	40 %

Source: ECA.

- (18) In addition, for each indicator we assessed whether:
- it had a clear target (and whether it was quantitative or qualitative) – see point [\(20\)](#);
  - it was on track to meet its target (taking into account any milestones and progress so far) – see point [\(21\)](#);
  - the Commission’s assessment regarding its progress (or being ‘on track’) roughly corresponded to ours – see point [\(22\)](#).
- (19) For a selection of indicators, chosen primarily because of their link to the programme’s key activities and objectives, we present the results of our analysis graphically, in greater detail, as shown in [Figure 1](#).

**Figure 1 – Graphical representation of our analysis of selected indicators, with expanded legend**



Source: ECA.

(20) **Table 4** shows examples of quantitative, qualitative and unclear targets. Where a target is not quantitative, progress to target cannot be calculated in percentage terms. Where an indicator has no target, or an unclear target, it is additionally impossible to determine whether it is on track.

Table 4 – Examples of types of targets

Type of target	Examples
 quantitative	20 000 participants trained.
 qualitative	Strengthened rule of law.
 unclear	Target expressed in different units or terms than the baseline and actual results, not easily reconcilable.

Source: ECA.

(21) **Table 5** gives examples of how we assessed whether a given indicator was ‘on track’ to meet its target, and explains our criteria. We did not apply these criteria automatically, but examined the indicators one by one, on the basis of the available information, combined with professional judgement.

Table 5 – Examples of our ‘on track’ assessment

Information in the programme statements	Our assessment	Criteria and reasoning
Baseline (2013): 50 Target (2023): 150 <b>Milestone (2018): 100</b> <b>Latest value (2018): 90</b> Previous values (2017): 80; (2016): 70	 not on track	<b>Criterion:</b> If there is a milestone for the year for which we have the latest data, the indicator is on track if the milestone has been met.  <b>Reasoning:</b> Milestone missed.
Baseline (2013): 50 Target (2023): 150 <b>Milestone (2019): 100</b> <b>Latest value (2018): 90</b> Previous values (2017): 80; (2016): 70	 on track	<b>Criterion:</b> If there is no milestone for the year for which we have the latest data, but there is a milestone for another year, the indicator is ‘on track’ if progress so far has been in line with that milestone.  <b>Reasoning:</b> Given the steady progress to target during 2016-2018, the 2019 target is likely to be met.

Information in the programme statements	Our assessment	Criteria and reasoning
<p><b>Baseline (2013): 50</b>  <b>Target (2023): 150</b>  Milestone: none  <b>Latest value (2018): 80</b>  <b>Previous values (2017): 75; (2016): 70, (2015): 60; (2014): 55</b></p>	 not on track	<p><b>Criterion:</b> If there are no milestones, the indicator is 'on track' if progress so far has been broadly in line with a linear progression from baseline to target, or if the actual values to date show a more 'exponential' progress profile, with a slow start and acceleration in subsequent years.</p> <p><b>Reasoning:</b> Progress to target is 30 %, significantly below the linear value of 50 % that could be expected halfway through implementation, and the actual values to date show no acceleration.</p>
<p><b>Baseline (2013): 50</b>  <b>Target (2023): 150</b>  Milestone: none  <b>Latest value (2018): 80</b>  <b>Previous values (2017): 63; (2016): 55, (2015): 52; (2014): 51</b></p>	 on track	<p><b>Criterion:</b> If there are no milestones, the indicator is 'on track' if progress so far has been broadly in line with a linear progression from baseline to target, or if the actual values to date show a more 'exponential' progress profile, with a slow start and acceleration in subsequent years.</p> <p><b>Reasoning:</b> Progress to target is 30 %, significantly below the linear value of 50 % that could be expected halfway through implementation. However, the actual values recorded to date show a clear acceleration, which, if maintained, makes it likely that the target will be achieved.</p>
<p>Baseline (2013): 50  <b>Target (2023): increase</b>  Milestone: none  <b>Latest value (2018): 60</b>  <b>Previous values (2017): 56; (2016): 55, (2015): 52; (2014): 51</b></p>	 on track	<p><b>Criterion:</b> If the target is not quantified, the indicator is 'on track' if the terms of the target have been met so far, or are likely to be met.</p> <p><b>Reasoning:</b> The unquantified target is to 'increase' and all values recorded to date are above the baseline, thus meeting the terms of the target.</p>

Information in the programme statements	Our assessment	Criteria and reasoning
Baseline (2013): 50 <b>Target (2023): maintain</b> Milestone: none <b>Latest value (2018): 40</b> <b>Previous values (2017): 46; (2016): 49, (2015): 52; (2014): 51</b>	 not on track	<p><b>Criterion:</b> If the target is not quantified, the indicator is 'on track' if the terms of the target have been met, or are likely to be met.</p> <p><b>Reasoning:</b> The target is at least to 'maintain' the baseline, but the latest actual value is 20 % below the baseline.</p>
<b>Baseline (2013): 50</b> <b>Target (2023): 150</b> <b>Milestone: none</b> <b>Latest values (2018): 90</b>	 unclear	<p><b>Criterion:</b> If there are no milestones, the indicator is 'on track' if progress so far has been broadly in line with a linear progression from baseline to target, or if the actual values to date show a more 'exponential' progress profile, with a slow start and acceleration in subsequent years.</p> <p><b>Reasoning:</b> Progress to target is 40 %, 10 percentage points below the linear value of 50 % that could be expected halfway through implementation. No other data is available to show whether progress to target has been linear or more exponential.</p>
Baseline (2013): 50 <b>Target: not defined</b> Milestone: none Latest value (2018): 90	 unclear	<p><b>Reasoning:</b> If there is no target, it is impossible to assess whether the indicator is 'on track'.</p>
Baseline (2013): 50 Target (2023): 150 Milestone (2019): 100 <b>Latest value: no data</b>	 unclear	<p><b>Reasoning:</b> If there is no data on progress to target, it is impossible to assess whether the indicator is 'on track'.</p>

Source: ECA.

(22) In its programme statements for the 2022 draft budget, for the first time, the Commission assessed the progress of indicators towards their targets, classifying each indicator as 'on track', showing 'moderate progress' or 'deserving attention'. In addition, a 'no data' classification was reserved for indicators where no results were reported. This classification differs from ours. We classify all indicators as either 'on track' or 'not on track' and use the 'unclear' classification for indicators

for which the data is missing, old or inconclusive, or for which no clear targets have been set. **Table 6** shows in which cases we consider that the Commission's progress assessment of indicators roughly corresponds to our 'on track' assessment.

**Table 6 – Correspondence between the Commission's progress assessment and our 'on track' assessment**

ECA assessment	Commission assessment	Does the Commission assessment roughly correspond to ours?
 on track	On track	≈ Yes
	Moderate progress	≠ No
	Deserves attention	
	No data	
 not on track	On track	≠ No
	Moderate progress	≈ Yes
	Deserves attention	≠ No
	No data	
 unclear	On track	≠ No
	Moderate progress	rough correspondence might be established in some cases, but not as a general rule
	Deserves attention	
	No data	≈ Yes

Source: ECA.

- (23) Our analysis of indicators is based on Commission data that we have not audited. We have, however, reviewed the Commission's programme statements and made the adjustments that we considered necessary. Two of the most common adjustments we made were: (1) resetting the baseline to zero for output indicators (e.g. number of projects funded) where the programme statements presented as a baseline a comparative figure from the previous period; and (2) converting annual values to cumulative values for indicators that were cumulative in nature. Our assessment of whether indicators are 'on track' relates to our analysis of the probability that a given indicator will reach its target on schedule.

However, the analysis does not include the relevance of the indicator to the programme's objectives and actions, nor the ambitiousness of the target. For example, an indicator may be unaffected by the actions implemented under the programme, or it may not be relevant to the programme's objective – and its target may be insufficiently or overly ambitious. For these reasons, indicators by themselves do not necessarily reflect the attainment of programme objectives. A full analysis of programme performance requires analysing indicator data in conjunction with other quantitative and qualitative information.

### **PART 3 – Chapter 7 – Follow-up of recommendations**

(24) Following up the recommendations of our special reports is a recurrent task. In chapter 7 we analyse to what extent the recommendations we made in special reports published in 2017 have been implemented. We classify recommendations as implemented fully, in most respects, in some respects or not at all.

**Institutions' replies to the Report of  
the European Court of Auditors on the  
performance of the EU budget –  
Status at the end of 2020**

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# REPLIES OF THE EUROPEAN COMMISSION TO THE REPORT OF THE EUROPEAN COURT OF AUDITORS ON THE PERFORMANCE OF THE EU BUDGET – STATUS AT THE END OF 2020

## CHAPTER 1 – PERFORMANCE FRAMEWORK

### INTRODUCTION

1.2 The Commission welcomes the ECA's work on the performance of the EU budget and its recognition of the key role of better regulation in ensuring that lessons learned from the implementation of financial programmes are used to improve their design and performance. Over the years, the Commission developed a system of evaluation and impact assessment, internationally acclaimed, which played a central role in the preparation of the proposals for the 2021-2027 multiannual performance framework.

The Commission's proposals are the first step in the legislative process. The final programme design is the result of legislative negotiations involving the European Parliament and Council. There is therefore a shared responsibility for ensuring that lessons learned on programme performance are reflected adequately. Consequently, and as set out in the Interinstitutional Agreement for Better Law-Making, the Commission considers that major amendments to its proposals should be subject to impact assessment.

The Commission is fully committed to continuing to strengthen this system, including in the areas for improvement identified by the ECA. For example, the Commission proposed horizontal provisions for the timing of evaluations to help ensure that the relevant information is timely available for the preparation of future programmes. Evaluations and impact assessments depend also on receiving high quality data from Member States and beneficiaries. The Commission will strive to ensure that evaluations are followed-up appropriately, that the quantitative aspects of impact assessments are gradually strengthened, where feasible and proportionate, and that the evidence underpinning legislative initiatives becomes progressively easier to access, reaching out to the European Parliament and Council to advance work.

Chapters 2 to 6 of this report present the ECA's assessment of the performance of the five selected spending programmes as at end-2020. The Commission considers that the programmes are positively contributing to the delivery of the EU's priorities and objectives. The available qualitative and quantitative performance information at the end of 2020 shows that the programmes are progressing well towards the targets set at the beginning of the programming period, in spite of the challenges caused by the COVID-19 pandemic. Although 2020 was the last year of the 2014-2020 multiannual financial framework, programmes such as the European Social Fund, the European Maritime Fisheries and Aquaculture Fund, the Internal Security Fund and the Instrument for Pre-Accession Assistance will continue to be implemented and deliver results over the next few years. Definitive conclusions in relation to the 2014-2020 programmes performance will only be possible after the closure of the programmes, on the basis of final evaluations.

1.3 The Commission's proposals for the 2021-2027 long-term budget were made between Q2 and Q3 2018, i.e. in the case of cohesion, almost half a year earlier than in 2011. The Commission was fully committed to working closely with the European Parliament and Council in its role as honest broker to facilitate the swift conclusion of the interinstitutional negotiations and minimise delays to the implementation of the new programmes. The context was however challenging due to the parallel UK withdrawal negotiations and the European Parliament elections which followed the May 2018 proposal. Moreover, in response to the COVID-19 pandemic the Commission tabled in May 2020 an unprecedented recovery package comprising revamped proposals for the MFF and the temporary recovery instrument, NextGenerationEU. This package was subsequently adopted by all institutions before the end of the year. All programmes have now been agreed by the co-legislators.

Concerning the CAP legislation, the co-legislators reached a political agreement on the new CAP at the end of June 2021. Formal adoption will normally be completed before the end of the year.

1.10 Under the 2021-2027 multiannual financial framework, a horizontal approach has been applied for the timing of evaluations. Good evaluations need complete data sets of three to four years. To prepare quality proposals through evaluations and impact assessments, the Commission also needs to rely on good quality data from Member States and other programmes' beneficiaries, which take time to produce. The information from the available interim evaluation and the final evaluation of previous programmes informs the decision-making process for subsequent financial frameworks by timely gathering of sufficient and good quality data.

Concerning the 'n+3 rule', please see the Commission's comments to Box 1.5.

1.11 For the CAP, various evaluations preceded the initiative, but only few final evaluations relating to the previous MFF were available for the impact assessment of the CAP proposals. This is because of the time needed to obtain data on implementation of the CAP before a robust evaluation can be carried out. The Regulatory Scrutiny Board's opinion reflects this limited availability of completed and comprehensive evaluations. Some of these evaluations had been completed by the time the impact assessment was prepared and the results used in the impact assessment.

For the section on "lessons learnt" in the Impact Assessment report for CAP Post 2020, interim results were used, as documented in Annexes 1 and 3.

Carrying out evaluations too early, for example after only one year of implementation as in the case of the evaluation of "greening" risks that the evaluation would have shortcomings. In this example, the Commission could not have done differently.

1.12 The sectoral legislative proposals covered by the common provisions regulation have all been preceded by impact assessments, which analysed key implementation aspects of the funds, reflected in the common provisions regulation. The common provisions regulation drew on these impact assessments.

1.13 (Commission's combined reply to 1.13 to 1.15).

The Commission's evaluations and impact assessments can be accessed through EUR-Lex, the Register of Commission Documents and on Have your Say portal. Members of the EU institutions can access them also through the Inter-institutional database of EU studies.

The Interinstitutional Agreement on Better Law-Making of 13 April 2016 laid down an objective for transparency for the Parliament, Council and the Commission by setting up a Joint Legislative Portal. This public website will allow the public to follow-up the adoption of interinstitutional legislative acts in detail. The work of the three institutions on the portal is ongoing.

As announced in the Better Regulation Communication: Joining forces to make better laws, the Commission is working to interlink various evidence registers and portals, such as the EU Bookshop, Inter-institutional database of EU studies, Have Your Say and EUR-Lex.

1.18 In the case of spending programmes, the follow-up to evaluations will be analysed in the impact assessments and taken up as relevant in the proposals for the successor programmes. All such legislative proposals are reflected in the annual management plans. In 2022, the instructions for the management plans contain the requirement to include relevant follow-up actions stemming from evaluations. Services are also requested to refer in their management plans to key better regulation activities, such as fitness checks, important evaluations. Very specific operational follow-up actions, for example referring to the implementation of the programme, cannot be included in the management plans, which focus on the major outputs for the year.

Lessons learned from evaluations and follow-up actions are also referred to in other documents, for example the annual activity reports.

Follow-up action plans are not required systematically and are not mandatory under Better Regulation for reasons of proportionality and avoiding overlapping information being transmitted to the other institutions and to the public.

1.19 Under the better regulation guidelines, impact assessments need to be proportionate. Not all possible options can be assessed, in particular when they are not feasible. Instead, available options are identified and screened with a view to selecting the most relevant. This is done by the Commission services taking into account the evidence, input from stakeholders, and in consultation with the inter-service groups, which include expertise from all relevant Commission Directorates-General. The impact assessments are scrutinised by the Regulatory Scrutiny Board.

**Table 1.2 – Impact assessments present various options that are comparable qualitatively, but offer limited quantitative analysis** - Please see Commission's reply to paragraph 1.19.

THE COMMISSION PREPARED ITS LEGISLATIVE PROPOSALS WITH LESSONS LEARNT IN MIND

**Box 1.1 - Lesson learnt: various external action instruments should be consolidated**

The merging of the majority of the previous instruments into one single instrument and the inclusion of the EDF in the EU budget represent major steps towards simplification and coherence. A single set of rules will apply to the implementation of external action funds, and the NDICI implementing rules do provide the backbone for the implementation of the few external financing instruments (IPA III, Instrument for Nuclear Safety Cooperation, Overseas Countries and Territories Decision) as well.

1.26 In its proposal for a longer list of common indicators, the Commission responded to the lesson learnt quoted by the Court. By having at their disposal a longer and more comprehensive list of indicators to report on for cohesion policy interventions, characterised by quite heterogeneous actions, the programmes would be able to choose and use more relevant indicators to their investment, thus reducing significantly the need to use programme-specific indicators. Moreover, the Commission would like to point out that the indicators proposed for the 2021-2027 programming period were analysed in detail with the representatives of the Member States and tested against the RACER criteria (relevant, accepted, credible, easy, and robust).

**Box 1.3 Lesson learnt: the approach to assess the CAP's contribution to climate action should better reflect reality**

The EU approach to climate mainstreaming and the tracking methodology build on international practices. The methodology used by the Commission to calculate the contribution of the CAP to climate action is sound, has been prepared in a transparent and coordinated manner; and was communicated to and agreed with the European Parliament and the Council. With the recent political agreement on the CAP reform, the European Parliament and the Council have fully endorsed the climate mainstreaming methodology for the CAP and any further changes to climate tracking in the Common Agricultural Policy have been postponed by the co-legislators to at least until after 31 December 2025.

The Commission considers that the CAP instruments have had a significant impact rather than a limited impact.

EU agriculture has reduced its GHG emissions by 21.4% since 1990 while agricultural production has increased.

The Commission notes that the CAP never had the specific goal of reducing livestock emissions. Emissions remained stable, while production increased. More will have to be done to reduce agriculture emissions further, and in order to achieve the EU's ambitious climate targets for 2030 (reaching a net emission reduction of 55% by 2030).

The Commission underlines that it is firmly committed to achieving the goals set out in the European Green Deal and its core elements of climate change, biodiversity and environmental care. A transition

towards more sustainable farming will play a significant role in achieving these goals. The new CAP will be key in supporting this transition with enhanced conditionality (including a new GAEC 2 dedicated to peatland protection), eco-schemes targeting at least 25% of direct payments towards environment/climate and 35% of the rural development budget for the same purpose.

This new CAP is therefore more ambitious regarding climate action (both mitigation and adaptation). It sets increased obligations on and rewards farmers for engaging in the transition towards environmental and climate action, including carbon farming, thereby creating new business opportunities for rural areas.

**Box 1.4 Lesson learnt: the MFF should be more flexible to respond better to changing circumstances**

As summarised in the 2018 MFF communication (COM(2018) 321), the initial Commission 2018 proposal provided for mechanisms to ensure:

- flexibility within and between programmes e.g. NDICI cushion, transfers and contributions from shared management funds to (in)directly managed ones or InvestEU, flexibility of the financial envelope as per point 18 of the Interinstitutional agreement, etc.
- flexibility between headings and years (e.g. the Union Reserve mentioned by ECA)
- as well as special instruments, which were proposed to be further reinforced in the Commission May 2020 recovery package (thematic and non thematic).

The Commission also proposed a template for basic acts, which would have ensured similar provisions in all basic acts with regard to implementation by both Commission services and beneficiaries from different sectoral programmes, thus enhancing flexibility in programme implementation by, for example, facilitating changes in co-financing and transfers, with the ultimate goal of better achievement of results. This template was opposed by the co-legislators during the 2021-2027 multiannual financial framework negotiations.

The Commission notes that not all proposals were ultimately retained in the overall MFF agreement. While the overall MFF agreement, including sectoral legislation, ensures largely the same level of flexibility in the 2021-2027 MFF as in the 2014-2020 MFF, the suitability of those levels in conjunction with the in-built flexibilities of some of the new programmes can only be assessed in the course and after the implementation of the 2021-2027 programming period in light of the evolving challenges and unforeseen events that the EU budget will have to face.

**Box 1.5 Lesson learnt: the ‘n+3 rule’ should be replaced by the ‘n+2 rule’**

The Commission's proposal for the CPR 2021-2027 envisaged a transition from the n+3 rule to n+2. However, the proposed mechanism was strongly opposed by the Council during negotiations and was deleted from the adopted text.

Still, in line with the repeated recommendations of ECA to reduce the overlap between consecutive programming periods, the end-date of the eligibility under the 2021-2027 CPR was kept on 31 December 2029, resulting in fact in an n+2 rule for the last year's commitments.

Furthermore, under the new MFF 2021-2027 and as of 2023 (with the application of the CAP Strategic Plans Regulation), the European Agricultural Fund for Rural Development (EAFRD) will apply the n+2 rule.

**CONCLUSIONS AND RECOMMENDATIONS**

1.34 The sectoral legislative proposals covered by the common provisions regulation have been all preceded by impact assessments, which analysed key implementation aspects of the funds, reflected in the common provisions regulation. The proposal for the common provisions regulation drew on these impact assessments.

As regards the impact assessment supporting the legislative proposals for the CAP post 2020, its Annex 1 includes a selection of relevant references, its Annex 3 offers a summary of the numerous evaluations and studies that were used, and its Annex 9 a full-fledged bibliography.

To overcome the lack of finalised evaluations, the Commission organised a large public consultation (ahead of other MFF-related consultations), several workshops on the 3 pillars of sustainability as well as on food-related issues and carried a robust quantitative analysis complemented by a comprehensive Multi-Criteria analysis.

### **Recommendation 1.1**

a) The Commission accepts the recommendation.

Impact assessments analyse significant economic, social and environmental impacts of policy options. This is of key importance for evidence-based policymaking and designing good legislative proposals. While the Commission cannot at this stage prejudge the design of its future proposals for the post-2027 multiannual financial framework, the Commission will analyse the best manner to examine in impact assessments substantive aspects of legislation covering several programmes. The analysis will depend on the architecture of the next MFF and the most efficient and proportionate manner and experience of previous MFF preparations, in accordance with its Better Regulation Guidelines.

b) The Commission accepts the recommendation.

Under the 2021-2027 multiannual financial framework, a horizontal approach has been applied for the timing of evaluations. Interim and final evaluation will be carried out generally four years after the start and end of the programmes' implementation to ensure that evaluations can draw on three full years of data.

Preparations for the post-2027 multiannual financial framework will be based on impact assessments (or ex-ante evaluations) according to the Better Regulation principles. The preparations will draw on the available interim evaluations of the 2021-2027 programmes and final evaluations of the 2014-2020 programmes, taking into account the MFF cycle and inherent challenges.

There may be unavoidable exceptions to this principle. For example, due to the transition period, the first data on the implementation of the new CAP will be notified by Member States to the Commission in February 2025.

1.35 Please see Commission's reply to paragraph 1.13.

The Commission's evaluations and impact assessments can be accessed already through EUR-Lex, the Register of Commission Documents and on Have your Say portal. Members of the EU institutions can access them also through the Inter-institutional database of EU studies (and evaluations). The Commission is working to link these evidence registers and portals.

**Recommendation 1.2.** The Commission accepts this recommendation. The Joint Legislative Portal is an interinstitutional effort and the Commission is committed to reaching out to the European Parliament and the Council to advance the work on the Joint Legislative Portal, as announced in the Better Regulation Communication: Joining forces to make better laws.

**Timeframe: end of 2023** The timing of the implementation depends on the other partner institutions.

1.36 Evaluation follow-up can take many forms, such as a legislative proposal and accompanying impact assessment (or ex-ante evaluation), improved guidance or monitoring, Commission reports to the European Parliament and the Council.

Conclusions from the evaluations of financial programmes will feed into the analysis in the impact assessment and further in the design of the legislative proposal for future programmes. Such proposals and accompanying impact assessments are listed in the annual management plans. Services are also requested to refer in their management plans to key better regulation activities, such as fitness checks and important evaluations. Other types of more specific operational follow-up (e.g. implementation

guidance to services, IT upgrades) will not appear in management plans, which focus on the key outputs for the year.

Information on the major follow-up to evaluations is also contained in other reports, such as the annual activity reports.

### **Recommendation 1.3**

The Commission accepts this recommendation.

The Commission agrees that disseminating evaluation findings and identifying follow-up actions, where relevant to complement the evaluation conclusions, is important to put into practice lessons learned and capitalise on the evaluation findings. The follow-up of financial programmes' evaluations, presented in evaluation staff working documents, is analysed in the impact assessments. The Commission has taken into account major lessons learned from evaluations in its impact assessments for the preparation of the 2021-2027 MFF. Future proposals for the successor programmes and their accompanying impact assessments are reflected in public management plans.

**Timeframe: end of 2022.** The timing depends on when interim and final evaluations for the 2021-2027 MFF will be produced.

1.37 Quantitative information and methods such as statistics and cost-effectiveness analysis complement qualitative information such as opinions, stakeholder input, as well as scientific and expert advice, all equally valuable to form the evidence base for the impact assessment. The Commission's impact assessments have provided quantitative analysis, where feasible and proportionate, with limited exceptions.

While in some cases, such as for the impact assessment for the CAP, quantitative analysis has been done, quantification of impacts will not be possible in all cases and evidence might have to be constructed based on qualitative information, which is equally valuable.

**Recommendation 1.4** The Commission accepts the recommendation.

Quantitative information, including cost-benefit and cost-effectiveness analyses, is an important source of evidence in the impact assessment process alongside qualitative evidence. However, impacts can only be quantified and cost-benefit and cost-effectiveness analyses performed based on quantitative data, where this is feasible and proportionate, i.e. where high quality and timely data is available at reasonable cost. The Commission depends on good quality and timely data from Member States and other beneficiaries of EU legislation.

### ***Annex I.1 Follow-up of recommendations from chapter 3 of the 2017 annual report***

Recommendation 3(c):

The aggregated information contained in the core performance reports is provided by the services responsible for the day-to-day management of the programmes and policies. Through the standing instructions for the annual activity reports and programme statements (included in the budget circular standing instructions) and through regular interactions in the relevant Commission-wide networks the central services have emphasised the importance of consistency in the information presented and of stating clearly the source of the information presented. Any discrepancies identified by the central services are raised and discussed with services during the finalisation of the reports.

## REPLIES OF THE EUROPEAN COMMISSION TO THE REPORT OF THE EUROPEAN COURT OF AUDITORS ON THE PERFORMANCE OF THE EU BUDGET – STATUS AT THE END OF 2020

### CHAPTER 2 – COMPETITIVENESS FOR GROWTH AND JOBS

#### INTRODUCTION

2.1. The Erasmus+ programme is widely recognised as an effective programme, which provides European Added Value to European citizens. The Commission is constantly developing its programme and policy response to the challenges faced by its stakeholders, and will act on the detailed observations of the ECA as a valuable input to this ongoing process.

It is important to note overall that some of the studies referred to in the Chapter were finalised some years ago and cover periods which are even earlier. In 2022 the Commission will launch the final evaluation of the 2014-20 programme, which will better reflect the adaptations made to the programme over time and in response to these studies.

Lastly, the ECA highlights the fact that more women than men participate in the Erasmus+ programme. The Commission has data which shows that this is mainly caused by existing gender balance in the fields of study which tend to attract Erasmus+ participation, rather than any bias against men in the programme which needs to be addressed. Many projects funded by the programme emphasise opportunity and access for all participants regardless of background, and is generally reflected in the statistics of the programme.

#### PERFORMANCE ASSESSMENT OF ERASMUS+

2.9. Performance indicators are a useful tool to monitor the programme performance. They can, for example, provide early indications of performance/implementation issues that might require attention. However, assessing programme performance often requires going beyond an analysis of performance indicators, to encompass other relevant quantitative and qualitative information. No set of performance indicators can reflect all relevant aspects of programme performance. Thus, the fact that a performance indicator is (or is not) ‘on track’ to meet its target does not necessarily mean that the programme itself is (or is not) ‘on track’ to meet its objectives.

The Commission provides its assessment of the indicators’ progress to target in the programme statements. This assessment in some cases differs from the ECA’s assessment in this report due to the use of different methodologies.

As described in ECA special report 22/2018, the indicators of the Erasmus+ programme 2014-20 are closely aligned with the ET 2020 policy objectives.

In response to the key observations on the indicators, the Commission can confirm that these are in the process of being revised for the new programming period, addressing the issues identified by the ECA. Nevertheless some theoretical differences, such as the distinction between “outputs” and “results” are part of a wider and long-running institutional discussion on how the substantial benefits of EU programmes should be classified.

2.11. The Commission considers that indicators on the number of staff supported can be considered as result indicators, due to their nature as a core operational objective of the programme, referred to in Annex I to the Erasmus+ Regulation as “quantitative (general)”.

2.12. The Commission notes that the mid-term evaluation identifies “improvement remains possible in terms of the alignment with what the projects actually fund and the key EU-level priorities”. National Agency work programmes and programme guide criteria have progressively strengthened the link between the projects and EU level priorities.

2.15. For the 2021-27 Erasmus+ programme, the Commission has worked extensively with stakeholders and replaced the IT tools with a single modular system. The programme guide has also been updated and the simplification of funding rules, in particular using results-based lump sums, is being progressively implemented from the 2021 calls onwards.

2.16. The Commission underlines that the conclusion of the 2017 interim evaluation regarding synergies was based on the early years of the Erasmus+ programme. Since that period, the Commission has substantially increased the mechanisms by which EU programmes work together to meet common objectives. One major example is the creation of the European Solidarity Corps, which mobilised a number of different EU programmes, and this process is being continued across the multi-annual financial framework in the 2021-27 programme period, where potential synergies have been fully integrated in the legal bases of the programmes.

2.17. The Commission considers that the proportion of female participation in the Erasmus programme can be explained to a large extent by the interacting effects of the proportion of certain fields of study in the programme and gender participation in those fields. In particular, within the Erasmus+ Higher Education mobility programme, males predominate in fields such as "Engineering, manufacturing and construction" and "Information and Communication Technologies". Nevertheless, these subject fields are outweighed in size by fields such as "Arts and humanities" and "Social sciences, journalism, and information".

On the basis of the "budget focused on results" principle, the EU budget seeks to address multiple objectives with its funding. In the online Erasmus+ projects database, 9,243 projects can be found which address gender equality among other objectives. However, putting a financial estimate to these contributions in isolation is potentially arbitrary, and not in line with the aforementioned principle of making every euro spent meet multiple objectives and maximise value for the European taxpayer.

Under new horizontal guidelines for the new EU 2021-2027 programmes, a new financial tracking approach is being introduced which covers, *inter alia*, gender equality.

2.20. Under the Commission's performance framework, targets established and achieved are considered to be results where this is a core objective of the underlying programme.

2.26. These indicators will be reviewed in the context of the ongoing development of core indicators in collaboration with central services.

2.29. The Commission would like to emphasise that for Strategic School Partnerships a key part of the added value is the international sharing of best practice and the catalytic effect the partnerships can have on their local communities and stakeholders. However, innovation is fully integrated in the deliverables which can then be used by other actors in the field.

Moreover, the detailed responses which were part of the interim evaluation present a more varied and nuanced picture of the various benefits of strategic partnerships, in particular concluding that "The sharing and learning activities have a clear merit and they enable staff and organisations to improve their practices and methods".

2.33. Under the Commission's performance framework, targets established and achieved are considered to be results where this is a core objective of the underlying programme.

2.36. The Commission points out that this apparently low percentage is mostly due to the shift of support for youth volunteering to the newer European Solidarity Corps since 2018.

2.37. See Commission's reply to paragraph 2.33.

## CONCLUSIONS

2.41. The Commission draws attention to the influence of fields of study on the gender balance as described in its reply to paragraph 2.17.

2.42. Regarding the numerous references contained in this chapter to the 2017 mid-term evaluation it is also important to note that it stated:

"The final evaluation of the programme will also assess the outcomes of the large-scale Knowledge Alliances and Sector Skills Alliances introduced within Erasmus+ for the purpose of boosting innovation in higher education and VET. These actions were not sufficiently complete to be evaluated at mid-term."

## REPLIES OF THE EUROPEAN COMMISSION TO THE REPORT OF THE EUROPEAN COURT OF AUDITORS ON THE PERFORMANCE OF THE EU BUDGET – STATUS AT THE END OF 2020

### CHAPTER 3 – ECONOMIC, SOCIAL AND TERRITORIAL COHESION

#### INTRODUCTION

3.1 The focus of the 2014-2020 programmes on performance and intervention logic evidenced by the more comprehensive reporting of fund's common indicators compared to the 2007-2013 programming period has led to more robust and coherent performance data, comparable across programmes and countries, on the investment actions' outputs and direct results. The programmes' annual implementation reports have become a considerably improved source of performance information. Achievements in terms of outputs, results, unit costs and success rates have been made available in the cohesion policy open data platform<sup>1</sup> to all citizens.

By end-2019, the European Social Fund and the Youth Employment Initiative (ESF and YEI) had reached some important achievements. They notably helped 36.4 million people through various projects from 2014 to 2019. Of these, 4.5 million people found a job and 5.5 million gained a qualification as a result of EU intervention. This included 2.5 million persons with disabilities as well as 5.6 million migrants and participants with foreign background and 6.5 million disadvantaged people. The ESF and YEI implementation is still ongoing and ends on 31.12.2023.

The operational programmes financed under ESF and YEI are investing in a wide variety of actions tailored to the Member States' and regions' particular development needs. The indicators used to set targets and report performance are adapted to the particular actions. In its high-level reporting on performance, the Commission focuses on the common indicators that are used by all programmes, reported for all operations and aggregated at EU level. The programme specific indicators, which are equally relevant for assessing the performance of the Funds at national and regional level, while not used in the Commission's high-level reporting, serve to monitor specific programme's performance. In the Commission's view, the monitoring system put in place allows to monitor both actual implementation and performance of the programmes.

3.7 The specific objectives as defined in the Programme Statement of MFF 2014-2020 correspond to the thematic objectives (TOs) in the Common Provisions Regulation (CPR) and the ESF Regulation. Under the ESF 2014-2020, the subcategories under the various TOs are called 'investment priorities'. According to Article 2(34) CPR, 'specific objective' means the result to which an investment priority or Union priority contributes in a specific national or regional context through actions or measures undertaken within such a priority. Such specific objectives are defined by each Member State under each priority of a programme.

#### PERFORMANCE ASSESSMENT OF THE ESF

3.12 See the Commission's reply to paragraph 3.70

3.19 As underlined in the European Commission Replies to the Special Report of the European Court of Auditors (ECA) on Performance-based financing, the performance review was carried out as required by the regulatory basis, by assessing the indicators included in the performance framework.

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<sup>1</sup> <https://cohesiondata.ec.europa.eu/>

The 2014-2020 CPR indeed requires to carry out the performance review by assessing the implementation steps and indicators included in the performance framework. The rationale underpinning cohesion policy interventions ensures a sequential relationship between financial and output indicators and results over time. At the time of the performance review, it would have been too early to obtain (and assess progress against) results for multi-annual investments funded under cohesion policy.

3.21 Many of these data limitations have been resolved in the current programming period, most prominently by introducing common result indicators and common definitions for all indicators.

The Commission has continued its efforts to foster counterfactual impact evaluations (CIE) in Member States (e.g. update of CIE guidance, exchange of experience). Close to 100 ESF and Youth Employment Initiative (YEI) CIEs have been completed covering most Member States and focusing on employment, social inclusion and education operations. A systematic synthesis of this evidence is being carried out (meta-analysis study) and will feed the ex-post evaluation.

3.23 The report from the European Parliament mentioned by the ECA also underlines improvements in the evaluation of cohesion policy (CP). ‘In general, informed stakeholders agree that the capacity of the framework to release evidence on the achievements of CP and fulfil an accountability function has improved at EU level.’

Moreover, the share of counterfactual evaluations in ESF has been significantly higher than in ERDF.

As regards the methods, the Evaluation Helpdesk has found that ‘many of the evaluations of impact use relatively advanced techniques which are designed to distinguish the effects of the measures examined from other factors, specifically counterfactual analysis to estimate the scale of the effects and theory-based to trace the links between the measures and observed outcomes’.

DG Employment, with the support of JRC (Centre for Research on Impact Evaluation) and the Evaluation Helpdesk, continues building evaluation capacity in Member States.

3.24 While the Financial Regulation is the main point of reference for the principles and procedures governing the establishment, implementation and control of the EU budget, it is the better regulation guidelines that set out the principles that the European Commission follows when preparing new initiatives and proposals and when managing and evaluating existing legislation. The European Commission always assesses, as required by the Better Regulation, the evaluation criteria of effectiveness, efficiency, coherence, relevance and EU added value of the interventions.

3.25 Performance indicators are a useful tool to monitor the programme performance. They can, for example, provide early indications of performance/implementation issues that might require attention. However, assessing programme performance often requires going beyond an analysis of performance indicators, to encompass other relevant quantitative and qualitative information. No set of performance indicators can reflect all relevant aspects of programme performance. Thus, the fact that a performance indicator is (or is not) ‘on track’ to meet its target does not necessarily mean that the programme itself is (or is not) ‘on track’ to meet its objectives.

The Commission provides its assessment of the indicators’ progress to target in the programme statements. This assessment in some cases differs from the ECA’s assessment in this report due to the use of different methodologies.

3.26 See the Commission’s reply to paragraph 3.71

3.29 As set out in DG Employment’s annual activity report, the assessment of the performance is based on six indicators and , includes an overall assessment. Physical indicators (outputs and results) are only one of these six indicators. The Commission considers that physical indicators are not sufficient to assess the performance of a programme and that other aspects such as financial implementation and the administrative capacity should also be taken into account.

3.33 The mentioned study provided an analysis of the 2014-2020 European Structural and Investment (ESI) Funds programming and highlighted that the Country-Specific Recommendations (CSRs) have been taken up in the strategic choices set out in operational programmes. An analysis of investment priorities and specific objectives selected in the operational programmes shows that CSRs have not only been taken up in strategic choices but also that the ESI Funds are actually contributing to implementing them. The linkages between ESI Funds and CSRs are particularly well developed in relation to active labour market policy and network industries, less in other policy areas.

3.40 As a general conclusion, the study finds that ESF and YEI operations have helped improve the employability of young people across Europe. To achieve this, some elements have been particularly relevant, such as innovation in reaching the target population, coordination between partners, and holistic approaches to employment. The study concluded that even if, operationally speaking, implementation took some time to take off, the implementation progress was advancing well, and had long-term positive effects on employability.

3.42 To mitigate the socio-economic impact of the COVID-19 crisis, the EU launched instruments to help Member States, including mobilising resources under the ESI Funds (CRII/CRII+ and REACT-EU) and SURE. Thanks in large part to these successful measures, which supported national employment policies, the fall in employment was cushioned and significantly lower than the impact on working hours.

3.45 Almost 75% of the total number of participants supported by the ESF were either unemployed, long-term unemployed or inactive. It shows that the ESF is an effective tool for supporting people who are further away from the labour market. Moreover, as the target groups of the operations for active labour market policies (TO8) are usually the unemployed, the share of inactive is naturally lower. In other thematic fields their proportion is substantially higher (68%) e.g. in education and training (TO10), including for instance pupils and students.

See also ECA observations at paragraph 3.72

3.49. As underlined in the Study on the Evaluation of ESF Support to Youth Employment<sup>2</sup> : “The YEI and ESF has demonstrated considerable European Added Value. This includes volume effects by supporting interventions that were not funded by other national or regional programmes and allowing additional actions to take place. It also had important scope effects by widening the range of existing actions and expanding target groups or pursuing groups not covered by other programmes. Although role effects were less evident, YEI and ESF-funded youth operations were important for raising awareness for the situation of NEETs in the Member States. In a more limited number of cases, the YEI and ESF had role effects in terms of innovative actions introduced under the funds being mainstreamed into youth employment policies.”

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<sup>2</sup> European Commission, 2020, Study for the evaluation of ESF support to youth employment, Final Report, April 2020

3.50 Labour mobility in the European Union is increasing. Between 2014 and 2018, the share of non-nationals in total employment increased from 7.1% to 8.3% to which ESF support has certainly played a role.

During the programming period 2014-2020, labour mobility measures, including EURES activities, are programmed under the ESF thematic objective 8 “promoting sustainable quality employment and supporting labour mobility”. There are particular limitations to measuring labour mobility like the absence of a universal definition.

The EURES Regulation (Regulation 589/2016) remains the main legal basis for the collection of relevant information (in particular in its Article 30) which requests Member States to collect information on labour shortages and surpluses. The establishment of the European Labour Authority (Regulation (EU) 2019/1149), will allow the Commission and the Member States to monitor and make public labour-mobility flows and patterns in the Union on the basis of reports by the European Labour Authority, using Eurostat statistics and available national data.

The Commission continues its analytical work on trends and challenges for different categories of mobile workers.

3.54 The Commission takes the fight against poverty extremely seriously. In its REACT-EU instrument, launched as part of the Recovery Plan for Europe, the Commission proposed that the additional resources allocated to the European Social Fund should address as a matter of priority, among others, measures to tackle child poverty.

The Commission also proposed a recommendation establishing a European Child Guarantee, adopted by the Council on 14 June 2021. It will contribute to prevent and combat social exclusion among children.

3.55 The ESF monitoring system through common indicators provides universal information a) on the outreach of the fund to its most important target groups through the common output indicators and b) on the most important types of outcomes through the direct result indicators.

The ESF monitoring system provides a careful balance between EU level information needs and data collected by Member States in thousands of operations and beneficiaries. To limit the administrative burden of data collection, evidence on target-group specific outcomes is obtained from evaluations.

The difficulties in collecting data on disadvantaged groups were factored in the new provisions in 2021-2027. The reporting on these target groups will be facilitated (use of data registers, possibility to rely on informed estimates). Moreover, two distinct ESF+ specific objectives will cover third country nationals and Roma people, paving the way for a measurement of their respective performance.

3.58 In the 2021-2027 period, thematic concentration requirements will ensure a better targeting of the most vulnerable groups. All Member States will have to allocate at least 25% of ESF+ to social inclusion. 5% of ESF+ will be allocated to tackling child poverty in Member States with an at risk of poverty and exclusion (AROPE) rate above EU average and 12.5% of ESF+ for youth employment measures in Member States with a NEET rate above EU average. Moreover, all Member States will have to allocate at least 3% of their resources of the ESF+ strand under shared management to address the most extreme forms of poverty. Indicators reflecting the vulnerable characteristic of participants have also been included in the ESF+ Regulation.

Finally, in June 2021, the Commission sent a letter to all Member States inviting them to enhance investments addressing the needs of the disadvantaged groups.

3.59 Support to programmes and projects through cohesion policy funding will continue during the programming period 2021-2027. Concerning Roma integration in particular, the Commission will ensure that funding will be available to support programmes and projects in this area in line with the priorities set out in the Roma Strategy.

3.67 The CPR for the 2021-2027 period will help to enhance complementarities, especially as regards programming, implementation, monitoring and control, to better take into account target groups, thematic dividing lines and budget availability. Moreover, the CPR now includes for example the possibility to support projects that received a seal of excellence under another EU instrument with ERDF or ESF+ funding.

3.68 Since the start of the current Commission's mandate, many actions have been launched to boost skills, notably digital skills through, for instance the 2020 Skills Agenda, the Digital Education Action Plan and the Digital Decade and using, apart from ESF+, other funding such as Erasmus+ and REACT EU. More recently, following the Commission's guidance<sup>3</sup>, Member States are also using the Recovery and Resilience Facility (RRF) and their Recovery and Resilience Plans (RRPs) to invest in digital skills.

## CONCLUSIONS

3.70 The Commission considers that outputs provide a good indication whether an ESF investment is on track to achieve its objectives and deliver expected results. Results take longer to materialise and therefore most Member States did not include them in the 2014-2020 performance framework. The mid-term review for the 2021-2027 programmes will be different from the performance review in the previous period, and will entail a qualitative, multi-dimensional assessment based on a wide range of factors, which will determine programme performance at end 2024.

See also ECA observations at paragraph 3.12

3.71 As targets set by Member States in ESF programmes were mostly based on specific indicators, the Commission could not rely on these to estimate EU aggregate targets. Instead, it selected a number of common indicators for which there was historical data from the previous programming period. However, it also stated from the outset that these targets would need to be adjusted in the course of implementation, notably because of methodological changes from the previous period to the current one (e.g. the exclusion of indirect participants). The Commission did not in this case and does not adjust its targets to make them easier to achieve.

See also ECA observations at paragraph 3.26

3.72 Almost 75% of the total number of participants supported by the ESF were either unemployed, long-term unemployed or inactive. It shows that the ESF is an effective tool for supporting people who are further away from the labour market.

See also ECA observations at paragraph 3.45

3.73 The Commission takes the fight against poverty extremely seriously. Since the start of the mandate, it has adopted several policy measures and funding opportunities to fight against (child) poverty.

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<sup>3</sup> European Commission, Commission staff working document - Guidance to Member States Recovery and Resilience Plans - Part 1, January 2021

See also the Commission's reply to paragraph 3.54

# REPLIES OF THE EUROPEAN COMMISSION TO THE REPORT OF THE EUROPEAN COURT OF AUDITORS ON THE PERFORMANCE OF THE EU BUDGET – STATUS AT THE END OF 2020

## CHAPTER 4 – NATURAL RESOURCES

### INTRODUCTION

4.1. The European Maritime and Fisheries Fund (EMFF) is designed to help fishers to adopt sustainable fishing practices and coastal communities to diversify their economies, improving quality of life along European coasts. The Commission analyses and assesses performance of the fund at the level of measures. Examining the contribution of the fund and its results at a small scale are essential, given the small size of the fund, the extremely diverse nature of the activities supported, and the potential for a myriad of factors to significantly affect the economics and operating environment of the sector.

**The four objectives of the EMFF are set out in Article 5 of the EMFF Regulation. They are not limited to contributing to implementation of the Common Fisheries Policy (CFP).** The ECA used the performance indicators and information presented in the EMFF Programme Statement and AMPR, which go beyond the assessment of the EMFF results and achievements, into the wider impacts at CFP level. The EMFF contributes to the objectives of the CFP (set out in Article 2 of the CFP Regulation, and in Article 28 of the CFP Regulation as regards the CFP external dimension), but – as outlined in the Commission’s replies throughout this report – **it is only one of many tools, including inter alia conservation measures, scientific knowledge of the stocks, control and enforcement measures, and many more besides, that contribute to the CFP objectives.** Furthermore, there are many additional **external factors** such as fuel prices, market demand, weather related conditions, pollution and climate change. All of these factors together, which have many interdependencies, determine how fishing is conducted and therefore also impact the achievement of the CFP objectives in different but interdependent ways. Any straightforward and exclusive causality link between EMFF performance and attaining of the CFP overall objectives is therefore impossible to establish and demonstrate.

**The EMFF contributes to the CFP objectives by providing financial support, which can help make small changes in the right direction, for example to complement the conservation policy.** It is therefore unrealistic to expect that the EMFF alone can make a significant mark on achieving the CFP objectives.

The most useful information and implementation data are those, which show how the small investments made under the EMFF contribute at a small scale. They therefore concern the number of operations targeting a particular measure, and the associated level of investment. This is the approach applied in the EMFF Annual Implementation Reports, which summarize data at operation level reported by Member States and are published on the Fisheries and Maritime Affairs website of the Commission. **The Commission also considers these sources as appropriate and accurate to assess meaningfully the performance of the EMFF.**

4.6. The ECA used the performance indicators and information presented in the EMFF Programme Statement and AMPR, which go beyond the assessment of the EMFF results and achievements, into the wider impacts at CFP level. The Commission has highlighted such occurrences throughout the report in its replies.

The Commission considers that more granular information on EMFF operations such as types of operations, detailed financial contributions and geographical distribution would have enriched the analysis of the Fund’s performance. However, linking the sole contribution of the EMFF to the achievement of broad CFP objectives is very challenging. The Commission considers the contribution of the EMFF to policy objectives goes beyond the results and achievements of the Fund. Moreover,

other factors such as the actual CFP legislation and its implementation, the use of other policy tools and external factors such as the impact of climate change or pollution play a more important role.

The EMFF contributes towards the achievement of CFP objectives through a relatively modest financial envelope. It has contributed approximately €3.5 billion towards the CFP objectives over the seven-year period of 2014 – 2020<sup>1</sup>, which equates to €500 million per year across the 27 EU Member States. Given the overall size of the EMFF, the targeted investments it supports can make only a small contribution. Macro-level result indicators may not consistently demonstrate EMFF's role in achieving CFP objectives, but the Fund is a coherent part of a consistent toolbox that supports the attainment of the policy's goals.

To assess the performance of the Fund, the Commission uses the relevant information at the level of Union priorities, specific objectives and individual operations. In addition to the programme statements and the Annual Management and Performance Report, the Commission consistently uses the annual data at operation level reported by the Member States under Article 97(1)a of the EMFF Regulation (Infosys data) and those reported by Member States in their Annual Implementation Reports (AIR) under Article 114 of the EMFF Regulation.

The EMFF is the only CPR (Common Provisions Regulation) fund with such a detailed and granular common monitoring and evaluation system, which facilitates the monitoring of EMFF performance at operation level, through a system known as "Infosys". Specifically, it is a tool for assessing the impact of the EMFF support on beneficiaries, providing evidence for improving the effectiveness, relevance and efficiency of public investment. It also contributes to improved transparency, learning and accountability, thus being a key data source that the Commission takes into account when assessing the performance of the EMFF.

4.7. The EMFF provides financial support to help achieving the CFP objectives; however, it also supports other equally important objectives. Moreover, as outlined in paragraph 4.6., the targeted investments it supports can make only small impacts for results to show at the level of the CFP objectives. These cannot be achieved by one support instrument alone but are also the result of synergies among various national and EU policies and instruments as well as of the specific national or regional contexts.

The Commission underlines the influence of other factors, many of which of external nature, on the objectives of the CFP, as outlined in paragraph 4.3.

4.8. The Commission notes that these Specific Objectives correspond to Objectives (a) and (b) according to Article 5 of the EMFF Regulation Article 6 of the EMFF Regulation defines Specific Objectives as the elements set out under each Union Priority.

4.10. The Commission considers this link to TACs to be related to the CFP performance. See also the Commission's reply to para 4.6.

The Commission underlines that *Objective (b)* of Article 5 of the EMFF Regulation is further broken down into Union Priority 3 and its Specific Objectives (Article 6 of the EMFF Regulation). *Objective (b)* and its corresponding Union Priority 3 focus solely on two Specific Objectives: data collection and control.

Objective (b) does not focus on managing fisheries conservation policy in order to achieve sustainable fishing levels.

Setting TACs is a fisheries conservation measure connected with the CFP performance.

#### PERFORMANCE ASSESSMENT OF THE EMFF

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<sup>1</sup> EMFF Implementation Report 2020 ([https://ec.europa.eu/oceans-and-fisheries/system/files/2021-09/emff-implementation-report-2020\\_en.pdf](https://ec.europa.eu/oceans-and-fisheries/system/files/2021-09/emff-implementation-report-2020_en.pdf))

4.14. Performance indicators are a useful tool to monitor the programme performance. They can, for example, provide early indications of performance/implementation issues that might require attention. However, assessing programme performance often requires going beyond an analysis of performance indicators, to encompass other relevant quantitative and qualitative information. No set of performance indicators can reflect all relevant aspects of programme performance. Thus, the fact that a performance indicator is or is not ‘on track’ to meet its target does not necessarily mean that the programme itself is, or is not, ‘on track’ to meet its objectives.

The Commission provides its assessment of the indicators’ progress to target in the programme statements. This assessment in some cases differs from the ECA’s assessment in this report due to the use of different methodologies.

4.15. The Commission considers that the performance information in its possession provides a complete and accurate picture. As outlined in paragraphs 4.1. and 4.6, the Commission notes that figure 4.4 only contains indicators presented in the Programme statement.

The Commission considers that the 2011 impact assessment on the CFP reform the ECA refers to in this paragraph is beyond EMFF performance and the underlying analysis is now outdated.

4.16. The Commission believes that an analysis of EMFF performance should cover results at the level of policy objectives and be based on outputs, impacts and financial contributions.

The Commission acknowledges that the programme statement and the AMPR concentrate on numbers of beneficiaries and operations, and that the programme statement and AMPR do not provide an intervention logic linking the contribution of the EMFF to achieving policy objectives.

4.17. As set out in the Commission’s reply to paragraph 4.6, the impact that EMFF support could have at the high level of the CFP objectives is to be considered minimal.

4.22. The Commission has made efforts to improve growth in the sector with the adoption of the “Strategic guidelines for a more sustainable and competitive EU aquaculture for the period 2021 to 2030” (COM (2021)236 final), with the aim of addressing the challenges facing the sector in order to make further progress in the sustainable development of the sector.

4.25. The Commission notes that the EMFF is the instrument to support the common fisheries policy and the achievement of all of its objectives, i.e. to contribute to economic, social and environmental sustainability of fisheries. Within this scope, it supports biodiversity and marine environment actively, as well as the mitigation of the damage caused by the fisheries sector.

The Commission can report on EMFF spending in support of environmental objectives, however it underlines that environmental indicators cannot reasonably be expected to change on the basis of EMFF investment alone (p.m. less than €500 million related to the CFP objectives per year for the whole EU).

For example, the EMFF can support studies and analysis in support of key environmental topics such as establishing a network of marine protected areas (MPAs) or the achievement of Good Environmental Status (GES), but the scale of the network of MPAs or the level of progress towards GES across Union waters cannot be driven solely by EMFF investment but depend on a number of other external factors and other policy tools at national, EU and global level. The EMFF monitoring and evaluation framework can effectively describe how much support has been allocated to environmental topics, and how many projects have been supported.

4.27. The Commission underlines that this paragraph relates to CFP matters, which are wider. The EMFF is one tool of many to help contribute towards the implementation of the Landing Obligation, for example, by helping fishers to buy more selective fishing gear, adding value to previously unwanted catches and adapting ports, auction halls and shelters to facilitate landings. €147 million

EMFF support<sup>2</sup> was committed for these measures by the end of 2020 across the 27 EU Member States.

4.28. While the EMFF contributes to the implementation of the CFP, many other factors impact the implementation and the delivery on the CFP objectives. Eliminating discards and ensuring full compliance with the Landing Obligation cannot be achieved only by means of providing EMFF support.

In addition, the indicator in the PS refers to the volume of discards, while that in the EMFF AIR refers to change in unwanted catches. The volume of discards refers to the context of discards in the entire sector. The reduction in unwanted catches concerns all kind of catches which are not wanted for many reasons, for example for economic reasons, not only for the elimination of discards.

Member States are at the forefront of eliminating discards and ensuring compliance with the Landing Obligation. To this end, improvement of selective fishing techniques to avoid and reduce, as far as possible, unwanted catches must be given high priority.

Although this is beyond the EMFF, the Commission points out that it has conducted a series of audits to assess the implementation of the Landing Obligation resulting in some cases in initiating infringement procedures.

4.29. The Commission underlines that the matters discussed by the ECA in this paragraph are beyond the direct EMFF results and achievements.

4.31. The Commission underlines that the EMFF contribution to this key objective of the CFP is but a small financial support, and one of many factors affecting the objective. The conservation objective and achievement of fishing at the Maximum Sustainable Yield (MSY) is beyond the EMFF results and achievements.

The achievement of the conservation objective and fishing at MSY under the CFP, are much more likely to be impacted by factors other than EMFF support, as set out in paragraph 4.6. These other factors make it extremely difficult to link these aspects to the performance of the EMFF.

4.32. The Commission underlines that the EMFF contribution to this key objective of the CFP is but a small financial support, and one of many factors affecting the objective. The conservation objective and achievement of MSY goes beyond the EMFF results and achievements and should rather be assessed against the CFP objectives.

The Commission acknowledges its error in applying the baseline figure of 59 % to the other sea basins, as it should apply only to the North East Atlantic.

4.33. The Commission considers that this paragraph goes beyond the EMFF results and achievements.

As regards the contribution of the EMFF to achieving CFP objectives, the Commission considers that the small budget of the EMFF on its own could not have a decisive impact on the attainment of the ambitious sustainability objectives of the CFP, which are supported by many other policy tools and impacted by myriad of external factors. See also the Commission's reply to paragraph 4.6.

The Commission notes that it has used the figure stating that 99% of the volume of fish landed in the EU is sustainable when coming from MSY assessed stocks and from TACs managed by the EU only. This figure is consistently used in all its previous communications with the public, NGOs and industry and in last year's Annual Communication on Fishing Opportunities.

Regarding reaching Fmsy objectives, it has to be noted that the co-legislators agreed to postpone the objective to 2025 at the latest for the Western Mediterranean MAP.

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<sup>2</sup> EMFF Implementation Report 2020, September 2021 ([https://ec.europa.eu/oceans-and-fisheries/document/download/68276db8-058c-4766-8368-34681e09993b\\_en](https://ec.europa.eu/oceans-and-fisheries/document/download/68276db8-058c-4766-8368-34681e09993b_en))

4.34. The Commission considers the matters discussed in this paragraph go beyond the EMFF results and achievements.

The latest available information indicates that overall fishing mortality has reduced and stabilised below 1.2, getting close to 1 in 2019.

As for the Mediterranean and Black Seas, the fishing mortality indicator ratio dropped from 2.2 in 2020 to 2.1 in 2021. Although this is still more than twice above sustainable levels, there has been some improvement. It also is worth recalling that the impact of management measures taken in 2019 and 2020 will appear in next year's data, as monitoring indicators cover the period to 2018.

4.35. The Commission considers the matters discussed in this paragraph go beyond the EMFF results and achievements.

As for the conservation objectives, it is relevant to note that the co-legislators agreed to postpone the objective to 2025 at the latest for the Western Mediterranean MAP.

As mentioned under point 4.34, the underlying monitoring data for the Mediterranean and Black Seas is from 2018. It is worth recalling that the impact of management measures taken in 2019 and 2020 will appear in next year's data.

4.36. The Commission underlines that the matters discussed in this paragraph are beyond the EMFF results and achievements. In addition, following recent adoption of management measures at EU and international levels, the Commission is pleased to report first signs of progress in the Mediterranean Sea with fishing mortality indicator decreasing in 2021.

4.40. The Commission notes that the issue of harmful subsidy is beyond the EMFF performance.

4.41. The Commission agrees that the availability of scientific advice is essential.

The EMFF can support data collection activities, but this is not the sole factor in ensuring a successful system of data collection, scientific advice and decisions concerning quotas. EMFF support alone is not a sufficient driver to address problems related to scientific advice.

4.42. The Commission considers this paragraph to be beyond the EMFF results and achievements.

4.43. The Commission agrees that the success of the CFP is strongly linked to the effectiveness of the fisheries control system but considers this paragraph is beyond the EMFF results and achievements.

A revision of the Fisheries Control Regulation was prompted following the Commission's evaluation of the control system in 2015. The legislative proposal is under negotiation between the European Parliament and the Council. In the meantime, the Commission has been continuing to ensure the full implementation of the current control rules in Member States, carrying out targeted studies, action plans, administrative enquiries, EU pilots and infringements and working very closely with the European Fisheries Control Agency. The EMFF support accounts for only a very small fraction of the continuous operation of the EU's fisheries control system.

4.44. The Commission points out that establishing quantitative indicators for measuring the effectiveness of the Member States' fisheries control systems is an extremely complex exercise. The relevant EMFF objective is to foster the implementation of the CFP as regards data collection and fisheries control, rather than to achieve an effective control system through the EMFF support alone.

The EMFF ex-post evaluation will examine the effectiveness and the impacts of the fund, including with regard to control.

## CONCLUSIONS

4.45. The Commission underlines that the small financial contribution of the EMFF need to be put into the context of the other policy tools and the myriad of external factors affecting the CFP, as set out in its response to paragraph 4.6. The CFP achievements are greatly dependent on these other tools and factors.

It can be demonstrated that the EMFF supports the CFP objectives in a targeted and incremental way. EMFF impact alone is not sufficient to realistically affect the result indicators at the level of the CFP. The Commission has used the information at its disposal to quantify how the EMFF has contributed towards the CFP objectives by providing data on the number of operations and financial allocations in support for the measures of the EMFF. Through analysis in EMFF Annual Implementation Reports, the Commission assesses how that contributes towards the CFP objectives.

The Commission monitors EMFF performance at a much finer level of detail than the general impact on CFP objectives. The Commission continuously monitors progress to ensure sound financial management and meets each Member State each year at a dedicated Annual Review Meeting, using this occasion to highlight any unsatisfactory development and trigger corrective action.

4.46. The Commission has used the latest information at its disposal to quantify how the EMFF contributes towards the CFP objectives, in particular by linking the annual number of operations and financial allocations supported by the Fund to these objectives.

The Commission considers that performance information should cover outputs, results, impacts and financial contributions to provide a complete and accurate picture of the sound financial management of the EMFF.

However, it is extremely difficult to link the sole contribution of the EMFF to the achievement of broad CFP objectives.

4.47. The Commission considers that in order to provide a complete picture and meaningful assessment of programme performance, the programme statements and the AMPRs must be complemented with operation-level data that are specific to the EMFF monitoring and evaluation framework.

Nevertheless, the Commission accepts that the EMFF's contribution to CFP objectives could be more clearly documented. The lack of this documentation has made the effectiveness of auditing the performance of the EMFF more difficult, as expectations of what can be achieved with EMFF support at the level of the CFP may be significantly overestimated without an appreciation for the range of factors impacting the achievement of CFP objectives. The Commission has taken this into account for lessons learned regarding monitoring of the EMFAF.

As regards other information sources, please refer to our reply to 4.6.

4.48. The Commission considers that ECA's assessment extends beyond the EMFF's results and achievements and into the assessment of the performance of the CFP itself.

While EMFF investments help to work towards the desired conservation status, they alone cannot realistically achieve this status.

Similarly, the EMFF is not the sole driver of eliminating negative impacts of fishing activities on the ecosystem.

The Commission refers to its replies to paragraphs 4.31 to 4.36.

4.50. The Commission underlines that the extent of scientific advice is beyond the EMFF results and achievements. The availability of EMFF support alone is not sufficient to resolve data limitations, which are not only related to a lack of data, but also due to unstable or outdated models due to rapidly changing situations.

4.51. The Commission points out that the EMFF contributes to the improvement of the fisheries control system, but its performance is beyond the EMFF results and achievements.

The effectiveness, results and impact of the Fund, including with regard to control, will be assessed more in depth within the framework of the ex-post evaluation of the EMFF (Article 57 of the Common Provisions Regulation) based on the information provided by Member States.

## REPLIES OF THE EUROPEAN COMMISSION TO THE REPORT OF THE EUROPEAN COURT OF AUDITORS ON THE PERFORMANCE OF THE EU BUDGET – STATUS AT THE END OF 2020

### CHAPTER 5 – SECURITY AND CITIZENSHIP

#### INTRODUCTION

The ISF Borders and Visa's main objective is to contribute to ensuring a high level of security in the Union, while safeguarding the free movement within it and facilitating legitimate travel. This includes effective processing of Schengen visas by supporting a common visa policy and achieving a uniform and high level of control of the external borders.

The management of migration flows and security threats represents a challenge, which cannot be dealt with by the Member States acting alone. In fact, some Member States bear a heavy burden due to their specific geographic situation and the length of the external borders of the Union that they have to manage. The abolition of internal border controls makes it even more necessary to ensure that the external borders are effectively protected. This requires common measures for the effective control of the Union's external borders, including the support for the relevant information systems: SIS II (Schengen information system), VIS (Visa information system), Eurodac (Identification of applicants) and Eurosur (European Border Surveillance system). The principles of solidarity and fair sharing of responsibilities not only among the Member States but also between the Member States and the EU are therefore at the heart of the common policies on asylum, immigration and external border management.

The management of the EU's external borders and the security of the EU requires substantial resources and capabilities from the Member States. Improved operational co-operation and coordination involving the pooling of resources in areas like training and equipment create economies of scale and synergies, thereby ensuring a more efficient use of public funds and reinforcing solidarity, mutual trust and responsibility sharing for common EU policies among Member States.

Reporting on the performance of the Fund implemented is done at regular intervals. The existing Regulations require the Member States and the Commission to conduct interim evaluations and ex post evaluations. The monitoring data, which Member States are collecting and submitting to the Commission in their annual implementation reports, provide an overview of the progress in implementation of the Fund while the evaluations assess the impact of the support. The interim evaluation of the ISF-BV was finalised in June 2018. Due to the late adoption of the Regulations, which resulted in a late start of programme implementation, the interim evaluation provided only a very first assessment of early implementation of the ISF-BV. The ex post evaluation of the Commission, which is due end June 2024 will provide a far more comprehensive assessment of the ISF-BV performance.

#### PERFORMANCE ASSESSMENT OF ISF-BORDERS AND VISA

5.10. Performance indicators are a useful tool to monitor the programme performance. They can, for example, provide early indications of performance/implementation issues that might require attention. However, assessing programme performance often requires going beyond an analysis of performance indicators, to encompass other relevant quantitative and qualitative information. No set of performance indicators can reflect all relevant aspects of programme performance. Thus the fact that a performance indicator is (or is not) 'on track' to meet its target does not necessarily mean that the programme itself is (or is not) 'on track' to meet its objectives. The Commission provides its assessment of the indicators' progress to target in the programme statements. This assessment in some cases differs from the ECA's assessment in this report due to the use of different methodologies.

As Member States will continue the implementation of ISF-BV until the end of 2022, and late reporting of performance data is a usual practice, any assessment of success at this stage must be indicative and the likelihood of meeting the target needs to be assessed in this two year perspective.

5.11. The AMPR and programme statement contain aggregate data at EU level. To assess allocations by Member States, it is hence necessary to consult the data provided by Member States, either in the accounts or in the Annual Implementation Reports.

5.13. Information on the economy and efficiency of programmes is not usually available on an annual basis. These aspects result to a large extent from the regulatory framework and are measured in the longer term.

The fact that many indicators relate to outputs is stipulated by the relevant regulation. Implementation of ISF-BV will continue until the end of 2022. Member States will submit to the Commission an ex-post evaluation by 31/12/2023.

5.14. The Commission would like to point out that neither the Regulation 516/2014 nor Annex IV of Reg. 516/2014 setting out the common indicators, classify the indicators as output or result indicators. Therefore, the statement that “More than half (7 out of 12) of the ISF-BV indicators published in the AMPR and programme statements are output indicators, is based on the ECA classification and not on the Regulation.

The ISF-BV Regulation does not require reporting on the achievement of operational objectives. However, Member States will submit to the Commission an ex-post evaluation by 31/12/2023. The Commission will submit to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions an ex-post evaluation by 30 June 2024.

In accordance with the legislative framework, Member States are still implementing funds in 2021 and 2022. Results related to these actions will naturally only materialise after 2020.

The Commission would further like to point out that several Member States report on indicators once the projects are completed. This might create a false impression that no progress has been made towards the set targets, while projects are progressing on the ground, with reporting following their completion.

5.15. The Commission considers that the AMPR presents a balanced picture of developments. As explained in the methodological note, the indicators are chosen based on such criteria as availability of data and relevance. Progress-to-target is not a criterion for inclusion.

Several Member States report on indicators once the projects are completed. This might create a false impression that no progress has been made towards the set targets, while projects are progressing on the ground, with reporting following their completion.

5.16. Member States can choose themselves when to implement projects under their multiannual programmes. This leads to a necessarily differentiated performance among Member States.

As regards the three countries (France, Slovenia, Norway) that reported exceptional development of consular cooperation activities, it should be noted that the majority of Member States and SAC did not set a target.

5.17. The Commission considers that in general all the performance indicators included are relevant to the programme objectives. The ISF is meant to ‘contribute to’ the achievement of this objective (‘to contribute to ensuring a high level of security in the Union’), not to achieve it by itself. The indicators are a tool for assessing this EU contribution but are not enough in themselves to do it. As mentioned

by the Court, the efforts to achieve the objective can be influenced by external factors, and these factors cannot be measured by the indicator, only ex post at the moment of the evaluation.

The indicator data should always be analysed in conjunction with other quantitative and qualitative information in order to assess the performance of the programme.

In this regard, given the nature of ISF objectives, it is difficult to make a forecast because of the high volatility of the relevant external factors, including the political situation in the main third countries of transit and origin of irregular migration, the migration crisis due to the war in Syria, and the evolution of the COVID pandemic).

5.20. The interim evaluation provides a positive assessment of the ISF-BV performance: ‘The Fund has contributed to implementing the EU common visa policy in an effective manner. It facilitated legitimate travel. Information-exchange and training activities contributed to the EU’s acquis on visa policy being uniformly implemented. The Fund played an instrumental role in developing IT systems supporting a common visa policy’.

See also reply under paragraph 5.15.

5.21. See reply under paragraph 5.10.

It is further noted that some Member States have yet to report about number of staff trained and training hours as they would do that only once the project(s) is/are over.

5.23. On training of border guards, eu-LISA and CEPOL supported by the Commission, have already developed training courses, modules and webinars on the SIS (technical, operational and legal aspects). Such training is now specifically focussed on the preparations for the start of operation of the enhanced SIS in the beginning of 2022. From Member States side, all have developed national programmes to prepare the users for the start of operation of the enhanced SIS.

5.24. Measures are being taken to solve this problem.

5.25. The Commission considers that the achievement of the target is not necessarily unlikely.

5.27. EUROSUR is a framework for information exchange and cooperation between Member States and Frontex to improve situational awareness and increase reaction capability at the external borders.

5.30. Setting-up and maintaining EU Information systems required substantial investment from both the EU and the participating Schengen states.

There is no legal obligation for the Commission to report in a comprehensive manner on overall costs. However, the costs for development of SIS recast, EES and ETIAS are indicated in the Legislative Financial Statements (COM(2016)194 for EES, COM(2016)731 for ETIAS and COM(2016)881, 882, 883 for SIS recast).

## CONCLUSIONS

5.32. The performance of the ISF-BV at the level of individual Member States and in totality is naturally influenced by external factors, such as political developments.

The Commission considers that in general all the performance indicators included are relevant to the programme objectives. The indicator data should always be analysed in conjunction with other quantitative and qualitative information in order to assess the performance of the programme.

The ex post evaluation will assess to what extent the programme has achieved the general objective of contribution to a high level of security in the EU.

5.33. The Commission notes that the percentage of 55% of national programme allocations that had been paid out refers to the end 2020, i.e. two years before the end of the implementation period. Thus, many results are likely to materialise in the last two years of the implementation period.

5.34. The Commission considers that the AMPR presents a balanced presentation of developments, through the use of indicators for which there is an already reliable set of data (see comments under point 5.15).

In accordance with the legislative framework, Member States are still implementing funds in 2021 and 2022. Results related to these actions will naturally only materialise after 2020.

The Commission would further like to point out that several Member States do not report on indicators linked to projects that are still ongoing. They would update such indicators once the projects are completed. This might create a false impression that no progress has been made towards the set targets, while projects are progressing on the ground, with reporting following their completion.

5.35. Member States have yet to fully report about the respective numbers of training hours as they would do that only once the concerned project(s) is/are over and the implementation period is still ongoing.

The number of average training hours needs to be considered together with other elements in order to reach a conclusion. The ex post evaluation will assess the actual contribution of the fund to the consistent application of the acquis.

5.36. This conclusion is linked with the recommendations issued by the ECA in its 2019 Special Report no 20/2019 which are under implementation.

The Commission has taken all relevant measures for improving the data quality control tools. Training at the level of Member States is provided through multiple actions under ISF-BV.

# REPLIES OF THE EUROPEAN COMMISSION TO THE REPORT OF THE EUROPEAN COURT OF AUDITORS ON THE PERFORMANCE OF THE EU BUDGET – STATUS AT THE END OF 2020

## CHAPTER 6 – GLOBAL EUROPE

### INTRODUCTION

6.1 The Instrument for Pre-accession Assistance (IPA) is the means by which the EU has been supporting reforms in the enlargement region with financial and technical assistance since 2007. IPA funds build up the capacities of the beneficiaries throughout the accession process, resulting in progressive, positive developments in the region.

The Commission has continuously improved its approach to assessing performance of the external instruments at both programme and intervention levels and its reporting on progress achieved. The performance of the instruments is measured by using different tools, including indicators and performance assessment in the draft budget programme statements, results oriented monitoring and indicators included in the annual report on the implementation of the European Union's instruments for financing external actions, as well as project/programme-level and strategic level evaluations. When it comes to the draft budget programme statements, the IPA is making progress towards achieving its objectives. For example, with regards to the doing business indicator, for which the milestones were met and the performance is on track. Good progress has also been made in some key areas, notably those related to agricultural sector, where number of economic entities progressively upgrading towards EU standards is on track or has already reached its targets. Building on its experience, the Commission has taken additional steps to develop its performance measurement in all areas of IPA support. For the IPA III, the successor programme of IPA II, the Commission has proposed a new mix of both impact and outcome/output indicators to reflect performance assessment more accurately in key areas of intervention to achieve its objectives. The Commission publishes comprehensive performance information through its annual report on the implementation of the EU's instruments for financing external action.

### PERFORMANCE ASSESSMENT OF IPA II

6.11 Performance indicators are a useful tool to monitor the programme performance. They can, for example, provide early indications of performance/implementation issues that might require attention. However, assessing programme performance often requires going beyond an analysis of performance indicators, to encompass other relevant quantitative and qualitative information. No set of performance indicators can reflect all relevant aspects of programme performance. Thus, the fact that a performance indicator is (or is not) 'on track' to meet its target does not necessarily mean that the programme itself is (or is not) 'on track' to meet its objectives.

The Commission provides its assessment of the indicators' progress to target in the programme statements. This assessment in some cases differs from the ECA's assessment in this report due to the use of different methodologies.

6.12. The Commission recalls the Official Development Assistance glossary definition of outcome/results indicators, which the Commission considers applicable here, is: "*The intended or achieved short-term and medium-term effects of an intervention's outputs, usually requiring the collective effort of partners. Outcomes represent changes in development conditions that occur between the completion of outputs and the achievement of impact.*" The Commission is not in exclusive control of progress and therefore does not consider a majority of indicators to be output indicators, but rather outcome indicators.

6.13 The progress for each indicator is indicated on the publically available IPA II Programme Statement. The Commission has also shared its assessment of the progress on each indicator of the Programme Statements. This assessment shows whether an indicator is on track or not to reach the target, and outlines whether there was progress in comparison to the baseline.

Achieving ambitious targets is not under the full control of the Commission. There are numerous external factors whose impacts could result in a target, set seven years ago, not being fully met.

6.14 On the average exports/imports indicator, the calculation was provided directly by Eurostat upon request for this specific exercise. The data they used are publically available on the Eurostat website.

6.20 The mid-term evaluation was carried out early in the implementation period and the sectoral approach which was an innovation under IPA II, had not yet had sufficient time to demonstrate its full potential.

6.22 IMBC encourages IPA II beneficiaries to take ownership of and responsibility for the implementation of EU financial support, while at the same time building the capacities of local administrations to manage EU funds. The implementation of programmes through IMBC requires longer preparations, also because of the quality controls carried out by the EU Delegations during the procurement processes. Under IPA II, and based also on the results of the IPA II mid-term evaluation (carried out early in the programming period), IMBC was applied more selectively, with the objective of bringing more balance between the requirement to use this implementation modality as a capacity building instrument on the one hand, and the need to deliver financial assistance faster on the other.

In Turkey the backlog has been progressively reduced since 2018 following measures taken by the Commission and Turkey. The suspension of procurement procedures by Albania was short term, lasting less than two months.

6.27 The Commission acknowledges identified weaknesses in monitoring. These were identified in four out of eleven evaluations. Under IPA II, significant efforts have been made to define relevant measurable indicators.

Results Oriented Monitoring Methodology assesses achievement of results (from outputs onwards).

Finally, DG NEAR is strengthening the monitoring performed by the implementing partners and the operational managers.

In addition to ROM and evaluations, the Delegations monitor progress on project implementation by on the site visits and this is measured through indicators under the Key Performance Indicators.

6.28 The Commission duly assesses all external evaluation studies' conclusions. The Better Regulation Framework requires Staff Working Documents (SWD) that formalise, in a self-standing document, the Commission's perspective regarding findings and conclusions reached by external evaluations. However, not all external evaluation studies lead to Staff Working Documents, yet this does not mean that the conclusions of external evaluations are not assessed.

In particular, a Follow-up Action Plan is established following the publication of every external evaluation, which provides the services' acceptance or rejection of the recommendations from the evaluation. For DG NEAR the learning resulting from the evaluation function is primarily based on the numerous operational and strategic evaluations, which are carried out and published, although not all result in the publication of a formal SWD.

The Commission was aware of certain weaknesses in the economic governance and SME competitiveness evaluations and made a judgment on the extent to which the conclusions of the evaluation were affected by the weaknesses in the evaluation process. Despite the known weaknesses, the conclusions of the external evaluation were considered valid.

6.29 See reply to 6.12

6.34 The political reform process has also been impacted by the COVID19 pandemic.

6.36 The indicator was discontinued after one year as the way it was formulated (‘Percentage of accession related policy-making and reform processes where civil society is consulted effectively’) was not measurable in the IPA context. However, the Commission ensures regular consultation with civil society organisations as part of the enlargement policy process and promotes their participation in policy-making processes.

6.39 Political will is a necessary pre-condition for any legal and constitutional reforms. The Commission works at political and technical level with the Western Balkans and engages with the competent authorities to secure this. The Commission also provides technical assistance to support the design of reforms.

6.41 The Commission would consider four of these indicators as being on track to reach the 2023 target and remaining seven having achieved moderate progress, as indicated in the Programme Statement for IPA II<sup>[1]</sup>.

There is no obligation to include an indicator for every aspect under a given objective. The effort from the Commission has rather been to keep the number of indicators limited, in line with corporate guidance.

6.43 Turkey has reached so far one of its targets and as IPARD II is implemented under an N+3 scheme, the Commission considers it probable that most of the targets will be reached by the end of 2023.

6.46 Recent experience demonstrates that the pace of reform and acquis alignment depends on many factors and that backsliding in some years is not a good predictor of future progress, or lack thereof.

Bosnia and Herzegovina and Kosovo have more chapters at an ‘early stage’ than the other countries as their SAAs entered into force more recently (2015 and 2016).

Under IPA III the composite indicator on Union acquis alignment will have a clear baseline, target and milestones.

6.48 The baseline for assessing progress is set at the beginning of the programming period at zero, and the final target is provided for the year 2023. The Commission considers that it is probable that the target will be reached by the deadline.

## CONCLUSIONS

6.52 The IPA responses to unforeseen crises, for instance the latest COVID-19 financial response, have been delivered through direct management or indirect management with international organisations.

Compared to direct management, IMBC pursues the additional objective of preparing countries for future EU membership. Therefore, the Commission considers that an assessment of IMBC performance should take due account of the learning by doing and other benefits for the beneficiaries in managing IPA funds.

6.53 EU support contributes to the reform process, owned by the authorities. The implementation of reforms lies with the national authorities and securing their implementation depends on multiple

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(COMM footnote para 6.41)

[https://ec.europa.eu/info/sites/default/files/about\\_the\\_european\\_commission/eu\\_budget/programme\\_statement\\_-\\_ipa.pdf](https://ec.europa.eu/info/sites/default/files/about_the_european_commission/eu_budget/programme_statement_-_ipa.pdf)

factors (e.g. political will, national capacities, etc.), not only on IPA. The implementation of reforms is also a long-term process. This has also been slowed down by the COVID-19 pandemic.

6.54. The Commission considers it probable that the indicators will reach the 2023 target.

6.55 Under IPA III the composite indicator on Union acquis alignment will have a clear baseline, target and milestones.

**REPLIES OF THE EUROPEAN COMMISSION TO THE REPORT OF THE EUROPEAN COURT OF AUDITORS ON THE PERFORMANCE OF THE EU BUDGET – STATUS AT THE END OF 2020**

**CHAPTER 7 – FOLLOW-UP OF RECOMMENDATIONS**

OBSERVATIONS

7.11 Common Commission reply to paragraphs 7.11-7.13.

The Commission gives the utmost importance to the follow-up and to the implementation of all accepted recommendations. It reports on the implementation of the actions that it committed to implement and that fall within its mandate. It cannot however, be excluded that the ECA assesses recommendations as partially implemented whereas the Commission considers them fully implemented. The Commission furthermore notes that in some cases, the full implementation of recommendations may also depend on actions or measures that fall within the remit of other entities.

7.18 Common Commission reply to paragraphs 7.18-7.20.

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 the complexity of the measures, legislative or policy-related developments, resources constraints, external factors, or to the need to involve other institutions or entities. The fact that a recommendation is not fully implemented by the initial expected completion date does not entail that this recommendation will not be implemented thereafter.

7.21 In its official replies published together with the corresponding ECA reports, the Commission provided justifications for all cases where it considered that it could not commit to implement specific recommendations. It is therefore, understandable that the vast majority of the recommendations, which it could not initially accept have eventually not been implemented (10 out of 11).

**REPLIES OF THE EUROPEAN COMMISSION TO ANNEX 7.1 “DETAILED STATUS OF 2017 RECOMMENDATIONS BY REPORT – EUROPEAN COMMISSION”**

**Special Report 1/2017: More efforts needed to implement the Natura 2000 network to its full potential**

*Reply to recommendation 3 (b), paragraph 84:* It is recalled that there is a cross-cutting Natura 2000 indicator linked to the surface of Natura 2000 sites covered by EU co-financed interventions. The Commission will assess the indicators for the programming period 2021-2027, once there is sufficient implementation of the funds concerned. Where deemed necessary, the Commission would take appropriate action for the post-2027 programming period, which, for instance, could be done in the context of the impact assessment for the next generation of regulatory instruments.

**Special Report 2/2017: The Commission’s negotiation of 2014-2020 Partnership Agreements and programmes in Cohesion: spending more targeted on Europe 2020 priorities, but increasingly complex arrangements to measure performance**

*Reply to recommendation 6, 1<sup>st</sup> indent, paragraph 154:* The Commission considers that the data collected have been used to assess performance, in accordance with and within the limits of the legal provisions, in line with Article 21 of the Common Provisions Regulation.

The comparative analysis of performance and the introduction of benchmarking mentioned by the ECA text are not provided for by the legal basis, which the Commission abides by.

Policy learning is usually done via impact evaluations, such as the upcoming ex-post evaluation of the cohesion Policy 2014-2020. Moreover, policy learning is also facilitated by making data on indicators, targets and their fulfilment available on the ESIF Open Data Platform.

**Special Report 3/2017: EU Assistance to Tunisia**

*Reply to recommendation 3, paragraph 71:* While the procedures for approving Macro-Financial Assistance (MFA) have not changed and no proposal has been made to change them as recommended, the Commission notes that the Rules of Procedure of Council and European Parliament already provide for an accelerated procedure for swift adoption, as used in the COVID-19 MFAs in 2020. The Commission also informs that the procedures for MFA approval are being assessed in detail, as part of an ongoing MFA meta-evaluation expected to be completed by end-2021.

**Special Report 4/2017: Protecting the EU budget from irregular spending: The Commission made increasing use of preventive measures and financial corrections in Cohesion during the 2007-2013 period**

*Reply to recommendation 3, paragraph 148:* Financial corrections under Article 145 of the Common Provisions Regulation and interruptions / suspensions are fully independent and different procedures. Merging them in one tool would create unnecessary administrative complexity while not providing added value to the Commission’s monitoring.

The Commission reiterates that the current monitoring system is in line with regulatory requirements and provides an overview at case level for each procedure.

**Special Report 11/2017: The Bêkou EU trust fund for the Central African Republic: a hopeful beginning despite some shortcomings**

*Reply to recommendation 1, 2<sup>nd</sup> indent, paragraph 72:* The Commission has revisited the guidelines to include a more detailed description of the criteria laid down in the Financial Regulation to evaluate the conditions to establish EU Trust Funds. The Commission acknowledges that a prescriptive methodology for conducting needs analysis has not been developed.

The creation of an emergency Trust Fund stems from a crisis situation that is country specific. This must be taken into account when assessing needs. A one-size-fits-all approach with a pre-set methodology would be difficult to implement. Crises require an international and coordinated response. It is thus important that the EU needs assessment takes into account the presence of other donors and their response, so as to clearly identify the EU value added. This is also country/crisis specific and depends on the situation on the ground.

In addition, since setting up new Trust Funds is currently not envisaged, the Commission considers that the development of a methodology for conducting such needs analysis is not needed at this point in time.

In light of the above, the Commission considers that the recommendation has been implemented in most respects.

**Special Report 13/2017: A single European rail traffic management system: will the political choice ever become reality?**

*Reply to recommendation 6 (b),(ii), paragraph 91:* The recommendation is not due yet and its target date is end 2023. Good progress has been made towards its implementation.

**Special Report 15/2017: Ex ante conditionalities and performance reserve in Cohesion: innovative but not yet effective instruments**

*Reply to recommendation 1 (b), paragraph 111:* The Commission partially accepted this recommendation and considers the accepted part implemented.

The enabling conditions as introduced in the 2021-2027 cohesion policy legislation will continue to act as an instrument to assess Member States' readiness to implement EU funds and have been streamlined, simplified and made more robust, notably with the requirement that they must continue to be fulfilled throughout the entire programming period. The investment-related CSRs will provide appropriate links to the enabling conditions and will help to ensure necessary consistency.

*Reply to recommendation 2 (a), paragraph 111:* In accordance with Article 18 of the agreed new Common Provisions Regulation, the following elements will be taken into account in the mid-term review:

- (a) the new challenges identified in relevant country specific recommendations adopted in 2024;
- (b) the progress in implementing the integrated national energy and climate plan, if relevant;
- (c) the progress in implementing the principles of the European Pillar of Social Rights;
- (d) the socio economic situation of the Member State or region concerned, with special emphasis on territorial needs, taking into account any major negative financial, economic or social development;
- (e) the main results of relevant evaluations;
- (f) the progress in achieving the milestones, taking into account major difficulties encountered in the implementation of the programme;
- (g) for programmes supported by the JTF, the assessment carried out by the Commission, pursuant to point (b) of Article 29(1) of Regulation (EU) 2018/1999.

The same provision provides for the steps and implications of the mid-term review.

*Reply to recommendation 2 (b), paragraph 111:* The concept of result indicators has changed, as in the 2021-2027 programming period they will capture the direct results at the level of beneficiaries, as opposed to the wider outcomes at the level of region or country, in the previous programming period.

The result indicators will be part of the performance framework, which, in line with Regulation (EU) 2021/1060, will include all programme output and result indicators. However, given the mid-term review will take place in early 2025, which is too early for most results to materialise, the result indicators will not have milestones attached to them and will not be part of the mid-term review.

Regulation (EU) 2021/1060 provides that milestones will only be set for output indicators (Article 16(1)). This approach was chosen because it typically takes longer for results as captured by result indicators to materialise and no such results can be expected for the time of the review (the milestones for result indicators would have needed to be zero for the majority of them).

This is the only feasible approach because, as explained above, it takes much more time for results to materialise. However, past experience shows that the results of the co-financed operations supported by Cohesion policy follow the financial implementation and outputs achieved by the programmes.

*Reply to recommendation 2 (c), paragraph 111:* The Commission stands ready to apply strictly the rules for suspensions and corrections.

It should be noted that the use of payment suspensions and financial corrections is clearly regulated by Regulation (EU) 2021/1060 in Article 97(1) and Article 104, which does not include the non-achievement of the milestones and targets. Suspensions and corrections should be used in cases of serious deficiencies, while the non-achievement of milestones and targets are generated by difficulties in programme implementation and should not trigger such measures.

For the latter, Regulation (EU) 2021/1060 provides for the possibility of reallocating the flexibility amounts (50% of the commitments corresponding to the years 2026 and 2027), in accordance with Article 18 (the mid-term review).

At the same time, the Commission underlines that the main objective is to help the Member States to properly implement the Funds and, therefore, to avoid underperformance. The Commission will continue to put efforts to further achieve this objective, i.e. by providing guidance, technical expertise, possibilities to discuss and exchange experience, etc.

**Special Report 16/2017: Rural Development Programming: less complexity and more focus on results needed**

*Reply to recommendation 1 (a), paragraph 100:* The Commission partially accepted the recommendation.

**Special Report 19/2017: Import procedures: shortcomings in the legal framework and an ineffective implementation impact the financial interests of the EU**

*Reply to recommendation 1, paragraph 143:* The Commission did not accept the recommendation.

As indicated in its previous comments, the Commission considers the establishment and collection of additional duties from Member States based on the Commission's TOR inspection activity and OLAF's investigations to be the most reliable method to quantify the customs gap. This approach covers specific cases of misclassification and misdescription to the extent identified to date (e.g. quantification of losses identified for indirect consignment of solar panels in 2020, including recovery action taken).

In addition, following targeted inspections and investigations as well as a detailed analysis of potentially undervalued textiles and footwear from China, the Commission developed a statistical

method to estimate the TOR losses related to this particular undervaluation phenomenon, complementing the Commission's estimate of the customs gap.

Therefore, the Commission is already quantifying potential TOR losses and ensuring that the EU's financial interests are properly protected in those instances.

Beyond these efforts to quantify and recover any TOR potentially outstanding, the Commission is currently elaborating a detailed description of the tasks, the role, the business model and positioning of the EU Joint Analytics Capabilities (JAC) in order to further strengthen the efficiency and create added value to the risk management strategy and customs controls. Pro-active actions such as monitoring trade flows and customs performance as well as the assessment of risks focussing on TOR supported by targeted inspections of concerned Member States will contribute to further define the scope of the customs gap and to narrow it down.

*Reply to recommendation 6 (a), paragraph 147:* In the framework of its traditional own resources inspections, the Commission checked the Binding Tariff Information (BTI) control strategy applied in five Member States. The Commission did not detect major shortcomings. Moreover, due to the COVID-19 pandemic, the Commission had to postpone the BTI support visits planned for 2020 but is in the process of rescheduling those visits.

*Reply to recommendation 6 (b), paragraph 147:* The Commission did not accept the recommendation and pointed out in its reply published with the special report that it was conducting a study, involving Member States' experts and business representatives, in particular through a public consultation, in order to assess the interest and feasibility in the Union of a system of decisions relating to Binding Valuation Information (BVI). The feasibility study, as well as the reactions from public and private stakeholders, is positive on BVI decisions.

Before taking a final decision on engaging in a process of preparation of legal provisions and IT systems to support the introduction of BVI decisions in the Union customs legislation, the Commission will ascertain whether and how that introduction is consistent with its political priorities and which costs it would entail.

*Reply to recommendation 8 (a), paragraph 149:* The Financial risk criteria apply to all declarations whether standard or simplified. In the context of the implementation of the financial risk criteria decision, a new chapter of the guidance has been endorsed by the Member States on 19th May 2021. The new chapter provides guidance on how to apply the financial risk criteria to simplified procedures and how to use the new Article 234(3) of the Union Customs Code Implementing Act, which allows customs officers to require that goods are presented to customs in specific circumstances in order to cover new identified serious financial risk.

**Special Report 20/2017: EU-funded loan guarantee instruments: positive results but better targeting of beneficiaries and coordination with national schemes needed**

*Reply to recommendation 1 (b), paragraph 109:* The Commission already makes reasonable efforts to obtain information on management costs, based on legally obtainable information and intends to step up its effort in this regard. However, it may be difficult to get such data from national schemes and the data may not be directly comparable and relevant. Moreover, in addition to the cost element, the appropriate level of fees will be determined taking into account the incentive element of remuneration that is required according to the Financial Regulation.

The Commission is making an effort to gather available data – however imperfect and of difficult comparability – to obtain an order of magnitude for the appropriate fee level. In particular, the

Commission used a survey on market fees of guarantee institutions, as well as the fees charged by the EIF for (counter-)guarantee products under the Pan-European Guarantee fund.

The expected deadline for this action remains December 2021.

*Reply to recommendation 2 (b), paragraph 112:* Common Commission reply to recommendations 2 (b), 3 (a) and 3 (b).

The Commission partially accepted the recommendations 2 (b) and 3 (b). For the InvestEU SME window guarantee product to be implemented by the EIF, which can be considered as the successor to the financial instrument of InnovFin SMEG, the Commission is currently negotiating with the EIF on the implementation of additional innovation eligibility criteria, which target final beneficiaries investing in fields where there is a risk of technological or industrial or business failure and primarily in intangible assets (including intellectual property), in particular where the financial intermediary's internal policies do not attribute a collateral value to such assets.

**Special Report 21/2017: Greening: a more complex income support scheme, not yet environmentally effective**

*Reply to recommendation 1 (a), paragraph 83:* Common Commission reply to recommendations 1(a) and 2 (a), 2<sup>nd</sup> indent.

The Commission accepted the recommendation in substance and considered it as fully implemented with its legislative proposals on the common agricultural policy (CAP) for the period 2021-2027. The CAP legislative proposals outline the Commission's active involvement in the assessment of the Member States Strategic Plans which aims to ensure their effectiveness. Due to ongoing negotiations between the European Parliament and the Council of the EU, the provisional start date of the proposed CAP reform has been pushed back to 1 January 2023.

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The European Court of Auditors examined the results achieved by EU spending programmes financed from the EU budget, based on performance information from the Commission and other sources, including its own recent audit and review work. It also assessed whether and how the Commission and the co-legislators have used the lessons learnt from previous multiannual financial framework (MFF) periods (e.g. from evaluations, impact assessments and audits) to improve the design and performance of spending programmes for the 2021-2027 period.



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