2022 Discharge to the Commission

WRITTEN QUESTIONS TO COMMISSION SECRETARY GENERAL ILZE JUHANSONE
Hearing on 12 October 2023

1. Questions concerning the protection of financial interests

1) What proportion of the total amount to be recovered identified in OLAF's recommendations, both for direct/indirect/shared management, has been recovered in 2022? What have been the biggest obstacles to recovery? What results have they obtained from the guidance document issued by the Commission’s Accounting Officer on 10/02/2022?

The Secretariat-General facilitates, where appropriate, internal consultations on files that relate to protecting the EU budget and the EU’s financial interests. Through the Corporate Management Board, it also ensures a corporate overview and steer to key files including the follow-up by Commission services of OLAF recommendations and information received from the European Public Prosecutor’s Office - and fosters their follow-up at senior management level.

Follow-up results:

As part of the Commission’s initiative to reinforce the follow-up to OLAF’s recommendations, OLAF and DG Budget have been examining how financial recommendations issued since 2012 were followed up. Around 2100 financial recommendations were issued during 2012-2022:

- A total amount recommended for recovery of EUR 8.229 billion;
- A total amount recovered of EUR 4.895 billion. This includes recoveries of the full amounts due related to five exceptionally large customs undervaluation cases of a total value of EUR 3.370 billion.

It should be noted that recovery results evolve over time as recommendations ‘mature’, i.e. as services continue their follow-up. For several more recent recommendations (e.g. issued in 2022), recovery procedures have not yet been launched.

The main challenges in the implementation of OLAF’s financial recommendations are:

- Delayed and partially failing recoveries are often due to delays linked to national judicial and administrative proceedings, time-barring, insolvency, or deficiencies in the effectiveness of national recovery enforcement systems;
- Close cooperation among different actors and expedited action on recoveries are key - timeliness is crucial for the success of subsequent recovery actions.

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1 The amounts related to traditional own resources (including undervaluation cases) are gross amounts, notably they do not take into account a 20% deduction for collection costs, which Member States retain pursuant to Article 2(3) of Decision 2014/335/EU, Euratom.
Lessons learnt

Commission departments have confirmed the positive effect of OLAF’s practice to pre-consult services on recommendations. OLAF will continue to monitor the duration of its investigations, while the spending services acknowledge the need to speed up the processes of establishing the amount to be recovered and initiating the actual recovery wherever possible.

Enhanced senior management attention by the spending services, tighter monitoring by OLAF and DG Budget, and recent guidance from the Legal Service on recurrent legal complexities in the context of fraud-related recoveries should contribute to reducing the gap between OLAF recommendations and actual recoveries.

The recent corporate guidance on the follow-up of fraud-related recoveries adds fresh impetus to these efforts. Stock has been taken after one year to assess the first results from the roll-out of the new guidance (issued in February 2022). In the context of the 2023 monitoring exercise, 7 DGs and Executive Agencies have been reminded about their responsibility to implement the instructions, guidance, and template.

Furthermore, compliance will be monitored systematically. This will be covered in the context of DG Budget’s overall corporate strategy for the management of the Commission’s debtors, in which specific performance indicators covering the OLAF-related recoveries are foreseen. The adoption of this corporate strategy is under preparation, and it will be gradually deployed during 2023-2024.

2) What were the most important findings of the IAS audit on the reliability of performance information on EU financial programmes? The IAS issued two recommendations in 2022 to DG BUDG and SG on control activities. Subsequently SG and DG BUDG prepared a joint action plan to implement them. What is the status of implementation of the joint action plan and of these recommendations?

The Internal Audit Service concluded that the Commission has made progress in improving the performance framework of the EU budget and in implementing the control system necessary for building assurance on the reliability of reporting of performance information on its financial programmes; it also indicated that further improvements were needed to further strengthen this system.

The audit report identified the need for the central services (Secretariat-General and DG Budget) to further strengthen existing corporate guidance and steering in relation to the reliability of controls on performance information by the DGs/services related to the EU spending programmes. The report included several recommendations, and subsequently the Secretariat-General and DG Budget (on 15 March 2023) submitted a joint action plan which the Internal Audit Service found satisfactory.

The action plan contains three sub-sets of actions to address the audit recommendations with target implementation dates ranging from the end of September 2023 until the end of June 2024. The responsible services have completed the first actions that were due in 2023 and are on track to implement the remaining actions.
Two important actions are worth noting here. The first is the establishment of a set of criteria for a strengthened common control approach on the reliability of performance information for EU financial programmes, incorporating the feedback received from the services. The second is the quality reviews of the Annual Activity Reports that the central services will perform in 2024 regarding the reliability of reporting of performance information on EU financial programmes.

3) The single audit approach is used across various portfolios involving shared management between the Commission and member states including for the RRF and the CAP. In a study on auditing requested by the Committee of Budgetary Control (PE 732.267, June 2022), specific recommendations were made to the Commission. These included that 1. that the European Commission should contribute to the common understanding of the Single Audit Approach for a more uniform interpretation of the model across member states and 2. that the Commission should contribute to facilitate the sharing of good auditing practices between Member State’s auditors at the EU, national and regional level. How has the Commission been implementing these two recommendations?

The Secretariat-General’s role in fostering a common understanding of the single audit approach in shared management mainly evolves around internal coordination with the responsible services, such as DG Budget, DG REGIO and DG AGRI, and providing corporate steer on relevant issues through the Corporate Management Board. The Board also follows up on relevant issues that emerge during the corporate risk exercise and is regularly informed about the implementation of major internal and external audit recommendations.

The first recommendation on a common understanding of the single audit principle is at the heart of the assurance model for programmes implemented under shared management with the Member States, with a view to achieving efficiency and simplification in the implementation of the assurance framework each year for hundreds of spending programmes and avoiding unnecessary duplication between national and EU audit layers. Thanks to the single audit approach, which allows to rely – after due verifications and assessment – on the work carried out in the Member States, the Commission is able to obtain assurance each year on the payments made to each programme. Overall, through its cumulative audit results, the Commission has reasonable assurance on the reliability of the work of most cohesion audit authorities, except for a few ones as reported in the respective 2022 Annual Activity Reports of DG REGIO and DG EMPL. When audit authorities deliver work that is not up to standards, remedial actions are requested and designed with them.

Numerous initiatives have been undertaken in cooperation with the audit authorities with a view to ensure adherence to high standards of auditing, in line with international auditing standards, to ensure a uniform implementation of the model across Member States. The single audit principle is therefore implemented in a consistent way, building on an extensive technical assistance and methodological support provided by the Commission to the audit community. Relevant methodological documents and tools are regularly updated and shared, and the Commission organises annual multilateral and bilateral control meetings with all audit authorities. As recommended by the European Court of Auditors in the past, the
implementation of single auditing leaves sufficient ground for a flexible implementation in individual cases.

To ensure the sharing of good auditing practices and audit tools and methodologies (second recommendation), the Commission services organise three to four practical technical group meetings with all audit authorities each year. In the last three years, the Commission services have also systematically shared the results of their re-performance audits with programme authorities, to present and assess errors not detected at national level (neither by managing nor by audit authorities) but detected at EU level. The Commission services organised dedicated workshops with the audit authorities based on compendia of such EU audit findings in the areas more frequently affected by mistakes (public procurement, State aid, eligibility rules) to increase the detection capacity at national level and to reach a common understanding on these - sometimes complex - rules. The most recent workshop dedicated to enhancing the detection capacity of audit authorities (Homologues Group Meeting, 25 September 2023) included multiple relevant examples from different Commission and ECA audits and debates were web-streamed and thus accessible for the entire audit community across Europe for pedagogical purpose. The Commission and audit authorities have also agreed to a “Charter on good audit practices when auditing funds under the Common Provisions Regulation” with all members of the audit community.

As for the Common Agricultural Policy (CAP), the Certification Bodies (which are the national audit bodies under the CAP) are the cornerstone of the CAP Single Audit Approach, which is fully implemented for the CAP since 2018. The Commission is working closely with the Certification Bodies, with special focus on their preparedness to audit the CAP 2023-2027 expenditure. The recurrent Expert Group Meetings with the Certification Bodies represent a forum for exchanges between the Commission and the national audit bodies. Such meetings contribute, through presentations, workshops and trainings, to enhancing their knowledge of relevant audit issues and sharing of best practices. Furthermore, in December 2022 the Commission has provided the Certification Bodies with dedicated guidelines to support their work on the audit of the CAP funds.

### 2. Questions concerning COVID-19

4) When will the Commission comply with the absolute necessary level of transparency and publish a comprehensive report on expenditure related to the COVID-19 pandemic?

The Commission meets the main annual reporting requirements on the implementation of the budget and the consolidated annual accounts through the publication of the Integrated Financial and Accountability Reporting (IFAR). Commissioner Hahn presented the latest edition of the package to the Budgetary Control Committee on 5 October 2023. Each year, the IFAR package includes the Commission’s Annual Management and Performance Report (AMPR) on the implementation of the EU budget.

The Commission has been transparent throughout the COVID period and has published several specific communications during this time. All details are contained in the Communication on Drawing the Early Lessons from COVID-19 published on 15 June 2021 (COM(2021)380). This document explained that the Commission followed a trusted three-step approach:

- First, the EU took emergency steps to mobilise EU resources, including EUR 82 billion from the EU budget (including the Coronavirus Virus Response Investment Initiatives (CRII and CRII+), and deployed the General Escape Clause of the Stability and Growth Pact and the temporary framework for state aid to allow Member States to step in at scale: in 2020, national measures amounted to EUR 3 trillion in fiscal and liquidity support. This was backed up with action by the European Central Bank to support financial stability.

- Second, a repair phase used solidarity through the mobilisation of EU instruments amounting to EUR 540 billion to cushion the economic impact of the crisis, including through temporary support to mitigate unemployment risks (SURE).

- Finally, we deployed a new instrument in the recovery phase, with NextGenerationEU bringing EUR 750 billion, notably in support through the Recovery and Resilience Facility (RRF) and REACT-EU to support investment and reform over the next six years.”

Since 2021, the Commission has focused on the recovery from the COVID-19 pandemic and fulfilled its reporting obligations, in particular as regards NextGenerationEU (NGEU). The Commission reported for instance in previous years’ Annual Management and Performance Reports on how the EU budget was instrumental in responding to both the health crisis and economic consequences entailed by the COVID-19 pandemic. In addition, the Commission reports on the NGEU package, which is the EU’s answer to the pandemic. The figures and details on the NGUE package are included in the Consolidated Annual Accounts of the European Union:

- For the Annual accounts of the EU – financial year 2022, see the dedicated Chapter 2 “The 2021-2027 Multiannual Financial Framework and NextGenerationEU”, pages 7-14

In 2020 and 2021, the Commission signed eight Advance Purchase Agreements (APA) for COVID 19 vaccines to secure over 4 billion doses of COVID-19 vaccines. Seven of the eight APAs led to vaccines that received marketing authorisation. One agreement was terminated as the contractor informed the Commission that they would not be in a position to obtain marketing authorisation by the set deadline of late 2021. The total amount of advance purchase agreements for COVID-19 vaccines signed in 2020 and 2021 and funded by the EU budget was EUR 2 553.79 million. No EU budget was mobilised for the joint procurement of other medical countermeasures.

5) When will the European Commission finally begin complying with mandatory transparency requirements and make public the contracts related to the purchase of COVID-19 vaccines? It is worth noting that EPPO has an ongoing investigation into the acquisition of COVID-19 vaccines in the European Union.
The Commission is committed to high standards of transparency and openness and ensured the largest possible transparency in the negotiations it held with companies for the purchase of vaccines.

A Joint Negotiating Team composed of representatives of Member States and the Commission negotiated with companies and reported on a regular basis to the Steering Board, consisting of representatives of the Commission and all Member States. The role of this Board was to set the mandate for the negotiators, identify the needs and steer the negotiations. Before each vaccine contract was concluded, it was submitted to the Steering Board and Member States were also given the opportunity to opt out from the contract.

The Commission has furthermore provided first-hand information at the EP plenary debates, committee meetings, and in writing (responding to parliamentary questions, follow-up questions, letters).

Additionally, the Commission has set up the Contact Group on COVID-19 Vaccines where Commissioners kept the Parliament fully informed of all the developments in 23 meetings, from February 2021 to May 2022.

The Commission also published redacted copies of the vaccine contracts soon after those contracts were signed.

The Commission made available to Members of the European Parliament in a dedicated reading room (i.e. in accordance with Annex II of the Framework Agreement on relations between the European Parliament and the European Commission on the forwarding of confidential information to Parliament) redacted copies of the vaccine contracts. In June 2023, the Commission has also granted Members of the European Parliament of the COVI Committee access to un-redacted versions of the contracts (for both vaccines and therapeutics), in line with the exchange between President Metsola and President von der Leyen.

The Contact Group put in place an important new channel of communication to the European Parliament. It offered an effective forum to exchange views and ideas as the EU Vaccines Strategy was taking shape and being implemented. This allowed the Parliament to follow more closely the fast-moving steps in the EU authorisation of COVID-19 vaccines.

The Commission has also provided extensive briefings on specific aspects related to vaccines to interested committees in the Parliament, from legal and liability issues to the export mechanism. In 2023, two in-camera meetings of the COVI Committee were organised where the Commission services debriefed about the status of negotiations with BioNTech-Pfizer on an important amendment to the vaccines supply contract.

6) When will the Commission make public all the details regarding buying and distributing of vaccines in the Union during the COVID-19 crisis? The case of the Commission refusal of public access to text messages exchanged between the Commission President and the CEO of a pharmaceutical company on the purchase of a COVID-19 vaccine was discovered by the Ombudsman who concluded that it constituted maladministration.
The EU Vaccines Strategy (Communication on the EU Strategy for COVID-19 vaccines | European Commission (europa.eu)) allowed all citizens in all Member States, small and large, to have access to safe and effective vaccines at the same time. The EU as a whole has emerged much stronger from this crisis and with a renewed sense of solidarity, unity and equity.

All Member States have had access to the vaccines, including to the latest adapted COVID-19 vaccines. The contracts secured deliveries to the determined points within Member States to support their national vaccination campaigns. In the case of some contracts, deliveries were also made to several delivery points per Member State, in line with their preferences.

Importantly, and as explained in the response to question 5, the Commission provided relevant information to the Members of the European Parliament in various ways, through appropriate channels. It also published redacted copies of the vaccine contracts. Furthermore, there are two court cases in which applicants are seeking the annulment of decisions granting public disclosure of only redacted versions of the vaccine contracts under Regulation (EC) No 1049/2001. The procedure in both cases is currently ongoing.

The Commission has taken note of the European Ombudsman's findings and replied to her recommendation. In its reply of 27 June 2022, in the context of a Recommendation issued by the European Ombudsman related to the Commission’s response to a request for public access to documents submitted under Regulation (EC) No 1049/2001, the Commission confirmed that the search for relevant text messages in possession of the institution, corresponding to the scope of the request and responding to the records management criteria, has not yielded any results.

A case related to this matter was also brought to the Court, by which the applicants seek an annulment of the Commission’s confirmatory decision C(2022) 8371 final of 15 November 2022. The procedure before the Court is still on-going.

3. Questions concerning Ukraine

7) Could you please provide a simplified and clear table with the financial and other kind of support provided to Ukraine by the end of 2022? Please specify the instrument, programme or legal framework used in each case.

In 2022, since the start of the Russian invasion, we mobilised EUR 11.6 billion from the EU budget to support Ukraine, of which EUR 10.5 billion have already been disbursed, constituting nearly 91% of the committed funds.

The bulk of this assistance consisted of three MFA (macro financial assistance) operations to support the Ukrainian State to maintain its essential functions and face the consequences of the war: the Emergency MFA for EUR 1.2 billion, and the Exceptional MFA-1 and MFA-2 for EUR 6 billion. The total amount of EUR 7.2 billion was fully disbursed in 2022.

Beyond MFA support, the EU provided humanitarian aid for EUR 0.5 billion and budget support and other grants for EUR 1.5 billion. It also guaranteed support operations of the EIB and EBRD for a total amount of EUR 2.4 billion.
See below a summary of the financial assistance to Ukraine enabled by the EU budget in 2022.

<table>
<thead>
<tr>
<th>Programme</th>
<th>Amount (Million EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditures for Ukraine in 2022</strong></td>
<td></td>
</tr>
<tr>
<td>HUMANITARIAN AID</td>
<td>485</td>
</tr>
<tr>
<td>BUDGET SUPPORT AND OTHER GRANTS</td>
<td>1,531</td>
</tr>
<tr>
<td>Neighbourhood, Development and International Cooperation Instrument (NDICI)</td>
<td>1,198</td>
</tr>
<tr>
<td>Repurposing of European Neighbourhood Instrument (ENI)</td>
<td>313</td>
</tr>
<tr>
<td>European Instrument for International Nuclear Safety Cooperation (INSC)</td>
<td>16</td>
</tr>
<tr>
<td>CFSP support</td>
<td>4</td>
</tr>
<tr>
<td>MACRO FINANCIAL ASSISTANCE (LOANS)</td>
<td>7,200</td>
</tr>
<tr>
<td>Emergency MFA</td>
<td>1,200</td>
</tr>
<tr>
<td>MFA 1 - first part of the exceptional MFA</td>
<td>1,000</td>
</tr>
<tr>
<td>MFA 2 - second part of the exceptional MFA</td>
<td>5,000</td>
</tr>
<tr>
<td>SUPPORT THROUGH EU GUARANTEES</td>
<td>2,374</td>
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<tr>
<td>EIB loans under ELM - 1st package of support under the EIB Ukraine solidarity urgent response</td>
<td>668</td>
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<tr>
<td>EIB loans under ELM - 2nd package of support under the EIB Ukraine solidarity urgent response</td>
<td>1,586</td>
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<tr>
<td>EBRD loans under EFSD</td>
<td>120</td>
</tr>
<tr>
<td>TOTAL PROVIDED AND GUARANTEED BY THE EU BUDGET IN 2022</td>
<td>11,590</td>
</tr>
<tr>
<td>EU MECHANISMS OUTSIDE OF THE EU BUDGET (allocation at the of 2022)</td>
<td>Amount (Million EUR)</td>
</tr>
<tr>
<td>EUROPEAN PEACE FACILITY</td>
<td>3,100</td>
</tr>
<tr>
<td>CSDP SUPPORT (military mission)</td>
<td>123</td>
</tr>
</tbody>
</table>

As of end of September 2023, and since the start of the war in February 2022, the overall assistance to Ukraine and its people from the EU and its Member States amounts to more than EUR 82 billion:

- Financial assistance enabled by the EU budget: EUR 31,012 million
- Bilateral assistance by EU Member States: EUR 9,406 million
- Military assistance: EUR 25,168 million
  - Of which funded by the EPF: EUR 5,600 million
  - Of which Common security and defence policy: EUR 168 million
- Support by the EU and Member States to Ukrainians fleeing the war in the EU: EUR 17,000 million. The Commission has introduced the necessary liquidity and created possibilities to enable a swift re-allocation of available funding under the Cohesion Policy programmes for Member States to provide emergency support for the reception of people fleeing from Ukraine.

Further information is also available on a dedicated website: EU assistance to Ukraine (europa.eu)

8) In the Commission’s opinion on Ukraine’s application for membership of the EU (2022), the Commission says that “corruption remains a serious challenge as it imposes significant costs to the stage budget…”, which means the EU budget is also impacted.
Which specific measures are in place to protect the EU budget from corruption in Ukraine?

**Macro-financial assistance**

Macro-financial assistance (MFA) has been the main vehicle for EU budget support to Ukraine, even before Russia launched its war of aggression against the country. The rules and conditions for MFA include reporting requirements and refer to anti-corruption efforts to ensure that funds are well spent.

The MFA memoranda of understanding between the EU and Ukraine include provisions on preventing irregularities and fraud related to the use of support under the instrument and ensuring the protection of the financial interests of the EU. The relevant provisions of the Loan Facility Agreement apply, notably those regarding regular checks by Ukraine on the use of EU assistance, and checks, audits, and investigations performed by the Commission, including the OLAF, the ECA and the EPPO.

Beyond the specific actions included in the memorandum of understanding, Ukraine is also expected to further strengthen the fight against corruption, in particular at high level as part of the membership process as outlined in the Commission’s opinion thereon. The Commission further reserves the right to carry out operational assessments of the administrative procedures and financial circuits of the country that relate to the management of EU MFA+ throughout the duration of the memorandum of understanding and for five years after the disbursement.

The policy conditions agreed with Ukraine focus on rule of law and governance as well as the fight against corruption. They contribute to meeting the objectives of maintaining state functions, and the rehabilitation of core infrastructure. The conditionality also includes enhanced reporting requirements aiming to ensure the efficiency, transparency and accountability of the use of budgetary funds, including the additional resources received under this assistance.

The Commission has conducted an operational assessment of the financial circuits in Ukraine, as requested by the Decisions granting the exceptional MFA in July and September 2022. The objective is to obtain reasonable assurances on the functioning of administrative procedures and financial circuits of the recipient country before disbursing EU funds in the context of MFA operations. The results from this assessment show that the Ukrainian authorities make progress in improving public financial systems and other financial circuits since the previous assessment in 2018 despite the adverse conditions caused by Russia’s war of aggression.

The operational assessment checks the budgetary processes and all aspects related to spending of public money (programming, committing, actual spending, monitoring and auditing). Accordingly, it is another safeguard that protects the European taxpayers’ money. The Ukrainian authorities have committed to address, adequately and swiftly, any shortcoming detected in the context of the operational assessment.

**Key audit and control features of the proposal for a Ukraine Facility**

Under the Commission’s proposal for a Ukraine Facility, Ukraine is requested to upgrade its audit and control system. Ukraine itself will be legally obliged to detect and correct the
misuse of EU funding. Also, wherever there are weaknesses in Ukraine’s control environment, the authorities will have to correct these. At the same time, EU institutions will look over Ukraine’s shoulder: Ukraine will be under a legal obligation to provide the Commission, including OLAF, and the European Court of Auditors access to information.

The Commission will have robust powers and be able to perform checks at any point of the implementation of the Ukraine Facility. The Commission will perform an array of internal and external controls. In case of irregularities, the Commission has the right to reduce funding. In addition to OLAF, the European Public Prosecutor’s Office, the European Court of Auditors and the Commission’s internal controls, an independent Audit Board will be set up to help fight potential misuse of EU funding. The Board will provide regular reports to the Commission and will forward any suspected cases of misuse of EU funds to OLAF. The Board will start with a system audit of Ukraine’s audit and control environment and provide recommendations to improve it. Ukraine will have to follow-up on these.

9) What is the level of compliance of sanctions against Russia? What is the real power of enforcement of the Commission? How is the effectiveness of sanctions being measured? What is the impact of sanctions packages on the EU budget?

Restrictive measures are taken under the EU Common Foreign and Security Policy. The responsibility for their effective implementation mainly lies with the Member States. It is of the utmost importance that they are applied robustly and in the most coherent manner. The Commission has therefore undertaken several actions to this end, including the setting up of new mechanisms for regular exchanges with Member States’ authorities that facilitate the timely dissemination of information and best practices, and discussion of specific issues related to sanctions implementation, responding to questions of interpretation raised by Member States’ national competent authorities and other stakeholders as well as the publication of extensive guidance.

Since March 2014, the EU has progressively imposed restrictive measures against Russia, initially in response to the illegal annexation of Crimea and Sevastopol and the deliberate destabilisation of Ukraine. After 24 February 2022, in response to Russia’s military aggression against Ukraine, the EU massively expanded the sanctions and most recently adopted an 11th sanctions package in June 2023.

The aim of the sanctions is to impose severe consequences on Russia for its actions and to effectively thwart Russian abilities to continue the aggression. They have considerably reduced Russia’s political and economic options, caused financial strain, cut the country off from key markets, increased the costs of trading and significantly degraded Russia’s industrial and technological capacity. Around EUR 28 billion worth of assets have been frozen in the EU under the Ukraine territorial integrity regime. At the same time, the impact of the sanctions on the Union and its Member States is tangible in some specific sectors but remains contained overall, thanks to their focused design and implementation.

Commissioner Reynders (in charge of Justice) and Commissioner McGuinness (in charge of Financial services, financial stability and Capital Markets Union) have actively engaged through their networks, with Member States and other stakeholders, on the sanctions’ packages and their effective enforcement. Commissioner Reynders did so, for instance, on 23 June at the last in-person meeting of the Freeze and Seize Task Force which has by now
Committee on Budgetary Control

met on 23 occasions since it was established in March 2022. On 18 September, Commissioner McGuinness chaired for the third time the high-level meeting on Union restrictive measures.

Over the past months, the Commission has significantly stepped up its efforts in providing guidance to operators and Member States’ authorities on the interpretation of the sanctions, publishing more than 500 Frequently Asked Questions. These have contributed to correct and uniform implementation across the EU. In 2022, there were no grounds in this respect for the Commission to use its enforcement powers under Articles 258-260 (concerning the infringement of obligations under the Treaties) of the Treaty on Functioning of the European Union.

The Commission has put in place a strong legal framework for implementation of EU restrictive measures in Union funding programmes. Our funding instruments under direct and indirect management, such as grants and procurement, require the recipients to comply with EU restrictive measures.

To make it easier to investigate, prosecute and punish violations of EU sanctions and ensure their uniform implementation in all Member States, the Commission adopted a proposal on 2 December 2022 for a directive to harmonise criminal offences and penalties for sanctions violations. The Commission hopes that the co-legislators will be able to reach agreement on this proposal soon.

At the international level, the EU Special Envoy for the Implementation of EU Sanctions who took up his role in January 2023, is actively engaging with a number of third countries to ensure that EU sanctions are not circumvented through entities located in those countries.

To ensure compliance on the level of the Commission and its Executive Agencies, guidance has been provided and awareness raising measures such as workshops have been conducted. We have furthermore put in place automatic checks in our accounting system to flag payments to entities named on our sanctions lists which are complemented by targeted checks on the level of the responsible authorising officers.

10) In July 2022, the Commission suspended the registration of and meetings with representatives of interest groups headquartered in Russia, and which are the subject of investigations. Beyond that, how is the Commission preventing, monitoring and, if necessary, halting Russian influence on the EU institutions?

The Commission, working together with the European Parliament and the Council in the Secretariat of the Transparency Register, concluded the investigations concerning Russian interest representatives by early 2023. The registrations of all Russia-established lobbyists are now removed from the Transparency Register², which entails that those are banned from having access to decision-makers or to the premises of the Commission and other two institutions.

² With the exception of two civil society organisations that maintain dialogue with the EU institutions and the Association of European Businesses, which promotes European business interests in Russia in coordination with the EU Delegation in Moscow.
At the same time, the Secretariat will not accept on the register any new applicants, including intermediaries such as law firms or professional consultancies advancing the interests of their clients, where there are suspicions of possible links or ties with the Russian regime and/or Russian economic interests. In addition, through a note on 7 July 2022 to the Directors-General and Heads of Service of the Commission, internal instructions were issued to staff to refrain from holding meetings or engaging in any other contacts or interactions with organisations or individual lobbyists representing Russian interests. The Commission has coordinated these measures with the Council and the European Parliament, which have put in place similar internal instructions.

4. Questions concerning policy objectives

11) The Secretariat-General’s 2022 annual report informs about the first voluntary EU report on Sustainable Development Goals (SDGs) which was presented to the UN.

Has the report been already adopted? Does the Commission take into consideration the ECA recommendations/work on the implementation of the SDGs presented in the ECA Performance report published in 2021? How the findings of this report will contribute to better implementation of the SDGs and what is the role of the Secretariat-General in this respect?

The Commission adopted on 15 May 2023 the first EU Voluntary Review on the implementation of the 2030 Agenda for Sustainable Development. The review underlines the EU’s commitment to the 2030 Agenda and its Sustainable Development Goals. The review provides an overview of how EU internal and external actions – including various spending programmes and projects – are contributing to delivering on the 17 SDGs both within the EU and in partner countries around the world. It takes stock of the progress achieved, reflects on lessons learnt, and considers how to advance the 2030 Agenda further at EU level.

The EU Voluntary Review was officially presented at the UN High-Level Political Forum on Sustainable Development on 19 July 2023. The Commission was represented by Commissioner Gentiloni and Commissioner Urpilainen. Other EU institutions (EP, Council, EESC, CoR) were also included in the presentation – and this inclusive approach has been praised both within the EU and at global level.

The preparation of the Voluntary Review was led by the Secretariat-General, in close cooperation with all policy DGs and in a very transparent and inclusive way towards EU institutions, Member States and stakeholders.

The ECA issued two recommendations in its Annual Report on Performance for 2021 in connection with the sustainable development goals:

**Recommendation 1** – ‘Better integrating the horizontal policy priorities into the performance framework: while taking into account the cost and feasibility of its approach, the Commission should improve the integration of the horizontal policy priorities into the performance framework by: (c) analysing whether and deciding how to track expenditure to support the digital transition and the SDGs’.
Concerning SDGs, the Commission has continued to report examples of how the individual programmes contribute to advancing SDGs, in line with existing commitments under the inter-institutional agreement and taken due consideration of resource constraints/implications. A decision on whether to track digital expenditure and/or SDGs in the next multiannual financial framework will be taken when preparing the post-2027 multiannual financial framework.

The expected completion date is 31 December 2025.

**Recommendation 2** – ‘Enhance reporting on horizontal policy priorities in the Annual Management and Performance Report and the programme statements to improve the reliability of information reported in the Integrated Financial and Accountability Reporting package on the horizontal policy priorities both for individual programmes and for the EU budget as a whole, the Commission should: (a) as much as possible, present accurate financial and non-financial information on horizontal policy priorities in the Annual Management and Performance Report [AMPR]’.

Recommendation 2 was implemented on 7 June 2023. In the context of the 2024 draft budget and the 2022 AMPR, the Commission has published detailed information both for the EU budget as a whole and for individual programmes with respect to the contributions to climate, biodiversity, gender equality and -- in a first -- digital agenda. The Programme Performance Statements also provide examples of the contributions of individual programmes to the Sustainable Development Goals (SDGs).

| 12) The Secretariat-General coordinated the assessment of the national partnership agreements and regional programmes for 2021-2027 in the Cohesion Policy. At the same time, SG RECOVER has monitored the implementation of the National Recovery Plans. What synergies have been observed in both instruments on the ground and has the Commission identified good practices or lessons learned? |
| Both cohesion policy and the Recovery and Resilience Facility (RRF) share a common basis in the Treaty and the same fundamental unity of purpose. However, their set-up and specific objectives are different and they are set to support the Member States and regions in a complementary manner. Although the characteristics of each instrument differ, they both contribute to the broader framework of the European Semester. The Commission’s objective is to use each instrument in the most efficient manner, while ensuring that there is no double funding and that actions are indeed complementary. |
| The complementarities are best observed when looking at examples from the Member States. For instance, in Italy, whilst both RRF and cohesion policy target energy efficiency, European Regional Development Fund (ERDF) programmes prioritise public buildings, and the RRF focuses on private buildings. In Bulgaria, certain reforms in the Bulgarian Recovery and Resilience Plan are considered as key enablers for cohesion investments, notably in the low carbon component (decarbonisation reform impacting on the Just Transition Fund), the local development component (water reform) and the biodiversity component (biodiversity act reform). In Portugal, the Portuguese Recovery and Resilience Plan supports the digital transition of the national public administration, while the ERDF is supporting the digital transition of the local administrations. |
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Implementing the RRF in parallel with the cohesion policy funds allows for additional financing opportunities and potential synergies. As required by the respective regulations, investments planned and implemented under the two instruments must be coordinated and programming documents under both instruments must specify how the complementarity is envisaged. Member States were requested to introduce strong coordination mechanisms for the programming and implementation of both instruments and describe them in the Partnership Agreements. An example is the obligation set in the Partnership Agreement of Italy to include a representative of the entity responsible for the implementation of the recovery and resilience plan (RRP) in the monitoring committee of every programme financed by cohesion policy funds. The objective is to ensure permanent dialogue with the managing authority of the relevant cohesion policy programme and thus avoid inconsistencies and exclude possible risks of double funding.

In addition, consultations between the relevant services within the Commission took place, formally and informally, during the RRPds and cohesion policy programmes’ approval processes in order to ensure consistency in the plans/programming documents.

From an operational point of view, the Commission is working closely with every Member State to speed up implementation on the ground and address bottlenecks through a constant dialogue and targeted actions, including reprogramming where relevant, for example to address crisis-related needs under CARE, FAST-CARE or REPowerEU. The operational arrangements negotiated between the Commission and the Member States for the RRF provide for the organisation of at least quarterly exchanges to take stock of the progress made in the implementation of the RRPds. Similarly, the Commission is closely associated to the implementation of cohesion policy programmes through monitoring committees that bring together managing authorities and relevant stakeholders. These exchanges allow, in each case, for the early detection and joint resolution of potential implementation challenges.

The Commission also provides administrative support and guidance to improve the administrative capacity of the Member States. Technical assistance for the implementation of cohesion policy funds amounts to up to EUR 14 billion for the 2021-2027 period and can be used by the Member States’ administration to finance management, training, monitoring, evaluation and capacity building expenditures. Under the RRF, Member States can request tailor-made TSI support to implement specific RRP reforms and investments. 23 Member States have so far received such support to prepare, implement or amend their Resilience and Recovery Plans and 17 are benefitting from the instrument to design their new REPowerEU chapter. Peer to peer exchanges between Member States are also encouraged to share experience, good practices, and knowledge on how to manage both instruments (e.g. TAIEX-REGIO Peer2Peer and REGIO Peer2Peer Communities, REGIO and ESF+ Transnational Networks on Simplification, ESF+ Communities of Practice, RRF Expert Group).

Finally, the RRPds and cohesion policy funds both include specific measures to improve administrative capacity that may have positive spill-over effects on the management of both instruments. For the 2021-2027 programming period, the Commission introduced further simplification measures to streamline the implementation of cohesion policy funds, such as one single set of rules for the eight Funds and a significant reduction in the amount of secondary legislation. This entails notably lighter reporting and controls, proportionate arrangements for audits and extended possibility to use simplified cost options (SCOs) and financing not linked to costs schemes, including the obligation to use SCOs for operations under EUR 200 000 with certain exceptions.
13) How does the Commission monitor the implementation of the country-specific recommendations included for the first time in the Rule of Law Report 2022? Is the Commission considering the development of a scoreboard for monitoring?

Following an announcement in the political guidelines of President von der Leyen in 2019, the Commission adopted the first annual Rule of Law Report in September 2020. The fourth edition was presented in July 2023.

The annual Rule of Law Report presents both a synthesis of the rule of law situation in the European Union and, in its 27 country chapters, country-specific assessments of significant developments related to the rule of law, both positive and negative. It covers four key areas for the rule of law: the justice system, the anti-corruption framework, media pluralism and other institutional issues related to checks and balances. In examining these areas, the Commission continues to deepen its assessment and follows up on the challenges and developments identified in the previous reports.

The latest Report builds on the important step taken in last year's Report where specific recommendations for all Member States had been included for the first time. It contains a qualitative assessment of the progress made by the Member States towards implementing the 2022 recommendations. Depending on the progress made on the various subparts of each recommendation, the Commission concluded its assessment in each case using the following categories to track developments: no progress, some progress, significant progress, and full implementation.

The 2023 recommendations either build on last year's recommendations, where there was no or partial implementation, or address new challenges. The Commission has prepared the Report based on continued dialogue with the Member States and closely involved stakeholders, while fully preserving political responsibility for its assessment and the recommendations issued.

The Commission invites Member States to effectively take up the challenges identified in the Report, as it stands ready to assist them in their efforts to continue the implementation of recommendations. The Commission will continue to monitor the progress in subsequent Reports, but it also has other tools at its disposal to respond to serious challenges to the rule of law. It will continue to make use of all the instruments in the toolbox, according to their respective logic and where needed.

14) The Secretariat-General helped DG BUDG in coordinating the implementation of methodologies to report on spending on climate change and gender equality. What are the main conclusions drawn from the use of these methodologies respectively? In other words, how is gender mainstreaming being integrated into the EU budget?

**Climate and biodiversity**

In line with the Interinstitutional Agreement, the Commission mainstreams climate, biodiversity, and gender expenditure. Concerning climate there are spending targets of 30%
over the 7 years of the multiannual financial framework (MFF), while the targets for biodiversity are 7.5% in 2024 and 10% in 2026.

The EU 30% target for MFF and NextGenerationEU (NGEU) expenditures is underpinned by sectorial targets in each relevant budgetary programme. This construction ensures that this ambitious target is properly considered into the design and implementation of the programmes. According to the latest estimates, the EU budget is on track and projected to contribute 32.6%, or EUR 578 billion through the 7 years.

Biodiversity mainstreaming is a new feature of the EU budget 2021-2027. With a 7.5% target in 2024 and 10% in 2026 and 2027, each budgetary programme is now designing ways to increase its contribution throughout the 7 years period. According to the latest estimates the Commission is currently failing to reach its target in 2026 and 2027, where the biodiversity expenditures are projected at around 8.5% for both years. As outlined in the Midterm Review of the MFF, the Commission is currently working with Member States to ensure that the cohesion policy funds and the Common Agricultural Policy strategic plans will have an increased ambition towards biodiversity to fill the existing funding gap.

The Commission has developed a new methodology for the tracking of the green priorities (climate, biodiversity, and clean air) in the EU budget 2021-2027. As laid out in the Communication on the Performance Framework for the EU budget under the 2021-2027 MFF, the EU coefficients entails a fundamental shift in how the budget contribution is calculated, passing from an intent-based approach to an effect-based one. This shift is paramount in the optic of the 2050 climate neutrality objective, where the results of the expenditures are more important than simply how much was spent. The staff working document on climate mainstreaming architecture adopted in July 2022 gives an overview of how climate has been fully integrated into the budgetary process, from its design to its implementation. The 2023 Annual Management and Performance Report includes, for the first time, a “green budget” annex, which offers an EU budget wide overview of how the green priorities are implemented, complementing the sectorial Programme Performance Statement – where this is analysed in more details on a per programme basis.

Regarding biodiversity tracking, the Commission has presented together with the draft budget 2024 an effective and transparent methodology for the Common Agricultural Policy, taking into consideration the adopted strategic plans. This new approach builds on the new green architecture of the Common Agricultural Policy, with a strong focus on the new “eco schemes”, applying the methodology to the lowest level of granularity possible.

**Gender mainstreaming**

The Commission follows a two-pronged approach to integrating gender equality in the EU budget. It promotes gender equality on the one hand, through–gender mainstreaming in policy, i.e. by systematically including the gender equality perspective in all stages of the policy cycle; and on the other hand, through specific targeted measures to address persistent inequalities within relevant EU funding programmes. This is reflected in the findings of the novel pilot methodology developed by the Commission last year to track gender-equality expenditure under the 2021-2027 multiannual financial framework.

The methodology was applied for the first time in a pilot in the context of the 2021 Annual Management and Performance Report / 2023 Draft Budget. This year the methodology continued to be applied on a pilot basis without modifications compared to last year. The
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Methodology reflects the experience and input of OECD and the European Institute for Gender Equality (EIGE). It apportions the interventions funded by the EU budget into four scores depending on how core an objective gender equality is in the design of an intervention.

In the context of Draft budget 2024, the findings of the methodology were the following:

- **Score 2**: Interventions whose principal objective is to improve gender equality are included in 12 programmes and correspond to 2% of the total Commission’s budget.
- **Score 1**: Interventions having gender equality as an important and deliberate objective (but not as the main reason for the intervention) follow with 9% of the total budget and are included in 15 programmes.
- **Score 0* (having the potential to contribute to gender equality)** correspond to 73% of the total budget and are included in 31 programmes.
- **Score 0 (not having a significant bearing on gender equality)** correspond to 16% of 2022’s budget and are included in 26 programmes.

Therefore, the application of the methodology shows that, far from being mostly gender neutral, 84% of the EU budget either is known to contribute positively to enhancing gender equality (11%, scores 1 and 2), or has the potential to do so (73%) although their actual impact is not clear at this stage.

5. **Questions concerning RRF**

15) How does the Commission ensure inter-services consultation when evaluating the RRF payment claims submitted by MSs and the adequate fulfilment of the milestones and targets?

The Commission has established a process whereby the lead services DG ECFIN and SG-RECOVER work together with other services to ensure that the final Commission assessment of fulfilment of a milestone or target considers the available information and expertise. In addition to the informal cooperation, two formal inter-service consultations on the assessment of each payment request (one on the preliminary assessment and one on the Commission decision) take place, which allow all DGs within the Commission to ask for clarifications and provide comments. These formal consultations provide a record that the relevant services have been consulted and that they do agree with the assessment led by DG ECFIN and SG-RECOVER.

16) What is the progress of the implementation of the country-specific recommendations through the Recovery and Resilience Plans according to the assessment carried out in spring 2023? What is the Commission's assessment of the RRF as a tool to promote compliance with country-specific recommendations within the European Semester?

At the time of the publication of the 2023 European Semester Spring Package, progress had been recorded for the implementation of recommendations, with at least 'some progress’ made for 68% of 2019-2020 country-specific recommendations (CSRs). Progress in the implementation of the recommendations adopted in 2022 had also been substantial, with ‘some progress’ in almost 52% of the recommendations addressed to Member States in July.
The successive implementation of the plans until 2026 will accelerate the implementation of country-specific recommendations.

The Recovery and Resilience Facility (RRF) is closely integrated with the European Semester process, which involves the assessment of economic and social policies in EU Member States. The reporting of the Semester and the RRF, including their respective IT tools, have been aligned, in accordance with the recommendations made by the European Court of Auditors.

The CSR assessment published as part of the 2023 European Semester Spring package demonstrates a steady increase in the implementation of both 2019 CSRs of a structural nature and the more crisis-oriented 2020 CSRs. This clearly shows the incentives provided by the RRF since 2021, whose performance-based approach is expected to continue reinforcing CSR implementation in the years to come.

17) What is the state of play with the implementation of the RRF in terms of meeting the planned payment schedule? In case of significant delays in any Member State, what measures are being taken to ensure that the national allocation is used in a timely manner?

As indicated in the RRF annual report published in September 2023, 13 payments (consisting of 366 milestones and targets) to 11 Member States were disbursed in 2022 for a total amount of EUR 72.2 billion. At the end of September 2023, and after just over two years of implementation, the Commission has received a total of 35 payment requests from 22 Member States and disbursed a total amount of EUR 153.4 billion.

The progress in the implementation varies across Member States, with some facing difficulties due to administrative capacity issues, investment bottlenecks or high inflation rates. The Commission is providing guidance and assistance to Member States to address these issues and ensure the timely delivery of their reforms and investments. The successful revision of the plans in 2023 has been an opportunity for Member States to address several of these issues, set out enabling reforms and measures to increase the absorption capacity of RRF funds and include potential adjustments to the payment profile. Most milestones and targets scheduled for completion by April 2023 are either fulfilled (685) or reported as completed (1155), while 422 are not yet completed. Additionally, upcoming milestones and targets show promising progress, with 874 reported as on track and 81 already completed.

The fulfilment of milestones and targets is however subject to national decisions and actions. The Commission cannot guarantee that Member States complete all milestones and targets by 31 August 2026. However, the Commission is monitoring each recovery and resilience plan (RRP) through the reporting by the Member States and public information and is in close and continuous contact with each Member State to discuss progress, delays and ways to support the implementation of measures in the RRP. Dedicated support is provided through the Informal Expert Group on the implementation of the RRF, which serves to disseminate guidance and to exchange experiences and good practices, as well as through bilateral support for individual Member States, notably through the Technical Support Instrument (TSI). For instance, most Member States have already received support from the TSI for preparing their REPowerEU chapters or improving their monitoring and control.
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18) What is the degree of compliance by Member States specifically with the control and audit milestones and targets agreed with the Commission during the approval of the national plans?

As required by the RRF Regulation, Member States must put in place and maintain sufficiently robust national audit and control systems to ensure the protection of the Union’s financial interests. The Commission assessed as part of the recovery and resilience plans’ (RRP) approval procedure whether the control systems set up by each Member State provided sufficient assurance and agreed, where necessary, specific milestones with the Member States concerned to address minor deficiencies. The satisfactory fulfilment of these audit and control milestones, which most frequently concern the set-up and development of the IT system used to collect and aggregate data on the RRP’s implementation, is a prerequisite before any payment can be done.

To date, the Council endorsed 27 plans and required 21 Member States to implement such reforms. So far, Member States did achieve all these milestones at the time of payment. After careful evaluation, the Commission considered - as did the European Court of Auditors – that all the 16 control milestones included in the 2022 RRF payments have been satisfactorily fulfilled.

In the context of the revision of RRPs, and based on the results of its audit work, the Commission also assesses for each Member State the need for new audit and control milestones, strengthening thereby its monitoring of the actual functioning of Member States’ audit and control arrangements.

19) There is little information on FENIX in the Commission’s annual reports. What is the status of its functioning and the compatibility of the data provided by the Member States?

FENIX is a dedicated reporting tool set up by the Commission for the RRF and has been fully operational since autumn 2021. Member States submit documents and evidence in FENIX as part of RRF payment requests. In addition, Member States provide their bi-annual reporting on the progress in achieving their recovery and resilience plans and on the RRF common indicators.

The Commission has provided guidance to the Member States for the use of FENIX and its different functions, incl. to ensure compatibility, consistency and comparability of the data provided across Member States. The Commission is continuously developing FENIX further to improve existing features or address new requirements such as those stemming from the REPowerEU Regulation and the addition of REPowerEU chapters to the recovery and resilience plans. For instance, since April of this year FENIX also has an interface enabling Member States to upload data on the 100 final recipients receiving the highest amount of funding under the RRF.
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As an internal tool with sensitive documentation including personal data, access to FENIX is limited. In addition to the Member States and the operational Commission staff, access to all payment data and evidence in FENIX is also available for the Commission’s RRF auditors, the Commission’s Internal Audit Service, as well as the European Court of Auditors.

6. Questions concerning Administration, interinstitutional relations

20) Recently the press has reported two cases in which high-ranked officials failed to disclose actual or potential conflicts of interest referring respectively to DG MOVE for missions to Qatar and DG NEAR for ownership. What action has the Secretariat-General taken in response to these cases? How does the Secretariat-General contribute to the promotion of highest ethical standards?

Mission costs

The rules for missions costs are defined in Commission Decision C(2017) 5323 (“Guide to missions”). As a general rule, mission costs are almost always covered entirely by the EU budget. The Guide to missions provides that, under specific conditions, some or part of expenses connected with a mission, that would otherwise be paid entirely from the EU budget, may be covered by third parties (notably organisers of events that mission performers are attending). Between 2019 and 2022, only in around 1.6% of all missions undertaken by the Commission staff, there have been contributions by outside organisers. Acceptance of such contributions is mainly for diplomatic or courtesy usage.

Moreover, mission expenses may be paid by third parties to staff members only if the authorising officer by delegation (e.g. the respective Directors-General of each DG) assesses that such a payment would not raise a potential or actual conflict of interest. The assessment is done before the mission order is validated.

On 7 March 2023, the Commission strengthened - with immediate effect - the existing rules governing missions with contributions from third parties to eliminate any real, potential, or perceived conflict of interest. Since that date, the Directors-General and Heads of Service must always demonstrably consult the Head of Cabinet of the Commissioner of their policy area, when signing off on their own missions, if costs are covered partially or in full by third parties.

Moreover, since that date, third parties’ contributions to mission costs that may be accepted have been limited to EU Member States, EEA and EFTA countries, international organisations, or fora, such as the UN, G20/G7, as well as public and private universities when the mission is for academic purposes.

These modifications will support further the diligent application of the rules and help eliminate not only any actual or potential conflict of interest but also any perceived one.

This matter was addressed at the plenary session of the European Parliament on 15 March 2023, when the European Commission, represented by Commissioner McGuinness, emphasised that Members of the Commission and its staff are expected to adhere to the
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highest standards of professional ethics and integrity. They are expected to comply with their
obligations set out in the Code of Conduct and the Staff Regulations respectively.

Outside activities

At all times, the Commission staff must be accountable and meet the highest standards of
professional ethics and integrity and to comply with the ethical rules set out in the Staff
Regulations. These principles and rules equally apply to personal or financial interests,
missions, authorised travels, gifts and hospitality.

In line with the Commission Decision on outside activities (C(2018) 4048): “The mere
ownership of assets or holdings, or the management of the personal or family fortune,
whether in a private capacity or as a shareholder of a company, but not running a business”
is authorised in principle. More specifically, property ownership is allowed without a prior
declaration or approval process unless this would result in a conflict of interest as to staff
members’ duties.

The Commission does not tolerate any conflict of interest and undue influence by third
parties. It has an effective internal control system in matters of ethics management as
recognised by the Court of Auditors in its relevant 2019 report and the European
Ombudsman in her decision on the revolving doors inquiry.

21) Over the past decade, how many officials from the Commission have engaged in unpaid
travel to Qatar and other third countries? Additionally, what measures is the
Commission taking to address and rectify this unethical situation?

Please see the reply to question 20.

22) What is the procedure in place for solving controversies in the interpretation of EU
legal acts between the Commission’s Legal Service and the ECA in the context of the
audit of the EU budget?

In the EU system, each Institution has its own role and responsibility: the ECA, as external
auditor, delivers an overall opinion on the legality and regularity of revenue and expenditure,
on an annual basis (for a specific year), essentially based on extrapolation across the entire
budget of errors found in a sample of 700-800 transactions for all headings of the multiannual
financial framework (MFF).

The Commission’s approach is focused on its management role and aims at providing an
annual management assurance on multiannual programmes. To build its own assurance, the
Commission establishes its error rates following a bottom-up approach, based on hundreds
of thousands of controls done at EU and national levels, which reflects its detailed knowledge
of how individual programmes function. The Commission, Member States and other
implementing partners also perform controls before and after payments are made and make
corrections whenever necessary. This reflects the multi-annual nature of most spending programmes and is reflected in both the risk at payment and the risk at closure of the programme.

These different roles entail different methodologies which, in turn, might give different results. However, over the years, and with a few exceptions, the ECA and the Commission have calculated error intervals that have been overlapping, showing convergence in the overall conclusions despite using different methodologies.

The Commission services have very regular contacts with the ECA services on such matters, across all policy areas. Whenever issues of legal interpretation arise, the Commission encourages dialogue between the legal services of the two Institutions. To foster a common understanding, the Commission also invites the ECA in its regular meetings, conferences and workshops with all bodies in charge of managing and auditing EU funds across all management modes (paying agencies, managing and audit authorities, international organisations and other implementing partners…).

The Commission stands ready to continue working closely with the ECA to progress towards a further alignment of audit methodologies and interpretation of applicable rules, within the limit of the respective roles and mandates of each institution. The ECA is also consulted on the methodological and assurance framework developed for the 2021-27 period, for instance in relation with the use of simplified cost options and financing not linked to costs schemes, so that there is sufficient predictability for the beneficiaries on how they will be audited.

23) Does the Secretariat General assess and give recommendations for assigning studies and research to EU decentralized agencies instead of engaging external consultants, to which the Commission should pay? Did the Secretariat General make such assessments in 2022 and what have been its recommendations?

The European Court of Auditors (ECA) published its report on the Commission’s use of external consultancy services in June 2022. In its report, the ECA found that all ten selected audited Commission’s services followed the existing rules and procedures and ensured that the consultants delivered the required services at an appropriate level of quality. The ECA has positively assessed good practices established by the better regulation guidance for planning and justifying the use of external consultancy services for studies and evaluations.

Beyond that, the ECA identified potential risks in the Commission’s use of consultancy services, notably that of concentration, overdependence, and conflict of interests. While the ECA has not found that such risks have materialized or have not been detected and mitigated by the Commission, the Commission agrees with the ECA’s assessment that any risks related to the use of external consultancy need to be well managed. The ECA also identified some shortcomings in the Commission’s framework for the management of external consultants, for example related to the guidance provided to the services. While the Commission considers that the existing framework is fit for purpose and there is no need for a fundamental reform, it will work to further strengthen it. The Commission has accepted all the ECA recommendations. The central services (Secretariat-General, DG HR and DG BUDG) established an action plan that was endorsed by the Corporate Management Board on 30 November 2022, and which entails several actions to be implemented by the end of 2023.
The implementation of these ECA recommendations is ongoing. It entails both ad-hoc actions and new recurring activities. Ad-hoc actions concern the update and further improvement of the corporate guidance for the authoring officers by delegation on the decision-taking to procure external services. This guidance includes the notion that services should explore internal options for studies and research before outsourcing to external consultants.

When it comes to decentralised agencies, they can in certain instances provide input and data to the Commission if this is part of their mandate. The Commission’s Better Regulation Guidelines and Toolbox underline this possibility, notably as regards inviting decentralised agencies to contribute to the impact assessment of new legislative proposals.

24) The Annual Activity Report of the SG, states that in 2022 the SG was strongly burdened in terms of staffing, particularly because of new tasks arising from the Russian war of aggression against Ukraine. Could you elaborate more on what these new tasks were? In the context of a stable staffing policy, how did the SG manage to fulfil other ongoing tasks adequately? To what extent was there a prioritisation of tasks?

In this difficult geopolitical context, the Secretariat-General dealt with additional tasks linked among others to 11 packages of sanctions, the strengthening of our defence capabilities, work on frozen assets, solidarity lanes, candidate status for Ukraine, temporary protection of Ukrainian citizens in the EU, and budgetary and financial support. All those domains of action required additional preparatory work, briefings, meetings, coordination and steering from the Secretariat-General. It is important to stress that the Commission adopted 271 initiatives related to the Russian war of aggression against Ukraine, with major input and coordination from the central services, in particular the Secretary-General.

The Secretariat-General’s HR policy ensured the best use of its available resources to attain all its political objectives. Working under the constraint of stable staffing, it continued to ensure swift recruitments and maintained a very low vacancy rate in 2022. As there are also other important political initiatives ongoing, the Secretariat-General is using its resources in the best possible way thanks to its management team and outstanding commitment of its staff.

25) What are the key measures implemented by your institution in 2022 to improve its internal management and administration, as well as the staff members wellbeing?

In April 2022, the Commission adopted a new HR strategy following an extensive consultation involving staff at all levels. This strategy was called for in the political mandate from President von der Leyen to Commissioner Hahn and aims to modernise the Commission and address emerging needs such as digital transformation, changing staff expectations after COVID-19 and the climate crisis. Key elements include:

- Embracing digitalisation and user-friendly digital solutions to improve and increase flexibility in our daily operations; enhance the quality and efficiency of work processes and enable us to better serve stakeholders.
- Embracing flexibility within roles and functions to ensure skills are in the right place to respond to new challenges and seize opportunities.
- Putting people first in the development of all HR policies including prioritising staff wellbeing and fostering a diverse, inclusive, and respectful and workplace.

In the context of the ‘New ways of working approach’, a key concept in the HR strategy, a main deliverable in 2022 has been the Commission Decision on working time and hybrid working. It enables the Commission to become the modern, digital, flexible, and attractive working environment needed by the EU and its citizens. This Decision is also in line with the ongoing gradual move to flexible workspaces (or dynamic collaborative space), by which all Commission staff members are expected to be housed in flexible workspaces by 2030.

Another key component of the HR strategy is the Be Well at Work 2022-2025 Action Plan. It contributes to enhancing the Commission’s attractiveness through an inclusive, collaborative, and flexible working environment and promoting staff well-being and satisfaction. Recognising the impact of the COVID-19 pandemic and hybrid ways of working on our work and lives, the Be Well programme focuses on three pillars (with over 22 new initiatives):

Be Well Physically - helps staff take care of their health, by raising awareness of healthy lifestyles, promoting illness prevention, and supporting return to work after a long absence due to illness. It provides access to physical activities and provides ergonomic equipment and advice.

Be Well Mentally - promotes the importance of feeling positive at work, both on a personal and professional level within a healthy organisational culture as well as the services available to staff who may need support. The Commission proposes a set of arrangements that work for the staff while respecting the interests of the service to address the work-life balance challenges.

Be Well at the Workplace - promotes a modern, inclusive, collaborative, and efficient public administration that keeps well-being and green principles in mind. It also promotes integration into the workplace and in society.

26) The "Strengthening the Commission's Better Regulation policy" section of your annual report mentions a number of tools and initiatives to improve the Commission's administrative efficiency. Have the budgetary savings or efficiency gains from these measures been measured?

The ‘one in, one out’ approach has been fully and successfully implemented as of January 2022, following a pilot project carried out in the second half of 2021. The Commission applies the ‘one in, one out’ approach to its most significant proposals: all Commission work programme initiatives with impact assessment and other initiatives with significant costs or savings.

The aim of this approach is to offset new legislative burden on businesses and citizens by reducing existing burdens in the same policy area. Its results are quantified and shown in the Annual Burden Survey. The key messages are:
Despite the very ambitious policy agenda, the Commission adopted policy proposals that are expected to lighten the overall administrative burden by EUR 7.3 billion. The Commission therefore met its overall ‘one in, one out’ offsetting target in 2022 by a large margin, removing significantly more administrative costs than those it added.

Offsetting administrative burdens in the same policy area was achieved across all headline priority areas except one – headline ambition 1: ‘A European Green Deal’. Most savings come under headline ambition 2 (‘A Europe fit for digital age’) and headline ambition 3 (‘An economy that works for people’). Most new administrative costs come under headline ambition 1 (‘A European Green Deal’) and headline ambition 2 (‘A Europe fit for digital age’). These results correspond to the general expectation of stakeholders.

As already indicated in the ‘one in, one out’ approach pilot phase in 2021, the overall balance of costs and cost savings may largely depend on several major cost-relevant initiatives. This was the case in 2022 as well – of all the initiatives expected to add new administrative costs for businesses, only four account for nearly 95% of the total new administrative costs; for the initiatives expected to remove net administrative costs, the top two initiatives account for nearly 90% of savings.

The ‘one in, one out’ approach is also working for citizens, with adopted initiatives bringing EUR 359 million of administrative cost savings, which represents 5% of the total net amount of EUR 7.3 billion.

In addition to the ‘one in, one out’ approach, the Commission has also committed to rationalise reporting requirements with a goal of reducing them by 25%.

It has started the rationalisation of reporting requirements since the adoption of the Communication on long-term strategy, with a number of significant proposals already presented. The 2024 work programme to be adopted in October will be accompanied by an additional package of proposals and planned evaluations to pursue the work.

However, this is not a one-off exercise. This work will be systematised by the end of 2023, for the coming cycles, by:

- establishing across the Commission services standardised means of mapping reporting requirements in existing legislation or administrative arrangements and in new proposals;
- identifying priority areas in cooperation with a representative set of companies, sectoral associations, and national authorities (which often serve as the interface for such reporting);
- preparation of targeted rationalisation plans by each Commission service for 2024 and thereafter.

This will ensure that the rationalisation of reporting requirements becomes a regular element of the REFIT programme, which aims to simplify legalisation and make it more efficient.

27) For the 2022 Discharge the Strategic Plan 2020–2024 of the SG is at mid-term. The Strategic Plan has an entire section on digital transformation and information management. Could you please provide an overview of the primary investment costs and operating expenses up to and including 2022 on the Decide system, the Archives Management System, the THEMIS system, and Registers? What is the state of play of
SG’s digitalisation efforts? What is the staff allocation for the different IT-systems, including the associated staff expenses, and what is the projected timeline for the digitalisation initiatives?

To further drive digital transformation, the Secretariat-General (SG) adopted its digital strategy which implements in the SG the new European Commission digital strategy adopted on 30 June 2022. The digital strategy aims to address the challenges that the SG is facing today while anticipating and preparing for those ahead:

- promoting a digital mindset and building a genuine digital culture;
- managing, in a future-oriented fashion, a dynamic portfolio of 28 information systems serving the entire European Commission;
- modernising and securing the SG’s portfolio of digital solutions (cloud adoption, open source development, testing innovative technologies, addressing technology obsolescence, dual-pillar approach implementation, cyber-security/resilience, protection of personal data, etc.);
- mobilising the human, technical and financial resources required.

The Secretariat-General’s digital strategy encompasses all digital transformation-related activities and pursues three objectives:

- boosting business transformation;
- ensuring cyber-security and resilience;
- promoting a genuine digital culture.

As part of digital transformation, the Secretariat-General is modernising and rationalising its collaboration tool set and will have completed its migration to a more modern and interactive platform by the first quarter of 2024.

Most importantly, the Secretariat-General takes cybersecurity very seriously. All SG staff are being transferred in 2023 to the secure and robust “Welcome” digital environment. A review of the security posture of each information system is carried out every two years to assess the risks and define the required mitigation measures. The implementation of the identified mitigating measures constitutes an integral part of the Secretariat-General’s project management. To minimise security risks upstream, the Secretariat-General has adopted tools to automatically scan the software code of its systems for potential vulnerabilities.

The Secretariat-General has put in place a comprehensive training and coaching programme as part of its digital strategy. The training programme not only enhances the digital skills of staff, but also helps colleagues to simplify administrative and coordination processes through digital means. The programme serves all SG related entities as well as the Cabinets, a responsibility which will become particularly critical in 2024, when the new Cabinet members will require coaching and training on digital skills and security matters.

The investment costs and operating expenses between 2020 and 2022 for the IT systems listed below are the following:

Committee on Budgetary Control


Workforce and staff expenditure in 2022 are the following:

- Decide: 5,6 ADs, 4,4 ASTs, 1 CA FG III, 1 CA FG IV – staff expenditure: EUR 1 812 180.
- Archives Management System: 0,25 ADs, 1 CA FG IV – staff expenditure: EUR 160 050.
- Themis: 2 ADs, 1 END and 5 ASTs – staff expenditure: EUR 1 095 300.
- Registers (Register of Delegated and Implementing Acts, Register of Expert Groups, Register of Comitology & Register of Commission Documents): 0,4 ADs, 2,05 ASTs, 0,25 CA FG IV – staff expenditure: EUR 358 875.

28) Too much bureaucracy can lead to gold plating. If an application and implementation process is too bureaucratic, this can also hamper SMEs and implementers of smaller projects from applying for or implementing funds. What are concrete steps the SG is taking to reduce bureaucracy in the Commission?

The Commission is responsible for its proposals and provides thorough evidence on their rationale and expected impacts. Additional requirements imposed by Member States are part of their prerogatives, including to ensure that impacts remain proportionate. However, better regulation is a shared endeavour and all EU Institutions and Member States need to cooperate to achieve the common goal of evidence-based and efficient legislation.

For its part, the Commission has further strengthened the SME-test and applies it systematically and proportionately in every impact assessment. This ensures that impact assessments consider the impacts on SMEs and minimise the burden imposed on them. Since January 2022, the so-called SME filter is performed in cooperation with the SME Envoy Network to help us to identify initiatives that are relevant for SMEs.

The Commission has committed to rationalise reporting requirements with the goal to reduce such burdens by 25%, without undermining the related policy objectives. This demonstrates the political focus to ensure a growth enhancing regulatory framework. The SME relief package provides indications of proposals already adopted as of March and further measures that will come with the Commission work programme. It also indicates how this long-term effort will be further developed.

In this context and as announced in the long-term competitiveness strategy, the Commission will also complement these tools by developing a methodology to better assess the cumulative impacts of different policy measures at the EU level.
As regards reducing bureaucracy in the Commission – the bureaucracy that may impede SMEs’ access to EU funding – the Commission is applying its rolling programme of regulatory fitness and performance (REFIT). REFIT aims at looking for opportunities to simplify legislation and reduce the associated administrative burdens every time legislation is evaluated and revised. Evaluations look in particular at potential for simplification and even more in this context will have a strong burden reduction angle. Moreover, the Commission is looking to improve its internal efficiency when implementing financial programmes and more specifically looking for opportunities to make the access to EU funding by SMEs and micro enterprises less burdensome while preserving the financial interests of the EU.

The Commission is working to maximise the potential offered by the new rules, for example by rolling out a ‘corporate approach’ to the electronic management of EU programmes with a Model Grant Agreement implemented exclusively through online tools, and the corresponding common legal and guidance documents to facilitate the participation of beneficiaries in multiple programmes and reducing administrative burden by harmonising rules previously diverging between programmes.

The Commission continues working on building the corporate eProcurement to fully digitalise its procurement procedures and contract management. This will help simplifying all procedures, particularly for very high value contracts signed jointly by several DGs or institutions. In line with the European Interoperability Framework, the corporate eProcurement solution will ensure interoperability with the Member States’ national systems, resulting in major simplification for the economic operators submitting tenders and performing contracts.

The current Financial Regulation has already achieved a major simplification of grant management reducing the administrative burden for the beneficiaries of Union funding. This included measures such as more focus on results rather than reimbursing the costs incurred by the beneficiaries and simplification of the content of grant applications by allowing the re-use of already existing information on applicants and the reporting by the beneficiaries.

Additional simplification measures in the proposal for the revision of the Financial Regulation adopted on 16 May 2022 (COM(2022)223) include streamlining simplified cost options, simpler calculation with regard to the no-profit principle, easier financial support to third parties in crises and more flexible rules for experts, while ensuring protection of the EU’s financial interests.

29) In 2021, this Commission adopted the ‘one in, one out’ policy approach.

    a) Considering that the approach was fully rolled out in 2022 and the annual burden survey has already been published, how would you assess the efficiency of this measure? The annual burden survey mentions in its recommendations that further improvements are needed, although these are not present in the activity report. Could you provide more details on what needs to be improved?

    b) Why isn't there any consideration on the approach's impact on the policy area: "A stronger Europe in the World"?
c) Is there the intention to conduct an independent study on the burden relief per economic sector?

A) The full implementation of the ‘one in, one out’ approach in 2022 was a success: the Commission adopted policy proposals that are expected to lighten the overall administrative burden by EUR 7.3 billion. Offsetting administrative burdens in the same policy area was achieved across all headline priority areas except one – headline ambition 1. This shows that an ambitious agenda can be achieved while actively reducing administrative costs. The implementation of the approach has resulted in more attention to costs and savings, improved quantification, and enhanced efforts to reduce burdens. The Commission will continue to focus on quantifying costs and savings and ensure that costs are minimised while additional costs savings measures are introduced. Moreover, the Commission has adjusted its template for impact assessments to make it easier to trace costs in scope of the approach with the analytical work underpinning the estimates.

B) The ‘one in, one out’ approach applies to all headline ambitions. Last year there were no measures falling under the approach in headline ambition ‘A stronger Europe in the word’. This is because proposals adopted by the Commission in this headline ambition did not introduce relevant costs or savings.

C) The Commission will take stock of the approach and how it has performed, when sufficient experience is gained. Moreover, as part of the exercise to rationalise reporting requirements, the Commission will pursue a bottom-up approach to identify priority areas, consulting stakeholders to better understand the burdens resulting from such requirements. This is the best way (and not through external studies) to ensure that affected businesses have the possibility to highlight the most pressing issues they face.

30) Lastly, will the Commission introduce yearly targets in the future to reduce legislative burden on individuals and businesses?

The Commission has already introduced a target via the ‘one-in, one-out’ approach, according to which all compliance costs are transparently presented in impact assessments. Adjustment costs are compensated to the greatest extent, while administrative costs are offset. The approach is normally implemented on a yearly basis. While there is flexibility within the reporting period – if an ‘out’ cannot be identified in the same year’s work programme, it will be reported in the next year, so far such flexibility has not been used.

The Commission also decided to give a new push to its simplification efforts and to reduce the burden of reporting requirements stemming from EU law by 25%. First proposals have already been adopted and additional ones will be delivered with the Commission work programme, while the work will continue toward reaching that goal, as presented in the SME relief package. This work will be systematised for the coming cycles by the end of 2023.