Brussels, 21 November 2023

Detailed replies to the specific requests made by the Council complementing the report from the Commission on the follow-up to the discharge for the 2021 financial year, COM(2023)384.
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INTRODUCTION

This document complements the Report from the Commission to the European Parliament and the Council on the follow-up to the discharge for the financial year 2021 (COM(2023)384), which formed part of the Integrated Financial and Accountability Reporting 2022. It presents in detail the answers to 54 specific requests made by the Council in the comments accompanying its recommendation on the discharge for the financial year 2021.
1. (Nr 2 - 2021/COU/0233) The Council takes note that for the financial year 2021, just as for the previous two years, the Court has drafted a report that covers the performance of spending programmes under the EU budget. This report is a distinct document, separated from the report concerning the reliability of the EU consolidated accounts and the regularity of transactions, which, for the first time, includes expenditure related to the Recovery and Resilience Facility (RRF). In this year's performance report, the Court has analysed the mainstreaming of five horizontal policy priorities into the EU budget. The Council calls on both the Court and the Commission to continue the assessment of the performance of the EU budget, which is a measure of the true value delivered to EU citizens.

Commission's response:

The European Commission is fully committed to ensuring that the EU budget is as effective as possible in achieving its key objectives, and delivers value for all EU citizens, as stated in the Communication on the Performance Framework for the EU budget under the 2021-2027 MFF.

The Commission has invested heavily in its performance reporting. This reflects the importance the Commission attaches to presenting coherent and user-friendly information about performance to the budgetary and discharge authorities, as well as to all other interested stakeholders, as part of the culture of transparency and accountability that the Commission has built around the EU budget. The Commission’s reports on the EU budget bring together and assess both qualitative information and quantitative data on the amounts spent and results achieved.

In this context the Commission has reported and will continue to report on the performance of the EU budget in the context of the draft budget and discharge procedures, as required by the relevant regulations.

2. (Nr 2 - 2021/COU/0234) The Council calls on the Commission to continue the assessment of the performance of the EU budget and specifically to increase the focus on result-based performance indicators that can be directly linked to EU actions.

Commission's response:

The Commission is committed to assessing the performance of the EU budget, including by relying on a balanced set of performance indicators. The Commission considers that the appropriate balance between the various types of performance indicators is programme-specific.

The distribution of indicators across all EU spending programmes for the 2021-2027 MFF is approximately as follows:

- Output and input indicators: 44%;
- Result indicators: 43%;
- Impact indicators: 12%.
These figures show the high share of result indicators, which are the indicators providing more relevant information on the achievements of EU spending programmes.
3. (Nr 1.2 - 2021/COU/0235) The Council calls on the Commission to identify and simplify unnecessarily complex rules and procedures, without lowering standards and requirements needed for accountability.

**Commission's response:**

The Commission is constantly working on simplifying rules and procedures both for new and existing EU programmes and legislation. The Commission's Regulatory Fitness and Performance Programme (REFIT) aims to keep the existing stock of EU legislation fit for purpose. It is an integral part of better regulation. All proposed revisions of existing legislation should assess the potential to simplify and reduce the costs of meeting existing policy objectives.

The new proposal for the revision of the Financial Regulation adopted on 16 May 2022 (COM(2022)223) includes further simplification measures for the beneficiaries, such as 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.

The Commission also proposed significant simplification measures for the 2021-2027 Common Provision Regulation and Fund Regulations for its most significant spending programmes. A significant number of them (71 out of 80 proposed) were adopted by the co-legislator and incorporated in the handbook of key administrative simplifications.

Important examples of these measures are the roll out and increased use of simplified cost options and 'financing not linked to costs'. The latter is a form of Union contribution which may be based, inter alia, on the achievement of results measured by reference to previously set milestones or through performance indicators. We continue to work together with Member States to identify simplification opportunities, increase administrative capacities and promote e-solutions (for example: e-cohesion).

The Commission provides continuously adapted guidance, orientation and assistance to applicants and beneficiaries in direct and indirect management, and to managing authorities in shared management, in order to ensure a simple but effective management of funding while always taking into account the protection of the Union’s financial interests.
4. (Nr 4.3 - 2021/COU/0236) The Council regrets that despite the administrative simplification of H2020 and reported improvements in the programme design and in the Commission’s control strategy, research spending is still affected by material error. The Council consequently urges the Commission to continue its efforts to reach an error rate below the materiality threshold.

Commission's response:

The Commission has continued to take the following actions:

As regards targeted communication: the Commission has further reinforced its communication campaigns focusing, amongst others, on the calculation of personnel costs in Horizon 2020 as well as Horizon Europe grants. In addition, written guidance documents provide detailed information to beneficiaries on the calculation methodology of all types of costs, including personnel costs.

As regards personnel costs wizard: the Commission has developed and put at the disposal of beneficiaries a personnel costs wizard, which is embedded in the online reporting tool. Beneficiaries only have to encode a set of basic data (e.g. salaries, hours worked on the action, options chosen) and the wizard automatically calculates the eligible personnel costs. Apart from ensuring the correctness of the mathematical calculations, the wizard also prevents beneficiaries from choosing ineligible calculation options. The wizard is optional and the Commission will continue to promote it.

As regards simplification more in general: major simplifications were already introduced in Horizon 2020, as recognized by the Court, and this simplification effort has been pursued in Horizon Europe. It includes an extended use of simplified cost forms, such as lump sum project funding and unit costs. These simplified forms of financing significantly diminish the administrative burden for beneficiaries and they are expected to result into a reduced error rate. Acknowledging the fact that personnel costs have remained the main source of errors, the Commission has established a corporate Model Grant Agreement that foresees a very simple method for charging personnel costs, based on a daily rate calculation. This is replacing the more error-prone methods used in Horizon 2020.

5. (Nr 4.4 - 2021/COU/0237) The Council recognises that some corrective measures applied by the Commission reduced the estimated level of error by 0.2 percentage points. The Council reiterates its appeal to the Commission to continue its efforts to address the causes of error, with a particular focus on the programmes subject to persistently high error levels, and to strengthen its efforts to fully implement the measures already taken in this respect.

Commission's response:

Major simplifications were already introduced in Horizon 2020, as recognized by the Court, and this simplification effort has been pursued in Horizon Europe. It
includes an extended use of simplified forms of funding, such as lump sum project funding and unit costs, which are expected to result into a reduced error rate.

The Commission has also further reinforced its information campaign throughout 2021 and 2022, targeting error-prone beneficiaries such as SMEs and newcomers and paying special attention to the most recurrent errors found in the ex-post audits. Moreover, the Commission has provided specific guidance to auditors, both internal and external, as well as to beneficiaries, in the form of training, communication campaigns, written guidelines, etc.

One of these guidances, the Annotated Grant Agreement, aims at helping users finding answers to the practical questions they may come across when setting-up or implementing their projects, including on costs eligibility.

The Research Enquiry Service is a dedicated helpdesk providing clarifications and explanations on EU Research programs (including Horizon 2020 and Horizon Europe).

The Commission is also focusing on the necessary circular feedback mechanism between the two arms of control (ex-ante and ex-post). Lessons learnt from ex post controls (e.g. major sources of errors and irregularities detected during ex post audits) will be continuously fed back to the ex-ante controls ensuring continuous improvement in the effectiveness and efficiency of the control strategy overall.

The Commission’s Horizon Europe ex-post audit strategy is based on the experience gained during the implementation of the audit strategy for H2020 and on the observations issued by the European Court of Auditors.

6. (Nr 405 - 2021/COU/0238) The Council supports the Court’s recommendations on H2020 and Horizon Europe and renews its request to the Commission to enhance its information campaign and communication efforts in order to provide beneficiaries with proper guidance on complex issues.

Commission’s response:

On a continuous basis, the Commission is providing specific guidance on eligibility rules in research funding to beneficiaries, national contact points and auditors (both internal and external), in the form of training, communication campaigns, written guidelines, etc.

For H2020, the Commission has further reinforced its information campaign throughout 2021 and 2022, targeting error-prone beneficiaries such as SMEs and newcomers. Approximately every other month, webinars have been organized, with a special focus on the most recurrent errors found in the ex-post audits. All training sessions are recorded and available on YouTube.

For Horizon Europe, outreach and communication events have been taking place since the beginning of the Horizon Europe programme, focusing on the key differences between H2020 and Horizon Europe, particularly those regarding cost eligibility aspects. Five coordinators’ days (three focusing on Grant Agreement Preparation and two focusing on Grant Management) have already been
organised, reaching more than 200,000 views and these outreach events will continue during the whole Horizon Europe programme.

The Research Enquiry Service is a dedicated helpdesk providing clarifications and explanations on EU Research programs (including H2020 and Horizon Europe).
The Council welcomes the simplification in cohesion programmes, particularly for the 2021-2027 programming period, and the increased use of simplified cost options in view of a reduced error rate. However, the Council recognises that the main sources of error are still ineligible costs and projects and urges the Commission, the co-legislators and the Member States to continue their efforts to simplify the legislation governing EU funds, including at national level, and to put more emphasis on the selection and funding of clearly eligible projects and costs. Simplification, however, should not come at the expense of robust rules and control.

Commission's response:

To enhance simplification in the implementation of the European Regional Development Fund (ERDF)/Cohesion Fund (CF) (and Just Transition Fund) programmes, DG REGIO works closely with Member States to integrate and implement the simplification possibilities introduced by the 2021-27 regulations and make the simplification a success on the ground, especially for beneficiaries.

DG REGIO setup since 2018 a Transnational Network (TN) for Simplification composed of representatives of managing and audit authorities from all 27 Member States. The network meets three times per year and acts as a platform for regular exchanges of experience and practices around simplification, including Simplified Cost Options (SCOs) and Financing Not Linked to Costs (FNLC).

Within this framework, DG REGIO has closely worked with Member States on specific topics related to the simplification of cohesion policy, i.e. selection of operations, management verifications, gold-plating, digitalisation of processes and procedures, collaboration between managing authorities and beneficiaries. More particularly, the TN work allowed to identify and report 16 cases of better administrative practices with regard to the selection of operations and to map good practices with regard to the digitalisation of processes, risk-based management verifications and cooperation between authorities and beneficiaries. Network’s members gave substantial feedback on the Joint Audit Directorate of DG REGIO and DG EMPL (DAC-REGIO-EMPL) reflection paper on the use of risk-based management verifications and decided to setup a dedicated working group in view of supporting Member States in the implementation of risk-based management verifications in their 2021-2027 programmes.

This work should bear fruit in clearer and simpler procedures for cohesion policy’s authorities and beneficiaries. In 2022, DG REGIO screened 114 draft programmes for simplification measures, of which almost 50% have been amended to introduce measures to further simplify their implementation in 2021-2027. Simplification and gold-plating should be included on the agenda of monitoring committees of programmes on a regular basis. The monitoring committees’ members are advised to examine - at least once a year - gold-plating, inefficient practices and unnecessary rules that are causing administrative cost and burden for the programmes’ beneficiaries and authorities.

One of the most important measures to reduce administrative costs and burden is the use simplified cost options (SCOs) and Financing Not Linked to Costs
(FNLC), effective in reducing the error rate, facilitating access of small beneficiaries to the European Structural and Investment Funds thanks to the simplification of the management process and allowing organizations to focus more on the achievement of the objectives while maintaining a high level of assurance of legality and regularity. DG REGIO put significant effort in providing support to Member States in setting-up their SCO/FNLC methodologies in order to enhance their uptake of those simplification tools.

As a result, by end 2022, 110 SCO schemes were adopted as part of programmes of 10 Member States and Interreg with a total estimated amount of EUR 4.5 billion (EU and national contribution). In addition, 4 FNLC schemes were adopted as part of the programmes of 4 Member States for a total estimated amount of EUR 1.2 billion (EU and national contribution). Further methodologies are prepared by Member States as part of the future amendments to their programmes: 35 SCO schemes and 3 FNLC schemes (update June 2023).

The most updated mapping of “lower-level” SCOs (i.e. managing authority-beneficiary level) shows that 615 methodologies have been identified for 2021-27 by 22 Member States & Interreg: as a comparison, in 2014-2020, the total number of SCO practices mapped in 27 Member States was 636. But, most importantly: (1) the current trend is clearly to design and implement methodologies that are performance/results-oriented (greater use of unit costs and output-based indicators) and (2) the Member States are willing to simplify implementation for beneficiaries as well (in many cases, the same SCO methodology is applied at both the Commission–Member State level and managing authority-beneficiary level). DG REGIO is also working in close cooperation with Member States to setup SCOs and FNLC at EU level by delegated acts in a number of areas of intervention as these instruments will considerably reduce the administrative burden for beneficiaries as well as in selection procedures, and will exclude risks of error in calculation methodologies.

Another simplification in the 2021-2027 is the carry-over of well-functioning management and control systems, thus ensuring a seamless transition between programming periods (with authorities and well-established procedures already in place). In the case where systems needed to be adjusted, audit authorities are required to carry out preventive system audits within 21 months of adoption of the programme, to confirm the effective set-up and functioning of the new system. DG REGIO has also planned in its audit strategy to carry out a number of early preventive system audits, to obtain direct re-assurance, in full coordination with audit authorities.

The simplification agenda is also very much linked to the one related to administrative capacity building: deploying e-cohesion or simplified costs or any new procedure requires the relevant expertise and capacities in managing authorities. The initiatives and support of the Commission to the Member States in this area also contribute to boost simplification.

Regarding the selection procedure, the CPR 2021-27 includes a clear obligation for Member States to ensure that selected operations comply with the programmes and fall within the scope of the Fund concerned and are attributed to a type of intervention etc. (article 73).
As a preventive measure, the Commission verifies the methodology and criteria used for the selection of operations according to the risk assessment (e.g., in terms of allocation dedicated to given investments, their importance, previous audit issues in the area etc.). In line with article 40 CPR, selection criteria should be shared with the Commission at its request at least 15 working days prior to their submission to the monitoring committee. The Commission also ensures that the selection criteria applied by Member States are clear, robust and not too numerous, with a view to avoiding later verification and control costs for the managing authorities and application and reporting burden for beneficiaries.

The Commission will be launching in 2023 an assessment of the management costs of the policy, in order to further simplify the management and control system and obligations for the future legislative framework.

8. (Nr 5 - 2021/COU/0240) The Council regrets the procurement weaknesses which the Court identified in connection with the Emergency Support Instrument and supports the Court’s recommendation that the Commission verifies that COVID-19 vaccine manufacturers comply with the terms of advance purchase agreements and take corrective action as necessary.

**Commission's response:**

In all Advance Purchase Agreements, the Commission has the right to carry out on-the-spot checks and inspections until five years after the final payment.

While the Commission is committed to ensure compliance by COVID-19 manufacturers with the terms of Advance Purchase Agreements, it intends to carry out verifications based on a risk assessment.

The risk assessment will take into account whether the manufacturer obtained a conditional marketing authorisation for its COVID-19 vaccine and was able to deliver it to the Member States as well as whether Union budget was used for the upfront financing.
9. **(Nr 7.3 - 2021/COU/0241)** The Council invites the Commission to provide further guidance both to the beneficiaries of Union action and emergency assistance, and to the Member States’ authorities responsible for implementing funding under these two headings, on adhering to applicable rules (e.g. collection of supporting documentation, public procurement).

**Commission's response:**

The Commission is constantly providing guidance and support in relation to procurement rules and audit trail to both the beneficiaries of Union action and emergency assistance, and to the Member States’ authorities. The Commission will continue to provide this guidance and support as these eligibility issues are usually being covered during kick-off, monitoring and other meetings organised with them.
The Council emphasises the importance of having maximum transparency and measurability of the spending in the heading and, in that respect, welcomes and supports the three recommendations of the Court regarding the need to deduct any commitments or advance payments claimed as incurred costs before carrying out payments or clearings, strengthen controls when drafting financing agreements for budget support operations, and disclose the type and value of contracts excluded from the population of the residual error rate study. The Council also calls on the Commission to continue to provide guidance, where necessary, on the definition of costs incurred.

**Commission's response:**

The recommendation was accepted and implemented by the Commission. A reminder of existing instructions for clearing was issued and shared with the authorising officers, in order to raise their awareness on this matter and remind them that, at the time of the clearing, they should have reasonable assurance that the cost reported are incurred by the beneficiary and accepted by the international organisation. The Commission will strengthen controls by reviewing the relevant checklist for financing agreements for budget supporting operations.
The Council welcomes the fact that the administrative and related expenditure of the EU institutions remained, as in previous years, free from material error. The Council notes with satisfaction that the annual activity reports reviewed by the Court also did not identify material levels of error. In addition, the Council invites the Commission to provide a performance assessment for the administrative expenditure.

Commission's response:

The administrative expenditure pays for the functioning of the entire Commission. Whereas the Commission has been undertaking an increasing number of tasks with broadly stable staffing, it is not possible to assess the performance of administrative expenditure based on performance indicators.

This complexity arises from the diverse range of tasks the Commission undertakes, including both budgetary and non-budgetary interventions such as regulatory proposals. It is for these reasons that the Commission does not cover Heading 7 of the MFF in its annual management and performance report.

The Commission reports in detail on the activities performed by each Directorate-General (DG) in the Annual Activity Reports (AARs).

This Commission will continue to provide such information, which is available to Council and European Parliament, and audited by the European Court of Auditors.
12. **(Nr 10.2 - 2021/COU/0244)** The Council notes that the Court assessed one milestone as not satisfactorily fulfilled but that for the overall assessment this has no impact for a clean opinion. In this regard, the Council invites the Commission to further clarify the methodology it uses in assessing the achievement of milestones and targets. Moreover, the Council is concerned that currently the Commission does not have a method for quantifying the impact of non-achievement of a milestone or target and calls for a swift adoption of such a method, in order to ensure the application of the assessment criteria in a consistent manner and to guarantee equal treatment in the forthcoming assessments.

**Commission's response:**

On 21 February 2023, the Commission adopted a Communication COM(2023)99 whose Annex I entitled “Framework for assessing milestones and targets under the RRF Regulation” clarifies the Commission's framework for assessing milestones and targets. The Commission has also updated the format of its preliminary assessment, as is evident from the assessments published in early 2023.

Annex II of the same Communication, entitled "Commission methodology for the determination of payment suspension under the Recovery and Resilience Facility Regulation", explains the Commission's methodology to quantify the impact of non-achievement of a milestone or target - i.e., the amount to be suspended - in full respect of the principles of equal treatment and proportionality.
PERFORMANCE OF THE EU BUDGET

13. (Nr 3 - 2021/COU/0245) The Council regrets the Court’s finding about the existence of weaknesses in the reported figures for climate-relevant measures and their tracking, leading to overly positive conclusions, and that the Commission overestimated the climate contribution of agricultural funding. The climate-tracking methodology is based mainly on ex-ante estimates by assigning “EU climate coefficients” to budget commitments, and the Council urges the Commission to also provide information on actual climate expenditure in the programme statements or in the Annual Management and Performance Report (AMPR).

Commission's response:

The EU climate tracking methodology aims at quantifying the contribution of the EU budget to tackling climate change, taking into account the methodological constraints stemming from the different modalities in which the budget is implemented and the delay with which information on the actual expenditure and its effects becomes available.

From this perspective, whereas initially the quantification relies on the attribution of climate coefficients to commitments that might well be rather general, it is over time updated based on the latest information that becomes available to the Commission in terms of the actual use of the budgetary resources (or their non-use, i.e. their decommitments, as the case may be).

This methodology is applied consistently across the AMPR and in the Programme Performance Statements (which have replaced the Programme Statements as of the reporting cycle on FY2022).

The Commission will continue to update its quantification of the climate content of the EU budget as warranted by the latest available information.

14. (Nr 5 - 2021/COU/0246) The Council notes the existing overlaps between climate and biodiversity goals and invites the Commission to consider this when calculating the contribution made by annual spending under the MFF to biodiversity objectives. The Council also notes the Court’s finding about the existence of weaknesses in the reported figures for biodiversity-relevant measures and their tracking.

Commission's response:

The Commission has presented a complete biodiversity tracking methodology for the EU budget in the context of the 2022 AMPR, including a new methodology for the CAP. The methodology caters for the specificity of the programme and applies a conservative approach to the enhanced green architecture.

The Commission readily acknowledges that there are synergies throughout the EU budget, in the sense that a given activity can tackle more than one objective, including but not limited to the green priorities.
These synergies are a pursued feature of the EU budget, where the Commission seeks to maximize its resources to the extent possible.

(Nr 10 - 2021/COU/0247) The Council also supports the Court’s recommendation concerning the need for enhancing the reporting on horizontal policy priorities in the AMPR and the programme statements. The Council urges the Commission to improve the reliability of information reported on the horizontal priorities both for the individual programmes and for the EU budget as a whole, in particular by including the relevant information in the AMPR, also highlighting the use of expenditure covering various horizontal priorities (e.g. synergies), as well as the total relevant expenditure of the budget having a positive impact on gender equality.

Commission’s response:

The Commission has presented a detailed analysis of the budgetary contributions (both in the aggregate and for individual programmes) to such horizontal priorities as climate, biodiversity, gender equality and--for the first time--digital transition in the context of the 2022 AMPR (see in particular Annex IV). The presentation of the contributions to gender equality has been enhanced to include a quantification of the total amount of budget for each of the four scores.

As regards the synergies between different horizontal goals, these are important and the Commission will continue its efforts to emphasize them. However, a thorough identification/quantification is not possible under the existing IT systems.

The Commission will continue to work on improving the reporting on the use of expenditure that contributes to several horizontal policy priorities and the synergies between such policies. This work will be aided in the new multiannual financial framework by the future accounting system.
Bodies set up under the TFEU and the Euratom Treaty in respect of the implementation of the budget for the financial year 2021

16. (European Border and Coast Guard Agency, Annex 18, sixth paragraph - 2021/COU/0248) The Council calls on the Commission to provide further horizontal guidance to EU bodies on how to calculate contributions from non-EU countries consistently.

Commission's response:

The contributions of the Schengen Associated Countries (SAC) to the European Border and Coast Guard Agency’s budget are governed by two arrangements between the European Community and the SACs. Respectively, they are the “Arrangement between the European Community, of the one part, and the Swiss Confederation and the Principality of Liechtenstein, of the other part, on the modes of the participation by those States in the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union”, and the “Arrangement between the European Community and the Republic of Iceland and the Kingdom of Norway on the modalities of the participation by those States in the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union”.

This is a different approach compared to most other decentralised agencies where the EFTA contributions are managed centrally by the Commission. In those cases, the Commission calculates the contribution following a standardised method, consistently based on a GDP key and in line with Protocol 31 (implementing protocol of Art.82 of the EEA agreement). The agency is responsible for the calculation of the SAC contribution, in line with the provisions, outlined in the above-mentioned legal bases. They include different calculation bases as compared to the one included in Protocol 31. The Commission supports a standardisation at the time of the review of such bilateral agreements. The Commission can communicate the respective terms and conditions of Protocol 31 to the Agency on request, so they can align the renewed/new bilateral agreements with the Protocol.

17. (eu-LISA, Annex 31, fourth paragraph - 2021/COU/0249) The Council calls on the Commission as well to ensure consistency between timing of adoption of implementing acts, laying down technical specifications, and transfer of funds to the Agency, in view of enabling sound financial management by the Agency.

Commission's response:

The Commission concurs with the call for improved planning to increase the reliability of the estimated timing of the financial and human resources in the legislative financial statements (LFS) accompanying legal proposals. The Commission works closely with the concerned agencies when drawing up the LFS, both to determine the required resources and the timing thereof. The Commission highlights that an LFS is always an estimate and the timing of the adoption of
Union legal acts depends on a multitude of factors, including the duration of the legislative process involving the EU co-legislators. The Commission further notes that the financial resources included in an LFS are only made available to the agencies once the legal proposal has been adopted formally by the co-legislators. In cases where the adoption of the proposal has been delayed from the planned timing, the Commission has, where appropriate, taken up the practice of revising the financial and human resources in the LFS to reflect the new timing.
Joint Undertakings

The Council regrets the Court’s finding that the Joint Undertaking’s employer contribution share to the EU pension scheme was neither provided in the Joint Undertaking’s budget nor invoiced by the Commission, and that the different provisions of the Joint Undertaking’s Statutes and the Staff Regulations lead to differing interpretations with varying financial impact. The Council therefore welcomes the fact that the Joint Undertaking intends to resolve the matter in cooperation with the Commission’s services and calls on the Commission to further streamline guidelines in line with regulations in force.

Commission’s response:

Following discussions with the Joint Undertakings, the Commission issued guidance to the Joint Undertakings in June 2022 on the calculation of their respective employer’s contribution to the pension scheme.

The Commission’s Paymaster Office (PMO) is only able to establish a correct amount for the pension contribution at the very end of the year, once the amount of all the salaries for the full year (including December) – and consequently the joint undertakings’ employees’ contributions to the pension scheme – is known (this information is necessary for the calculation of the employer’s contribution).

Based on the guidance issued by the Commission services, PMO contacted the joint undertakings in December 2022 with their calculations of the amount to be paid, and subsequently started issuing debit notes to the joint undertakings for 2022. All the debit notes for the 2022 pension contributions were issued in December 2022, except for Fusion for Energy Joint Undertaking. For the latter, the calculation is based on the real budgetary execution and therefore it had to be based on the final 2022 accounts, which were available in the beginning of 2023. Therefore the invoice for Fusion for Energy was sent and cashed in March 2023.

Similarly the JUs will be invoiced for the 2023 employer’s pension contribution at the end of 2023 (or, in the case of Fusion for Energy, in the beginning of 2024).
19. (14 - 2021/COU/0251) The Council calls upon the European Commission, in cooperation with the Member States, in light of the recommendations in the Special Report and with special regard to the national circumstances, to step up efforts to further implement a coordinated strategy on employment, through promotion of a skilled, trained and adaptable workforce as well as policies and tools to support access to employment specifically for long-term jobseekers, in accordance with the ‘Council Recommendation on the integration of the long-term unemployed in the labour market’.

Commission's response:

The Commission recalls the need for a better targeting of long-term unemployed in the Member States and regions where long-term unemployment is still high in the context of the negotiation of programmes.

The Commission considers this recommendation as implemented. At the end of December 2022, all the ESF+ co-funded programmes were adopted.

The investment share of employment policy is 31% of the total ESF+ budget. ESF+ investments to employment are mainly allocated to specific objective (a) Access to employment and activation measures for all (68.6%). This is followed by (d) Adaptation of workers and enterprises to change (19.3%), (c) Gender balanced labour market participation (8.1%) and finally (b) modernising labour market institutions (4.0%).

In addition, for the ESF+ specific objective for “access to employment”, the enabling condition requires a strategic policy framework for active labour market policies to be in place. The criteria for its fulfilment include amongst other arrangements for profiling jobseekers and assessing their needs. The Commission will monitor this enabling condition throughout the programming period. The link between the ESF+ support to further enhance access to employment of the long-term unemployed through an individualised approach will be ensured through the fulfilment of the relevant enabling condition.

In addition, with regards to the monitoring framework that should be envisaged for obtaining a full picture of the achievements of ESF+ interventions as regards long-term unemployment-related support, the EU level indicators are limited in scope. This is the result of a careful balance between EU level information needs and data collected by the Member States in thousands of operations and beneficiaries taking into account administrative burden. The Commission will however aim to evaluate the results achieved in terms of tackling long-term unemployment within the context of the ex-post evaluation of the ESF 2014-2020 as well as in the context of the mid-term evaluation of the ESF+ for the period 2021-2027.

20. (15 - 2021/COU/0252) The Council calls upon the European Commission, in cooperation with the Member States, in light of the recommendations in the Special Report and with special regard to the national circumstances, to reinforce efforts to
monitor and evaluate, through appropriate frameworks and dedicated studies, the
effectiveness of all operations supported under the objectives of the ESF+ that relate
to promoting active inclusion, including combating long-term unemployment. Use
the data collected, disaggregated by sex, to improve measures and tools aiming to
combat long-term unemployment with a particular attention to the different
situations faced by women and men.

**Commission's response:**

*The Commission will conduct evaluations which will examine a number of target
groups, including long-term unemployed (LTU), for all thematic objectives, as all
of them play a role in the success of operations aimed at LTUs or other
disadvantaged groups.*

*Currently, the Commission carries out the ex-post evaluation of ESF and YEI for
the 2014-2020 period. The work is on-going and will be finalised by Q3/2024. The
Commission also plans to carry out the mid-term evaluation of ESF+.*

*Among others, good practices will be identified where possible. With regard to the
monitoring framework that should be envisaged for obtaining a full picture of the
achievements of ESF+ interventions concerning long-term unemployment-related
support, the EU level indicators are limited in scope. This is the result of balance
between EU level information needs and data collected by the Member States in
thousands of operations and beneficiaries taking into account administrative
burden.*
21. **(9 - 2021/COU/0253)** The Council encourages the Commission to continue its endeavour to further streamlining the audit process as started with the creation of the new Joint audit service for Cohesion. In that sense, invites the Commission to:

- Improve the audit documentation, where relevant, and ensure that all auditors follow the requirements in place;
- Continue strengthening the audit trail for establishing the audit plan, including clear links to results of risk assessment as well as to other relevant criteria;
- Facilitate readers’ understanding of this technical and complex matter.

**Commission’s response:**

The Commission considers this recommendation as implemented. Since the beginning of 2022, a risk assessment tool that features drop-down menus and an automated scoring system has been in use. This tool supports the assessment of the Audit Authorities and operational programmes. Since this year, the tool has automatically captured the results of risks based on historical data.

Additionally, as of this year, an artificial intelligence (AI) tool will be employed to compare the scoring of the machine with the score resulting from the auditors’ assessment, so as to identify any deviations.

Finally, since the establishment of the Joint Audit Directorate for Cohesion (DAC), the meetings are held every year at the directorate level to develop and establish the audit plan. To aid in this effort, each unit has been tasked with preparing notes to duly support and justify the proposed audit plan.
22. **(12, first bullet point - 2021/COU/0254)** The Council invites the Commission to:

- Conduct studies to assess the role of ERDF investments, including from REACT-EU resources, in the recovery, resilience, green and digital transformation of the tourism sector after the COVID-19 pandemic and its influence on climate change and protection of the environment.

**Commission's response:**

The adoption of REACT-EU reprogramming of 2014-2020 operational programmes and the 2021-2027 programmes offers a first insight into the type of actions supported by ERDF contributing to the recovery and the transformation of the tourism ecosystem towards more sustainable and resilient models in view of strengthening the social and territorial cohesion. By implementing the second recommendation of the ECA SPECIAL REPORT No 27 2021, the Commission has sought for a stronger alignment between Cohesion Policy support for sustainable tourism in 2021-2027 and the latest strategic orientation on the file, including the Transition Pathway for Tourism, in line with the commitments undertaken during the ECA audit. Furthermore, the Commission is closely following the implementation of the 2021-2027 cohesion policy programmes, according to the allocated competences and responsibilities under shared management mode programmes and is collecting the relevant information to have an overview of the relevant type of ERDF-supported interventions directly relevant for tourism, especially under the ERDF dedicated specific objective under Policy Objective 4.

The current recommendation from the Council goes beyond the ECA recommendations, which raises certain feasibility and suitability concerns from the perspective of the Commission.

Firstly, ERDF-supported investments (primarily focused on the socioeconomic development of all EU regions and cities and addressing social and territorial disparities), do not operate in isolation from other EU, national and regional funding support. This reality has also been reflected in the Transition Pathway for Tourism policy report, where the contributions of the different funding streams to the transformation of the tourism ecosystem is recognized in an integrated and complementary manner. While the impact of ERDF investments will be clearer late into the implementation stage of Cohesion Policy Programmes, it will always be in relation to other sources of funding available for the sector. Thus, the Commission believes that the formulation of the recommendation from the Council would not reflect the reality on the ground as it would be difficult to fully attribute the transformation of the tourism ecosystem solely to ERDF funding.

Secondly, assessment of the role of ERDF/REACT-EU in green and digital transformation of the tourism sector after the COVID-19 pandemic and its influence on climate change and protection of the environment goes well beyond the scope of the ex-post and mid-term evaluation of Cohesion Policy that the Commission is currently undertaking. Both types of evaluations are carried out with a focus on performance of Cohesion Policy funded projects/programmes.
Therefore, the possibility to examine impact on specific sectors such as the tourism sector and their potential influence on climate change and protection of the environment is not in line with the established methodological approach.

To help tourism stakeholders, in May 2021 the Commission published an online guide to facilitate access to EU funding for tourism. This guide is used by both tourism stakeholders and Member States. This online guide presents all funding programmes included in the budget, the multiannual financial framework 2021-2027 and NextGenerationEU. Its objective is to help tourism stakeholders find appropriate funding according to their needs. It contains links to the websites of the different programmes and to the calls for funding proposals. The guide also highlights concrete examples of projects funded by previous EU programmes. The guide is updated regularly and is available online in all EU languages (https://europa.eu/!DPfYW4).

Information on the latest calls for tourism is also shared via the Tourism Advisory Committee (TAC) platform and during the TAC meetings.

An excellent way for tourism stakeholders to have information on funding for tourism and share best practices will be the foreseen online platform for tourism stakeholders which the Commission intends to start running next year and which is an important action in the Transition Pathway for Tourism.

(12, second bullet point - 2021/COU/0255) The Council invites the Commission to:

- Share best practices on tourism projects, including on how to select or assess them, in the Expert Group on the Common Provisions Regulation Funds (CPR Expert Group) and, where appropriate, in the Tourism Advisory Committee.

**Commission's response:**

On 10 April 2022 at the second meeting of the CPR Expert Group, where experts of the CPR funds from all Member States are represented, the Commission presented the Transition Pathway for Tourism, the policy report outlining the new co-created strategic orientations for tourism, as well as its synergies with 2021-2027 EU Cohesion Policy scope of support. In line with the commitments undertaken in the context of Recommendation 2, the Commission invited Member States to use Cohesion Policy support for sustainable tourism in view of the Transition Pathway, to consider the 27 target actions and guiding principles for project selection criteria linked to the Transition Pathway for the Cohesion Policy programmes. The Commission stressed this invitation as a way to strengthen the foundations of a more resilient and sustainable tourism ecosystem and to ensure efficiency and sustainability in ERDF tourism-related investments following the ECA recommendations in the related Special Report.

Similar messages were conveyed to Member States’ authorities responsible for territorial cohesion, spatial planning and urban policy at the 24th meeting of the Expert Group on Territorial Cohesion and Urban Matters (EGTCUM) on 1 April 2022. REGIO and GROW organized a session on the Transition Pathway for
Tourism and Cohesion Policy Scope of Support following the same approach as in the CPR Expert Group meeting.
The Council therefore invites the Commission, and, where relevant, the EEAS, to implement the following recommendations of the Court: 1) strengthen the promotion of rule of law reforms in the enlargement process by, inter alia, establishing strategic targets per beneficiary; 2) further support and strengthen the capacity of civil society engaged in rule of law reforms and media freedom; 3) make full use of the possibility to modulate financial assistance as provided by the IPA III Regulation; and 4) strengthen result oriented project reporting and monitoring.

Commission's response:

Regarding recommendation 1, the Commission has accepted and implemented this recommendation. The Commission already sets strategic targets in fundamental areas of the rule of law and uses impact indicators for each of the individual countries. For countries that are in accession negotiations this is done through the different opening, interim and closing benchmarks for chapter 23 and 24. For countries not in negotiations, this is done in strategic documents, such as the opinion of the Commission on Bosnia and Herzegovina's application for EU membership. These targets and benchmarks are monitored by the Commission on a regular basis and reported on in its annual rule of law reports to the Council for countries in negotiations, and in its annual reports for all Western Balkans. The Commission is implementing the revised methodology (Enhancing the Accession process – A credible EU perspective for the Western Balkans), whereby all related areas to the rule of law, such the functioning of democracy and the organisation of the executive (PAR) are bundled in one cluster, and which strengthens this approach.

Regarding recommendation 2.a, the Commission and the EEAS partially accepted and implemented the recommendation. The Commission would like to point out that under IPA II it invested over EUR 250 million in CSOs and media. It will continue to support CSOs and the media within its programming framework. Due consideration will be given to funding CSOs in rule of law actions but without prior earmarking.

Moreover, under IPA II, the Commission provided over EUR 250 million to support CSOs and media. It continues doing so under IPA III:

In December 2021, the Commission adopted the “EU Civil Society Facility and Media Programme in favour of the Western Balkans and Turkey for 2021-2023”, worth EUR 218.5 million (C(2021) 9715 final). The Programme foresees a diverse and multifaceted set of sub-actions and modalities of support to CSOs and media. Due consideration is given to funding CSOs in rule of law actions but without prior earmarking. Besides project funding (action grants) and technical assistance, the Programme envisages the provision of a limited number of operating grants (core support) to selected key civil society and media partners, contributing with their action to the implementation of EU policies. CSOs in the
Western Balkans are also beneficiaries under the Thematic Programme on Human Rights and Democracy funded by the NDICI – Global Europe Instrument.

Regarding recommendation no. 2.b, the Commission and the EEAS partially accepted and implemented the recommendation.

Due consideration is given to funding CSOs in rule of law actions. The IPA III Programming framework considers the support to civil society and media as one of the priorities to improve democracy and rule of law. In particular, supporting the active role of Civil Society Organisations (CSOs) in policy and decision making, in promoting good governance, anti-corruption, gender mainstreaming, human rights protection, and their role of watchdogs is a key factor to advance in the field of rule of law in the targeted IPA Beneficiaries.

By way of example, the Commission grants financial support to projects implemented by civil society organisations active in the fight against corruption. This support currently includes projects aiming to build regional benchmarking tools for corruption.

In line with ECA recommendations, the multi-country civil society programme foresees substantive support to the development of civil society in the region (EUR 218.500.000 in the period 2021-2023).

Under the programme, a new regional call for proposals for civil society was launched in April 2022, with a specific lot on good governance, rule of law and anti-corruption:


Following broad consultation with civil society from the region, the Commission launched revised Guidelines for EU Support to Civil Society in the Enlargement Region in June 2022. These guidelines are anchored in a solid set of standards, in particular the EU Rule of law acquis (Chapter 23 “Judiciary and fundamental rights” and Chapter 24 “Justice, freedom and security”). They are furthermore aligned with recommendations, opinions and guidelines adopted by international organisations and inter-governmental fora.

Regarding the recommendation 2.d, the Commission and the EEAS fully accepted and implemented the recommendation. The Commission already monitors the contribution of CSOs to the rule of law through a dedicated SIGMA instrument.

The EU monitors whether governments include civil society in their governance processes and whether civil society is heard. For example, in its regular policy dialogue on public administration reform with the authorities (e.g. PAR Special Groups), the Commission requests data on, and monitors, the percentage of draft laws that are subject to public consultations, as required by domestic legislation. One of the indicators used in monitoring reads as follows: 3.1.a. Percentage of laws/bylaws, strategies and policy reforms effectively* consulted with CSOs * in terms of: - adequate access to information - sufficient time to comment - selection and representativeness / diversity of working groups - acknowledgement of input - degree to which input is taken into account - feedback / publication of consultation result.
In addition, the regular PAR monitoring reports assess the quality of the public consultations processes for a sample of draft laws. This analysis then feeds into the Commission’s own monitoring and policy dialogue.

Furthermore, the importance of government consultation of CSOs is underlined in the Guidelines for EU support to civil society in enlargement countries mentioned above.

25. (10 - 2021/COU/0257) The Council invites the Commission to inform the Council before the end of the year of progress made in relation to the issues raised by the Court of Auditors’ Special Report and to ensure that they are addressed systematically.

Commission’s response:

The Commission has accepted the ECA recommendations stemming from its Special Report no. 11/2022 and fully implemented all of the recommendations by 30/06/2022 with the exception of the recommendation 3 “To achieve a consistent level of protection of EU funds under indirect management, the Commission should ensure that its partners fulfil their obligation to notify the Commission when counterparties are identified as being in exclusion situations.”

Indirect management is based on reliance on the rules of the partners and on the recognition of their administrative autonomy, management declarations and related audit opinions provided by partners. The partners’ rules and procedures are pillar assessed in order to ensure that e.g. the rules of exclusion of the partner have functioned satisfactorily.

Against this background, the Commission will take an additional step by the end of 2023 to ensure that its partners fulfil their obligation to notify the Commission when counterparties are identified as being in exclusion situations by updating the management declaration models to add a specific reference to the obligation to inform the Commission of cases of detected fraud and/or irregularity in application of Article 142(2) e) FR). In addition, the awareness of partners implementing funds under indirect management could be raised to remind them of their obligations to inform.
(7, first bullet point - 2021/COU/0258) The Council takes note of the recommendations of the Court and thus invites the Commission to:

- Assess the specific impact of energy efficiency projects for enterprises when evaluating the 2014-2020 programming period.

**Commission's response:**

An ex-post evaluation of the 2014-2020 Cohesion Policy programmes financed by the ERDF and the Cohesion Fund was launched in 2022. It includes a dedicated work - Work Package 7 (WP 7) - European Green Deal - on climate and environmental objectives with 12 policy instruments analysed in specific case studies.

Energy efficiency in companies is specifically examined in the context of investments for this policy instrument to improve energy efficiency in large companies and SMEs, including their production processes.

(7, second bullet point - 2021/COU/0259) The Council takes note of the recommendations of the Court and thus invites the Commission to:

- For the 2021-2027 programming period, assess whether the choice of the funding instrument dedicated to energy efficiency is appropriate in light of the improvement to be achieved in energy efficiency, and more generally, to contribute to climate objectives in an efficient manner.

**Commission's response:**

Financial instruments (FIs) will be a key form of financing energy efficiency investments in enterprises during the 2021-2027 programming period. As of January 2023, 19 Member States plan to implement financial instruments under specific objective 2.1, for energy efficiency as roughly 20% of the amounts allocated for energy efficiency will be implemented under FIs. This percentage also involves energy efficiency investments in public buildings and energy poverty, where grants are a dominant form of support – the percentage for financial instruments supporting energy efficiency investments in enterprises is therefore even higher.

This outcome is the result of rigorous assessments by the Commission of the justification of the form of financing. In all programmes, Member States had to justify both the use of grants and financial instruments, to demonstrate that the most efficient and cost-effective form of financing is used in all cases. In numerous cases, the planned allocation for financial instruments was substantially increased during negotiations, as the initially proposed justification was not accepted by the Commission.
28. (11 - 2021/COU/0260) The Council invites the Member States and the Commission to pay attention to the recommendations of the Special Report and encourages them to consider those recommendations when elaborating their policies on the development of their 5G networks while ensuring the security of those networks by the application and further development of the 5G cybersecurity toolbox, in light of new security issues emerging from technological trends and developments in the 5G supply chain.

Commission's response:

The Commission is paying due attention to the recommendations of the Special Report and is working, together with Member States, on elaborating policies for the development of 5G networks. The Digital Policy Programme sets up a robust governance through the Digital Decade Board, a monitoring and cooperation mechanism to ensure progress towards the fulfilment of the Policy Programme objectives, including 5G deployment. In this context, the Commission is cooperating with Member States to define 5G performance measurements (Key performance Indicators) through an implementing decision. In accordance with the Digital Decade Policy Programme, yearly reporting of deployment progress and update of national roadmaps will be conducted in order to achieve the targeted full 5G coverage of populated areas by 2030.


29. (12 - 2021/COU/0261) The Council invites the Commission to work together with the Member States to recommend policies and measures in order to reach the European connectivity targets and 5G coverage of all populated areas in the Union by 2030, while taking into consideration pivotal geopolitical and economic factors - like the Russian Federation’s aggression against Ukraine - that may hinder progress towards the achievement of such targets and have significant consequences in terms of cross-border coordination of Member States with non-EU countries.

Commission's response:

The Commission is paying due attention to the recommendations of the Special Report and is working, together with Member States, on elaborating policies for the development of 5G networks. The Digital Policy Programme sets up a robust governance through the Digital Decade Board, a monitoring and cooperation mechanism to ensure progress towards the fulfilment of the Policy Programme objectives, including 5G deployment. In this context the Commission is cooperating with Member States to define 5G performance measurements (Key...
Performance Indicators - KPIs) through an implementing decision. In accordance with the Digital Decade Policy Programme, yearly reporting of deployment progress and update of national roadmaps will be conducted in order to achieve the targeted full 5G coverage of populated areas by 2030.

In terms of progress, with the adoption of the Digital Policy Programme, the Digital Decade Board was set up in 2023. The cooperation work, which is an iterative process involving the Member States at several stages, is ongoing, with Member States providing their first suggestions for future 5G KPIs.

The coordination between the Commission and Member States is mainly achieved through the mechanisms of the Digital Decade Policy Programme. The most recent development is the establishment of a sub-group of experts of the Digital Decade Committee with the objective to better specify the KPIs pertaining to the definition and measurement of the 5G target. In particular, this sub-group is tasked to advise the Commission by the end of 2023 in view of adopting a revised implementing decision addressing among other:

• A more precise definition of the technical characteristics corresponding to the deployment of a service meeting a “performance at least equivalent to that of 5G”;
• A definition of “populated areas” in the context of the 5G coverage objective;
• In relation to a first step towards the monitoring of quality of Service parameters, a definition of peak time traffic conditions for comparability at EU level.

As regards cross-border frequency coordination, the Commission organised another coordination meeting on 10 November 2022, with Estonia, Finland, Latvia, Lithuania and Poland, with a view to discussing on, and further advocating, the solution of cross-border frequency coordination issues with Russia, as well as with Belarus and Ukraine (as applicable), primarily in relation to the authorisation of the 5G pioneer bands (notably the 700 MHz and the 3.6 GHz bands), and the 5G network deployment in those Member States. That was a follow-up meeting to the one held in November 2021.

In the context of that recent meeting, there was a constructive exchange of information regarding the state of cross-border frequency coordination and relevant agreements between the participating Member States and their non-EU neighbouring countries, namely Russia, Belarus and Ukraine, taking also into account the current Russian war of aggression against Ukraine. In particular, Finland (not currently an affected country) shared their experience and recommendations on their coordination with Russia, including on the bilateral agreements they settled in the past with Russia for the use of the abovementioned frequency bands.

It is worth-mentioning that three Member States (Estonia, Latvia, Lithuania) have now stepped forward with the spectrum authorisation, having completed the auction of both the 700 MHz and the 3.6 GHz bands (Estonia also completed the auction of the 26 GHz band), and already commenced building their 5G networks in a fast-paced fashion.

The Commission will continue providing every possible assistance and guidance in supporting the affected Member States to resolve all the outstanding cross-border interference issues, especially those still hampering their seamless access to radio spectrum, notably from Russia, which is an essential factor for reaching the
ambitious EU Digital Decade connectivity targets for 2030. The Commission is planning another coordination meeting in Q4 2023.

30. (13 - 2021/COU/0262) The Council invites the Commission, with the support of ENISA, and the Member States to continue the coordinated EU-cooperation on the 5G security measures and the monitoring of the implementation of the 5G cybersecurity toolbox and to assess the need for a more homogeneous approach to the use of its elements.

Commission's response:

The Commission continues working with Member States, with the support of ENISA, on the implementation of the EU Toolbox on 5G Cybersecurity.

In the context of the preparation of the Second Progress Report on the Toolbox implementation published on 15 June 2023, Member States considered the need for complementary actions in order to ensure a consistent level of security and resilience of 5G networks. As far as potential enforceable requirements are concerned, some Member States stated that it is worthwhile considering enforceable measures, especially regarding technical aspects. Together with Member States through the NIS Cooperation Group and its relevant Work Streams (such as the Work Stream on 5G Cybersecurity; Work Stream on supply chain security; Work Stream on risk evaluation), in case of lack of action by Member States, the Commission will look at further actions to enhance the resilience of the internal market, including exploring possible legislative avenues, without prejudice to existing legislation that has already implemented restrictions in line with and/or based on the EU Toolbox and while respecting Member States’ competence for national security.

In addition, in its Communication on the Toolbox implementation of 15 June 2023 (C(2023) 4049 final: https://ec.europa.eu/commission/presscorner/detail/en/ip_23_3309), the Commission announced that, as part of its corporate cybersecurity policy, and in application of the EU Toolbox, it will take measures to avoid exposure of its corporate communications to mobile networks using Huawei and ZTE as suppliers. These measures will include not procuring new connectivity services that rely on equipment from those suppliers in application of relevant security conditions. The Commission also intends to reflect this decision, in accordance with its competences under the respective governance rules, in all relevant EU funding programmes and instruments. The Commission also announced that it may take further initiatives to support the comprehensive implementation of the EU Toolbox.
SR No 05/2022 "Cybersecurity of the EU institutions, bodies and agencies: Level of preparedness overall not commensurate with the threats"

31. (17 - 2021/COU/0263) The Council invites the Commission to take into account the recommendations of the Special Report and be ambitious when designing the cybersecurity policies of the EU institutions, bodies and agencies, and to advocate for more synergies between them.

Commission's response:

On 22 March 2022, the Commission adopted a proposal for a Regulation of the European Parliament and of the Council laying down measures for a high common level of cybersecurity at the institutions, bodies, offices and agencies of the Union, ref. COM(2022) 122 final. The text of the proposal, which is currently under interinstitutional negotiations, takes into account the recommendations of the ECA Special Report 05/2022 on the Cybersecurity of EU institutions, bodies and agencies (EUIBAs). Further synergies among EUIBAs in selected areas are being advocated in the context of the Cybersecurity Subgroup of the Interinstitutional Committee on Digital Transformation (ICDT), in line with recommendation 2 of the ECA's report.
32. **(11 - 2021/COU/0264)** The Council calls on the Commission to present the corresponding legislative proposals (on intellectual property policy and the revision of the industrial designs system in the Union) without further delay, to make design protection more accessible and attractive for creators and businesses, and especially for SMEs.

**Commission's response:**

The Commission adopted the two package proposals to revise the EU legislation on design protection (consisting of the Design Directive and Community Design Regulation) already on 28 November 2022. The proposals were discussed in the Council Working Party on Intellectual Property and the EP JURI Committee with a view to having a general approach approved by the COMPET Council in September 2023 and a first reading position adopted by the European Parliament early in November 2023. The Designs package includes provisions introducing controls of goods in transit, as is already established for trademarks, and also introduces provisions to complete the single market through the introduction of a repair clause, thus excluding repair spare parts from design protection.

33. **(12 - 2021/COU/0265)** The Council invites the Commission to use this opportunity to implement a control of goods in transit, as already established for trademarks, and to consider the protection of component parts of complex products used for repair purposes, with a view to completing the single market.

**Commission's response:**

The Commission adopted the two package proposals to revise the EU legislation on design protection (consisting of the Design Directive and Community Design Regulation) already on 28 November 2022. The proposals were discussed in the Council Working Party on Intellectual Property and the EP JURI Committee with a view to having a general approach approved by the COMPET Council in September 2023 and a first reading position adopted by the European Parliament early in November 2023. The Designs package includes provisions introducing controls of goods in transit, as is already established for trademarks, and also introduces provisions to complete the single market through the introduction of a repair clause, thus excluding repair spare parts from design protection.

34. **(15 - 2021/COU/0266)** The Council invites the Commission, in its evaluation of Regulation (EU) 2017/1001, to take into account the observations of the European Court of Auditors.

**Commission's response:**

The Commission has initiated the process for the Article 210 evaluation in 2022. An external contractor has been chosen and is already working to prepare a study.
for the support of the evaluation. The evaluation will also assess the findings of the ECA in its Special Report 6/2022 on IP protection. The supporting study by the external contractor should be finished by February 2024.
SR No 07/2022 "SME internationalisation instruments: A large number of support actions but not fully coherent or coordinated"

35. (10 - 2021/COU/0267) The Council asks the Commission to take the European Court of Auditors' special report No 7/2022 and the Court’s recommendations into account in its policies, make the information on SME internationalisation support more readily available and bring its programmes closer to European SMEs.

Commission's response:

The Commission is currently finalising the SME instrument overview. DG GROW expects that it will be published before end of 2023. It would make the information on SME internationalisation support more readily available.
36. (6 - 2021/COU/0268) The Council takes note of the recommendations of the Court and thus invites the Commission, where relevant to encourage and support Member States to:

- Take into account the main elements of the audit report;
- Consider the advantages and disadvantages of competitive and non-competitive selection procedures on case-by-case basis;
- Where relevant, promote the use of repayable aid for SME competitiveness and favour other forms of support such as financial instruments and non-financial support, while taking into account regional specificities.

**Commission’s response:**

The Commission will promote the findings and recommendations of the relevant Court of Auditors’ Special Report with Managing Authorities in Member States. The Commission will reach out to the Managing Authorities highlighting the main elements of the audit report and recommendations and invite them to put these in the agenda of the first relevant monitoring committee of the concerned programmes. The Commission will invite and support Member States to provide due justification for the use of grants, based on clear needs (such as addressing market failures) and specific policy objectives (for example better standards for circular, green and more just economy). Using grants in conjunction with financial instruments will be strongly supported.

In addition, and in line with the provisions of article 40(2)(a) of Regulation (EU) 2021/1060, the Commission can request the criteria used for the selection of operations prior to their submission to the monitoring committee and will do so for the first calls of the programming period. This will make it possible to discuss and provide support, if requested, for the design of selection criteria for SMEs calls on a case-by-case basis.

The Commission agrees that selection criteria should be appropriately ambitious but does not agree that competitive calls are always the appropriate default option for SMEs support. The legal basis leaves Management Authorities free to choose whatever selection procedure they consider most appropriate to maximise the contribution of Union funding in relation to each situation, programme or their customary administrative practices.

Managing Authorities can choose between competitive and non-competitive calls (cf. recital 60 of Regulation (EU) 2021/1060), taking into account the advantages and disadvantages of each method on a case-by-case basis.
37. (8 - 2021/COU/0269) The Council considers the Court’s recommendations and invites the Commission to:

- further develop the methodology for monitoring climate spending that is simple, effect based, able to measure impact, founded on scientific evidence, and guarantees consistency for climate reporting across programmes, without creating undue administrative burden;

- continue enhancing climate reporting efficiency across the EU budget and provide appropriate guidance if deemed necessary;

- enhance its annual climate reporting to also take account of both commitment and payment appropriations, as well as of unused (unspent and de-committed) amounts;

- continue the discussions and coordination, while reinforcing cooperation with the relevant national authorities to fine-tune the methodology for monitoring climate spending, taking stock of lessons learned from the 2014-2020 programming period, and encouraging the exchange of best practices at European level.

**Commission's response:**

The Commission laid out the EU climate tracking methodology in a dedicated Staff Working Document published in June 2022. This reflects all the relevant legislative provisions under the different spending programmes as well as an annex on the climate coefficients used by each programme and an annex on the application of the do no significant harm principle.

The Commission is working towards complementing the tracking methodology with quantified information on the impact of budget expenditure for climate action. As first step in this direction, the Commission will be reporting on the impacts of interventions funded through the issuance of NGEU green bonds in the context of the Recovery and Resilience Facility (RRF). The first such impact report is to be published by the end of 2023. The plan is to take stock of the lessons learned in this important exercise to explore its extrapolation to the entire EU budget. The reporting has also been enhanced to take into account unspent and de-committed amounts, reflecting the most up to date information.
SR No 15/2022 "Measures to widen participation in Horizon 2020 were well designed but sustainable change will mostly depend on efforts by national authorities"

38. **(2 - 2021/COU/0270)** The Council acknowledges the importance of accompanying measures under the Policy Support Facility as well as the Technical Support Instrument to support Member States in strengthening their national R&I system; invites the Commission to take into account the different national systems and the reforms already undertaken by the Member States; and encourages regular policy dialogues on a voluntary basis between the Member States and the Commission in the relevant fora to jointly identify pathways for the implementation of reforms and investments, including those planned under the Recovery and Resilience Facility taking into account Member States competence.

**Commission's response:**

The Commission has successfully piloted and is currently rolling out bilateral Enhanced Dialogues between the Commission services and Member States in order to present existing instruments, inform about existing opportunities (e.g. Policy Support Facility activities, synergies between Horizon Europe and European Regional Development Fund) and assist Member States in maximising these opportunities.

The outcomes of these Enhanced Dialogues contribute, inter alia, to better monitor progress in the European Semester and the implementation of the national recovery and resilience plans. In 2022, five countries participated of this new initiative (CZ, HR, EL, LT, and EE), while in 2023 other countries have joined the initiative (SI, LV, and ES).

39. **(3 - 2021/COU/0271)** The Council calls on the Commission to monitor participation levels and evaluate the efficiency and effectiveness of the whole portfolio of widening measures, including new measures introduced under Horizon Europe, and, if continuous significant imbalances emerge, to assess the need for more tailor-made actions and targeted networking activities, including through National Contact Points, in order to achieve a wider level of participation and address disparities in participation among widening countries while ensuring the allocation of funding continues to be based on the principle of excellence.

**Commission's response:**

The Commission is aware of various participation levels and is addressing the situation.

Under Horizon Europe the legislators have established the rules for the monitoring and reporting of the programme in Article 50 of the Horizon Europe regulation. In this respect, the Commission is monitoring continuously the management and implementation of the programme.
The Commission is now also using KPIs for the entire portfolio of widening actions taking into account the specific requirements of the individual actions. Project approved under the Work Programme 2023-2024 need to illustrate quantitatively and qualitatively their expected potential impact and expected results in terms of new local and international research and innovation partnerships, institutional and/or R&I system changes (various levels), increased research intensity (i.e. new scientific publications directly linked to the project’s area, protected IPR). Projects are also encouraged to choose any additional relevant indicators that could be used for measuring the impacts achieved.

Best practices of projects, ‘feedback to policy’ exchanges between the Research Executive Agency (REA) and the Commission, as well as specific analysis at projects portfolio and programme level also contribute to better monitoring mechanisms.

The Commission is also implementing more tailor-made actions and targeted networking activities, including through National Contact Points, in order to achieve a wider level of participation and address disparities in participation among widening countries. Two tailor made seminars on widening portfolio took place in Romania (remotely on 13 March and in Bucharest 11 May) and one in Zagreb (13-14 June). Another event is planned to take place in Sofia in October.

40. (4 - 2021/COU/0272) The Council stresses the importance of synergies between Union programmes, on the one hand, and between European, national and regional levels, on the other hand, in order to ensure coherent programming and implementation and to address the R&I divide; calls on the Commission and the Member States to tackle delays in the implementation of complementary funding and to strive for its simplification.

Commission's response:

Article 73 of the Common Provisions Regulation for Union Funds implemented under shared management in the 2021-2027 programming period sets out rules that apply to the selection of operations by the managing authorities. Paragraph 4 of this article contains specific provisions for operations co-funded by Horizon Europe (HE) or which have been attributed a Seal of Excellence. These provisions can facilitate and accelerate the selection of such operations by managing authorities.

The Commission has also published guidance on synergies between HE and European Regional Development Fund (ERDF) (including on the use of the Seal of Excellence and teaming). In addition, the Commission has set up an expert group called RIMA under the ERA Forum to bring the R&I officials and Managing Authorities together to identify new synergies opportunities, identify any implementation bottlenecks and define solutions to overcome them.

Teaming action, which supports the creation or modernisation of a centre of excellence in a widening country by teaming it up with a leading research institution (advanced partner) in a different country, requires complementary funding from a national, regional, EU or private source. Under the current
framework, the HE work programme designates Teaming actions as ‘synergy’ actions. The HE proposal must include a clear description of the complementary project supported by the ERDF or other funding sources. If relevant, the description should include the cost categories, technical infrastructure specifications, preliminary planning for building and installations, cost-benefit analysis, etc. This description will also be subject to the evaluation undertaken by independent experts according to HE rules and selection criteria.

This new procedure comes with more favourable state aid conditions. The new, amended GBER Article 25d establishes compatibility conditions to grant State aid (including from ERDF resources) to co-funded R&D projects that complement Teaming actions (HE-eligible costs and funding rates apply in such cases). Moreover, amended Article 25d GBER allows public investment aid to cover as much as 70% of the infrastructure investment made under a Teaming action (also subject to certain conditions). The project proposal undergoes a single evaluation that covers both project’s parts (i.e. the HE part and the part relating to a chosen complementary funding source such as a cohesion policy programme). This is required to be able to apply amended Article 25(d) GBER, permitting the managers of the complementary funding source to apply the categories, maximum amounts and methods of calculation of eligible costs established under HE to the operation in question. This contributes significantly to the simplification of the complementary funding and its timeliness.

41. (5-2021/COU/0273) The Council calls on the Commission to reinforce the training and coaching provided to widening projects’ beneficiaries, to promote contacts between beneficiaries and potential partners including industry, and to encourage valorisation of widening measures’ research results; encourages the Commission to examine the possibility of providing support in order to enable the valorisation of results achieved under widening measures;

Commission's response:

The Commission has taken action for strengthening the National Contact Point network and its capacities. This includes trainings and capacity building of NCPs and also measures like proposal pre-checks, match-making services, increased networking, etc. Also, in widening actions a separate package for improvement of research management skills is requested. All these measures will improve the quality of proposal writing and links with international professional networks, both of which influence participation levels of countries to the Framework Programmes.

The Horizon Europe Work programme 2023-2024 was published, including improvements and additions that reflect the recommendations of the ECA report and the Council (wp-11-widening-participation-and-strengthening-the-european-research-area_horizon-2023-2024_en.pdf (europa.eu). In particular, the new calls ‘Dissemination and Exploitation Support Facility (HORIZON-WIDER-2023-ACCESS-05) and ‘Pathways to Synergies’ (HORIZON-WIDER-2023-ACCESS-04) will support actions that help improving the sustainability of widening actions and valorise results achieved under widening measures. Follow up after the end of
funding will be ensured by systematic impact evaluation of closed projects after an appropriate lapse of time.

42. (6 - 2021/COU/0274) The Council invites the Commission to identify indicators assessing the contribution of widening measures to key impact pathways, including beyond the duration of individual projects, and to evaluate the impact of widening measures on participation in the Framework Programme.

Commission's response:
Two studies commissioned by the European Commission are currently underway, focusing on actions in widening portfolio: ‘Evaluation study on the implementation of cross-cutting issues in Horizon 2020’ (to be published by end of 2023); ‘Excellent Science evaluation study’ (part I published, part II in preparation). Both of them look, inter alia, at widening measures in Horizon 2020 and Horizon Europe, analysing their impact, providing monitoring results, and assessing the contribution of widening measures to key impact pathways (through previously identified indicators).

43. (7 - 2021/COU/0275) The Council asks the Commission to take the European Court of Auditors’ special report No 15/2022 and the Court’s recommendations into account when implementing current and designing future widening measures in the context of the interim evaluation of Horizon Europe and of the preparation of the next Framework Programme.

Commission’s response:
The Work programme 2023-2024 has fully taken into account the recommendations of the ECA report, and next Work programmes will continue accordingly.

Two studies commissioned by the European Commission are currently underway, focusing on actions in widening portfolio: ‘Evaluation study on the implementation of cross-cutting issues in Horizon 2020’; ‘Excellent Science evaluation study’ (part I published, part II in preparation). Both of them look at widening measures in H2020 and Horizon Europe, analysing their impact, providing monitoring results, and assessing the contribution of widening measures to key impact pathways. Both studies are taking into account and referencing the European Court of Auditors’ special report No 15/2022 and the Court’s recommendations. Final results of these studies will feed in the interim evaluation of Horizon Europe and the preparation of the next Framework Programme.
44. (5 - 2021/COU/0276) The Council invites the Commission, when implementing the Recommendations, in particular Recommendation 1, of the report, to consider, among other things, the budgetary implications of outsourcing activities and processes against keeping them as tasks for its own staff, while ensuring the optimization of staff resources at the current level and seeking efficiency gains, including by deepening interinstitutional cooperation. Reporting should be improved via the documents provided in the Commissions’ Statement of Estimates. Furthermore, encourages the Commission, when implementing Recommendation 2, to avoid concentration and overdependence, including, where appropriate, by undertaking measures to widen the pool of available experts.

Commission's response:

Recommendation 1 of the ECA Special Report refers to the completion of the existing framework governing the use of external consultants’ services. The Commission accepted the ECA recommendation and will put in place dedicated guidance, defining, amongst others, guidance on how to carry out needs assessments, including methods to assess the need to outsource work instead of using internal staff. When implementing the recommendation, the Commission will ensure optimal resource management and a balance between the need to mitigate the risks related to the use of external consultants and the need to guarantee sufficiently flexible access to consultancy services by the Commission services.

The Commission cannot report on the use of external consultancy services as part of the draft budget (Statement of Estimates), as necessary data will not be available in time for the annual budget procedure. Instead, the Commission will provide a specific analytical reporting via the Financial Transparency System, where data will be made available end of June of year N+1 in line with the reporting requirements under Article 38 of the Financial Regulation.

When implementing Recommendation 2 of the ECA report, the Commission will build its actions on a well-established risk assessment process, following which each Directorate-General assesses the risks to its activities on a regular basis and notifies the critical risks to the corporate services. These critical risks are and will continue to be brought to the attention of the Corporate Management Board. Complementary guidance on issues related to the use of external consultancy services will be given to services, as necessary. The ongoing update of the risk implementation guide includes specifically the requirement to reflect on the risks of overdependence on consultancy and concentration on a small number of external consultants whilst the specific risk management guidance on procurement and contracts is also being updated accordingly to address this issue.

45. (6 - 2021/COU/0277) The Council expects the Commission, as recommended by the Court, to make sure that the results of external consultancy are used to the fullest and disseminated throughout its services and to share them with the other EU institutions in a timely manner, and encourages the Commission to find ways to make these
results available to the general public for the benefit of transparency towards the citizens, with full respect of data protection requirements and confidentiality.

**Commission's response:**

*The better regulation framework provides guidance for the use and dissemination of external consultancy services, contributing to decision making. It will further analyse how to optimise the Commission’s internal information sharing on lessons learned regarding the whole scope of procured consultancy services, so as to make best use of the services procured and the information gathered from the corporate perspective.*

*Concerning Better regulation, the Commission has an advanced framework which provides guidance for the use and dissemination of external consultancy services. Lessons learnt and good practices in the use of such services are shared and discussed internally through the network of Better Regulation practitioners across DGs.*

*Moreover, studies procured to external consultants for the purpose of supporting evaluations and impact assessments are normally published and available to all interested stakeholders.*
The Council invites EU institutions to include long-term disruption and inter-institutional co-operation in their business continuity plans with a view to adopting appropriate standards and workflows and to ensuring the closest possible co-ordination in their responses without prejudice to their institutional autonomy.

**Commission's response:**

On 18 August 2022, the Secretariat-General updated the template for the business continuity plans, which is used by each Directorate-General, Office or Executive Agency for their local business continuity arrangements. The template now includes specific indications for pandemics and long-term disruptions.

The Commission implemented the recommendation insofar it was concerned. Arrangements for interinstitutional cooperation in case of events impacting all institutions were addressed with the update of the mandate of the Comité de Préparation des Questions Statutaires (CPQS) in October 2022. The latter was adapted to formally introduce continuity of operations during a crisis. In accordance with this provision, in case of a crisis affecting several EU institutions the CPQS will promptly step in to facilitate interinstitutional cooperation on business continuity matters. It will also check, in parallel, if it would be relevant to involve other specialised interinstitutional groups, depending on the nature of the crisis (e.g., Comité Interinstitutionnel de l'Informatique, Comité Médical Interinstitutionnel, etc.). The CPQS is the main preparatory committee to the College des Chefs d'Administration (CCA) and appears as the most suitable forum for this purpose.

The Council calls upon EU institutions to build upon their experiences during COVID-19 crisis and pursue digitalisation by introducing paperless workflows, extending the use of electronic signatures as well as of electronic invoicing.

**Commission's response:**

The Commission reiterates its commitment to further strengthening the digitalisation of administrative services, and is currently implementing recommendation 2 stemming from the ECA’s Special Report 18/2022 on the EU institutions and COVID-19. The Commission already provides web-based qualified electronic signatures to Authorising Officers by Sub-Delegation and – in line with its replies to the mentioned ECA’s Special Report – will expand the use of qualified electronic signatures to every system/process identified as able to benefit from their use, within the indicated timeframe. For what concerns electronic invoicing, suppliers can already submit electronic invoices using the PEPPOL network. In addition, the e-Procurement programme, which is still under development, already allows suppliers to submit invoices through the Funding and Tenders Portal for those contracts managed with the eProcurement
solution. The possibility to submit electronic invoices within the Funding and Tenders Portal will be further extended to any procurement contract and this is foreseen before the end of the year.

48. (7 - 2021/COU/0280) The Council request EU institutions to monitor closely and report consistently on the budgetary impact of new ways of working, in particular, for buildings and IT equipment (notebooks, screens, videoconferencing tools, etc.), in full respect of 2021-2027 MFF ceilings while using every opportunity to achieve further savings resulting from IT investments in their operations and from digital synergies between institutions, such as from gained efficiencies and remote participation via videoconferencing.

Commission's response:

The Commission is currently implementing recommendation 3 from “SPECIAL REPORT No 18 2022 EU institutions and COVID-19 Responded rapidly, challenges still ahead to make the best of the crisis-led innovation and flexibility”.

The Commission has communicated to ECA that it notes that the recently adopted Decision on Working Time and Hybrid Working includes a review clause allowing the Commission to evaluate the implementation of the Decision end of September 2023. The Commission will assess whether adjustments to the Decision are required, after concertation with the trade unions.
49. (8 - 2021/COU/0281) The Council invites the Commission to continue the cooperation with Member States in order to fulfil the goals of the EU Vaccines Strategy, while addressing the shortcomings, in particular in terms of transparency, governance and needs of Member States.

**Commission's response:**

The Commission has continued to collaborate with the Member States to ensure that the EU Vaccines Strategy remains a success and continues to meet Member States’ needs. The Commission and Member States have worked in close collaboration with vaccines manufacturers to better respond to Member States’ public health needs and reduce the risk of vaccines wastage. Several agreements with vaccine manufacturers have been reached to better align supply and demand of COVID-19 vaccines including an agreement to reduce the quantity of binding doses purchased by Member States against a fee and with the possibility to spread the deliveries over several years.

In addition, the Commission continues to support Member States’ access to a diversified portfolio of COVID-19 vaccines either via existing contracts, where possible, or new joint procurement arrangements should there be a need. This is being achieved by following the clear and transparent process in place for the implementation of the EU Vaccines Strategy. The Vaccines Steering Board, composed of all Member States representatives and representatives from the Commission, continues to steer the process with the support of the Joint Negotiations Team, composed of seven Member States representatives and Commission officials, which negotiates on behalf of all Member States.

In the case of the setting up of new joint procurement arrangements, the Joint Procurement Agreement Steering Committee composed of all signatories of the Joint Procurement Agreement and representatives from the Commission will be the competent body to steer the process.

50. (12 - 2021/COU/0282) The Council takes note of the recommendations of the Court and thus invites the Commission to:

- Create pandemic procurement guidelines within one year from the adoption of the Emergency Framework Regulation and the revised Financial Regulation, on the basis of lessons learnt taking into account, when possible, existing evidence to identify good practices for future negotiating teams;

- Carry out a risk assessment of the EU’s procurement approach in order to propose appropriate measures;

- Carry out an independent evaluation of the adequacy of the procedures to assess effectiveness, prices, payment model, quantities of the COVID-19 vaccines procured by the EU from a public health perspective, elements of the contracts clauses as well as selection criteria of the Negotiating Team in order to feed into the guidelines developed;
- Run exercises, in close cooperation with the Member States, in order to test all parts of its updated pandemic procurement framework to identify any weakness and areas for improvement.

**Commission's response:**

The Commission has put forward a legislative package of proposals for crisis management in the Financial Regulation recast proposal and for a Council Regulation on a framework of measures related to medical countermeasures in the event of a public health emergency at Union level (“Emergency Framework Regulation”). Guidance will be produced for the interpretation of the new measures proposed within one year of the adoption of those acts by the legislator.

51. (14 - 2021/COU/0283) The Council regrets the lack of reply from the Commission to the Court’s information requests on the preliminary negotiations for the contract signed with Pfizer/BioNTech on 19 May 2021 and invites the Commission to provide the information necessary to allow Union institutions and bodies to carry out their tasks pursuant to the Treaties.

**Commission's response:**

The EU’s centralised procurement procedure followed the applicable legislation. The process of procuring vaccines followed the applicable legal framework, namely the Emergency Support Instrument and the Financial Regulation. The call for tender procedure was preceded by a distinct step, namely the preliminary market consultations. Those consultations were an important first step, given that no vaccine against COVID-19 existed at the time. The “term sheets” were discussed with the manufacturers during the preliminary market consultations prior to the official start of the tender procedure and included only major elements (notably price, volume and third-party liability). A number of very complex and important issues such as termination clauses and contractual liability were entirely new elements during the formal tendering process.

The first procurement procedure was launched after a prior agreement with the manufacturer had already been reached by the four Member States that had started the procedure as Inclusive Vaccine Alliance (IVA).
52. (5 - 2021/COU/0284) The Council highlights challenges for Member States to use effectively the JTF to alleviate the socio-economic and environmental costs of the transition, given the limited timeframe of the NextGenerationEU resources of the Fund and Russia’s ongoing war of aggression against Ukraine; thus invites the Commission to closely cooperate with Member States and continuously assist them in the implementation of the relevant investments including large transformation projects.

**Commission's response:**

By the end of 2022, the Commission approved all 67 Territorial Just Transition Plans as part of the corresponding JTF programmes submitted by Member States. Bulgaria did not yet submit any TJTP. The Commission assessed all plans and checked whether they are in line with the JTF Regulation. This includes a clear indication of the transition process to a climate-neutral economy, with milestones in line with the EU’s 2030 and 2050 targets, as well as planned measures to alleviate the negative impacts of that transition process.

Following Art. 14 of the JTF Regulation (EU) 2021/1056, the Commission will perform by 30 June 2025 a mid-term review of the implementation of the JTF. The Commission will monitor that the programmed resources do not exceed the financial needs identified in line with the pace of the transition. On that basis, the Commission will submit a report to the European Parliament and to the Council, which may be accompanied by legislative proposals.

The Commission established the Just Transition Platform a single access point and knowledge platform to support Europe’s transition to a sustainable, climate-neutral economy.

53. (7 - 2021/COU/0285) The Council takes note of the recommendations of the Court and invites the Commission to:

- Check that Member States use the JTF resources effectively and efficiently to alleviate the socio-economic impact of the transition to climate-neutrality in coal and carbon-intensive regions, when approving the not yet submitted Territorial Just Transition Plans and programmes, as well as when approving amendments of Just Transition Plans and programmes and when monitoring and reporting on their implementation;

- Share good practice for measuring and managing methane emissions from closed or abandoned mines.

**Commission's response:**

By the end of 2022, the Commission approved all 67 Territorial Just Transition Plans as part of the corresponding JTF programmes submitted by the Member States. Bulgaria did not yet submit any TJTP. The Commission assessed all plans...
and checked whether they are in line with the JTF Regulation. This includes a clear indication of the transition process to a climate-neutral economy, with milestones in line with the EU’s 2030 and 2050 targets, as well as planned measures to alleviate the negative impacts of that transition process.

Following Art. 14 of the JTF Regulation (EU) 2021/1056, the Commission will perform by 30 June 2025 a mid-term review of the implementation of the JTF. The Commission will monitor that the programmed resources do not exceed the financial needs identified in line with the pace of the transition. On that basis, the Commission will submit a report to the European Parliament and to the Council, which may be accompanied by legislative proposals.

With regard to measuring and managing methane emissions, the Commission actions will depend on the content of the future Regulation resulting from the outcome of the legislative procedure and will be a decision made by the EU Legislators with respect to the proposal made by the Commission.

The Commission established the Just Transition Platform a single access point and knowledge platform to support Europe’s transition to a sustainable, climate-neutral economy.
54. **(7 - 2021/COU/0286)** The Council invites the Commission (in particular through Eurostat, where relevant), by the start of the next verification cycle at the latest, to:

- prioritise work addressing those transversal issues most likely to have a very high impact on most Member States, as well as systematically target verifications in high risk Member States;

- better document the reasons to select areas for direct verification and analyse, in close cooperation with National Statistical Institutes, ways to improve the prioritisation of work on action points;

- improve the timeliness of the support and guidance provided to National Statistical Institutes when a new high-risk issue is identified and adequately justify decisions to limit the period for reservations.

**Commission's response:**

*The Commission accepted the above mentioned recommendation as stated in its published replies to the European Court of Auditor’s Special report.*

*The Commission will strive to further prioritise and streamline the future GNI cycles with regard to high-risk transversal issues and high-risk Member States. The Commission will continue to monitor and improve its documentation of selection of areas for direct verification taking also into account the recommendation from the ECA relating to documentation. The Commission notes the satisfaction of the countries with the adequacy and timeliness of Eurostat’s guidance on the high-risk issues and it will strive to further provide such support by considering the ECA’s recommendation.*