

**2013**

# **Annual Activity Report**

**Directorate-General for Mobility and  
Transport**

*Foreword*

*Introductory message by the Director General*

This Annual Activity Report covers the activities of the Commission's Director-General for Mobility and Transport (DG MOVE) for 2013. The purpose of this report is to give an outline of the operations of the DG and to help in understanding the different challenges that are faced.

Part 1 provides an overview of the policy achievements of the DG for 2013 and tries to give a flavour of the wide range of activities going on in the DG. Parts 2-4 give information on the management of the allocated resources as well as on the internal organisation of the DG.

For more information on the activities of DG MOVE, please visit our website:

[http://ec.europa.eu/transport/index\\_en.htm](http://ec.europa.eu/transport/index_en.htm)

Matthias RUETE

Director-General of DG MOVE

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# INTRODUCTION:

## The DG in brief

Under the political guidance of Commission Vice-President Siim Kallas, the Directorate-General for Mobility and Transport (DG MOVE) works to ensure efficient mobility within a Single European Transport Area, to serve Europe's citizens and economy while promoting environmental policy and competitiveness. DG MOVE strives to fulfil its mission by contributing towards the completion of the European internal market in the area of transport; by promoting EU transport policy interests on the world stage; by facilitating the construction of Europe's transport infrastructure network; and by promoting innovation and roll-out of sustainable transport technologies particularly for integrated traffic management systems and low-carbon transport.

DG MOVE develops strategic policies for the transport sector; it monitors the implementation of existing EU law and makes new legislative proposals; it encourages the exchange of best practices. Its work is accompanied by financial support programmes, particularly for research and innovation projects and for co-financing investments in transport infrastructure. The DG promotes policies internationally and provides information to the public as well as to stakeholders.

DG MOVE was assisted in this work by the expert input from several European Agencies, which it oversees: the European Aviation Safety Agency (EASA), the European Maritime Safety Agency (EMSA), the European Railway Agency (ERA). Spending programmes were managed by the Trans-European Transport Network Executive Agency (TEN-T EA)<sup>1</sup>, EACI and the SESAR (Single European Sky ATM Research) Joint Undertaking<sup>2</sup>. DG MOVE has also built a strong partnership with EUROCONTROL.

## The year in brief

In 2013 the Commission has taken important steps for the development of the Single European Transport Area. Proposals included a legislative package (SES2+) to further support the implementation of the **Single European Sky**, the **4<sup>th</sup> railway package**, the **NAIADES II** initiative for the development of inland navigation, an action plan "**Ports an engine for growth**" and a Communication on "**Blue Belt, a Single Transport Area for shipping**". Further progress was made towards the adoption of the **airport package**. A report on the state of the EU **road transport market** will be presented shortly. 63 new

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<sup>1</sup> The Trans-European Transport Network Executive Agency (TEN-T EA) has become the Innovation and Networks Executive Agency (INEA) as from 1. January 2014. INEA will manage parts of the Connecting Europe Facility (transport, energy, telecommunications) and parts of the sectoral transport and energy programmes of Horizon 2020, as well as the legacies of the TEN-T and Marco Polo programmes.

<sup>2</sup> In 2013 the Commission adopted a proposal (COM(2013)0503 final) for the extension of SESAR Joint Undertaking until 2024 and a proposal (COM(2013)922) for a Regulation establishing a Joint Undertaking in the rail sector "Shift2Rail" to coordinate research and innovation in the rail sector under Horizon 2020 in support of the completion of the Single European Railway Area.

infraction cases against Member States for **incorrect implementation of existing EU transport law** were opened.

**Safety and security** aspects play a prominent role across many initiatives. The new **tachograph regulation** and the proposal for the deployment of the **interoperable EU-wide eCall** will make important contributions to increased road safety. Under the **railway safety directive**, the Commission and ERA monitored safety performance and, measures adopted as a consequence of severe accidents. In aviation, a new Regulation on **occurrence reporting in civil aviation** and new **stricter rules on aircrew fatigue** were negotiated. To ensure maritime safety over 70 technical inspections in the Member States and in third countries were carried out by EMSA. Legal changes were adopted for **the carriage of liquids on board of planes**. Inspections of **aviation and maritime security** showed a stable high level of compliance with EU legislation.

The **quality of transport services and working conditions** will be improved through initiatives such as the revision of the main **Air Passenger Rights Regulation** and the adoption of two Directives on the enforcement of the **Maritime Labour Convention**.

Highlights in **international cooperation** were the agreement reached at the ICAO 38<sup>th</sup> Assembly to develop a **global market based measure** to mitigate the growing impact of aviation on climate change and progress in IMO on maritime greenhouse gas emissions fostered by the Commission proposal for **monitoring, reporting and verification (MRV)** of greenhouse gases in the EU. **Regional cooperation** was pursued in the framework of the Eastern Partnership, the EuroMed dialogue and the Northern Dimension Partnership on Transport and Logistics (NDPTL), and DG MOVE continued to be involved in **bilateral dialogues and negotiations** in the area of transport with key partners, such as the US, Brazil and the Gulf countries. Further progress was achieved in creating a Common Aviation Area with Neighbouring countries through **Comprehensive Air Transport Agreements** with Israel (agreements signed) and Ukraine (agreement initialled).

A new European **transport infrastructure** will take shape thanks to the adoption of the new **Trans-European Transport Network (TEN-T) Guidelines**, and especially the corridor concept. With the adoption of the **Connecting Europe Facility (CEF)** funding for infrastructure has more than tripled – to EUR 26 billion – compared with the previous budget period. The CEF will generate significant leveraged financing from the private sector through instruments such as project bonds. A last call for proposals under the 2007-2013 TEN-T programme was issued in December 2013.

Important initiatives were taken to promote **smart, green and sustainable transport**, including the **Clean Power for Transport Package**, proposing an alternative fuels infrastructure deployment for the substitution of oil as energy source for transport, the **Urban Mobility Package**, and the proposal to adapt the rules on the **maximum weight and dimensions** of vehicles to allow for more aerodynamic, greener and safer trucks and buses. With the adoption in 2013 of the **Horizon 2020 programme** for 2014-2020 funding for research and innovation activities in the transport area under the societal challenge "Smart, Green and Integrated Transport" will increase by 50% compared to the previous programme period.

DG MOVE had in 2013 a total of 582 staff including the Shared Resources Directorate with DG ENER. In 2013, it managed payments of €1,02 billion, mostly for co-financing European

transport network infrastructure and transport **through** the TEN-T Executive Agency and research (under the 7<sup>th</sup> Framework Programme). In 2013, 97% of MOVE payments were made within the contractual deadline.

## Executive Summary

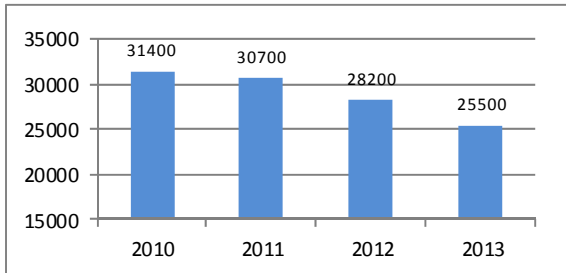
The Annual Activity Report is a management report of the Director-General of DG MOVE to the College of Commissioners. It is the main instrument of management accountability within the Commission and constitutes the basis on which the Commission takes its responsibility for the management of resources and the achievement of objectives.

## Key Performance Indicators

Trend	General Objectives
☹	1. To provide citizens and businesses with a framework for efficient and high quality transport services
☺	2. To ensure smarter and greener mobility
☺	3. To modernise transport infrastructure and its smart funding



KPI 1	<p>General objective 1 – Efficient and high quality transport – a more competitive internal market:</p> <p>☹</p> <div data-bbox="438 1131 1348 1624"> <p><b>Evolution of consumer prices in passenger transport between 2011 and 2012 by mode and compared to the overall HICP</b></p> <table border="1"> <caption>Evolution of consumer prices in passenger transport between 2011 and 2012 by mode and compared to the overall HICP</caption> <thead> <tr> <th>Mode</th> <th>% price change</th> </tr> </thead> <tbody> <tr> <td>car purchase</td> <td>0.2</td> </tr> <tr> <td>operation of personal transport equipment</td> <td>5.0</td> </tr> <tr> <td>of which fuel at pump</td> <td>7.2</td> </tr> <tr> <td>train</td> <td>4.5</td> </tr> <tr> <td>bus / coach</td> <td>4.2</td> </tr> <tr> <td>plane</td> <td>5.0</td> </tr> <tr> <td>ferry / ship</td> <td>3.0</td> </tr> <tr> <td>all trsp services</td> <td>5.0</td> </tr> <tr> <td>all trsp related expenditure</td> <td>3.8</td> </tr> <tr> <td>Overall HICP (black line)</td> <td>2.8</td> </tr> </tbody> </table> </div> <p>Target: Stable or decreasing mobility prices compared to development of overall consumer prices (as shown by the black line)</p>	Mode	% price change	car purchase	0.2	operation of personal transport equipment	5.0	of which fuel at pump	7.2	train	4.5	bus / coach	4.2	plane	5.0	ferry / ship	3.0	all trsp services	5.0	all trsp related expenditure	3.8	Overall HICP (black line)	2.8
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Overall HICP (black line)	2.8																						

KPI 2	☺	<p><b>General objective 1 – Efficient and high quality transport – safe and secure transport:</b></p> <p style="text-align: center;"><b>Fatalities in road transport accidents</b></p>  <table><tr><th>Year</th><th>Fatalities</th></tr><tr><td>2010</td><td>31400</td></tr><tr><td>2011</td><td>30700</td></tr><tr><td>2012</td><td>28200</td></tr><tr><td>2013</td><td>25500</td></tr></table> <p>Target: Max. 15700 by 2020 (EU28), i.e. 50% reduction from 2010</p>	Year	Fatalities	2010	31400	2011	30700	2012	28200	2013	25500
Year	Fatalities											
2010	31400											
2011	30700											
2012	28200											
2013	25500											
KPI 3	☺	<p><b>General objective 2 – Smart and sustainable transport – a more sustainable and low-carbon transport sector:</b></p> <p><b>GHG emissions from transport (excluding maritime international bunkers)</b></p> <p>1990: 848.59 Mt CO2 eq. 2008: 1109.63 Mt CO2 eq. 2010: 1068.95 Mt CO2 eq. 2011: 1063.06 Mt CO2 eq.</p> <p>1990-2011: +25.3% 2008-2011: -4.2%</p> <p>Target: 884 Mt of CO2 eq in 2030 (20% reduction by 2030 compared to 2008) and 338 Mt of CO2 eq in 2050 (60% reduction by 2050 compared to 1990)</p>										
KPI 4	☺	<p><b>General objective 3 – Modernise transport infrastructure (TEN-T):</b></p> <p><b>Completion rate of the core network implementation of 30 Priority Projects (PP)</b></p> <p>2008: 4 priority projects operational 2010: 5 priority projects operational 2013: 6 priority projects operational (+ significant progress on PP1)</p> <p>Target: 7 priority projects operational by 31/12/2013</p>										
KPI 5	☺	<p><b>Specific objective. - Plan, perform, monitor and report on the spending of financial resources so that sound and regular management of them is assured throughout the DG's activities</b></p> <p><b>% of payments made by the contractual deadline</b></p> <p>31/12/2013 : 97% 31/12/2012 : 97% 31/12/2011: 96%</p> <p>Target: &gt;80%</p>										

Note: The table shows five key performance indicators (KPIs) selected among the indicators presented under each general and/or specific objective in part 1 of the AAR below. KPIs 1-4, which were also presented in DG

MOVE's Annual Activity Report for 2012, illustrate the achievement of some of the most important general policy objectives for DG MOVE. The presentation in the table has been adapted accordingly to clarify the link between the objectives and the indicators selected. KPI 5, as required by the instructions for the Annual Activity Report, is linked to the internal control objectives. It should be noted that in DG MOVE'S Management Plan 2014 some changes to the selection of KPIs have been made, e.g. to reflect the adoption of the new spending programmes for the period 2014-2020. The evolution in consumer prices in transport compared to overall consumer prices is in theory a good indicator for the competitiveness of the internal market. However, as the indicator is also strongly influenced by external factors such as energy price fluctuations, it has been replaced in the Management Plan 2014 by an indicator for labour productivity of the transport sector.

## Policy highlights of the year (executive summary of part I)

The transport sector is a key element of the Europe 2020 strategy for generating growth and jobs. Adequate infrastructure, intelligent transport systems, measures to improve the environmental performance of the transport sector and the promotion of new technologies, inter alia through increased research, developments and demonstration, are important instruments to this effect. These policies therefore contribute to the 20/20/20 targets for GHG emissions, renewable energy and energy efficiency and the targets of 3% of GDP in R&D.

DG MOVE's activities in 2013 continued to focus on implementing the Commission's strategy for the transport area set out in **the White Paper on the Future of Transport** in March 2011<sup>3</sup>. Since the publication of the White Paper, the Commission has adopted initiatives in almost all of its 40 action points. Up to now more than half of the programme has been broadly completed, with a view to increase this completion rate to two thirds by the end of the present Commission.

The overall strategic objectives were formalised in three different "general objectives" in DG MOVE's Management Plan 2013 and illustrated in the table above showing Key Performance Indicators<sup>4</sup>. The indicators illustrate the progress made in modernising Europe's transport infrastructure under the trans-European Transport network (TEN-T) programme<sup>5</sup> and in reducing the number of fatalities on the roads. Further efforts are needed in particular to achieve the long term targets set in the White Paper of an efficient internal market in

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<sup>3</sup> White Paper "Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system" (COM(2011) 144 final of 28.03.2011).

<sup>4</sup> It is important to note that the implementation of the Management Plan (and in particular achieving objectives and seeing improvements in the indicators) does not only depend on the Commission. It is for the European Parliament and Council to decide on the Commission's proposals and then primarily for the Member States to implement them. In addition, there are often measures that will contribute to the actions that are outside the scope of EU competence. Finally, external factors, such as energy price fluctuations or the general economic situation, can have a significant influence. No major changes of objectives, indicators and targets established in the Management Plan 2013 have been made.

<sup>5</sup> Priority project 2 was completed in 2013 as foreseen. On Priority Project 1, significant progress was achieved with the Unterinntal section being fully operational in 2013. Works in the Brenner base tunnel is progressing swiftly as foreseen. The progress on certain Priority Projects can also be assessed on the basis of the Annual Reports by the European Coordinators (see [http://ec.europa.eu/transport/themes/infrastructure/ten-t-policy/priority-projects/annual-reports\\_en.htm](http://ec.europa.eu/transport/themes/infrastructure/ten-t-policy/priority-projects/annual-reports_en.htm)).



transport (as measured for instance by prices for citizens and business) and to ensure the transition to low-carbon and smart transport.

In order to address these challenges, the Commission tabled several important policy initiatives in 2013 aiming at further strengthening the internal market and promoting clean fuel alternatives.

In 2013 the Commission has taken important steps for the **development of the single European transport area**.

Proposals included a legislative package (SES2+) to further support the implementation of the **Single European Sky**. It aims to consolidate and where possible accelerate the process of reform of Air Traffic Management (ATM) in Europe, by further addressing the inefficiencies in the provision of air navigation services and by continuing to drive towards the defragmentation of the European ATM system. Further progress was made in 2013 towards the adoption of the airport package (slots, ground handling and noise).

Plans for rail modernisation were launched with the **4<sup>th</sup> railway package**: its proposals on interoperability, market access and governance will put in place the regulatory structure needed to improve the efficiency and competitiveness of rail. The Commission also adopted a proposal for establishing a "Shift2Rail" Joint Undertaking to coordinate research and innovation in the rail sector.

With regard to the **European ports' policy** the Commission adopted a Communication to develop the competitiveness of the TEN-T ports as well as a legislative proposal establishing a framework ensuring the financial transparency of public funding of port infrastructures and market access to port services. As regards **inland navigation**, the **NAIADES II** initiative sets out an ambitious action plan for the development of inland navigation policy for the period 2014-2020. The Communication on "**Blue Belt**, a Single Transport Area for shipping" launched the next step to create a true European Maritime Transport Space without barriers.

The share of **cabotage and crosstrade** in total EU road freight transport EU continued to rise, despite a number of restrictions which prevent the full integration of the EU road haulage market. DG MOVE continued work on the review of the rules governing the **access to the national road haulage markets**, to clarify and simplify the rules, which will be included in the 2014 initiative on Regulatory Fitness (REFIT). A report on the state of the EU road transport market will be presented shortly.

Important initiatives were taken to promote a more **sustainable and low-carbon transport sector**. This includes the **Clean Power for Transport Package**, proposing an alternative fuels infrastructure deployment for the substitution of oil as energy source for transport, the **Urban Mobility Package**, and the proposal to adapt the rules on the **maximum weight and dimensions** of vehicles to allow for more aerodynamic, greener and safer trucks and buses. The Communication on "The **Marco Polo programme** - Results and outlook" was also adopted in 2013 (COM (2013) 278).

Transport research and innovation under FP7 (2007-2013) focused on meeting the

challenges of making transport more sustainable<sup>6</sup>. An ex-post evaluation is scheduled for 2014. With the adoption in 2013 of the **Horizon 2020 programme for 2014-2020** funding for research and innovation activities in the transport area under the societal challenge "Smart, Green and Integrated Transport" will increase by 50% compared to the previous programme period.

Part 1 of the annual activity report further evaluates the implementation of the Management Plan 2013, in particular the progress made towards meeting transport policy's general and specific objectives. The main achievements for each are summarised below for each specific objective linked to the three operational ABB areas under the responsibility of DG MOVE.

### **Key conclusions on resource management and internal control effectiveness (executive summary on part 2 and 3)**

In accordance with the governance statement of the European Commission, DG MOVE conducts its operations in compliance with the applicable laws and regulations, working in an open and transparent manner and meeting the expected high level of professional and ethical standards.

The Commission has adopted a set of internal control standards, based on international good practice, aimed to ensure the achievement of policy and operational objectives. The Director-General has put in place the organisational structure and the internal control systems suited to the achievement of the policy and control objectives, in accordance with the standards and having due regard to the risks associated with the environment in which it operates.

DG MOVE has assessed the effectiveness of its key internal control systems during the reporting year and has concluded that the internal control standards are effectively implemented. However, to adapt to future challenges, DG MOVE will take measures to further improve the efficiency of its internal control systems in the area of Staff Allocation and Mobility and Evaluation of Activities, to support efforts already underway to i) ensure that organisational structures and staff allocation are aligned with priorities and workload in the context of resource constraints and externalisation and ii) ensure that evaluation studies allow for effective reporting on performance in the context of the Commission's commitment to further developing a performance-focused framework.

In addition, DG MOVE has systematically examined the available control results and indicators, including those aimed to supervise entities to which it has entrusted budget implementation tasks, as well as the observations and recommendations issued by internal auditors and the European Court of Auditors. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives. Please refer to Parts 2 and 3 for further details.

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<sup>6</sup> An overview of Transport Research and Innovation activities and projects at European and national level is provided on the "TRIP" portal: <http://www.transport-research.info>

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director General, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance albeit qualified by a reservation concerning the legality and regularity of FP7 payments.

### **Information to the Commissioner**

The main elements of this report and assurance declaration, including the reservation envisaged, have been brought to the attention of Vice President Kallas, responsible for Mobility and Transport.

# 1. POLICY ACHIEVEMENTS

## 1.1 Achievement of general and specific objectives

### 1.1.1 DG MOVE General Objectives and Impact Indicators

DG MOVE policies aim to provide European citizens and businesses with competitive, sustainable, secure and safe transport services. The transport sector is a key element of the Europe 2020 strategy. Adequate infrastructure, intelligent transport systems, measures to improve the environmental performance of the transport sector and the promotion of new technologies, inter alia through increased research, developments and demonstration, are important instruments to this effect. These policies therefore contribute to the 2020 Strategy, in particular for reaching the 20/20/20 targets for GHG emissions, renewable energy and energy efficiency and the targets of 3% of GDP in R&D.

DG MOVE's activities in 2013 focused on implementing the Commission's strategy for the transport area set out in **the White Paper on the Future of Transport** in March 2011<sup>7</sup>. Since the publication of the White Paper, the Commission has adopted initiatives in almost all of its 40 action points. Up to now more than half of the programme has been broadly completed, with a view to increase this completion rate to two thirds by the end of the present Commission.

The overall strategic objectives in the White Paper were formalised in three different "general objectives" in DG MOVE's Management Plan 2013. In turn each of the "general objectives" is broken down into a number of more "specific objectives". Each of these is listed below<sup>8</sup>.

- (1) **A single area of efficient and high-quality transport:** The aim is to provide European citizens and businesses with competitive transport services as a factor for growth and jobs. Specific objectives include:
  - (a) a more competitive internal market, including its external aspects;
  - (b) safe and secure transport, and
  - (c) high quality transport services and working conditions.
  - (d) extend the single area to neighbouring countries and ensure open and fair competition in relations with key partners.

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<sup>7</sup> White Paper "Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system" (COM(2011) 144 final of 28.03.2011).

<sup>8</sup> It should be noted that in DG MOVE's Management Plan 2014 objectives and indicators have been substantially revised, particularly in order to integrate the spending programmes of the 2014-2020 Multiannual Financial Framework. In the case of DG MOVE the relevant programmes are the Connecting Europe Facility and transport related innovation and research under Horizon 2020. The reporting in the Annual Activity Report 2013 nevertheless follows the structure of the Management Plan 2013.

- (2) **Transport infrastructure:** Transport infrastructure and its funding needs to cater for Europe wide mobility demands. Specific objectives include:
  - (a) prepare and implement a core European transport network by 2030, and
  - (b) smart funding of infrastructure.
- (3) **Sustainable and smart transport:** The aim is to promote a more sustainable and low-carbon transport sector. Specific objectives include:
  - (a) greater use of low-carbon transport modes and to promote multi-modality;
  - (b) better use existing and to develop new tools for smart mobility, and
  - (c) promote modern urban mobility.

Within Part 1 of the Annual Activity Report, information is provided on the progress towards the achievement of the policy objectives established in DG MOVE's Management Plan 2013, on the basis of available information at the moment of reporting. The structure used for the reporting in the Annual Activity Report therefore "mirrors" the structure of the Management Plan in order to facilitate comparison. The information covers important outputs delivered by DG MOVE during 2013, as well as mid-term results and long-term impacts whose achievement may be influenced by factors beyond the control of the DG and the Commission<sup>9</sup>.

DG MOVE's selected "impact indicators" for each general objective are presented in the table below.

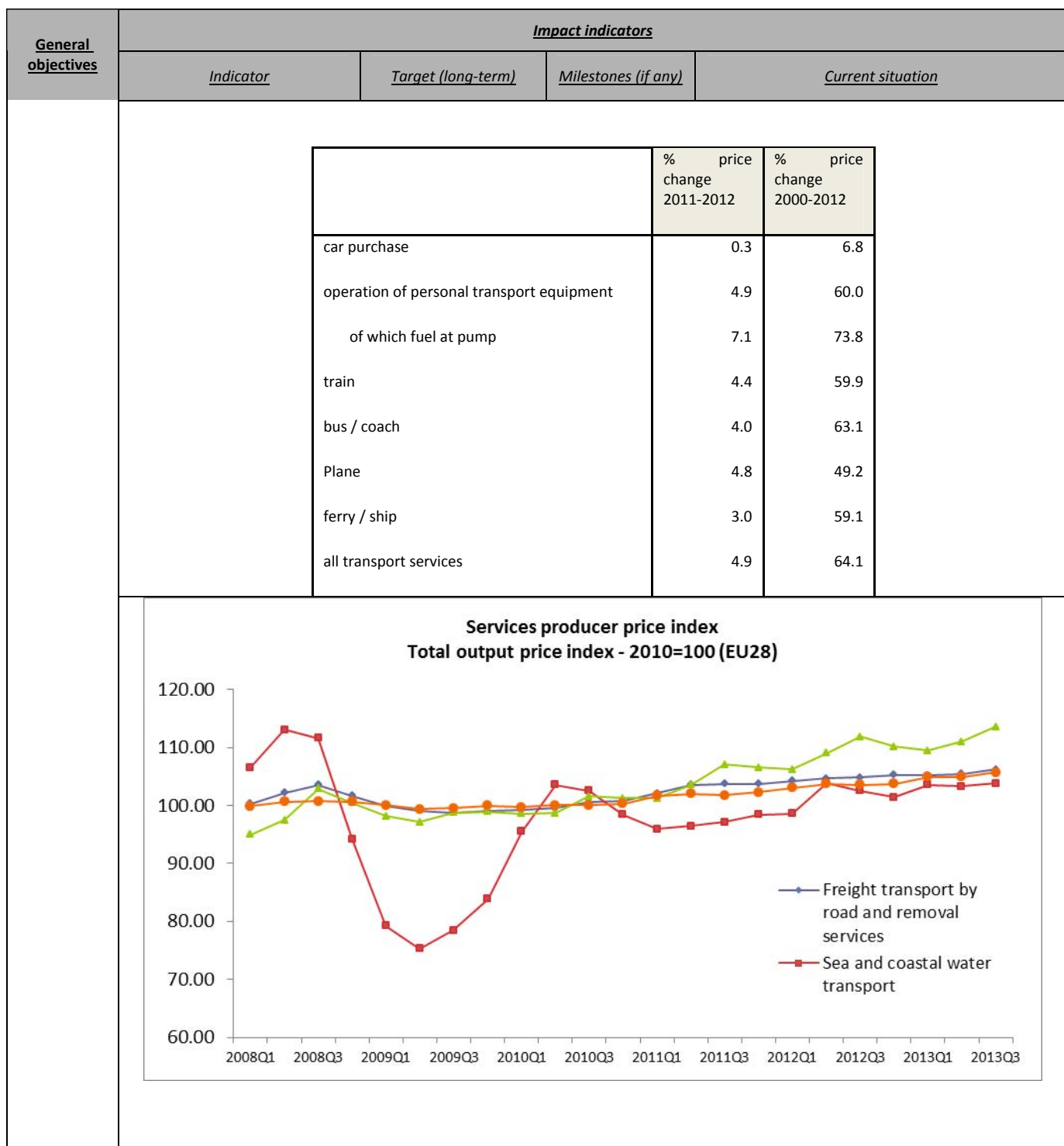
In the subsequent sections "result indicators" for the specific objectives are presented, grouped by the operational activity areas of DG MOVE, called also "Activity-Based Budgeting" (ABB) activities. In 2013 these ABB activities were "Inland, air and maritime transport", "Research and innovation activities related to transport" and "Trans-European Networks".

Along with the ABB activities and indicators, information on the most significant policy-related (i.e. the policy proposals, documents and decisions adopted) and expenditure-related outputs planned for 2013 is also given.

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<sup>9</sup> It is important to note that the implementation of the Management Plan (and in particular achieving objectives and seeing improvements in the indicators) does not only depend on the Commission. It is for the European Parliament and Council to decide on the Commission's proposals and then primarily for the Member States to implement them. In addition, there are often measures that will contribute to the actions that are outside the scope of EU competence. In particular obtaining authorisations to negotiate depends on Council decisions and the success of negotiations with international partners depends on the willingness of both sides to achieve compromise solutions. Finally, external factors, such as energy price fluctuations or the general economic situation, can have a significant influence.

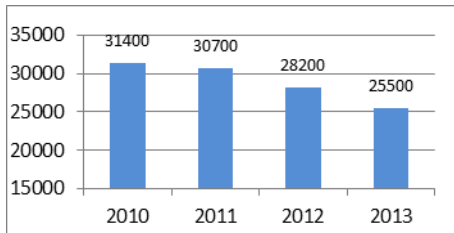
General objectives	Impact indicators																																														
	Indicator	Target (long-term)	Milestones (if any)	Current situation																																											
To provide citizens and businesses with a framework for efficient and high quality transport services	Real price indices of transport services (Measurement unit = index relative to the overall Harmonised Index of Consumer Prices – EU28; Source: Eurostat) (MOVE.A.3)	Stable or decreasing mobility price i.e. the price index for transport services is not higher than the overall Harmonised Index of Consumer Prices taking into account oil price		See charts below																																											
	<div><p><b>Evolution of consumer prices in passenger transport between 2011 and 2012 by mode and compared to the overall HICP</b> % price change...</p><table><thead><tr><th>Mode</th><th>% price change</th></tr></thead><tbody><tr><td>car purchase</td><td>0.2</td></tr><tr><td>operation of personal trsp equipment</td><td>0.5</td></tr><tr><td>of which fuel at pump</td><td>0.7</td></tr><tr><td>train</td><td>0.45</td></tr><tr><td>bus / coach</td><td>0.4</td></tr><tr><td>plane</td><td>0.48</td></tr><tr><td>ferry / ship</td><td>0.3</td></tr><tr><td>all trsp services</td><td>0.5</td></tr><tr><td>all trsp related expenditure</td><td>0.38</td></tr><tr><td>Overall HICP (comparison)</td><td>0.26</td></tr></tbody></table></div> <div><p><b>Evolution of consumer prices in passenger transport between 2000 and 2012 by mode and compared to the overall HICP</b></p><table><thead><tr><th>Mode</th><th>% price change 2000-2012</th></tr></thead><tbody><tr><td>car purchase</td><td>7</td></tr><tr><td>operation of personal trsp equipment</td><td>60</td></tr><tr><td>of which fuel at pump</td><td>74</td></tr><tr><td>train</td><td>60</td></tr><tr><td>bus / coach</td><td>63</td></tr><tr><td>plane</td><td>49</td></tr><tr><td>ferry / ship</td><td>59</td></tr><tr><td>all trsp services</td><td>64</td></tr><tr><td>all trsp related expenditure</td><td>44</td></tr><tr><td>Overall HICP (comparison)</td><td>34</td></tr></tbody></table></div>				Mode	% price change	car purchase	0.2	operation of personal trsp equipment	0.5	of which fuel at pump	0.7	train	0.45	bus / coach	0.4	plane	0.48	ferry / ship	0.3	all trsp services	0.5	all trsp related expenditure	0.38	Overall HICP (comparison)	0.26	Mode	% price change 2000-2012	car purchase	7	operation of personal trsp equipment	60	of which fuel at pump	74	train	60	bus / coach	63	plane	49	ferry / ship	59	all trsp services	64	all trsp related expenditure	44	Overall HICP (comparison)
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General objectives	Impact indicators					
	Indicator	Target (long-term)	Milestones (if any)	Current situation		
	Services producer price index (EU28) Total output price index - % change on the same quarter of the previous year					
		2012Q2	2012Q3	2012Q4	2013Q1	2013Q2
	Freight transport by road and removal services	1.15	1.12	1.45	0.93	0.74
	Sea and coastal water transport	7.66	5.49	3.05	4.96	-0.54
	Air transport	5.26	4.48	3.33	3.08	1.87
	Cargo handling	1.66	1.76	1.48	1.82	1.13
	Source: Eurostat					
	Jobs in the transport sector: – number of persons employed (Source: Eurostat – National Accounts – EU27) (MOVE.A3)			2011: 11156 million		
				2010: 11124 million		
				2009: 11232 million		
				Employment by sub sector	2010	2011
				Land transport; transport via pipeline	6059.1	6088.0
				Water transport	259.4	262.9
				Air transport	414.6	418.5
				Warehousing and support activities for transportation	2630.9	2,663.9
	Postal and courier activities	1760.3	1722.9			
Total transport	11124.3	11156.2				
Number of fatalities in road transport accidents (Source: CARE) (MOVE.C4)	By 2050, move close to zero fatalities in road transport	Halving road casualties by 2020  Max 15700 (EU 28) by 2020 <sup>10</sup>	2010: 31400			
			2011: 30700			
			2012: 28200			

<sup>10</sup> New strategic guidelines for road safety (2011-2020) have set up a new target for the decade, i.e. 50% of reduction of road fatalities by 2020.

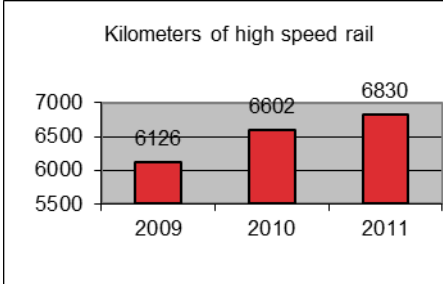


General objectives	Impact indicators																									
	Indicator	Target (long-term)			Milestones (if any)	Current situation																				
					(Reference data for the previous years have been updated to consider EU 28 figures)  In line with the target (average yearly decrease between 2010 and 2020)	<div>2013: 25500</div> <div></div>																				
To ensure smarter and greener mobility	GHG emissions from transport (excluding maritime international bunkers) (source: EEA) (MOVE.A3)	338 Mt of CO2 eq (level in 2050)  (60% reduction by 2050 compared to 1990)			884 Mt of CO2 eq (level in 2030)  (20% reduction by 2030 compared to 2008)	See table below																				
	<table><tr><td>GHG Emissions EU 28</td><td>1990</td><td>2008</td><td>2010</td><td>2011</td><td>% '90-'10</td><td>% '90-'11</td><td>% '08-'10</td><td>% '08-'11</td></tr><tr><td>Mt CO2eq</td><td>848.59</td><td>1109.63</td><td>1068.95</td><td>1063.06</td><td>26.0%</td><td>25.3%</td><td>-3.7%</td><td>-4.2%</td></tr></table>								GHG Emissions EU 28	1990	2008	2010	2011	% '90-'10	% '90-'11	% '08-'10	% '08-'11	Mt CO2eq	848.59	1109.63	1068.95	1063.06	26.0%	25.3%	-3.7%	-4.2%
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	Share of renewable energy in transport <sup>11</sup> (Measurement unit: % EU 28; Source: Eurostat) (MOVE.A3)	10% by 2020				31/12/2011: 3.8% <sup>12</sup>  31/12/2010: 4.7%  31/12/2009: 4.2%  31/12/2008: 3.4%																				
Number of registered vehicles running with alternative motor fuels (source: Impact ANFAC, ACEA - 2012) (MOVE.C1)	10% by 2020				3,4 % in 2012  3,2 % in 2010																					
Percentage of low-carbon sustainable fuels in aviation (source: Eurostat) (MOVE.A3)	40% by 2050			2 Megatonnes (Mt) by 2020 (5%) <sup>13</sup>	2011: 0%  2010: 0%  2009: 0%  2008: 0%																					

<sup>11</sup> This indicator is defined according to the Renewable Energy Directive 2009/28/EC.

<sup>12</sup> Some breaks in series are present for some countries. Starting with the data collection for year 2011, countries had to report as compliant only those biofuels and bioliquids for which compliance with Articles 17 and 18 (on sustainability criteria) of Directive 2009/28/EC can be demonstrated.

<sup>13</sup> According to voluntary agreement of aviation industry

General objectives	Impact indicators														
	Indicator		Target (long-term)		Milestones (if any)		Current situation								
	CO2 emissions from maritime international bunkers (source : EEA) (MOVE.A3)		100 Mt of CO2 eq (Reduction of 40% by 2050 compared to 2005)				See table below								
		CO2 emissions from maritime international bunkers – EU28	2005	2010	2011 <sup>14</sup>	% '05-'10	% '05-'11								
		(Mt of CO2)	165.10	150.36	161.70	-8.9%	-2.1%								
Modernise transport infrastructure and its smart funding	Reduction in travelling time on 30 TEN-T priority projects due to improved infrastructure financed through EU funds (source:TENTec) (MOVE.B1)		20% by 2020 (in comparison to 2011)				While progress has been achieved on different sections of priority projects leading to reduction of travelling time, it has been proven to be difficult to have this indicator applied to overall priority projects at aggregated level, to different transport modes and without distinction of infrastructural measures and other type of measures (for instance operational). DG MOVE has therefore decided to discontinue the use of the indicator at aggregate level and will thus not present figures for the indicator for the year 2013. In the meantime, the legislator has decided to use other indicators in the new legal framework of TEN-T guidelines and CEF, such as the removal of bottlenecks, which will be used for reporting as from 2014.								
	Kilometres of high-speed rail (source: UIC) (MOVE.A3)		Triple the length of the existing high-speed rail network by 2030 (from 6602 km in 2010 to 19806 km in 2020) and maintain a dense railway network in all Member States.				No more recent figures available <div><p>Kilometers of high speed rail</p><table><thead><tr><th>Year</th><th>Kilometers</th></tr></thead><tbody><tr><td>2009</td><td>6126</td></tr><tr><td>2010</td><td>6602</td></tr><tr><td>2011</td><td>6830</td></tr></tbody></table></div>		Year	Kilometers	2009	6126	2010	6602	2011
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<sup>14</sup> EU CO2 emissions of maritime bunker fuels data for 2011 show inconsistency with the changes in bunker fuels and transport activity for 2010–2011 and they are currently under investigation by EEA. Therefore, the observed 2011 data should not be treated as final data.

### 1.1.2 Specific objectives for ABB-activity "Inland, air and maritime transport" – implementation according to plan

Transport has been driving European integration for more than 50 years. Persons and goods now travel more freely than ever before with the removal of borders between Member States. The 2011 Transport White Paper on the Future of Transport presents proposals for transforming the European transport system into a competitive system that will further improve mobility and continue to support growth and employment. Transport and logistics chains do not stop at the EU's external borders and thus it is essential to take a global approach on standards, rules and practices. This is also at centre of the Commission's efforts to fight climate change.

The EU has put in place a comprehensive legislative framework to ensure safe and reliable quality transport for passengers and goods in Europe and to protect passengers' rights in all modes of transport. In addition, the Commission worked to develop common rules and standards for security, an inspection system to check compliance with the rules and reinforced international cooperation so as to ensure high quality levels and a level-playing field beyond the EU.

The work of the three European Agencies<sup>15</sup> that work on safety is also covered by this ABB activity. Their work contributes to harmonising technical rules and safety and checking their implementation.

Implementation of activities in the area of inland, air and maritime transport is generally progressing according to plan. More detailed information on individual initiatives can be found below under each specific objective.

Specific objective 1: To make the internal transport market more competitive, including its external aspects (linked to general objective "Efficient transport")		<input checked="" type="checkbox"/> Spending programme <input checked="" type="checkbox"/> Non-spending
Result Indicator	Latest known result)	Target (mid-term result)
Number of air transport intra-EU city-to-city routes including domestic (of which with more than two competitors); (source: Eurostat, OAG-Summer schedule) (MOVE.E.4)	31/12/2013: 4203 (502) (figures with Croatia in the EU) 31/12/2012: 4119 (496) 31/12/2011: 4015 (482) 31/12/2010: 4035 (479)	No decrease in 2013 compared to 2012
Share of rail freight market held by new entrants (cumulative) (measurement unit: market share (%) tonnes/km; Source: Rail Market Monitoring Scheme Report) (MOVE.B2)	31/12/2012: 27% reached (for all Member States) 31/11/2011: Figures not available 31/12/2010 : approx. 20 % (not including CZ) 31/12/2009: 20% (not including CZ, DK, LU, IT, PT and SE) 31/12/2008: 20% (not including CZ, DK, LU, IT, PT and SE) 21/12/2006: 15% in 2006 31/12/2004: 10% in 2004	More than 25% by 2015
Number of administrative single windows for maritime transport in the 22 Member States with seaports (source: Member States expert group) (MOVE.D1)	31/12/2013: work in process to implement directive 2010/65/EU in 2015. Deadline implementation June 2015	17 Member States by 2014 22 Member States by 2015
Number of rail freight corridors with a single management structure (MOVE.B2)	31/12/2013: 6 rail freight corridors operational 31/12/2012: 6 with a single management structure to make them operational by Nov 2013	6 rail freight corridors operational by Nov 2013, further 3 rail freight

<sup>15</sup> The European Maritime Safety Agency, the European Aviation Safety Agency and the European Railways Agency

		corridors by Nov 2015 9 by 2015
Air navigation service determined unit rate (DUR) per service unit in € as set out in SES 2 (MOVE.E2)	31/12/2013: 56,70 <sup>16</sup> 31/12/2012: 57,73 31/12/2011: 57,11 31/12/2010: 60,37	31/12/2014: 53,92 31/12/2013: 55,87 31/12/2012: 57,88
Share of cabotage and cross-trade in all transport operations of EU hauliers (source: Eurostat)(MOVE.D3)	31/12/2012: 8.6% 31/12/2011: 7.8% 31/12/2010: 7.8%	8.5% by 2015 <sup>17</sup>
Transposition rate (%) (source :NIF data base ) (MOVE.A.5)	31/12/2013: 81,25% (all transport directives) <sup>18</sup> 20/12/2012: 95, 8% (all transport directives) 24/11/2011: 98.4% (all transport directives) 1/12/2010: 97.7% (all transport directives)	100%
Implementation of EU transport law (source :NIF data base ) (MOVE.A.5)	31/12/2013: 126 cases of incorrect implementation of which 17 complaints.* 20/12/2012: 85 cases of incorrect implementation of which 11 complaints <sup>19</sup> .	20% reduction in non-complaint cases by December 2013
Active bilateral logistics cooperation (MOVE.D.1)	20-21/11/2013: EU-China summit 15-16/07/2013: first discussions on e-Freight with the US DoT 28-29/05/2013: second EU-Asia technical cooperation workshop (e-Freight / Neal-Net) 08/11/2012: technical dialogue with China on NEAL-NET / E-FREIGHT (exchanges of best practices)	Extend cooperation with China to include also policy topics Assess possibilities for logistics cooperation with further 3 <sup>rd</sup> countries (incl. US)
Activate bilateral transport dialogues in all sectors (MOVE.E1)	31/12/2013: Dialogue with China, Japan 08/11/2012: Dialogues with US, China, Japan, Brazil, Norway	In maritime, extend to/reactivate dialogues with South Africa, India Implement first multimodal dialogue with Turkey Participate in High Level dialogues with China, Japan and Singapore
Air transport agreements with neighbouring countries and key partners (MOVE.E1)	2013: implementation according to plan  Comprehensive Aviation Agreements signed with Western Balkans, Morocco, Jordan, Georgia, Moldova, US, CA, Israel (June 2013; initialled with Brazil and Ukraine (November 2013), ongoing negotiations with Azerbaijan (open in January 2013) and Tunisia (second round held in December 2013)  Horizontal Agreements with 50 third countries, aligning with EU law 700 bilateral MS Air Services Agreements (in 2013 HA signed with Macao and initialled with Peru)	Finalise agreements with 2-3 countries by end-2013
Air Transport summits (MOVE.E1)	Aviation Summit with ASEAN scheduled in February 2014  Participated in ICAO 6 <sup>th</sup> Air Transport Conference and 38 <sup>th</sup> Assembly with significant policy achievements	Organizing the summit with ASEAN on air transport  Participating to the ICAO Air Traffic Conference (ATC 6)
NDPTL (Transport and Logistic Partnership) (MOVE.E1)	2013: First projects supported through NDPTL funded (Decision of Assembly of donors of 8/11/13) Extension of the MoU til 2020 agreed at the last High Level	Implementing the fund agreement and starting financing projects

<sup>16</sup> As regards Air navigation service determined unit rate (DUR) per service unit, the deviation from the target in 2013 can be explained by the lower traffic evolution.

<sup>17</sup> New target in Management Plan 2014: 10.5% by 2015, 13% by 2020.

<sup>18</sup> The transposition rate should significantly improve in 2014. The relatively low rate in 2013 is due to the fact that the transposition deadline for most Directives taken into account for 2013 was the last quarter 2013 and Member States usually notify national measures with a slight delay.

<sup>19</sup> In 2013, 20 cases on incorrect implementation have been closed. 63 new cases have been opened, mainly in the road sector (Interconnection to the ERRU system – Regulation 1071/2009), passenger's rights and air sector (Single European Sky, groundhandling and airport charges).

EUROMED (MOVE.E1)	<p>Meeting (17/12/13)</p> <p>Union for the Mediterranean Ministerial Transport Conference (14/11/2013)</p>	Organizing ministerial in the second half of 2013
Eastern Partnership (MOVE.E1)	2013: EaP Ministerial conference in Vilnius	Organizing 1 <sup>st</sup> Ministerial conference autumn 2013
Transport Community Treaty (MOVE.E1)	2013: Initialling and Signature could not take place in 2013 due to the persistence of technical and political problems, among which the most difficult to solve is the non-recognition of Kosovo as a signatory of the Treaty by Spain.	Initialling and signature in 2013

## Policy outputs

### Road:

- Modifications of the AETR to allow the accession of the EU: Based on the Commission proposal for a Council Decision defining a common position and the subsequent Council Decision to actually join the EU (2012 (COM(2012)589), the Council adopted its Decision on the position to be adopted, on behalf of the EU, in the Group of Experts on the AETR Agreement in mid-February 2013. The negotiations within the AETR are still ongoing.
- Updating Annexes 1 and 4 to the EU-CH Land Transport Agreement (new legal acts to be incorporated in the Agreement): Annex 1 has been updated by Decision 1/2013 of the EU-CH Inland Transport Committee of 6 December 2013 (see also OJ L 352 of 24.12.2013, p. 79). Annex 4 (as well as Annexes 3 and 7) to the Agreement will be updated as soon as Switzerland takes the Regulations (EC) No 1071/2009, 1072/2009 and 1073/2009 on board.

The following policy outputs were postponed (please see below for a short explanation):

- Report on the situation of the road freight transport market
- Legislative proposal improving the access to the national road freight transport markets, including through cabotage
- Fair and efficient pricing for sustainable transport
- Communication on the enforcement of rules regarding the road freight transport market
- Commission Regulation on categorisation of serious infringements against EU rules relating to road transport activities and leading to the loss of good repute of road transport operator
- Request for a mandate from the Council to start negotiations on a road transport agreement between the EU and third countries.

The legislative proposal improving the access to the national road freight transport markets, including through cabotage has been postponed as it was decided in the course of 2013 to shift the focus of the initiative towards better enforcement and administrative simplification and to integrate it in the 2014 REFIT exercise. This affected also the Communication on the enforcement of rules regarding the road freight transport market, which was meant to accompany the above-mentioned proposal, as well as the Report on the situation of the road freight transport market (now in its final phase of preparation). While work has been completed on the draft proposal for Fair and efficient pricing for sustainable transport, it was decided that the timing was not optimal which is why its adoption has been postponed until the next Commission. Finally, given the ongoing study on possible economic impacts of EU road transport agreements with Turkey and Ukraine, the adoption of a Commission proposal for a mandate from the Council to start negotiations on a road transport agreement between the EU and third countries has been postponed to 2014.

### Rail:

- Good progress in negotiations on the 4th Railway including the PSO part : Good progress in negotiations on the 4th Railway Package was achieved with a successful vote of the relevant EP Committee on all 6 legislative proposals in December 2013. For the Council, whilst 2 proposals successfully reached a general approach, the Commission would have expected the Lithuanian Presidency to reach a general approach on a third, ERA Regulation, by the end of 2013.
- Agreement on an MoU between the European Commission and OSJD: Negotiations blocked by third parties (RU & KZ).
- Application of Regulation 1370/2007 on public passenger transport service by rail and road :  
The Commission has launched enforcement action for Regulation 1370/2007 in four cases of which one led to sending a letter of formal notice to Spain regarding the award of concession contracts for the provision of bus and coach transport services. The other three investigations concerned The Netherlands, Belgium and Latvia.

### Air:

- Revised Commission implementing Regulation on performance of air navigation services (ex Commission Regulation (EU) 691/2010): (Commission Regulation (EU) 390/2013)
- Revised Commission implementing Regulation on a common charging scheme for air navigation services (ex Commission Regulation (EC) 1794/2006): (Commission Regulation (EU) 391/2013)
- Commission decision on setting EU-wide targets for the second reference period of the SES performance scheme: Commission Implementing Decision of 11 March 2014 setting the Union-wide performance targets for the air traffic management network and alert thresholds for the second reference period 2015-19 (2014/132/EU), OJ L 71, 12.3.2014, p. 20
- Communication on the implementation of the Single Sky legislation (report to European Parliament and Council): (Communication "Accelerating the implementation of the Single European Sky -SES 2+, COM (2013) 408 final) adopted on 11/06/2013
- Legislative proposal revising Single Sky legislation (SES 2+): Proposal for a Regulation of the European Parliament and of the Council on the implementation of SES (recast) - SES 2+ COM(2013) 410 and COM(2013) 409 adopted on 11/06/2013
- Implementing the recommendations from the Commission's Communication "The EU's External Aviation Policy – Addressing Future Challenges" (COM(2012) 556 final): (targets achieved)
  - Further progress in Common Aviation Area with Neighbouring countries: agreement signed with Israel, initialled with Ukraine, negotiations ongoing with Tunisia, open with Azerbaijan;
  - Preparation of comprehensive road-map for enhancing EU-Russia aviation relations;
  - Extended negotiating mandate for renegotiating agreement with Brazil;
  - Launch of dialogue with Gulf countries : first EU-Gulf Aviation Dialogue meeting held in November 2013;
  - Letter of Intent on cooperation in air transport signed with China;

- EU-ASEAN Aviation Summit will be held in February 2014;
- ICAO: Participation in 6th ICAO Air Transport Conference at which the EU managed to influence the conclusions considerably including in relation to fair competition; Participation at ICAO 38th Assembly Meeting where the EU managed to ensure that the balance achieved at the 6th ATC in the area of economic regulation is maintained in the Assembly Resolution on Economic regulation;
- Fair competition: Achievements in ICAO with the adoption of "fair competition clause" (November 2013); revision of Regulation 868/2004 underway;

#### **Maritime:**

- Communication on Blue Belt: adopted as planned on 8/7/2013 - COM/2013/510, PE/2013/4345.

The following policy outputs were postponed (please see below for a short explanation):

- The e-Maritime initiative
- Report and interpretative communication on maritime cabotage
- Communication on e-Freight
- Proposal to update directive 2010/65/EU on reporting formalities for ships
- Proposal to harmonize conditions for granting Pilotage Exemption Certificates in Member States

In order to avoid interferences with the ongoing work to implement Directive 2010/65/EU on reporting formalities, in particular the setting up of National Single Windows, the e-Maritime initiative and the proposal to update Directive 2010/65/EU have been postponed. The Report and interpretative Communication on maritime cabotage was postponed to ensure a comprehensive interpretation of relevant applicable EU rules (incl. in the field of State aid and public procurement) and to take full account of the provisions of new Directives on concessions and public procurement that are to enter into force in March 2014. The proposal to harmonize conditions for granting Pilotage Exemption Certificates in Member States has been postponed to 2014, in order to avoid creating confusion with the proposed port policy regulation, also dealing (inter alia) with sea pilotage. Finally, in order to allow for a proper incorporation of stakeholder comments received throughout 2013 (and in particular the major logistics conference of November 2013), the Communication of e-Freight was also postponed to 2014.

- NAIADES II package : Communication of the Commission "Towards quality inland waterway transport (COM(2013)623 final).
- Legislative proposal on the competitiveness and performance of ports (including port services and port organisations) – COM(2013)621 adopted on 10/9/2013

Additional initiatives:

- Communication "Ports and engine for Growth" – COM(2013)295 adopted on 23/5/2013
- Legislative proposal on the access to the market of port services and the financial transparency of ports competitiveness and performance of ports (including port services and port organisations) – COM(2013)296 adopted on 23/5/2013

#### **Main expenditure –related outputs:**

##### **Evaluation**

- An evaluation of existing aviation internal market legislation called the "Fitness Check" has been completed. The fitness check in aviation is an ex-post evaluation of three Regulations on the internal aviation market, the Air Services Regulation being the most important one. On top of that the Regulation on a code of conduct for computerised reservation systems and the one on insurance requirements have been evaluated. DG MOVE checked whether the provisions of these three Regulations are still fit for purpose, or whether they would need some form of adapting in view of the important changes that are taking place in the internal market for aviation. The check encompassed large stakeholder's consultations and a workshop for stakeholders. Report on the fitness check on Internal Aviation Market was published on 6 June 2013 (SWD(2013)208).

- The evaluation of the road sector is on-going. Preliminary results are available in a report on the development of the road haulage market that was drafted by a High-Level Group (HLG) and handed over to the Commission in June 2012. That report found that there is scope in increasing the efficiency in the logistics chain which is considered vital to improve the competitiveness of the European economy in the face of increasing global competition. The HLG recommends a step-by-step opening of the national transport market, flanked by measures to restore the attractiveness of the sector, rules on the road transport market need to be applied fairly and innovation should be promoted.

It is now expected that this evaluation will be completed by mid-2014.

- Evaluation of the framework contract of ERTMS:

The evaluation of the framework contract on ERTMS was completed in early 2013.

- Evaluation of road charging: The evaluation of Directive 1999/62/EC, as amended, on the charging of heavy goods vehicles for the use of certain infrastructures has been adopted as Staff Working Paper in January 2013 (SWD(2013)1 of 10.1.2013) (see also Annex 9).

## **Road**

The share of **cabotage and crosstrade** in total EU road freight transport EU continued to rise, despite a number of restrictions which prevent the full integration of the EU road haulage market. DG MOVE continued work on the review of the rules governing the **access**

**to the national road haulage markets**, to improve market access and clarify and simplify the rules, which has been absorbed by the 2014 REFIT initiative. A report on the state of the EU road transport market will be presented shortly.

### **Single European Rail Area**

In 2013, the focus was adoption and negotiation of **4<sup>th</sup> railway package** in the institutional framework. The six Commission proposals on the 4th railway package were adopted in January 2013.

On 30 January 2013, the Commission published its report on the implementation of Directive 91/440/EEC on the development of European railways as amended by Directive 2007/58/EC on the **opening of the market for internal rail passenger services** within the 4th Railway Package.

In the framework of Directive 2012/34/EU establishing a **Single European railway area**, the Commission organised the first three meetings of the newly established "Single European railway area Committee" (**SERAC**) as well as the first three meetings of the newly established "European Network of Rail Regulatory Bodies" (**ENRRB**). New implementing acts began to be adopted for the 115 notified **cross-border agreements** to verify and confirm compliance with the Directive.

### **Aviation and international cooperation**

In **Aviation**, DG MOVE continued in 2013 to pursue a policy aimed at supporting the following objectives: competitive and sustainable transport in terms of functioning of the internal market in aviation and airports, promoting the international aspect of transport and extending the aviation transport market outside the EU boundaries, innovative solutions for future transport including the Single European Sky; and ensuring the highest levels of safety.

Following preparatory work in 2011 and 2012, a report on the **Fitness Check** on Internal Aviation Market was eventually published on 6 June 2013 (SWD(2013)208). The conclusion was that the existing rules on market access to air transport services, ticketing price transparency, passenger protection in case of airline insolvency, minimum insurance and computerised reservation systems remain suitable for promoting innovation and fair competition between air carriers and to ensure that passengers are adequately informed about air ticket prices and receive assistance if their flight is cancelled because of airline insolvency.

Highlights in international cooperation were the agreement reached at the ICAO 38th Assembly to develop a global market based measure to mitigate the growing impact of aviation on climate change and progress in IMO on maritime greenhouse gas emissions fostered by the Commission proposal for monitoring, reporting and verification (MRV) of greenhouse gases in the EU. Regional cooperation was pursued in the framework of the Eastern Partnership, the EuroMed dialogue and the Northern Dimension Partnership on Transport and Logistics (NDPTL), and DG MOVE continued to be involved in bilateral dialogues and negotiations in the area of transport with key partners, such as the US, Brazil and the Gulf countries. Further progress was achieved in creating a Common Aviation Area with Neighbouring countries through Comprehensive Air Transport Agreements with Israel (agreement signed) and Ukraine (agreement initialed).

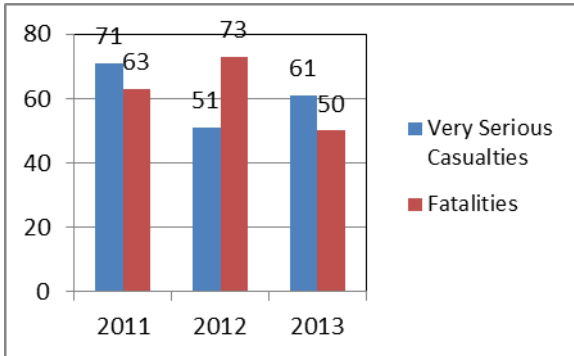
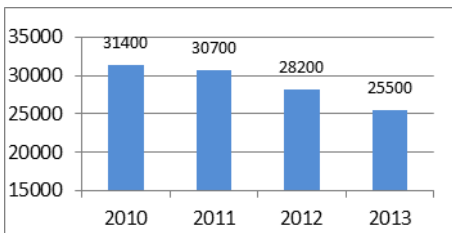
### **Maritime, ports and inland waterways**



In maritime, the Commission adopted the Communication on **“Blue Belt, a Single Transport Area for shipping” (COM/2013/510)**, involving two legal modifications of the implementing provisions of the European Customs Code, the first of which was adopted in November 2013.

With regard to the **European ports' policy** the Commission adopted a **Communication to develop the competitiveness of the TEN-T ports** as well as a legislative proposal establishing a framework ensuring the financial transparency of public funding of **port infrastructures and market access to port services**. The European Parliament has initiated the necessary preparatory work so that a first reading could be voted under this legislature.

As regards **inland navigation**, the Commission's services adopted the **NAIADES II** initiative on 10 September 2013, setting out an ambitious action plan for the development of inland navigation policy for the period 2014-2020.

Specific objective 2: Promote safe and secure transport (Linked to the general objective "Efficient transport")		<input checked="" type="checkbox"/> Spending programme <input checked="" type="checkbox"/> Non-spending												
Result Indicator	Latest known result	Target (mid-term result)												
Number of maritime accidents ("very serious casualties" and "fatalities") in EU waters <sup>20</sup> (Source EMSA) (MOVE.D.2)	<p>Very Serious Casualties 2011 - 71 2012 - 51, 2013 - 61 Fatalities 2011 – 63 2012 – 73 2013 – 50<sup>21</sup></p>  <table><thead><tr><th>Year</th><th>Very Serious Casualties</th><th>Fatalities</th></tr></thead><tbody><tr><td>2011</td><td>71</td><td>63</td></tr><tr><td>2012</td><td>51</td><td>73</td></tr><tr><td>2013</td><td>61</td><td>50</td></tr></tbody></table>	Year	Very Serious Casualties	Fatalities	2011	71	63	2012	51	73	2013	61	50	Less than 50 very serious casualties per year. Less than 30 fatalities per year (by 2015)
Year	Very Serious Casualties	Fatalities												
2011	71	63												
2012	51	73												
2013	61	50												
Number of fatalities in road transport accidents (Source: CARE) (MOVE C.4)	<p>2013: 25500 2012: 28200 2011: 30700 2010: 31400</p>  <table><thead><tr><th>Year</th><th>Fatalities</th></tr></thead><tbody><tr><td>2010</td><td>31400</td></tr><tr><td>2011</td><td>30700</td></tr><tr><td>2012</td><td>28200</td></tr><tr><td>2013</td><td>25500</td></tr></tbody></table> <p>(Reference data for the previous years have been updated to consider EU 28 figures)</p> <p>Results are in line with the target (average yearly decrease between 2010 and 2020)</p>	Year	Fatalities	2010	31400	2011	30700	2012	28200	2013	25500	Max 15700 (EU 28) by 2020		
Year	Fatalities													
2010	31400													
2011	30700													
2012	28200													
2013	25500													

<sup>20</sup> Due to the entry into force of Directive 2009/18/EC providing for the fundamental principles governing the investigation of accidents in the maritime transport sector it has been decided to re-establish the result indicator to better reflect the data covered by the Directive. The result indicators are now "Very Serious Casualties" and "Fatalities".

<sup>21</sup> Source: European Maritime Casualty Information Platform (EMCIP). Data should however be treated with caution as not all Member States are consistent in populating the EMCIP database and the Commission/EMSA has identified problems with under-reporting. It cannot be excluded that the figures for very serious accidents could be revised upwards.

Aviation safety: a. Rate of Fatal aviation accidents per 10 Million flights (10 year moving average) b. Number of fatal accidents to EU commercial air transport (Source : EASA annual report) (MOVE.E3)	a. 2012: EU: 2, Asia : 4.8, N. America : 1.6 (2011: EU – 1.6, E. Asia – 2.9, N. America – 1.6)  b. 2012: 1 (2011: 1)	a. To match, or be, the lowest world rate by 2020 b. Maximum of 1.0 by 2020
Reported total number of rail accidents, including level crossing accidents (source : Railway Safety Performance report of the European Railway Agency; the number of accidents is one of the Common Safety Indicators that have to be reported to the Agency by the Member States, as required by Annex I to the Railway Safety Directive) (MOVE.B2)	31/12/2012: 2068 31/12/2011: 2342 31/12/2010: 2421 31/12/2009: 3537	Year on year decrease in respect of 2011
Compliance with Community legislation: aviation security inspection results (percentage of compliance with main provisions) (MOVE.A2)*	31/12/2013: 80% <sup>22</sup> 31/12/2012: 83% 31/12/2011: 80% 31/12/2010: 80% <sup>23</sup> 31/12/2009: 85%	85%
Number of infringement cases commenced against MS following aviation security inspections for major non-compliance of the legislative requirements (MOVE.A2)	Infringements commenced in 2013: 1 Infringements commenced in 2012: 1 Infringements commenced in 2011: 2 Infringements commenced in 2010: 2 Infringements commenced in 2009: 1	0
Number of infringement cases commenced against MS following maritime security inspections for major non-compliance of the legislative requirements <sup>24</sup> (MOVE.A4)	Infringements commenced in 2013: 1 Infringements commenced in 2012: 4 Infringements commenced in 2011: 1	0 major non-conformities
Piracy: EU ships' compliance with EU Best Management practice (source :EU NAVFOR ) (MOVE.A4)	2013: 100% 2012: 93% 2011: 83%	100%

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<sup>22</sup> Results show a stable and relatively high rate of compliance with core aviation security rules.

<sup>23</sup> Due to the fact that security provisions in the new aviation security regulations have regrouped and combined this figure is not directly comparable to the figures of previous years which was based on a higher number of individual provisions

<sup>24</sup> Commission is performing inspections in order to monitor the application by MS of security legislation. This indicator measures the number of deficiencies that are found which are sufficiently serious – and not swiftly rectified – as to merit commencing infringement proceedings

### Main policy outputs

- Staff working document on ERTMS : report on effective compliance with deployment plan - Draft document was prepared and launched in ISC on 12.12.2013
- Revision of the aviation security legislation in order to permit liquids to be brought on board aircraft again gradually from 2014:
  - Commission Regulation (EU) No 245/2013 of 19 March 2013 amending Regulation (EC) No 272/2009 as regards the screening of liquids, aerosols and gels at EU airports
  - Commission Implementing Regulation (EU) No 246/2013 of 19 March 2013 amending Regulation (EU) No 185/2010 as regards the screening of liquids, aerosols and gels at EU airports
  - Commission Implementing Decision C(2013) 1587 final of 19.3.2013 amending Commission Decision C(2010) 774 as regards the screening of liquids, aerosols and gels at EU airports
  - Commission Implementing Decision C(2013) 2045 final of 17.4.2013 amending Commission Decision C(2010) 774 as regards the screening of liquids, aerosols and gels at EU airports
- Revision of the aviation security legislation in order to modernise and render more efficient the security control of air passengers
- Commission Implementing Regulation (EU) No 104/2013 of 4 February 2013 amending Regulation (EU) No 185/2010 as regards the screening of passengers and persons other than passengers by Explosive Trace Detection (ETD) equipment in combination with Hand Held Metal Detection (HHMD) equipment
- Commission Implementing Regulation (EU) No 1116/2013 of 6 November 2013 amending Regulation (EU) No 185/2010 as regards clarification, harmonisation and simplification of certain specific aviation security measures
- Commission Implementing Decision C(2013) 7275 final of 6.11.2013 amending Commission Decision C(2010) 774 as regards clarification, harmonisation and simplification of certain specific aviation security measures
- Agreement with Canada on mutual recognition of aviation security controls:
  - The mutual recognition agreement with Canada is postponed to 2015 due to delay in negotiations with Canada
  - Mutual recognition agreements with Faroe Islands and Greenland were delivered in 2013
  - Commission Implementing Regulation (EU) No 1103/2013 of 6 November 2013 amending Regulation (EU) No 185/2010 as regards recognising the equivalence of security standards of third countries
- (together with DG TAXUD) Revision of the aviation security and customs legislation to align the status of Authorised Economic Operator and Regulated Agent (RA) and Known Consignor (KC)
  - Postponed to 2015 due to delay in Member States' customs and transport services delivering a final agreement.
- (together with DG ENTR) Proposal for a Directive on standards and conformity assessment of aviation security equipment-
  - Postponed to 2015/16. Timetable outside the remits of transport policy.
- Regular updates of the list of banned air carriers: The list of carriers banned from operating in the EU (EU Safety List) was updated twice, through Commission Implementing Regulation 659/2013 of 10 July 2013 and Commission Implementing Regulation 1264/2013 of 3 December 2013

- Implementation of the policy orientations on road safety 2011-2020:

The work to implement the policy orientations on road safety 2011-2020 has included inter-institutional activities concerning a package of proposals (roadworthiness package) to modernise and update the technical roadworthiness testing in the European Union. As a result of very intensive efforts, an agreement could be reached on this highly complex and technical legislation in the course of 2013.

In May 2013 the Commission adopted a Report to the European Parliament and the Council on the application by the Member States of Directive 2000/30/EC on the technical roadside inspection of the roadworthiness of commercial vehicles [COM(2013)303].

In March 2013 a Commission Staff Working Document on a European injury strategy (SWD(2013)94) was published as a major milestone to enhance the quality of road safety indicators.

2013 saw the entry into force of several pieces of legislation adopted in the previous years. This required a strong monitoring and communication effort, in particular as concerns new driving licences as well as enforcement of road safety related traffic offences. The Commission also adopted on 2/10/2013 Directive 2013/47/EU which adapts the Annexes to Directive 2006/126/EC allowing for the use of certain types of motorcycles when testing skills and behaviour of candidate riders.

The Commission pursued to ensure the application of the legislative provisions related to Directive 2008/96/EC on road infrastructure safety management and Directive 2004/54/EC on Minimum Safety Requirements for Tunnels in the Trans-European Road Network. Similarly, the Commission monitored the implementation of Directive 2004/54/EC, especially those concerning the retrofitting of tunnels in operation as well as the reporting obligation for accident.

As regards the implementation of Directive 2003/59/EC concerning the training of professional drivers, a stakeholder consultation was held in view to assessing the current Directive and exploring aspects of a possible review of it.

The Commission adopted on 6/5/2013 an implementing Decision authorising Member States to adopt certain derogations on the inland transport of dangerous goods, as well as a Report to the European Parliament and the Council on the application by the Member States of Council Directive 95/50/EC on uniform procedures for checks on the transport of dangerous goods by road [COM(2013)815]. At international level, the Commission has continued to strengthen the EU coordination in international fora, notably at UN, UN-ECE and OTIF.

Action plan on technical safety devices: In-vehicle systems to increase road safety were debated in a stakeholder meeting organised in March 2013, which led to the preparation of a complete draft Commission Staff Working Document as planned. An iterative fine-tuning of the paper, due to the sensitivity of the file, did not allow an adoption by the end of the year.

- Tackling serious road injuries : an EU strategy - In March 2013 a Commission Staff Working Document on a European injury strategy [SWD(2013)94] was published as a major milestone to enhance the quality of road safety indicators
- Legislative proposal for the deployment of the interoperable EU-wide eCall: adopted as planned on the 13/6/13 - COM (2013) 315final.
- Specifications on data and procedures for the provision, where possible, of road safety related minimum universal traffic information free of charge to users, (Delegated Regulation EU 886 (2013) OJ L 247, 18.9.2013,p 6) and on the provision of information services for safe and secure parking places for trucks and commercial vehicles (Delegated Regulation EU 885 (2013) OJ L 247, 18.09.2013, p. 1) (Priority Actions "c" and "e" of the ITS Directive) were adopted as planned by the Commission as delegated acts.
- Draft Council Decision on Position of the Union on amendments to the UNECE 1997 Agreement concerning the Adoption of Uniform Conditions for Periodical Technical Inspections of Wheeled Vehicles and the Reciprocal Recognition of such Inspections (the UNECE 1997 Vehicle Inspection Agreement), with the view of later EU accession :During 2013, the Commission performed an in-depth analysis related to legal issues in relation to a possible later EU accession. Further progress is expected in 2014, however implications by the upcoming 2014 Union legislation on periodic roadworthiness tests in relation to the UNECE 1997 Agreement will require further assessment

- Progress towards an agreement on the Commission proposal revision Directive 96/98 on marine equipment: first trilogue took place in December 2013. Directive was also amended for the 9<sup>th</sup> time by means of Commission Directive 2013/52/EU, OJ L 304/1. 14.11.2013, p. 1.
- Commission proposal for the multiannual financing of EMSA anti-pollution measures (COM(2013)174): third trilogue in December 2013 but no agreement concerning the budgetary envelope.
- Commission proposal for a Council decision following Art 218 (6) TFEU concerning a mandatory IMO instrument on fishing vessel safety: Proposal was presented (COM(2013) 38) and deliberations concluded in Council in 2013. The file awaits the consent of the European Parliament.
- Commission proposal for a Council decision following Art 218 (9) TFEU concerning the application of the IMO code on Recognised Organisations: Council decision adopted in May 2013; Member States made in 2013 in IMO declaration on elements risking to contradicting existing EU legislation where relevant. (COM(2013)208 final).
- Commission proposals for Council decisions following Art 218 (9) TFEU concerning IMO instruments impacting on EU law in the field of maritime safety and air and water pollution from ships: Council Decision made in May 2013 (COM(2013)212 final).
- Final (second-reading) agreement on the tachograph proposal: Agreement between the Council and the European Parliament was found in May 2013; adoption of Council position on 15 November 2013 (see OJ C 360 E of 10.12.2013, p. 66) and final 2<sup>nd</sup> reading adoption by the European Parliament on 15 January 2014.
- Negotiations on revision of air safety aircrew fatigue legislation: new rules on flight time limitation (EASA OPS-Part FTL) were agreed, which were formally adopted by the Commission on 29 January 2014
- Negotiations on Revision of the occurrence reporting in civil aviation legislation: Following successful trilogue negotiations a new Regulation on occurrence reporting in civil aviation was agreed by the European Parliament and the Council of Ministers. Its formal adoption by the co-legislators is scheduled for early 2014
- Number of aviation security inspections planned in 2013: 39
- Output delivered as planned (7 inspections of appropriate authorities, 27 initial airport inspections and 5 follow-up airport inspections in the period Jan – Dec 2013)
- Number of maritime security inspections planned in 2013: 16 (output delivered as planned)

The following policy outputs were postponed (please see below for a short explanation):

- Revision of Directive 2003/25/EC on specific stability requirements for ro-ro passenger ships: (postponed till 1<sup>st</sup> Quarter 2014 – due to lack of progress in IMO)
- Revision of Regulation 2099/2002 establishing a Committee on Safe Seas and the prevention of Pollution from Ship (COSS): postponed to 2014 pending the alignment to delegated acts cf COM(2013)451.
- Commission proposal revising Directive 2009/45 on passenger ship safety: postponed till 1<sup>st</sup> Quarter 2015 – REFIT together with Directive 1998/41/EC on passenger registration and Directive 1999/35/EC of surveys for vessels in regular service
- Commission proposal revising Directive 2000/59 on port reception facilities: postponed till 1<sup>st</sup> Quarter 2015 – REFIT together with Directive 1998/41/EC on passenger registration and Directive 1999/35/EC of surveys for vessels in regular service

The revision of Directive 2003/25/EC on stability requirements for ro-ro passenger ships has been postponed since efforts had focused throughout 2013 on introducing the necessary changes through the IMO, as announced by Vice-President Kallas in 2012 and 2013. If the IMO progress will be unsatisfactory, the Commission will proceed with the revision of Directive 2003/25/EC. Also in relation to passenger ship safety, the proposal to revise Directive 2009/45 has been postponed, due to its integration in the REFIT exercise, together with Directives 1998/41/EC on passenger registration and 1999/35/EC of surveys for vessels in regular service. While work has been launched on the revision of Directive 2000/59 on port reception facilities, its adoption has been postponed, pending the availability of the ex-post evaluation and finalisation of discussions on ports policy package. Finally, the revision of Regulation 2099/2002 establishing a Committee on Safe Seas and the prevention of Pollution from Ship (COSS) has also been postponed, as it awaits the alignment to delegated acts cf. COM(2013)451

#### Main expenditure –related outputs:

##### European Railway Agency budget for 2013: €25.7 million in commitment appropriations

- Production of recommendations on technical specifications for interoperability (basis for TSIs adopted by the Commission in accordance with Directive 2008/57/EC) - Yes, in 2013 ERA delivered the following recommendations : ERA-REC-01-2013/REC, ERA-REC-02-2013/REC, ERA-REC-07-2013/REC, ERA-REC-103-2013/REC, ERA-REC-105-2013, ERA-REC-104-2013/REC, ERA-REC-106-2013/REC. For more details, please visit <http://www.era.europa.eu/Core-Activities/Interoperability/Pages/INT-Recommendations.aspx>
- Production of common safety methods, targets and indicators (in accordance with Directive 2004/49/EC) - -- 3 ERA Recommendations received
- Production of technical opinions regarding, inter alia, national technical or safety rules and refusals by National Safety Authorities to authorise placing railway sub-systems or vehicles in service - ERA produced 16 advices and 5 technical opinions - for more details please visit <http://www.era.europa.eu/Core-Activities/OPI-ADV/Pages/default.aspx>
- Development and maintenance of registers related to railway interoperability and safety – ERA recommendation on RINF received on 7/10/2013.
- Maintenance and development of ETCS Baseline 3 specification and GSM-R specification (as System Authority for ERTMS) – draft almost completed by end 2013.
- Management and development of IT database for cross-acceptance of rolling stock, including ensuring its link with the Commission's Notif-IT database and update of relevant rules – The RDD database was established, including the link to Commission's Notif-IT database.
- Production of draft assessment scheme for the accreditation of training centres and examiners – Postponed due to other priorities.
- Assisting the Commission in checking the transposition of the interoperability and safety legal framework — completed and delivered, including for CH, in view of their future participation in ERA.
- Performing cross-audits of NSAs (together with NSAs) – On-going.

##### European Maritime Safety Agency budget for 2013: €60,4 million in commitment appropriations

- Around 71 technical inspections in the Member States and in third countries as per the 2013 EMSA WP, Completion of 1 horizontal analysis of inspection reports in Member States in the following area: STCW and generalisation of "end-of-cycle" reports of Class inspections
- Stand by capacity of pollution response vessels: 18
- SafeSeaNet: the EU maritime information and exchange system set up under Directive 2002/59/EC. Under this system, covering all European coastal waters, 12,000 ships/day are tracked, enabling that relevant information on vessels, and their cargo are collected and shared under appropriate safeguards with the recipients (national administrations, port authorities) who are entitled to receive such information. About 100.000.000 million position reports (AIS) are recorded per month. EMSA achieved further integration of LRIT into SafeSeaNet, and facilitated implementation of reporting formalities Directive. CleanSeaNet, a service of analysing satellite images for monitoring sea pollution, further enhanced in 2013 with the acquisition of further satellite sensors
- Technical consolidation of an integrated approach to maritime traffic data with the completion by EMSA of the Integrated Maritime Data Environment (IMDatE) project, under the SafeSeaNet, in 2013, enabling integrated maritime services.

##### European Aviation Safety Agency budget for 2013 : €162.4 million in commitment appropriations:

- Issuing of Certificates and Approvals on initial and continuing airworthiness
- Implementation of Standardisation Programme (Inspections) across EU and neighboured countries
- Planning and Implementation of Rulemaking Programme
- Assisting the Commission with the elaboration and revision of EU legislative acts (for 2013, revision of Regulation 736/2006 and Regulation 593/2007, and development of a new Regulation for Third Country Operator (TCO) authorisations)
- Cooperation with Third Countries and ICAO on Safety Matters
- The Commission adopted on 28 June 2013 Commission Implementing Regulation (EU) 628/2013 on EASA standardisation and on 14 August 2013 Commission Implementing Regulation (EU) [ ] on air operations with non-commercial aircraft (EASA OPS-Part NCC/NCO.
- Also, agreements were reached on several other Commission Implementing Regulations which are scheduled for formal adoption early 2014. These include EASA OPS-TCO (Third Country Operators), EASA-OSD (Operational Suitability Data), EASA-Part ARD (Aerodromes) and EASA-OPS Part SPO (Special Operations) and Part CAT (S, B, A-A; Sailcraft, Balloons and Airport to Airport).

The work to **implement the policy orientations on road safety 2011-2020** has continued. In particular, the **roadworthiness package** (COM(2012) 380 to 382) was followed-up throughout the inter-institutional decision process and reached political agreement in first

reading in December 2013. Moreover, in March 2013 a Commission Staff Working Document on a **European injury strategy** (SWD(2013)94) was published as a major milestone to enhance the quality of road safety indicators.

The process of review of Directive 2003/59/EC on **training and qualification of professional drivers** started in 2013 with a stakeholder consultation and the launching of an ex-post evaluation and impact assessment.

As regards Directive 2006/126/EC on **driving licences**, following the end of the transposition period, conformity-check started and questions were addressed to all Member States; moreover the technical annexes were adapted by Commission Directive 2013/47/EU in October.

The Commission pursued to monitor the implementation of Directive 2008/96/EC on **road infrastructure safety management** and Directive 2004/54/EC on **Minimum Safety Requirements for Tunnels** in the Trans-European Road Network; as regards the latter particular attention was paid to the retrofitting of tunnels in operation as well as the reporting obligation for accidents.

The Commission adopted in May an implementing Decision authorising Member States to adopt certain derogations on the **inland transport of dangerous goods** (COM(2013)815).

An agreement was reached in 2013 on the new **tachograph** regulation which will increase road safety (by reducing the possibility for tampering with the device) and significantly reduce the administrative burden on enterprises. This also paves the way for new functionalities such as GNSS to be deployed in the smart tachograph of the future.

A legislative proposal for the deployment of the **interoperable EU-wide eCall** (COM (2013) 315 final) was adopted in June 2013.

Under the **ITS Directive** the Commission adopted specifications on data and procedures for the provision, where possible, of road safety related minimum universal traffic information free of charge to users (Delegated Regulation (EU) 886/2013) and on the provision of information services for safe and secure parking places for trucks and commercial vehicles (Delegated Regulation (EU) 885/2013).

Under Directive 2004/49/EC on **railway safety**, the Commission monitored safety performance and, in particular, measures adopted as a consequence of severe accidents.

In maritime, DG MOVE prepared two EU submissions to the IMO concerning the **stability of passenger ships** after an accident, as well as authorising decisions for MSs to accept changes of IMO instruments in the field of maritime safety and air and water pollution from ships (Council Decision 2013/267/EU) as well as on Recognised Organisations responsible for ship surveys (Council Decision 2013/268/EU). **Safety of fishing vessels** above 24m of length was strengthened internationally with the launch of the ratification period of the Cape Town Agreement, for which the Commission prepared an authorising decision for the Member States.

Concerning vessel traffic monitoring including the accommodation of **ships in need of assistance** (Directive 2002/59/EC), the Commission established a cooperation forum on Places of Refuge with Member States authorities, which met three times in 2013. The Commission noted a satisfactory performance of **Member States as Flag States** according to Directive 2009/21/EC (COM (2013) 916 final), with failure of a few concerning undergoing mandatory audits, transparency requirements and ratification of relevant international



instruments.

To ensure maritime safety over 70 technical inspections in the Member States and in third countries were carried out by the European Maritime Safety Agency (EMSA). Concerning Commission proposal COM(2013)174 on the **multiannual funding for the antipollution** measures of EMSA, no agreement has yet been found in relation to the budgetary envelope.

In aviation safety, following successful trilogue negotiations, a **new Regulation on occurrence reporting** in civil aviation was agreed by the European Parliament and the Council of Ministers. Its formal adoption by the co-legislators is scheduled for early 2014. This Regulation, which will repeal an older Directive, will improve aviation safety by ensuring that adequate preventive lessons can be learned from the systematic collection and analysis of incidents and accidents throughout the EU.

The **EU Safety List**, which contains the carriers banned from operating in the EU, was updated twice in 2013. A number of carriers, including some from Indonesia, the Philippines and Venezuela were taken off the EU Safety List. On the other hand, all carriers from Nepal were added to the Safety List.

Specific objective 3: Promote quality transport services and working conditions Linked to general objective "Efficient transport"		<input checked="" type="checkbox"/> Spending programme <input checked="" type="checkbox"/> Non-spending
Result Indicator	Latest known result	Target (mid-term result)
Level of public awareness about passenger rights (Results of the 2010/2011 information campaign on passenger rights, launch of smartphone application on air and rail passenger rights in June 2012, cooperation with Europe Direct Contact Centres, Network of National Enforcement Bodies, European Contact Centres) (MOVE.D4)	<p>2013: 66204 inquiries on air passenger rights handled by the NEB network (information received from 25 MS + NO, IS, CH)</p> <p>Enquiries handled by EDCC between January and December 2013: APR: 6621 RPR: 150</p> <p>August 2011 – September 2012 more than 8700 inquiries on air passenger rights, ca. 330 inquiries on rail passenger rights handled by EDCC (Europe Direct Contact Centre). In 2011, ca. 192 inquiries handled by MOVE D4 in all modes of transport. In 2012, ca. 69 inquiries handled by MOVE D4 in all modes of transport until mid-November 2012 More than 72,600 downloads of smartphone app between June and November 2012.</p> <p>31/12/2010: ca. 14.500 inquiries on APR handled by COM and EDCC June 2010 up to now: ca. 500 inquiries on RPR handled by EDCC 31/12/2009: ca. 33.000 inquiries handled by the NEB network</p>	Sustained increase (ca. 5-10 % by 2015) taking into consideration the effects of raising awareness, which will lead to a reduction in inquiries, complaints and downloads.
Social conditions for seafarers. Number of deficiencies related to social conditions in Port State Control inspections (Source: Paris MoU) (MOVE.D2)	<p>2013 – 7367 (Source THETIS - EMSA) 2012: 7373 (Source THETIS - EMSA)</p> <p>2011: 7593 deficiencies (according to NIR) 2010: 7,223 deficiencies (corresponds to 10327 calculated by the NIR method)</p>	Decrease by 5% NEW target under NIR and following the entry into force of the MLC (Maritime Labour Convention) - 8500
Main policy outputs		
<ul style="list-style-type: none"> <li>- Agreement on the Commission proposals for the enforcement of the Maritime Labour Convention (MLC): Council and Parliament achieved a first reading agreement on Directive 2013/38/EC amending Directive 2009/16/EC on Port State Control and Directive 2013/54/EU on flag State responsibilities.</li> <li>- Revision of air passenger rights and air carrier liability legislation: proposal adopted by the Commission on 13.3.2013 (COM(2013)130final).</li> <li>- Communication on passenger protection against the consequences of airlines insolvencies: presented on 18.3.2013 (COM(2013)129)</li> <li>- Report on the application of directive 2009/12 on airport charges: To be adopted in March 2014 to take full account of the results of the preparatory study released in autumn 2013.</li> <li>- Report on the application of Regulation 1371/2007 on rail passenger rights and obligations including a report on setting a minimum amount of insurance for railway undertaking: adopted on 14.8.2013 (COM(2013)587).</li> <li>- Launch of an EU-wide information campaign to raise passengers' awareness about their rights in all modes of transport (2013-2014): on 26.6.2013(Opening of the new campaign made by Vice-President Kallas at Gare du Midi-Brussels).</li> <li>- Staff working document on mobility continuity plans in case of major disruptions: The main purpose of the SWD on "Mobility Continuity Plans" is to list all significant measures adopted since the volcanic ash crisis of 2010 with a view to coping with major disruptions in the transport system. Taking into account that some of the most important measures (i.e. in particular the new civil protection mechanism and the new guidelines on TEN-T) were scheduled for adoption in December 2013, the adoption of the SWD early in 2014 seemed a more appropriate timing for the sake of providing a comprehensive and up-to-date overview.</li> <li>- Study on jobs and working conditions across all modes of transport: started in 2013, still on-going (should be finished in June 2014).</li> </ul>		
Main expenditure –related outputs:		
N/A		

The Commission adopted the proposal to revise the **main air passenger rights** Regulation

and the air carrier liability Regulation (COM(2013)130final). A communication on **passenger protection in the event of airline insolvency** was also adopted (COM(2013)129).

The Commission also adopted a report on the application of Regulation (EC) No 1371/2007 on **Rail Passenger Rights and Obligations** (COM(2013)587). A **new information campaign** on passenger rights was launched.

Two Directives on the enforcement of the **Maritime Labour Convention** were adopted in 2013: Directive 2013/38/EU amending for this purpose Directive 2009/16/EC on port State control and Directive 2013/54/EU on flag State responsibilities.

Specific objective 4: Make greater use of low-carbon transport modes and promote multi-modality (linked to general objective "Efficient transport")		<input checked="" type="checkbox"/> Spending programme <input checked="" type="checkbox"/> Non-spending
Result Indicator	Latest known result	Target (mid-term result)
Competitiveness of low-carbon modes in relation to other modes of transport (as defined in Harmonised Index of Consumer prices for different transport modes Eurostat – index number 2005=100 EU 28). (MOVE.A3)	<p>2012: Personal trsp : 135,57; Aviation : 126,2; Bus and coach : 130,77; Railway : 134,22; Maritime and IWW: 144,47</p> <p>2011: Personal trsp : 129,2; Aviation : 120,3; Bus and coach : 125,8; Railway : 128,6; Maritime and IWW: 140,3</p> <p>2010: Personal trsp : 119,2 Aviation : 112,2 Bus and coach : 121,0 Railway : 123,9 Maritime and IWW: 128,9</p> <p>2009: Personal trsp : 109,9 Aviation : 110,0 Bus and coach : 117,9 Railway : 118,0 Maritime and IWW: 128,0</p>	Low-carbon modes should become more competitive compared to other modes
Marco Polo programme indicator : Billions of tonne-kilometres shifted off the road (source: estimations from the proposals to be financed unless stated otherwise; figures are subject to change during the programme implementation stage as some beneficiaries might withdraw or have to adjust figures for foreseen modal shift; Only finally achieved tonnes-km shifted will be financed) (MOVE.D1)	<p>2013 call: the data will be available in 2014</p> <p>2012 call: estimate on 23/05/2013: 14,6 billion</p> <p>2011 call: estimate on 25/06/2012: 13,7 billion</p> <p>2010 call; estimate on 07/09/2011: 13,85 billion</p> <p>2009 call; estimate on 20/11/2009: 17,8 billion).</p> <p>New rules for participation since 2009</p> <p>2008 call: estimate on 30/10/2008: 17,2 billion</p> <p>2007 call; estimate on 31/03/2008: 23,6 billion)</p> <p>2003-2006: Marco Polo I: modal shift achieved: 21,9 billion tkm (data from finished projects)</p>	<p>Marco Polo II (2007-2013) : a substantial part of 20.5 billion tkm shifted annually</p> <p>Marco Polo I (2003-2006) : 48 billion tkm shifted in total</p>
Share of rail, inland navigation, short sea shipping in the total freight transport within EU (percentage calculated on total tkm, Eurostat and DG MOVE - EU 27)(MOVE. A3)	<p>2011: 51,5% (Rail : 11,0%, Inland waterways : 3,7% and short sea shipping : 36,8%)</p> <p>2010: 50,9% (Rail : 10,2%, Inland waterways : 3,8% and short sea shipping : 36,9%)</p> <p>2009: 50,2% (Rail : 9,9%, Inland waterways : 3,6% and short sea shipping : 36,7%)</p> <p>2008: 50.9% (Rail : 10,7%, Inland waterways : 3,6% and short sea shipping : 36,6%)</p> <p>2005: 51% (Rail : 10,5%, Inland waterways : 3,5% and short sea shipping : 37%)</p> <p>2000: 52,9% (Rail: 11,5%, Inland waterways: 3.8 %, Short-sea shipping 37,5%)</p>	Increase driven by the goal of reducing the modal share of road freight over 300 km (in total freight transport over 300 km) by 4 percentage points in 2030 and 9 percentage points in 2050 (relative to the 2005 shares)
Progress of the European Electronic Tolling System (EETS) <sup>25</sup> : a. % of tolled traffic using electronic tolling services b. number of registered / potential EETS providers (MOVE. D3)	<p>a. ca.12%</p> <p>b. 2013: 0</p>	<p>a. 50% of traffic using tolled roads should use e-tolls by the end of 2016 and 90% by the end of 2020</p> <p>b. at least 2 EETS providers registered by the end of 2020</p>

<sup>25</sup> The target date in Management Plan 2013 for a) for 50% to be attained 2012 has been postponed to 2016 in Management Plan 2014 in view of progress made so far. Similarly the target for b) was postponed from 2014 to 2020.

Main policy outputs
<ul style="list-style-type: none"> <li>- Follow-up of the Communication on an Alternative Fuel Strategy (Clean Power for Transport Package): Adopted as planned on 24/1/13 - - COM (2013) 17.</li> <li>- inter-institutional process for adoption of the proposal of Directive on alternative fuel infrastructure: Within the Clean Power for Transport package, a Proposal for a Directive on the deployment of alternative fuel infrastructure was also adopted on 24/1/13 as planned – COM(2013)18. The inter-institutional decision-making is progressing: the competent EP committee (TRAN) delivered its report in November 2013 and a General Approach was adopted by the Council in December 2013</li> <li>- Follow-up of the Directive 2009/33/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of clean and energy-efficient road transport vehicles: A repeal is being considered to avoid an overlap of legislation as the life-cycle approach will also be incorporated in horizontal EU procurement legislation soon. Additionally, the first monitoring report by the Commission suggested that no significant impacts of the Clean Vehicles Directive could be detected so far</li> <li>- Report to the EP and to the Council on the monitoring of the Clean Vehicles Directive 2009/33/EC: Adopted as planned on 18/4/13 (COM(2013)214).</li> <li>- Follow-up of the inter-institutional process for adoption of the proposal on weights and dimensions for heavy goods vehicles (which allows among others the use of aerodynamic devices and the introduction of more aerodynamic cabins)</li> <li>- Communication on results delivered by Marco Polo and on a Marco Polo follow-up: Adopted as planned on 14/5/2013 - PE/2013/2740 / COM(2013) 278.</li> </ul> <p>Additional initiatives:</p> <ul style="list-style-type: none"> <li>- Commission staff working document on emission limits for inland navigation – SWD(2013)324 adopted on 10/9/2013</li> </ul>
Main expenditure –related outputs:
<p>Draft Marco Polo II budget for 2013: €66.7 million in commitment appropriations. The output objective as established in the Marco Polo II Regulation is to achieve a modal shift of a substantial part of 20.5 billion tkm for 2013</p> <p>Management of the LNG Blue Corridors project:- FP7 project aiming at promoting the market development of LNG trucks: FP7 (MOVE/FP7/321592) aiming at promoting the market development of LNG trucks. The project started in May 2013</p> <p>Launching of call and follow-up of the second Monitoring report of the Directive 2009/33/EC on the promotion of clean and energy-efficient road transport vehicles (Article 10 of the Directive) - €155,000 : The second report was not launched because the Directive is being considered for repeal (see explanation under main policy outputs above)</p>

The "**Clean Power for Transport Package**" was adopted by the Commission on 24 January 2013. The Package comprises a proposal for a Directive (COM(2013)18) for alternative fuels infrastructure for electricity, hydrogen, CNG for vehicles and LNG for trucks and vessels, as well as a Communication (COM(2013)17) laying out a comprehensive alternative fuels strategy for the long-term substitution of oil as energy source for transport, and a staff working document on an LNG Action Plan for shipping (SWD(2013) 4 final). A Report to the EP and to the Council on the monitoring of the **Clean Vehicles Directive** 2009/33/EC was adopted in April (COM(2013)214).

Two new FP7 projects were launched in support of **electromobility**: FREVUE– demonstration of electric light duty vehicles for the freight delivery in cities (EU contribution: €8 million), and ZEEUS - demonstration of electric buses in cities (EU contribution: €13.5 million). A European Electromobility Observatory continues to monitor EU regions' activities in the field. For the promotion of **natural gas in transport**, the LNG Blue Corridor project, a large-scale demonstration to facilitate a broad market development for heavy duty vehicles running with LNG (EU contribution: €8 million) was launched.

In 2013, an open call for tender was launched to promote **LNG for shipping** and a first progress report on the implementation of the Sustainable Waterborne Transport toolbox was published (COM(2013) 475 final). A new Member States and stakeholder forum (the **European Sustainable Shipping Forum**) was set up, discussing technical aspects of LNG, emission filters, financing, R&D and practical implementation of Directive 2012/33/EU on sulphur content of marine fuels and providing input into Commission's work in this area.

The Communication on "The **Marco Polo programme** - Results and outlook" was adopted in 2013 (COM (2013) 278). The final results available for Marco Polo I (2003-2006) show that

some 22 billion tonne-kilometres (tkm) were shifted from the EU roads. The estimated global result of Marco Polo II (2007-2013), based on the trends, is 61 billion tkm. The Communication recognises that the ambitious objectives of modal shift set by the legislator have not been fully achieved (46% of planned modal shift for Marco Polo I) and that the focus on modal shift has demonstrated certain limitations. Due to its specific design, the programme is considered as rather complex and in some cases not easy to use by the European companies. All of these factors contribute to its comparatively low budgetary execution. However, as payments are made on the basis of results achieved the programme has been an efficient use of public funds with an estimated 13 € of environmental benefits for 1€ invested. The Communication announced the discontinuation of the programme in the current form beyond 2013 and informed on a new scheme for the freight transport services within the revised TEN-T guidelines (Regulation (EU) No 1315/2013) to be implemented using funding instruments provided by the CEF (Regulation (EU) No 1316/2013).

For **Logistics**, work focused on identifying efficiency barriers and possible solutions. Extensive stakeholder consultations culminated in the "Logistics in 2030: Challenges and way forward" conference, the results of which will feed into Commission's considerations for a logistics strategy paper.

In road transport, the Commission adopted a proposal in April (COM (2013) 195) to adapt the rules on the **maximum weight and dimensions** of certain road vehicles (HGV, buses and coaches) to new circumstances, paving the way for the design and construction of more aerodynamic, greener and safer vehicles.

Some progress was also made as regards the implementation and deployment of the **European Electronic Toll Service (EETS)**, with work on a regional EETS started encouraging potential EETS Providers to register as such and start pilot/trial operations. Target dates for achievement of the objectives have nevertheless been revised in view of the progress made so far.

### 1.1.3 Specific objectives for ABB-activity "Research and innovation activities related to transport" - implementation according to plan

The progressive integration and liberalisation of the national transport market has led to the need for new, European systems for transport management, navigation, traveller services and freight logistics. In addition, there are specific needs for technology, service and management innovation in the railway and urban mobility sectors. Achieving the expected results will dramatically reduce Europe's dependence on imported oil, improve the environment, reduce accidents and cut greenhouse gas emissions in transport by 60% by 2050 compared to 1990.

To meet these ambitious objectives, the contribution from research, innovation and large-scale deployment of new transport products and services will continue to be crucial. This vision is reflected in Horizon 2020, the new funding programme for research and innovation, adopted in 2013 and covering the period 2014-2020. Horizon 2020 will mean a considerable increase of 50% of budget allocated to transport research and innovation activities.

In 2013 implementation of activities in the area of research and innovation activities related

to transport was generally progressing according to plan. More detailed information on individual initiatives can be found below under each specific objective.

Specific objective 5: To better use existing and to develop new tools for smart mobility (linked to general objective "Green transport")		<input checked="" type="checkbox"/> Spending programme <input checked="" type="checkbox"/> Non-spending
Result Indicator	Latest known result	Target (mid-term result)
Progress of the SESAR (Single European Sky - Air Traffic Management Research) project: - Capacity of ATM systems - ATM cost - ATM safety - Environmental impact per flight (MOVE E.2)	<p><b>SESAR definition phase</b> (completed with the delivery of the ATM Master Plan):</p> <ul style="list-style-type: none"> <li>- The Master Plan is periodically updated on the basis of the results of development, and shortly also the deployment activities of the project.</li> </ul> <p><b>SESAR development phase</b> (on-going):</p> <ul style="list-style-type: none"> <li>- 2011 SESAR JU delivered results of first validation exercises</li> <li>- European ATM Master plan updated in October 2012</li> <li>- SESAR JU has now issued 3 Releases that have provided input for the first common project to deploy the SESAR concept of operations.</li> <li>- By end 2016, the SESAR JU will have terminated Step 1 and ~80% of step 2 of the ATM Master Plan.</li> <li>- In order to complete Step 2 and Step 3 of the Master Plan, the Commission has proposed the extension of the SESAR JU up to 2024. The Council is expected to take the decision in the first semester of 2014.</li> </ul> <p><b>SESAR deployment phase</b> (launched):</p> <ul style="list-style-type: none"> <li>- This final phase of the project has been launched with the adoption of Regulation (EU) 409/2013 defining common projects, governance mechanisms and incentives as tools for SESAR deployment.</li> <li>- This Regulation also connects the SESAR project (technological pillar) to the other Single Sky instruments such as the performance and charging schemes and the Network Manager.</li> <li>- A proposal for the first common project (Pilot common project) deploying new technologies and procedures that will principally produce benefits in term of reduced fuel consumption (less 66%) and Air Navigation Services productivity gains (+023%) linked to the cost efficiency and capacity performance targets.</li> </ul>	<p>By 2025, development and deployment of a new generation ATM system allowing to:</p> <p>Triple capacity of existing air traffic management system;            reduce costs by 50%;            increase safety by factor of 10;            reduce environmental impact per flight by 10%</p> <p>31/12/2016 Complete development activities in the current work programme of the SESAR JU, Continue coordinated ATM research and innovation.</p> <p>31/12/2025: Coordinated synchronised deployment of SESAR technologies and procedures</p>
Kilometres of roads covered by (real-time) Traffic Information Services or equipped for (dynamic) Traffic Management, including speed related ITS services (Variable Message Signs or equivalent means) (Source: TEN-T EasyWay II project) (MOVE.C.3)	<p>Figures cannot be delivered for 2013 since Easyway, which had provided the figures for 2010 &amp; 2012 came to an end. However, a study on developing new, more robust indicators for the future is planned for 2014.</p> <p>30/11/2012 :</p> <ul style="list-style-type: none"> <li>- 15.500 km equipped with VMS (lane control &amp; info/warning/ rerouting)</li> <li>- 200.000 km covered by Traffic Info Services, of which 25.500 km equipped with Travel Time Forecast systems</li> <li>- Overall 250.000 km of roads equipped with ITS Services</li> </ul> <p>31/12/2009:</p> <ul style="list-style-type: none"> <li>- 10000 km equipped with VMS (Info/warning/rerouting) &amp; lane control (speed)</li> <li>- Over 15000 km equipped with on-trip Info services of which 800 km with travel time forecast systems (provisional figures - official MS figures as from 2011 in the framework of ITS Directive).</li> </ul> <p>31/12/2008: ITS equipped km of road : 7800 km - ITS fixed stations (on TEN-T road network) : 8500</p>	<p>Yearly increase by 10%            Reference year : 2012</p>
Km of lines in service equipped with the European Railway Traffic Management System (ERTMS) (MOVE B.2)	<p>31/12/2013: 4199 km in service and 9411 km in service and under construction.            31/12/2011: 4064            31/12/2010: 3800</p>	<p>12.000 by 2015            30.000 by 2020</p>

	31/12/2009: 3400	
Implementing RIS (River Information Services) (source : PLATINA 7RFP research project ) (MOVE.B3)	<p>31/12/2013: New data not yet available. Awaiting the results of the RIS evaluation expected for spring 2014.</p> <p>12/2012: 8900 km of class Va+ waterways equipped with ENC's (Electronic navigation charts)</p> <p>12/2012: 4300 km of class Va+ waterways equipped with shore based inland AIS infrastructure</p> <p>12/2012: 11500 vessels equipped with AIS transponders</p> <p>12/2012: Electronic Reporting operational on the Rhine; in other regions still in the starting phase</p>	<p>2015 full coverage with ENC for Class Va+ waterways (10500km)</p> <p>2020: full coverage of class Va+ waterways equipped with shore based inland AIS infrastructure (10500km)</p> <p>2015: all commercial vessels equipped with inland AIS (app. 12000vessels)</p> <p>Electronic reporting fully operational in 2015 for BtA and AtA communication</p>

Main policy outputs	
<ul style="list-style-type: none"> <li>- Revision of the regulation establishing the SESAR Joint Undertaking (extension of mandate): The Commission adopted the proposal for the revision of the regulation on the extension of the SESAR Joint Undertaking as planned on 10/7/13 – COM (2013) 503</li> <li>- Commission implementing Regulation on the governance and incentive mechanisms for SESAR deployment: (Regulation (EU) N°409/2013)</li> <li>- Commission implementing Regulation on the first common project (SESAR): delay; target 2nd quarter 2014</li> <li>- Publication of transport research and innovation roadmaps for key fields and proposals for extension as well as new innovation and industrial initiatives: As a follow up to the Communication 'Research and Innovation for Europe's Future Mobility' (COM (2012) 501), the Commission started work with stakeholders on the development of a roadmap on research, innovation and deployment in the area of electromobility. The results will be presented in spring of 2014. On the basis on the experiences in this pilot exercise, and taking into account the progress made by stakeholders in developing new or updating existing roadmaps, the Commission will consider launching further road-mapping initiatives for priority fields</li> <li>- Adoption of a number of specifications on the basis of the ITS Directive 2010/40/EU, such as minimum universal traffic information, information services for safe and secure parking places, reservation systems for safe and secure parking for trucks and commercial vehicles, EU-wide real-time traffic information services. Specifications on data and procedures for the provision, where possible, of road safety related minimum universal traffic information free of charge to users, (Delegated Regulation EU 886 (2013) OJ L 247, 18.9.2013.p 6) and on the provision of information services for safe and secure parking places for trucks and commercial vehicles (Delegated Regulation EU 885 (2013) OJ L 247, 18.09.2013, p. 1) (Priority Actions "c" and "e" of the ITS Directive) were adopted as planned by the Commission as delegated acts.</li> <li>- Communication on Multimodal Travel Planning and Transport Information Services, including a possible Legislative Proposal on Open Data Access in Transport: Work has been continuing on the Communication "Roadmap towards delivering multimodal travel information, planning and ticketing services". The Impact Assessment for the initiative of access and availability of multimodal travel and traffic data in the EU started in 2013; the possible outcome is a legislative proposal to be adopted in 2014. In the context of this Impact Assessment, a public consultation was carried out, followed by a public hearing on 15 November 2013.. The Preparatory Action, 'To Develop and validate a European passenger transport information and booking interface across transport modes' for which the European Parliament dedicated 1.5 mln Euros, will also constitute valuable input</li> <li>- Streamlined/revised ITS Action Plan: As regards reporting and evaluation, the initial timeline was modified in such a way that the three reporting requirements in the area of ITS – the mid-term assessment of the ITS Action Plan, the report on the progress made for the implementation of the ITS Directive (pursuant Article 17 of Directive 2010/40/EU) and the report in respect of the delegated powers (pursuant article 12 of Directive 2010/40/EU) – would be presented as a package in the first semester of 2014, to ensure coherence and enable an assessment of the overall ITS policy. Already now it appears that the need for further prioritising the EU ITS policy will be highlighted.</li> <li>- ITS Deployment Guidelines (from EasyWay II): The ITS Deployment Guidelines have been adopted as planned (by MS partners) and published online <a href="http://www.easyway-its.eu/deployment-guidelines/">http://www.easyway-its.eu/deployment-guidelines/</a> (publicly available for implementation).</li> <li>- Report on a framework for research and innovation deployment for inland navigation – Deliverable of the PLATINA I Research project financed under the 7<sup>th</sup> Research Framework Programme and published in March 2013. The deliverable provides guidance on inland waterway transport research initiatives and the deployment of the results by the identification of the guiding EU policy objectives, the provision of an inland waterway transport vision for 2020, the identification of 3 main challenges and the setting out of four action areas (logistic efficiency, infrastructure, vessels and education and qualifications) with development for each of them of their strategic goals as well as the required research and innovation.</li> <li>- Implementing a harmonised computerised information and reservation system for rail transport (CIRSRT) – – Postponed due to other priorities.</li> </ul>	



#### Main expenditure –related outputs:

- Preparation for the validation and deployment of the SESAR air traffic management system (€60 million R&I funding in 2013): Last commitment of EU contribution to SESAR development phase (SJU) was made.
- Implementation of policy-related transport research and innovation activities (FP7 call 2013 with anticipated budget of €25 million R&I funding)

The implementation of policy-related transport research and innovation activities included the organisation of the Call FP7-TRANSPORT-2013-MOVE 1. For this call particular attention had been given to the safety, security and competitiveness of our waterborne transport and to the promotion of urban mobility and transport innovation notably by the capitalisation of CIVITAS knowledge and experience and the demonstration of electric buses as urban public transport in the context of the European Green Car Initiative. Taking particularly into consideration this last activity, a significant part of the resources was earmarked to demonstration and market take-up initiatives. This is expected to bring not only benefits to transport policy, but also increase the long term competitiveness and sustainability of the European industry.

The Commission was responsible for the evaluation of the proposals received, the management of the ranking activities related to the call, the consultation of the relevant stakeholders, the coordination of the redress procedure and the support to the technical and financial negotiations with the successful proposals. The indicative budget for the call was €25 Million which however was raised to €27 Million to absorb additional third countries contributions to the framework programme that were made available in the course of 2013.

5 projects were initially selected, negotiations were concluded and the signature of respective grant agreements took place in the last quarter of 2013. Successful collective efforts allowed to significantly shorten the time-to-grant, which was less than 12 months for the aforementioned call. Subsequently, and as a result of the budget increase, one additional project was invited for negotiation. The grant agreement is expected to be signed in the first quarter of 2014.

One request for redress was introduced. However, the Redress Committee, which was officially appointed to deal with this issue, found no irregularity in the evaluation process of the proposals and considered that there were no grounds to support this redress request.
- Implementation of a comprehensive Transport Research & Innovation Portal(€3 million R&I funding 2011 – 2014)

The Transport Research & Innovation Portal is the single portal for all transport research conducted on European and national levels. It is the result of years of experience in communicating research results. By collecting, analysing, presenting and promoting EU transport research results, the Portal encourages public awareness, but also shares the benefit of the resources invested, avoids duplication and at the same time promotes synergies and the exchange of best practices.

The main responsibility for the last contract year is to continue and update the project activities, with focus on the publications, until the end of the project time period.

In light of the unanimous support of the Transport programme Committee, where Member States and Associated Countries are represented, the Commission has introduced in the revised WP2013 one action for the extension of TRIP in order to ensure that there will be no, or minimum transition period between the current contract and a new to come. The call for tenders will be published in the Official Journal on the first quarter of 2014
- RIS (River Information Policies) policy evaluation started in November 2012 for which the results are expected towards end of 2013. – Results are now expected for spring 2014.
- Evaluation of the ITS action plan: The Mid-Term Evaluation of the ITS action plan has been ongoing

The Commission adopted the proposal (COM/2013/0503 final) for the extension of **SESAR Joint Undertaking** until 2024 on 10 July 2013 as planned. The JU develops operational and technological improvements for the modernisation of the European and global air traffic management system, and is the technological pillar of the Union's Single European Sky policy. Under Horizon 2020, the European Union will contribute EUR 600 million to this programme. Eurocontrol and private partners will contribute a further EUR 500 million each.

Following the Communication 'Research and Innovation for Europe's Future Mobility' (COM (2012) 501), the Commission started work with stakeholders on the development of a roadmap on research, innovation and deployment in the area of **electromobility**. The results will be presented in spring of 2014.

The implementation of policy-related transport research and innovation activities included the organisation of the Call FP7-TRANSPORT-2013-MOVE 1, with focus on the safety, security and competitiveness of waterborne transport and the promotion of urban mobility and transport innovation notably by the capitalisation of CIVITAS knowledge and experience and the demonstration of electric buses as urban public transport in the context of the European Green Car Initiative – with a budget of €27 million including third countries' contributions. Five projects were selected and the respective grant agreements signed.

To ensure a coordinated approach to research and innovation in the rail sector under Horizon 2020 in support of the completion of the Single European Railway Area, the Commission adopted on 16 December 2013 a proposal for a Regulation establishing a Joint Undertaking in the rail sector, "**Shift2Rail**" (COM(2013)922).

Specific objective 6: Promote a modern urban mobility (linked to general objective "Green transport")		<input checked="" type="checkbox"/> Spending programme <input checked="" type="checkbox"/> Non-spending
Result Indicator	Latest known result	Target (mid-term result)
Traffic fatalities in urban areas (Source : European Road Safety Observatory) (MOVE.C4)	2012: 10400 (EU 27) 2011: 11600 (EU 27) 2010: 11800 (EU 27)	Reduction 25% by 2015 and 50% by 2020 (compared to 2010),
Number of cities that are members of the CIVITAS forum (Source : CIVITAS initiative) (MOVE.C1)	2013: 218 2012: 212	250-270 by 2015
<b>Main policy outputs</b>		
<ul style="list-style-type: none"> <li>- Communication on Urban Mobility policy – supporting cities to improve urban accessibility and contributing to European policy implementation. (initiatives 31,32,33 of TWP), including the review of the Action Plan on Urban Mobility, and the EU framework for Sustainable Urban Mobility Plans (initiative 31 TWP): Adopted as planned on 17/12/13 (COM (2013) 913 final).</li> <li>- Inventory of measures for internalising external costs in all modes of transport was finalised on 03/07/2013 SWD(2013)</li> <li>- Set up of a governance structure and preparation of an Implementation Plan for the Smart Cities EIP (together with DG ENER and DG CNECT): The Strategic Implementation Plan for the European Innovation Partnership on Smart cities and communities was adopted by the High Level Group on 14.10.2013</li> <li>- Guidelines on Urban ITS for local authorities on traffic management, in-city (multimodal) travel planning and integrated ticketing: The Urban ITS Expert Group (2010-2012) adopted in December 2012 a set of Guidelines for ITS deployment of key applications in urban areas (multimodal information, traffic management and smart ticketing). These Guidelines were used as a basis for the Commission Staff Working Document "Mobilising Intelligent Transport Systems for EU cities" (SWD (2013) 527 final) in the context of the urban mobility package adopted on 17 December 2013.</li> </ul>		
<b>Main expenditure –related outputs:</b>		
<ul style="list-style-type: none"> <li>- Management of Green eMotion project: FP7 project aiming at promoting electro-mobility and enable its mass deployment in Europe (EC contribution of €24.2 million): Project on-going as foreseen.</li> <li>- Management of the Urban Electric Freight Vehicles project: FP7 project aiming at promoting the use of electric vehicles for urban freight distribution: Project FREVUE (FP7) (MOVE/FP7/321622/FREVUE) started on 15/03/2013.</li> <li>- CIVITAS PLUS II (three contracts for an EC contribution of 17.3 M€ FP7 projects aiming at promoting sustainable urban mobility in EU . Evaluation of proposals further to the FP7 Call TRANSPORT-2013-MOVE-1:Capitalising CIVITAS knowledge and experience: Procedure has been accomplished, contract MOVE/FP7/605485/ZEEUS started November 2013.</li> <li>- Launching of call and follow-up of the Technical support for the promotion of sustainable urban mobility in third countries. (€ 259,710): Projects 2MOVE2, Dyn@mo started in December 2012, and CAPITAL started in September 2013.</li> <li>- Evaluation of proposals further to the FP7 Call TRANSPORT-2013-MOVE-1: Demonstration of electric buses as urban public transport - Green Car Initiative (€13,500,000): The procedure has been accomplished, contract MOVE/DDG1/C/1-2013-209/02 signed December 2013.</li> <li>- Urban ITS – continuation of Expert Group (250 K€): continuation of work on specific aspects such as city logistics and standardisation, possibly under the framework of the sustainable urban mobility package &amp; the Rolling Plan on ICT Standardisation (in collaboration with ENTR).</li> </ul>		

On 17 December 2013, the Commission adopted the **Urban Mobility Package** (COM(2013)913), accompanied by staff working documents SWD (2013) 524 to 529). This provides the framework for EU support in the area of urban mobility for the financial planning period 2014-2020. European action will continue to support local efforts, in particular through exchange of experience and best practice; research and innovation; targeted financial support (e.g. through structural funds).

It also proposes joined up action in five specific areas: urban mobility planning; urban logistics; urban access management; deployment of urban Intelligent Transport System solutions; and urban road safety. In December 2013, the Commission also launched CIVITAS2020, reinforcing its support under Horizon 2020, with €100 million earmarked for 2014-2015.

The three-year **Europe-wide awareness-raising campaign** on sustainable urban mobility worth €3 million '*Do the Right Mix*' continued in 2013. Since the launch of the campaign in 2012, around 400 sustainable urban mobility actions have been registered on the central [www.dotherightmix.eu](http://www.dotherightmix.eu) website. A campaign video clip has been produced in all EU languages, promoting multimodality and positive behavioural change. Furthermore, an award for urban mobility planning was presented in 2013. This campaign is linked to the **European Mobility Week**, which runs from 16 to 22 September every year and culminates in the '*In Town without My Car!*' day.

In November 2013 an EU/China Urbanisation exhibition held in Beijing was opened by Vice-president Kallas and an 'Urban Mobility' session as part of the 2013 EU/China Urbanisation Forum was attended by President Barroso and Vice-president Kallas.

The High Level Group on **Smart Cities EIP** met twice in 2013 and approved a Strategic Implementation Plan.

#### 1.1.4 Specific objectives for ABB-activity "Trans-European Networks" - implementation according to plan

The **Trans-European Networks** (TEN) facilitate the mobility of persons, goods and services and thus the establishment of the internal market. They play a major role for territorial, economic and social cohesion of the Union. The importance of the rapid implementation of strategic projects with high European added value to address critical bottlenecks and ensure effective access to the single market and international markets has been confirmed in the 2020 strategy.

Investing in "**intelligent infrastructure solutions**" will be an important focus during the next budgetary framework covering the period 2014-2020. The new TEN-T guidelines for that period and the Connecting Europe Facility (CEF) were adopted in December 2013. They focus on overcoming missing links and creating interconnections between all transport modes

The new approach will be based on two layers: the Core and the Comprehensive Networks. The proposed strategic **Core Network** will include the main nodes for passengers and freight, including capital and other important cities and agglomerations together with their associated airports as well as economic and industrial centres. The main European ports will become key entry points into the network. The Core Network will, thus, provide a coherent, multimodal network connected with the neighbourhood. Full interoperability, e.g. through the implementation of ERTMS, will be mandatory within it. Additionally, a wider Comprehensive Network which is the basic multimodal layer will feed into the Core Network and will be jointly developed with Member States.

In 2013 Implementation of activities in the area of Trans-European Networks was generally progressing according to plan. More detailed information on individual initiatives can be found below under each specific objective.

Specific objective 7: To prepare and implement the core transport network by 2030 Linked to general objective "Trans-European Networks"		<input checked="" type="checkbox"/> Spending programme <input checked="" type="checkbox"/> Non-spending
Result Indicator	Latest known result	Target (mid-term result)
Completion rate of the core network Implementation of the 30 Priority Projects (PP) (source: ) (MOVE.B.1)	31/12/2013: 6 priority projects operational (2, 5, 9, 10, 11, 14) Priority project 2 has been completed. On Priority Project 1, progress has been achieved with the Unterinntal section being fully operational in 2013;	31/12/2013: 7 priority projects operational (1, 2, 5, 9, 10, 11, 14)

	<p>works in the Brenner base tunnel is progressing swiftly as foreseen. The progress on certain Priority Projects can also be assessed on the basis of the Annual Reports by the European Coordinators (see <a href="http://ec.europa.eu/transport/themes/infrastructure/ten-t-policy/priority-projects/annual-reports_en.htm">http://ec.europa.eu/transport/themes/infrastructure/ten-t-policy/priority-projects/annual-reports_en.htm</a>).</p> <p>To be noted that within the new legal framework, priority projects are mostly integrated into the core network and the core network corridors. For the new programming period, progress will therefore be monitored under the new scheme.</p> <p>31/12/2012: unchanged  31/12/2011: unchanged  31/12/2010: 5 priority projects operational (5, 9, 10, 11, 14)  31/12/2009: 5 priority projects operational (5, 9, 10, 11, 14)  31/12/2008: 4 operational (5, 9, 10, 11); 3 in study phase (20, 29, 30); all others either in construction or in mixed study and construction phase.  31/12/2007: 4 operational (5, 9, 10, 11); 6 in study phase (16, 20, 21, 27, 29, 30); all others in construction</p>	
Number of ports connected to the railway network (out of a total of 82 ports) (source: ) (MOVE.B.1)	<p>2013: 32 – The following 5 ports have been (better) connected to the railway network: Barcelona, Civitavecchia, Bilbao, Tallinn, and Helsinki.</p> <p>2012: 27</p>	41 by 2017
Number of airports connected to the railway network (out of a total of 37 airports) (source: ) (MOVE.B.1)	<p>2013: 13 (progress has been achieved on the connection of the following 4 airports to the rail network: Milan-Malpenza, Helsinki, Vienna-Schwechat, Munich.)</p> <p>2012: 13 (full integration of Brussels Zaventem airport)</p>	18 by 2017
Number of new and improved cross-border connections as from 2011 (source: ) (MOVE.B.1)	<p>1. AT – HU (fundamental remodelling of infrastructure in Austria allowing continuous traffic through Vienna cross-border to Hungary);</p> <p>2. ES – FR ( services between Barcelona and Paris; official opening December 2013)</p>	6 by 2017
Removed bottlenecks on transport routes as from 2011 (source: ) (MOVE.B.1)	<p>1. Wörgl – Baumkirchen (Unterinntal; TEN-T PP 1)</p> <p>2. Northern rail access to Brussels (Diabolo project)</p> <p>3. Malmö tunnel</p>	5 by 2017

### Main policy outputs

- Adoption of the revision of TEN-T Guidelines and on the Connecting Europe Facility Regulation. An agreement between institutions on the proposals has been reached in 2013 and the legal acts have been published in the Official Journal (Regulation (EU) No 1315/2013 of the European Parliament and of the Council of 11 December 2013 on Union guidelines for the development of the trans-European transport network and repealing Decision No 661/2010/EU, OJ L 348, 20.12.2013, p. 1–128, and Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/2010, OJ L 348, 20.12.2013, p. 129–171).
- Interpretive guidelines on Core Network Corridors TEN-T (Communication) - The preparation of a Communication containing guidelines on Core Network Corridors and on the Connecting Europe Facility has been concluded in 2013 and the Communication adopted on 7 January 2014
- Prepare calls for CEF/TEN-T work programme (2014-2020) - Initial planning of work programme underway end 2013. Calls now scheduled for publication in autumn 2014.
- Prepare nomination of new coordinators (2014-2020) - The nomination of new coordinators (2014-2020) has been prepared, with the formal decision to be taken in 2014.

### Main expenditure –related outputs:

#### TEN-T Programme:

The evaluation of the 2012 Call for Proposals has been organised in 2013 by the TEN-T Executive Agency. As a result two Selection Decisions have been adopted in August:

- C(2013) 5399 (Multi-Annual Call for Proposals)
- C(2013) 5397 (Annual Call for Proposals)

On the basis of these Selection Decisions, 157 individual financing Decisions have been negotiated with the beneficiaries by the Agency and subsequently adopted by DG MOVE.

#### 2013 Budget:

##### Commitment credits:

Amount of commitments made by the TEN-T Executive Agency in 2013:

The Agency has individualised the total amount of remaining commitment credits from 2012 (€1,188,825,970) by making final instalments to ongoing projects as well as making the commitments for newly selected projects under the 2012 Call for Proposals.

Additionally, some amounts of the 2013 commitment appropriation (€1,410,000,000) were allocated to financial instruments: €100 million for the Project Bonds Initiative, €45 million for Loan Guarantee Instrument, furthermore €6,881,250 of accrued interest earned and revenues from fees were regularised and added to the committed amount for LGTT. Some additional amounts were already individualised in 2013 such that the remaining appropriation which needs to be individualised in 2014 amounts to €1,192,114,197.

This remaining amount will be allocated to the final instalments of the MAP 2007-2012 projects as well as to the last Call for Proposals under the TEN-T Programme 2007-2013 which has been launched in December with an initial amount of €350 million.

Overall, the TEN-T Programme allocated an amount of €30 million to financial instruments (Marguerite fund, LGTT and Project Bond Initiative). The actual amount allocated to projects at the end of 2013 is €6.8 billion. 73.5% of this amount is allocated to Priority Projects and 17.8% to horizontal priorities. The modes of transport are addressed in the following way: 64.8% for the rail sector (incl. ERTMS); 6.8% for ATM projects; 6.7% for the inland waterway sector; 4.7% for Motorways of the Sea projects; 4.2% for "multi-modal" projects (incl. the fixed rail-road link over the Fehmarnbelt); 4.0% for Roads projects; 3.2% for ITS; 2.8% for Galileo; 1.5% for Ports; 0.8% for Airports and 0.5% for RIS projects.

##### Payment Credits:

Amount of payments made by the TEN-T Executive Agency in 2013:

€724.5 million (060303 Financial support for projects of common interest in the TEN-T network -without SESAR Joint Undertaking) – Used for new projects, ongoing projects and regularisation.

€3.3 million (060301 Completion of financial support for projects of common interest in the TEN-T network) – Used for on-going projects.

The Commission's proposals for **new TEN-T Guidelines** and for the '**Connecting Europe Facility**' (CEF) have been adopted by the co-legislators. Both regulations have entered into force on 21 December 2013<sup>26</sup>.

<sup>26</sup> Regulations (EU) No 1315/2013 and 1316/2013 of the EP and of the Council of 11 December 2013

In the Communication "**Building the Transport Core Network: Core Network Corridors and the Connecting Europe Facility**" and in the Delegated Act on funding priorities required by the CEF Regulation, both adopted on 7 January 2014, the Commission specified the CEF transport funding priorities for the purpose of multi-annual and annual work programmes.

The **mandates of the European Coordinators for Priority Projects** have been prolonged by Commission decision C(2013)4388 to run until the end of 2013.

**Selection process of projects** presented under the **2012 Multi-Annual and Annual Programmes** has been carried out, and resulted in a recommendation for funding 172 project proposals for a total of € 1,595 million.

On 10 December 2013 the Commission adopted the **Decisions** concerning the **last Multi-Annual and Annual work programmes under the 2007-2013 TEN-T programme**. The TEN-T Executive Agency issued the ensuing **Call for Proposals** on 11 December 2013.

Following a cost-benefit analysis on the delegation of certain EU programmes to Executive Agencies under the 2014-2020 MFF, DG MOVE, managed the process concerning the extension of the TEN-T Executive Agency. The Commission Decisions establishing the new **INEA** (Innovation and Networks Executive Agency) and delegating powers from the Commission to the Agency were adopted on 23 December 2013.

Under the new decisions INEA will manage parts of the Connecting Europe Facility (transport, energy, telecommunications) and of the sectoral transport and energy programmes of Horizon 2020, as well as the legacies of the TEN-T and Marco Polo programmes.

Specific objective 8: To fund infrastructure smartly Linked to general objective "Trans-European Networks"		<input checked="" type="checkbox"/> Spending programme <input checked="" type="checkbox"/> Non-spending
Result Indicator	Latest known result	Target (mid-term result)
EIB to deliver loans for TEN-T projects under the 2004-2013 "Growth Initiative Commitment" (MOVE.B.4)	31.12.2013: EIB has provided a total of €87.5 bn for TEN-T projects over the period 2004-2013, of which €6,4bn in 2013.  31.12.2012: EIB has provided a total of €81.1 bn for TEN-T projects over the period 2004-2012, of which €6,3bn in 2012.  31.12.2011: EIB has provided a total of €74.8 bn for TEN-T projects over the period 2004-2011.  31.12. 2010: EIB has provided a total of €68.6 billion for TEN-T projects for the period 2004-2010.  31.12.2009: EIB has provided a total of €60.6 billion for TEN-T projects for the period 2004-2009.  31/12/2008: € 46.7 billion to TEN-T projects between 2004-2008.	31/12/2013: €75 billion
Increased uptake of smart funding: number of deals (and volume of money invested) thanks to EU instruments (LGTT, Marguerite Fund) (source: EIB, EPEC, TENTec) (MOVE.B4)	31/12/2013  LGTT instrument has provided financing for 6 TEN-T investments amounting at 11.9 bn €. Due to the modification in the risk-sharing mechanism towards a portfolio-first loss piece, following the entry into force of the Regulation N°670/2012 and the appropriate amendment to the LGTT Cooperation	<ul style="list-style-type: none"> <li>• Maximise by 2013 the amount of investments supported by the LGTT (500M €) out of which up to 200 M € can be redeployed for the pilot phase of the Project Bonds Initiative.</li> <li>• Marguerite Fund (80 M €)</li> <li>• Promote the establishment and the management of the Public-Private Partnerships across the EU Member</li> </ul>

	<p>Agreement, the EU contribution to LGTT for the existing portfolio will increase to 205 M EUR.</p> <p>Project Bonds Initiative has been established by Regulation N° 670/2012 and the cooperation agreement with the EIB entered into force on 7 November 2012. The Project Bonds Initiative aims at financing 200 M EUR worth investments in the transport sector form the TEN-T funds. By end 2013, one TEN-T project (A11 road in Belgium) has been closed as project bond financing solution and the payment will take place in 2014.</p> <p>European PPP Expertise Centre (EPEC) has provided expertise to the Commission and PPP units of the EU Member States in the establishment and management of the PPP. The grant of the EU to the European Investment Bank for the tasks of EPEC has amounted at 1 M EUR in 2013.</p> <p>Marguerite Fund has signed 8 investments (4 in renewable energy field and 2 in TEN-T road and airport infrastructure) for a total amount of capital commitments from the Fund of 285 M EUR, the total value of the investments amounting at 4.3 bn EUR.</p> <p>Better targeting of the existing Risk Sharing Facility established with the EIB and managed by DG RDT in view of supporting key flagship projects demonstrating innovation and R&amp;D in the field of transport and making usage of the RSFF technical and financial advisory services for such projects.</p>	States though the European PPP Expertise Centre (EPEC)
Increase in the external cost charging (compared to today's infrastructure charging) (MOVE.D3)	End-2013: The tolling arrangements in the European Union include only infrastructure charging but not external cost charging. Several countries are however envisaging introducing an external-cost charge in the near future.	To have by 2014/2015 at least one scheme charging external costs in the EU.

Main policy outputs
<ul style="list-style-type: none"> <li>- Initiative on fair and efficient road pricing (see also specific objective 1) Although all preparatory work for a proposal on fair and efficient road pricing has been finalised, the adoption has been postponed (see also above under specific objective 1).</li> <li>- Through the innovative financing instruments, create additional market financing possibilities for investments in the field of the TEN-T projects, alongside traditional sources of financing such as grants and loans (B4):  The CEF will act as a catalyst for further funding from the private and public sector by giving infrastructure projects credibility and lowering their risk profiles. €200mln of funds for the TEN-T Programme can be available for the pilot phase, out of which €100mln have been contributed from the 2013 TEN-T Annual Work Programme. The Project Bond Credit Enhancement (PBCE) facility has been a catalyst for the burgeoning project bond market in Europe and has helped develop the debt capital markets and expand the pool of liquidity for the financing of infrastructure projects. Building upon this successful start, a project portfolio has been developed in 2013, and the first Project Bond in the field of TEN-T is expected to be signed in the first quarter of 2014.</li> <li>- Promote establishment of the Public Private Partnerships across the PPP units of the EU Member States. (B4): The Commission continued its support (financial contribution and participation in the events) to EPEC, the European PPP Expertise Centre, which is managing a network of the PPP units in the Member States and preparing documentation in order to share best practices encouraging the procurement of PPPs across the EU. As per the contribution agreement, EUR 1,000,000 was paid to EPEC in 2013, totalling EUR 3,000,000 in contributions.  The TEN-T Executive Agency organised with the support of DG MOVE a workshop on PPP procurement for transport infrastructure on 27<sup>th</sup> November 2013.</li> </ul>
Main expenditure –related outputs:
<p>The LGTT is an innovative loan guarantee instrument which facilitates larger participation of the private sector in the financing of Trans-European Transport Network infrastructure ("TEN-T"). Attracting private-sector funding in core European transport projects can be challenging due to the relatively high levels of revenue volatility in the projects' early operating stages. The LGTT partially covers this revenue risk and consequently improves the financial viability of those TEN-T projects.</p> <p>Expenditure for LGTT: commitment of 45M EUR via the Annual Work Plan of the TEN-T based on the pipeline of projects of the EIB</p> <p>The PBI for the pilot phase was established by the Regulation of the European Parliament and the Council (EU) 670/2012 of 12 July 2012. This Regulation provides the legal basis for the Union contribution to the Project Bond Instrument, in which up to €200 million can be used to finance transport projects, up to €20 million to finance ICT and broadband projects and up to €10 million to finance energy projects. The Project Bond instrument is a risk-sharing facility, in which the EU, represented by the Commission and the EIB share part of the risks underlying an investment. The objective of the Project Bond Initiative is to establish a complementary source of financing for infrastructure projects in addition to bank loans by facilitating the issuance of bonds on capital markets by project companies. The PBI will not replace traditional forms of financing or grants for infrastructure projects, but aims to increase the overall availability of financing for large-scale infrastructure projects in the three sectors of transport, energy, information and communication technologies (ICT) and broadband. The initiative will enhance the creditworthiness of projects through a subordinated facility provided by the European Investment Bank (EIB), which is supported by an EU budget contribution. Ultimately, the initiative aims to create a new asset class of infrastructure bonds.</p> <p>Expenditure for PBI: commitment of 100M EUR via the Annual Work Plan of the TEN-T based on the pipeline of projects of the EIB</p> <p>The Marguerite Fund has been established between the European Investment Bank, the Commission and other banks. It aims at pooling the capital from various sources and financing greenfield (new) investments in the sectors of renewable energy and TEN-T infrastructure investments.</p> <p>The innovative financing instruments established as risk-sharing facilities, or direct capital contribution to an investment fund, have helped financing of infrastructure projects across EU Member States, alongside traditional funding sources such as grants or loans. The EU budget contribution to these instruments has delivered a positive effect to attract other financing institutions.</p> <p>Expenditure for the Marguerite Fund: several capital calls of the Fund, totalling an amount of 285M EUR of EU contributions to the fund.</p>

In 2013, DG MOVE committed 100 M EUR to the pilot phase of the **Project Bonds Initiative**, and 45 M EUR for the **Loan Guarantee Instrument for the Trans-European Transport projects (LGTT)**. The **Marguerite Fund** to which the Commission participates as direct investor since 2010, has closed 8 transactions to date, with a total volume of investment of 4.3 bn EUR.

Infrastructure funding in the EU should be better adapted to the needs of infrastructure projects (i.e. need for long-term sustainable funding). The EU-wide application of the user-pays principle would be a fair and efficient way to provide the necessary resources while helping shape sustainable mobility. A Eurobarometer survey was carried out in 2013 on "Attitudes of Europeans towards the use of roads located outside of cities" ([http://ec.europa.eu/public\\_opinion/archives/ebs/ebs\\_400\\_en.pdf](http://ec.europa.eu/public_opinion/archives/ebs/ebs_400_en.pdf)), providing valuable



input for the drafting of the impact assessment regarding the proposal to amend the **Eurovignette Directive**, for which significant progress has been made in defining an appropriate way forward.

## 1.2 Specific efforts to improve 'economy' and 'efficiency' of spending and non-spending activities.

According to the financial regulation (art 30), the principle of economy required that the resources used by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and the best price. The principle of efficiency concerns the best relationship between resources employed and results achieved.

The respect of these principles is continuously pursued through the implementation of internal procedures and predefined practices. These procedures ensure that activities are executed in an efficient manner (e.g. the different workflows contribute to the efficient cooperation between staff, units, etc...) and according to the principle of economy (e.g. the procurement rules ensure procurement in optimal conditions).

DG MOVE is constantly fine-tuning its internal arrangements in order to improve the efficiency and economy of its operations. The following two examples of initiatives show how these principles are implemented in our DG:

### 1.2.1 Example 1

The cost-benefit analysis carried out in 2013 indicated that the delegation to INEA (ex-TEN-T EA) of the management of parts of the CEF and parts of energy and transport research under Horizon 2020 would make it possible to implement such programmes efficiently and at a lower cost than in the Commission. The delegation of programmes to the Agency is thus estimated to deliver cost-savings in the order of €54 million in 2013 prices over the MFF 2014-2020, compared to the in-house scenario.

### 1.2.2 Example 2

In order to reduce the number of missions and the use of resources DG MOVE is making increasing use of videoconferences, e.g. for meetings with the US (joint committees) or with ICAO. The Annual maritime dialogue with Brazil took place on the 4<sup>th</sup> October 2013 by videoconference instead of a physical meeting and while in 2013 the Brazilian delegation was due to travel to Europe, it was considered a very efficient meeting as it allowed for a much wider participation on both sides. Therefore, setting up the 2014 dialogue meeting through a videoconference will also be considered

## 2. MANAGEMENT OF RESOURCES

Assurance is an objective examination of evidence for the purpose of providing an assessment of the effectiveness of risk management, control and governance processes. This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. Its results are explicitly documented and reported to the Director-General. The reports produced are:

- the reports submitted by DG MOVE's Directors;
- the reports from Authorising Officers in other Directorates-General managing budget appropriations in cross-delegation;
- the result of the Commission supervision on the activities of the entrusted entities;
- the contribution of the Internal Control Coordinator (ICC), including the results of internal control monitoring at the Directorate-General level;
- the reports of the ex-post audit function;
- the opinion and the observations of the Shared Internal Audit Capability (SIAC);
- the observations and the recommendations reported by the Internal Audit Service (IAS);
- the observations and the recommendations reported by the European Court of Auditors (ECA).

This section reports the control results and other relevant elements that support managements' assurance on the achievement of the internal control objectives<sup>27</sup>. It is structured in three separate sections: (1) the DG's assessment of its own activities for the management of its resources; (2) the assessment of the activities carried out by other entities to which the DG has entrusted budget implementation tasks; and (3) the assessment of the results of internal and external audits, including the implementation of audit recommendations.

DG MOVE's programmes and activities are implemented under indirect management (89%), direct management (10.18%) and joint management (0.82%).

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<sup>27</sup> Effectiveness, efficiency and economy of operations; reliability of reporting; safeguarding of assets and information; prevention, detection, correction and follow-up of fraud and irregularities; and adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 32).

**Table 2.1 – Distribution of 2013 payments by management mode**

Programmes/activities	Amount in million €	Covered in AAR section	Management mode/% of total payments
Subsidy to EMSA/Anti-pollution measures	18.93	2.2	<b>Indirect 89%</b>
TEN-T – SESAR JU	34.59	2.2	
Research FP7 – SESAR JU	42.94	2.2	
Research FP7 -FCH JU	2.37	2.2	
TEN-T (TEN-T EA)	727.81	2.2 + annex 7 AAR TEN-T EA	
Marco Polo (EACI)	19.09	2.2 + annex 7 AAR EACI	
Research FP6	5.89	2.1	<b>Direct 10.18%</b>
Research FP7	14.05	2.1	
Subsidy to TEN-T EA	9.81	2.2	
Subsidy to EACI	1.60	2.2	
Subsidy to EASA	35.83	2.2	
Subsidy to EMSA/Titles I II III	33.92	2.2	
Subsidy to ERA	25.70	2.2	
Mobility and transport support activities	22.49	Partly under 2.2 (cross-sub-delegations and delegations)	
Administrative expenditure (subsidy to EACI and TEN-T EA not included)	13.84	Partly under 2.2 (cross-sub-delegations and delegations)	
Other	2.28	Partly under 2.2 (cross-sub-delegations and delegations)	
Marguerite Fund	8.32	2.2	<b>Joint 0.82%</b>
<b>Grand total</b>	<b>1,019.46<sup>28</sup></b>		

The administrative expenditure (including the subsidies to TEN-T EA and EACI) represents **9.26%** and the operational expenditure **90.74%** of the €272.56 million paid by **DG MOVE** in

<sup>28</sup> Total payments made by DG MOVE: €272.56 million, by TEN-T EA: €727.81 million and by EACI: €19.09 million

2013. If payments made by the **TEN-T EA** (€727.81 million) and the **EACI** (€19.09 million) are **added**, these percentages are respectively **2.48%** and **97.52%**.

## 2.1 Management of human and financial resources by DG MOVE

This section reports and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives. Annex 5 outlines the main risks together with the control processes aimed to mitigate them and the indicators used to measure the performance of the control systems.

DG MOVE has set up internal control processes aimed to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned.

### 2.1.1 Research Framework Programmes

FP7 payments represent around 22%<sup>29</sup> of the total payments made in 2013 by DG MOVE. The general control objective for FP7 has always been to ensure that the residual error rate does not exceed a cumulative level of 2 % by the end of the programme implementation. However, it is worth underlining the negative effects that an over-emphasis on this target can have, in terms of attractiveness of the policy and international competitiveness. The key aim is to achieve a good balance between legality and regularity and the achievement of policy objectives, and between trust and control, rather than a concentration on one legality and regularity indicator. For Horizon 2020 DG RTD has proposed that this 2% control objective be modified.

In order to achieve both operational (research-related) and financial objectives a control framework has been established to prevent, detect and deter irregularities at the different stages of the grant management process. This control framework must, however, be cost-effective and not cause excessive administrative burdens to researchers and participants. DG MOVE therefore operates a trust-based system of targeted controls before payment.

The Research Directorate-Generals have defined and implemented a common control strategy, the key elements of which are the ex-post audit strategy and the recovery process. These elements are intended to provide reasonable assurance on the legality and regularity of expenditure on a multi-annual basis by systematically detecting and correcting errors. Since 2012, as an extension of the ex-post audit strategy, a Common Representative Sample was used to identify the common error across the whole of FP7 operations. This Common Representative audit Sample (CRaS) has been instrumental in lowering the audit burden on large beneficiaries who, before the implementation of this new approach, would have been audited by several Commission services.

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<sup>29</sup> Including payments made to SESAR JU and FCH JU

Materiality is assessed for the Seventh Framework Programme (FP7) in accordance with **Annex 4**. In 2013, DG MOVE also managed financial operations under the Sixth Framework Programme (FP6) but, given their limited amounts (FP6 payments represent around **2%** of the payments made by DG MOVE in 2013), and the fact that these are the residual payments for a programme that is about to be closed, these are not covered in the current AAR.

To give an indication of the relative weight of each of them, **Table XX** shows the distribution of Research payments in 2013.

**Table 2.2 - 2013: Research payments per Framework Programme (amounts in €)**

Framework Programme	Pre-financings	Payments against cost statements	Administrative expenditure (including experts)	SESAR JU	FCH JU	Total	% of total
FP6	474,302	5,293,411.13	120,262.92	-	-	5,887,976.05	9%
FP7	1,011,816	11,801,577.13	1,234,027	42,940,846	2,370,549	59,358,815.13	81%
<b>Total</b>	<b>1,486,118</b>	<b>17,094,988.26</b>	<b>1,354,289.92</b>	<b>42,940,846</b>	<b>2,370,549</b>	<b>65,246,791.18</b>	<b>100%</b>

The control systems are divided into four distinct stages, each with specific control objectives. Key indicators have been defined for each stage.

Given that for the **first two stages** of the control system, i.e. call for proposals, their evaluation and the contracting phase, DG MOVE manages funds received by cross-sub-delegation from DG RTD, this AAR will only focus on stages 3 and 4.

### Stage three: Monitoring the execution of projects

The third stage concerns the management of the project and the contract. This stage comprises the technical monitoring management of the contract over its lifetime, and also ex-ante checks of participants' cost claims. These ex-ante checks consist in the processing of transactions through Commission financial circuits to ensure that the transactions authorised are in compliance with the applicable rules.

In addition, every cost claim over €375,000 must be accompanied by a 'certificate on the financial statement' (CFS), given by a qualified auditor or a Certified Public Official. The Research family, as well as the European Court of Auditors, have identified that these certificates do not always identify all ineligible expenditure in the cost claim. To assess the effect of this weakness DG RTD carried out a study that showed that cost claims with a CFS had an average error rate 50% lower than those without. This shows that, while not perfect, these CFSs do have a significant positive effect.

It has therefore been decided to continue with the system in FP7 and Horizon 2020. Additional efforts have been made during the communication campaign on the most likely errors to target auditors (around 300 of the 3100 people participating in the communication events were auditors). Additional guidance, and clearer templates, will be prepared for Horizon 2020. The simplifications proposed in Horizon 2020 will also make the job of the

auditors easier.

The indicators reported below relate **exclusively to payments made from DG MOVE payment appropriations (06 06)**. Therefore, payments made from budget appropriations managed in cross-sub-delegation received from DG RTD are not covered under this section.

Table 2.3 shows the reductions made to the EC contribution claimed by grant beneficiaries. Ex-ante checks have prevented the payment of around €1.52 million, representing 2.1% of the requested EC contribution. The main errors detected in cost claims concern inconsistencies between the information supplied by grant beneficiaries (amount of costs, methods of calculation, periods, etc.) and that included in the audit certificate when submitted, incomplete or missing audit certificates, arithmetical errors, audit certificates not provided by a qualified auditor, costs incurred outside the eligibility period, costs not covered by the legal basis.

**Table 2.3 – Ex-ante checks: reductions to the requested EC contribution**

Value of EC contributions requested by beneficiaries	Value of the reductions made to the EC contribution through ex-ante checks <sup>30</sup>	Percentage of the reductions made to the EC contribution through ex-ante checks
70,709,990	1,520,194	2.1%

Another indicator related to the management of projects and contracts is the indicator is 'Time-To-Pay' (TTP), which is defined as the percentage of payments made within the binding deadlines, as shown in table 2.4.

**Table 2.4 – Net average time to pay**

Net average time to pay for FP7 grants	% on time
66.9 days	80%

These indicators show that DG MOVE's is doing well as the average time to pay is below the legal deadline of 90 days and the percentage of payments on time is in line with the Commission's average (82%).

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<sup>30</sup> Audit results implementation and budget capping are not included in this amount

## Stage four: Ex-post controls and recoveries

The fourth stage includes the ex-post audits as well as the recovery of any amounts found to have been paid in excess of the amount due.

As stated above, detailed ex-ante controls represent a considerable administrative burden on beneficiaries and the Commission, as they require the transfer of large amounts of information and its detailed checking. This has a seriously negative impact on the time to grant contracts and the time to pay beneficiaries. For this reason the Research family has decided to obtain most of its assurance from ex-post controls.

During 2013, 18 FP7 audits were finalised<sup>31</sup>. The resources devoted to the audit function shared by DG ENER and DG MOVE are as follows (all audits together, i.e. including audits on FP6 (6)<sup>32</sup>, other transport contracts (6):

**Table 2.5 - Resources used in the Shared Resource Directorate MOVE/ENER for the audit function**

	2012	2013
Internal resources	16 FTE	13.89 FTE
Cost of externalised auditing (in €)	905 233	466 014

The estimated cost of internal resources for ex-post audits is €1 756 200<sup>33</sup>. Added to the cost of outsourced audits, it results in a total cost for the audit function of €2 222 214, which corresponds to an average of €23 392 per audit completed in 2013.

The main legality and regularity indicator is the error rate detected by ex-post audits. Because of its multi-annual nature, the effectiveness of the control strategy of the Research Directorates-General can only be fully measured and assessed in the final stages of the Framework Programme, once the ex-post control strategy has been fully implemented and systematic errors have been detected and corrected.

Since 2007, the Research Directorates-General have adopted a common audit strategy intended to ensure the legality and regularity of expenditure on a multi-annual basis including detecting and correcting systematic errors. The audits examine only interim and final claims by beneficiaries. Transactions relating to pre-financing are not included in the population subject to audit. The approach to the Coal and Steel Research Fund is slightly different because of the limited number of transactions involved.

Up to 2011, each of the seven Authorising Officers by Delegation of the Commission services involved with implementing the research budget - the 'research family' - established a

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<sup>31</sup> An audit is considered finalised when the final audit report is sent by the Financial Audit Unit (SRD.1.004) to the Financial Management Unit for implementation.

<sup>32</sup> For FP6 this includes both energy and transport

<sup>33</sup> This figure is calculated based on the average staff costs as communicated in the circular note of DG BUDGET to RUF of 08/08/2013

representative error rate for his/her own portion of the budget. This led to considerable planning constraints and multiple audits of the same beneficiaries by different services.

Therefore a Common Representative audit Sample (CRaS) was introduced in 2012 across the research family. This reduced the audit burden on beneficiaries by reducing the number of repeat audits whilst continuing to provide a representative view of the implementation of FP7. As a result, the total number of planned audits could be reduced by 1 291 for the research family as a whole.

The Common Representative Sample is intended to estimate the overall level of error in FP7, across all services involved in its management. It is complemented by 'risk-based' audits, audits selected according to one or more risk criteria.

Different indicators are calculated to provide a comprehensive view of legality and regularity:

**Representative Error Rate:** This is the error rate derived solely from the results of audits on a representative sample of beneficiaries, extrapolated by a statistical method to the overall population. This error rate provides an estimate of the level of error in FP7 at the time of the audits but says nothing about the follow-up and corrections/recoveries undertaken by Commission services after the audit, nor of the net final financial impact of errors. This error rate is calculated for FP7 as a whole.

**Residual Error Rate:** The residual error rate, on a multi-annual basis, is the extrapolated level of error remaining after corrections/recoveries undertaken by Commission services following the audits that have been made. The calculation of the residual error rate, as shown in **Annex 4**, is based on the following assumptions:

- (1) all errors detected will be corrected;
- (2) the residual error rate for participations subject to extrapolation is estimated to be equal to the non-systematic error rate; and
- (3) all participations subject to extrapolation are clean from systematic material errors.

The residual error rate develops over time and depends on the assumptions set out above. This indicator is reliable and acceptable for the purposes for which it was intended, i.e. as a legality and regularity indicator on the progress made, through its ex-post strategy, in dealing with errors over a multi-annual basis. However, it also provides an estimate of the effect if not all extrapolations were in fact completed.

### **Results of FP7 ex-post audits**

In the case of FP7, the year 2013 was the fifth year of implementation of the audit strategy. The audits performed intend to achieve two separate goals. A random MUS sample of participations is audited in order to produce a statistically representative estimate of the error rate present in the FP7 population. A separate sample, selected on the basis of size and risk criteria, is audited in order to detect and correct as many errors as possible and to identify possibly fraudulent operators. The audits are respectively referred to as 'representative' or 'corrective' depending on their main purpose.

Detailed data on DG MOVE FP7 audit coverage are shown in table 2.6:

**Table 2.6 – FP7 audit coverage**



	Planned cumulative period	Achieved cumulative period	Planned in 2013	Achieved in 2013
Number of closed audits	114	111	12	18
Total amount audited (EC share €)	n.a.	26 163 329	n.a.	6 885 175

The error rates resulting from DG MOVE FP7 audit work are:

**Common Representative Error Rate:** Based on 156 cost statements for which the audit is completed (96% out of a sample of 162), this error rate is **4.14%**. The remaining cases are still subject to contradictory procedures with the beneficiaries; consequently, the Common Representative Error Rate may still develop. Based on the preliminary results of audits that are not yet closed it is estimated that this error rate will finish at around 5%. The Common Representative Error Rate is in a similar range to the one referred to in the Financial Statement accompanying the Horizon 2020 proposals (around 5%). The rate of error identified by the European Court of Auditors is in a similar range as well.

**Residual Error Rate:** At this point in time, this error rate amounts to **2.82 %** (see calculation hereunder) and may rise slightly following the development of the Common Representative Error Rate. It is clear that the maximum 2% residual error target will not be attained without a massive increase in the number of audits, or a considerable increase in the administrative burden imposed on participants through widespread ex- ante controls.

RepER:	- 4,14% (DG RTD)
RepERsys:	-1,75% (DG RTD)
Total estimated EC contribution (P)	175.046.276
Costs accepted by Financial officers (A)	25.789.645
Total non-audited participations of audited beneficiaries (E)	71.165.503
Residual error rate:	-2.82%
$ResER = (((RepER * (P - A)) - (RepERsys * E)) / P)$	

It is worth mentioning that DG MOVE used the outcome of the study on the higher error rate in FP6 as a basis for its selection of risk audits, targeting as such research organizations and governmental bodies such as municipalities, ministries, national institutes owned by the government, police and research organizations, etc. It is also important to clarify a misinterpretation of the outcome of the study on DG MOVE's higher FP6 error rate: the study did not indicate that the overall population of DG MOVE beneficiaries had a higher risk profile compared to other DG's. The conclusion of the study was that the beneficiaries that were audited by DG MOVE (audit population) consisted of beneficiaries with a higher risk profile than the audited population of other Research DGs thus resulting in a higher error rate.

In addition to the risk-based audits, DG MOVE performs audits on beneficiaries who represent the largest expenditure.

The cumulative error rate resulting from these targeted audits is 6.29% (total negative adjustments divided by the total claimed amounts).

To derive assurance, DG MOVE is using the residual error rate, which is considered by the Research DGs as a reliable and acceptable indicator for the purposes for which it was intended, i.e. as legality and regularity indicator on the progress made, through its ex-post strategy, in dealing with errors over a multi-annual basis. It also provides an estimate of the effect if not all extrapolations were in fact completed.

Although the Residual Error Rate for FP7 remains above the target of 2%, account should be taken of the cost of achieving this target. As was stated in the Financial Statement accompanying the Horizon 2020 legislation, the attempts to achieve the 2% target have caused a number of unexpected and/or undesirable side-effects. Among beneficiaries and the legislative authorities, the feeling has been strong that the control burden has become excessive. This increases the risk of lowering the attractiveness of the Union's Research programme, thereby negatively affecting Union research and innovation.

The European Council of 4 February 2011 concluded that:

*"it is crucial that EU instruments aimed at fostering R&D&I be simplified in order to facilitate their take-up by the best scientists and the most innovative companies, in particular by agreeing between the relevant institutions a new balance between trust and control and between risk taking and risk avoidance".  
(see EUCO 2/1/11 REV1, Brussels 8 March 2011)*

The European Parliament - in its Resolution of 11 November 2010 on simplifying the implementation of the Research Framework Programmes - explicitly supported a higher risk of errors for research funding and:

*"expresses its concern that the current system and the practice of FP7 management are excessively control-oriented, thus leading to waste of resources, lower participation and less attractive research landscapes; notes with concern that the current management system of 'zero risk tolerance' seems to avoid, rather than to manage, risks".*

The European Parliament also, in its report on the Court of Auditors' special reports in the context of the 2012 Commission discharge:

*"Emphasises the necessity to strike the right balance between less administrative burden and effective financial control; notes that due to the specifics of the research field, a risk-tolerant and science-based approach should be encouraged so as to achieve research excellence and better impact of projects; believes that this approach will allow the Commission to uphold the balance between trust and control"*

There is, therefore, an acceptance among stakeholders and institutions that the current approach needs to be reviewed. There are other objectives and interests, especially the success of the Union's research policy, international competitiveness, and scientific excellence, which should also be considered. At the same time, there is a clear need to manage the budget in an efficient and effective manner, and to prevent fraud and waste.

Taking these elements in balance, and in the light of the results of the FP7 audit campaign, it is considered that its overall control strategy ensures that trust, control and other policy objectives are kept in balance. Aiming to achieve a residual error rate of 2% at all costs is not a viable approach.

For this reason, Article 23 of the new proposal for the Horizon 2020 Regulation explicitly states that:

*"The control system shall ensure an appropriate balance between trust and control, taking into account administrative and other costs of controls at all levels, so that the objectives of Horizon 2020 can be achieved and the most excellent researchers and the most innovative enterprises can be attracted to it".*

It also states that audits of expenditure on indirect actions shall be carried out in a coherent manner *"to minimize the audit burden for participants"*.

The reservation in the declaration of assurance for the FP7 expenditure is addressed in Part 4.

#### Development of error rates

As was reported in the 2012 AAR, a modification of the FP7 legal framework is no longer an option. The services responsible for Research will continue to provide guidance to beneficiaries and certifying auditors, and will continue their control and audit operations, including recovery and extrapolation of errors to non-audited contracts wherever appropriate. This should have some effect on the error rate, particularly in lowering the residual error rate, but will not provide fundamental changes. A second 'representative sample' will be taken later in the programme to provide another estimate of the representative error rate. It is hoped that the learning effect from the first audits will have some effect, but this is unlikely to be substantial.

Overall then, the representative error rate in FP7 audits can be expected to remain around 5%, with the residual error rate of 3% or a bit lower over the course of the programme. As was noted in the 2012 AAR:

*"Taking into account the FP6 experience, and the need to balance legality and regularity with other objectives such as the attractiveness and the success of research policy, international competitiveness, scientific excellence, the wish to encourage participation of SMEs and the cost of controls, it is not expected that by the end of the programming period the Residual Error Rate will be below the materiality threshold".*

In the Financial Statement accompanying the proposal for Horizon 2020, the Commission set out its analysis of the likely future trend of error rates. It stated that the simplifications introduced in Horizon 2020 could be expected to lower the representative error rate from 5% to 3.5%, with the Residual Error Rate being lower, as close as possible to 2% (but without

necessarily being below 2%). This analysis still holds true, as the simplifications proposed were generally accepted.

However, some elements have been introduced in the legislation that will increase the risks in the programme. Firstly, there is the target for an increased participation of Small and Medium Size Enterprises (SMEs). As was noted in DG RTD's 2012 AAR, SMEs have an error rate more than twice the rate for non-SMEs (6.61% as opposed to 3.07%). This is not entirely surprising, but the involvement of SMEs is vital to increasing innovation and boosting jobs in the EU. However, it does mean that an increased participation of SMEs increases risk.

Secondly, Horizon 2020 includes a commitment to widening the participation in the Programme, i.e. to having more new participants. However, as shown last year in DG RTD's AAR, new participants have an error rate nearly three times as high as recurrent participants (8.32% as opposed to 2.94%). Widening, though a positive element for the European research landscape, increases risk.

Finally, during the discussions on the legislative package for Horizon 2020, provision was made for support to participants with large research infrastructures. This provision should support some of the major European research organisations, who might otherwise have had difficulty funding their advanced research infrastructure, but does insert an additional complication into the rules, and with it an increased risk.

The Commission will take actions to try to mitigate the risk arising from these three new elements (guidance, training, ex ante assessments for large infrastructure) but these will only mitigate, not avoid, the risks.

Overall then, the Research family still believes that residual error rates should still fall over the course of FP7. They should also be reduced in Horizon 2020 thanks to the simplifications introduced in the legislation. However, it underlines that the level of reduction in Horizon 2020 is subject to the effect of elements introduced during the legislation which, although perfectly understandable in terms of improving support for European research and innovation, may have the effect of increasing risks.

### **Implementation of FP7 audit results**

By the end of 2013, the adjustments have been made for 69 participations. The amount to be recovered was €1,257,572.88 in favour of the Commission. 70% of this amount was implemented by the end of 2013, mainly (94%) through offsetting the adjustment from subsequent payments. As most cases have been identified in 2012 or later there might be 18 months before new declarations are received, it is not unexpected to have open cases at this stage.

**Table 2.7 – Implementation of FP7 ex-post audit results in favour of the EC**

2010-2013	Results from external audits		Adjustments in contradictory procedure		Adjustments implemented	
	Number	Funding adjustment	Number	Funding adjustment	Number	Funding adjustment
	69	-1,257,572.88	18	-373,100.18	51	-884,472.70

## **Implementation of extrapolation**

The extrapolation of audit findings to non-audited beneficiaries continues. These corrections stem from audits made by DG MOVE or other DGs in the research family where systematic errors were found. By the end of 2013 54 such participations were found and the beneficiaries were asked to rectify the errors in DG MOVE projects and submit revised costs statements. On this basis, 31 participations were judged to be concerned by the systematic errors identified by DG MOVE or any of the other DGs. Systematic errors have been corrected for 9 participations, of which 2 in favour of the beneficiary. The implementation rate of FP7 recommendations was 59% at the end of 2013. This shows progress compared to 2012 (40%). As most cases have been identified in 2012 or later there might be 18 months before new declarations are received, it is not unexpected to have a large number of open cases at this stage.

**Table 2.8 – Implementation of extrapolation of FP7 audit results**

2010-2013	Number of participations with expected systematic errors	Number of participations without systematic errors	Implemented cases				Number of participations to be implemented <sup>34</sup>
			In favour of EC		In favour beneficiary		
			Number	Value	Number	Value	
	54	23	7	-80,077.85	2	1,327.31	22

## **Liquidated damages**

Liquidated damages are a financial penalty that the beneficiary has to pay if they breach contractual obligations. This includes when they over claim contributions to funding in the research programmes. In these cases the beneficiary has to repay the overpaid amount plus the liquidated damages. The extent of the liquidated damages is proportionate to the overstated costs and the unjustified amount received by the beneficiary. In several cases, they do not result in a recovery order due to the application of the *de minimis* rule<sup>35</sup>.

Since its creation, DG MOVE has applied liquidated damages to beneficiaries who received unjustified EU contribution in the FP7. By the end of 2013 there had been 6 cases and 4 recovery orders have been issued totalling €15,339.30. In 2014 a further 2 recovery orders will be issued.

## **Conclusion on cost-effectiveness for Research programmes**

An estimation of the costs for each stage of the process is currently not possible. For the next AAR, we will try to gather the available specific information to develop a more detailed analysis in that respect.

The cost information available today (as indicated earlier in the section) concerns the estimated cost of internal resources for all ex-post audits, which is €1 756 200. Added to the

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<sup>34</sup> Cases to be implemented are those for which the Commission has written to the beneficiaries requesting them to submit revised cost statements to correct the systematic issues detected

<sup>35</sup> Liquidated damages will only be applied where the unjustified contribution exceeds 2% of the total contribution claimed for the given period.

cost of outsourced audits, it results in a total cost for the audit function of €2 222 214, which corresponds to an average of €23 392 per audit completed in 2013.

Benefits however are clearly identified, whether quantifiable or not.

For stage 3, related to the monitoring of the execution of projects, quantifiable benefits can be directly derived from the reductions made to the claimed EU contribution through ex-ante checks. It has to be noted that the benefits are necessarily affected by the limitation in the depth of ex-ante controls as part of the overall control framework.

In addition, there are also invaluable qualitative benefits, which provide an assurance that the project is running adequately and so will produce the research and innovation desired. The analysis of scientific deliverables can be valuable to ensure excellent science, and its appropriate feedback into policy considerations, even if it does not lead to a financial saving.

Finally, for stage 4 relating to ex-post controls and recoveries, audits have a positive deterrent effect within the programme, as many beneficiaries will take extra care over the preparation of their cost claims knowing that audits may follow. The auditors can also avoid future errors by guidance to participants.

In addition the experience of auditors on the ground has been important in many improvements proposed in the legislation and rules for Horizon 2020. For example, one of the drivers for a flat rate of indirect costs was the regular identification of errors in the use of real indirect costs, and the understanding of the complexities of real indirect costs for participants.

Moreover, quantitative benefits clearly derive from the ineligible amounts identified, which are thus in favour of the Commission.

To conclude, although it has not yet been possible to provide a cost-effectiveness ratio of the whole control system, the efficiency of it could be sustained thanks to the quantitative and qualitative benefits, identified for each stage of the process and providing a positive impact on the assurance.

Note that an analysis of the evolution of the efficiency indicators was not possible as this is the first year the DG has calculated and reported these indicators.

### **2.1.2 Fraud prevention and detection**

DG MOVE has developed its anti-fraud strategy<sup>36</sup> as foreseen in the Commission's overall anti-fraud strategy<sup>37</sup>. The implementation of the remaining actions from the Commission's strategy of relevance for the DG (to make staff better trained and more risk-aware and ensure that EU agencies and Joint Undertakings etc. develop appropriate anti-fraud strategies) have been incorporated in the DG level strategy. DG MOVE's anti-fraud strategy

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<sup>36</sup> Anti-fraud strategy for DG MOVE and DG ENER endorsed 27.11.2013 (ARES(2013)3579143).

<sup>37</sup> COM(2011) 376 24.06.2011.

is focused on prevention and raising awareness in the day to day work of staff, including through increased information exchanges with our partners in executive and decentralised agencies and other entrusted entities. All but one of the resulting actions will have been fully implemented by the end of 2014.

Internal rules for fraud suspicion handling and reporting are in place and potential fraud risks are considered within the risk assessment exercise for the Management Plan every year. The risk assessment in 2013 did not identify any critical or significant fraud risks. During 2013, no new cases were sent to OLAF for investigation by DG MOVE. In the same period, OLAF has initiated 1 case which concerns the activities of DG MOVE based on other sources of information, subsequently closed as a non-case. Most of the actions in the DG's anti-fraud strategy will be implemented during 2014 and there is no indication that any additional temporary measures are necessary until full implementation.

**Table 2.9 – Fraud prevention and detection - indicators**

Indicator	Latest known result	Target
Number of files sent to OLAF for investigation in the year.	31.12.2013: 0 files sent to OLAF	No target.
Number of penalty decisions <sup>38</sup> adopted in the year and total amount of these decisions.	31.12.2013: 0	No target
Implementation of actions in the Commission's Anti-Fraud Strategy (CAFS) that are relevant for the DG.	31.12.2013: 15	Targets: 4 by end of 2011, 9 by end of 2012, 15 by end of 2013, 17 by end of 2014

## 2.2 Budget implementation tasks entrusted to other services and entities

This section reports and assesses the elements that support the assurance on the achievement of the internal control objectives as regards the results of the DG's supervisory controls on the budget implementation tasks carried out by other Commission services and entrusted entities distinct from the Commission.

As mentioned in "The DG in Brief", DG MOVE has entrusted parts of its budget of indirect management implementation by:

- Cross-delegations to other Commission services;

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<sup>38</sup> As set out in Article 96 of the Financial Regulation and can include the exclusion of the candidate from EU funding and / or the payment of financial penalties.

- Executive Agencies (TEN-T EA and EACI);
- Joint Undertakings (SESAR JU and FCH JU);
- Decentralised Agencies (EASA, EMSA, ERA)

For all these cases, the DG's supervision arrangements are based on the principle of controlling "with" the relevant entity. For details, see the ICT on indirect management in Annex 5.

DG MOVE also relies on financial instruments set up in *joint management* with the European Investment Bank for the financing of TEN-T projects. Given the set-up and modalities of the cooperation agreement between the Commission and the EIB, the scope of supervision by DG MOVE is more limited (see also in the ICT in Annex 5). The "Marguerite fund" financial instrument is subject to the supervision arrangements under the cross-delegation to DG ECFIN.

### 2.2.1 Cross-sub-delegations and co-delegations

#### Cross-sub-delegations

As in previous years, DG MOVE has cross-sub-delegated a number of activities to different services within the Commission, in order to arrange the provision of certain operations more efficiently. Being a Commission service itself, the AOD of the cross-delegated service is required to implement the appropriations subject to the same rules, responsibilities and accountability arrangements.

In 2013, DG MOVE gave cross-sub-delegations to DGs DIGIT, ECFIN and RTD for following amounts and purposes:

- To DG DIGIT 374,664.50€ for other management expenditure for research and support activities to the European transport policy and passenger rights. This amount was fully committed and 92,112.94€ of payments were made.
- To DG ECFIN 8,320,000€ of payment appropriations for Financial support for projects of common interest in the trans-European transport network. This amount was fully paid.
- To DG RTD 2,730,368€ of commitment appropriations for Research related to transport — Fuel Cells and Hydrogen Joint Undertaking of which 2,370,549€ was committed. Also 2,370,549€ of payment appropriations were transmitted and fully paid.

The cross-delegation agreement requires the AOD of above DGs to report on the use of these appropriations. In their reports, the AODs did not communicate any events, control results or issues which could have a material impact on assurance.

However, the report from DG ECFIN, mentioned that ECA analysed a payment by the Commission to the Marguerite Fund (under cross-sub-delegation to DG ECFIN) and found a serious non-quantifiable error in relation to the respect of the budgetary principle of specification. The Commission put forward that it is technically and legally impossible to guarantee a "strict correspondence" for each capital call (for EUR 1 million paid by the EU under a given capital call, EUR 1 million or more is invested in TENT projects by the Fund).



The Commission considers thus that the principle of specification of the funds provided for in the Financial Regulation will be fully respected and implemented at the end of the Investment Period of the Marguerite Fund in 2016, when the Union contribution and the multiplier thereof have been committed by the Fund to TEN-T projects. Based on the status of projects in the pipeline, the Union contribution is indeed expected to generate a multiplier dedicated to the TEN-T projects.

While compliance with the specification principle needs to be assessed only at the end of the investment period, the Commission fully agrees that it needs to monitor the activities of the Fund throughout its duration. This is done for example through the participation of the Commission in the Supervisory Board and analysis of reporting documents prepared by the Fund manager. The Commission has therefore an in-depth knowledge of the projects pipeline at any point of time throughout the duration of the Fund. The Commission is consequently in the position to take the appropriate measures before the end of the investment period to ensure that at the end of the investment period the specification principle is respected.

In conclusion, DG MOVE considers that the finding made by ECA does not have a negative impact on the declaration of assurance.

### **Co-delegations**

The Commission may delegate powers concerning a given budget line to one or more authorising officers by delegation, i.e. various AODs are responsible for the same item of expenditure, but each one for a specific type of transaction. For example, the PMO, HR and OP are AODs in respect of payments of certain expenditure of administrative nature (e.g.: meetings, missions, external staff, publication) whereas DG MOVE is the authorising officer by delegation in respect of commitments. Being Commission services themselves, PMO, HR and OP are required to implement the appropriations subject to the same rules, responsibilities and accountability arrangements as DG MOVE.

In 2013, payments amounting to €10.72 million were made by the above-mentioned co-delegated AODs.

### **2.2.2 Executive Agencies (EAs): TEN-T EA and EACI**

DG MOVE is the parent DG for the Trans-European Transport Network Executive Agency (TEN-T EA), which implements the Trans-European Transport Network (TEN-T) programme. In 2013, DG MOVE contributed €9.81 million to the Agency's running costs.

DG MOVE is one of four parent DGs for the Executive Agency for Competitiveness and Innovation (EACI), entrusted with operational management of the Marco Polo programme for DG MOVE. In 2013, DG MOVE contributed €1.60 million to the Agency's running costs. As from 2014, the implementation of the programme will be transferred to the Innovation and Networks Executive Agency (INEA, former TEN-T EA).

The monitoring arrangements include the membership of the Steering Committees, the definition of objectives and priorities in the Annual Work Programme of the EA (approved by the Commission) and the assessment of the activities carried out by the EA through the Annual Activity Reports (AARs), which are communicated to the College as an annex to the

AAR of the parent DG (see Annex 7). In addition, the EAs and the parent DGs<sup>39</sup> have agreed on methods and procedures for interaction. These include the requirement for the EAs to report regularly on the use of resources and performance of tasks. The preparation of the EAs' budgets and Annual Work Programmes is coordinated with DG MOVE and feedback is provided to the EAs to guide them. As a reminder, the management of these Executive Agencies are Commission staff on detachment.

The EAs are subject to audit by the Internal Audit Service of the Commission and by the European Court of Auditors and DG MOVE uses their reports as an element of the supervision of these bodies.

#### TEN-T EA

Concerning the TEN-T EA, the residual error rate for the TEN-T programme is below 2% and the Agency Director, in his capacity as AOD, has signed the declaration of assurance without reservations. It is noted that the 2013 Work Programme was adopted by the Commission on time and that the IAS has invited DG MOVE to stay vigilant to ensure the timely adoption of the Agency work programme also in 2014 (see section 2.3.1 for more details on the joint follow-up audit carried out in 2011 by IAS and the IAC of the Agency).

In the DAS 2012, ECA found the annual accounts of the TEN-T EA legal and regular in all material aspects and that they present fairly in all material respects the financial position of the Agency. The Court made one observation related to a technical budgetary issue.

The regular supervision of the TEN-T EA did not identify any particular issues that would need to be included in this report. Overall DG MOVE considers that its supervision of the EAs is effective and appropriate.

#### *New mandate of TEN-T EA/INEA*

As of 1 Jan. 2014 the TEN-T EA has become the Innovation and Networks Executive Agency – INEA – and will manage parts of CEF transport, energy and ICT programmes as well as parts of the transport and energy chapters of Horizon 2020. DG MOVE however will continue to manage the legacy of FP6 and FP7 programmes.

The cost-benefit analysis carried out in 2013<sup>40</sup> indicated that the extended delegation of the main EU infrastructure programmes in transport, energy and ICT to INEA would make it possible to implement these programmes efficiently and at a lower cost than in the Commission. It is estimated to deliver cost-savings in the order of €54 million over the 2014-2020 period, compared to the in-house scenario. The agency is well established to manage the extension as shown by its excellent key performance indicators (average time to pay of 13 days; a rate of close to 100% of payments made on time; detected error rate below 2% for the last 3 years).

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<sup>39</sup> In 2013, TEN-T EA reported to one parent DG: DG MOVE. EACI reported to four parent DGs: DG MOVE, DG ENER, DG ENTR, DG ENV.

<sup>40</sup> Cost Benefit Analysis for the delegation of certain tasks regarding the implementation of Union Programmes 2014-2020 to the Executive Agencies

## EACI

Concerning the EACI, the residual error rate is below 2% for all programmes managed by EACI and the Agency Director, in his capacity as AOD, has signed the declaration of assurance without reservations.

In the DAS 2012, ECA found the annual accounts of the Agency legal and regular in all material aspects and that they present fairly in all material respects the financial position of the Agency. The Court made two observations, one related to the independency of the internal audit function, currently combined with ex-post controls, and one on the transparency of the recruitment procedures. The ex-post control function will be segregated from the IAC function as from 2014 and the staff selection procedures have been further improved during 2013.

It is noted that the IAS audit on the control strategy in the EACI resulted in four very important recommendations mainly related to (i) reviewing and formalising the Agency's overall control strategy; (ii) strengthening the ex-ante checks; (iii) separating the ex-post control function from the IAC function and (iv) finalising the anti-fraud strategy and developing guidelines on financial penalties and liquidated damages. The Agency initiated several actions during 2013, including the adoption of the anti-fraud strategy, the establishment of a working group on the control strategy and a review of the organisation in the context of the new MFF which i.a. implies a segregation of the ex-post control and IAC function. Full implementation of all actions is expected in the course of 2014, taking into account the changing structure and mandate of the new Agency as from Jan. 2014, and progress is closely monitored by the parent DGs through the Steering Committee.

The regular supervision of the EACI did not identify particular issues that would need to be included in this report. Overall DG MOVE considers that its supervision of the EAs is effective and appropriate.

### *New mandate of EACI/EASME*

As from 1 Jan. 2014, EACI has been renamed to EASME (Executive agency for SMEs). The legacy of the Marco Polo Programme was handed over from EACI to INEA.

## 2.2.3 Financial instruments under the TEN-T Programme

DG MOVE also uses innovative financial instruments for leveraging EU investment and attracting new sources of funding for TEN-T infrastructure projects:

- DG MOVE has given a cross-delegation to DG ECFIN to finance the "**Marguerite Fund**". The fund invests equity in energy, climate change and infrastructure (TEN-T) projects. It is managed by an external management board which makes drawdown requests for credits as required. DG ECFIN is responsible for monitoring the management of the fund and reports regularly to DG MOVE. DG MOVE has launched an ad hoc audit on this fund, notably to assess the results in terms of efficiency, relevance and contribution to the implementation of EU policies in the field of TEN-T. The results of this audit have not yet been published.

- The **Loans and Guarantees for debt** (LGTT) is a financial instrument set up jointly by the Commission and the European Investment Bank (EIB) to facilitate a greater private sector

participation in the financing of TEN-T projects. This instrument is managed by the EIB which makes annual drawdown requests. In 2013, 45 million EUR were committed to the LGTT. DG MOVE monitors the EIB's management of the instrument as specified in the cooperation agreement with the EIB.

An exhaustive ex-post evaluation was launched by DG MOVE, notably to assess the relevance, efficiency and added value of the LGTT. The results of this evaluation and the recommendations produced will be considered as a valuable input in the design of new financial instruments in this area or in the future implementation of the LGTT.

- The **Project Bond initiative** is a joint initiative by the Commission and the EIB to stimulate capital market, including institutional investors, financing for large-scale infrastructure projects in transport (TEN-T), energy and information and communication technology. In 2013, €100 million were committed to the pilot phase of the Project Bond Initiative.

The evaluation of the PBI pilot phase launched by DG ECFIN in the 3 sectors involved (transport, energy and communication and information networks) allowed obtaining a preliminary view on the success of the PBI in providing an alternative source of financing for trans-European network projects and for catalysing debt capital markets for infrastructure projects. Also, some recommendations were proposed for the further implementation of this instrument.

In conclusion, DG MOVE's supervision of these financial instruments did not identify particular issues that would need to be included in this report, which is the reason why DG MOVE considers that their supervision is effective and appropriate.

## 2.2.4 Joint Undertakings (JUs): SESAR JU and FCH JU

DG MOVE is responsible for the SESAR JU (2013 contributions: €34.59 million from the TEN-T budget and €42.94 million from the FP7 budget), a public-private partnership developing operational and technical improvements for the modernisation of the European and global air traffic management system. DG MOVE also contributes to the financing of the Fuel Cells and Hydrogen JU (2013: €2.37 million), for which DG RTD is responsible and has received cross-sub-delegations from DG MOVE. The FCH JU is a Joint Technology Initiative (JTI) within FP7, i.e. a public-private partnership aiming to accelerate the development and deployment of fuel cell and hydrogen technologies in Europe.

The operational Directors of DG MOVE concerned play a key role in the monitoring of the JUs, as these Directors rely on the JUs to achieve their policy objectives. DG MOVE is a member of the Administrative Board (SESAR JU)/Governing Board (FCH JU). Arrangements are in place to ensure that all key proposals to these Boards are properly assessed and the Commission position agreed. Each JU is required to produce an Annual Activity Report and the JU Director signs a declaration of assurance in line with the one used in the Commission. In addition regular reporting and extensive informal and formal contacts are also part of the interaction.

The JUs are subject to audit by the Internal Audit Service of the Commission and by the European Court of Auditors and DG MOVE uses their reports as an element of the

supervision of these bodies.

## FCH JU

In 2013 the SIAC audited the coordination and monitoring of the FCH JU related activities in DG MOVE and concluded that the systems and controls in place are adequate and provide reasonable assurance regarding the achievement of the purpose of the coordination and monitoring of the FCH related activities.

Moreover, ECA's audit opinions on the reliability of the accounts and on the legality and regularity of the transactions were unqualified for the year 2012.

The residual error rate resulting from the FCH JU ex-post audits is below 2%. In general, many of the beneficiaries of JTIs are also beneficiaries of the Research DGs and the basic rules applied to grants awarded by JTIs are the same as for the Commission's research services. Thus audits undertaken by the JTIs identify the same types of errors as the Commission services. The ex-post audit work carried out by these bodies continues and is as far as possible harmonised with the work of Commission departments. The Research DGs continue to keep this situation under review, also taking into account the reports of the European Court of Auditors.

## SESAR JU

### *Verification carried out by the SJU:*

Besides the ex-ante control, the SJU performs ex post controls, through its Projects Audit Sector with the support of an external audit firm. The SJU's audit strategy aims at providing reasonable assurance on the legality and regularity and sound financial management of the organisation's operating expenditure

Besides the ex-ante control, the SJU performs ex post controls, through its Projects Audit Sector with the support of an external audit firm. The SJU's audit strategy aims at providing reasonable assurance on the legality and regularity and sound financial management of the organisation's operating expenditure

The cumulative error rates for the years 2011 to 2013 give the global and representative view of the error on the entire population of the SJU: the representative error rate amounts to 5.47% and the residual error rate to 0.73%.

Where systematic errors are detected, audited Members are requested to take immediate actions to correct them and implement recommendations made by the auditors in the audit reports. The errors found mainly concerned the incorrect inclusion of various items in labour costs. The amounts to be recovered from the Members were identified and adjusted in the calculation of the co-financing to be paid. Follow-up audits are also planned by the SJU to verify that errors are corrected and recommendations are taken on board."

### *Audit work performed by the Court of Auditors:*

In the DAS 2012, ECA found the annual accounts of the SESAR JU legal and regular in all material aspects and that they present fairly in all material respects the financial position of the JU. The Court made two observations on improvements that could be made in the ex-

ante control area. The JU is committed towards the continuous improvement of its system and procedures for risk management, controls and governance processes to achieve its objectives.

In conclusion, the regular supervision of the two JUs did not identify particular issues that would need to be included in this report. Overall DG MOVE considers that its supervision of the JUs is effective and appropriate.

### 2.2.5 Decentralised Agencies (DAs): EASA, EMSA, ERA

DG MOVE is the parent DG for three decentralised agencies:

- EASA - the European Aviation Safety Agency (DG MOVE subsidy in 2013: €35.83 million), responsible for developing and implementing common safety and environmental rules in civil aviation at European level.
- EMSA – the European Maritime Safety Agency (DG MOVE subsidy in 2013: €52.85 million), which provides technical and scientific assistance to the Commission and Member States in development and implementation of EU legislation on maritime safety and security and pollution by ships.
- ERA – the European Railway Agency (DG MOVE subsidy in 2013: €25.70 million), which provides technical assistance to the Commission and Member States in the area of railway safety and interoperability.

The operational Directors of DG MOVE concerned play a key role in the monitoring of the decentralised agencies, as these Directors rely on the DAs to achieve their policy objectives entrusted to them. DG MOVE is a member of the Administrative Board (ERA, EMSA)/Management Board (EASA). Arrangements are in place to ensure that all key proposals to these Boards are properly assessed and the Commission position agreed. In addition regular reporting and extensive informal and formal contacts are also part of the interaction.

#### Budgetary monitoring:

The operational units for particular policies are involved in numerous contacts at working level, coordination meetings, providing opinions on annual/ multiannual work programmes, draft budget, staff policy plan.

The agencies have full responsibility for the implementation of their budget, while DG MOVE is responsible for the regular payment of the contributions established by the Budgetary Authority. The working conditions with the agencies have been clarified either by Memoranda of Understanding or working methods of the budgetary committee which were set up for each agency with the objective to advise the Administrative/Management Boards on all issues related to the drafting, the implementation of the budget and staff-related issues within the Agency.

The sub-committee meeting takes place before the Administrative /Management Board meeting. The operational units and the resources unit are represented in the sub-committee in addition to appointed representatives from the Administrative / Management Boards.

At the closure of the financial year, agencies provide their budget outturn calculations to the Commission. They contain an estimation of the amount to be paid back to the Commission. After the final closure, the parent DG will claim its reimbursement from the agency.

Performance indicators have been set up for the monitoring and follow up for the implementation of the budget, the audit recommendations and staff recruitment. A report is provided by the agencies on a quarterly basis to DG MOVE which help detect any weaknesses.

Finally, the Commission provides assistance to the agencies with regard to the application of the financial regulations, but also through the use of different Commission tools and services (ABAC, Medical Service, recruitment via EPSO, training, PMO).

#### Audit by the Court of Auditors:

In the DAS 2012, ECA found the annual accounts of EASA, EMSA, and ERA legal and regular in all material aspects and that they present fairly in all material respects the financial position of the Agencies. The Court made a few observations relating mainly to scope for improvement on internal controls which the Agencies are taking into account in their continuous development of systems and procedures for controls and governance processes to achieve their objectives.

In conclusion, the regular supervision of the decentralised agencies did not identify particular issues that would need to be included in this report. Overall DG MOVE considers that its supervision of the DAs is effective and appropriate.

### **2.2.6 Conclusion on the control effectiveness of the other services and entities**

The regular supervision of the different Commission services and other entities and financial instruments listed in sections 2.2.1 to 2.2.5 did not identify particular issues that would need to be included in this report. Overall DG MOVE considers thus that their supervision is effective and appropriate.

## **2.3 Assessment of audit results and follow-up of audit recommendations**

This section reports and assesses the observations and conclusions reported by auditors which could have a material impact on the achievement of the internal control objectives, and therefore on assurance, together with any management measures taken in response to the audit recommendations.

### **2.3.1 Internal Audit Service (IAS)**

DG MOVE was not concerned with any of the audits performed by the IAS in 2013.

- The "Audit on the Control Strategy in the Executive Agency for Competitiveness and Innovation (EACI) was completed in July 2013 – as one of the parent DGs, DG MOVE has used this report as an element of the supervision of the Agency. The audit



concluded that the internal control system in place provides reasonable assurance regarding the achievement of the business objectives set up for the EACI's control strategy, but recommended improvements to the assurance building process and disclosure of the assurance, strengthening ex-ante and ex-post checks and developing an anti-fraud strategy. The Agency has undertaken several actions in 2013 to address these very important recommendations and full implementation of all action steps is planned in 2014, taking into account the changing structure and mandate of the new Agency from 1 Jan. 2014.

As regards the implementation of recommendations issued in previous years, there was no critical and only one very important recommendation, closed in 2013:

- In 2011, the IAS and the IAC of the TEN-T EA performed a joint follow-up audit of the 2009 "Audit of the management of the operational budget in TEN-T EA". In the 2009 audit, one very important recommendation was addressed to DG MOVE concerning the timely<sup>41</sup> adoption of the TEN-T EA work programme. During the follow-up, IAS noted that the remedial actions were implemented but that the improvement was not permanent. The DG made significant efforts to address the procedural constraints and the 2013 work programme was adopted on time. The IAS subsequently concluded that the recommendation has been adequately and effectively implemented. The IAS has invited DG MOVE to stay vigilant to ensure the timely adoption of the Agency work programme in 2014, taking into account the significant changes which the Agency is undergoing as of 1 Jan. 2014.
- The IAS also completed in April 2013 a follow-up audit on "Compliance with Payment deadlines", as a result of which all the outstanding recommendations issued in the original report could be closed.

### 2.3.2 Shared Internal Audit Capability (SIAC)

The Shared Internal Audit Capability carried out, in accordance with its work plan, 6 audits during 2013, of which 3 were related to DG MOVE:

- An audit of the research coordination function;
- An audit of procurement;
- An audit of the coordination and monitoring activities related to the Fuel Cells and Hydrogen joint undertaking;

The audit of the research coordination function contained a very important recommendation on the coordination scope and tasks, resulting in a satisfactory opinion with qualification. This recommendation could not be closed on the initial planned due date but actions have been taken in 2013 (the coordination scope and tasks have been defined in a strategy paper endorsed by management; seminars with policy units have been organised) and full implementation is foreseen by the revised target date in May 2014. The other two audits resulted in satisfactory opinions.

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<sup>41</sup> The TEN-T EAs work programme should be approved by the Commission by 31 March every year.



Follow-up activities covered 4 audits and 11 recommendations, of which 6 were rated as very important. The follow-up concluded that all recommendations for 2 audits (2011 audit of maritime security inspections, 2011 audit of strategic planning and coordination of TEN-T) had been effectively implemented. For 1 audit (2012 audit of the implementation of ICS10 – business continuity), all the very important recommendations had been effectively implemented. The remaining very important recommendation from the 2013 audit of transport research coordination has been mentioned above.

In addition, SIAC carried out 3 reviews (of the financial processes, the IT processes and the accounts cut-off process) and found the reviewed processes generally adequate and effective. The identified opportunities for improvement/evolution of the processes are being addressed by DG MOVE.

In its Annual audit opinion for 2013, the SIAC concluded that, based on the audit work carried out and on other elements available, the internal control systems in place in DG MOVE provide a **reasonable assurance**<sup>42</sup> regarding the achievement of business objectives set up for the processes audited to the exception of the specific qualification resulting from the above mentioned audit. DG MOVE will undertake and finalise further actions to close the very important recommendation on research coordination by end May 2014.

As can be seen below, management has accepted 100% of issued audit recommendations. As regards their implementation, 72.7 % of the accepted very important and important recommendations were implemented within deadlines.

**Table 2.10 – Internal audit indicators**

Specific objective 4 Assess compliance, efficiency and effectiveness of control systems, provide advise the Director-General		
Indicator	Latest known result	Target
% of "critical", "very important" and "important" accepted audit recommendations implemented within deadlines / number of accepted recommendations (SIAC)	31/12/2013 : 72.7% 31/12/2012 : 77% 31/12/2011: 100% 31/12/2010: 95%	>70%
% recommendations accepted by auditees / number of recommendations issued (SIAC)	31/12/2013 : 100% 31/12/2012 : 100% 31/12/2011: 100% 31/12/2010: 100%	>80%
Work programme implemented as percentage of annual planned Work Programme (SIAC)	31/12/2013 : 100% 31/12/2012 : 100% 31/12/2011: 100% 31/12/2010: 100%	>90%

<sup>42</sup> Even an effective internal control system, no matter how well designed and operated, has inherent limitations – including the possibility of circumvention or overriding of controls – and therefore can only provide reasonable assurance to Management and not absolute assurance.

In conclusion, the recommendations made by SIAC are systematically being followed up by the Directorate-General and contribute significantly to the continuing improvement of the systems and operations. On the basis of the above analysis, it is concluded that internal audit work has not revealed weaknesses that would have a negative impact on the assurance.

### 2.3.3 European Court of Auditors (ECA)

#### *Audit work 2013 - Statement of assurance (DAS) 2012*

In the context of DAS 2012, the ECA assesses *Mobility and Transport* together with *Energy* and the *Regional policy*<sup>43</sup>. The ECA concluded for the whole chapter that the testing of transactions indicates that the most likely error present in the population is 6.8%, that the examined supervisory and control systems are partially effective<sup>44</sup> and that the overall audit evidence indicates that accepted expenditure is affected by a material level of error. Given that *Mobility and Transport* payments represent 2.8% of the total of the whole chapter, the ECA's overall conclusions are not representative for DG MOVE.

The ECA selected 9 transactions for review: 7 from the TEN-T programme managed by the TEN-T EA, 1 concerned the Commission's contribution to the SESAR JU and 1 concerned the 13th capital call of the Marguerite Fund.

- The ECA considers that 6 out of the 7 payments from TEN-T programme contained errors (mostly related to beneficiaries' compliance with public procurement rules). The findings of the ECA on which the Commission agreed are subject to a systematic follow-up by the Agency<sup>45</sup>.

On the basis of these errors the ECA concluded in its 2012 Annual report that DG MOVE should have issued a reservation for the TEN-T programme in relation to non-compliance with EU and national public procurement rules. DG MOVE considers that it has followed the standing instructions for 2012 AARs: in the context of its supervisory responsibilities over the TEN-T EA, DG MOVE took into account all the information at its disposal including the 2011 Court of Auditors report and the assurance given by the Agency. The error rate detected by finalised ex post controls performed by the latter at 31.12.2012 was 1.7%, below the materiality threshold of 2%. Furthermore the Agency had taken a series of measures in 2012 taking into account the Court's findings to strengthen its controls and raise beneficiaries' awareness on public procurement rules.

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<sup>43</sup> Chapter 5 of the ECA's annual report 2012 (OJ C 331, vol. 56, 14.11.2013)

<sup>44</sup> This assessment was made on Audit Authorities in the context of Regional Policy and Employment and social affairs. It does not concern DG MOVE.

<sup>45</sup> See TEN-T EA's AAR in annex 7

- The review of the Commission's contribution to the SESAR JU did not raise any audit observations.
- The Commission did not agree with ECA's observations on the 13<sup>th</sup> capital call of the Marguerite Fund (non-quantifiable error) and no follow-up action is required (see section 2.2 for more details).

The ECA did not sample any of DG MOVE's payments for **research**; however, their conclusion for the policy group Research and other Internal Policies, that the audit evidence indicates that accepted expenditure is affected by material error applies by analogy to such payments made by DG MOVE.

The ECA recommended that in the area of the research FPs, the Commission should<sup>46</sup>:

- (i) Further intensify its efforts to address the errors found in interim and final payments and clearings, in particular by reminding beneficiaries and independent auditors of the eligibility rules and the requirement for beneficiaries to substantiate all declared costs;
- (ii) Remind research FP project coordinators of their responsibility to distribute the funds received to other project partners without undue delay;
- (iii) Review the cases of weaknesses in ex ante checks identified by the Court in order to assess of the checks require modification;
- (iv) Reduce delays in the implementation of ex-post audits and increase the implementation rate for extrapolation cases.

The Commission accepted the Court's recommendations. The follow-up actions are described in details in DG RTD's AAR 2013.

Furthermore, the Court also performed an audit of the accounts of DG MOVE as at 31.12.2012. This included analysis of closure operations, substantive testing of invoices and pre-financings and analysis of cut-off data. No observations were issued.

### ***Audit work 2013 - Assessment of DG MOVE's AAR's reporting on policy achievements***

In 2013 the Court has also looked at the policy achievement part of some DGs (MOVE, COMP, MARE) 2012 Annual Activity Reports. For the improvement of the performance management in the Commission the ECA recommended that the Commission and the legislator should ensure that there is a focus on performance in the forthcoming programming period (2014-2020) and that the Commission should ensure that there is a clear link between the DGs' activities and the objectives set.

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<sup>46</sup> OJ C 331, vol. 56, 14.11.2013, paragraph 8.42

The Secretariat General updated the instructions for the annual Management Plans and Annual Activity Reports on how these recommendations should be implemented across the Commission, in line with the commitments already made in the Synthesis report for 2012, adopted by the College in June 2013. DG MOVE followed these instructions for the preparation of its Management Plan 2014 and its AAR 2013.

### *Audit work 2013 - Special Reports*

In 2013, the ECA completed its performance audit and published the related special report for the Marco Polo programmes. The ECA issued two main recommendations to the Commission:

1. to consider discontinuing EU funding for transport freight services following the same design as the Marco Polo programmes

This recommendation **is considered implemented**, as the programme in its current form has been discontinued and instead measures applicable for freight transport services have been incorporated in the framework of the revised TEN-T programme and the Connecting Europe Facility (CEF).

2. to make possible continuation of funding such projects conditional upon an ex ante impact assessment showing whether and to what extent there is an EU added value; in the event of a positive assessment, several additional recommendations were issued.

The Commission agrees on the need for an ex ante impact assessment, taking due account of best practices of national support schemes. In addition, it also agrees:

- i. To pursue measures to effectively tackle the technical, operational and infrastructure barriers that could be detrimental to the effectiveness of the projects, for example concerning cross border rail traffic. This is **already implemented** through the proposals for TEN-T guidelines and CEF.
- ii. To assess the needs, limits and conditions for infrastructure and equipment support.
- iii. To tackle the phenomenon of deadweight.

These 2 **will be fully implemented by the end of 2014** when the requested impact assessment will be completed.

- iv. To ensure that adequate data are available to demonstrate the performance achieved by the funded actions.

This **will be implemented after the completion of a first set of funded projects**, i.e. likely by the end of 2020.

### *Follow-up of recommendations issued in previous years*

DG MOVE has to implement one correction to errors detected by the ECA in its 2008 Annual Report, concerning weaknesses in tendering procedures in one TEN-T project. The contradictory procedure with the beneficiary is on-going.

#### 2.3.4 Overall conclusion

Overall, internal and external audit work contributes significantly to the continuing improvement in DG MOVE systems and operations. The IAS and SIAC make recommendations that are subject to a systematic follow up by the Directorate-General. After reviewing these cases, it is concluded that internal audit work does not reveal weaknesses that would require a reserve in this report.

The findings and recommendations of the ECA are similarly subject to a systematic follow-up. Action plans have been put in place and implemented. The overall findings of the ECA in respect of the error rate are supported by the findings of the Commission's own controls, and the effect of this on the Director-General's declaration of assurance is set out in Part 4.

### 3. ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS

The Commission has adopted a set of internal control standards, based on international good practice, aimed to ensure the achievement of policy and operational objectives. In addition, as regards financial management, compliance with these standards is a compulsory requirement.

DG MOVE has put in place the organisational structure and the internal control systems suited to the achievement of the policy and control objectives, in accordance with the standards and having due regard to the risks associated with the environment in which it operates.

The DG's annual review of its implementation of the Internal Control Standards (ICS 15) was based on a number of monitoring measures and sources of information including:

- Progress with implementing the actions necessary to reach the requirements of the internal control standards prioritised for 2013;
- The opinion of staff members responsible for different internal control requirements, the opinion of a sample of senior management, and a discussion in the Internal Control Correspondents Group;
- The results of SIAC, IAS and ECA audit work;
- Progress with implementing actions stemming from audit recommendations;
- The opinion of the internal control coordinator and staff working on internal control;
- The opinion of a sample of staff members in response to electronic survey.

Furthermore, the information on internal control issues received through the AOSD's Management Reports and the SIAC's Opinion has been taken into account as well. This analysis has enabled the internal control coordinator to report the state of internal control and his recommendations to the Director-General.

In addition, DG MOVE continued monitoring the critical and other significant risks identified in the 2013 risk management exercise (no cross-cutting risks were identified) and regularly discussing internal control issues in the Control Board. The functioning of the internal control system has also been closely monitored throughout the year by the systematic registration of deviations from the established processes and procedures in the Registry of Exceptions and Non-Compliance Events (no serious deviations of systemic nature were identified).

In its management plan for 2013, DG MOVE had foreseen measures to improve the effective implementation of ICS 7 and ICS 10:

ICS7 – Operational Structure: Part of this standard concerning sensitive functions was prioritised to ensure effective procedures and forward planning concerning sensitive functions. An action plan was implemented in 2013 resulting in a general review of these functions, re-assessment and mobility measures and a comprehensive, coherent and documented approach within which the continuous work on managing sensitive functions can be pursued.

ICS10 – Business Continuity: Prioritised to ensure that the DG's Business Continuity Plan (BCP) is up-to-date, taking into account the latest guidance from the SG, the procedures and roles are known and the system has been tested. An action plan was implemented in 2013 resulting i.a. in an updated BCP, a first training session was organised and further trainings and work on testing the system will continue in 2014.

For ICS 7 and ICS 10, the measures were assessed as satisfactorily implemented by the end of the reporting year. For both standards, efforts will continue in 2014 and beyond as the effective management of sensitive functions and of business continuity are continuous processes. The assessment review identified an opportunity to increase effectiveness (and prioritise for 2014) ICS 3 (Staff Allocation and Mobility) and ICS 14 (Evaluation of Activities), to support efforts already underway in DG MOVE to i) ensure that organisational structures and staff allocation are aligned with priorities and workload in the context of resource constraints and externalisation and i) ensure that evaluation studies allow for effective reporting on performance in the context of the Commission's commitment to further developing a performance-focused framework. The work to finalise and continue actions under the internal control standards prioritised in 2013 and the further improvements to increase effectiveness of ICS 3 and ICS 14 do not have a significant impact on assurance during the reporting year.

Concerning the overall state of the internal control system, generally the DG's staff have the required knowledge and skills and systems and procedures are in place to manage and mitigate the DG's exposure to key risks to the achievement of the DG's objectives. Further enhancing the effectiveness of the DG's control arrangements in place is an on-going effort in line with the principle of continuous improvement of management procedures.

Particular attention will continue to be paid to addressing overpayments in personnel and indirect costs in research payments. The measures taken are described in part 4.

In conclusion, the internal control standards are, to the best of our knowledge, effectively implemented. In 2013, DG MOVE has taken measures to further improve the efficiency of its internal control systems in the area of Operational Structure (sensitive functions) and Mobility and Business Continuity. In 2014, the areas of Staff Allocation and Mobility and Evaluation of Activities will be the focus of additional management attention.

## 4. MANAGEMENT ASSURANCE

This section reviews the assessment of the elements reported in Parts 2 and 3 and draw conclusions supporting of the declaration of assurance and namely, whether it should be qualified with reservations.

### 4.1 Review of the elements supporting assurance

The information in parts 2 and 3 comes from monitoring by management and auditors. It results from a systematic analysis of the available evidence. This approach results in an adequate coverage of the budget delegated to the Director-General of DG MOVE and provides sufficient guarantees of the completeness and reliability of the information reported.

Management has reasonable assurance that overall suitable controls are in place and work as intended; risks are being mitigated and/or monitored; improvements and reinforcements are being implemented.

DG MOVE has developed its anti-fraud strategy and most of the actions foreseen will be implemented during 2014 and there is no indication that any additional temporary measures are necessary until full implementation. The risk assessment in 2013 did not identify any critical or significant fraud risks.

As to the results from audits and internal control assessment during the reporting year, they give an overall positive feedback and did not include any critical findings. The residual risk from the audit recommendation remaining open is not considered to have a bearing on the declaration of assurance.

Overall the controls carried out by DG MOVE for the management of the budget, whether implemented directly or indirectly were effective, as can be concluded from the qualitative and quantitative benefits detailed in the previous sections.

The reservation on FP7 expenditure on reimbursements against cost statements is maintained, as set out in section 4.2 below.

### 4.2 Reservation and overall conclusion on assurance

<u>No</u>	<u>Title</u>	<u>Type (Financial or Reputational)</u>	<u>2013 amount at risk (in million euros)</u>	<u>ABB amount concerned i.e. scope (in million euro)</u>
1	Reservation on FP7 overpayments	Financial	0.83	FP7 payments : 14.05

#### Reservation on FP7 overpayments

Table 4.1 summarises the elements constituting the reservation.



**Table 4.1: reservation on FP7 overpayments**

DG	MOVE
<b>Title of the reservation, including its scope</b>	Reservation concerning the rate of residual errors with regard to the accuracy of cost claims in Seventh Framework Programme (FP7) contracts.
<b>Domain</b>	Internal policy / Direct centralised management of grants under FP7
<b>ABB activity and amount</b>	Payments made for FP7 Research activities related to transport: €14.05 million <sup>47</sup>
<b>Reason for the reservation</b>	At the end of 2013, the residual error rate is not below the materiality threshold foreseen for the multi-annual period (2%)
<b>Materiality criterion/criteria</b>	<p>The materiality criterion is the residual error rate, i.e. the level of errors that remain undetected and uncorrected, by the end of the management cycle.</p> <p>The control objective is to ensure that the residual error rate on the overall population is below 2% at the end of the management cycle. As long as the residual error rate is not (yet) below 2% at the end of a reporting year within the FP's management lifecycle, a reservation would (still) be made.</p>
<b>Quantification of the impact</b>	<p>DG MOVE's residual error rate is 2.82% for audits regarding FP7 projects. This rate does not take into account corrections in favour of beneficiaries.</p> <p>The maximum impact is calculated by multiplying the residual error rate in favour of the Commission by the amount of FP7 payments clearing previous prefinancing in 2013 (€29.46 million). The amount at risk in 2013 is €0.83 million.</p>
<b>Impact on the assurance</b>	<p>Legality and regularity of the affected transactions, i.e. only payments made against cost claims (interim payments and payments of balance). The assurance is affected within the scope of the quantified budgetary impact.</p> <p>The amount at risk of €0.83 million represents 0.30% of DG MOVE payments in 2013<sup>48</sup>. Consequently reasonable assurance can be provided.</p>
<b>Responsibility for the weakness</b>	<p>The main reason for errors is :</p> <ul style="list-style-type: none"> <li>a) the complexity of the eligibility rules as laid down in the basic acts decided by the Legislative Authorities, based on the reimbursement of actual eligible costs declared by the beneficiaries;</li> <li>b) the fact that there are many thousands of beneficiaries making claims, and not all can be fully controlled.</li> </ul> <p>The different control provisions set out by the Commission services, along with the audit certificates on financial statements and ex-post audits, can mitigate these risks to a certain extent, but can never be carried out on 100% of the cost claims received.</p>
<b>Corrective action</b>	The possibilities to simplify the FP7 rules have been exhausted, although there is some evidence that the simplification measures introduced in 2011 have had a positive impact on error rate. The remaining scope to reduce errors will be addressed in particular through the following actions:

<sup>47</sup> The amount reported in Annex 3, table 2, column 2 "payments made" show a total of €65.25 million, including also payments made for FP6, SESAR JU and FCH JU.

<sup>48</sup> 0.83 million of 272.56 million

DG	MOVE
	<ul style="list-style-type: none"> <li>▪ continuing its on-going efforts to give guidance and feedback to the participants and certifying auditors to prevent errors occurring;</li> <li>▪ continuing with its control and audit work in order to further reduce the FP7 residual error rate.</li> </ul>

The following framework conditions need to be borne in mind when considering remedial actions to further reduce the error rate under FP7 as detailed in the above table. These were set out in more detail in the AAR 2012.

### ***A) Legal Framework***

At a moment where the rules for participation for Horizon 2020 are in the final stage of adoption and having regard to the length of the legislative procedure, a modification of the legal framework for FP7 is not an option. Over the course of FP7, however, the Commission has attempted to simplify the system within the existing legal framework, most recently through the simplification measures adopted on 24 January 2011 (Decision C (2011) 174).

A radical simplification of the legal framework has been proposed in Horizon 2020, the Framework Programme for Research and Innovation (2014-2020), in order to meet the expectations of both stakeholders and legislative authorities.

### ***B) Guidance to beneficiaries and certifying auditors***

In 2009 DG MOVE started a campaign (information session) targeting its beneficiaries from FP6 and FP7. This campaign was stopped in 2011 as this type of action has now been decided at the level of the whole research DGs. 2013 saw the continuation of a communication campaign targeting beneficiaries and certifying auditors, based on a document setting out the 10 most common causes of error. Around 3100 people have participated in the 24 events held so far. The aim is to continue this campaign in 2014.

This is in addition to the possibilities that already exist for participants to ask for guidance – for example the Research Enquiry Service and the National Contact Points.

Furthermore, as SMEs and new participants present particular risks, guidance will be tailored at all stages of the process to these participants, but without discouraging them from applying for grants or increasing unnecessarily their administrative burden.

### ***C) Continued control and audit***

The DG will carry out an appropriate number of ex-post audits based on cost-effectiveness considerations, together with the subsequent recovery actions to ensure a further reduction of the residual error rate. However, it cannot greatly extend its audit campaign without adversely affecting the other objectives of the research programme (attractiveness, reduction of administrative burden, widening, etc.)

## Overall conclusions on the combined impact of the reservations on the declaration as a whole

The impact of the reservation is quite limited since the potential amount at risk deriving from the 2.82% residual error rate detected in the FP7 represents only 0.30% of the total amount paid by DG MOVE in 2013.

Therefore, on the basis of the supervision and monitoring activities performed, DG MOVE considers that resources are used for the intended purposes and in accordance with the principles of sound financial management, legality and regularity.

In addition, adequate internal systems and controls are in place and risks are being appropriately monitored and mitigated

Consequently, reasonable assurance can be provided for the whole of the budget managed by DG MOVE in 2013.

## DECLARATION OF ASSURANCE

I, the undersigned,

Director-General of DG MOVE

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view<sup>49</sup>.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the internal audit capability, the observations of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported here which could harm the interests of the institution.

However the following reservations should be noted:

The residual error rate observed by ex-post controls on grants given under the Seventh Research Framework Programme is higher than the control objective (2%).

Done in Brussels, 28.03.2014

<Signed>

Matthias Ruete

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<sup>49</sup> True and fair in this context means a reliable, complete and correct view on the state of affairs in the service.