



European  
Commission

# Annual Activity Report 2021

## Annexes

DG ENVIRONMENT

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## **ANNEX 1: Statement of the Director in charge of Risk Management and Internal Control**

*I declare that in accordance with the Commission's communication on the internal control framework <sup>(1)</sup>, I have reported my advice and recommendations on the overall state of internal control in the DG to the Director-General.*

*I hereby certify that the information provided in the present Annual Activity Report and in its annexes is, to the best of my knowledge, accurate and complete.*

*Brussels, 31 March 2022*


*[Signed]*

*Gilles Gantelet*

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<sup>(1)</sup> C(2017)2373 of 19.04.2017

## ANNEX 2: Performance tables

In the below tables, the icon  is used to flag key initiatives announced in the Commission Work Programme

<b>General objective 1: A European Green Deal</b>			
<b>Impact indicator 1:</b> Resource productivity			
<b>Source of the data:</b> Eurostat (Eurostat online data code: sdg_12_20 <sup>(2)</sup> )			
<b>Baseline</b> (2018)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2020)
133.9 <sup>(3)</sup>	Increase	Increase	135.2 <sup>(4)</sup>
<b>Impact indicator 2:</b> Common birds population index			
<b>Source of the data:</b> European Birds Census Council; Birdlife; Royal Society for the Protection of Birds; Czech Society for Ornithology (Eurostat online data code: sdg_15_60)			
<b>Baseline</b> (2018)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2019)
93.45%	Curtail biodiversity loss	Curtail biodiversity loss	93.57%
<b>Impact indicator 3:</b> Consumption of hazardous chemicals			
<b>Source of the data:</b> Eurostat (Eurostat online data code: sdg_12_10)			
<b>Baseline</b> (2018)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2020)
Hazardous to health: 218.4 million tonnes Hazardous to the environment: 75.5 million tonnes	Decrease	Decrease	Hazardous to health: 230.1 million tonnes Hazardous to the environment: 79.8 million tonnes
<b>Impact indicator 4:</b> Years of life lost due to fine particulate matter in the air			
<b>Source of the data:</b> European Environmental Agency report on air quality in Europe (for the baseline, Report No 10/2019, p. 66, p. 69)			
<b>Baseline</b> (2016)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2019)
3 848 000 (EU28) 3 530 400 (EU27)	Decrease	Decrease	3 725 900 (EU28) 3 370 000 (EU27)

<sup>(2)</sup> From May 2022, this indicator will no longer be part of the 2022 EU SDG set, it will be retrievable from data sets ENV\_AC\_RP

<sup>(3)</sup> Provisional estimate

<sup>(4)</sup> Provisional estimate

**Impact indicator 5:** Circular materials use rate**Source of the data:** Eurostat (Eurostat online data code: sdg\_12\_41)

<b>Baseline</b> (2017)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2025)	<b>Latest known results</b> (2020)
11.5%	Increase	Increase	12.8%

**Specific objective 1:** Circular Economy: The EU economy is more circular and uses natural resources and products more sustainably

Related to spending programme(s): LIFE

**Result indicator 1.1:** Number of EU Ecolabel products**Source of the data:** DG Environment [EU Ecolabel facts and figures]

<b>Baseline</b> (2019)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2021)
77 358 products	Increase	Increase	83 590 products

**Result indicator 1.2:** Eco-innovation index**Source of the data:** DG Environment / Eco-Innovation Observatory (EIO) [EIO Indicators] (For the baseline: EIO Brief 2019)

<b>Baseline</b> (2018)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2020)
110 (Index 100 in 2012)	Increase	Increase	121

**Result indicator 1.3:** Municipal waste generation and treatment**Source of the data:** Eurostat [Eurostat online data code: env\_wasmun]

<b>Baseline</b> (2019)	<b>Interim Milestone</b>	<b>Target</b> (2024)	<b>Latest known results</b> (2020)
Generation of municipal waste: 502 Kg/person <sup>(5)</sup> Recycling & composting: 47,6% Incineration: 26,% Landfilling: 23,7%	N/A	Generation: Reduce Recycling & composting: 50% (65% by 2035)* Landfilling: Reduce (Reduction to 10% by 2035)* *Targets defined for 2035 by the Waste Framework Directive	Generation of municipal waste: 505 kg/person Recycling & composting: 47,7.% Incineration 27.1% Landfilling: 22.8%

<sup>(5)</sup> Eurostat estimate

**Result indicator 1.4:** Export of waste outside the EU**Source of the data:** Eurostat [Eurostat online data code: cei\_srm020]



<b>Baseline</b> (2019)	<b>Interim Milestone</b>	<b>Target</b> (2024)	<b>Latest known results</b> (2020)
25 467 976 tonnes (EU27)	Reduce	Reduce	27 490 340 tonnes (EU27)

**Result indicator 1.5:** Proportion of proposed legislative revisions that include burden reduction measures**Source of the data:** DG Environment analysis


<b>Baseline</b>	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2021)
N/A	Positive trend	Positive trend	50% - 1 out of 2 legislative revisions included burden reduction measures. (The proposal for new regulation on waste shipments foresees substantial reduction in burdens linked to the shipments of waste between EU Member States, notably thanks to full digitalization of existing procedures)

**Main outputs in 2021:****New policy initiatives**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
 Proposal for a Regulation on substantiating environmental claims using the Product/Organisation Environmental Footprint methods (green claims) (PLAN/2020/7435)	Adoption of legislative proposal by the Commission	2021 Q2	Rescheduled for adoption in 2022, for alignment with the upcoming initiative on Sustainable Products and to address the opinion of the Regulatory Scrutiny Board. A prior revision of the Commission Recommendation on environmental footprint methods was found necessary and delivered in December 2021.

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
 Sustainable Products Policy Initiative (PLAN/2020/7714)	Adoption of legislative proposal by the Commission	2021 Q4	Work extended into 2022 to integrate extensive comments received from the Regulatory Scrutiny Board in November 2021. (Positive opinion on revised IA subsequently received in January 2022)
 Contribution to Circular Electronics - toolbox on the take-back and return schemes for small electric and electronic industry	Toolbox agreed with Industry and Member States	2021 Q4	A study was carried out to assess options for improving take-back and collection of small electrical and electronic equipment. The Sustainable Products Initiative (and the next work programme under the current Ecodesign Directive) are complementary to the Circular Electronics Initiative and will help operationalize it.
EU strategy for textiles (PLAN/2020/8698)	Adoption of Communication by the Commission	2021 Q4	Postponed to 2022 Q1 for adoption within a Circular Economy package on Sustainable products and to align with work on industrial transition pathways.

### Initiatives linked to regulatory simplification and burden reduction

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
 Revision of Regulation (EC) 1013/2006 on Shipments of Waste (PLAN/2019/5394)	Adoption of legislative proposal by the Commission	2021 Q2	COM(2021)709 Adopted 17/11/2021 – delay to address comments of the Regulatory Scrutiny Board

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
 Update of concentration limit values of persistent organic pollutants in waste - Amendments to Annexes IV and V on waste of the Regulation on persistent organic pollutants in waste (PLAN/2019/5397)	Adoption of legislative proposal by the Commission	2021 Q2	COM(2021)656 Adopted 28/10/2021 – delay to address comments of the Regulatory Scrutiny Board.
 Revision of Directive 94/62/EC on Packaging and Packaging Waste Directive in order to reinforce the essential requirements for packaging to be placed on the EU market (PLAN/2019/5396)	Adoption of legislative proposal by the Commission	2021 Q4	Postponed to 2022 Q3 due to complexity of the issues combined with difficulties with internal HR situation and outsourced contractors

### Evaluations and fitness checks

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
 Evaluation of the Sewage Sludge Directive 86/278/EEC (PLAN/2020/7406)	Finalisation of the evaluation and publication of Staff Working Document	2021 Q4	Work in progress, for finalisation in 2022 Q2 (pending delivery of outsourced consultant work supporting the evaluation process.)
 Evaluation of Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment (PLAN/2018/3000)	Finalisation of the evaluation and publication of Staff Working Document	2021 Q2	Work rescheduled to allow prioritization of the adoption of 12 delegated acts on mercury in lamps

### Public consultations

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
EU strategy for textiles (PLAN/2020/8698)	Public consultation launched	2021 Q1	Launched on 12/05/2021 (short delay to accommodate suggestions from other services). 544 replies received from wide range of stakeholders



<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Revision of Directive 2000/53/EC on end-of-life vehicles (PLAN/2020/8644)	Public consultation launched	2021 Q2	Consultation launched 20/07/2021 (slight delay linked to translation requirements, which were not considered at the planning stage)
Measures to reduce the release of microplastics (PLAN/2020/8355)	Public consultation to be launched mid-February 2022	2021 Q3	In 2021, the Impact Assessment support study revealed that new sources had to be considered for action, which triggered an extension of the scope and a delayed public consultations.  A political decision was finally made to include the file in the 2022 Commission Work Programme.

### Enforcement actions

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Scrutiny of Waste Management Plans and Waste Prevention Programmes	Launch infringement cases	2021 Q2	Scrutiny completed on the received plans and programmes. Progress will be assessed in 2022 and, if needed, infringement will be initiated end of 2022 or beginning of 2023.
Closure of illegal and substandard landfills remaining in the EU	Number of cases moved or closed in relation to illegal and substandard landfills	(No adequate target)	Reporting on this issue is done in result indicator 5.2, under Specific Objective 5.

### External communication actions

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Circular Economy communication actions	Number of people reached and number of interactions on Social Media including DG ENV accounts	+100 000 and +4000	4 000 000 and 25 000

Other important outputs			
Output	Indicator	Target	Latest known results (situation on 31/12/2021)
EU Ecolabel criteria for financial products (PLAN/2020/9815)	Adoption by the Commission	2021 Q4	Criteria ready for adoption - on hold waiting for relevant developments under EU taxonomy.
Recommendation on the use of the Environmental Footprint Methods (PLAN/2021/10556)	Adoption by the European Commission	2021	C(2021)9332 Adopted 16/12/2021 - published in the OJ on 30th December.  This unplanned update was required in preparation for the upcoming proposal on green claims, mentioned above with reference PLAN/2020/7435.
EMAS reference documents - including best environmental management practice, environmental performance indicators and benchmarks of excellence for Fabricated Metal Products and Telecom/ICT services (PLAN/2018/3534, 3533)	Adoption of two reference documents by the Commission	2021 Q1  2021 Q4	C(2021)7851 Adopted 08/11/2021 - (delayed to be processed in parallel with the second reference document) C(2021)7853 Adopted 08/11/2021
Implementation of Waste Framework legislation (WFD Directive EU/2008/98) including: - Rules to calculate average loss rates for sorted waste (PLAN/2018/3612) - Decision on reporting format for the reuse of products (PLAN/2018/3623) - Guidelines on waste extended producer responsibility (PLAN/2020/6789)	Adoption by the Commission	2021 Q2	PLAN/2018/3612 C(2021)6295 Adopted 31/08/2021 and rejected by the Council. The initiative will be rediscussed in the Waste Expert Group for adoption in 2022.  PLAN/2018/3623 - merged with with PLAN/2018/3676 - C(2020)8976 adopted 18/12/2020; (included in 2021 by mistake)  PLAN/2020/6789 On hold due to resources redirection to more urgent priorities under the EGD.
Green public procurement for road transport and EU	Publication of Staff Working Documents	2021 Q4	SWD(2021)296 - Published 18/10/2021

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
GPP criteria for computers, monitors, tablets (PLAN/2020/9307)			
LEVEL(s) communication materials to increase synergies with the European Bauhaus	Publication communication materials	2021 Q4	Published at <a href="https://ec.europa.eu/environment/levels_en">https://ec.europa.eu/environment/levels_en</a>
Implementation of Directive 2011/65/EU on the Restriction of Hazardous Substances (ROHs) in waste – Management of exemptions: (2016/ENV/003, 004, 2016/ENV/028, 2016/ENV/029, 031, 032, 033, 034, 035, 036, 037, 038, 2016/ENV/042, PLAN/2018/3640, 3641, 3642, 3644 and 3645)	Adoption of 18 exemptions by the Commission	2021 Q2 and Q3	C(2021)8962 Adopted 13/12/2021 C(2021)9156 Adopted 16/12/2021 C(2021)8957, 8976, 8953, 8959, 8951, 8963, 8952, 8955, 8979, Adopted 13/12/2021 C(2021)8956 Adopted 13/12/2021 C(2021)1442 Adopted 08/03/2021 C(2021)5868 Adopted 11/08/2021 C(2021)50 Adopted 15/01/2021 C(2021)5867 Adopted 11/08/2021 (2016/ENV/038) postponed to 2022 Q1 (2016/ENV/042) put on hold, waiting for related restriction dossier decision under REACH Slight adoption delays linked to the complexity of the process in a context of HR constraints Five delegated directives regarding exemption requests were adopted in the course of 2021, (PLAN/2018/3642, 3645, PLAN/2021/10269, PLAN/2018/3641, 3644) of which three regarding relevant components for medical devices. Twelve acts (2016/ENV/003, 028, 004, 029, 031, 032, 033, 034, 035, 036, 037,

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
			PLAN/2018/3640) regarding mercury containing fluorescent lamps were adopted by the Commission in December (currently still in EP and Council scrutiny). For more than 35 exemption entries technical evaluations were carried out and will be concluded in 2022.
Delegated Act laying down the criteria for the assessment of equivalent conditions for the treatment of on waste electrical and electronic equipment (WEEE) exported outside the Union (2015/ENV/025)	Adoption by the Commission	2021 Q3	On hold, To be re-assessed in light of ongoing co-decision on related provisions in Commission proposal on waste shipment Regulation
Implementation of Single Use Plastic legislation - SUP Directive EU/2019/904): - Guidelines for Extended Producer Responsibility criteria on the costs of cleaning up litter, under SUP (PLAN/2020/6697)	Adoption by the Commission	2021 Q3	Rescheduled to 2022 to prioritize acts with a legal deadline
Report on implementation of the Waste shipments Regulation for 2016-2018 (PLAN/2020/9889)	Adoption by the Commission	2021 Q3	On hold pending reception of data from some Member States
Definition of EU position for the Conference of the Parties (CoP) of the Basel Convention (July 2021, tbc)	EU position agreed in relevant Council Working Party and participation by the Commission to the CoP	2021 Q2	EU position delivered and agreed by the Council for presentation at the online segment of the CoP, which took place in July 2021

**Specific objective 2:** Biodiversity and natural ecosystems in the EU are put on the path to recovery by stepping up the protection and restoration of nature

Related to spending programme(s): LIFE

**Result indicator 2.1:** Terrestrial and marine areas protected under Natura2000

**Source of the data:** Eurostat [Eurostat data code env bio 1]

<b>Baseline</b> (2019)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2020) <sup>(6)</sup>
Land: 763 986 Km2 Oceans and seas: 441 001 Km2	Increase	Increase and contribute to the increase to 30% of EU land, oceans and seas protected by 2030	Land: 764 222 Km2 Oceans and seas: 450 752 Km2

**Result indicator 2.2:** Grassland butterfly index

**Source of the data:** European Environment Agency [Population Index]

<b>Baseline</b> <sup>(7)</sup> (2017)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> <sup>(8)</sup> (2018)
75.82 (Index 100 in 1991)	Increase	Increase	74.67

**Result indicator 2.3:** Net land take

**Source of the data:** European Environment Agency [Land-take assessment]

<b>Baseline</b> (2012-2018 EU28)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2012-2018 EU28)
439.94 km2/year <sup>(9)</sup>	Reduce	0 km2/year (No net land take)	No update available

<sup>(6)</sup> <https://ec.europa.eu/eurostat/databrowser/bookmark/6203a0af-c1c4-4aa7-b4d9-f0fc7c0dfa0a?lang=en> – EU27, Updated by Eurostat 03/01/22, consulted 14/01/22.



<sup>(7)</sup> Baseline updated due to a change of year of reference by the European Environment Agency – index year moved from 1990 to 1991


<sup>(8)</sup> [Grassland butterflies — population index, 1991-2018 — European Environment Agency \(europa.eu\)](https://www.eea.europa.eu/en/assessments/grassland-butterflies-population-index-1991-2018) – Last Updated by EEA 03/12/21, consulted 17/01/22

<sup>(9)</sup> This updated baseline is correcting an error in the DG Strategic Plan, where the baseline 438.94 was introduced by clerical mistake

## Main outputs in 2021:

### New policy initiatives

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
 Minimising the risk of deforestation and forest degradation associated with products placed on the EU market (PLAN/2019/6251)	Adoption by the Commission	2021 Q2	COM(2021)706 Adopted 17/11/2021, delay linked to complex links with other EU policies and to address comments from the RSB, (after receiving first a negative and then a positive RSB opinion.
EU Soil Strategy (PLAN/2020/8697)	Adoption by the Commission	2021 Q2	COM(2021)699 Adopted 17/11/2021 The broad scope of the strategy and the ambition and detail of the actions required more extensive consultation than initially planned
 Proposal for setting legally binding EU nature restoration targets as per EU Biodiversity Strategy for 2030 (PLAN/2020/8491)	Adoption by the Commission	2021 Q4	Work extended to integrate extensive comments received from the Regulatory Scrutiny Board (adoption rescheduled to 23 March 2022)
EU Forest Strategy (with DGs Agriculture and Climate Action) (PLAN/2020/8551)	Adoption by the Commission	2021 Q1	COM(2021)572 Adopted 16/07/2021 (administrative management by DG Agriculture)
Revised EU Action Plan against Wildlife Trafficking (PLAN/2020/8696)	Adoption by the Commission	2021 Q4	On hold pending finalization of an ongoing evaluation of the current Action Plan (under reference PLAN/2019/6139): the evaluation conclusions are required to inform the new action plan.

Evaluations and fitness checks			
Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Evaluation of the EU Biodiversity Strategy to 2020 (PLAN/2017/1319)	Finalisation of the evaluation and publication of conclusions (Staff Working Document)	2021 Q1	Due to cross-links and the need to minimize consultation fatigue, the public consultations for the 2020 Strategy's evaluation and for the impact assessment of EU nature restoration targets were carried out jointly in 2021. The SWD has undergone revisions in the second half of 2021 following the RSB opinion. Publication rescheduled to Q1 2022 with the Nature restoration proposal.
 Fitness Check of the Forest Law Enforcement, Governance and Trade (FLEGT) and the EU Timber Regulations (PLAN/2019/6094)	Finalisation of the fitness check and publication of conclusions (Staff Working Document)	2021 Q2	SWD(2021)328 published on 17/11/2021 (Postponed for publication with the above Deforestation proposal COM(2021)706)
Evaluation of the EU Action Plan against Wildlife Trafficking (PLAN/2019/6139)	Finalisation of the evaluation and publication of conclusions (Staff Working Document)	2021 Q4	Postponed to 2022 due to a political decision to present results together with the revised Wildlife Action Plan)
Public consultations			
Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Revision of the EU Action Plan against Wildlife Trafficking	Public consultation launched	2021 Q1	Published 05/10/2021 Delayed to focus on priority legislative work
Back-to-back evaluation and possible amendment of the Marine Strategy Framework (Directive 2008/56/EC) (PLAN/2020/8067)	Public consultation launched	2021 Q2	Published 22/07/2021 (slight delay linked to translation issues) Syntheses of public and stakeholder consultations were presented at the "Future of our seas" conference on 17/12/21

## Enforcement actions

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Nature and biodiversity protected in conformity with Habitats Directive	Number of cases moved or closed in relation to by enforcement action	(No adequate target)	Reporting on this issue is done in result indicator 5.3, under Specific Objective 5



External communication actions			
Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Global Biodiversity Coalition "United for #Biodiversity"	Number of participants	At least 200	323
Other important outputs			
Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Implementation of the Nitrates directive: - Report on the implementation of Directive 91/676/EEC on Nitrates for the period 2016-19 (PLAN/2020/8779) - management of derogation requests from Member States.	Adoption of report by the Commission  Adoption of relevant decisions by the Commission	2021 Q2  2021 Q4	COM(2021)1000 Adopted 11/10/2021 (delayed to allow integration of late incoming information from Member States)  No decisions were required for derogations in 2021 (three derogation requests are ongoing for Italy, Ireland and Netherlands)
Report on the review of the application of Regulation (EU) No 1143/2014 on Invasive Alien Species (PLAN/2018/3164)	Adoption by the Commission	2021 Q2	COM(2021)628 Adopted 13/10/2021  Delay linked mostly to a lengthier translation deadline (over summer), including finding a technical solution figures and tables in special format.
Regulation updating the list of invasive alien species of Union concern (PLAN/2020/8838)	Adoption by the Commission	2021 Q4	Rescheduled to gather public feedback and in convening the relevant Committee meeting in order to have a physical meeting (covid pandemic).

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Forest protection: - guidelines on closer-to-nature forestry; - guidelines on biodiversity friendly afforestation and reforestation; - guidelines on the definition, mapping, monitoring and strictly protecting all EU's remaining primary and old-growth forests (OGF)	Publication of guidance documents	2021 Q1  2021 Q1  2021 Q4	A new timeline was set for these guidelines, by a political decision announced in the EU Forest Strategy COM(2021)572
Development of criteria and guidance for the identification of additional protected areas and ecological corridors and on their appropriate management, including on strict protection and on how other effective area-based conservation measures and urban greening can contribute to the protected area target Guidance on river restoration to help Member States identify sites and mobilise funding for the restoration of 25000 km of free flowing rivers.	Agreement reached with MS on the technical note containing criteria and guidance on expanding protected areas in EU  Document completed after consultation with MS authorities and stakeholders.	2021 Q4  2021 Q4	Agreement reached in October 2021. (Finalisation expected in January 2022 following a political decision to publish in the form of a Staff Working Document)  Commission guidance on barrier removal for river restoration published. On 21/12/2021
Update of the lists of Sites of Community Importance (Natura 2000) according to Member States proposals (6 implementing acts) (PLAN/2021/10210)	Proposed updates agreed by the Habitat Committee	2021 Q4	The updated lists were agreed by the Habitats Committee on 6 December 2021. Adoption was postponed to 2022 Q1 to spread administrative workload at the end of 2021.
Commission Staff Working Document on an EU level Prioritised Action Framework	Adoption by the Commission services	2021 Q4	Document content ready, adoption postponed to change the typology of the act for adoption by the College and translation into all languages.

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Commission licence agreement for use of Natura 2000 logo	Adoption by the Commission	2021 Q4	PLAN/2020/10041 adopted as C(2021)4156 on 04/06/2021
Implementing Regulation updating the EU List of Invasive Alien Species	Adoption by the Commission	2021 Q4	PLAN/2020/8838 Rescheduled to May 2022 due to the relevant Committee meetings work programme, with several meetings cancelled in 2021
New governance framework for the EU Biodiversity Strategy incl a new monitoring and review mechanism	Agreement with the MS	2021 Q3	Agreement with Member States reached in December 2021. Online tools launched in December 2021. Call for applications launched in January 2022. First meeting planned for 26-27 April 2022.
Proposal for a Council Decision on the position to be taken of behalf of the EU in the International Tropical Timber Council (ITTC), regarding the 2016 International Tropical Timber Agreement (PLAN/2020/10032)	Adoption of proposals by the Commission and the Council	2021 Q1 (adoption by the Commission 2021 Q2 (adoption by the Council)	COM(2021)112 Adopted by the Commission 10/03/2021 Decision adopted by the Council 06/05/2021
Strengthening the EU regime governing trade in ivory (PLAN/2020/6500 and PLAN/2018/3345)	Adoption of implementing Regulation by the Commission Publication of revised guidance	2021 Q2	C(2021)9174 and C(2021)9168 Adopted 16/12/2021 Revised guidance published 30/12/2021 Delay due to the complex interactions between documents

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
<p>Implementation of the CITES Convention –</p> <ul style="list-style-type: none"> <li>– Update of rules for the design of permits, certificates and other documents provided for in Council Regulation (EC) No 338/97 on the protection of species of wild fauna and flora by regulating trade therein and in Commission Regulation (EC) No 865/2006 (PLAN/2016/416)</li> <li>– Revision of the annexes to the EU CITES Regulation for the update of specific species (PLAN/2017/1009)</li> </ul>	Adoption by the Commission	2021 Q2	<p>C(2021)9166 Adopted 16/12/2021</p> <p>PLAN/2017/1009 has been merged with PLAN/2020/6500, both adopted 16/12/2021 (delay due to resource constrains).</p>
Guidance on the compliance measures for users from the Nagoya protocol on fair use of genetic resources (PLAN/2020/7286)	Publication of guidance document	2021 Q1	<a href="#">Guidance document</a> published 12/01/2021

**Specific objective 3:** Zero Pollution: Citizens and natural ecosystems are better protected from environmental pressures and risks to health as a result of Europe’s zero-pollution ambition and measures for a toxic-free environment

*Related to spending programme(s): LIFE*

**Result indicator 3.1:** Percentage of urban population exposed to air pollution

**Source of the data:** EEA [[https://www.eea.europa.eu/ds\\_resolveuid/IND-34-en](https://www.eea.europa.eu/ds_resolveuid/IND-34-en)]

<b>Baseline</b> <sup>(10)</sup> (2017)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2019) <sup>(11)</sup>
<b>Particulate Matter (PM<sub>2.5</sub>)</b> <sup>(12)</sup> 7.8% Urban population exposed (above EU limit value)	Reduce	<b>Particulate Matter (PM<sub>2.5</sub>)</b> 0% Urban population exposed (above EU limit value)	<b>Particulate Matter (PM<sub>2.5</sub>)</b> 1.0% Urban population exposed (above EU limit value)
<b>Particulate Matter (PM<sub>10</sub>)</b> 16.8% Urban population exposed (above EU limit value, on more than 35 days per year)	Reduce	<b>Particulate Matter (PM<sub>10</sub>)</b> 0% Urban population exposed (i.e. above EU limit value, on more than 35 days per year)	<b>Particulate Matter (PM<sub>10</sub>)</b> 9.8% Urban population exposed (i.e. above EU limit value, on more than 35 days per year)
<b>Nitrogen Dioxide (NO<sub>2</sub>)</b> 6.4% Urban population exposed (above EU limit value, on an annual average)	Reduce	<b>Nitrogen Dioxide (NO<sub>2</sub>)</b> 0% Urban population exposed (i.e. above EU limit value, on an annual average)	<b>Nitrogen Dioxide (NO<sub>2</sub>)</b> 3.3% Urban population exposed (i.e. above EU limit value, on an annual average)

<sup>(10)</sup> Baselines updated for PM<sub>10</sub> and NO<sub>2</sub> following an update at the source downloaded on 21/03/2022 (the EEA regularly revises data based on new measurements or updated methodologies)

<sup>(11)</sup> See [EEA data published on 18/11/2021](#), data downloaded on 21/03/2022

<sup>(12)</sup> PM<sub>2.5</sub> was added to this indicator table in 2020 to show how results contribute to the fourth impact indicator “Years of Life Lost”, which has a focus on PM<sub>2.5</sub>.

**Result indicator 3.2:** Percentage of population in urban areas affected by high road noise levels

**Source of the data:** European Environment Agency

<b>Baseline</b> (2019) <sup>(13)</sup>	<b>Interim Milestone</b> (2022)	<b>Target</b> (2026)	<b>Latest known results</b> (2021)
More than 91 million people	Reduce	Reduce and approach WHO values <sup>(14)</sup>	No update available <sup>(15)</sup>

**Result indicator 3.3:** Biochemical oxygen demand

**Source of the data:** Eurostat [online data code: sdg\_06\_30]

<b>Baseline</b> (2017)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2019)
2.71 five-day mg/L <sup>(16)</sup>	Decrease	Decrease	2.50 five-day mg/L

**Result indicator 3.4:** Groundwaters polluted by nitrates

**Source of the data:** European Commission reports on the implementation of the Nitrates Directive: <https://ec.europa.eu/environment/water/water-nitrates/reports.html>

<b>Baseline</b> (2018*)	<b>Interim Milestone</b> (2021*)	<b>Target</b> (2024*)	<b>Latest known results</b> (2018) <sup>(17)</sup>
13.2% Groundwater monitoring points > 50 mg/L *Reporting period 2012-2015	Reduce  *Reporting period 2016-2019	Reduce  *Reporting period 2020-2023	13.2%

<sup>(13)</sup> The 2019 baseline data refers to data on noise for 2017, reported to the [European Environment Agency](https://www.eea.europa.eu/data-and-maps/data/data-on-noise-exposure-8) at <https://www.eea.europa.eu/data-and-maps/data/data-on-noise-exposure-8>

<sup>(14)</sup> WHO values released on 10/10/2018: below 53dB (road), 53dB (railway), 45dB (aircraft)

<sup>(15)</sup> Noise data is reported by Member States every 5 years, therefore the next update of this indicator will only be in June 2023

<sup>(16)</sup> Baseline updated for 2017 by Eurostat, consulted on 14/02/2022 (EU aggregate changing according to the context, regularly updated by Eurostat)

<sup>(17)</sup> Update linked to the reporting for the period 2016–2019 still pending, due to late submissions from Member States under the Nitrates Directive

**Result indicator 3.5: Industrial pollution intensity**

**Source of the data:** E-PRTR for emission data /Eurostat for economic data and EEA for air pollution damage costs – DG ENV elaboration

<b>Baseline</b> (2017)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b>
EU large industry air pollution damage costs intensity (EUR damage per EUR GVA) <b>EUR 0.043</b> EU large industry water pollution intensity (kg per million EUR GVA): <b>2.37 Kg</b>	N/A	To further prevent or reduce environmental industrial pollution	No update available (methodology under discussion for future updates)


**Result indicator 3.6: Proportion of proposed legislative revisions that include burden reduction measures**

**Source of the data:** DG ENV analysis


<b>Baseline</b>	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2024)
N/A	Positive trend	Positive trend	No legislative revisions adopted in 2021 under this specific objective

**Main outputs in 2021:**

**New policy initiatives**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
 Zero pollution action plan for water, air and soil (PLAN/2020/7761)	Adoption by the Commission	2021 Q2	COM(2021)400, SWD(2021) 140 and SWD(2021)141 Adopted 12/05/2021

**Initiatives linked to regulatory simplification and burden reduction**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
 Revision of Directive 2010/75/EU on industrial emissions (PLAN/2020/6608)	Adoption of legislative proposal by the Commission	2021 Q4	Rescheduled for adoption in April 2022 To allow further and deeper assessment of certain options.

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Revision of the E-PRTR regulation (PLAN/2020/8555)	Adoption of legislative proposal by the Commission	2021 Q4	To be adopted together with the above revision of 2010/75/EU on industrial emissions.
<b>Public consultations</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Revision of the Urban Wastewater Treatment Directive (PLAN/2020/7347)	Public consultation launched	2021 Q1	Launched 28/04/2021 (slight delay linked to translation requirements that were not taken into consideration at the planning stage)
Revision of pollutants affecting surface and groundwaters and the corresponding regulatory standards in the Environmental Quality Standards, Groundwater and Water Framework Directives (PLAN/2020/8554)	Public consultation launched	2021 Q3	Launched 26/07/2021
Review of the Bathing Water Directive 2006/7/EC - back to back Evaluation and Impact Assessment (PLAN/2020/8063)	Public consultation launched	2021 Q2	Launched 28/10/2021 (delay linked to the support contract).
Revision of the Ambient Air Quality Directives 2008/50/EC and 2004/107/EC (PLAN/2020/8962 and PLAN/2020/8636)	Public consultation launched	2021 Q3	Launched 23/09/2021



<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Commission proposal for revising Regulation (EU) 2017/852 on mercury (PLAN/2020/9940)	Public consultation launched	2021 Q3	Adoption rescheduled to 2022 Given the very technical nature of the matter, consultations have begun first with experts. This also allows better defining the issues that should be addressed in the open public consultation to take place in early 2022.
<b>Enforcement actions</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Population protected from health hazards posed by PM <sub>10</sub> air pollution	Number of cases closed or moved in relation to air quality zones covered by PM <sub>10</sub> enforcement action (exceedances and monitoring)	(No adequate target)	Reporting on this issue is done in result indicator 5.4, under Specific Objective 5
Population protected from health hazards posed by NO <sub>2</sub> air pollution	Number of cases closed or moved in relation to air quality zones covered by a NO <sub>2</sub> enforcement action (exceedances and monitoring)	(No adequate target)	Reporting on this issue is done in result indicator 5.4, under Specific Objective 5
<b>External communication actions</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Virtual EU Green Week 2021 dedicated to Zero Pollution	Number of connected participants to the high-level virtual conference	2500 connected participants	3550 connected participants

## Other important outputs

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Strategic Approach to International Chemicals Management (SAICM) - Decision to sign/join/support the decisions of ICCM5 (5th International Conference for Chemicals Management) and the High-Level-Declaration beyond 2020	Strong EU representation at the Conference foreseen in July 2021	2021 Q2	The decision was not required in 2021 since ICCM5 has been postponed without date
Implementation of the REACH Regulation (EC) No 1907/2006 on the Registration, evaluation and authorisation of Chemicals: (in collaboration with DG GROW)	Adoption of decisions by the Commission expected: - ca. 5 decisions on evaluations (ENV) - ca.10 decisions (GROW) - ca 5 decisions on identification of substances of very high concern (GROW) - ca. 80 authorisations (GROW)	2021 Q2 to Q4	5 decisions taken on evaluations 11 authorisation decisions 1 Amendment Annex XIV (ED properties phthalates) 1 COM Implementing Reg (on the legacy spare parts) (The SVHC on resorcinol will be adopted in 2022)
Amendment of Commission Regulation (EC) 440/2008 laying down test methods pursuant to the REACH Regulation - 9th Adaptation to technical progress (PLAN/2018/3630)	Adoption by the Commission	2021 Q2	On hold to allow for better alignment with upcoming changes in data requirements for chemicals

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
EU position at the triple Conference of the Parties of the Basel, Rotterdam and Stockholm Conventions on Transboundary movements of hazardous wastes, on International trade in hazardous chemicals and pesticides, and on Persistent Organic Pollutants (PLAN/2020/8482 and 8483)	Adoption of two proposals by the Commission and subsequent Council decisions	2021 Q1 2021 Q2 for Council decisions	COM(2021)194 Adopted 20/04/2021 – COM(2021)174 Adopted 13/04/2021 The Council decisions are expected to be adopted in Q2 2022 (In February 2021, the bureau of the conferences of the Parties to the Basel, Rotterdam and Stockholm conventions decided to tentatively re-schedule the triple-COP in-person meeting to June 2022, due to the COVID-19 pandemic. The Council rescheduled its own decisions accordingly)
Commission summary report on the application of the Regulation on persistent organic pollutants (accompanied by a SWD presenting the complete Union synthesis report) (PLAN/2020/8477)	Adoption of report by the Commission	2021 Q1	To be adopted in 2022, since late comments from some Member States required a revision.
Commission report on the Union Implementation Plan under the Regulation on persistent organic pollutants (accompanied by a SWD presenting the complete Union Implementation Plan) (PLAN/2019/6262)	Adoption of report by the Commission	2021 Q1	This report is needed for the Conference of the parties of the Stockholm Convention on Persistent Organic Pollutants, which was postponed by the Secretariat. The Commission report has been rescheduled to 2022, in line with the new conference date.
Regulation amending Annexes I and V to Regulation (EU) No 649/2012 on export and import of hazardous chemicals (PLAN/2020/8481)	Adoption by the Commission	2021 Q1	To be adopted in 2022 since comments from Member States and ECHA required important revision

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Report on the application of Regulation (EU) No 649/2012 on the export and import of hazardous chemicals (accompanied by a SWD presenting the complete Union synthesis report) (PLAN/2020/8479)	Adoption of report by the Commission	2021 Q4	Rescheduled for 2022 Q2 to integrate late report submissions from Member States
Statistical report on the protection of animals used for scientific purposes	Adoption of report by the Commission	2021 Q3	The 2018 EU report was adopted in July 2021; for the 2019 EU report issues with MS data quality have been encountered and are still pending final corrections. The report will therefore be delayed until Q1 2022
Directive amending annexes on requirements for the establishments and for the care and accommodation and killing of animals	Adoption by the Commission	2021 Q4	On hold, as some scientific input is still pending publication and conflicting feedback was received from stakeholders. The Commission is currently assessing whether the Scientific Committee SCHEER could provide an opinion as the basis for a proposal.
Report on the implementation of Directive 2010/75/EU on Industrial Emissions (PLAN/2020/8946)	Adoption of report by the Commission	2021 Q1	COM(2021)793 Adopted 14/12/2021 Reporting by Member States on implementation was reformed and is now annual. The postponement allowed including information from the first complete reporting by Member States under the system.

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Council Decision establishing EU position at the 4th Conference of the Parties to the Minamata Convention on mercury	Adoption of the proposals by the Commission Adoption of the Decision by the Council	2021 Q1 2021 Q2	COM(2021)63 Adopted by the Commission 17/02/2021 Postponed by the Council to 2022 as the Conference of the Parties will only address the subject matter during the second part of the Conference of the Parties that is scheduled for March 2022.
Third Clean Air Forum	Event organised	2021 Q4	Organised in Madrid, 18 and 19/11/2021
Decision setting up the mandatory digital information exchange mechanism on noise under Directive 2002/49/EC (PLAN/2020/9003)	Adoption by the Commission	2021 Q1	C(2021)7948 Adopted on 11/11/2021 Delayed to align the act to the EEA Dital Reporting Mechanism
Report on the implementation of the Water Framework Directive, the Environmental Quality Standards Directive and the Floods Directive (PLAN/2021/10964) <sup>18</sup>	Adoption by the Commission	2021 Q4	COM (2021) 970 adopted on 15 December 2021

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<sup>18</sup> This report could not be included in the 2021 Management Plan due to pending political validation. Nevertheless, it has been added to Annual Activity Report due to its significance

**Specific objective 4:** Environmental concerns are integrated, and biodiversity standards mainstreamed, across EU policies, investments and finance, through existing consultation mechanisms and a proactive approach to coordination

*Related to spending programme(s): LIFE*

**Result indicator 4.1:** Structural funds interventions

**Source of the data:** DG REGIO <https://cohesiondata.ec.europa.eu/>

Baseline (2018)	Interim Milestone	Target (2024)	Latest known results (2021) <sup>(19)</sup>
<p>Additional waste recycling capacity (C017): <b>755 400 tonnes/year</b></p> <p>Surface area of habitats supported to attain a better conservation status (C023): <b>2.8 million hectares</b></p> <p>Total surface area of rehabilitated land (C022): <b>583 hectares</b></p> <p>Population benefiting from flood protection measures (C020) <b>4.1 million people</b></p> <p>Additional population served by waste water collection and treatment (C019): <b>1.9 million people</b></p>	N/A	<p>Additional waste recycling capacity (C017): <b>4 793 500 tonnes/year</b></p> <p>Surface area of habitats supported to attain a better conservation status (C023): <b>8.5 million hectares</b></p> <p>Total surface area of rehabilitated land (C022): <b>13 000 hectares</b></p> <p>Population benefiting from flood protection measures(C020) <b>16.5 million people</b></p> <p>Additional population served by waste water collection and treatment (C019): <b>17.7 million people</b></p>	<p>Additional waste recycling capacity (C017): <b>1 697 101 tonnes/year</b></p> <p>Surface area of habitats supported to attain a better conservation status (C023): <b>6.8 million hectares</b></p> <p>Total surface area of rehabilitated land (C022): <b>1 770 hectares</b></p> <p>Population benefiting from flood protection measures(C020) <b>7.5 million people</b></p> <p>Additional population served by waste water collection and treatment (C019): <b>4.1 million people</b></p>

<sup>(19)</sup> Reported on [DG REGIO data platform](#) (10/01/2022). The updated results refer to implemented projects, not to projects decided for EU funding, which would give significantly higher numbers (e.g. for the indicator ‘Total surface area of rehabilitated land’, the projects for which EU funding has been decided would amount to 5415 hectares instead of 1770 hectares for already implemented projects).

**Result indicator 4.2: EAFRD support for environment and climate action****Source of the data:** DG AGRI

<b>Baseline</b> (2014-2020)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2020)
51,3 % (not cumulative, total for both periods 2007-2013 and 2014-2020)	Maintain or increase	Maintain or increase	51.6% (not cumulative, total for both periods 2007-2013 and 2014-2020)

**Result indicator 4.3: Structural funds supporting the marine environment****Source of the data:** DG ENV Analysis

<b>Baseline</b> (2014-2020)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2020)
10% (of the directly managed European Maritime and Fisheries Funds - EMFF)	Maintain or increase	Maintain or increase	10% reached for the EMFF 2014-2020. From 2021, DG Environment will not be directly involved in the management of this fund <sup>(20)</sup> and therefore will stop monitoring this indicator

**Result indicator 4.4: Share of environmental taxes****Source of the data:** Eurostat (online code name sdg\_17\_50)

<b>Baseline</b> (2018)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2020) <sup>(21)</sup>
5.99% <sup>(22)</sup>	Increase	Increase	5.57%

<sup>(20)</sup> Renamed EMFAF, European Maritime Fisheries and Aquaculture Fund

<sup>(21)</sup> While the data shows a decrease respect to 2018, it is difficult to take it as a trend, due to several specific factors, among others, the GDP falls linked to the pandemic, increasing energy prices impact on consumer behaviour/ energy use (e.g. fuels), and the impact of Brexit in reducing totals and restructuring weightings within indicators. An analysis of the trend will therefore require a longer period.

<sup>(22)</sup> Baseline updated by Eurostat (date of update 14/12/2021, last checked on 13/01). Eurostat regularly revises its indicators in the light of e.g data updates from Member States, or improved calculation methods

## Main outputs in 2021:

### Important outputs

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Contribution to the European Semester Process	Environmental recommendations in country reports	Throughout the year	In November 2021, DG ENV worked with the Secretariat General in proposing a list of 9 horizontal CSRs in the areas of the circular economy, biodiversity, zero pollution and green taxation to the MS so that they can better address their specific long term environmental priorities.
Appraisal and follow-up of major projects submitted for co-financing by the ESIF under the 2014-2020 programming period (Cohesion Policy).	Contribution in the context of interservices consultation	Throughout the year	<ul style="list-style-type: none"> <li>- 18 new major projects submitted in 2021</li> <li>- follow-up on site specific conservation objectives for several major projects, incl. co-organisation of a webinar with the Jaspers and REGIO.</li> <li>co-organisation of a webinar on smart water management in the context major projects/cohesion</li> </ul>
Appraisal and follow-up of the Partnership Agreements and the Operational Programmes (including their modifications), for the 2014-2020 and 2021-2027 programming period. Appraisal and follow-up of the Just Transition Plans under the 2021-2027 programming period.	Contribution in the context of interservices consultation	Throughout the year	- 1-3 rounds of consultations on 11 Partnership Agreements



<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Appraisal and follow-up of projects submitted for CEF co-financing (TEN-T and TEN-E) under the 2014-2020 and 2021-2027 programming periods.	Contribution in the context of interservices consultation	Throughout the year	<ul style="list-style-type: none"> <li>- screening and assessment of about 140 CEF TEN-T project proposals under the 2014-2020 period</li> <li>- contribution to one consultation on TEN-E projects under CEF-E Call for proposals 2021</li> <li>- contribution to one consultation on projects under 5th PCI draft list in 2021 (12 proposals assessed)</li> </ul>
Assessment of Recovery and Resilience Plans required by the RRF regulation	Contribution in the context of interservices consultation	2021 – Q1/Q2	Throughout 2021, country desks thoroughly assessed Recovery and Resilience Plans (RRPs) for all member states, incl. milestones and targets defined in each of the submitted RRP, proposals for the Council Implementing Decisions and accompanying annexes, as well as Operational Arrangements. Compliance with EU policy and legislation and the DNSH principle was assessed as part of this work, as well as opportunities for integrating environmental aspects into other sectors were explored.
Appraisal of strategic documents and projects (including through Invest EU) submitted by EIB/EBRD.	Contribution in the context of interservices consultation	Throughout the year	<ul style="list-style-type: none"> <li>- EBRD: about 25-30 consultations</li> <li>- EIB/EIF: about 150 consultations</li> </ul>

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Contribution on the acts related to the implementation of the Invest EU Regulation (investment guidelines, sustainability proofing, environmental tracking, financial products, advisory, guarantee agreements, approval process, scoreboard).	Contribution in the context of interservices consultation	Throughout the year	- contribution to the development of the “do not significant harm” (DNSH) technical guidance under the Recovery and Resilience Facility and an explanatory note under cohesion policy, as well as a paper on the linkages between DNSH and strategic environmental assessment - input to the RRF scoreboard
Appraisal and follow-up of the modifications of Rural Development Programmes under the 2014-2020 programming period.	Contribution in the context of interservices consultation	Throughout the year	Assessment of the modifications of programmes by Member States. Relevant contribution provided through DG Agriculture and Rural Development
Appraisal and follow-up of the modifications of Rural Development Programmes under the 2021-2022 programming period (transitional CAP Regulation).	Contribution in the context of interservices consultation	Throughout the year	Assessment of incoming programmes and relevant contribution provided through DG Agriculture and Rural Development
Contribution to the development of Member States’ Strategic Plans under the Common Agricultural Policy	Contribution in the context of interservices consultation	Throughout the year	Assessment of the Member States Strategic Plans carried out and relevant contribution provided through DG Agriculture and Rural Development
Integrating environmental concerns in DG COMP policies, and in particular on State Aid	Contribution in the context of interservices consultation	Throughout the year	Contributions provided through regular replies to State Aid cases in the context of interservices consultation
Contribution to the Fit for 55 review of energy and climate legislation	Contribution in the context of interservices consultation	Throughout the year	Contributions provided ahead of the adoption of the package

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Contribution to the development of the EU Taxonomy delegated acts on issues other than climate	Contribution in the context of interservices consultation	Throughout the year	Contribution provided to DG Financial Stability, Financial Services and Capital Markets Union, in internal regular meeting as well as through the Decide system

**Specific objective 5:** There is an enabling framework for implementation based on strong governance and enforcement action, supported by advanced knowledge and digital technologies, close collaboration with cities and citizens' engagement

*Related to spending programme(s): LIFE*

**Result indicator 5.1:** Proportion of proposed legislative revisions that include burden reduction measures

**Source of the data:** DG Environment analysis

<b>Baseline</b>	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2021)
N/A	Positive trend	Positive trend	N/A

**Result indicator 5.2:** Compliance with EU landfilling rules

**Source of the data:** DG Environment (Internal Infringements Database)

<b>Baseline</b> (2019)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2021)
1753 <sup>(23)</sup> Number of illegal landfills remaining in the EU (as covered in infringement cases)	N/A	Significant reduction of illegal landfills across the EU	1995 <sup>(24)</sup>

<sup>(23)</sup> Baseline updated in line with corrections operated in the infringements database

<sup>(24)</sup> The increase is due to enforcement action to tackle landfills which do not meet the pretreatment standards of Directive 99/31/EC, as interpreted by the Court in the Malagrotta ruling (C-323/13).

**Result indicator 5.3: Compliance with EU nature rules****Source of the data:** DG Environment (Internal Infringements Database)

<b>Baseline</b> <sup>(25)</sup> (2019)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2021)
13% Natura 2000 sites assessed in EU investigation/infringement cases that have not yet been designated as Special Areas of Conservation under Art 4(4) of the Habitats Directive	N/A	Significant reduction in the % of sites not in compliance with EU nature rules	11%

**Result indicator 5.4: Compliance with Air quality legislation****Source of the data:** DG Environment (Internal Infringements Database)

<b>Baseline</b> <sup>(26)</sup> (2019)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2021) <sup>(27)</sup>
<b>91</b> Air Quality zones still in exceedance covered by a PM10 infringement	N/A	Significant reduction in the number of zones	<b>55</b> Air Quality zones still in exceedance covered by a PM10 infringement
<b>68</b> Air Quality zones still in exceedance covered by a NO2 infringement <sup>(28)</sup>	N/A	Significant reduction in the number of zones	<b>23</b> Air Quality zones still in exceedance covered by a NO2 infringement

<sup>(25)</sup> Baseline definition updated in line with the infringements database, which focus on the failed designation of conservation areas under article 4.4 of the Habitats Directive. Baseline data updated to reflect the situation at the end of 2019 (the original figure was incorrectly reporting the situation of end 2018).

<sup>(26)</sup> Baseline updated in line with corrections operated in the infringements database. Baseline for 2019 is based on latest air quality data available at the time, i.e. for 2017.

<sup>(27)</sup> The update for 2021 is based on latest air quality data available at time of drafting, i.e. for 2020.

<sup>(28)</sup> Initially, the baseline had included the UK (84 zones); this figure is now updated.

**Result indicator 5.5: Compliance with the principles of environmental governance framework**  
**Source of the data: DG Environment (Internal Infringements Database)**

<b>Baseline</b> <sup>(29)</sup> (2019)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> <sup>(30)</sup> (2021)
a) Number of infringement cases relating to the breach of the EU environmental governance framework: <b>45</b> b) Number of infringement cases relating to the breach of access to justice rights in EU environmental rules: <b>15</b>	N/A	a) Significant reduction in the number of cases (showing a) improved compliance by Member States with key provisions of EU environmental rules relating to governance and b) Improved access to justice in national courts in environmental matters)	a) <b>12</b> of the <b>45</b> cases were closed. However, in 2020, the total number of cases increased to <b>62</b> , due to the new infringements. End of 2021, this figure is down to <b>56</b> . b) <b>6</b> of the <b>15</b> cases were closed. However, in 2020, the total number of cases increased to <b>33</b> , due to new infringements. End of 2021, this figure is down to <b>30</b> .

**Result indicator 5.6: Number of cities applying for the European Green Capital Award**  
**Source of the data: DG Environment**


<b>Baseline</b> (2020)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2021)
9 cities	Increase	Increase	No update available in 2021

<sup>(29)</sup> The baselines established in the DG Strategic Plan [100 for bullet a) and 25 for bullet b)] were introduced by mistake. The updated baselines are therefore correcting a clerical error. To be noted also that case b) is a sub-case of a).

<sup>(30)</sup> The reported results include both the closure of existing cases and the opening of new infringements. The target reduction of the total number of open infringements, including new cases, will likely commence only after 2024. A series of systemic shortcomings have been identified concerning on-the-ground implementation of access to justice in environmental matters in national legal systems. In order to remedy these problems, the Commission pursues two main strands of action (in line with the commitments made in 2020 under the Communication on access to justice). First, to support the EU's citizens in safeguarding their rights before national courts, the Commission actively pursues infringement cases before the Court of Justice (the number of cases significantly increased to 33 in 2020). In parallel, with a view to ensuring a higher level of legal certainty for citizens, the Commission will include further provisions on access to justice in EU legislative proposals. This is also expected to result in more infringement actions in the future.

## Main outputs in 2021:


### New policy initiatives

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
 8th Environment Action Programme	Adoption by the co-legislators	2021 Q3	Political agreement between EP and Council reached 01/12/2021

### Initiatives linked to regulatory simplification and burden reduction

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Revision of the Regulations implementing the INSPIRE Directive (2007/2/EC), with particular focus on adapting Commission Regulation (EU) No 1089/2010 as regards interoperability of spatial data sets and services, including the adaptation of Annex III to technical and scientific progress (PLAN/2017/1237)	Adoption by the Commission <sup>(31)</sup>	2021 Q2	Draft act published on 18/08/2021 for public feedback. Scrutiny period for co-legislators ongoing, Adoption expected in 2022 - Delay linked to difficulties with organizing the Committee vote in the pandemic context, as well as pending political decision on the upcoming revision of the INSPIRE directive under the European Green Deal.

### Evaluations and fitness checks

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
 Evaluation of Directive 2007/2/EC establishing an Infrastructure for Spatial Information in the European Community (INSPIRE) (PLAN/2020/8050)	Finalisation of the evaluation and publication of Staff Working Document	2021 Q3	To be finalised in 2022 due to a late RSB meeting (positive opinion with comments received on 13/11/2021).

<sup>(31)</sup> Follow up to the REFIT evaluation of the INSPIRE Directive (COM(2016)478). The initiative will deliver environmental data more efficiently and thus underpins the European Green Deal initiatives and implementation.

Enforcement actions			
Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Enforcement of environmental rules <sup>32</sup>	Number of infringement cases and Pilot investigations moved or closed per annum	(No adequate target)	143 infringement cases were initiated or moved 145 infringement cases were closed 44 Pilot investigations were closed (11 of these have resulted in the opening of an infringement) and 24 were opened
Enforcement of key obligations related to circular economy	Number of infringement cases and Pilot investigations moved or closed per annum	(No adequate target)	60 infringement cases were initiated or moved 94 infringement cases were closed
Enforcement of key obligations related to biodiversity protection	Number of infringement cases and Pilot investigations moved or closed per annum	(No adequate target)	35 infringement cases were initiated or moved 8 infringement cases were closed
Enforcement of key obligations related to areas covered by the zero pollution	Number of infringement cases and Pilot investigations moved or closed per annum	(No adequate target)	38 infringement cases were initiated or moved 33 infringement cases were closed
Proper functioning of key components of environmental governance (environmental assessments, access to justice, liability, international obligations)	Number of cases moved or closed in relation to environmental governance	(No adequate target)	10 infringement cases were initiated or moved 10 infringement cases were closed
Conformity check – transposition of the revised Environmental Impact Assessment (EIA) Directive <sup>33</sup>	Assessment of reports on the transposition of the Directive by the Member States	28 reports	26 assessments were carried out and one is pending (due to late transposition). UK will not be covered by the exercise.

<sup>32</sup> The following four lines provide detail of infringements as regards the main DG thematic objectives (circular economy, biodiversity, zero pollution, governance). The additional lines are therefore a breakdown of the single enforcement of environmental rules output announced in the DG Management Plan 2021

<sup>33</sup> Additional important enforcement action which had not been introduced in the DG Management Plan 2021 by clerical oversight

External communication actions			
Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Direct reach of DG ENV social media channels	Number of followers in Instagram	15 000	33 800
	Number of followers in Facebook	280 000	291 000
	Number of followers in Twitter	100 000	128 700
			New: LinkedIn followers 11 300
DG ENV website performance DG ENV web transformation	Number of visits Number of webpages transformed	3 million 100	4.4 million 150
Other important outputs			
Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Revision of Regulation on Access to Justice in Environmental matters	Adoption by the co-legislators	2021 Q3	Adopted by the co-legislators 06/10/2021
Developing the 8th EAP monitoring Framework	Monitoring framework ready	2021 Q4	Adoption expected in 2022, as a result of codecision negotiations
Guidance document on the application of the Environmental Impact Assessment Directive to changes and extension of projects	Publication of guidance	2021 Q2	Adopted (C(2021)8560) and published (OJ C 486, 3.12.2021 p.1) Work was extended to integrate requirements concerning nuclear installations from the preliminary judgment of the Court of Justice of the EU in the Doel case.
Guidelines providing a common understanding of the term 'environmental damage' as defined in Article 2 of Directive 2004/35/EC on environmental liability (PLAN/2020/7326)	Adoption by the Commission	2021 Q1	C(2021)1860 Adopted 24/03/2021



<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
Annual INSPIRE Conference	Organisation of the event	2021 Q2	Due to the sanitary COVID situation the 2021 INSPIRE Conference was replaced by an online event.
A new (post-2020) mandate for the Environment Knowledge Community (EKC) to support the European Green Deal.	Approval of the mandate at EKC DG-level and kick-off of the first set of actions.	2021 Q1	The mandate was not approved because a new revamped structure is being considered, which would make the mandate obsolete
Science News Alert (Science for Environment Policy)	Publication of Science News	Publication of 20 news alerts and 3 future briefs (spread throughout the year)	Following a rationalisation exercise it was decided to publish 2 Future Briefs Infographics and videos accompanying the Future Briefs were also published.
Contribution to the implementation of Horizon Europe (work programmes, missions, partnerships) and co-management of cluster 6	Appropriate inclusion of environmental issues In research calls, partnerships and mission WP	Throughout the year	Cluster 6 work programme 2021-2022 includes calls dedicated to biodiversity and ecosystem services; circular and bio-economy and clean environment and zero pollution. Partnership Biodiversa + successfully evaluated. Missions work programmes 2021 notably for the missions “a soil deal for Europe” and “restore our ocean and waters” included appropriately environmental issues.
Cooperation Framework Agreement between DG ENV and JRC	Signature of the Agreement	2021 Q1	Work on the Memorandum of Understanding was finalized on DG Environment side but pending decision by JRC, linked to the JRC reorganistaion.
Opinion on the EEA Single Programming Document 2022-2024	Adoption by the Commission	2021 Q3	C(2021)5572 Adopted 29/07/2021

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results</b> (situation on 31/12/2021)
FORENV – The EU Foresight System for the Environment	Publication of a report on issues emerging in the environment (exact topic tbc – probably related to Zero Pollution)	2021 Q4	Work ready on final report and accompanying factsheets. Publication expected in Q1 2022
EU Green Cities Awards: - European Green Capital Award - European Green Leaf Award	Titles awarded	2021 Q3	2023 Green Capital and 2022 Green Leaf Award Ceremony 9 September in Lahti (FI) 15 December a new call for applications with strengthened rules of contest was published
Green City Networks to contribute to delivery of the Green City Accord (GCA)	Green City Applicants to sign GCA; organisation of thematic workshops, focus on Biodiversity Strategy 2030 (mentioned in the Green City Competitions)	2021 Q4	Rules of Contest revised to reflect GCA. Some Green Capitals are now GCA signatories.
Green City Accord (GCA)	Project launched	2021 Q4	Several outreach events held. 90 GCA signatories.

**Specific objective 6:** Global uptake of the environmental objectives of the European Green Deal is stimulated through participation in multilateral agreements, institutions and fora, EU accession negotiations, engagement with third countries and trade

*Related to spending programme(s): Global Public Goods and Challenges<sup>(34)</sup>*

**Result indicator 6.1:** Progress towards a circular, resource efficient global economy

**Source of the data:** DG Environment analysis

<b>Baseline</b> (2020)	<b>Interim Milestone</b> (2021)	<b>Target</b> (2024)	<b>Latest known results</b> (2021)
In the 2020 Circular Economy Action Plan, the Commission proposed the establishment of a 'Global Circular Economy Alliance to identify knowledge and governance gaps in advancing a global circular economy and take forward partnership initiatives, including with major economies'. It has also called for stepped up action in multilateral fora, including UNEA.	Decisions under UNEA5	A Global Alliance on Circular Economy and Resource Efficiency promotes the sharing of best practice and support discussions on an international agreement on the management of natural resources. Furthermore, Decisions under UNEA and or in other high-level meetings support EU policy objectives linked to EGD	GACERE was launched on Monday 22 February 2021 in the margins of the first segment of the UNEA 5. Membership now includes 15 third countries (from initial 13) plus the EU, UNIDO and UNEP and 3 strategic partners (PACE, WCEF and Ellen MacArthur Foundation). In 2021, the Alliance have met 4 times at Working Level and had its first High-Level Meeting on 14 September 2021, in the sidelines of the WCEF. In 2021, GACERE published two working papers on Circular Economy & Climate Change and Circular Economy & Green Recovery and adopted its workplan for 2022.

<sup>(34)</sup> Thematic programme on Global Public Goods and Challenges from the Development Cooperation Instrument

**Result indicator 6.2:** Environmental standards in enlargement and neighbourhood countries

**Source of the data:** DG Environment analysis

<b>Baseline</b> (2020)	<b>Interim Milestone</b>	<b>Target</b> (2024)	<b>Latest known results</b> (2021)
<p>2020 Enlargement package outlining progress of candidate countries and potential candidates in assuming accession obligations.</p> <p>For Neighbourhood countries: reports of 2019/2020 environment subcommittee meetings under the Association/Partnership Agreement(s)</p>		<ul style="list-style-type: none"> <li>- Progress in the transposition, implementation and enforcement of EU environmental legislation in candidate countries and potential candidates.</li> <li>- Progress towards the adoption of EU standards and norms for environmental protection by countries covered by the EU Neighbourhood policy</li> </ul>	<p>Progress recorded in the 2021 Package on approximation of candidate countries and potential candidates ;</p> <ul style="list-style-type: none"> <li>- Contribution to the implementation of the Green Agenda for the Western Balkans</li> <li>- Engagement with Eastern Neighbourhood countries on the update of the Association Agreements expanding on the environmental acquis with which the countries will approximate;</li> <li>- Contribution to the Renewed Partnership with the Southern Neighbourhood and Arctic Strategy Communications.</li> </ul>

**Result indicator 6.3:** European Green Deal mainstreamed into bilateral and regional cooperation

**Source of the data:** DG Environment analysis

<b>Baseline</b> (2020)	<b>Interim Milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2021)
N/A	European Green Deal mainstreamed into policy dialogues, outreach activities, bilateral and regional cooperation agreements	European Green Deal mainstreamed into policy dialogues, outreach activities, bilateral and regional cooperation agreements.	<ul style="list-style-type: none"><li>- EGD featured as the overarching framework for cooperation in all dialogues, cooperation agreements and communications (Southern Partnership, Actic) in 2021.</li><li>- Outreach activities on EGD carried out with EU Delegations, Eastern, Southern Partnership and Western Balkans countries.</li><li>- Conclusion of a Green Alliance with Japan at the EU-Japan Summit in May 2021</li></ul>

## Main outputs in 2021:

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Sustainable Development Goals: Effective promotion of the environmental goals in the world	Participation in 2020 HLPF, including organisation of side event/s Participation in G7 and G20 dialogues	July 2021  2021	Participation to relevant G7/G20 meetings, including those of G20 Resource Efficiency Dialogue and G7 Resource Efficiency Alliance (particularly relevant to SDG12).  2021 – 2023 G20 RED Roadmap adopted. Ambitious environmental commitments achieved particularly in 2021 G7/G20 Leaders' Declarations, including recognition of MPAs (G20) and the adoption of the G7 2030 Nature Compact.  Participation in the official session and High Level side events of the 2021 HLPF, in particular on SDG 12
Declarations on climate and environment and on plastics co-signed with China	Declarations signed	2021 Q1 and Q2	- Joint press communiqué on climate and Environment issued following the 2nd HLD on Environment and Climate in October 2021. - Continued discussion on a potential joint statement on plastics
Joint Declaration on Circular Economy with South Africa - Summit output	Declaration signed	2021 Q1 2021 Q2	Foreseen as output to next Summit (no Summit in 2021)
UNEA 5.1 virtual session with a meaningful political statement.	Political statement adopted by UNEA 5 including a mandate for additional work on policy issues (SCP, Plastics etc.)	2021 Q2 <sup>(35)</sup>	Participation and agreement of outcome at the UNEA5.1 in February 2021

<sup>(35)</sup> This is correcting a date incorrectly reported in the DG Magementet Plan 2021

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (situation on 31/12/2021)</b>
Formal launch of the Global Alliance on Circular Economy and Resource Efficiency (GACERE)	GACERE launched	2021 Q1	GACERE launched in February 2021 at UNEA5.1
Circular Economy Vademecum ('comprehensive overview of key policy, legislative and financial instruments for advancing the circular economy transition in third countries' - see Section 6.1 in SWD(2020) 100)	Finalised and circulated to EU Delegations	2021 Q1	Currently on hold due to lack of resources.
Consolidate support for a Global Plastics Agreement with a view to launching a negotiating process	Support sought for the Global Plastic Agreement	2021	Support voiced from more than 140 countries. 53 co-sponsors to Peru/Rwanda resolution calling for INC (including EU+MS).
Commission joining the African Circular Economy Alliance as strategic partner	African Circular Economy Alliance joined	2021 Q2	Process launched and Council approval received on the NBI on 20/12/2021 together with the one related to the Latin America CE coalition
Commission decision joining the Latin America Circular Economy Coalition	Coalition joined	2021 Q4	Process launched and Council approval received on the NBI on 20/12/2021 together with the African CE Alliance one
High-level Environment dialogues with key EU trade and strategic partners (TSD) on environmental issues	Participation in high-level dialogues	25 high-level dialogues and 15 TSD committees	Dialogues and TSD Committee held
Enhanced integration of environmental considerations into trade policy	Environment covered in trade agreements including during implementation	2021 Q1 to Q4 (and beyond) 15 trade agreements	Contribution to Trade Policy Review Communication and ongoing review of the 15 point action plan for TSD  Support to DG TRADE for the negotiation and implementation of various FTAs.

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (situation on 31/12/2021)</b>
Opening of the negotiations on the environment chapter of accession negotiations with Serbia	Chapter opened.	2021 Q4	No results reported
Eastern Partnership Ministerial meeting on Environment and Climate Change	Priorities for action on environment in the region established.	2021 Q2	Ministerial successfully held in June 2021 and priorities established
2nd Union for the Mediterranean Ministerial meeting on environment and climate change	Priorities issues for action on the environment in the region established	2021 Q3	Ministerial successfully held in Cairo – October 2021 and priorities established
Annual programming of environment related projects under NDICI (Neighbourhood, Development and International Cooperation Instrument), including thematic work under the Global Challenges Programme of NDICI	Annual Action Programme 2021 adopted by the Commission	2021 Q4	On the DG ENV subdelegation: Commission Decision C(2021) 9639 final on the AAP 2021 adopted on 16 December 2021. Active contribution of DG
Preparation of and participation in the 15th Conference of the Parties of the UN Convention to Combat Desertification, its subsidiary bodies and the inter-governmental working group on Drought established at COP14	Preparation and participation accomplished	2021 Q4	- UNCCD COP15 postponed to May 2022. Participation in extraordinary COP in December 2021 where budget decisions were agreed. - Continued active engagement in the IWG Drought on behalf of the EU and Its Member States
Preparation and Participation in the 9th Meeting of the Parties to the UNECE Water Convention	Preparation and participation accomplished	2021 Q3	The 9th MOP of the UNECE Water Convention was prepared with success and all the decisions were adopted with contributions to the discussions agreed in the Council and delivered on behalf of the EU/MS on all of the points of relevance. Implementation of the UNECE Water Convention obligations and EU commitments therein continues, as planned.



<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (situation on 31/12/2021)</b>
Preparation of and participation in the International Tropical Timber Council Sessions 56 and 57	Preparation and participation accomplished	2021 Q1 and Q4	Preparation of and participation in the ITTC56 and 57 accomplished with decisions on the extension of the ITT Agreement, 2006 for until 2026 together with a new Strategic Plan and a new Executive Director elected.
Preparation of and participation in the 16th session of the United Nations Forum on Forests (UNFF16)	Preparation and participation accomplished	2021 Q2	Preparation of and participation in the hybrid technical session UNFF16 accomplished. Preparations ongoing for the participation on UNFF17
FLEGT Voluntary Partnership Agreements: negotiations with Thailand and Laos, implementation Committees with Indonesia and Vietnam	Preparation and participation accomplished	2021 Q4	No negotiation meetings held due to Covid and reorganization constraints on both sides.  Joint Implementation Committee meetings with Indonesia and Vietnam held.
Participation in the 68th International Whaling Commission	Preparation and participation accomplished	2021 Q4	Meeting postponed to 2022. Participation in special virtual ad-hoc meeting on budgetary issues.
Preparation of and participation in the CITES Standing, Animal and Plants Committees	Preparation and participation accomplished	2021 Q1-Q3	Preparation and participation accomplished <sup>(36)</sup>
CITES Workshop on Legal Acquisition Findings	Event organised	2021 Q2	Event cancelled by the secretariat of the CITES Convention

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<sup>(36)</sup> This included participation in the Standing Committee online discussion in January, the 73<sup>rd</sup> meeting of the Standing Committee in May, the 25<sup>th</sup> meeting of the plants Committee in June and the 31<sup>st</sup> meeting of the animals Committee in July 2021.

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (situation on 31/12/2021)</b>
Meeting of the Joint Management Committee of the Agreement on International Humane Trapping Standards	Preparation and participation accomplished	2021 Q4	This time, the meeting was supposed to be organised by the Russian Federation but they did not send any invitation or any news to the other parties. Therefore, the meeting did not take place.
Fifteenth Conference of the Parties to the Convention on Biological Diversity (CBD COP 15), fourth meeting of the Parties to the Nagoya Protocol, meetings of the Subsidiary Bodies and Open Ended Working Group meetings towards the adoption of the post-2020 Global Biodiversity Framework	Preparation and participation accomplished	2021 Q1-Q3	Participation in virtual meetings of the subsidiary bodies to the CBD. Resumed physical meetings of these bodies rescheduled for March 2022 COP15 expected no earlier than July 2022; Official opening of COP ('COP 15.1') held in October 2021, including a high-level segment and the adoption of Kunming Ministerial Declaration.
Organisation of an international workshop on Digital Sequence Information (DSI) (access and benefit sharing), participation in the informal process on building a dialogue on DSI and in the EU-China biodiversity dialogue, ABS/DSI component	Events organised and preparation and participation accomplished	2021	Postponed - The organisation of this international workshop is linked to the CBD COP and the COP/MOP of the Nagoya Protocol, which were postponed because of COVID to 25 April to 8 May 2022..
Multilateral trade meetings including World Trade Organization (WTO) Committee on Trade and Environment (CTE) meetings and OECD Joint Working Party on Trade and Environment (JWPTE) meetings	Preparation and participation accomplished	2021	Participation in relevant meetings. WTO MC12 was postponed but no date has yet being decided. Endorsement by EU on three WTO Ministerial Statements on 15 Dec 2021 on Trade and Environment (71 co-sponsors), Plastics (67 co-sponsors) and Fossil Fuels Subsidies (45 co-sponsors).

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (situation on 31/12/2021)</b>
Bilateral Free Trade Agreement negotiations with Chile, Australia, New Zealand and Indonesia	Preparation and participation accomplished	2021	Participation to relevant negotiations
Participation in the 2nd substantive consultation meeting on follow up to UNGA Resolution (73/333) (Former Global Pact for Environment)	Preparation and participation accomplished	2021 Q2	Participation accomplished (in 2021 Q4, as the meeting was rescheduled)

## ANNEX 3: Draft annual accounts and financial reports

AAR 2021  
Version 2

### Annex 3 Financial Reports - DG ENV - Financial Year 2020

**Table 1 : Commitments**

**Table 2 : Payments**

**Table 3 : Commitments to be settled**

**Table 4 : Balance Sheet**

**Table 5 : Statement of Financial Performance**

**Table 5 Bis: Off Balance Sheet**

**Table 6 : Average Payment Times**

**Table 7 : Income**

**Table 8 : Recovery of undue Payments**

**Table 9 : Ageing Balance of Recovery Orders**

**Table 10 : Waivers of Recovery Orders**

**Table 11 : Negotiated Procedures**

**Table 12 : Summary of Procedures**

**Table 13 : Building Contracts**

**Table 14 : Contracts declared Secret**

**Table 15 : FPA duration exceeds 4 years**

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022

**Additional comments**

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

*Refresh date : 26/04/2022*

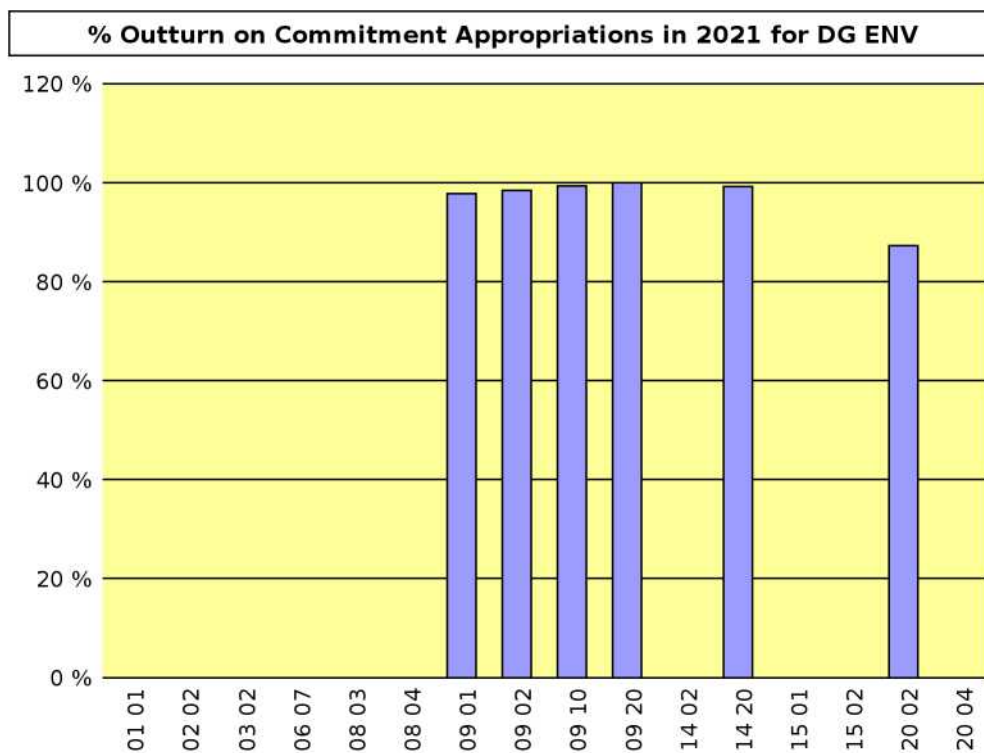
<b>TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2021 (in Mio €) for DG ENV</b>					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
<b>Title 01 Research and Innovation</b>					
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.00	0.00	0.00 %
<b>Total Title 01</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00 %</b>
<b>Title 02 European Strategic Investments</b>					
02	02 02	InvestEU Fund	0.00	0.00	0.00 %
<b>Total Title 02</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00 %</b>
<b>Title 03 Single Market</b>					
03	03 02	Single Market Programme	0.23	0.00	0.00 %
<b>Total Title 03</b>			<b>0.23</b>	<b>0.00</b>	<b>0.00 %</b>
<b>Title 06 Recovery and Resilience</b>					
06	06 07	Emergency support within the Union	0.00	0.00	0.00 %
<b>Total Title 06</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00 %</b>
<b>Title 08 Agriculture and Maritime Policy</b>					
08	08 03	European Agricultural Fund for Rural Development (EAFRD)	0.00	0.00	0.00 %
	08 04	European Maritime and Fisheries Fund (EMFF)	0.00	0.00	0.00 %
<b>Total Title 08</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00 %</b>
<b>Title 09 Environment and Climate Action</b>					
09	09 01	Support administrative expenditure of the Environment and Climate Action Cluster	1.67	1.63	97.74 %
	09 02	Programme for the Environment and Climate Action (LIFE)	45.73	45.01	98.42 %
	09 10	Decentralised Agencies	57.12	56.70	99.28 %
	09 20	Pilot projects, preparatory actions, prerogatives and other actions	3.50	3.50	100.00 %
<b>Total Title 09</b>			<b>108.01</b>	<b>106.84</b>	<b>98.92 %</b>
<b>Title 14 External Action</b>					
14	14 02	Neighbourhood, Development and International Cooperation Instrument (NDICI)	0.08	0.00	0.00 %
	14 20	Pilot projects, preparatory actions, prerogatives and other actions	3.46	3.44	99.22 %
<b>Total Title 14</b>			<b>3.54</b>	<b>3.44</b>	<b>96.95 %</b>
<b>Title 15 Pre-accession Assistance</b>					
15	15 01	Support administrative expenditure of the "Pre-accession Assistance" cluster	0.00	0.00	0.00 %
	15 02	Instrument for Pre-accession Assistance (IPA III)	0.00	0.00	0.00 %
<b>Total Title 15</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00 %</b>
<b>Title 20 Administrative expenditure of the European Commission</b>					
20	20 02	Other staff and expenditure relating to persons	0.01	0.01	87.28 %

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022

<b>TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2021 (in Mio €) for DG ENV</b>					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
	20 04	Information and communication technology related expenditure	0.00	0.00	0.00 %
<b>Total Title 20</b>			<b>0.01</b>	<b>0.01</b>	<b>87.25 %</b>
<b>Total Excluding NGEU</b>			<b>111.80</b>	<b>110.29</b>	<b>98.65 %</b>
<b>Total DG ENV</b>			<b>111.80</b>	<b>110.29</b>	<b>98.65 %</b>

\* Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).



Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022

<b>TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2021 (in Mio €) for DG ENV</b>					
			<b>Payment appropriations authorised*</b>	<b>Payments made</b>	<b>%</b>
			<b>1</b>	<b>2</b>	<b>3=2/1</b>
<b>Title 01 Research and Innovation</b>					
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.00	0.00	0.00 %
<b>Total Title 01</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>
<b>Title 02 European Strategic Investments</b>					
02	02 02	InvestEU Fund	0.00	0.00	0.00 %
<b>Total Title 02</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>
<b>Title 03 Single Market</b>					
03	03 02	Single Market Programme	0.28	0.05	17.83 %
<b>Total Title 03</b>			<b>0.28</b>	<b>0.05</b>	<b>17.83%</b>
<b>Title 06 Recovery and Resilience</b>					
06	06 07	Emergency support within the Union	14.00	14.00	100.00 %
<b>Total Title 06</b>			<b>14.00</b>	<b>14.00</b>	<b>100.00%</b>
<b>Title 08 Agriculture and Maritime Policy</b>					
08	08 03	European Agricultural Fund for Rural Development (EAFRD)	0.26	0.26	100.00 %
	08 04	European Maritime and Fisheries Fund (EMFF)	1.64	1.52	92.59 %
<b>Total Title 08</b>			<b>1.90</b>	<b>1.77</b>	<b>93.60%</b>
<b>Title 09 Environment and Climate Action</b>					
09	09 01	Support administrative expenditure of the 'Environment and Climate Action' Cluster	2.85	1.43	50.23 %
	09 02	Programme for the Environment and Climate Action (LIFE)	62.24	61.95	99.53 %
	09 10	Decentralised Agencies	57.12	56.70	99.28 %
	09 20	Pilot projects, preparatory actions, prerogatives and other actions	5.37	5.37	100.00 %
<b>Total Title 09</b>			<b>127.57</b>	<b>125.45</b>	<b>98.34%</b>
<b>Title 14 External Action</b>					
14	14 02	Neighbourhood, Development and International Cooperation Instrument (NDICI)	14.10	14.02	99.42 %
	14 20	Pilot projects, preparatory actions, prerogatives and other actions	3.46	3.44	99.22 %
<b>Total Title 14</b>			<b>17.56</b>	<b>17.45</b>	<b>99.38%</b>
<b>Title 15 Pre-accession Assistance</b>					
15	15 01	Support administrative expenditure of the "Pre-accession Assistance" cluster	0.01	0.00	0.00 %
	15 02	Instrument for Pre-accession Assistance (IPA III)	0.32	0.32	100.00 %
<b>Total Title 15</b>			<b>0.33</b>	<b>0.32</b>	<b>98.48%</b>
<b>Title 20 Administrative expenditure of the European Commission</b>					
20	20 02	Other staff and expenditure relating to persons	0.04	0.01	18.89 %
	20 04	Information and communication technology related expenditure	0.01	0.01	99.96 %
<b>Total Title 20</b>			<b>0.05</b>	<b>0.02</b>	<b>36.10%</b>

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022



<b>TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2021 (in Mio €) for DG ENV</b>			
	Payment appropriations authorised*	Payments made	%
	1	2	3=2/1
<b>Total Excluding NGEU</b>	<b>161.68</b>	<b>159.07</b>	<b>98.38%</b>

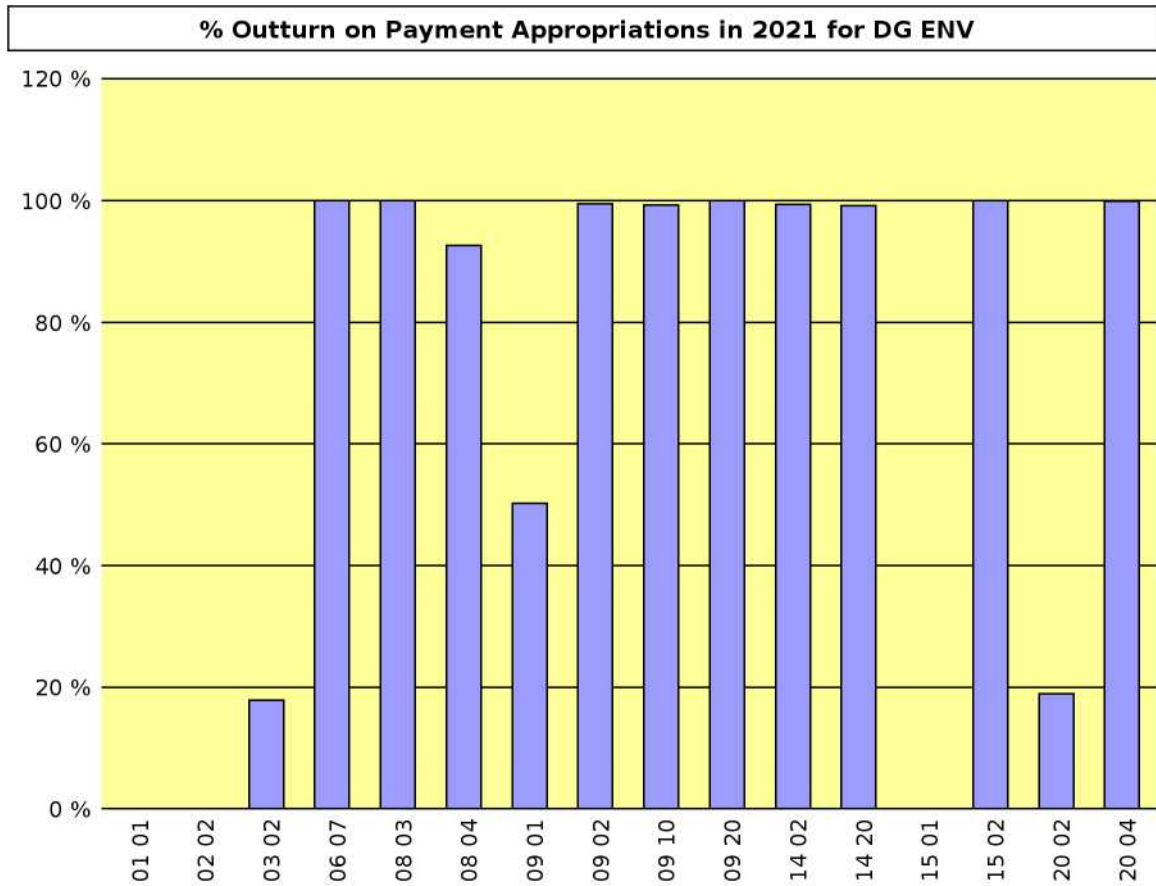
**Total DG ENV**

**161.68**

**159.07**

**98.38 %**

\* Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).



Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG ENV									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.00		0.00	0.00%	0.00	0.00	0.00
<b>Total Title 01</b>			<b>0.00</b>		<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG ENV									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
02	02 02	InvestEU Fund	0.00		0.00	0.00%	47.36	47.36	47.36
<b>Total Title 02</b>			<b>0.00</b>		<b>0.00</b>	<b>0.00%</b>	<b>47.36</b>	<b>47.36</b>	<b>47.36</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG ENV									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
03	03 02	Single Market Programme	0.00	0.00	0.00	0.00%	0.10	0.10	0.15
<b>Total Title 03</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.10</b>	<b>0.10</b>	<b>0.15</b>

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG ENV									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
06	06 07	Emergency support within the Union	0.00	14.00	-14.00	0.00%	20.00	6.00	0.00
<b>Total Title 06</b>			<b>0.00</b>	<b>14.00</b>	<b>-14.00</b>	<b>0.00%</b>	<b>20.00</b>	<b>6.00</b>	<b>0.00</b>

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG ENV									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
08	08 03	European Agricultural Fund for Rural Development (EAFRD)	0.00	0.00	0.00	0.00%	0.35	0.35	0.61
	08 04	European Maritime and Fisheries Fund (EMFF)	0.00	0.00	0.00	0.00%	6.98	6.98	8.79
<b>Total Title 08</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>7.33</b>	<b>7.33</b>	<b>9.40</b>

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022

**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG ENV**

			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
09	09 01	Support administrative expenditure of the Environment and Climate Action <sub>2</sub> Cluster	1.63	0.25	1.38	84.48%	0.00	1.38	1.18
	09 02	Programme for the Environment and Climate Action (LIFE)	45.01	3.56	41.46	92.10%	95.55	137.01	160.77
	09 10	Decentralised Agencies	56.70	53.70	3.00	5.29%	0.00	3.00	3.00
	09 20	Pilot projects, preparatory actions, prerogatives and other actions	3.50	0.60	2.90	82.86%	20.93	23.83	25.70
<b>Total Title 09</b>			<b>106.84</b>	<b>58.11</b>	<b>48.73</b>	<b>45.61%</b>	<b>116.48</b>	<b>165.21</b>	<b>190.65</b>

**TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG ENV**

			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
14	14 02	Neighbourhood, Development and International Cooperation Instrument (NDICI)	0.00	0.00	0.00	0.00%	3.58	3.58	17.67
	14 20	Pilot projects, preparatory actions, prerogatives and other actions	3.44	3.44	0.00	0.00%	0.00	0.00	0.00
<b>Total Title 14</b>			<b>3.44</b>	<b>3.44</b>	<b>0.00</b>	<b>0.00%</b>	<b>3.58</b>	<b>3.58</b>	<b>17.67</b>

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

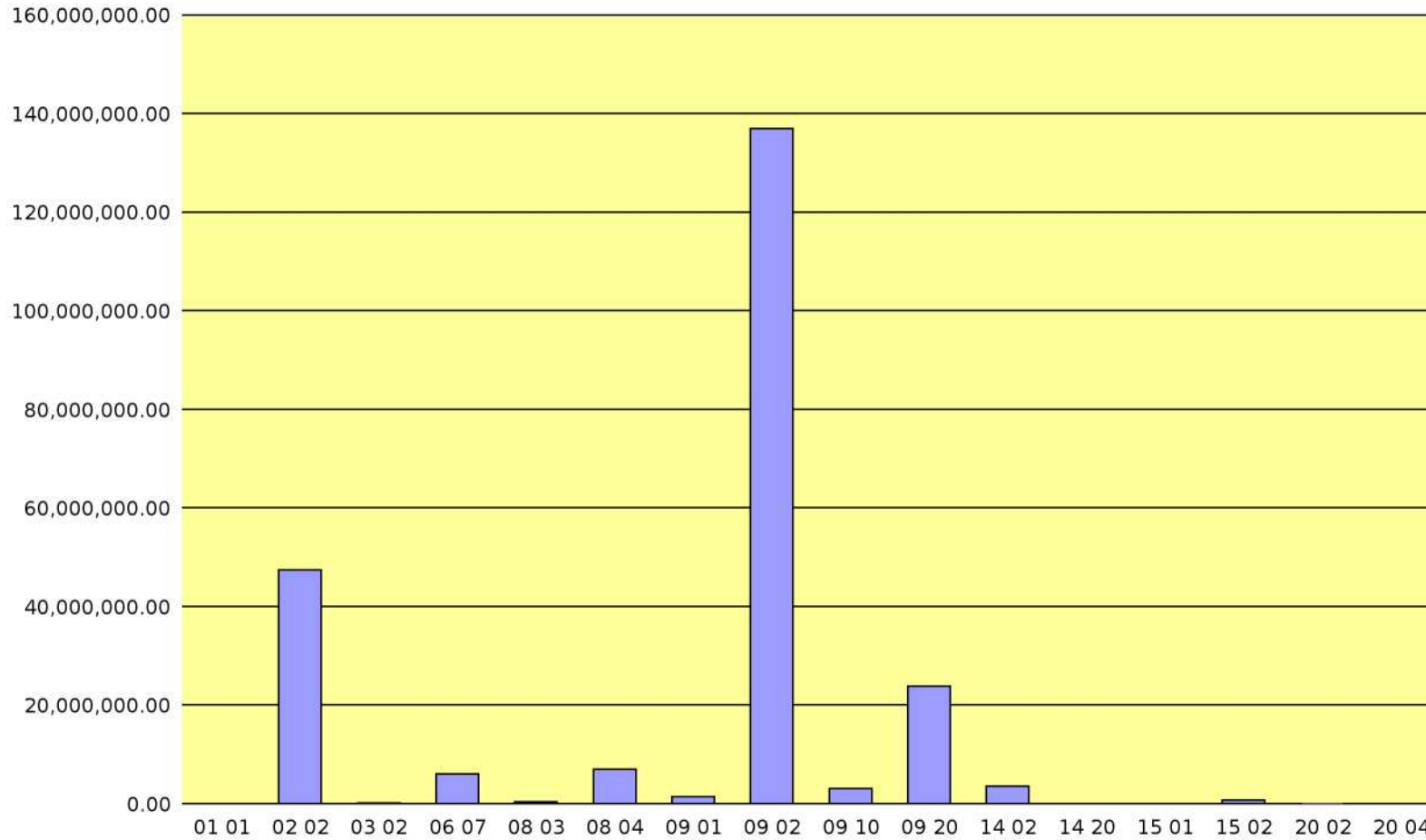
Refresh date : 26/04/2022

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG ENV									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
15	15 01	Support administrative expenditure of the "Pre-accession Assistance" cluster	0.00		0.00	0.00%	0.00	0.00	0.01
	15 02	Instrument for Pre-accession Assistance (IPA III)	0.00	0.00	0.00	0.00%	0.74	0.74	1.07
<b>Total Title 15</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.74</b>	<b>0.74</b>	<b>1.07</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG ENV									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
20	20 02	Other staff and expenditure relating to persons	0.01	0.01	0.00	20.10%	0.00	0.00	0.03
	20 04	Information and communication technology related expenditure	0.00	0.00	0.00	0.00%	0.00	0.00	0.01
<b>Total Title 20</b>			<b>0.01</b>	<b>0.01</b>	<b>0.00</b>	<b>20.10%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.04</b>
<b>Total Excluding NGEU</b>			<b>110.29</b>	<b>75.55</b>	<b>34.73</b>	<b>31.49%</b>	<b>195.58</b>	<b>230.31</b>	<b>266.33</b>
<b>Total for DG ENV</b>			<b>110.29</b>	<b>75.55</b>	<b>34.73</b>	<b>31.49 %</b>	<b>195.58</b>	<b>230.31</b>	<b>266.33</b>

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022

**Breakdown of Commitments Remaining to be Settled (in Mio EUR) in 2021 ENV**



Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022

**TABLE 4 : BALANCE SHEET for DG ENV**

BALANCE SHEET	2021	2020
<b>A.I. NON CURRENT ASSETS</b>	22,085,014.31	14,902,686.29
A.I.4. Non-Current Financial Assets	167,018.00	
A.I.5. Non-Current Pre-Financing	21,817,021.31	14,902,686.29
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	100,975.00	0.00
<b>A.II. CURRENT ASSETS</b>	85,576,621.1	46,264,428.66
A.II.2. Current Pre-Financing	20,479,163.84	13,408,746.07
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	55,289,923.26	22,308,020.59
A.II.6. Cash and Cash Equivalents	9,807,534.00	10,547,662.00
<b>ASSETS</b>	<b>107,661,635.41</b>	<b>61,167,114.95</b>
<b>P.II. CURRENT LIABILITIES</b>	<b>-39,180,434.93</b>	<b>-35,307,831.53</b>
P.II.3. Current Financial Liabilities	-122,669.00	
P.II.4. Current Payables	-4,083,918.19	-8,512,350.68
P.II.5. Current Accrued Charges & Defrd Income	-34,973,847.74	-26,795,480.85
<b>LIABILITIES</b>	<b>-39,180,434.93</b>	<b>-35,307,831.53</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>	<b>68,481,200.48</b>	<b>25,859,283.42</b>

P.III.2. Accumulated Surplus/Deficit	1,140,856,604.14	1,082,433,409.7
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Non-allocated central (surplus)/deficit*	-1,209,337,804.62	-1,108,292,693.12
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<b>TOTAL DG ENV</b>	<b>0.00</b>	<b>0.00</b>
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It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium. Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022

**TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG ENV**

<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>2021</b>	<b>2020</b>
<b>II.1 REVENUES</b>	<b>-161,988,210.3</b>	<b>-40,633,196.54</b>
II.1.1. NON-EXCHANGE REVENUES	-168,898,792.94	-50,133,077.31
II.1.1.5. FINES	-163,793,650.83	-45,352,838.92
II.1.1.6. RECOVERY OF EXPENSES	-304,818.44	-163,281.89
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-4,800,323.67	-4,616,956.50
II.1.2. EXCHANGE REVENUES	6,910,582.64	9,499,880.77
II.1.2.1. FINANCIAL INCOME	-192,997.00	-29,238.35
II.1.2.2. OTHER EXCHANGE REVENUE	7,103,579.64	9,529,119.12
<b>II.2. EXPENSES</b>	<b>146,064,417.22</b>	<b>99,056,390.98</b>
II.2. EXPENSES	146,064,417.22	99,056,390.98
II.2.10. OTHER EXPENSES	6,612,772.84	2,756,985.18
II.2.2. EXP IMPL BY COMMISS&EX.AGENC	67,754,401.51	48,182,206.85
II.2.3. EXP IMPL BY OTH EU AGENC&BODIES	56,410,976.64	50,405,969.25
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	14,770,030.34	-2,290,494.86
II.2.5. EXP IMPL BY OTHER ENTITIES (IM)	513,203.00	
II.2.8. FINANCE COSTS	3,032.89	1,724.56
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>-15,923,793.08</b>	<b>58,423,194.44</b>

*Explanatory Notes (facultative):*

*Please enter the text directly (no copy/paste of formatted text which would then disappear when saving the document in pdf), use \\|\"ctrl+enter\\|\" to go to the next line and \\|\"enter\\|\" to validate your typing.*

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022



**TABLE 5bis : OFF BALANCE SHEET for DG ENV**

<b>OFF BALANCE</b>	<b>2021</b>	<b>2020</b>
OB.1. Contingent Assets	749,260	449,260
GR for other	0.00	0.00
GR for pre-financing	749,260.00	449,260.00
OB.2. Contingent Liabilities	-16,938,169.36	-10,066,803.3
OB.2.1. Guarantees given for EU FI	-14,585,798.00	-7,460,798.00
OB.2.7. CL Legal cases OTHER	-2,352,371.36	-2,606,005.30
OB.3. Other Significant Disclosures	-192,051,981.38	-231,503,350.27
OB.3.2. Comm against app. not yet consume	-192,051,981.38	-231,503,350.27
OB.4. Balancing Accounts	208,240,890.74	241,120,893.57
OB.4. Balancing Accounts	208,240,890.74	241,120,893.57
<b>OFF BALANCE</b>	<b>0.00</b>	<b>0.00</b>

*Explanatory Notes (facultative):*

*Please enter the text directly (no copy/paste of formatted text which would then disappear when saving the document in pdf), use \\\"ctrl+enter\\\" to go to the next line and \\\"enter\\\" to validate your typing.*

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

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Refresh date : 26/04/2022

**TABLE 6 : Average Payment Times**

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
30	248	244	98.39 %	10.99	4	1.61 %	48.75	1,494,903.8	2 %
45	1	1	100.00 %	42				0	0 %
60	303	300	99.01 %	24.98	3	0.99 %	83.67	370,926.82	1 %
90	102	99	97.06 %	37.25	3	2.94 %	97.67	1,124,878.12	4 %

Total Number of Payments	654	644	98.47 %		10	1.53 %		2,990,708.74	2 %
Average Net Payment Time	22.39			21.59			73.9		
Average Gross Payment Time	29.7			28.4			113.2		

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	43	112	17.13 %	654	23,731,337.67	14.92 %	159,068,795.27

Late Interest paid in 2021			
DG	GL Account	Description	Amount (Eur)
ENV	65010100	Interest on late payment of charges New FR	3 032.89
			<b>3 032.89</b>

NB: Table 6 only contains payments relevant for the time statistics. Please consult its exact scope in the AAR Annex3 BO User Guide ([https://myintracomm.ec.europa.eu/budgweb/EN/abac/dwh/Pages/its-030-10-20\\_documentation.aspx](https://myintracomm.ec.europa.eu/budgweb/EN/abac/dwh/Pages/its-030-10-20_documentation.aspx)).

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022

**TABLE 7 : SITUATION ON REVENUE AND INCOME in 2021 for DG ENV**

Chapter	Revenue and income recognized			Revenue and income cashed from			Outstanding balance
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
	1	2	3=1+2	4	5	6=4+5	7=3-6
40 Revenue from investments and accounts	0.00	740.84	740.84	0.00	0.00	0.00	740.84
42 Fines and penalties	150,839,699.17	45,664,778.34	196,504,477.51	51,474,246.16	45,634,952.36	97,109,198.52	99,395,278.99
62 Natural resources and environment	261,769.38	0.00	261,769.38	235,018.16	0.00	235,018.16	26,751.22
65 Neighbourhood and the world	3,127,000.00	0.00	3,127,000.00	3,127,000.00	0.00	3,127,000.00	0.00
66 Other contributions and refunds	1,993,477.19	0.00	1,993,477.19	1,993,477.19	0.00	1,993,477.19	0.00
67 Completion for outstanding recovery orders prior to 2021	2,445,389.04	5,427,622.50	7,873,011.54	209,185.16	605,088.68	814,273.84	7,058,737.70
<b>Total DG ENV</b>	<b>158,667,334.78</b>	<b>51,093,141.68</b>	<b>209,760,476.46</b>	<b>57,038,926.67</b>	<b>46,240,041.04</b>	<b>103,278,967.71</b>	<b>106,481,508.75</b>

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022

**TABLE 8 : RECOVERY OF PAYMENTS in 2021 for DG ENV  
(Number of Recovery Contexts and corresponding Transaction Amount)**

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2021  Year of Origin (commitment)	Irregularity		OLAF notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2006							1	823.12		
2011	2	4,109.06	3	142,276.07	5	146,385.13	5	146,385.13	100.00%	100.00%
2012	2	24,515.01	2	40,259.7	4	64,774.71	6	223,050.12	66.67%	29.04%
2013	4	12,671.2	5	61,772.98	9	74,444.18	10	132,500.53	90.00%	56.18%
2014	1	2,244.44	2	16,146.86	3	18,391.3	7	2,520,145.22	42.86%	0.73%
2019							1	3,176.2		
2020							2	262,097.17		
<b>Sub-Total</b>	<b>9</b>	<b>43,539.71</b>	<b>12</b>	<b>260,455.61</b>	<b>21</b>	<b>303,995.32</b>	<b>32</b>	<b>3,288,177.49</b>	<b>65.63%</b>	<b>9.25%</b>

EXPENSES BUDGET	Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES										
NON ELIGIBLE IN COST CLAIMS	23	953,188.48			23	953,188.48	23	953,188.48	100.00%	100.00%
CREDIT NOTES							3	124,467.50		
<b>Sub-Total</b>	<b>23</b>	<b>953,188.48</b>			<b>23</b>	<b>953,188.48</b>	<b>26</b>	<b>1,077,655.98</b>	<b>88.46%</b>	<b>88.45%</b>
<b>GRAND TOTAL</b>	<b>32</b>	<b>996,728.19</b>	<b>12</b>	<b>260,455.61</b>	<b>44</b>	<b>1,257,183.8</b>	<b>58</b>	<b>4,365,833.47</b>	<b>75.86%</b>	<b>28.80%</b>

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022

**TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2021 for DG ENV**

	Number at 01/01/2021	Number at 31/12/2021	Evolution	Open Amount (Eur) at 01/01/2021	Open Amount (Eur) at 31/12/2021	Evolution
2012	2	2	0.00 %	554,460.75	554,460.75	0.00 %
2014	1	1	0.00 %	148,803.08	148,803.08	0.00 %
2015	3	2	-33.33 %	406,476.55	392,031.00	-3.55 %
2016	1	1	0.00 %	8,240.72	8,240.72	0.00 %
2017	3	3	0.00 %	935,433.45	935,433.45	0.00 %
2018	2	1	-50.00 %	922,204.40	675,784.40	-26.72 %
2019	3	2	-33.33 %	1,606,983.84	1,387,206.39	-13.68 %
2020	15	2	-86.67 %	46,526,172.60	751,140.85	-98.39 %
2021		15			101,628,408.11	
	<b>30</b>	<b>29</b>	<b>-3.33 %</b>	<b>51,108,775.39</b>	<b>106,481,508.75</b>	<b>108.34 %</b>

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022

**TABLE 10 :Recovery Order Waivers >= 60 000 € in 2021 for DG ENV**

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
0	3233210085	3242108189	-3,689,240.00	Member States		
1	3233210089	3242106904	-203,172.20	Member States		

<b>Total DG ENV</b>	<b>-3,892,412.20</b>
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<b>Number of RO waivers</b>	<b>2</b>
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There are 2 waivers below 60 000 € for a total amount of -45,483.8

*Justifications:*

*Please enter the text directly (no copy/paste of formatted text which would then disappear when saving the document in pdf), use "ctrl+enter" to go to the next line and "enter" to validate your typing.*

**TABLE 11 : Negotiated Procedures in 2021 for DG ENV****Internal Procedures > € 60,000**

<b>Negotiated Procedure Legal base</b>	<b>Number of Procedures</b>	<b>Amount (€)</b>
Annex 1 - 11.1 ( e ) - New services/works consisting in the repetition of similar services/works	1	6,000,000.00
<b>Total</b>	<b>1</b>	<b>6,000,000.00</b>

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022

**TABLE 12 : Summary of Procedures in 2021 for DG ENV**

**External Procedures > € 20,000**

Procedure Legal base	Number of Procedures	Amount (€)
Restricted procedure - As provided for in FR 164(1)(b) - Services/Supplies as from EUR 300 000 - Works as from EUR 5 000 000 - publication (Annex 1 - 38.1 (a))	2	1,744,560.00
<b>Total</b>	<b>2</b>	<b>1,744,560.00</b>

**Internal Procedures > € 60,000**

Procedure Legal base	Number of Procedures	Amount (€)
Negotiated procedure middle value contract (Annex 1 - 14.2)	2	218,054.00
Negotiated procedure without prior publication (Annex 1 - 11.1)	1	6,000,000.00
One-step procedure based on a call for expressions of interest - Vendors' list (Annex 1 - 13.3 (b) (i))	1	197,410.91
Open Procedure (Art. 104(1) (a) FR)	1	200,000.00
Open procedure (FR 164 (1)(a))	25	39,597,382.30
<b>Total</b>	<b>30</b>	<b>46,212,847.21</b>

**Additional Comments:**

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022



**TABLE 13 : BUILDING CONTRACTS in 2021 for DG ENV**

Legal Base	Procedure subject	Contract Number	Contractor Name	Contract Subject	Contracted Amount (€)

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022

**TABLE 14 : CONTRACTS DECLARED SECRET in 2021 for DG ENV**

Legal Base	LC Date	Contract Number	Contract Subject	Contracted Amount (€)

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022

**TABLE 15 : FPA duration exceeds 4 years - DG ENV**

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022

**TABLE 16 : Commitments co-delegation type 3 in 2021 for DG ENV**

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Refresh date : 26/04/2022

## ANNEX 4: Financial Scorecard

The Annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the Annual Activity Report 2021, 10 standard financial indicators are presented below, each with its objective and result for the Commission service and for the EC as a whole (for benchmarking purposes) <sup>(37)</sup>:

Commitment Appropriations (CA) Implementation	- Timely Payments
CA Forecast Implementation	- Timely Decommits
Payment Appropriations (PA) Implementation	- Invoice Registration Time
PA Forecast Implementation	- Accounting Data Quality
Global Commitment Absorption	- Management Data Quality

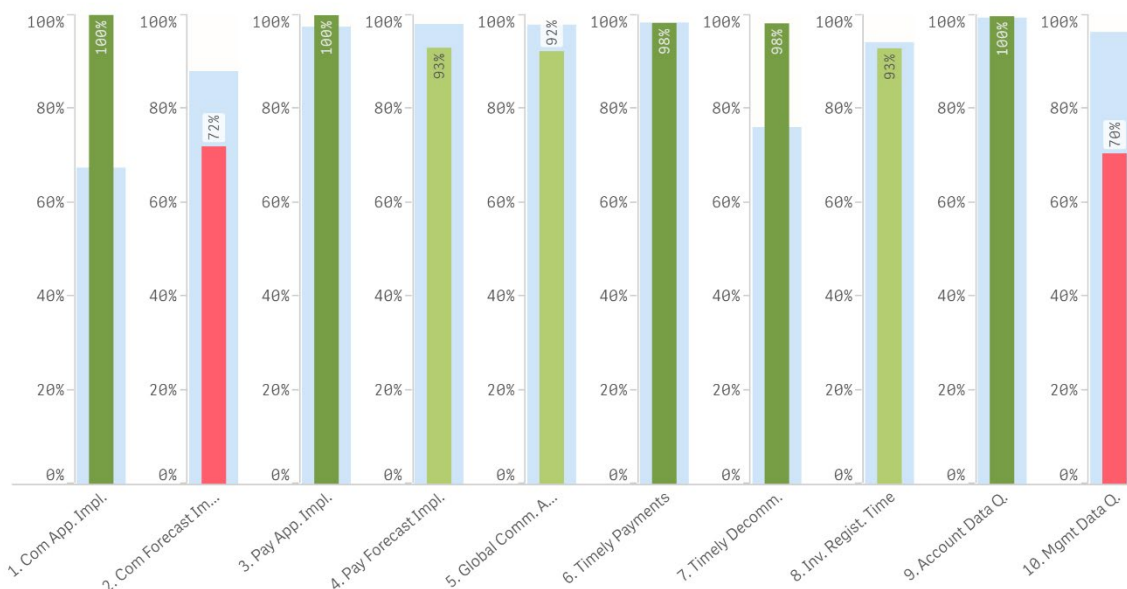
For each indicator, its value (in %) for the Commission service is compared to the common target (in %). The difference between the indicator's value and the target is colour coded as follows:

- 100 – >95% of the target: dark green
- 95 – >90% of the target: light green
- 90 – >85% of the target: yellow
- 85 – >80% of the target: light red
- 80 – 0% of the target: dark red

The Commission services are invited to provide commentary for each indicator's result in the dedicated comment section below the indicators scores as this can help the reader to understand the Commission's service context. In cases when the indicator's value achieves 80% or less of the target, the comment becomes mandatory.

The detailed definitions of the indicators are available on the internal DG BUDG site (BudgPedia) and managed by unit BUDG.C5 Financial Reporting.

ENV Indicator Scores 2021



For each indicator the light blue bar denotes the EC score.

<sup>(37)</sup> If the EC service did not perform any transaction in the area measured by the indicator or the information is not available in the central financial system, the indicator is not calculated (i.e. displayed as “-”) in this Annex.

Indicator	Objective	Comment <sup>(38)</sup>	ENV Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year		100%	67%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	2021 was the year of entry into force of the new MFF and LIFE programme 2021-2027, and it was difficult to plan with precision the timeline for putting in place the acts necessary to kick off implementation. The new LIFE regulation was published in spring, and the subsequent preparatory acts (Multiannual Work programme, financing decision) were only finalised in summer, which led the delays in implementation greater than forecasted initially.	72%	88%
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year		100%	97%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year		93%	98%
5. Global Commitment Absorption <sup>(39)</sup>	Ensure efficient use of already earmarked commitment appropriations (at L1 level)		92%	98%
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines		98%	98%
7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle		98%	76%

<sup>(38)</sup> An explanation behind the indicator result can be provided, e.g. the comment about the achievement itself, reference to the whole Commission performance (better or worse), reasons behind this achievement. The comment is mandatory for the 'Timely payments' indicator. For the rest of indicators the comment is mandatory only if the score is equal or below the target of 80%.

<sup>(39)</sup> Due to technical limitation, the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

Indicator	Objective	Comment ( <sup>38</sup> )	ENV Score	EC Score
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC		93%	94%
9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts		100%	99%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions	DG Environment's result stems from old Legal Commitments which are still unduly marked in ABAC as « in force ». These Legal Commitments were not spotted in our accounting quality controls, for reasons being currently investigated. DG ENV will perform in 2022 a cleaning-up exercise to regularise the situation.	70%	96%

## ANNEX 5: Materiality criteria

Section 2.1 of this report sets out the main elements used to identify possible weaknesses in the internal control system. The significance/materiality of any weaknesses identified is assessed according to the following criteria:

### 1) Qualitative criteria

The qualitative criteria for assessing the significance of any weaknesses identified are:

- the nature and scope of the weakness
- the duration of the weakness
- the existence of compensatory measures
- the existence of effective corrective actions to correct the weaknesses
- the residual reputational, financial, operational and legal/regulatory risk

### 2) Quantitative criteria

Concerning legality and regularity, a weakness is considered material if the value of the errors in the transactions affected by the weakness is estimated to represent more than 2% of the authorised payments of the reporting year of ABB activity 0702. In the case of DG ENV, the errors detected are well below the 2% mark.

Note: The method for estimating the amount at risk is explained in detail in section 2 of the AAR and in the related pages in Annex 7.

#### De minimis' threshold for financial reservations

Since 2019<sup>(40)</sup>, a 'de minimis' threshold for financial reservations has been introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed.

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<sup>(40)</sup> Agreement of the Corporate Management Board of 30/4/2019.



## ANNEX 6: Relevant Control System(s) for budget implementation (RCSs)

### Procurement – direct management

#### Stage 1: Procurement

#### A: Planning

**Main control objectives:** Effectiveness, efficiency and economy. Compliance (legality and regularity)

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<ul style="list-style-type: none"> <li>Needs not well clearly specified in a planning stage for those actions not related to requirements of legal framework or for those actions that respond to policy initiatives not earlier planned</li> </ul>	<ul style="list-style-type: none"> <li>Individual standardised fiches to be drafted for all individual actions included in the Man Plan.</li> </ul>	<ul style="list-style-type: none"> <li>Once per year for every envisaged action. Fiche includes objectives and purpose of the action, as well as a short budget estimate.</li> </ul>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>Low number of changes done to the Management Plan;</li> <li>Procured study/service highly contributes to policy priorities.</li> <li>High percentage of executed Management Plan at the end of the year.</li> </ul> <p><b>Efficiency:</b></p> <ul style="list-style-type: none"> <li>Cost of preparing Man Plan fiches compared to cost of insufficient prioritization and poor definition of needs.</li> </ul> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>Estimation of costs involved (staff involved on the process)</li> </ul> <p><b>Benefits:</b></p>

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
			<ul style="list-style-type: none"> <li>• Prioritization and proper usage of DG's budget.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Poor budget planning (over/ under estimating)</b></li> </ul>	<ul style="list-style-type: none"> <li>• Revision of each fiche by the finance Unit (FU);</li> <li>• <b><i>Briefing to the AOD done by the FU.</i></b></li> </ul>	<ul style="list-style-type: none"> <li>• Once per year for every envisaged action; its validity, choice of procedure and budget line, budget estimate;</li> <li>• Once per year for every Directorate.</li> </ul>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>• Low percentage of cancelled procedures and offers of poor quality.</li> </ul> <p><b>Efficiency:</b></p> <ul style="list-style-type: none"> <li>• Cost of reviewing Man Plan fiches compared to costs from not assuring compliance with Financial Regulation, inefficient budget estimate and selection of wrong procedure.</li> </ul> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of costs involved (staff involved on the process)</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Assuring compliance with Financial Regulation, efficient budget estimate and selection of proper procedure</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Lack of competition</b></li> </ul>	<ul style="list-style-type: none"> <li>• Prior information notice (PIN) published;</li> <li>• Desk officers</li> </ul>	<ul style="list-style-type: none"> <li>• Once per year- 1<sup>st</sup> quarter of the year. PIN provides an overview of foreseen contracts; its</li> </ul>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>• Higher average number of offers received per procedure.</li> </ul>

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
	<p>consider possible market response before publishing tenders (market research).</p>	<p>subject and approximate value.</p>	<p><b>Efficiency:</b></p> <ul style="list-style-type: none"> <li>• Cost of publishing PIN and performing market research compared to cost of cancelling or repeating a procedure.</li> </ul> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of costs involved (staff involved on the process)</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Steady decrease of cancelled procedures and insufficient number of offers; receipt of better offers and new market players.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Insufficient time allocation for financial procedures</b></li> </ul>	<ul style="list-style-type: none"> <li>• Management plan launch dates;</li> <li>• Financial dashboard;</li> <li>• Individual follow-up by FU of procedures which are late;</li> <li>• Planning tool provided on unit A1 Intranet page.</li> </ul>	<ul style="list-style-type: none"> <li>• All items in management plan have a target date for launch;</li> <li>• Financial dashboards monitor compliance with target launch dates set in Management Plan. Produced 6 times per year;</li> <li>• Monitoring covers all items in the management plan;</li> <li>• Establishing a time table for every procedure.</li> </ul>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>• Low number of global commitments;</li> <li>• High level of budgetary execution;</li> <li>• Evenly distributed budgetary execution.</li> </ul> <p><b>Efficiency:</b></p> <ul style="list-style-type: none"> <li>• Cost of proper planning and time allocation compared to cost of poor budget/ Man Plan implementation.</li> </ul> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of costs involved (staff involved on the process)</li> </ul> <p><b>Benefits:</b></p>

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
			<ul style="list-style-type: none"> <li>Avoidance of bottlenecks at the end of the year; decrease risks of contracts not signed before end of the year.</li> </ul>

### **B: Needs assessment & definition of needs**

**Main control objectives:** Effectiveness, efficiency and economy. Compliance (legality and regularity)

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<ul style="list-style-type: none"> <li><b>Poor quality of tender specifications and selection of wrong procedure</b></li> </ul>	<ul style="list-style-type: none"> <li>Consultation with the FU during preparatory stage and agreement on the final version of the tender specifications;</li> <li>Additional verification and AOSD supervision (upstream control);</li> <li>Training organized by the FU on drafting the tender specifications.</li> </ul>	<ul style="list-style-type: none"> <li>100% of tender specifications for Open Calls, all specifications for contracts above the threshold of 150.000 euro, and negotiated procedures are reviewed and scrutinised;</li> <li>Files above 500.000€; random selection of other projects and all EP Pilots go to ex-ante assessment by ENVAC;</li> <li>Training organised at list twice per year.</li> </ul>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>Very low number of procedures where only one or no offers were received;</li> <li>Average number of requests for clarification per tender.</li> </ul> <p><b>Efficiency:</b></p> <ul style="list-style-type: none"> <li>Cost of financial verification and organization of trainings compared to cost of cancelling or repeating a procedure.</li> </ul> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>Estimation of costs involved</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>Better quality tender specifications, limit</li> </ul>

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
			the risk of litigation, limit the risk of cancellation of tender, better informed desk officers.

### C: Selection of the offer and evaluation

**Main control objectives:** Effectiveness, efficiency and economy. Compliance (legality and regularity). Fraud prevention and detection

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<ul style="list-style-type: none"> <li><b>Biased, inaccurate, unfair evaluation procedure</b></li> </ul>	<ul style="list-style-type: none"> <li>Opening Committee and Evaluation Committee;</li> <li>Opinion by consultative committee ENVAC;</li> <li>Standstill period, opportunity for unsuccessful tenderers to put forward their concerns on the decision;</li> <li>Training organized</li> </ul>	<ul style="list-style-type: none"> <li>Formal evaluation process; nomination of the Committees by the AOS for every file above 150,000€. Minimum of three members (one from another Directorate);</li> <li>ENVAC assesses full procurement and evaluation process and the draft award decision for all files above 500.000, 00€ and number of files</li> </ul>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>Low number of files rejected or suspended for comments by ENVAC.</li> </ul> <p><b>Efficiency:</b></p> <ul style="list-style-type: none"> <li>Cost of staff involved (opening, evaluation committee members, ENVAC members, FU) compared to cost of possible litigation.</li> </ul> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>Estimation of costs involved.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>Compliance with FR, prevention of fraud, limit the</li> </ul>

	<p>by the FU on evaluation of tenders;</p> <ul style="list-style-type: none"> <li>• Model evaluation report and guidelines;</li> <li>• Tenderers able to attend openings;</li> <li>• Award decision communicated to tenderers.</li> </ul>	<p>below the amount by a random selection (all documents related to the procurement procedure publications, committee reports, winning offer, draft contract);</p> <ul style="list-style-type: none"> <li>• 100% when conditions are fulfilled; Templates and guidelines up-to-date following DG BUDG updates;</li> <li>• For open calls tenderers are able to attend the opening of offers;</li> <li>• Successful and unsuccessful tenderers always informed on the evaluation outcome.</li> </ul>	<p>risk of litigation, better quality PVs, composition of the evaluation team ensures neutrality and objectivity, transparency</p>
<ul style="list-style-type: none"> <li>• <b>Confidentiality issues/ conflict of interest</b></li> </ul>	<ul style="list-style-type: none"> <li>• Opening and Evaluation Committee members' signed declaration of absence of conflict of interests;</li> <li>• Checks by the FU.</li> </ul>	<ul style="list-style-type: none"> <li>• 100% of the members of the opening committee and the evaluation committee;</li> <li>• Red flags checked by the FU for every file.</li> </ul>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>• No or very low amount of indemnities.</li> </ul> <p><b>Efficiency:</b></p> <ul style="list-style-type: none"> <li>• Cost of FU staff involved compared to cost of possible litigation.</li> </ul>

			<p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of costs involved.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Potential irregularities/inefficiencies prevented.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Inadequate number of offers/ poor quality offers</b></li> </ul>	<ul style="list-style-type: none"> <li>• Award criteria announced in advance;</li> <li>• FR followed in terms of minimum time granted for preparation of tenders.</li> </ul>	<ul style="list-style-type: none"> <li>• Appropriate selection criteria publishes with the tender</li> <li>• Award criteria in every tender specifications published with the call;</li> <li>• 100% FR respected.</li> </ul>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>• Low number of cancelled procedures.</li> </ul> <p><b>Efficiency:</b></p> <ul style="list-style-type: none"> <li>• Cost of financial unit staff involved compared to cost of possible procedure cancellation or repetition.</li> </ul> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of costs involved.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Ensure better quality offers.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Unreliable contractor/ False declarations</b></li> </ul>	<ul style="list-style-type: none"> <li>• Exclusion criteria determined;</li> <li>• Early warning system (EWS);</li> <li>• Satisfaction certificates.</li> </ul>	<ul style="list-style-type: none"> <li>• 100% checked. The required documents provided by the tenderers are consistent with the specifications and appropriate for evaluation purposes (as required by the FR); Financial turnover and declaration on honour;</li> </ul>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>• Low number of discontinued contracts.</li> </ul> <p><b>Efficiency:</b></p> <ul style="list-style-type: none"> <li>• Cost of staff involved compared to cost of contract discontinuation.</li> </ul> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of costs involved.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Avoid contracting with excluded economic</li> </ul>

		<ul style="list-style-type: none"><li>• 100% of successful contractors checked in the EWS;</li><li>• Satisfaction certificates are an increasing requirement in tender specifications, especially for high value or sensitive files.</li></ul>	operators.
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**Stage 2: Contract implementation and Financial transactions**

**Main control objectives:** Ensuring that the implementation of the contract is in compliance with the signed contract

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<ul style="list-style-type: none"> <li>• <b>Contractor fails to deliver all that was contracted in accordance with technical description and terms and conditions of the contracts</b></li> <li>• <b>Business discontinues because contractor fails to deliver.</b></li> </ul>	<ul style="list-style-type: none"> <li>• Operational and financial checks in accordance with the financial circuits;</li> <li>• Operation authorisation by the AO;</li> <li>• Request of bank guarantee;</li> <li>• Non-performance clauses in contract.</li> </ul>	<ul style="list-style-type: none"> <li>• 100% of the contracts are controlled;</li> <li>• Riskier operations subject to in-depth controls. High-risk operations identified by risk criteria. Amount and potential impact on the DG operations of late or no delivery (bank guarantees);</li> <li>• Clauses on liquidated damages/ termination of contract are integral part of every contract (general conditions).</li> </ul>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>• High % of errors prevented (amount of errors/irregularities averted over total payments).</li> <li>• Low amount of liquidated damages.</li> </ul> <p><b>Efficiency:</b></p> <ul style="list-style-type: none"> <li>• Cost of financial checks in place compared to cost of non-performance and discontinuation of contract.</li> </ul> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of costs involved.</li> </ul> <ul style="list-style-type: none"> <li>• <b>Benefits:</b> Irregularities, errors and overpayments prevented</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Not structured financial and contract monitoring</b></li> </ul>	<ul style="list-style-type: none"> <li>• Payment made on the basis of a deliverable;</li> <li>• FU monitoring tables;</li> <li>• Trainings on contract</li> </ul>	<ul style="list-style-type: none"> <li>• 100% payments made on the basis of an accepted deliverable;</li> <li>• Tables monitored and updated on a</li> </ul>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>• Low number of errors; overpayments.</li> </ul> <p><b>Efficiency:</b></p> <ul style="list-style-type: none"> <li>• Cost of financial unit monitoring compared to cost of</li> </ul>

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
	management organized by the FU.	regular basis (after each payment, amendment, etc.);	<p>possible errors and overpayments.</p> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of costs involved.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Irregularities, errors and overpayments prevented, better informed desk officers.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Fraud not detected</b></li> </ul>	<ul style="list-style-type: none"> <li>• Four eyes principle and written procedures and checklists for initiators and verifiers;</li> <li>• Fraud awareness trainings.</li> </ul>	<ul style="list-style-type: none"> <li>• Four eyes principle applied to 100% of files;</li> <li>• All FU staff and financial correspondents.</li> </ul>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>• Low number of court litigations.</li> </ul> <p><b>Efficiency:</b></p> <ul style="list-style-type: none"> <li>• Cost of financial unit staff detecting red flags and issues of non-compliance compared to cost of possible litigation.</li> </ul> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of costs involved.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Detection of red flags and issues of non-compliance</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Payment delays</b></li> </ul>	<ul style="list-style-type: none"> <li>• FU monitoring tables with special filters signalling latent invoices;</li> <li>• Financial reporting tool;</li> <li>• Optimization of</li> </ul>	<ul style="list-style-type: none"> <li>• Tables monitored and updated on a regular basis (filters signal invoices inactive for 7 days);</li> <li>• Twice a month identifying Units'</li> </ul>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>• Low rate of payment delays;</li> <li>• Low amount of late interest payment and damages paid (by the Commission);</li> <li>• High rate of implementation of the payment appropriations.</li> </ul>

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
	available appropriations; <ul style="list-style-type: none"> <li>• Global transfer.</li> </ul>	current and outstanding invoices; <ul style="list-style-type: none"> <li>• Monitoring of payment appropriations on a weekly basis.</li> </ul>	<p><b>Efficiency:</b></p> <ul style="list-style-type: none"> <li>• Cost of improving financial monitoring tools compared to cost of late interest and damages paid by the Commission.</li> </ul> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of costs involved.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Detection of dormant invoices, maximization of budget execution.</li> </ul>

**Stage 3: Supervisory measures and ex post control**

**Main control objectives:** Ensuring that any weakness in the procedures (tender and financial transactions) is detected and corrected

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<ul style="list-style-type: none"> <li><b>An error or non-compliance with regulatory and contractual provisions, or an attempt to fraud is not prevented, detected or corrected by ex-ante control.</b></li> </ul>	<ul style="list-style-type: none"> <li>Internal audit and Court of Auditors;</li> <li>Ex-post publication (possible reaction from unsuccessful tenderers);</li> <li>Review of ex post results and implementation of recommendations;</li> <li>Training for staff assigned to sign "Certified correct" (compulsory as of 2014);</li> <li>Review of exceptions reported;</li> <li>Yearly review of procedures;</li> <li>Yearly review and "lessons learnt" based on ENVAC conclusions;</li> <li>Statistics on payment delays at the Directors' meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Representative sample, review of the procedures implemented (procurement and financial transactions);</li> <li>Potentially 100%;</li> <li>100% results reviewed, implementation of recommendations on a yearly basis;</li> <li>Ad hoc/ hands-on trainings;</li> <li>100% once a year; look for any systematic problems in the procurement procedure, in the financial transaction procedure and for weaknesses in the selection process of the ex-post controls (exceptions reported, review of procedures,</li> </ul>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>Low number of errors detected (related to fraud, irregularities and error);</li> <li>Increased number of system improvements made.</li> </ul> <p><b>Efficiency:</b></p> <ul style="list-style-type: none"> <li>Cost of staff involved compared to cost of not detecting fraud, irregularities and inadequate systems in place.</li> </ul> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>Proportion of overall cost of control over total expenditure (payments authorised)</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>Detection of possible fraud and errors. Deterrents and systematic weaknesses corrected.</li> </ul>

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
		ENVAC conclusions); <ul style="list-style-type: none"> <li>• Statistic on payment delays on Directors' meeting (six times a year)</li> </ul>	

**Financial Instruments - Indirect management**

**IFI** = (entrusted) International Financial Institution (e.g. EIB/EIF, etc.); **FI** = (further entrusted) Financial Intermediaries; **"sub"-FI** = (further) sub-delegated FI; **FR** = Final Recipient

*DS* = Designated service (competent DGs)

Main risks <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (three E's)

<p><b>a) The actions supported through the Financial Instrument do not adequately reflect the policy objectives (no compliance with Fin. Reg. art. 140 and instrument specific objectives)</b></p>	<ul style="list-style-type: none"> <li>• Guidance provided to the IFI for the assessment of projects by the DS;</li> <li>• Prior eligibility confirmation of the DS for every project Technical assistance;</li> <li>• Regular reporting by the IFI to the DS on the operational performance, including the management declaration, and the summary of audits and controls carried out during the reporting year;</li> <li>• Independent audit opinion;</li> <li>• In case of weak reporting, negative audit opinion, high risk operations, etc.: reinforced monitoring/supervision controls, random and/or case/risk-based audits at the IFI and (sub) FI levels;</li> </ul>	<p>If risk materialises, the Financial Instrument would be irregular. Possible impact 100% of funds involved and significant reputational consequences.</p> <p><b>Coverage / Frequency:</b> 100%</p> <p><b>Depth:</b> Checklist on operational reporting includes a list of checks to be done.</p>	<p><b>Effectiveness:</b> Evolution of the specific indicators in the operational reporting compared with benchmarks and evolution over time.</p> <p>Where applicable, opinion by technical assistance (recommendations, actions taken).</p> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of cost of staff involved in the preparation and validation of the operational reporting.</li> <li>• Cost of the technical assistance.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• The (average annual) total value of the Financial Instrument.</li> </ul>
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<p><b>b) The IFI (and the (sub)FI) does not have the experience to ensure effective implementation of this type of Financial Instrument.</b></p>	<ul style="list-style-type: none"> <li>• Eligibility standards for IFI established and verified according to the Delegation Agreement and FAFA.</li> <li>• Guidance provided to the IFI for the assessment of projects by the DS;</li> </ul>	<p><b>Coverage / Frequency:</b> 100%</p> <p><b>Depth:</b> In accordance with the Delegation Agreement.</p>	<p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of technical assistance cost.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Reduced risk related to the disbursement of the total amount by selecting the IFI on the basis of the ability to use the funding in the most efficient and effective way.</li> </ul>
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<p><b>Main risks It may happen (again) that...</b></p>	<p><b>Mitigating controls</b></p>	<p><b>How to determine coverage frequency and depth</b></p>	<p><b>Cost-Effectiveness indicators (three E's)</b></p>
<p><b>c) FIs and FRs are not selected on the basis of an open, transparent, justified on objective grounds procedure or there are conflicts of interests in the selection process.</b></p>	<ul style="list-style-type: none"> <li>• Responsibility for selecting FI and FR, lies with the IFI and FI, respectively;</li> <li>• Prior eligibility confirmation of the DS for every FI.</li> </ul>	<p><b>Coverage / Frequency:</b> determined by the IFI/FI in accordance with the delegation agreement (max twice per year for the next 5 years)</p> <p><b>Depth:</b> determined by the IFI/FI in accordance with the Delegation Agreement</p>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>• The selection of FI and FR would (not) be (successfully) challenged.</li> </ul> <p><b>Cost-effectiveness:</b></p> <ul style="list-style-type: none"> <li>• Average cost of preparation, adoption and selection work done (compared with similar cases as benchmark).</li> </ul> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of the cost of staff involved in the monitoring of the Financial Instrument.</li> <li>• Cost of contracted services (Audit costs).</li> </ul>

			<p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Reduced risk related to possible conflict of interest and questionable selection procedure.</li> </ul>
<p><b>d) The design of the accounting and reporting arrangements would not provide sufficient transparency (True &amp; Fair View)</b></p>	<ul style="list-style-type: none"> <li>• Separate records per Financial Instrument are to be kept by the IFI; and harmonised reporting has been required by the Commission (cf. FAFA &amp; Das).</li> </ul>	<p><b>Coverage / Frequency:</b> 100%</p> <p><b>Depth:</b> In depth assessment of the statement of expenses</p>	<p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of the cost of staff involved in the monitoring of the Financial Instrument. Cost of contracted services, if any</li> <li>• Training of the concerned staff.</li> </ul>
<p><b>e) the remuneration of the IFI<sup>(41)</sup>, the reimbursement of any exceptional costs and costs for technical assistance or additional tasks would not be in line with the objective</b></p>	<ul style="list-style-type: none"> <li>• Fees, any incentives and any exceptional costs are defined in the FAFA and the Delegation Agreements, including an overall cap;</li> <li>• Reimbursement of cost for technical assistance and additional tasks to be defined in the FAFA and the delegation agreement;</li> <li>• Review by the designated service of the statement of expenses together with</li> </ul>	<p><b>Coverage / Frequency:</b> 100%</p> <p><b>Depth:</b> In depth assessment of the statement of expenses</p> <p>Training of the concerned staff</p>	<p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of the cost of staff involved in the monitoring of the Financial Instrument. Cost of contracted services, if any</li> </ul>

<sup>(41)</sup> Remuneration includes administrative and performance fees.



	evidence provided by the IFI; • Ex-ante and ex-post controls, On-the-spot verifications (risk-based or representative samples).		
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Main risks <i>It may happen (again) that...</i>	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<b>f) Internal control weaknesses, irregularities, errors and fraud are not detected and corrected by the entrusted entities, resulting in that the EU funds are not compliant with applicable regulations.</b>	<ul style="list-style-type: none"> <li>Monitoring or supervision <sup>(42)</sup> of entrusted entities;</li> <li>Regular reporting by the IFI to the Commission "Designated Service" on the operational and financial performance, including the financial statements, management declaration, summary of audits and controls carried out during the reporting year;</li> </ul>	<p><b>Coverage:</b> 100% of the funding payments to the entrusted entity are controlled, including value-adding checks.</p> <p>Riskier operations subject to more in-depth controls and/or audits.</p> <p><b>Depth:</b> depends on risk criteria such as past experience of/with the IFI/FI, complexity or lack of experience on the</p>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>Success performance ratios (e.g. "leverage", "co-risk-taking", number of FR supported by the Financial Instrument, disbursement rate)</li> <li>Number of control failures detected; value of the issues concerned prevented/corrected.</li> <li>Number and value of internal control, auditing and monitoring "issues", number of interventions, number of issues under reinforced internal control, auditing and monitoring, number of critical IAS and ECA findings</li> <li>Number of cases submitted to OLAF</li> </ul> <p><b>Efficiency:</b></p>

(42) The nature of these measures is similar. We distinguish between those cases in which the Commission has a direct (legal/contractual) say in the management process, such as the right to block ex-ante a transaction (supervision), or can merely flag its disagreement (monitoring), and influence the fundamental options foreseen under the FR related to stopping/suspending/reconfiguring/winding-down the FEI.

	<ul style="list-style-type: none"> <li>• Independent audit opinion;</li> <li>• In case of weak reporting, negative audit opinion, high risk operations, etc.: reinforced monitoring/supervision controls, random and/or case/risk-based audits at the IFI and (sub)FI levels;</li> <li>• Regular submission of disbursement and repayment (assigned revenue) forecasts;</li> <li>• Reporting on financial risk &amp; off-balance-sheets liabilities;</li> <li>• Reporting on treasury management.</li> </ul>	<p>area of financed actions or the management modalities</p> <p>If needed: suspension or interruption of payments, or even application of exit strategy (winding up)</p>	<ul style="list-style-type: none"> <li>• e.g. Management (fees) and supervision costs (FTE) over assets under management ?</li> </ul> <p><b>Cost-Effectiveness:</b></p> <ul style="list-style-type: none"> <li>• Average cost per Financial Instrument; % cost over value delegated</li> <li>• Costs/Benefits ratio</li> </ul> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of the cost of staff involved in the monitoring of the Financial Instrument. Cost of contracted services, if any.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Value of the funding and disbursement forecast rejected. Exposure of the guarantees not provided. Budget value of the part of the Financial Instrument not paid out to FR.</li> </ul> <p><b>Losses:</b></p> <ul style="list-style-type: none"> <li>• E.g. write-offs of equity/loans, loan guarantees called above expectations.</li> </ul>
<p><b>g) the FI, which are pilot initiatives, are not resulting in a number of operations significant to give conclusive results</b></p>	<ul style="list-style-type: none"> <li>• Regular reporting by the IFI to the Commission "Designated Service" (=accountable DG and AOD) on the operational and financial performance</li> <li>• Mid-term evaluation</li> </ul>	<p><b>Coverage:</b> 100% of the operations are taken into account.</p> <p>If needed: revision of the reporting requirements</p>	<p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• The (average annual) total value of the Financial Instrument.</li> </ul>
<p><b>h) the risk sharing mechanism is used in an instrumental way</b></p>	<ul style="list-style-type: none"> <li>• Check that the Portfolio First Loss Piece will be decreasing with the</li> </ul>	<p><b>Coverage:</b> 100% of the funding payments to the entrusted entity are</p>	<p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of the cost of staff involved in the monitoring of the Financial Instrument. Cost of</li> </ul>

<b>by the IFI</b>	increase in the number of operations	controlled, including value-adding checks. Riskier operations subject to more in-depth controls and/or audits.	contracted services, if any <b>Benefits:</b> <ul style="list-style-type: none"> <li>The (average annual) value of the Commission contribution to the Financial Instrument.</li> </ul>
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## Grants – direct management

### Stage 1 – Programming, evaluation and selection of proposals

#### **A: Preparation, adoption and publication of the Annual Work Programme and Calls for proposals**

**Main control objectives:** Ensuring that the Commission selects the proposals that contribute the most towards the achievement of the policy or programme objectives (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy).

<b>Main risks It may happen (again) that...</b>	<b>Mitigating controls</b>	<b>How to determine coverage frequency and depth</b>	<b>Cost-Effectiveness indicators (three E's)</b>
The annual work programme and the subsequent calls for proposals do not adequately reflect the policy objectives, priorities set are not coherent and in line with the WP and/or the essential eligibility, selection and award criteria are	Hierarchical validation of the contribution to the annual working programme within the authorising department. Inter-service consultation, including all relevant DGs.  Adoption by the Commission of a Financing Decision.  DG ENV is managing several actions to promote the external dimension of the European Green Deal under the NDICI-	If risk materialises, all grants awarded during the year under this work programme or call would be irregular. Possible impact could be 100% of budget involved and furthermore significant reputational consequences.  <b>Coverage / Frequency:</b>	<b>Effectiveness:</b> <ul style="list-style-type: none"> <li>Budget amount of the work programmes concerned.</li> <li>Success ratios; % of number/value proposals received over number expected / budget available.</li> <li>Number/Amount of direct grant with a negative opinion from ENVAC.</li> </ul> <b>Efficiency:</b> <ul style="list-style-type: none"> <li>Average cost of preparation, adoption and publishing an annual work programme,</li> </ul>

<p>not appropriate and adequate to ensure the evaluation of the proposals and award of the grant.</p>	<p>Global Europe financing Instrument. A yearly screening group composed of members from DG ENV, DG INTPA and EEAS examines the proposals tabled on the basis of concept notes. Successful concepts to promote global environmental governance are proposed for financing under the NDICI for grants and contribution agreements with International Organisations and entities.</p> <p>Direct grants are checked by the finance and the technical Units and may subsequently be submitted to internal advisory Committee (ENVAC) by request of the Finance Unit if monopoly situation is not clear.</p>	<p>100%</p> <p><b>Depth:</b> The check is made for each individual call for proposals or direct grant.</p>	<p>compared with benchmarks and evolution over time.</p> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of cost of staff involved in the preparation and validation of the annual work programme and calls.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• The (average annual) total budgetary amount of the annual work programmes or calls with prevented, detected and/or corrected errors.</li> </ul>
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***B - Selecting and awarding: Evaluation, ranking and selection of proposals***

**Main control objectives:** Ensuring that the most promising projects for meeting the policy objectives are among (a good balance of) the proposals selected (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

<p><b>Main risks</b> <i>It may happen (again) that...</i></p>	<p><b>Mitigating controls</b></p>	<p><b>How to determine coverage frequency and depth</b></p>	<p><b>Cost-Effectiveness indicators (three E's)</b></p>
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<p>The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures, the policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria defined in the annual work programme and subsequent calls for proposals.</p>	<p>Assignment of staff (including technical unit desks) to evaluate the proposals.</p>	<p>100% vetting for technical expertise and independence (e.g. conflicts of interests, nationality bias, ex-employer bias, collusion) of evaluators.</p>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>No litigation cases.</li> <li>Number of candidate expert evaluators barred. Rejected/corrected/suspended transactions compared to total number of transactions.</li> <li>Number of supervisory control failures.</li> </ul> <p><b>Efficiency Indicators:</b></p> <ul style="list-style-type: none"> <li>Average cost per call and/or per (selected) proposal.</li> <li>% cost over annual amount disbursed in grants.</li> <li>Time-to grant (inform applicants of the results within 6 months from the call deadline; additional 3 months to make a legal commitment).</li> </ul> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>Estimation of cost of staff involved in the ex-ante checks :</li> <li>Programme management and monitoring</li> <li>Budget &amp; accounting</li> <li>Financial management</li> <li>General Coordination incl. Strategic Programming and Planning, internal control, assurance and quality management</li> <li>Anti-fraud</li> <li>Cost of experts.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>Amount of expenditures declared ineligible compared to total amount of proposals received.</li> </ul>
	<p>Assessment by staff (e.g. programme officers)</p>	<p>100% of proposals are evaluated. Depth may be determined by screening of outline proposals (two-step evaluation).</p>	
	<p>Review (e.g. by a mixed panel) and hierarchical validation by the AO of ranked list of proposals.; publication.</p>	<p>Coverage: 100% of ranked list of proposals. Supervision of work of evaluators.</p> <p>Depth depends on several risk factors: e.g. conflicts of interest, nationality bias, ex-employer bias, collusion.</p>	

			<ul style="list-style-type: none"> <li>Benefit equals to value of deserving projects otherwise not selected plus value of non-deserving projects that would have been selected (=amount redirected to eligible and necessary projects).</li> </ul>
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**Stage 2 – Contracting**

Transformation of selected proposals into legally binding grant agreements

**Main control objectives:** Ensuring that the actions and funds allocation is optimal (best value for public money; effectiveness, economy, efficiency); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

<b>Main risks</b> <i>It may happen (again) that...</i>	<b>Mitigating controls</b>	<b>How to determine coverage frequency and depth</b>	<b>Cost-Effectiveness indicators (three E's)</b>
<p>The description of the action in the grant/contribution agreement includes tasks which do not contribute to the achievement of the programme objectives and/or that the budget foreseen overestimates the costs necessary to carry out the action.</p> <p>The beneficiary lacks operational and/or financial capacity to carry out the actions.</p> <p>Procedures do not comply with the regulatory or financial framework.</p>	<p>Project Officers implement evaluators' recommendations in discussion with selected applicants. Hierarchical validation of proposed Adjustments / budget reviews.</p> <p>Validation of beneficiaries (operational and financial viability) and planning of (mid-term and final) evaluations. Signature of the grant agreement by the AO.</p> <p>In-depth financial checks and taking appropriate measures (e.g. guaranty, lack or deferral of pre-financing(s)) for high risk beneficiaries.</p> <p>Reinforce financial and contractual circuits. Financial viability checks</p>	<p>100% of the selected proposals and beneficiaries are scrutinised. Coverage: 100% of draft grant/contribution agreements.</p> <p>Depth/Risk may be determined after considering the type or nature of the beneficiary (e.g. SMEs, joint-ventures, start-up companies, long-term working relations) and/or of the modalities (e.g. substantial subcontracting) and/or the total value of the grant. Based on legal nature of the applicant/beneficiary</p>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>• % of selected proposals with recommendations implemented in grant/contribution agreement.</li> <li>• Amount of proposed costs rejected.</li> </ul> <p><b>Efficiency Indicators:</b></p> <ul style="list-style-type: none"> <li>• Value of grant agreements completed over budget requested in the corresponding proposals (%).</li> <li>• Time-to-Grant.</li> </ul> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of cost of staff involved in the contracting process (costs of initiation and verification related to controls).</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Prevented, detected, corrected errors or irregularities during the evaluation and selection.</li> </ul>

**Stage 3 - Monitoring the execution**

This stage covers the monitoring the operational, financial and reporting aspects related to the project and grant agreement

**Main control objectives:** ensuring that the operational results (deliverables) from the projects are of good value and meet the objectives and conditions (effectiveness & efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality & regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information)

<p><b>Main risks It may happen (again) that...</b></p>	<p><b>Mitigating controls</b></p>	<p><b>How to determine coverage frequency and depth</b></p>	<p><b>Cost-Effectiveness indicators (three E's)</b></p>
<p>The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant/contribution agreement and/or the amounts paid exceed that due in accordance with the</p>	<p>Operational and financial checks in accordance with the financial circuits. Approval of technical reports by the operational Units.</p> <p>Operation authorisation by the AO.</p> <p>Audit certificates.</p> <p>For riskier operations, ex-ante in-depth and/or on-site verification.</p> <p>For LIFE projects: each project is monitored by an external entity.</p>	<p>100% of the projects are controlled, including only value-adding checks.</p> <p>LIFE projects are monitored by an external monitoring team..</p> <p>Riskier operations subject to in-depth and/or on-site controls.</p> <p>The depth depends on the risk criteria.</p>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>• % of time sheet error reports of total number of on-site monitoring visits. Number of control failures; budget amount of the errors concerned.</li> <li>• Number of projects with cost claim errors; budget amount of the cost items rejected.</li> <li>• Number of penalties damages; amount of the penalties damages.</li> <li>• Success ratios; % of value of cost claims items adjusted over cost claims value.</li> </ul> <p><b>Efficiency Indicators:</b></p> <ul style="list-style-type: none"> <li>• Cost/benefit ratio % cost over annual amount disbursed.</li> </ul>



applicable contractual and regulatory provisions.	For high risk operations, reinforced monitoring.  LIFE projects: Ex-ante verification on-the spot (OV and/or FV) – e.g. monitoring visits. Identify projects for risk-based ex-post audit.	High risk operations identified by risk criteria. Red flags: delayed interim deliverables, unstable consortium, requesting many amendments, EDES or anti-fraud flagging, etc.	<p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of cost of staff involved in the actual management of running projects (costs of initiation and verification related to controls; allocated time of technical staff; allocated cost of monitoring visits).</li> <li>• Costs of audit certificates.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Prevented, detected, corrected errors or irregularities during the execution phase, through monitoring. Budget value of the costs claimed by the beneficiary, but rejected by the project officers.</li> <li>• Budget value of the part of the grant not paid out as pre-financing for projects that have been terminated by the Commission.</li> <li>• Budget value of penalties and liquidated damages.</li> </ul>
	If needed: application of suspension/interruption of payments, Penalties or liquidated damages. Referring grant beneficiaries to OLAF.	Depth: depends on results of ex-ante controls.	

#### Stage 4 - Ex-Post controls

##### **A: Reviews, audits and monitoring**

**Main control objectives:** Measuring the effectiveness of ex-ante controls by ex-post controls; detect and correct any error or fraud remaining undetected after the implementation ex-ante controls (legality & regularity; anti-fraud strategy); addressing systemic weaknesses in the ex-ante controls, based on the analysis of the findings (sound financial management); Ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information)

<b>Main risks</b> <i>It may happen (again) that...</i>	<b>Mitigating controls</b>	<b>How to determine coverage frequency and depth</b>	<b>Cost-Effectiveness indicators (three E's)</b>
<p>The ex-ante controls as such fail to prevent, detect and correct erroneous payments or attempted fraud.</p>	<p>Ex-post control strategy: Carry out audits or desk reviews of a representative sample of closed projects to determine effectiveness of ex-ante controls (+ consider ex-post findings for improving the ex-ante-controls).</p> <p>This is complemented by risk based sample and check of time sheets by the monitoring team. If error rate over materiality level, reservation in the AAR and action plan.</p> <p>Recommend recovery order(s) to the AOS. If needed: referring the beneficiary of grant to OLAF.</p>	<p>Representative sample: random or MUS sample sufficiently representative to draw valid management conclusions.</p> <p>Risk-based sample, determined in accordance with the selected risk criteria, aimed to maximise error correction (higher amounts, number of partners, recurrent beneficiaries, poor interim/final financial reporting, files signalled by operational Units).</p>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>• Representative error rate.</li> <li>• Residual error rate below materiality level.</li> <li>• Number of supervisory control failures.</li> <li>• Amount of budget of errors concerned.</li> <li>• Number of projects with errors; budget amount of the errors detected.</li> </ul> <p><b>Efficiency:</b></p> <ul style="list-style-type: none"> <li>• Total (average) annual cost of audits compared with benefits (ratio).</li> </ul> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of cost of staff involved in the coordination and execution of the audit strategy.</li> <li>• Cost of the appointment of audit firms for the outsourced audits.</li> <li>• Costs of missions.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Amount of expenditures declared ineligible by the auditors and subsequent issue / payment of recovery orders.</li> </ul>

<b>Main risks</b> <i>It may happen (again) that...</i>	<b>Mitigating controls</b>	<b>How to determine coverage frequency and depth</b>	<b>Cost-Effectiveness indicators (three E's)</b>
<p>The ex-post controls focus on the detection of external errors (e.g. made by beneficiaries) and do not consider any internal errors made by staff or embedded systematically in the own organisation.</p>	<p>If needed management letter on findings of ex-post audits to operational Units.</p> <p>Audit reports included.</p> <p>"Management findings" related to internal errors.</p> <p>Draft audit reports are reviewed and approved by hierarchy. At this stage, hierarchy could be informed of any systematic errors.</p>	<p>Coverage: For each audited project, the random sample will be statistically representative to enable drawing valid management conclusions about the entire population during the programme's lifecycle.</p>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>• Number of supervisory control failures.</li> <li>• Amount of budget of errors concerned.</li> <li>• Number of transactions with errors;</li> <li>• Budget amount of the errors detected by the supervisors.</li> </ul> <p><b>Efficiency Indicators:</b></p> <ul style="list-style-type: none"> <li>• Total (average) annual cost of supervisors compared with benefits (ratio).</li> <li>• Average cost per programme, call and/or per (running) project.</li> <li>• % cost over annual amount disbursed in grants.</li> </ul> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of cost of staff involved in coordinating and executing the ex-post audit strategy and in the implementation of audits.</li> <li>• Costs of the appointment of audit firms and missions.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Budget value of the errors detected by the supervisors.</li> </ul>

**B: Implementing results from ex-post audits/controls**

**Main control objectives:** Ensuring that the (audit) results from the ex-post controls lead to effective recoveries (legality & regularity; anti-fraud strategy); Ensuring appropriate accounting of the recoveries made (reliability of reporting)

<b>Main risks</b> <i>It may happen (again) that...</i>	<b>Mitigating controls</b>	<b>How to determine coverage frequency and depth</b>	<b>Cost-Effectiveness indicators (three E's)</b>
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<p>The errors, irregularities and cases of fraud detected are not addressed or not addressed timely</p>	<p>Systematic registration of audit / control results to be implemented in a database</p> <p>Forecast of revenue issued by Finance Unit together with the audit report.</p> <p>Financial and operational validation of recovery in accordance with financial circuits.</p> <p>Authorisation of recovery order by the AOD or the AOS.</p>	<p>Coverage: 100% of final audit results with a financial impact.</p>	<p><b>Effectiveness:</b></p> <ul style="list-style-type: none"> <li>• Number/value/% of audit results pending implementation.</li> <li>• Number/value/% of audit results failed implementation.</li> <li>• Success ratio; % of value of the ROs over detected errors by the auditors.</li> </ul> <p><b>Efficiency Indicators:</b></p> <ul style="list-style-type: none"> <li>• Total (average) annual cost of implementing audits compared with benefits (ratio).</li> <li>• Time-to-recovery.</li> </ul> <p><b>Economy:</b></p> <ul style="list-style-type: none"> <li>• Estimation of cost of staff involved in the implementation of the audit results.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Budget value of the errors, detected by ex-post controls, which have actually been corrected (offset or recovered).</li> </ul>
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## ANNEX 7: Specific annexes related to "Financial Management"

### Management Partners: CINEA, EIB and delegated DGs

European Climate, Infrastructure and Environment Executive Agency (CINEA)

2021 was a year of transition with several changes happening for the management of the LIFE programme:

- CINEA took over the implementation of the LIFE grants from the European Agency for Small and Medium-sized Enterprises (EASME);
- the new [LIFE Regulation](#) was adopted on 17th May 2021;
- the [Multiannual Work Programme for the years 2021-2024](#) was adopted on 9th July 2021.

Despite all these changes and thanks to the close collaboration between the new Executive Agency and the Commission, the LIFE calls for proposals for action grants (standard action projects; strategic integrated and strategic nature projects) were launched on 13<sup>th</sup> July 2021.

The call for proposals for standard action grants foresaw an overall amount of around EUR 228 million. More than 400 proposals were received and are under evaluation at the time of writing.

Following the call for proposals launched in 2020, around 110 projects were financed, mainly submitted by private organisations, out of which a third of small and medium-sized enterprises.

Following two calls for proposals for strategic integrated and strategic nature projects for an overall amount of about EUR 120 million, CINEA received 16 concept notes.

Six grant agreements for integrated projects were concluded following the call for proposals launched in 2020.

In 2021, CINEA launched a call for proposals to identify key NGOs in view to sign framework partner agreements and to support the implementation of their work programmes in the years 2022-2024.

Following an ad hoc call for proposals launched in 2020, 27 NGOs are being financed to overcome the consequences of the COVID pandemic and to mobilise and strengthen the civil society's participation and contribution to the implementation of the European Green Deal.

Taking into account the new grant agreements signed this year, the number of ongoing LIFE-ENV projects managed by CINEA is around 750. Half of them in the last two years asked for an amendment linked to the consequences of the pandemic: 64% of them obtained an extension of the duration of the project. CINEA has been working in close

collaboration with DG ENV to monitor and assess the impact of the pandemic on the implementation of the projects and of the programme.

### **European Investment Bank (EIB) in Luxembourg:**

EIB is entrusted with the implementation of the Natural Capital Financing Facility (NCF), a financing instrument for projects promoting the preservation of natural capital, including adaptation to climate change. The NCF provides loans and investments in funds to support projects that promote the preservation of natural capital, including adaptation to climate change, in the Member States.

In total, eleven operations have been finalised since 2017 out of which six direct loans, four indirect loan operations and one equity agreement for the Irish Sustainable Forest Fund. (“Rewilding Europe Capital”, “Irish Sustainable Forestry Fund”, “City of Athens”, “Croatian Bank for Reconstruction and Development”, “Wallonia Waster Water”, “Finland conservation services”, “Alzette River Renaturalisation”, “The redevelopment of social housing blocks in the centre of Szczecin”, “the reestablishment of Pearl Mussels”, “Gingko III – Green Infrastructure and “Eau de Paris Biodiversity”) The total amount of payments made to the EIB in previous years is equal to EUR 12 645 000 <sup>(43)</sup>.

The Commission has put in place control and monitoring processes in order to verify whether the internal control system set up by the EIB is efficient and effective. For instance, Commission staff (Directors and Head of Unit) participate in the NCF Steering Committee. Financial statements and operational reports provided by the EIB are examined by both the financial and operational units in DG Environment.

### **Co-delegations:**

DG Environment has entrusted the implementation of small parts of its budget to other DGs through co-delegations<sup>(44)</sup>. Supervision arrangements are in place, based on a memorandum of understanding with delegated DGs and/or defined reporting obligations.

This arrangement is put in place when another DG is better placed than DG Environment to implement a particular action. Furthermore, some resources of DG Environment are used for the financing of necessary services such as IT tools, IT security and applications (DIGIT), translations (DGT), publications (OP), experts (PMO), communication (COMM), as well as corporate tools (HR), etc.

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<sup>(43)</sup> EUR 3.25 million in 2014, EUR 8,5 million in 2015 and EUR 895,000 in 2017.

<sup>(44)</sup> For co-delegations, the DGs which received the funds report on their use in their own AAR.

**Overview of amounts co-delegated by DG Environment to management partners in 2021:**

<b>Fund Management Center</b>	<b>Committed</b>	<b>Paid</b>
CINEA	407.389.881,27	265.064.895,21
COMM	146.844,00	0,00
DGT	495.000,00	469.968,69
DEFIS	0,00	599.984,04
DIGIT	1.477.441,92	729.541,80
ESTAT	3.579.752,00	0,00
GROW	0,00	100.000,00
HR	94.751,00	24.286,90
JRC	0,00	572.521,73
MOVE	5.096.765,00	5.096.765,00
NEAR	0,00	58.989,50
OP	109.057,87	111.426,24
PMO	451.291,00	41.423,01
SANTE	165.000,00	134.561,38
TAXUD	350.000,00	0,00
	<b>419.355.784,06</b>	<b>273.004.363,50</b>



## Key control indicators for 2021 (compared to 2020 and 2019):

1. Input indicators (resources devoted)	2021	2020	2019
Ex-ante financial initiation procurement (FTE)	3	3	3
Ex-ante financial verification procurement (FTE)	1.5	1.5	2
Ex-post control internal staff (FTE)	2	2	2
Ex-post control outsourced (amount of the contract, EUR)	199.562,50	313.306	226.156
Ex-ante financial initiation LIFE grants (FTE)	0.5	1	1.5
Ex-ante financial initiation other grants (FTE)	1.5	1	1
Ex-ante financial verification LIFE grants (FTE)	0.5	0.5	0.5
Ex-ante financial verification other grants and FIS (FTE)	0.5	0.5	0.5
IAS and ECA (FTE)	2	2	1.5
2. Output indicators (controls during project implementation)	2021	2020	2019
LIFE grants ex-ante: rejected/corrected/suspended transactions compared to total numbers of transactions	1,97%	3.06%	2.54%
Other (incl. administrative lines and Procurement) ex-ante: rejected/corrected/suspended transactions compared to the total numbers of transactions	7,13%	10.8%	6.6%
Procurement: number of procurement files reviewed by ENVAC	15	22	23
Procurement: number of negative opinions by ENVAC	0	0	0
Number of exceptions registered (ICP 12) (noncompliance)	0	2	1
LIFE grants: number of ex-post audit reports issued (MUS + Risk-based)	30	23	37
3. Results of ex-post controls	2021	2020	2019
Ex-post "detected error rate" (on MUS audits)	0,07%	0.88%	1,61%
Recovery orders issued / Recommended recovery (1-year time lag <sup>(45)</sup> )	On 2020 audits: 86%	On 2019 audits: 24%	On 2018 audits: 87%
4. Payment delays	2021	2020	2019
Number of payments exceeding legal deadlines	10/661=1.51%	26/797=3.26%	30/928=3.23%

<sup>(45)</sup>This indicator shows the value of recovery orders actually issued compared to recommended recovery. Because the issuance of recovery orders may be lengthy, the indicator shows the situation after 12 months.

- **Ex-ante controls (procurement):** The available control resources remained stable in 2021. The number of rejected/adjusted commitments following the ex-ante verification was lower to those in 2020. The introduction of certain new e-workflows using e-invoicing asked for a change in controls adapted to the increasing digitalisation of the workflows, thus new controls in place, and executed more frequently until the use of the new procedures and workflows become more habitual.
- The assessments of correct application of procurement procedures performed by the **Environment Advisory Committee (ENVAC)** are an important internal control tool. In 2021, ENVAC assessed only 15 procurement files compared to 28 files originally selected (the number of assessed files remains rather stable, with 22 files in 2020, 23 files in 2019, 21 files in 2018). Out of the 28 files foreseen for assessment, eleven files were carried over from the 2020 ENVAC selection; while eight of the planned for 2021 procedures have been cancelled. In the reporting year, only five files have been assessed under the Full ENVAC procedure, while the majority of the files (10) have been dealt with under the more flexible ENVAC Lite procedure. ENVAC gave a favourable opinion to all assessed files.
- Four specific targeted trainings for financial assistants and policy officers managing contracts took place in 2021; they have been organised by ENV.A.4 in order to improve the quality of procurement files and contract management.
- **Ex-ante controls (LIFE and other grants):** In 2021, 1,97% of the total number of verified transactions have been adjusted following the rigorous ex-ante verification, in particular of all final payments made for the LIFE legacy grants managed by DG Environment.
- **Ex-post controls:** The ex-post "detected error rate" (on MUS audits) for LIFE remained below 2 % (0,07 %). The final error rate was calculated on the basis of 100 % of the planned audits (27 MUS). In consequence, the 2021 error rate of 0,07 % is considered representative.
- **Payment delays:** In 2021, DG Environment maintained the increased efforts that have been put in place to reduce the very high delayed payments observed in 2018 (8.2%). Thanks to these efforts, late payments in 2021 accounted for just 1.5 % of the total payments executed by the DG (3.2 % in 2020).

### **Estimation of the Detected Error Rate (DER) and Residual Error Rate (RER) on LIFE Grants**

In line with the AAR Standing Instructions, the detected error rate (DER) and the residual error rate (RER) is calculated as follows:

### The detected error rate (DER)

A comparison with the previous years is possible as the audit selection process has been consistent for years. On top, in the last five years, a total of 137 so-called MUS audits have been performed. This large number of audits provides strongly reliable estimation for the error rates. A multi-annual comparison of the yearly Detected Error Rates shows that the rates are low and relatively stable, after having declined drastically in the years before 2019:

Audit year - AAR year		2019	2020	2021
DER		0.90%	0.09%	0.02%
Auditable population (accepted costs)	amounts	205,591,421	207,277,984	129,184,914
	nb of grants	216	160	102
Selected randomly and audited (amount paid)	amounts	47,681,893	37,914,847	51,714,696
	nb of audits	30	20	27
Representativity	% population	23%	18%	40%
Recommended Recovery	amounts	429,650	64,546	9,864
	% of audited	0.90%	0.17%	0.02%
DER applied to auditable population	B	1,852,534	191,746	24,639
Recoveries issued the audit year	C	212,327	163,282	9,706
Net result	B-C=D	1,640,207	28,464	14,933
RER	D / auditable population	0.80%	0.01%	0.01%

### ERROR RATE CALCULATION BASED ON TOTAL AMOUNT ACTUALLY AUDITED (\*)

The error rate is calculated as a share of the amount actually audited (no extrapolation of findings applied in DG Environment)

Audit year - AAR year		2019	2020	2021
DER		1.61%	0.23%	0.07%
Auditable population (accepted costs)	amounts	205,591,421	207,277,984	129,184,914
audited amount (accepted costs)	amounts	57,616,302	45,761,962	54,297,630
Recommended ineligible costs	amounts	929,246	105,468	37,542
DER applied to auditable population	B	3,315,816	477,714	89,321
Recoveries issued the audit year (converted to the corresponding ineligible amount)	C	427,382	292,084	37,542
Net result	B-C=D	2,888,434	185,630	51,778
RER	D / auditable population	1.40%	0.09%	0.04%

(\*) Clarifications on how the error rate was recalculated in accordance with the IAS recommendations (Note IAS Ref. [Ares\(2020\)1504722 - 11/03/2020](#)).

Since 2019 the total audited amount (instead of the total accepted amount) was used as the denominator for the error rate calculation. For the purpose of the retroactive calculations for 2017 and 2018, the same proportion was applied (basis 2019), so the recalculated error rates for these years may deviate from the actual error rates.

## DER 2021 = 0,07%.

In case the errors found are of a systemic nature, the error was NOT extrapolated.

	DER	RER
Error rates 2021 (*)	0,07 %	0.04 %
Average figure (last 5 years)(*)	0,54 %	0.41 %

The current low error rates are the result of:

- Ex-ante controls, including good guidance from the start of the project, on-the-spot monitoring during the projects, and meticulous checks before final payments;
- Ex-post verifications, which cover a substantial proportion of grants and amounts, thus probably deterring fraudsters.

Good articulation of ex-ante and ex-post controls over time has also been decisive. The best example was when ex-post auditors analysed the causes of errors and detected that personnel costs were the most likely to be at risk: the ex-ante controllers adopted the conclusions and improved, as early as 2010, their guidance for timesheets. This decision, the result of internal cooperation, proved to be decisive in leading to a lower error rate.

### The residual error rate (RER) <sup>(46)</sup>

Calculation step	Result	Explanation
A. Detected ex-post error rate LIFE grants	0.07 %	Ex-post auditors recommended rejecting € 37 542 out of the € 54 297 630 they audited.
B. Apply DER of 0.07% to total auditable population of € 129 184 914	€ 89 321	Estimate of amount unduly paid in the auditable population.
C. Deduct recoveries issued the audit year (converted to the corresponding ineligible amount)	€ 37 542	Recovery orders issued in 2021 related to audits in previous years, which reduce the amount unduly paid in 2021.
D. Net result	€ 51 778	Net amount unduly paid.
E. Residual error rate (RER)	0.04 %	Net result of € 51 778 divided by the auditable population of € 129 184 914

<sup>(46)</sup> Please see clarifications on calculations on previous page

## Control results

### Economy – Cost of controls

#### Procurement

Procurement procedures/launch of calls

Financial operations (ex-ante)

Supervisory checks (ex-post)

#### Overall cost of controls

Cost of controls		
FTE Officials		Total
N	EUR	EUR
0.5 AST	114,000	57,000
3 AST	114,000	342,000
1 AD	177,300	177,300
<b>4.5</b>		<b>576,300</b>

### Grants - Direct Management

In order to estimate the cost of controls regarding grants in direct management<sup>(47)</sup>, we have identified all technical staff allocated time, as well as the time for initiation and verification in the financial unit of DG Environment. To this breakdown (please refer to the table below), we added the cost of external monitoring of LIFE and the ex-post audits of mainly LIFE grants carried out by ENV.A.5 and two external contractors.

### Financial Instruments and Indirect Management

The cost of supervision of indirect management is shared between several staff members of primarily Units ENV.F.2 and ENV.D.2, but also mainly from ENV.A.4. It represents a small or even a very small part of their time for each of them. The cost of such supervision does not exceed 0.5 FTE, the main part representing the supervision of the European Investment Bank (EIB), work on the entrusted Financial Instruments and the verification of grants in indirect management to some international organisations and of subsidies to the 2 decentralised Agencies that DG ENV supports (EEA and ECHA).

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<sup>(47)</sup> Mainly in the framework of the LIFE programme, but also for the grants financed through funds codelegated to DG Environment by other Directorates-General.

**Grants, Financial Instruments and other Indirect Management**

		Cost of controls – Grants and FIs			
		FTE Officials	Other (external) inputs	Total	
		No.	EUR	EUR	EUR
Stages 1 and 2 - Evaluation, selection, contracting		0.5 AD	177.300		88.650
Stage 3 - Monitoring and execution (fin circuits)		1.75 AST	114.000		199.500
<b>Subtotal ex-ante</b>		<b>2.25</b>		<b>750.000</b>	<b>1.038.150</b>
Stage 4 - Ex-post controls and recoveries		1.5 AST	171.000	199.562,50	370,562,5
<b>Subtotal ex-post</b>		<b>1.5 AST</b>	<b>171.000</b>	<b>199.562,50</b>	<b>370,562,5</b>
Financial Instruments and Indirect Management					
<b>Subtotal FIs and IM</b>		<b>0.75 AD</b>	<b>177.300</b>	-	<b>132.975</b>
<b>Total costs</b>		<b>4.5</b>	<b>560,475</b>	<b>949.562,50</b>	<b>1.541.687,50</b>

The total cost of controls, for both procurement and grants stands at: **EUR 2 117 988**.

**Benefits of Controls**

**Prevented errors** relate to funds that have been saved after the conclusion of procurement and grant procedures and have been re-allocated for use still in 2021. In 2021, a very rigorous monitoring of the implementation of all contracts has been put in place, to address increased risks due to the COVID pandemic. A lot of re-planning and changes done to a significant number of contracts, to allow contractors to deliver the best possible results considering the prevailing confinement conditions in many of the Member States. These controls and early cancellations of commitments, when needed, allowed DG Environment to minimise - to the extent possible - losses of its resources.

**Detected errors** in procurement relate to mistakes in the pre-award phase (in 2021 for a number of published calls additional clarifications have been provided in form of the response to the questions that was made public during the publication of tenders. There were no cancelled procedures, only one corrigendum of the tender specifications in one

open call procedure took place. DG Environment is still responsible for the award and management of Preparatory Projects under LIFE. Furthermore in 2020 a specific Call in response to the COVID pandemic has been launched and in 2021 DG ENV manages the resulting grants. In 2021 also a dedicated Call to support MS for the monitoring of COVID-19 variants in Urban WasteWater treatment facilities has been launched resulting in awarding 26 grants that will be managed by DG ENV using ESI funds. In this context, due to the rigorous revision during the evaluation phase of these proposals, the controls done detected errors in proposal and produced corrections to the amounts asked that otherwise would have been allocated to actions that were not eligible.

**Corrected errors** in procurement relate to non-eligible expenditure corrected ex-ante prior to final procurement payments (due to wrong invoicing and calculations mainly) which have been rectified mainly through credit notes; there have also been contracts with unused/unclaimed amounts which led to de-commitment of these unused resources. In 2021 there have been a very limited number of wrong invoices (4), which have been corrected by asking contractors to provide credit notes and corrected invoices. Again in 2021, the controls of final procurement payments lead to reduced invoices of the amount due (due to non-delivery or delays in delivery and, in certain cases, due to early termination of contracts and partial delivery of the products due to the COVID pandemic). Benefits also result for the ex-post discovery of non-eligible expenditures due to irregularities or ineligible costs of grants for which recovery orders recommended from ex-post auditors or the verifiers are issued.

**Table Y - Overview of DG's/EA's estimated cost of controls at Commission (EC) level:**

**NB. The absolute values are presented in million EUR.**

<b>EXPENDITURE</b>								
ENV	Ex ante controls***			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*	EC total costs	related payments Made	Ratio (%)** (a)/(b)	EC total costs	total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)** (g)/(b)
Procurement	399.000,00 €	48.874.621,51 €	0,82%	177.300,00 €	48.874.621,51 €	0,36%	576.300,00 €	1,18%
Grants (including FIs and IM)	1.038.150,00 €	83.091.360,95 €	1,25%	503.537,50 €	83.091.360,95 €	0,61%	1.541.687,50 €	1,86%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
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	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
<b>OVERALL total estimated cost of control at EC level for expenditure</b>	<b>1.437.150,00 €</b>	<b>131.965.982,46 €</b>	<b>1,09%</b>	<b>680.837,50 €</b>	<b>131.965.982,46 €</b>	<b>0,52%</b>	<b>2.117.987,50 €</b>	<b>1,60%</b>



## Audit observations and recommendations

### Conclusion of the Internal Auditor on the state of internal control in DG Environment

There are two very important' IAS recommendations accepted and not reported as implemented by DG Environment. The final date of implementation for these recommendations is 31/12/2022. These stem from the audit on *Relations with decentralised agencies (EEA and ECHA) in the Directorates-General for Environment and Climate Action* <sup>(48)</sup>

DG Environment has already started the work for the implementation of these recommendations. Particularly under Recommendation 1, a number of actions have been taken:

- Rec 1.a:
  - DG Environment (DG ENV) and the European Environment Agency (EEA) agreed to establish a structured dialogue at Senior Management level during a Joint session of the DG ENV-EEA Senior Management Board on 15/3/2021.
  - A second joint session of DG ENV- EEA Senior Management Board (SMB) to define priority areas at strategic level took place on 15/11/2021. DG ENV presented its priorities based on the policy agenda, where EEA support to DG ENV will be required. During this meeting it was decided to set up an Intergroup lead by two Senior Managers from EEA and DG ENV. A note was sent to the EEA on 2/12/2021, describing the process of the structured dialogue with the minutes of the joint SMB session (Ares(2021)7448377).
  - These discussions fed the development of the 1st draft SPD 2023-2025 sent by the EEA to the Commission on 31/1/2022 (Ares(2022)705484).
  - The 1<sup>st</sup> meeting of this Intergroup took place on 28/01/2022. It was decided to associate DG CLIMA to the Intergroup. The mandate of the Intergroup will be to provide a mapping of DG ENV priorities vs EEA activities, for preparing strategic discussions at Senior Management level on policy needs and priorities in the context of increasing demands but limited resources (cf summary of discussions and outcomes - Ares(2022)1191216)
- Rec. 1b
  - With the recent reorganisation, the role and responsibilities of DIR.A and A3 units have been clarified and reinforced on the internal coordination with EEA. DG ENV management is regularly consulted and informed about the

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<sup>(48)</sup> The recommendations are presented in the main document of the AAR 2021 under point 2.1.2. "Audit observations and recommendations"

outcomes of the EEA Management Board. Following the 1<sup>st</sup> Intergroup meeting (cf point 1.a) an internal meeting was organised with the Senior Management to discuss priorities and new tasks foreseen for EEA in the policy initiatives tabled by DG ENV.

- The key documents have been uploaded on ENV.A3 common space.
- An Inter-Service Group has been set up for EEA coordination which will also deal with the new EEA evaluation (2017-2021). The 1<sup>st</sup> ISG meeting will take place on 28/02/2022 (Ares(2022)1101422).

- Rec. 1.c

- The coordination with other DGs will be addressed through the newly established ISG (point 1.b)
- 14 DGs replied to the note send by DG ENV Director-General to all DGs concerned by EEA activities, asking information about current and envisaged agreements with EEA in support to their DGs (Ares(2021)6795698). In total 12 ongoing or foreseen agreements with EEA were identified. The issue of increasing number of agreements with Agencies (and subsequently the difficulties for the partner DGs to coordinate) is well identified by the Central Services as highlighted in a recent Meeting of SG AGENCES with parent DGs of decentralised agencies (17/02/2022). Further bilateral discussions will be organised to discuss more specifically about coordination with DGs for EEA.
- Internal discussion on revamping the EKC started in DG ENV.

Work is continuing to address these recommendations, which are to be finalised and submitted for IAS review by the end of 2022. Regarding the impact of the audit on the assessment of DG Environment's internal control system, we consider that the principle concerned (No. 6) is still present and functioning, but that some improvements are needed.

For the audit on "LIFE Financial Instruments" (2018), there were three recommendations. One recommendation has been closed and the remaining two were submitted to the IAS in December 2021, considered as fully implemented by DG Environment. One recommendation ("Visibility and promotion of the EU contribution") was considered "very important", but was later downgraded to "important". The IAS is presently carrying out a follow up audit of the two recommendations.

An audit on "Monitoring of implementation of trade agreements" was launched in October 2021. The IAS is now carrying out a preliminary survey.

The audit on "Evaluations and Studies" (2019) was closed by ther IAS in March 2021, as they found that the two recommendation had been fully implemented by DG Environment. Recommendation No. 2 (Procurement) was rated "very important"

Also the audit on “International Activities” (2018) was closed by the IAS in July 2021. Recommendation No. 2 (Coordination with DG DEVCO as regards Voluntary Partnership Agreements) was rated “very important”.

### **European Court of Auditors (ECA)**

DG Environment is principally concerned by chapter 6 ‘Natural Resources’ of the Annual Report 2020, but there is no specific mention of the DG in the report, as well as chapter 7 ‘Performance of the Budget’. The estimated level of error for the Natural Resources chapter is exactly at the materiality level of 2%. In line with ECA’s approach, there is no separate assessment of the level of error for underlying policy areas.

The European Court of Auditors issued a clean statement of assurance on the DG ENV Accounts for 2021.

# ANNEX 8: Specific annexes related to "Assessment of the effectiveness of the internal control systems"

## Annual assessment of the Internal Control Principles

### 1. Annual assessment of the Internal Control Monitoring Criteria

The ICMC of DG Environment for 2021 consist of 52 indicators (for the 17 principles under its five components). Some deficiencies were identified under components 1 and 2.

#### Component 1: Control Environment

**Mobility:** **31%** of staff considers that DG Environment takes appropriate or slightly appropriate action to promote mobility (38% in 2018). EC scores 38% satisfaction.

#### Component 2: Risk Assessment

"The senior management team gives clear guidance on the mission, objectives and tasks". DG ENV scores 51% (54% in 2018); EC scores 57%.

#### Component 3: Control Activities

No weaknesses identified

#### Component 4: Information and Communication

No weaknesses identified

#### Component 5: Monitoring Activities

No weaknesses identified

### 2. The results of the staff survey

DG HR launched a staff survey in late autumn 2021 and therefore DG Environment did not organise an internal survey for the assessment of the internal control for the AAR. As a result, not all issues can be compared with last year's results. The participation rate in DG Environment was rather low (36%), so it cannot be assumed that the results are representative for the DG.

The results were received in mid-March 2022. Areas of concern were identified in particular with regard to the following issues (cf. also section 2.2.1 in the body of the AAR):

- a) Despite the efforts made since several years on **staff mobility**, the score in the survey on this topic has decreased since the 2018 survey: only **31%** of staff considers that DG Environment takes appropriate or slightly appropriate action to promote mobility (38% in 2018). EC scores 38% satisfaction.

- b) **Collaboration and Communication** : “There is great importance placed on listening to staff in my DG” : **DG ENV scores only 37% satisfaction** (47% in 2018). EC scores 51% satisfaction.

“My DG actively supports collaboration and knowledge sharing among staff” : DG ENV scores 56%, which is a slight decrease compared to 2018, when the satisfaction was 58%. EC scores 63%.

- c) **Learning and Development**: “My manager helps to identify my learning and developing needs”. The DG scores lower than the overall EC: **28% satisfaction** compared to EC score of 40%. In the DG there is an important decrease from 40% in 2018.
- d) **Resources**: **41%** of DG Environment staff considers that the DG is organised in an efficient way, compared to 46% in 2018 and well below the EC score, which is 53%.
- e) **Senior Management Team**: “The senior management team communicates effectively with staff”. DG ENV scores 48% satisfaction (52% in 2018); EC scores 56%.

“The senior management team is open to input from staff”. DG ENV scores 46% satisfaction (52% in 2018). This year’s result is below the EC score of 55%.

It should be mentioned that DG Environment scores above the EC average in areas like **atmosphere of trust in the DG, feeling of cooperation** and also **good relations with and feed-back from middle-management**.

### 3. The annual declarations by the Authorising Officers by Sub-delegation.

In this declaration, each AOS confirms that the commitments and payments authorised by them in 2021 are legal and regular and that the corresponding funds have been used for their intended purpose and in accordance with the principle of sound financial management. The AOS declarations do not indicate any significant weaknesses in the control system.

4. The reporting of **exceptions and non-compliance events** (ICP 12): In 2021, no exception or non-compliance event was registered. Previous set up mitigation measures prove to avoid recurrence of earlier incidents.
5. **Financial monitoring and reporting tools**, for information, action and supervision. A **“Financial Dashboard”** is regularly sent to senior management. It is based on a set of control indicators notably covering budget implementation, commitments and launches, payment delays, recovery orders, fines to Member States, forecast of revenue, RAL, and ENVAC. These monitoring reports, provided eight times in the year, are presented beforehand and discussed at senior

management level, while they are also disseminated to all the DG. For a pro-active monitoring of payment delays, the twice-monthly “**Financial Priorities Report**” gives to each manager a listing of open invoices under his/her responsibility, with indication of those that are nearing the payment deadline. Furthermore, other tools and reports from DG BUDG are used for monitoring the execution of the management of the LIFE budget and communicate this information to the management.

6. DG Environment’s **risk register**: In 2021, DG Environment carried out a general review of the risks associated to its main activities, both ongoing and planned. The review covered risks identified as potentially important or above, risks of fraud, whatever their level, as well as COVID-related risks (which the previous year had been subject to a separate, targeted review). None of the potential risks reported was either critical or of a fraud nature.

The reported risks were examined by senior management in the context of an ad-hoc meeting on planning and risks. Considering the nature of the issues discussed as well as their planned mitigation, none of the potential risks identified was retained for registration. The DG Risk Register was nevertheless updated to review and report on the mitigation plan associated to an existing important risk (update reference Ares(2022)538774).

7. **Anti-fraud activities and OLAF cases**: during the reporting year, the Finance Unit continued its efforts to raise awareness on fraud prevention. In 2021, the situation with cases transmitted to OLAF by the DG, initiated by OLAF or relating to potential fraud involving EU funds is the following:

- We received information on three allegations coming from third parties and were re OLAF decided not to open investigations
- Two investigations were closed by OLAF and two recommendations of recovery of funds was sent to the DG.
- The DG responded to at least five requests by OLAF to provide additional information.
- DG Environment reported to OLAF on the state of play of implementation of six OLAF recommendations were being implemented by the DG.
- The actions from the Action Plan of the DG have been systematically implemented. Anti-Fraud Strategy.

8. **The European Ombudsman**: No individual financial cases were brought to the attention of the Ombudsman in 2021. DG Environment has fully implemented the recommendations made by the Ombudsman in its own initiative enquiry on expert groups. The DG also provided replies to four enquiries by the Ombudsman on the implementation of environmental policies.

- 9. Review of sensitive functions:** The Financial Instruments process in place to identify and manage sensitive functions is effective. An extensive risk assessment of the sensitive functions was carried out in collaboration with all Directorates/Units concerned mid-February 2022. This resulted in that the posts of the Head of Unit of ENV.A4-Finance, as also the post of Local Authorisation Manager (LAM) in the same Unit, will be kept as sensitive posts.
- 10. Staff Allocation and Mobility:** DG Environment has made continuous efforts over the last year to allocate and re-deploy its resources so that it can respond to the political priorities encompassed by the Green Deal.

In 2021, after an extensive consultation process where all staff and the entire management of DG ENV were consulted and involved, DG ENV has presented a reorganization proposal aiming mainly at gaining further synergies of tasks and an optimized streamlining of resources. A comprehensive overview of all the internal moves in connection to the reorganization, that took place in December 2021, is to be found in the note submitted for this purpose to DG HR and the SG (Ares(2021)6646134).

Furthermore, DG ENV is screening and discussing at the level of the DG and the Director for Resources every single post that becomes vacant in the DG (permanent staff or external staff) to assess, on a case by case basis, if the post can be internally re-deployed. Given that currently all the teams in DG ENV are working on top political priorities, there are very few opportunities to pool out resources from the current teams and re-deploy them internally. However, all Directors can and are actually encouraged to move internally, within their Directorates, resources to respond to pressing needs, while in certain work streams a pooling or task-force approach is used. This is a practice that is currently used to react to urgencies.

Vacant positions are filled quick and whenever possible anticipated in advance with an early publication. Our vacancy rate was once again consistently lower than the Commission vacancy rate.

DG Environment promoted internal mobility which resulted in 2021 in the internal transfer of 31 colleagues. In addition, the DG recruited 35 colleagues from other DGs via article 29 and 2 colleagues from other DGs arrived after an Article 7 procedure. We also reintegrated 1 colleague after CCP and 4 officials returned to ENV after a period in a Delegation and we also recruited 5 EPSO *laureates*.

- 11. Document management:** Measures taken in 2021 focused mainly on making information and knowledge as widely available as possible, and ensuring documents are preserved in accordance with their informational, administrative, legal or historical value. In 2021 DG ENV moved to another building and, therefore, the main focus and priority during 2021 was on the analysis and transfer of paper archives.

The following measures have been taken in 2021:

**Training:**

- Several short VC training and coaching sessions on document management (in particular on how to prepare units' paper archives for the move), information security and personal data for all staff have been organised to ensure knowledge of latest developments and of best practices;
- A total of 26 training sessions on document management/information security and personal data protection were organised in 2021 and 173 staff attended these sessions.

**Implementation of e-signatories in the DG:**

- During 2021 the use of electronic workflows and signatures has increased slight.
- In 2020: 5601 registered Documents with e-signatory workflow (74% of all registered documents, 96 % with a SIGN task)
- In 2021: 6202 registered Documents with e-signatory workflow (78% of all registered documents, 97 % with a SIGN task)
- The analysis on the feasibility to use qualified electronic signature (QES) for financial documents in the DG is ongoing.

**Review of visibility of HAN files:**

- The default visibility for files to be created in ARES has been changed from Environment to Commission visibility, as of 2018. This allows that, data and information in ARES are available, searchable and retrievable as widely as possible across the Commission. In 2021, all new files have been created with the default setting and file access has been restricted in case of legal or security requirements or clear justifications.

**Reminders and reporting:**

- ARES provides limited reporting facilities, but units received regular reminders in relation to registration and filing of documents.

**Improved archiving procedures:**

- Additional attention was given to review of e-filing system in units. This included training and guidance to staff.
- The number of filed documents in ARES is stable (in 2021: 21,101 documents have been created of which 468 documents are unfiled = around 97% of DG Environment's documents are filed).
- In 2021 DG ENV moved buildings. Therefore, DG's paper archives had to be analysed and treated according to the administrative value and legal obligations (in



line with the Commission Common Retention List). This ensured not only that files have been transferred to the Commission's Historical Archives for permanent preservation but also reducing DG ENV's archiving space.

## 12. IT Security:

Following the Commission Decision 46/2017, which dictates that "IT security shall be based on a risk management process, all systems' security plans were reviewed. Previous identified measures continued to be implemented and residual risks remain at acceptable levels. The security information of all systems was updated in the corporate inventory.

## Conclusion

DG Environment has assessed its internal control system during the reporting year and has concluded that it is effective and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified related to:

- Possibilities for increasing **staff mobility**;
- Enhance the **collaboration and communication** within the DG. Related to this, there is a wish that the **senior management team** should communicate more effectively with staff and be more open to input from staff.
- Some actions to be taken in staff **learning and development**.
- Regarding the **concerns on the non-optimal organisation**, it should be noted that DG Environment recently underwent a reorganisation with re-allocation of files and responsibilities. The dissatisfaction of staff may also be related to the pressure generated by the high workload under the European Green Deal.
- There are two very important' IAS recommendations accepted and not reported as implemented by DG Environment and/or closed by the IAS. These relate to the **audit on Relations with decentralised agencies (EEA and ECHA) in the Directorates-General for Environment and Climate Action** <sup>(49)</sup>

Remedial measures have been taken concerning the IAS audit recommendations (Annex 7). As the result of the staff survey was published only a few days before this document was finalised, remedial measures for the deficiencies noted have not yet been set up.

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<sup>(49)</sup> The recommendations are presented in the main document of the AAR 2021 under point 2.1.2. "Audit observations and recommendations"

## ANNEX 9: Specific annexes related to "Control results" and "Assurance: Reservations"

### 1) Annex related to "Control results" - Table X: Estimated risk at payment and at closure

Table X : Estimated risk at payment and at closure

DG ENV	'payments made' (2021,MEUR)	minus new prefinancing [plus retentions made] (in 2021,MEUR)	plus cleared prefinancing [minus retentions released and deductions of expenditure made by MS] (in 2021,MEUR)	'relevant expenditure' (for 2021,MEUR)	Detected error rate or equivalent estimates	estimated risk at payment (2021,MEUR)	Adjusted Average Recoveries and Corrections (adjusted ARC, %)	estimated future corrections [and deductions] (for 2021,MEUR)	estimated risk at Closure (2021,MEUR)
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
Administrative expenditure	0,02	0,00	0,00	0,02	0,50% - 0,50%	0,00 - 0,00	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,00
LIFE - grants and contribution agreements	25,07	- 6,22	70,42	89,27	0,07% - 0,07%	0,06 - 0,06	0,01% - 0,01%	0,01 - 0,01	0,05 - 0,05
LIFE - procurement	38,31	- 1,68	1,57	38,20	0,50% - 0,50%	0,19 - 0,19	0,00% - 0,00%	0,00 - 0,00	0,19 - 0,19
Contributions EEA	51,42	- 45,40	41,74	47,76	0,50% - 0,50%	0,24 - 0,24	0,00% - 0,00%	0,00 - 0,00	0,24 - 0,24
Contributions ECHA	5,29	- 5,29	3,03	3,03	0,50% - 0,50%	0,02 - 0,02	0,00% - 0,00%	0,00 - 0,00	0,02 - 0,02
Multilateral Env. Agreements	3,44	0,00	0,00	3,44	0,50% - 0,50%	0,02 - 0,02	0,00% - 0,00%	0,00 - 0,00	0,02 - 0,02
Preparatory Actions & Pilot Projects	5,37	- 1,32	0,00	4,05	0,50% - 0,50%	0,02 - 0,02	0,00% - 0,00%	0,00 - 0,00	0,02 - 0,02
Co-delegations from other DGs	16,59	- 14,50	2,30	4,40	0,50% - 0,50%	0,02 - 0,02	0,00% - 0,00%	0,00 - 0,00	0,02 - 0,02
Co-delegation from DG INTPA	13,57	- 12,87	0,50	1,20	0,50% - 0,50%	0,01 - 0,01	0,00% - 0,00%	0,00 - 0,00	0,01 - 0,01
<b>DG total</b>	<b>159,07</b>	<b>- 87,27</b>	<b>119,57</b>	<b>191,36</b>		<b>0,57 - 0,57</b>	<b>0,01% - 0,01%</b>	<b>0,01 - 0,01</b>	<b>0,56 - 0,56</b>
					<b>Overall risk at payment in %</b>	<b>0,30% - 0,30%</b> (7) / (5)		<b>Overall risk at closure in %</b>	<b>0,29% - 0,29%</b> (10) / (5)

#### Notes to the table X

(1) Relevant Control Systems differentiated per relevant portfolio segments and at a level which is lower than the DG total.

(2) Payments made or equivalent, e.g. expenditure registered in the Commission's accounting system, accepted expenditure or cleared pre-financing. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle.

In all cases of Co-Delegations (Internal Rules Article 3), "payments made" are reported by the Delegated DGs. For Cross-SubDelegations (Internal Rules Article 12), the reporting remains with the Delegating DGs.

(3) New pre-financing actually paid by out by the department itself during the financial year (i.e. excluding any pre-financing received as a transfer from another department). as per note 2.5.1 to the Commission annual accounts thus excluding "Other advances to Member States" which are covered on a purely payment-made basis (note 2.5.2). Pre-financing paid/cleared" are always covered by the Delegated DGs, even for Cross-SubDelegations.

- (4) Pre-financing actually cleared during the financial year (i.e. their 'delta' in the Financial Year 'actuals', not their 'cut-off' based estimated 'consumption').
- (5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to legality & regularity errors (see the ECA's Annual Report methodological Annex 1.1), our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out and adds the pre-financing actually cleared during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.
- (6) For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (e.g. *administrative expenditure, operating contributions to agencies*), the rate used is 0.5% as a conservative estimate.
- (8) The adjusted average recovery and corrections percentage is based on the Recoveries made as a result of the 2021 ex-post audits.

## ANNEX 10: Reporting – Human resources, digital transformation and information management and sound environmental management

**Objective:** DG ENV employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the Commission's priorities and core business

**Indicator 1:** Number and percentage of first female appointments to middle management positions

**Source of data:** SEC(2020)146

Baseline (2019)	Target (2022) + 2024)	Latest known results (2021)
50%	2022: +1 female appointment 2024: still to be defined	50% (1 woman and 1 man appointed as Head of Unit in 2021)

**Indicator 2:** DG Environment staff engagement index

**Source of data:** Commission staff surveys 2018 and 2021

Baseline (2019)	Target (2024)	Latest known results (2021)
72%	74% and maintain above the Commission average (72% in 2021)	73% compared to the Commission average of 72%

### Main outputs in 2021:

Description	Indicator	Target	Latest known results
Development of a local HR Strategy	HR Strategy and action plan	2021 Q1	To be developed now that the corporate HR strategy is known
Programme of internal online communication <ul style="list-style-type: none"> <li>Online events such as coffee breaks with Senior Management</li> <li>Targeted information on policy achievements</li> </ul>	Number of events / policy campaigns implemented	Regular pipeline of events during lock down/recovery Policy achievements regularly highlighted through internal communication means, including direct messaging and the DG's intranet/collaborative sites	3 town hall meetings Regular virtual coffee gatherings Lunch break conferences on topics of interest Regular emails sent by the DG to point out to main policy achievements and inform about HR matters Weekly SMB meetings

**Objective:** DG Environment is using innovative, trusted digital solutions for better policy-shaping, information management and administrative processes to forge a truly digitally transformed, user-focused and data-driven Commission

**Indicator 1:** Degree of implementation of the digital strategy principles by the most important IT solutions

**Source of data:** DG Environment

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2021)
50% Average of 3 most expensive solutions	65% Average of 3 most expensive solutions	85% Average of 3 most expensive solutions	75.1% (1 of the 3 systems is not yet operational, hence not yet fully compliant)

**Indicator 2:** Percentage of DG Environment's key data assets for which corporate principles for data governance have been implemented

**Source of data:** DG Environment

Baseline (2019)	Interim milestone (2022)	Target (2024)	Latest known results (2021)
60%	50%	80%	60%

**Indicator 3:** Percentage of staff attending awareness raising activities on data protection compliance

**Source of data:** DG Environment

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2021)
20% of DG ENV staff followed local training in 2018] 100% of DG ENV controllers followed central training organised by DPO	40% of staff 100% of controllers	80% of staff 100% of controllers	35% of staff 100% of controllers

### Main outputs in 2021:

Description	Indicator	Target	Latest known results
Creation of green dataspace	Creation of mandate within EKC and start developing the dataspace	2021 Q3	A Task force on Green data4All was created and met four times to work on green dataspace
Seamless coordination of data, information and knowledge management aspects in DG Environment	Number of meetings organised	2 governance board meetings (director level) 4 correspondents meetings (representatives of each directorate) 12 data coordination team meetings (representatives of the main data, information	There were 2 governance board meetings at DG level hold in 2021; There were 4 correspondents and data coordination group meetings hold. A round of bilateral meetings with key data correspondents colleagues in the units were hold in the

		and knowledge actors in the DG) Outreach data meetings to find solutions to ungoverned data	second part of 2021.
Delivery of quality and timely feedback to the SG requests on country knowledge	Proper use of agreed methodology for the delivery of quality and timely feedback to the SG requests on country knowledge	Throughout 2021	Quality contribution timely delivered, as requested
Waste Shipment Regulation system Electronic Data Interchange technical specifications	Availability of working Pock system proving electronic data exchange EU-wide is possible	Q4 2021	Prototype available and used since April 2021.
Increase staff awareness on data protection	Data protection information included in the welcome pack	Q4 2021	Information included
	Data protection awareness communication sent to staff General data protection events organised	1 1	2 Awareness communications sent to staff and 1 General data protection event (VC) organised in 2021
	Percentage of DG Environment data controllers having followed training	100%	100%0

**Objective:** DG Environment takes full account of its environmental impact in all its actions and actively promotes measures to reduce the related day-to-day impact of the administration

**Indicator 1:** Environmental performance in the Commission

This indicator looks at percentage reductions compared to 2014 levels. It gives the weighted average for eight Commission sites participating in the Eco-Management and Audit Scheme (EMAS) on specific core parameters. The sites are Commission buildings in Brussels and Luxembourg, as well as JRC sites Geel (Belgium), Petten (the Netherlands), Seville (Spain), Karlsruhe (Germany), and Ispra (Italy), along with DG SANTE at Grange (Ireland)

**Source of data:** Environmental Statement 2019 results

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2021)
Energy consumption of buildings (MWh / person): <b>-8.8%</b>	-5.2%	Achieve greater reduction	Greater reduction was achieved
Water use (m <sup>3</sup> / person):	-5.4%	Achieve greater	Reduction achieved

<b>-9.5%</b>		reduction	
Office paper consumption (sheets / person / day): <b>-32%</b>	-34%	Achieve greater reduction	A reduction of 50% on paper consumption/person/day was achieved
CO <sub>2</sub> emissions from buildings (tonnes / person): <b>-24%</b>	-5.1%	Achieve greater reduction	
Waste generation (tonnes / person): <b>-15%</b>	-9.7%	Achieve greater reduction	More than 20% was achieved in 2021

### Main outputs in 2020:

Description	Indicator	Target	Latest known results
Videoconference meetings and hybrid are more and more encouraged. All the DG Environment meeting rooms have been renovated and equipped with last technologies in order to facilitate videoconferencing.	Trainings on how to use the new installations were organised for colleagues, including lunchtime videoconference with the participation of SCIC and DIGIT	Reduce emissions from DG Environment's missions by 8% per year.	Target fully achieved
Reduce the number of personal office printers to reduce unnecessary printouts. Only RUE printers allowed.	Amount of paper used	Reduce the number of paper sheets used in DG Environment by 8% per year.	Fully achieved as all the personal printers were removed end of 2020 There were only 3 RUE printers / whole DG ENV kept
Raise awareness to switch lights off when leaving the offices. Switch off remaining office lights by the last person leaving the office. Switching off the main power hub for each office PC at source (unplugging from main electricity supply to avoid stand-by consumption)	Reduction of electricity consumption	Reduce consumption of electricity in BU-5 and BU-9 (DG Environment offices) by 8% per year	Greater reduction was achieved due to the pandemics and teleworking rules.
Gradual introduction of GPP criteria in contracts during their renewal whenever relevant (e.g. Technical tailor-made support provided by the <a href="#">Interinstitutional GPP Helpdesk</a> ) and start monitoring the process.	Reduction of paper used	Reduce the paper use in DG ENV with 50% in 2021	Target achieved
Implementation of the <a href="#">EC Guidelines for sustainable meetings and events</a> , e.g. reduce/eliminate single-use			Target fully achieved

plastics, gadgets/gifts			
Analysis of DG Environment missions trends /patterns (based on corporate EC-staff's professional trips (missions) data provided by HR.D.02), optimise and gradually reduce CO <sub>2</sub> emissions (e.g. by optimising the number of participants in the same mission, promoting more sustainable travelling options, promoting videoconferencing/virtual events as an alternative).	The number of missions for 2021 are reduce to most essentials	Reduce the number of essential missions with 50% for 2021, (partly due to a new studio that DG ENV is planning to set up in the first part of 2021 comprising a high quality video – conference room)	Target fully achieved. DG ENV moved to a different building at the end of 2021 equipped with high performant meeting rooms for videoconferences and hybrid meetings.



## **ANNEX 11: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission (if applicable)**

### **Development of a reference framework on sustainable natural resource use and distributional effects of resource efficiency/circular economy policies**

1. Programme(s) concerned:

Programme for the Environment and Climate Action (LIFE).

2. Annual budgetary amount entrusted:

EUR 500 000.

3. Duration of the delegation:

36 months (contribution agreement runs from 1/02/2021 to 1/02/2024).

4. Justification of the recourse to indirect management:

The financing decision <sup>(50)</sup> states that this action may be implemented by the International Resource Panel (IRP) Secretariat, which is part of UNEP. The latter has been pillar assessed.

5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis, etc.):

The International Resource Panel (IRP, part of UNEP) has been selected in view of its expertise and technical competence which gives them a 'monopoly situation' <sup>(51)</sup> in the sense of the Financial Regulation. The IRP was launched by the UNEP in 2007 to build and share the knowledge needed to improve the use of resources worldwide. As a science-policy interface on natural resources, the IRP's technical competence means that it can deliver the results envisaged in a way that no other organisation could do and much more efficiently.

6. Summary description of the implementing tasks entrusted to these bodies:

This action will allow to assess the sustainable use and management of natural resources to define criteria and reference values for each of the major resources (materials, soil/land, water), to provide insights as to the distributional effects of resource efficiency / circular economy policies (within and among countries) economies in transition with knowledge, tools and methodologies for a sound management of hazardous substances and to enable them to build more sustainable and pollution-free economies.

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<sup>(50)</sup> Commission Implementing decision of 17.06.2020, C(2020) 3928 final.

<sup>(51)</sup> The financing decision explicitly states that it can benefit from a direct award for this action in accordance with article 195(f) of Regulation 2018/1046.

## **Support to the implementation of the UNECE Air Convention in the EECCA region (countries in Eastern Europe, the Caucasus and Central Asia) - phase III**

1. Programme(s) concerned:

Global Public Goods and Challenges Thematic Programme.

2. Annual budgetary amount entrusted:

EUR 627 510.

3. Duration of the delegation;

36 months (the contribution agreement runs from 1/12/2021 to 1/12/2024).

4. Justification of the recourse to indirect management:

The financing decision <sup>(52)</sup> states that the United Nations Economic Commission for Europe (UNECE) may implement this action.

5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis, etc.);

UNECE is the body under the Convention tasked by the Conference of the Parties to ensure the effective implementation of the on Long-range Transboundary Air Pollution and is responsible for managing the capacity building and awareness raising activities under the Convention.

The Secretariat of the UNECE has the specific technical competence to link scientific findings and air pollution state of the art knowledge with political decision-making with the objective to reduce air pollution impacts on our health, environment and economy. It has strong credibility and acknowledged expertise on the clean air topic and a well-established network and contacts in the target region (Eastern Europe, Caucasus and Central Asia) making it uniquely well placed to run efficient capacity-building projects in this region and on this specific issue.

6. Summary description of the implementing tasks entrusted to these bodies:

The specific objective is to contribute to reduce transboundary air pollution, with subsequent reduced impact on human health and the environment, in the EECCA region but also in the EU, as a result of reduced cross-border transport of air pollutants from EECCA countries. The aim is to facilitate and accelerate progress towards ratification and implementation of the Air Convention and its three latest protocols, as amended. Such progress would also mean a better alignment with EU policy and legislation.

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<sup>(52)</sup> Commission implementing decision of 13.11.2020, C(2020) 8016 final.

***Towards an integrated approach to achieving Land Degradation Neutrality by implementing decisions adopted at COP14***

1. Programme(s) concerned:

Global Public Goods and Challenges Thematic Programme.

2. Annual budgetary amount entrusted:

EUR 1 130 000.

3. Duration of the delegation:

36 months (the contribution agreement runs from 16/12/2021 to 16/12/2024).

4. Justification of the recourse to indirect management:

The financing decision <sup>(53)</sup> states that the grant can be awarded without a call for proposals to the Secretariat of the United Nations Convention to Combat Desertification (UNCCD). As they do not have legal personality, the grant is given to the Secretariat of United Nations on its behalf, which has been pillar assessed.

5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis, etc.):

The recourse to an award of a grant without a call for proposals is justified because the Secretariat of the UNCCD is the body under the Convention tasked by the Conference of the Parties to ensure the effective implementation of its decisions. The Secretariat of the UNCCD has also the technical competence to linking scientific findings with political decision-making with the objective to supporting a growing global commitment to halt land degradation and rehabilitate already degraded land.

6. Summary description of the implementing tasks entrusted to these bodies:

The purpose is to overcome land degradation neutrality (LDN) bottlenecks by implementing COP14 decisions and supporting the Decade of Action. It will contribute at multilateral level to a comprehensive and holistic approach to the climate change, biodiversity loss and land degradation agendas. It will also contribute at national and sub-national levels to the uptake of science-based information relevant to land-use and land governance on the management of natural resources by policy makers.

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<sup>(53)</sup> Commission implementing decision of 13.11.2020, C(2020) 8016 final.

***Increase of the EU contribution to the Programme Cooperation Agreement to improve international environmental governance (under GPGC 2018-2020)***

1. Programme(s) concerned:

Global Public Goods and Challenges Thematic Programme.

2. Annual budgetary amount entrusted:

EUR 9,242,490.

3. Duration of the delegation:

72 months (the contribution agreement runs from 01/10/2019 – 30/09/2026)

4. Justification of the recourse to indirect management:

The financing decision states that the United Nations Environmental Programme (UNEP) may implement this action in indirect management. This organisation has been pillar assessed by the Commission.

5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis, etc.):

The UNEP is the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimensions of sustainable development within the United Nations system and serves as an authoritative advocate for the global environment. UNEP is also providing the Secretariat to a number of Multilateral Environmental Agreements (MEAs) and is acting as their financial trustee.

6. Summary description of the implementing tasks entrusted to these bodies:

The action represents an increase in the 2018 EU contribution to the cooperation agreement between the Commission and the United Nations Environmental Programme (UNEP) established in 2019. It will enable further EU voluntary support to the implementation of the programme of work of both UNEP and related multilateral environmental agreements (MEAs) in the areas of biodiversity protection and management of ecosystems, the transition to more circular economy, the sound management of chemicals and waste, the making and enforcement of environmental laws and policies, as well as the generation and management of environmental knowledge for policy-making in third countries.

## **ANNEX 12: EAMR of the Union Delegations (if applicable)**

Not applicable

## ANNEX 13: DECENTRALISED AGENCIES

### Entity: European Environment Agency (EEA)

**Role of DG: DG Environment is the parent DG of the EEA. It pays the EU contribution to its operating budget and, together with DG RTD, represents the Commission in the EEA Management Board. DG Environment coordinates with Commission services on any EEA issues, notably on its strategic documents, work planning & programming and any budgetary and administrative questions.**

Policy area concerned	Contribution to the Operating (administrative) budget	Contribution to the Operational Budget
09 - Environment and Climate Action	EUR 45 398 000	N/A

The objective of the European Environment Agency and of its European Environment Information and Observation Network (EIONET) is to provide the EU with objective, reliable and comparable environmental information at European level. EEA's support is indispensable for most of environmental and climate policies (8<sup>th</sup> EAP, Nature Directives, Climate Law, water, air quality, marine environment, climate adaptation, industrial and carbon emissions, waste, etc.) and covers ca. 120 reporting obligations per year.

### Entity: European Chemicals Agency (ECHA)

**Role of DG: ECHA is under the overall coordination of DG GROW (lead parent DG). Financially, DG Environment contributes to ECHA's budget for the work it performs in the area of environmental regulations and directives <sup>(54)</sup>. DG Environment works closely with DG GROW and DG SANTE on work planning & programming and administrative questions related to the Agency. For the operational day-to-day work, DG Environment has direct contact with the Agency.**

Policy area concerned	Contribution to the Operating (administrative) budget	Contribution to the Operational Budget
09 - Environment and Climate Action	EUR 5 285 100	N/A

The European Chemicals Agency is implementing the EU's chemicals legislation to protect human health and the environment as well as to enhance innovation and competitiveness.

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<sup>(54)</sup> Regulation concerning the export and import of hazardous chemicals (PIC-Regulation), Regulation on persistent organic pollutants (POPs-Regulation), Waste Framework Directive, Drinking Water Directive.

## **ANNEX 14: EUROPEAN COURT OF AUDITORS’ PERFORMANCE AUDITS TARGETING DG ENVIRONMENT IN 2021**

This annex gives an overview of the work performed in 2021 by DG Environment to collaborate with the European Court of Auditors for their performance audits. These audits focus on policy aspects rather than on financial issues, and lead to publication of Special Reports or Reviews. ECA’s increasing focus on environmental sustainability across policies leads to a significant number of performance audits which involve DG Environment. The DG gives the highest attention to ECA’s work and makes all efforts to ensure a smooth audit process with correct and timely follow-up of recommendations.

### **ECA Special Reports (SR) published in 2021**

DG Environment was concerned by several special reports published by ECA, relating to performance audits on environmental policies:

1. **Review 4/2021 EU actions and existing challenges on electronic waste** (published 20/05/2021)

DG ENV was in the lead for this review with DGs RTD and ESTAT as associated services.

The ECA report focuses on the role and actions taken by the European Union (EU) to tackle the challenges to e-waste management in the EU. It presents the EU’s response to the problem and it highlights some key challenges remaining to the implementation of the WEEE Directive.

2. **Special report 12/2021: The Polluter Pays Principle: Inconsistent application across EU environmental policies and actions** (published 05/07/2021)

DG ENV was in the lead of the audit, with DG REGIO and DG AGRI as associated services. Pollution represents a significant cost for society and is a key concern for EU citizens. By applying the Polluter Pays Principle (PPP), polluters are incentivised to avoid environmental damage and are held responsible for the pollution that they cause. Overall, ECA found that the PPP is reflected and applied to varying degrees in the different EU environmental policies and its coverage and application was incomplete. The EU budget is some times used to fund clean-up actions that should, under the PPP, have been borne by polluters.

ECA recommends the Commission to:

- strengthening the integration of the PPP into environmental legislation,
- reinforcing the environmental liability regime at EU level, and
- better protecting EU funds from being used to finance projects that should be funded by the polluter.

The Commission accepts the need to examine how the PPP is applied in delivering the European Green Deal commitments. The evaluation of the ELD will examine the scope to better apply the PPP. The Commission will ensure that applicable EU law is respected in relation to the necessary steps to charge polluters for the pollution that they are

responsible for and will ensure that Member States are aware of their obligations in this respect.

3. **Special report 16/2021: Common Agricultural Policy and climate: Half of EU climate spending but farm emissions are not decreasing** (published 21/06/2021)

DG AGRI was in the lead of the audit, with DG CLIMA and DG ENV as associated services. The EU's role in mitigating climate change in the agricultural sector is crucial because the EU sets environmental standards and co-finances most of Member States' agricultural spending. ECA found that overall the €100 billion of CAP funds attributed during 2014-2020 to climate action had little impact on agricultural emissions, which have not changed significantly since 2010. Most mitigation measures supported by the CAP have a low potential to mitigate climate change. The CAP rarely finances measures with high climate mitigation potential.

ECA recommend that the Commission should

- take action so that the CAP reduces emissions from agriculture;
- take steps to reduce emissions from cultivated drained organic soils; and
- report regularly on the contribution of the CAP to climate mitigation.

The Commission stresses that most climate-relevant measures in agriculture have mitigation and adaptation benefits which are most appropriate to be assessed together. Similarly, climate action is composed of mitigation and adaptation impacts, which in the case of agriculture cannot be clearly separated for most climate relevant measures.

4. **Special report 20/2021 Sustainable water use in agriculture: CAP funds more likely to promote greater rather than more efficient water use** (published 28/09/2021)

DG AGRI was in the lead of the audit, with mainly DG ENV as associated service. Overall, ECA found that EU policies are unable to ensure farmers use water sustainably. The impact of agriculture on water resources is major and undeniable. But farmers benefit from too many exemptions from EU water policy that hinder efforts to ensure sound water use. In addition, the EU's agricultural policy promotes and too often supports greater rather than more efficient water use.

ECA recommends the Commission to:

- ask Member States to justify water pricing levels and exemptions from the requirement for water abstraction authorisations when putting the WFD into practice in agriculture;
- link CAP payments to environmental standards on sustainable water use;
- ensure that EU-funded projects help achieve the WFD objectives.

At EU level, water is used for energy cooling, agriculture, manufacturing and construction, mining and public water supply and the relative importance of each sector depends on the economic structure of each Member State. Water is used in agriculture for livestock and irrigation, reducing the capital risk and optimising the use of other inputs (e.g. land, fertilisers, seeds and labour).



## **5. Special report 21/2021 EU funding for biodiversity and climate change in EU forests: positive but limited results** (published 04/10/2021)

DG ENV was in the co-lead of the audit with DG AGRI, DGs CLIMA, ENER, RTD, ESTAT and the JRC were associated services. Overall, ECA concluded that in the areas where the EU is fully competent to act, the EU has had a positive but limited impact on protecting biodiversity and addressing climate change in EU forests.

ECA recommends to:

- improve the EU's contribution to biodiversity and better tackling climate change in EU forests;
- strengthen the fight against illegal logging; and
- improve the focus of rural development forestry measures on biodiversity and climate change.

As announced in the European Green Deal Communication, the Commission adopted a New EU Forest Strategy for 2030 covering the whole forest cycle and promoting the many services that forests provide. Building on the 2030 EU Biodiversity Strategy, the EU Forest Strategy sets a vision and concrete actions to improve the quality and quantity of EU forests and strengthen their protection, restoration and resilience as well as to boost the contribution of the forest sector to the new growth model in line with the European Green Deal. The strategy's key objective is to ensure growing healthy, diverse and resilient EU forests, which contributes significantly to the strengthened biodiversity and climate ambition, secure livelihoods and support a sustainable forest bioeconomy. The strategy proposes actions to ensure EU forests are preserved and managed sustainably, including through strengthened forest monitoring and strategic planning. It also foresees measures to avoid or correct unsustainable practices, and seeks the right balance and synergies between the need to increase the forest protection, restoration, and adaptation efforts to achieve the EU's climate and biodiversity objectives on the one hand, and the different socio-economic interests related to forests, on the other

## **6. Special report 22/2021 Sustainable finance: More consistent EU action needed to redirect finance towards sustainable investment** (published 20/09/2021)

DG FISMA was in the lead for this report with DG ENV as one of the associated services. The ECA report concludes that more consistent EU action is needed to redirect private and public finance towards sustainable investments.

ECA recommends to:

- complete the measures of the Action Plan and clarify compliance and audit arrangements;
- better contribute to sustainable finance by pricing greenhouse gas emissions;
- report on climate and environment related results of InvestEU;
- increase efforts to generate a sustainable project pipeline;
- apply the "do no significant harm principle" and the EU Taxonomy criteria consistently across the EU budget;
- monitor and report on the results of the Action plan and any future strategies.

## **7. Review 5/2021 The EU framework for large transport infrastructure projects: an international comparison (published 25/11/2021)**

DG MOVE was in the lead for this review, with DG ENV as associated service. Large infrastructure projects play a key role in the delivery of the EU Trans-European Transport Network. This review compares the EU framework for their delivery with selected countries, identifying practices which the Commission and policymakers could take inspiration from and if necessary adapt to the EU context.

### **Follow-up of open recommendations**

DG Environment closely monitors the implementation of the audit recommendations stemming from ECA reports, as well as recommendations from the Council and the European Parliament issued in the course of the discharge procedure. By the end of 2021, the DG was Chef de File for 66 open recommendations, meaning that their implementation is ongoing.

### **Follow-up reports**

DG Environment is in the lead for three follow-up reports (SR 23/2018 Air Quality; SR 25/2018 Floods; SR 33/2018 Desertification) and associated to another two (SR 05/2018 Renewable Energy in Rural Areas; SR 35/2018 NGO funding). The results of these follow-up reports will be included in ECA's Annual Report 2021.

### **Ongoing audits**

ECA also launched the following audits, which are still on-going or pending publication, and for which ENV is involved to a greater or lesser extent:

- Energy Taxation;
- Energy Efficiency in Enterprises;
- External Consultancy Services;
- Circular Economy;
- Soil protection and manure management;
- Energy and Climate Targets;
- Climate Mainstreaming;
- EU's battery value chain.