European Commission

2013

Annual Activity Report

DG Maritime Affairs and Fisheries

Table of Contents

INTRODUCTION:

The DG in brief

The Directorate-General for Maritime Affairs and Fisheries ('DG MARE') reports to Commissioner Damanaki and manages two arms of policy – the Integrated Maritime Policy (IMP) and the Common Fisheries Policy (CFP). This involves proposing legislative and policy initiatives, coordinating with Member States and other Commission departments. To ensure that Member States and operators apply the CFP rules, the policy includes a control and enforcement system. DG MARE works closely with the European Fisheries Control Agency to ensure a uniform implementation of the CFP control system. The European Fisheries Fund (EFF) 2007-2013 is the main financial instrument to finance the CFP.

The cornerstone of all actions of DG MARE is its mission statement:

"We work to develop the potential of the European maritime economy and to secure a safe and stable supply of seafood, sustainable fisheries, healthy seas and prosperous coastal communities – for today's Europeans and for future generations.

This involves formulating, developing and implementing the Common Fisheries Policy – the cornerstone of our actions for a sustainable exploitation of fisheries resources; and promoting an integrated approach to all maritime policies."

With 384[1] staff members, led by Director-General Lowri Evans, DG MARE is composed of six directorates[2], including a Resources Directorate. All Directorates report directly to the Director-General. The DG's structure facilitates the full integration of both arms of our policy and also internal coordination. The Resources Director is the Internal Control Coordinator for the DG.

Financial transactions within DG MARE are subject to ex-ante financial verification by the Resources Directorate. Ex-ante operational verification takes place within the Directorates responsible for the authorisation of the transactions.

The major part of the DG's budget is implemented in shared management, where Member States implement the budget and establish Management and Control Systems with the objective of ensuring correct implementation of the programmes. Weaknesses in those systems may lead to the declaration of ineligible expenditure by the Member States.

The International Fisheries Agreements/Sustainable Fisheries Partnership Agreements (SFPAs) is the second most important area of expenditure. The main risk associated with

---

1 Situation at 31.12.2013 for establishment plan posts and external personnel.

2 The three regional directorates cover the Atlantic Ocean, the outermost regions and the Arctic (directorate C), the Mediterranean and Black Seas (D) and the Baltic Sea, the North Sea and the landlocked Member States (E). Directorate A is in charge of policy development and coordination; directorate B is responsible for international affairs and markets.

SFPAs relates to the evaluation of the fishing opportunities either in terms of available stock or take-up of such opportunities by the EU fleet.

The third largest area of expenditure relates to contributions to Member States to cover expenditure already incurred by them in the implementation or in support of the CFP. The principal risk associated with this is the reporting of ineligible expenditure by the Member States.

This Annual Activity Report (AAR) describes DG MARE's main achievements in 2013 and the challenges it had to face. It mirrors the 2013 Management Plan that translates the DG's mission into general and specific objectives. An account is given of how these objectives have been achieved, with resources DG MARE has at its disposal. Progress is measured through key performance indicators. The AAR also covers management aspects and assesses the effectiveness of the Commission's internal control standards. For 2013, the Director-General deemed it necessary to include a reservation in her declaration of assurance related to expenditure of the EFF 2007-2013 funds for 6 Member States.

The year in brief

2013 was the year in which the ambitious **reform of the Common Fisheries Policy** (CFP)[3] and the Common Market Organisation (CMO)[4] were brought to a successful conclusion. Both apply from 1 January 2014 and together with the external dimension[5] of the CFP, they provide the building blocks for sustainable fisheries. Negotiations between the co-legislators on the future funding instrument, the European Maritime and Fisheries Fund (EMFF) 2014-2020, resulted in a political agreement in January 2014. The priority for 2014 is to move forward with programming of activities at national level.

The implementation of the Blue Growth agenda for maritime policy[6] offers new opportunities for economic growth and jobs. To best tap this potential, DG MARE focused on the following key areas: marine renewable energy; aquaculture; coastal and maritime tourism; blue biotechnology and sea bed mining. One concrete deliverable was the proposal

---

[3] Regulation (EU) No 1380/2013 of the European Parliament and of the Council of 11 December 2013 on the Common Fisheries Policy, amending Council Regulations (EC) No 1954/2003 and (EC) No 1224/2009 and repealing Council Regulations (EC) No 2371/2002 and (EC) No 639/2004 and Council Decision 2004/585/EC.

[4] Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products, amending Council Regulations (EC) No 1184/2006 and (EC) No 1224/2009 and repealing Council Regulation (EC) No 104/2000.

[5] We advocate sustainability through regional fisheries management organisations (RFMOs), bilaterally through sustainable fisheries partnership agreements (SFPAs) and at global level (FAO, UN).

[6] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Blue Growth: opportunities for marine and maritime sustainable growth, COM(2012) 494.

for a Directive on **Maritime Spatial Planning**[7], which sets a common framework for managing maritime activities in the EU. A political agreement between the co-legislators was reached on 6 March 2014. The **Marine Knowledge 2020**[8] initiative became operational with the setting up of EMODnet[9].

The **European Market Observatory for Fishery and Aquaculture Products** (EUMOFA)[10] was launched by Commissioner Damanaki in April 2013. This EU-wide interactive web-tool offers accurate and real-time market information and makes structural planning and decision-making by economic operators, NGOs and policy-makers easier.

All initiatives undertaken by DG MARE in 2013 to deliver on its work programme were achieved with 72,40% of staff working on operational activities including policy-making, and 27,60% of staff dealing with horizontal activities including finance.

More than 70% of the payments made by DG MARE in 2013[11] related to payments for the Operational Programmes of the Financial Instrument for Fisheries Guidance (FIFG) and the European Fisheries Fund (EFF) under shared management.

Of the expenditure under direct management, 80% related to payments to third countries under International Fisheries Agreements/Sustainable Fisheries Partnership Agreements, or payments in the form of contributions to Member States to cover expenditure already incurred by them in the implementation, or in support of, the CFP[12].

Looking ahead, the full and timely implementation of the CFP reform in the context of staff reduction, will remain a major challenge for DG MARE in the years to come.

---

7 COM(2013) 133. DG ENV was co-lead DG.

8 Commission Staff Working Document – Green Paper on Marine Knowledge 2020: from seabed mapping to ocean forecasting. Outcome of Public Consultation, SWD(2013) 463.

9 Network of over 100 organisations working together to make their marine data available in an interoperable and accessible manner.

10 http://ec.europa.eu/fisheries/market-observatory/

11 216.272.658 € on payments under direct management (27,8%) and 562.925.417 € under shared management (72,2%).

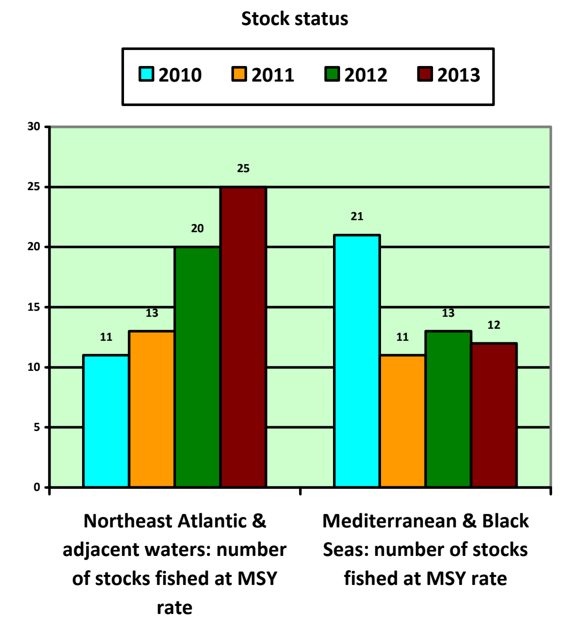
12 Common Market Organisation payments, aid to operators in Outermost Regions, contributions to the cost of collection of data required for the CFP, and contributions to the cost of control of the CFP.

Executive Summary

Key Performance Indicators

This subsection shows in a graphical format the five most relevant **key performance indicators (KPI)** for the Common Fisheries Policy and the Integrated Maritime Policy (KPI No 1 to 4) and for DG MARE (KPI No 5). For reasons of stability and comparability of the data they correspond to the key performance indicators in DG MARE's Management Plan for 2014.

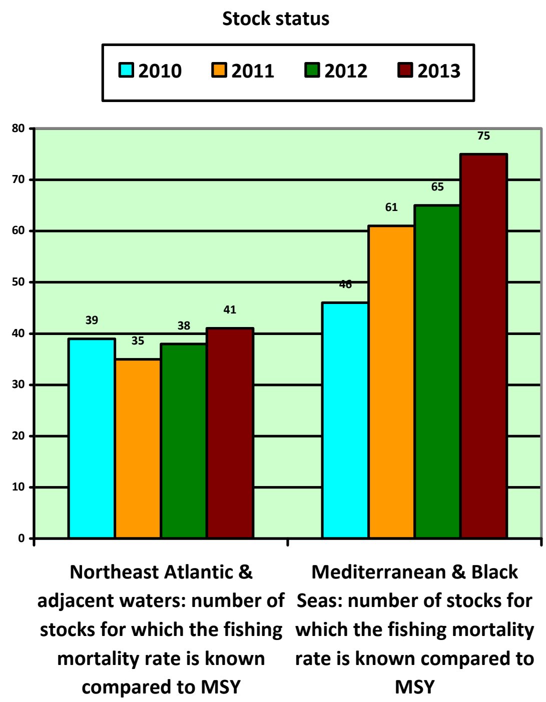
1. The compound key performance indicator related to the fisheries conservation policy in the EU (1a and 1b):

Key performance indicator No 1a	Trend: ☺ or 😐 or ☹	Target/milestones	Latest known results as per Annual Activity Report
Number of stocks that are fished at MSY[13] levels. This indicator relates to the **conservation and sustainable exploitation** of marine biological resources. *Source: ICES[14] and GFCM[15].*	☺	**Target** by 2015 where possible and by 2020 at the latest: exploitation at MSY rate for all commercially exploited stocks. *Source: Regulation No 1380/2013 of 11 December 2013, Art. 2.* **Milestones** (annual): consistent increase in the number of commercially exploited stocks fished at MSY rate.	

[13] Fishing at "Maximum Sustainable Yield" (MSY) means fishing a stock at a rate such that the average long-term catches are the highest that the stock can provide over the long-term (an arbitrarily long period of time).

[14] The International Council for the Exploration of the Sea (ICES) has been tasked by the Commission with the assessment of fish stocks in the Northeast Atlantic and adjacent waters (North Sea, Baltic Sea, Skagerrak, Kattegat, West of Scotland Sea, Irish Sea and Celtic Sea).

The statistics for 2010-2013 show that the **state of fish stocks** in the Northeast Atlantic and adjacent waters[16] continues to improve: increasingly more stocks are exploited within MSY levels. In the Mediterranean Sea 93 out of 113 stocks of EU interest have been assessed as overfished in 2013. In the Black Sea 2 stocks with quota have been assessed in 2013: sprat is sustainable from 2008 to 2013 whereas turbot is overfished with a current fishing mortality that 2 times higher is than F at MSY level.

Key performance indicator No 1b	**Trend:** ☺ **or** 😐 **or** ☹	**Target/milestones**	**Latest known results as per Annual Activity Report**
Number of stocks for which the MSY fishing mortality rate is known. This indicator relates to the **conservation and sustainable exploitation** of marine biological resources. *Source: ICES and GFCM.*	☺	**Target** by 2015 where possible and by 2020 at the latest: scientific assessment of MSY fishing mortality rate is achieved for all commercially exploited stocks on a progressive, incremental basis. *Source: Regulation No 1380/2013 of 11 December 2013, Art. 2.* **Milestones (annual):** consistent increase in the number of commercially exploited stocks for which the MSY fishing mortality rate is known.	

The number of stocks in Atlantic European waters for which **scientific advice** gives MSY values for fishing mortality is slowly increasing. For the remaining fish stocks biological information is not sufficiently complete to allow for MSY values. The Commission uses available knowledge and applies the precautionary approach when proposing fishing rates.

---

15 In the Mediterranean and in the Black Sea stock assessments are carried out by the Scientific Advisory Committee (SAC) of the General Fisheries Council for the Mediterranean (GFCM).

16 North Sea, Baltic Sea, Skagerrak, Kattegat, West of Scotland Sea, Irish Sea and Celtic Sea.

In the Mediterranean Sea the number of assessments with MSY values, though geographically unbalanced within the Mediterranean, show a considerable improvement over time. These assessments have begun only recently, and not all of the stocks are assessed each year. There are therefore limitations to the time series available to look at the development of the stocks status over time.

From 2014 on the fisheries shall be managed under the MSY objective. This means that over the period 2015-2020 for all stocks we should achieve fishing at MSY rates. TACs shall be set accordingly in the annual TAC setting by the Council.

In the Mediterranean, where no TACs are applied (except for the Bluefin tuna), to make further progress to bring fisheries in line with the objective of sustainability, in 2013 DG MARE further intensified close monitoring and follow-up of the implementation of Council Regulation (EC) No 1967/2006[17], with a particular focus on the adoption and implementation of management plans by Member States concerned. We also foresee the progressive implementation of plans at EU level to be able to reach the set objectives on a number of shared stocks.

In the Black Sea area, technical measures were introduced in addition to TACs for the two relevant stocks, and joint control actions under the coordination of the European Fisheries Control Agency were reinforced.

[17] Council Regulation (EC) No 1967/2006 of 21 December 2006 concerning management measures for the sustainable exploitation of fishery resources in the Mediterranean Sea, amending Regulation (EEC) No 2847/93 and repealing Regulation (EC) No 1626/94.

2. The compound key performance indicator related to Blue Growth and fisheries (2a and 2b):

Key performance indicator No 2a	Trend: ☺ or 😐 or ☹	Target/milestones	Latest known results as per Annual Activity Report
Economic growth (in terms of gross value added per year) and jobs (in FTE) in the blue economy[18] of the EU. This indicator relates to the **Blue Growth** initiative. *Source: EU framework for the collection, management and use of data in the fisheries sector ("DCF"), Eurostat and specific studies.*	😐	**Target 2020:** • 600 billion €. • 7 million FTE. *Source: DG MARE* **Milestone 2017:** • 543 billion €. • 6,2 million FTE.	**Baseline 2012[19]:** • Gross value added per year in the blue economy of the EU: 485 billion €. • Full time equivalents (FTE) in the blue economy of the EU: 5,4 million.

Key performance indicator No 2b	Trend: ☺ or 😐 or ☹	Target/milestones	Latest known results as per Annual Activity Report
Labour productivity (in terms of gross value added per employee) in the EU fisheries sector. This indicator relates to the **economic sustainability** of the EU fisheries sector. *Source: EU framework for the collection, management and use of data in the fisheries sector ("DCF"), and Eurostat.*	☺	**Target 2020:** increase in fisheries sector's productivity: (%) equals or exceeds that of the EU economy (%). *Source: DG MARE* **Milestone 2017:** increase in fisheries sector's productivity: (%) equals or exceeds that of the EU economy (%).	**Baseline 2011[20]:** • EU fishing fleet: 38,700 €/employee. • EU aquaculture: 44,000 €/employee. • EU fish processing: 53,500 €/employee. Employment is measured in full time equivalents.

[18] Defined in the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Blue Growth: opportunities for marine and maritime sustainable growth, COM(2012) 494.

[19] Based on data from the Blue Growth Study 'Scenarios and drivers for sustainable growth from the oceans, seas and coasts', ECORYS, 2012: https://webgate.ec.europa.eu/maritimeforum/content/2946

[20] Based on data from the Blue Growth Study 'Scenarios and drivers for sustainable growth from the oceans, seas and coasts', ECORYS, 2012: https://webgate.ec.europa.eu/maritimeforum/content/2946

Key performance indicator No 2b	Trend: ☺ or 😐 or ☹	Target/milestones	Latest known results as per Annual Activity Report

Key performance indicator No 3	Trend: ☺ or 😐 or ☹	Target/milestones	Latest known results as per Annual Activity Report
Degree to which the market policies of the Union contribute to ensure its price stability and thus contribute to the profitability of fishery and aquaculture producers while ensuring that supply reaches consumers at reasonable prices. This indicator relates to **fisheries markets**. *Source: EUMOFA*[21] *and ad hoc evaluations.*	😐[22]	**Target 2023:** the evolution of first sale prices reflects stability, increased matching with market demand and reasonable level of prices for EU consumers. This offers predictability to operators, in particular those members of producer organisations. *Source: DG MARE* **Milestones:** the evolution will be calculated on a yearly basis from 2014, once EUMOFA is fully operational.	**Baseline 2013:** first sale prices of a reference basket. The reference index is set at 100.

21 EU Market Observatory for Fisheries and Aquaculture products.

22 Baseline 2013: the reference index is set at 100.

Key performance indicator No 4	Trend: ☺ or 😐 or ☹	Target/milestones	Latest known results as per Annual Activity Report
Contribution to long-term sustainability of fisheries worldwide, measured by the number of emblematic tuna stocks fished with a fishing mortality rate being at or below Fmsy levels as per relevant scientific advice. Representative tuna species (Bigeye tuna, Bluefin tuna, Skipjack tuna, Yellowfin tuna, Pacific Bluefin tuna) fished at sustainable levels (Fcurr/Fmsy ≤ 1) in relevant geographical areas (Atlantic Ocean, Indian Ocean and Pacific Ocean). This indicator relates to **external relations**. *Source: annual stock situation in scientific reports of RFMOs concerned.*	☺	**Target 2020:** 16 stocks **Milestone 2017:** 15 stocks *Source: DG MARE*	**Baseline 2013:** 13 out of 16 selected stocks at sustainable levels.

Key performance indicator No 5	Trend: ☺ or 😐 or ☹	Target/milestones	Latest known results as per Annual Activity Report
Management indicator: **the residual error rate for shared management expenditure.** *Source: DG MARE Annual Activity Report (AAR) 2013.*	☺	**Target 2014:** the cumulative residual risk (CRR) should be less than 2% of cumulative interim payments. CRR = (validated projected error rates) * (expenditure declared) minus recoveries and withdrawals (including amounts pending). *Source: DG MARE*	**Baseline 2012 (Annual Activity Report 2012):** for shared management expenditure, significant reduction of the residual error rate, represented by the cumulative residual risk (CRR), from 3.03% in 2012 to 1.9% in 2013.

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

In line with the objectives of Europe 2020, DG MARE's activities in the **Blue Growth** agenda in 2013 focused on joint actions between the EU, Member States, industry and stakeholders giving some of the key areas of the Blue Economy an extra 'push'. EU funding reinforces public and private investment in promising economic activities and infrastructures while safeguarding the marine environment and our unique maritime assets.

The Communication on **Blue Energy**[23], published in January 2014, sets out an Action Plan for 2014-2017 to further develop the emerging sector of ocean energy. It will contribute to achieving the EU 2050 targets for greenhouse gas reduction, to economic growth through innovation and to creating new, high-quality jobs. The last is particularly important for the maritime sector which employs 5.4 million people across Europe working in traditional professions such as shipbuilding, fishing and tourism, in growing areas such as offshore wind[24], or in emerging sectors such as marine-based pharmaceuticals and cosmetics. It will be one of the key tasks for the coming years to tap the potential of the sector to employ 7 million by 2020.

Another important focus in the work of DG MARE in 2013 was **coastal and maritime tourism**. It is the key economic driver in many coastal regions and islands in Europe employing almost 3.2 million people and generating a total of €183 billion of EU's GDP. DG MARE collaborated closely with Member States, regions and the industry to map out the key challenges facing the industry. The Action Plan[25] – prepared in 2013 to be adopted in February 2014 – will help to cut the red tape in accessing much needed funding opportunities, to develop the skills of employees, to diversify the year-round offers of the businesses, and to design innovative tourism strategies.

Furthermore, the specific needs of sea basins were addressed with the **Atlantic Action Plan**[26] which sets out priorities for research and investment to boost the Blue Economy in the five Atlantic Member States. Local needs and possible key investment and research priorities have been identified in view of an EU Strategy for the **Adriatic and Ionian Region**[27] that was

---

[23] COM(2014) 8.

[24] At the end of 2013 the EU accounted for 5,000MW installed wind energy growing at 40% a year and 260MW installed capacity ocean energy at almost zero growth rate.

[25] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – European Strategy for more Growth and Jobs in Coastal and Maritime Tourism, COM(2014) 86. DG ENTR was co-lead DG.

[26] Commission Communication — Action plan for a maritime strategy in the Atlantic area — Delivering smart, sustainable and inclusive growth, COM(2013) 279.

[27] DG REGIO is the lead DG; DG MARE is co-lead DG.

prepared in 2013 to be presented in June 2014. DG MARE launched the preparation of a Commission Staff Working Document identifying Blue Growth areas that need to be strengthened in the context of the EU Strategy for the **Baltic Sea Region**[28] and EU funding in 2014-2020.

The adoption of the **CFP reform** in December 2013 is a milestone agreement to contribute to achieving **Maximum Sustainable Yield** (MSY) for fish stocks in Union waters by 2015, where possible, and by 2020 at the latest for all stocks. Progress towards MSY and the improvement of scientific advice continued in 2013, as confirmed by the statistics on stock status for 2010-2013[29]. The positive trend in the number of EU stocks fished within safe biological levels, continued. This is an important step towards a more resource-efficient Europe, one of the flagship initiatives of the Europe 2020 Strategy. The main tools in 2013 were multiannual plans[30] for a series of important stocks and fisheries, the annual regulations fixing the fishing opportunities, technical measures, and the follow-up of Member States' enforcement and inspection procedures. To make further progress to bring fisheries in the **Mediterranean Sea** in line with the objective of sustainability, in 2013 DG MARE further intensified close monitoring and follow-up of the implementation of Regulation No 1967/2006[31], with a particular focus on the adoption and implementation of management plans by Member States concerned. In the **Black Sea** area, joint control actions under the coordination of the European Fisheries Control Agency were reinforced.

Following the recommendations from the ex-post evaluation of the **Data Collection Framework** (DCF) in 2012[32], a proposal amending the DCF Regulation (EC) No 199/2008 is currently being prepared in order to improve regional coordination, by handing more responsibility to the Member States, reducing overlaps among EU legislation and reducing thus the administrative burden for Member States. This revision also integrates the findings of a series of on-site visits to Member States in order to promote information and best practices exchanges, in particular as regards IT solutions for the processing and transmission

---

28 COM(2009) 248.

29 Communication from the Commission to the Council concerning a consultation on Fishing Opportunities for 2014, COM(2013)319.

30 Following up on the CFP reform the European Parliament and the Council have set up a Task Force to solve the dispute over the legal base for multiannual plans following the entry into force of the Lisbon Treaty. The Commission facilitates actively the process. A first interim report was agreed in November 2013, work continues in 2014.

31 Council Regulation (EC) No 1967/2006 of 21 December 2006 concerning management measures for the sustainable exploitation of fishery resources in the Mediterranean Sea, amending Regulation (EEC) No 2847/93 and repealing Regulation (EC) No 1626/94.

32 The Evaluation of the Data Collection Framework (DCF): http://ec.europa.eu/fisheries/documentation/studies/retrospective-and-prospective-evaluation-on-common-fisheries-policy_en.pdf

of data to organisations producing scientific advice such as ICES. These visits established that Member States benefited considerably from this exchange.

Despite reductions in many fleets over the last decade, many vessels across a range of Member States did not break even financially and were underutilized. Many vessels had too small revenues to make necessary investments into modernisation or gears. Some fleet segments, particularly in the Mediterranean, still have imbalance. The CFP reform will better allow the adjustment of fishing fleets to the available stocks. **Labour productivity** in the EU fisheries sector has improved gradually during the last few years: the gross value added of the EU fisheries sector has increased while the number of employees has decreased. However, there is a potential for further gains in labour productivity, since a significant part of the EU fisheries sector is still facing structural problems.

As for the price stability, whereas variations in the guide **prices** for 2013 remained modest for most whitefish species (-1% to + 1,5%), they increased for pelagic species (+1,5% to + 2,5%). **Imports** into the EU in terms of volume stabilised but increased significantly in value with +15% or +3 billion € between 2009 and 2012, in particular for salmon, crustaceans and groundfish. In 2012, imports accounted for 60% of EU's total supply, which is about the same proportion since 2008.

In 2013, ex-post evaluations were completed on the Protocols to the **Fisheries Partnership Agreements** (FPAs) with the Comoros, Seychelles, Cape Verde and São Tomé e Príncipe[33], together with ex-ante evaluations for a possible renewal of the Protocols. The evaluations concluded that these FPAs are important for the EU long distance fleet especially if they form part of a regional network of active agreements, and that they are beneficial to the partner countries in particular as regards sectoral support. The FPAs are considered coherent with other EU policies and with the management of tuna stocks by the relevant Regional Fisheries Management Organisations. Certain aspects could be improved, such as adjusting fishing opportunities in view of uptake rates (Comoros), better balancing the financial contributions paid by the EU and the vessel owners (Seychelles) and improving the timely

[33] http://ec.europa.eu/fisheries/documentation/studies/index_en.htm:

Évaluation rétrospective et prospective du protocole de l'accord de partenariat dans le secteur de la pêche entre l'Union européenne et l’Union des Comores, janvier 2013;

Ex post evaluation of the current Protocol to the Fisheries Partnership Agreement between the European Union and the Republic of Seychelles and ex ante evaluation including an analysis of the impacts of the future Protocol on sustainability, January 2013;

Évaluation rétrospective et prospective du protocole de l'accord de partenariat dans le secteur de la pêche entre l'Union européenne et la République du Cap-Vert, septembre 2013;

Évaluation rétrospective et prospective du protocole de l'accord de partenariat dans le secteur de la pêche entre l'Union européenne et la République démocratique de São Tomé e Príncipe, septembre 2013.

delivery and effectiveness of sectoral support (São Tomé e Príncipe and Cape Verde). The duration of the Protocols should be increased and certain provisions clearer. To the extent possible, these recommendations were taken into account for the renewal of the Protocols, together with the principles of the CFP reform. For example, the new Protocol with Seychelles is concluded for 6 years compared to 3 years for the current Protocol.

The key performance indicator on **worldwide sustainability** shows the positive trend that 13 out of 16 emblematic tuna species were fished at sustainable levels in 2013. The choice of tuna stocks for measurement is relevant because of their importance in the EU consumption and the availability of information on the state of the stocks across the different Regional Fisheries Management Organisations (RFMOs) which have, however, different rules and obligations in terms of data collection and dissemination.

In application of the IUU Regulation[34], three third countries were identified in 2013 who failed to cooperate in the **fight against illegal, unreported and unregulated (IUU) fishing**[35]. The Commission therefore proposed to the Council to list these countries. This would entail a ban on the countries on exporting fish products to the EU. In addition, EU fishermen will be prohibited to operate vessels under the flag of the listed countries, to fish in their waters and to enter into business or fishing arrangements with governments or fishermen in the countries listed. A further eight countries[36] have been warned that they could be listed as well, unless they improve their fisheries management and intensify the fight against IUU fishing.

To boost the development of **EU aquaculture**, strategic guidelines[37] were issued in April 2013, which provide a framework for cooperating with Member States and stakeholders to overcome the challenges ahead. The guidelines will help to increase the production and the supply of seafood in the EU, to reduce our dependence on imported fish and to increase growth and jobs in coastal and rural areas. After price decreases in 2008-2009 the EU **aquaculture** sector shows a strong recovery and a more efficient industry. The return on investment and profit margin was about 10% in 2011 but differs substantially by aquaculture segment. It indicates that the sector has a sound potential for economic growth.

---

[34] Council Regulation (EC) No 1005/2008 of 29 September 2008 establishing a Community system to prevent, deter and eliminate illegal, unreported and unregulated fishing, amending Regulations (EEC) No 2847/93, (EC) No 1936/2001 and (EC) No 601/2004 and repealing Regulations (EC) No 1093/94 and (EC) No 1447/1999.

[35] Belize, Cambodia and Guinea-Conakry have been identified in 2013 as non-cooperating countries. These are countries which fail to adhere to their responsibility as a flag, coastal, port or market State and refuse to cooperate in the fight against IUU fishing.

[36] Of the 8 warnings, 3 (Curaçao, Ghana, South Korea) date from 2013 and 5 (Fiji, Panama, Sri Lanka, Togo, Vanuatu) date from 2012 but are still applicable in 2013.

[37] Commission Communication - Strategic Guidelines for the sustainable development of EU aquaculture, COM(2013) 229.

In 2013, Axis 'Local Areas Development' under the EFF became fully operational. A study[38] from 2014 estimates that the **Fisheries Local Action Groups** (FLAGs) have created at least 7,300 jobs whilst a further 12,500 jobs have been maintained. Furthermore, more than 200 new companies have been created with the help of this EFF Axis. Other FLAG projects give an economic boost to the region's traditional fishing businesses. For example, the "Fisch vom Kutter"[39] is a small-scale innovative project to which 21 fishing companies from the Baltic Sea Coast Active Region participate. They have set up with EFF support a direct sales system for fish coming from the "AktivRegion Ostseeküste". Making use of a dynamic website[40] the fishermen at sea send details of their catch and estimated landing time via SMS to the website. It allows customers to see where, when and which fresh fish they can buy directly from the boat when it comes to port. Fishermen involved observe higher prices for their fish. Some of the fishing companies have also created additional activities by expanding their product range (e.g. smoking and cooking part of the catch) and report 30 to 50% more customers.

As for the financial management of DG MARE, the residual error rate (key performance indicator for management), or cumulative residual risk percentage, for expenditure under shared management was calculated for the first time in 2012 and stood at 3.03% of interim payments made across the programming period. 2013 has seen a significant reduction of the residual error rate to 1.9%, possibly demonstrating the positive effect of DG MARE's corrective actions (payments interruptions and expenditure withdrawals).

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

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

The Commission has adopted a set of internal control standards, based on international good practice, aimed to ensure the achievement of policy and operational objectives. As required by the Financial Regulation, the Director-General has put in place the organisational

---

[38] Interim report of the Study on the implementation of Axis 4 of the European Fisheries Fund, Consortium of Capgemini Nederland B.V., Stichting Dienst Landbouwkundig Onderzoek, Rambøll Management Consulting A/S, February 2014.

[39] Aktvregion Ostseeküste FLAG, Germany: https://webgate.ec.europa.eu/fpfis/cms/farnet/fish-boat-flag-aktivregion-ostseek%C3%BCste-de

[40] www.fischvomkutter.de

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

DG MARE has assessed the effectiveness of its key internal control systems during the reporting year and has concluded that the internal control standards are effectively implemented. Furthermore, DG MARE has taken measures to further improve the efficiency of its internal control systems in the areas of ethical and organisational values, staff development and objectives and performance indicators, as reported in Part 3. By the end of the reporting year, these measures were fully and satisfactorily implemented. Please refer to Part 3 for further details.

In addition, DG MARE has systematically examined the available control results and indicators, including those aimed to supervise entities to which it has entrusted budget implementation tasks, as well as the observations and recommendations issued by internal auditors and the European Court of Auditors. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives. Although the costs of controls outweighed the quantifiable benefits in both shared and direct management domains, DG MARE considers that the controls undertaken are essential for management to obtain the necessary assurance. Please refer to Part 2 for further details.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director General, in her capacity as Authorising Officer by Delegation has signed the Declaration of Assurance (albeit qualified by a reservation concerning European Fisheries Fund expenditure).

Information to the Commissioner

The main elements of this report and assurance declaration, including the reservation envisaged, have been brought to the attention of Commissioner Maria Damanaki, responsible for Maritime Affairs and Fisheries.

1. POLICY ACHIEVEMENTS

1.1 Achievement of general and specific objectives

1.1.1 Policy area Maritime Affairs and Fisheries: General objective 1

Policy Area: Maritime Affairs and Fisheries				**☒Spending programme** **☐ Non-spending**
General objective 1	**Impact indicator(s)**	**Target (long-term)**	**Interim milestone (short-term)**	**Current situation (as achieved)**
11 02 Fisheries markets: Ensure the smooth functioning of the EU market in fishery and aquaculture products while keeping market interventions limited. Transition to a new Common Market Organisation (CMO) policy focused on more efficient organisation of EU producers for sustainable fishery and aquaculture, and on improving information to	Market interventions remain limited. Supply needs for consumers and industry are covered. Source: DG MARE	Functioning of the markets in fishery and aquaculture products is strengthened.	Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the reform of the common market organisation[41]. Adoption of delegated and implementing acts pertaining to the new CMO.	CMO Regulation (EU) No 1379/2013 applies from 1 January 2014. It is supplemented by two Commission Implementing Regulations adopted on 17 December 2013: – Regulation No 1418/2013 concerning production and marketing plans; – Regulation No 1419/2013 concerning the recognition of producer organisations and inter-branch organisations, the extension of the rules of

[41] Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products, amending Council Regulations (EC) No 1184/2006 and (EC) No 1224/2009 and repealing Council Regulation (EC) No 104/2000.

consumers on fishery and aquaculture products.				producer organisations and inter-branch organisations and the publication of trigger prices. Besides, a non-binding Commission Recommendation on the establishment and implementation of the production and marketing plans was elaborated in 2013 to be adopted in March 2014 (C(2014) 1264). With the economic crisis, the decrease in demand resulted in slightly lower first-sale prices for some of the EU fishery and aquaculture products. This increased the volume of the market interventions paid in 2013 to Member States with 2% in monetary value compared to 2012. Supply of raw material for the EU processing industry is ensured through the implementation of Council Regulation (EU) N° 1220/2012 establishing a new framework for autonomous tariff quotas. 16 out of the 25 products covered accounted for a use rate of more than 50% (13 more than 70%). The main species are cod, shrimps, tuna

				loins and hake.
	Improve availability of market information. Information displayed on labelling of fishery and aquaculture products. Labelling of fishery and aquaculture products. Source: DG MARE	Increased access to information about market development and trends. EU consumers' knowledge of fishery and aquaculture products is improved.	Setting up of the European Market Observatory for fishery and aquaculture products.	Setting up of EUMOFA[42] improved the availability of market information. Mandatory information for the EU consumer of fishery and aquaculture products: - commercial name; - production method; - provenance.
Follow-up, contribute to and participate as appropriate in international trade negotiations bearing in mind: a) the overall objectives of the Common Fisheries Policy (CFP), including the EU industry (both processors and producers) interests in international trade issues; b) the contribution to consolidate fish and fishery products trade flows by ensuring the sustainability of fishery resources and the promotion of good governance in fisheries.	Number of free trade agreements (FTAs) with fisheries clauses in the sustainable development chapter promoting the sustainable exploitation of fish resources. Number of negotiations where fishery products or related issues are discussed. Source: DG MARE	Ensuring coherence among EU external policies affecting fisheries. Ensuring the supply of the EU processing industry while not putting at risk the EU producers' interests. Improved promotion of sustainability of fisheries through multilateral, regional and bilateral agreements (Free Trade Agreements, Economic Partnership Agreements, …).		Negotiation of the inclusion of meaningful provisions in the trade and sustainable area to promote fishery and maritime governance in the FTA negotiations with third countries (Canada, Japan, Vietnam, Thailand / Pacific, SADC, ESA) with particular focus on combating illegal, unreported and unregulated (IUU) fishing activities pertaining to the implementation of the relevant regulations. *Disclaimer: as international trade negotiations are conducted under the lead of other Commission services (DG TRADE, DG AGRI), the achievement of this specific objective is partly beyond the control of DG*

[42] EU Market Observatory for Fisheries and Aquaculture products.

				MARE.

The impact indicator relating to the "Degree to which the volume of withdrawals remains low" as defined in the 2013 Management Plan of DG MARE is dropped because the level of withdrawals of fishery products is a result indicator which is included under specific objective 1 under ABB activity 11 02 Fisheries markets.

A second impact indicator has been dropped because the indicator relates to the implementation of the new Common Market Organisation from 2014 onwards and does not relate to the situation at the end of 2013: "Role of the Producer Organisations to manage the activities of their members on a sustainable way and better market their production. Shift from intervention to planning of production and marketing activities."

1.1.2 Policy area Maritime Affairs and Fisheries: General objective 2

Policy Area: Maritime Affairs and Fisheries				☒Spending programme ☐ Non-spending
General objective 2	**Impact indicator(s)**	**Target (long-term)**	**Interim milestone (short-term)**	**Current situation (as achieved)**
11 03 International fisheries and law of the sea: Strengthen international cooperation and fisheries governance so as to promote sustainable and responsible fisheries outside EU waters. Via the active involvement of the EU in Regional Fisheries Management Organisations (RFMOs) and global fora (UN, FAO, OECD, etc.): bilateral dialogues and conclusion of bilateral Fisheries Partnership Agreements (FPAs).	Exploitation levels of marine stocks. Source: DG MARE	Fish stocks covered by RFMOs at sustainable levels in line with the objectives of the RFMO conventions. Full compliance by Contracting Parties with conservation and control measures of RFMOs.	The Commission Communication on the External Dimension of the CFP(*) includes a number of actions to be implemented in the short, medium and long term. (*) COM(2011)424 of 13.07.2011, endorsed by Council Conclusions 7086/12 of 01.03.2012.	The EU is a party to 14 RFMOs. The EU participates actively in the work of UN, FAO, OECD and other international bodies. The EU is engaged in dialogues with important partners such as the US, Japan and Canada. Sustainability levels: 13 out of 16 main tuna species are currently sustainable. Compliance with RFMO measures by RFMO members varies very much from one member to another.
	Negotiation and implementation of FPAs contributing to the safeguarding of traditional fisheries activities of the EU fleet and sustainable exploitation of our partners' surplus of fisheries resources, when available.	Develop responsible fisheries partnerships with third countries which have concluded a FPA with the EU: • This allows the third countries concerned to better manage their resources and enhance control of fishing activities in their waters through the definition of an annual		*Conclusion of SFPAs with third countries: see specific objective 2 under ABB activity 11 03.*

	Source: DG MARE	and multiannual planning of actions/projects to be funded by each FPA sectorial support, through a matrix which includes indicators and targets. • Traditional fisheries activities of the EU fleet are maintained and safeguarded, including long-distance fleet activities through FPAs with third countries.		

1.1.3 Policy area Maritime Affairs and Fisheries: General objective 3

Policy Area: Maritime Affairs and Fisheries				☒Spending programme ☐ Non-spending
General objective 3	**Impact indicator(s)**	**Target (long-term)**	**Interim milestone (short-term)**	**Current situation (as achieved)**
11 04 Governance of the CFP: Promote the adherence of stakeholders to the objectives and measures of the Common Fisheries Policy (CFP) by strengthening and promoting an effective, regular and structured dialogue with the stakeholders in the CFP (fishing industry, NGOs, consumers, aquaculture, processors, traders and other interests).	Stakeholders participate actively in the decision-making process and adhere to the rules which they have helped develop. Source: DG MARE	Increased number and improved quality of recommendations from the stakeholders taken into account by the Commission in its proposals. Increased compliance with CFP rules.	From 1 January 2014: entering into force of the CFP reform.	1 January 2014: entering into force of Regulation (EU) No 1380/2013 on the Common Fisheries Policy, including Articles 43 to 45 on the Advisory Councils. Throughout 2014 the Commission will sign with each Advisory Council a specific grant agreement setting out the terms, detailed conditions and transfer arrangements for the operating grant.

1.1.4 Policy area Maritime Affairs and Fisheries: General objective 4

Policy Area: Maritime Affairs and Fisheries				**☒Spending programme** **☐ Non-spending**
General objective 4	**Impact indicator(s)**	**Target (long-term)**	**Interim milestone (short-term)**	**Current situation (as achieved)**
11 06 European Fisheries Fund (EFF): Ensure the sustainable exploitation of fisheries resources, the development of competitive fisheries and aquaculture industries, the improvement of market supply and the welfare of areas dependent on fisheries by providing structural support to the achievement of the objectives of the CFP until the end of 2013.	Supply of fisheries products to the EU market. Source: DG MARE	Increase the value and volume of the fisheries products produced or processed in the EU.		EU total fishery production: around 75% catches and 25% aquaculture. In 2008-2011 the total EU fishery production (catches and aquaculture) has: – decreased by 2% in volume due to the reduction in fishing opportunities for overexploited stocks; – increased by nearly 5% in total value. The value of processed fish products has followed an increasing trend, despite the economic crisis. In 2012 imports into the EU in terms of volume accounted for 60% of EU's total supply, which is about the same proportion since 2008. Between 2009 and 2012 imports increased significantly in value with +15% or +3 billion €, in particular for salmon, crustaceans and groundfish. Sources: – EUROSTAT databases – STECF – The 2013 Annual Economic Report on the EU Fishing Fleet (STECF-13-15), 2013 – STECF – The Economic Performance Report on the EU Aquaculture sector (STECF-13-29), 2013 – STECF – The Economic Performance Report on the EU Fish Processing sector (STECF-13-31), 2013.

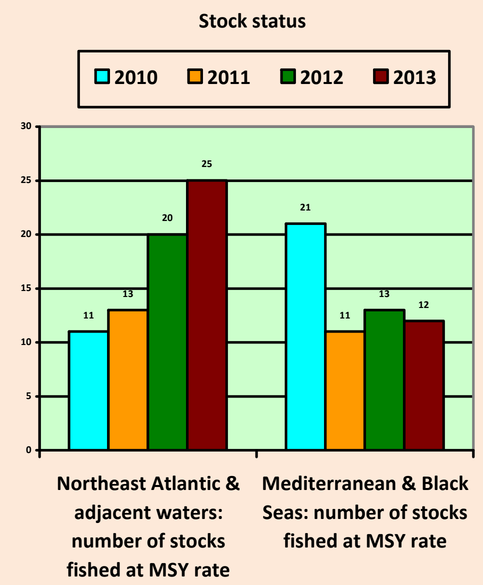
	Number of jobs in the EU. Increase the proportion and/or amount of EU aquaculture in overall fish consumption in the EU. Source: DG MARE	Safeguard employment in fisheries, aquaculture and processing sector.		According to available data **EU fleet** employment amounted to 127,680 fishers (excluding Greece due to lack of data), corresponding to an employment of 98,500 full time equivalents (FTEs) in 2011. Employment decreased 6% between 2010 and 2011 while the average wage per FTE, estimated at €21,577 in 2011, increased 8% between 2010 and 2011. The reduction of jobs in the fishing fleet has been driven by the loss of catches in overexploited stocks and the need to reduce overcapacity in some fleets. However the average wage for the EU fleet has been increasing showing the transition towards a fisheries employment of more quality and better paid jobs. Employment measured in FTE in aquaculture and fish processing sectors has been stable in recent years. Traditional employment patterns of part-time low-skilled labour are replaced with more permanent full-time employment. This explains that while numbers on total employment decrease, employment measures in FTE remains relatively stable. Source: STECF – The 2013 Annual Economic Report on the EU Fishing Fleet (STECF-13-15), 2013. According to data submitted by Member States, the number of workers employed in **EU fish processing** in 2011 amounted to 111,700 persons (total employment). While numbers on total employment decreased, employment measured in FTE has remained relatively stable. This shift tends to improve the quality and average salaries in the sectors. Labour productivity and salaries have increased. Innovation and new production techniques are increasing productivity and the demand for more skilled labour in this sector.

				Source: STECF – The Economic Performance Report on the EU Fish Processing sector (STECF-13-31), 2013. It is estimated that the **EU-28 aquaculture** sector directly could employ more than 80,000 people[43]. Current data suggest that the total employment has decreased by 5% to 10% from 2010[44]. While total employment has decreased, employment measured as FTE in aquaculture has been stable. Aquaculture is a sector with predominance of seasonal and part-time employment which may fluctuate on yearly basis. Source: STECF – The Economic Performance Report on the EU Aquaculture sector (STECF-13-29), 2013.
	EU fleet capacity. Source: DG MARE	Reach the equilibrium between fishing fleet capacity and available resources, by decreasing the size of the EU fishing fleet in terms of tonnage and power.		See specific objective 2 under ABB activity 11 07.

[43] Current data stand for 15 countries: Bulgaria, Cyprus, Denmark, Finland, France, Greece, Ireland, Italy, Luxembourg, Malta, Portugal, Romania, Spain, Sweden and the United Kingdom.
Data from Germany, Poland and Slovenia have not been included because they do not refer to the national total. In the 2011 aquaculture report there were also included 5,642 employments in Poland and 255 employments in the Netherlands. Hence, by extrapolation data suggest that the EU-28 aquaculture sector could employ between 80 and 85 thousand persons.

[44] Data available from the 15 countries detailed in the previous footnote show a 8.8% decrease in the total employment reported.

1.1.5 Policy area Maritime Affairs and Fisheries: General objective 5

Policy Area: Maritime Affairs and Fisheries				☐ **Spending programme** ☒ **Non-spending**
General objective 5	**Impact indicator(s)**	**Target (long-term)**	**Interim milestone (short-term)**	**Current situation (as achieved)**
11 07 Conservation, management and exploitation of living aquatic resources: Ensure that fishing and aquaculture activities provide long-term sustainable environmental, economic and social conditions and contribute to the availability of food supplies.	Number of stocks exploited at the Maximum Sustainable Yield (MSY) rate. Source: DG MARE	Target by 2020 at the latest and by 2015 where possible: exploitation at MSY rate for all commercially exploited stocks. Source: Plan of Implementation of the World Summit on Sustainable Development, Johannesburg, 2002[45]. *Comment: the target as defined in the 2013 Management Plan of DG MARE has been adjusted to cover the long-term perspective of 2020.*	Milestone per year between 2013 and 2020: consistent increase in the number of commercially exploited stocks fished at MSY rate. *Comment: the milestone as defined in the 2013 Management Plan of DG MARE has been adjusted to cover the long-term perspective of 2020.*	

45 http://www.un.org/esa/sustdev/documents/WSSD_POI_PD/English/WSSD_PlanImpl.pdf

1.1.6 Policy area Maritime Affairs and Fisheries: General objective 6

Policy Area: Maritime Affairs and Fisheries				☒Spending programme ☐ Non-spending
General objective 6	**Impact indicator(s)**	**Target (long-term)**	**Interim milestone (short-term)**	**Current situation (as achieved)**
1108 Control and enforcement of the CFP: Ensure compliance with the Common Fisheries Policy legal framework across the EU through effective and efficient control policy.	Number of cases of misreporting. Source: DG MARE	2013: misreporting does not exceed 10% of fishing opportunities allocated (i.e. catches or effort) and concern no more than 10% of the regulated stocks.	Control regulation: Council Regulation (EC) No 1224/2009. Implementing rules: Commission Regulation (EU) No 404/2011.	There are two systemic causes of misreporting: deficiency in the inspection system or deficiencies in the catch registration system which prevent the Member States from detecting misreporting. Major improvements have been observed in key fisheries such as bluefin tuna or mackerel, where the inspection has been strengthened in most of the Member States concerned. Specific strategies have been planned for fisheries where scientific and control data show signs of possible misreporting.

The following impact indicator as defined in the 2013 Management Plan of DG MARE is dropped because its relevance is proven to be insufficient in relation to this general objective: "Use of Electronic Recording and Reporting systems (ERS): amount of vessels equipped with an electronic logbook divided by amount of vessels obliged to report their fishing activities in a logbook (i.e. vessels of 12 m length overall or more)."

1.1.7 Policy area Maritime Affairs and Fisheries: General objective 7

Policy Area: Maritime Affairs and Fisheries				☒Spending programme ☐ Non-spending
General objective 7	**Impact indicator(s)**	**Target (long-term)**	**Interim milestone (short-term)**	**Current situation (as achieved)**
11 09 Maritime Policy: Maximise the potential of Europe's sea and oceans for growth and employment in an efficient, coordinated and sustainable manner.	Unemployment in coastal regions compared to EU average. Source: DG MARE	Coastal unemployment below the EU average.		Unemployment in EU coastal regions in 2009 was 10.0% compared to 8.9% for EU (source: Eurostat).
	GDP per capita in coastal regions compared to EU. Source: DG MARE	GDP per capita (which is a proxy index for the level of economic activity in maritime regions) to be above EU average.		GDP per capita in NUTS3 coastal regions was on average 24 600 € in 2009 compared to 23 500 € GDP per capita in the EU (source: Eurostat).

The impact indicator relating to "RTD expenditure linked to emerging maritime economic sectors" as defined in the 2013 Management Plan of DG MARE is dropped because no data are available.

1.1.8 ABB activity 11 02 Fisheries markets: Specific objective 1

ABB activity: 11 02 Fisheries markets			☒Spending programme ☐Non-spending
Specific objective 1	**Result indicator**	**Target end 2013**	**Current situation (as achieved)**
Contribute to the objectives laid down by Article 43 of the TFEU by increasing the sustainability of fishing activities, stabilisation of the market, availability of supply and reasonable prices for the consumers.	Level of carry-overs and withdrawals of fishery products.	Consolidation of the trend: carry-overs exceed withdrawals.	Since 2006: carry-overs exceed withdrawals. This is a good evolution because fishery products that are carried-over will be consumed after storage whereas withdrawn fishery products are taken permanently off the market for human consumption. In 2013: this trend is confirmed with a 1,9 to 1 ratio.
	Evolution of guide prices of fishery products.	Guide price fluctuations remain limited (between +3% and -3%).	Guide prices for 2013: • moderate adjustments for most whitefish species (-1% to + 1,5%) • increases for pelagic species (+1,5% to + 2,5%).

	Supply of the EU market (EU production and imports of fishery and aquaculture products).	Valorisation of EU production and strengthening level playing field for imported fishery products.	A slight reduction in EU production is observed, as has been the case each year for the last 20 years. Nevertheless, in 2012, self-sufficiency was increasing and reaching 40% of EU's total consumption. EU market supply meets the demand at reasonable prices (EU production and imports of fishery and aquaculture products). Imports into EU are stabilised in volume but increase in value: • in the period 2009-2012: important increase in value with +15% or +3 billion €, in particular salmon, crustaceans and groundfish. • 2012: imports accounted for 60% of EU's total supply, which is nearly a stable figure since 2008. For a large part it concerns frozen or prepared products. Negotiation of a trade and sustainable chapter in the Free Trade Agreements (FTA), including specific provisions on fisheries, which aim at ensuring that imports comply with certain core environmental and social standards. As a consequence, parties to the FTA (EU and partner countries) must follow the same rules and are given a better ability to compete.

1.1.9 ABB activity 11 02 Fisheries markets: Specific objective 2

ABB activity: 11 02 Fisheries markets		☒Spending programme ☒Non-spending	
Specific objective 2	**Result indicator**	**Target (long-term)**	**Current situation (as achieved)**
Define the defensive and offensive interests in preparation of bilateral, regional, multilateral trade negotiations and in relation to the autonomous trade regimes on fish and fishery products, as well as participate in trade negotiations. Adequate supply of the EU market for fisheries products to maintain and improve the competitiveness of the EU fish processing sector as well as developing the EU interests in third countries through the multilateral, bilateral and regional Free Trade Agreement negotiations. *Disclaimer: as international trade negotiations are conducted under*	Import/export flows (dependency rate).	Stabilisation of supply, taking into account differentiation of EU producers and processing interests by 2013 and beyond.	In the period 2009-2012 imports into the EU: – are stable in volume – increased steadily in value with + 15% or 3 billion €.
		Improvement of market access conditions for EU producers and exporters in third countries in the context of Free Trade Agreements.	Market access for EU fishery products to third countries and vice-versa was improved by negotiating Free Trade Agreements with Singapore, Peru, Colombia and Central American countries (Honduras, Nicaragua, Panama, Costa Rica, El Salvador, Guatemala).
	EU investments in third countries (fleet, processing plants, etc.). Establishment of joint ventures.	Improved conditions (secured legal framework in third countries in terms of foreign investments) for establishment of EU interests in third countries.	EU investments in third countries and the establishment of joint ventures were facilitated with inter alia Canada, India, Japan, Vietnam and Thailand.

the lead of other Commission services (DG TRADE, DG AGRI), the achievement of this specific objective is partly beyond the control of DG MARE.	Improvement of fishery and maritime governance outside EU borders: development of adequate commitments on sustainable fisheries in the framework of the Free Trade Agreements (Chapter on Trade and Sustainable Development).	Promotion of internationally agreed principles for the conservation and management of fisheries resources, including fishery governance and fight against IUU among preferential trade partners of the EU.	Fishery and maritime governance outside EU borders in the framework of Free Trade Agreements focused in particular on combating illegal, unreported and unregulated (IUU fishing).
	Level of tariff and non-tariff barriers. Establishment of a new framework for Autonomous Tariff Quotas.	Adequate supply of raw materials for EU processing industry ensured without affecting legitimate interests of EU producers.	The Autonomous Tariffs Quotas regulation has been renewed by Council Regulation (EU) No 1220/2012[46].

46 Council Regulation (EU) No 1220/2012 of 3 December 2012 on trade related measures to guarantee the supply of certain fishery products to Union processors from 2013 to 2015, amending Regulations (EC) No 104/2000 and (EU) No 1344/2011.

1.1.10ABB activity 11 02 Fisheries markets: Specific objective 3

ABB activity: 11 02 Fisheries markets		☒Spending programme ☐Non-spending	
Specific objective 3	**Result indicator**	**Target (long-term)**	**Current situation (as achieved)**
Reform of the market policy for fishery and aquaculture products to strengthen the role of producer organisations, foster competitiveness of the EU industry, simplify existing instruments, promote sustainable fishing of fish and aquaculture products and improve information to EU consumers.	Percentage of fishermen and aquaculture producers in the EU that are member of producer organisations (POs).	Consolidation of the trend, i.e. the majority of fishermen being members of POs on the longer term.	2010 (most recent data available): over 60% of the EU producers are members of POs.
	Supply of the EU market through EU production and imports of fishery and aquaculture products.	Aim at increased level playing field between local and imported products.	See specific objective 1.
	Availability of information on market development.	Additional and more precise information for economic operators and policy-makers with the European Market Observatory starting with the reform of the CFP.	Information on the evolution of prices from first sale to consumer was neither comprehensive nor robust. To remedy this weakness, the preparatory action on EUMOFA[47], which was initiated in 2009, is finalised. A transitory period until the launch of a fully-fledge Observatory (probably in the 2nd half of 2014) was implemented. However, delays in the adoption of the new European Maritime and Fisheries Fund might hinder the

[47] EU Market Observatory for Fisheries and Aquaculture products.

			continuity of EUMOFA from mid-2014.
	Information available to EU consumers.	Additional, more precise and more reliable information on provenance and sustainability in line with the CMO reform proposal to extend mandatory information to consumers.	Mandatory information according to Regulation N° 104/2000: - commercial name; - production method; - provenance. From 2014 on, the new CMO Regulation (EU) No 1379/2013 will reinforce the reliability and completeness of information to consumers notably by making it mandatory to specify the catch or production area.

1.1.11ABB activity 11 03 International fisheries and Law of the Sea: Specific objective 1

ABB activity: 11 03 International fisheries and Law of the Sea			☒Spending programme ☐Non-spending
Specific objective 1	**Result indicator**	**Target (2020)**	**Current situation (as achieved)**
Promote sustainable development for fisheries management at international and regional level and support improved maritime governance at international level through active involvement in international organisations (UN bodies, RFMOs) and processes affecting fisheries and the Law of the Sea.	Policy initiatives and actions in the field of international fisheries and Law of the Sea launched by the EU in line with the Communication from the Commission on the External Dimension of the CFP.	Actions and initiatives identified in the Communication from the Commission on the external dimension of the CFP are implemented as scheduled.	High level dialogues held with the US, China, Japan, Canada in March, April, May and July 2013 respectively. Annual UNGA Resolution on sustainable fisheries: all EU proposals but one (shark finning) were adopted. FAO paves the way towards a global catch certificate to eradicate IUU fishing. 16th CITES Conference: 5 sharks species and manta rays are listed. OECD: progress on guidance for Green Growth and fisheries. Fisheries Managers Handbook published.
		Implementation of recommendations of performance reviews.	ICCAT Working Group: good progress on the Convention scope for sharks. NASCO: follow-up to the 2012 performance review. NAFO: implementation of the majority of actions as a follow-up to the 2011 performance review. CCAMLR: options as to timing, scope and

			procedures for a 2nd performance review are developed. IOTC: reflections envisaged for 2014 on how to enhance the effectiveness of IOTC.
	Number of EU proposals aiming at implementing UN and FAO provisions.	EU proposals for the UNGA fisheries and oceans resolutions 2012 adopted and their implementation agreed in RFMOs and within the EU.	Annual UNGA Resolution on sustainable fisheries: all EU proposals but one (shark finning) were adopted. EU proposals in RFMOs are in line with the UNGA fisheries resolutions and international policy developments. The CFP reform is fully compliant with international rules.
		Agreement on the criteria and process for the assessment of flag state performance.	FAO: Agreement reached in the 3rd technical FAO consultations was to a large extent in line with the EU position.
		Progress in the implementation of Port State Measures in RFMOs.	EU continued to promote port inspections in IATTC and WCPFC but adoption met resistance of other parties.
		Regulation on the protection of Vulnerable Marine Ecosystems modified in line with the 2012 UNGA Resolution on sustainable fisheries.	Amendment is postponed taking into account the difficult legislative process for the Deep-sea fishing proposal.
	Number of EU proposals adopted in RFMOs for the improvement of the management and control of fisheries.	RFMO Convention objectives for the sustainable exploitation of fisheries resources achieved.	36 out of 50 management and control measures proposed by the EU in RFMOs were adopted.

At all occasions – in bilateral contacts, within RFMOs and other international fora – the European Commission, represented by DG MARE, promoted the respect of high sustainability standards by third parties in the high seas and in third country waters.

Similarly, DG MARE consistently promoted actions outlined in the 'Commission Communication on the external dimension of the CFP'[48] and other policy developments, such as the shark finning ban. The EU positions for conservation measures followed strictly scientific advice, including on the protection of Vulnerable Marine Ecosystems and the establishment of Marine Protected Areas. We promoted the use of best available scientific advice, better compliance and better governance across all RFMOs.

Due to unforeseen staff changes the transposition of international law remained limited to the fishing opportunities for 2013 and 2014, and a regulation lifting the embargo on ICCAT parties. Nevertheless, EU Member States are bound to comply with international obligations in accordance with Article 216(2) TFEU.

[48] COM(2011) 424

1.1.12ABB activity 11 03 International fisheries and Law of the Sea: Specific objective 2

<table>
<tr><th colspan="3">ABB activity: 11 03 International fisheries and Law of the Sea</th><th colspan="2">☒Spending programme
☐Non-spending</th></tr>
<tr><th>Specific objective 2</th><th>Result indicator</th><th>Target
(end 2013)</th><th colspan="2">Current situation
(as achieved)</th></tr>
<tr><td rowspan="4">Contribute to sustainable fisheries outside EU waters, maintain a European presence in distant water fisheries and protect the European fisheries sector and consumer interests by negotiating and concluding Fisheries Partnership Agreements (FPAs) with coastal States (third countries) in coherence with other EU policies.</td><td rowspan="4">Indicators:
– number of protocol to FPAs in force;
– number of licences available;
– catches reference tonnage.</td><td rowspan="4">Maintain or increase where possible the current level of fishing opportunities for EU vessels in third-country waters in line with the objectives of sustainability of the fishing resources and good value for money.

This implies the successful conclusion of pending and forthcoming negotiations and the finalisation of the relevant legislative processes for agreements and/or protocols expiring in 2013 or at the beginning of 2014.
In particular this implies that FPA protocols with Morocco, Gabon, Seychelles and Comoros are renewed.

At the same time, opportunities for negotiating new FPAs are being considered, with Cook Islands and Tuvalu as first candidates, the objective being, at least to compensate for dormant FPAs (agreements with no protocol).

In 2013, recommendations authorising the Commission to open negotiations for the renewal of</td><td>Nr of Protocols to SFPAs in force at the end of 2013</td><td>11

Gabon, Cape Verde, Comoros, Greenland, Ivory Coast, Kiribati, Madagascar, Mauritania, Mozambique, Sao Tome and Principe, and Seychelles.</td></tr>
<tr><td>Nr of legislative procedures on-going</td><td>3

For the conclusion of:
– the new Protocols with Gabon and Côte d'Ivoire
– the Access Agreement with Seychelles (ex-Mayotte waters).</td></tr>
<tr><td>Nr of negotiations on-going</td><td>2

Cook Islands, Cape Verde</td></tr>
<tr><td>Nr of negotiation mandates adopted or prepared</td><td>8

– For Seychelles, Comoros, Cook Islands, Cape Verde, Sao Tome and Principe, Senegal, and Mauritania.</td></tr>
</table>

		Protocols with Comoros, Seychelles, Mozambique, Madagascar, São Tomé & Principe Cape Verde, Mauritania, and possibly with other countries in West Africa and the Pacific will be launched. During 2013, the evolution of the political situation in Guinea-Bissau will be carefully monitored in view of a possible re-opening of the negotiation process. New FPAs are negotiated and agreements/protocols that expire are re-negotiated provided that relevant political and sustainability conditions are met and taking into account the outcome of the CFP reform regarding the external dimension.	– Mandate for the access Agreement with the Seychelles (ex-Mayotte waters). **Nr of fishing licences:** • for tuna vessels: • 221 • for vessels under mixed SFPAs: • 148 representing a **global catch tonnage for 2012**, the last year for which complete statistics are available: 226 574 tonnes
	Number of third countries with which FPAs improve the management of their resources and the control of fishing activities in their waters, through the adoption and implementation of a matrix of targeted objectives for each protocol to the FPAs.	All protocols in force give rise to the adoption of a matrix displaying the objectives, the actions and the indicators which are relevant for the implementation of sectoral support. This is based on general guidelines for sectoral support which have been agreed upon in 2012. Regular follow-up during the annual Joint Committee meeting of the implementation by third-country authorities of the actions defined in the matrix. Reinforcement of control capabilities of fisheries activities in partner countries by including a control and surveillance chapter in the	11 (multi-)annual programmes adopted, i.e. for each Protocol to a SFPA a matrix of targeted objectives for the management of fisheries is negotiated and adopted by the Joint Committee (in which the EU, third country and Member States concerned are represented). For each SFPA, a Joint Committee monitored its implementation and in particular, the sectoral support granted.

		multiannual programme of each coastal state in order to combat IUU fishing.	
	Number of regional programmes supporting the fight against illegal, unreported end unregulated (IUU) fishing activities in third country waters.	Reinforcement of the South West Indian Ocean surveillance plan by increasing the synergy with existing and future programmes at regional level (in synergy with regional organisations and DG DEVCO).	The grant to the Indian Ocean Commission for the extension of the Regional plan for surveillance in the Southwest of the Indian Ocean until March 2014 has continued to be monitored.

The EU concludes Sustainable Fisheries Partnership Agreements (SFPAs) with third countries allowing them to better manage their fisheries resources with EU sectoral support, and for the EU fleet to sustainably exploit the surplus of our partners' fisheries resources.

New negotiations have been opened with Senegal and the possibility of new FPAs is being considered with Cook Islands and Liberia as first candidates, the objective being at least to compensate for dormant FPAs (agreements with no protocol).

A new access agreement with the Seychelles was negotiated and agreed which would enable Seychelles flagged vessels to fish in the waters of Mayotte which will fall under the jurisdiction of the EU from 1 January 2014, following the change in status of Mayotte.

During 2013, the evolution of the political situation in Guinea-Bissau has been monitored carefully with a view to the possible re-opening of the negotiation process for a new Protocol, pending a stabilisation of the political situation.

1.1.13ABB activity 1103 International fisheries and Law of the Sea: Specific objective 3

ABB activity: 11 03 International fisheries and Law of the Sea			☐ Spending programme ☒ Non-spending
Specific objective 3	**Result indicator**	**Target (long-term)**	**Current situation (as achieved)**
Make a success of enlargement: 1) To prepare the enlargement process by facilitating and assisting candidate countries and potential candidate countries to adopt and effectively implement the 'Acquis Communautaire' in fisheries; 2) To prepare and adopt draft common positions for negotiations on 'Chapter 13 – Fisheries' possibly for Turkey and for Iceland. *Disclaimer: as the enlargement negotiations are conducted under the lead of DG ENLARG, the achievement of this specific objective is partly beyond the control of DG MARE.*	Ensuring that Croatia encounters no delay in the alignment to and implementation of the *acquis* in view of accession on 1 July 2013.	Monitoring the alignment to and implementation of the *acquis* and support in the preparation for accession. Follow up the CFP implementation in Croatia as a new Member State as from 1 July 2013.	Compliance with the Mediterranean Regulation No 1967/2006 was prepared for Croatia's accession on 1 July 2013. Discussions on draft management plans in view of their adoption by the Commission continue with Croatia as a new Member State.
	Opening of 'Chapter 13 – Fisheries' for Turkey.	Opening of 'Chapter 13 – Fisheries' for Turkey: it is not possible to indicate a deadline at this stage.	Chapter 13 – Fisheries remains open due to political issues. November 2013: technical cooperation allowed EU and Turkey to adopt common positions during the ICCAT annual meeting.
	Opening of 'Chapter 13 – Fisheries' for Iceland.	Opening of 'Chapter 13 – Fisheries' for Iceland: it is not possible to indicate a deadline at this stage.	2013: the Government of Iceland puts the EU-accession negotiations on hold awaiting the outcome of a referendum. Commission screening report proposing two opening benchmarks was transmitted to the Council in May 2012.

1.1.14ABB activity 11 04 Governance of the CFP: Specific objective 1

ABB activity: 11 04 Governance of the CFP			☒Spending programme ☐ Non-spending
Specific objective 1	**Result indicator**	**Target (as of 1 January 2014)**	**Current situation (as achieved)**
Increase stakeholders' involvement in the CFP and broaden the opinion base for policy formation through well-functioning Regional Advisory Councils (**RACs**).	Number of fully operational RACs.	Continuation of the 7 RACs, which should be transformed into Advisory Councils (ACs) under the reformed CFP. Creation of 4 new Advisory Councils: Aquaculture AC, Markets AC, Black Sea AC, and Outmost regions AC.	7 RACs are operational: – Baltic Sea RAC – High Seas/Long Distance Fleet RAC – Mediterranean Sea RAC – North Sea RAC – North-Western Waters RAC – Pelagic Stocks RAC – South-Western Waters RAC. The reformed CFP provides for the creation of 4 new ACs for Aquaculture, Markets, Black Sea and Outmost Regions. The procedure for the setting up of these ACs is stakeholders-driven, since the ACs are stakeholder organisations. Therefore, it is not possible to give an exact date for their setting up, but this should not be expected before the 4th quarter 2014 at the earliest.
	Quality of RAC recommendations.	All 7 RACs submit high-quality advice to the European Commission compatible with the CFP objectives.	In 2013: the RACs issued 63 recommendations. The quality of the advice has further improved in 2013. To this

		RACs contribute to the obligations linked to the reformed CFP.	end, the RACs receive feedback from the Commission as well as regular updates on our priorities in terms of policy making. The RACs are increasingly involved in the development and revision of long-term management and recovery plans, in cooperation with scientists.
	Number of meetings organised by and with the RACs.	Regular meetings organised by each of the 7 RACs.	In 2013: around 80 meetings including two coordination meetings with all the RACs.
	Representativity of RACs.	Once the reformed CFP enters into force there should be a balanced representation of stakeholders ensuring that, for example, small scale fleets, consumers, fishermen employed on board vessels, NGOs, processors etc. are equally well represented.	In the context of the reformed CFP, the RACs/ACs will play an increased role. Their representativeness is an important issue. They have all engaged the necessary procedures to comply with the new 60/40 composition rule.

1.1.15ABB activity 11 04 Governance of the CFP: Specific objective 2

ABB activity: 11 04 Governance of the CFP			☒Spending programme ☐Non-spending
Specific objective 2	**Result indicator**	**Target (long-term)**	**Current situation (as achieved)**
Ensure and improve the proper functioning of the Advisory Committee for Fisheries and Aquaculture (**ACFA**), with a view to receiving timely and comprehensive advice on horizontal policy issues and in particular on the CFP reform.	Degree of achievement of ACFA's work programme.	100% in 2013	The Commission has proposed in the context of the CFP reform to discontinue ACFA and to use the Advisory Councils as main consultation bodies. For some issues an ad-hoc consultation mechanism may be established in the near future. The last meeting of ACFA took place on 19 April 2013.
	Establish in the framework of the CFP reform a new consultation mechanism to cover horizontal policy issues.	The Commission has proposed in the context of the CFP reform to discontinue ACFA and to use the Advisory Councils as main consultation bodies (for some issues an ad-hoc consultation mechanism may also be established).	

1.1.16ABB activity 11 04 Governance of the CFP: Specific objective 3

ABB activity: 11 04 Governance of the CFP			☒Spending programme ☐Non-spending
Specific objective 3	**Result indicator**	**Target (long-term)**	**Current situation (as achieved)**
External communication: Develop, implement, monitor and adapt an external communication strategy to actively promote the main policies and initiatives of DG MARE, and making them more visible and understandable to different audiences and highlighting their concrete benefits to the citizens of the EU.	Average number of visits per month to the thematic websites on fisheries and maritime affairs. Source: DG MARE	By end 2013: 5% increase compared to end 2012.	see table below

Website	2013	2012
Fisheries	119.251 (133.128 including the fleet register) = + 14,8% compared to 2012	103.823
Maritime affairs	25.703 = + 17,08% compared to 2012	21.953

<table>
<tr><td></td><td>Proportion of page views in other language versions than English.

Source: DG MARE</td><td>In December 2013: 5% increase of non-English page views compared to the situation in December 2012.</td><td><table><tr><th>Website</th><th>2013</th><th>2012</th></tr><tr><td>Fisheries</td><td>44%</td><td>44,6 %</td></tr><tr><td>Maritime affairs</td><td>18%</td><td>22%</td></tr></table>
2012 was a peak year in terms of news on the CFP reform proposals. In 2013, DG MARE was able to sustain the numbers of visitors but did not attract new ones as no special promotion of the site has been undertaken.</td></tr>
<tr><td></td><td>Proportion of websites' repeat visitors (who visit the website more than once).

Source: DG MARE</td><td>In December 2013: 5% increase of regular visitors compared to the situation in December 2012.</td><td><table><tr><th>Website</th><th>2013</th><th>2012</th></tr><tr><td>Fisheries</td><td>11%</td><td>12%</td></tr><tr><td>Maritime affairs</td><td>9 %</td><td>11%</td></tr></table>
No particular promotion was done in 2013 as the emphasis was on consolidating site content.</td></tr>
<tr><td></td><td>Websites show up on the first page of relevant searches.</td><td>Both websites rank among the highest search results for “fisheries EU” in all languages and “maritime policy EU”.</td><td>• Fisheries website appears among top 3 results except for CS and RO;
• Maritime affairs appear in top 3 results for all languages.</td></tr>
</table>

<table>
<tr><td></td><td>Number of subscriptions to the magazine "Fisheries and Aquaculture in Europe".</td><td>By end 2013:
– maintain the current level of subscriptions
– progressively increase the dissemination of online editions.</td><td><table><tr><th>Year
(n° magazine)</th><th>Subscriptions</th></tr><tr><td>2013
(n° 63)</td><td>26.167</td></tr><tr><td>2012
(n° 59)</td><td>27.016</td></tr></table>
The number of subscriptions is slightly decreasing. This is a general trend. As DG MARE offers more electronic information sources, people shift towards them and abandon print media.</td></tr>
<tr><td></td><td>Full participation to and visibility of the European Maritime Day (EMD) from representatives of the targeted audiences.</td><td>EMD event on 21-22 May 2013 in La Valetta (Malta): at least 1.000 participants representing major European stakeholders and public authorities.

Preparation of the EMD event 2014 in Bremen (Germany).</td><td>The EMD attracted the EU and wider Mediterranean maritime community with 847 participants who attended the 27 sessions of the conference.
The event location and flight accessibility were key factors limiting some participants from travelling to Malta.

The EMD was also celebrated across the EU with 14 events in different Member States.

In preparation for EMD 2014, a new website was released on Drupal featuring a number of user-friendly and interactive elements that made the site much more attractive and modern.</td></tr>
</table>

1.1.17ABB activity 11 06 European Fisheries Fund (EFF): Specific objective 1

<table>
<tr><td colspan="3">ABB activity: 11 06 EFF</td><td>☒Spending programme
☐ Non-spending</td></tr>
<tr><th>Specific objective 1</th><th>Result indicator</th><th>Target
(long-term)</th><th>Current situation
(as achieved)</th></tr>
<tr><td>Promote a sustainable balance between resources and the fishing capacity of the Union fishing fleet.</td><td>Capacity reduction of the EU fleet with EFF support.</td><td>In line with the EFF Regulation, Member States should set out targets and indicators for each priority axis, which includes Axis 1, measures for the adaptation of their fishing fleets.</td><td>
<table>
<tr><th colspan="4">Fleet reduction with FIFG or EFF support[49]</th></tr>
<tr><th>Year</th><th>Number of vessels</th><th>GT</th><th>kW</th></tr>
<tr><td>2007</td><td>633</td><td>28680,53</td><td>94179,61</td></tr>
<tr><td>2008</td><td>657</td><td>38421,97</td><td>139034</td></tr>
<tr><td>2009</td><td>589</td><td>42595,36</td><td>128800,8</td></tr>
<tr><td>2010</td><td>427</td><td>40899,56</td><td>111648,5</td></tr>
<tr><td>2011</td><td>1119</td><td>30690,4</td><td>115158,8</td></tr>
<tr><td>2012</td><td>902</td><td>24400,01</td><td>89849,56</td></tr>
<tr><td>2013</td><td>259</td><td>12088,92</td><td>32046,76</td></tr>
<tr><td>Total</td><td>4586</td><td>217777</td><td>710718</td></tr>
</table>
</td></tr>
</table>

The achievement of a sustainable balance between the resources and the fishing capacity of the Union fishing fleet is a priority

[49] The regular updates – including corrections – by the Member States of the Fishing Fleet Register may result in different data compared to the 2013 Management Plan of DG MARE.

within the Europe 2020 flagship initiative "A resource efficient Europe". Overall, progress is on track and it has positive results on balancing capacity and resources.

As to the impact of structural support (EFF, FIFG), evaluation findings[50] highlight the lack of effectiveness and efficiency of current scrapping programmes in balancing EU fishing fleets and resources. They confirm that scrapping has been used to improve economic efficiency and in many cases, to modernise fleets or investing in another area of the fishing industry. The motivation of the vessel owners to scrap was often not so much related to the stocks status but to the lack of profitability of their business and/or other factors such as having reached retirement age.

In follow-up to the European Court of Auditors' Special Report on overcapacity[51] and the evaluation findings, investments which increase the ability – and not just the capacity measured in GT and kW – of the vessels to catch fish, are excluded from EFF support pursuant to Article 25(2) of the EFF Regulation.

During the *trilogues* on the EMFF the Commission insisted that similar weaknesses would not occur under the new EMFF. Therefore, there may be a need to adapt this result indicator to take into account the biological aspects (state of fishing resources) and effects of technological progress when measuring capacity reduction. Measuring the reduction of the fishing fleet capacity exclusively in GT and kW does not provide a comprehensive picture of the impact of on-board investments which can increase the ability of the vessels to catch fish.

---

[50] Retrospective evaluation of scrapping and temporary cessation measures in the EFF, Consortium MRAG, November 2013, http://ec.europa.eu/fisheries/documentation/studies/cessation/index_en.htm

[51] Special Report No 12/2011 "Have EU measures contributed to adapting the capacity of the fishing fleets to available fishing opportunities?", https://eca.europa.eu/portal/pls/portal/docs/1/10544728.PDF

1.1.18ABB activity 11 06 European Fisheries Fund (EFF): Specific objective 2

ABB activity: 11 06 EFF			☒Spending programme ☐ Non-spending
Specific objective 2	**Result indicator**	**Target (long-term)**	**Current situation (as achieved)**
Contribute to the revitalisation of areas dependent on fisheries and aquaculture by diversification of economic activities.	Number of Fisheries Local Action Groups (FLAGs) that are operational.	340 FLAGs by the end of 2013.	307 FLAGs are operational in 21 Member States.
	Number and type of operations.	6000 operations by the end of 2013.	Over 6000 operations (= twice the number at end 2012). Source: FARNET

The result indicators in the table above are provided by the Member States in their EFF operational programme and are reported on in the Annual report on implementation of the EFF[52]. There are no common indicators in the EFF Regulation to be used by the Member States in their operational programmes.

The target of 340 FLAGs was defined on the basis of forecasts in Member States' operational programmes. It proved too ambitious, due to the innovative aspect of Axis 4 (territorial approaches are new for the fisheries sector and the Managing Authorities). This led to a slow start in many Member States and the current result of 307 FLAGs could only been reached thanks to the help of the intensive capacity-building work undertaken by FARNET.

The number of projects supported by those FLAG is more important, and the target of 6.000 projects was reached in the course of

[52] Latest report: Report from the Commission – Sixth Annual Report on Implementation of the European Fisheries Fund (2012), COM(2013) 921.

2013, whilst higher results are expected in 2014.

1.1.19ABB activity 11 06 European Fisheries Fund (EFF): Specific objective 3

<table>
<tr><td colspan="3">ABB activity: 11 06 EFF</td><td>☒Spending programme
☐ Non-spending</td></tr>
<tr><th>Specific objective 3</th><th>Result indicator</th><th>Target
(long-term)</th><th>Current situation
(as achieved)</th></tr>
<tr><td rowspan="2">Promote the development of aquaculture, inland fisheries, processing and marketing of fisheries and aquaculture products.</td><td>Volume of aquaculture production in the EU.</td><td>Increase the proportion and/or amount of EU aquaculture in overall fish consumption in the EU.</td><td><table><tr><th>EU aquaculture production</th><th>2011</th><th>2010</th></tr><tr><td>Volume in tonnes</td><td>1 280 000</td><td>1 261 716</td></tr><tr><td>Value</td><td>€3.5 billion</td><td>€ 3.2 billion</td></tr></table>
EU contribution to world aquaculture production has been decreasing significantly over time in both volume and value terms, representing 1.5% and 3.5% of global production in 2011.

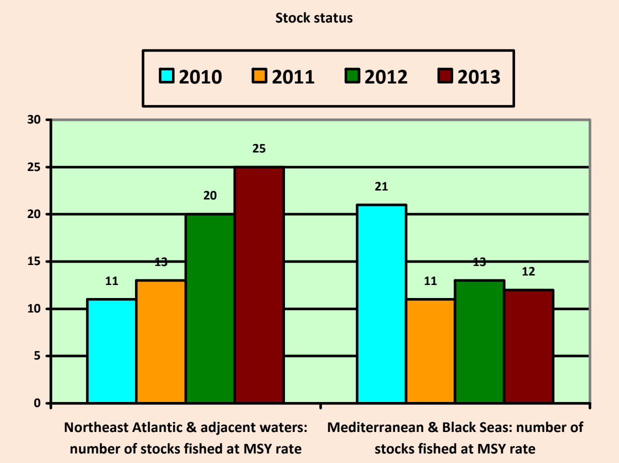
As EU capture fisheries have reduced in volume, aquaculture has become relatively more important to the seafood production mix over the period from 1990 to 2011.

Sources: STECF – The Economic Performance Report on the EU Aquaculture sector, 2013 (STECF-13-29), and FAO, 2013.</td></tr>
<tr><td>Value of processed fisheries products in the EU.</td><td>To ensure that the value of the processed fisheries products is maintained at least at the current level.</td><td>Processed fisheries products in value in 2010: 20 614 million €.

The value of the EU processed fish products has followed an increasing trend, despite</td></tr>
</table>

			the economic crisis. In 2011, the EU fish processing sector accounted for about €24.8 thousand millions of turnover and more than €5.1 thousand millions of Gross Added Value (GVA). Source: STECF – The Economic Performance Report on the EU Fish Processing sector (STECF-13-31), 2013.

1.1.20ABB activity 11 07 Conservation, management and exploitation of living aquatic resources: Specific objective 1

ABB activity: 11 07 Conservation, management and exploitation of living aquatic resources			☐**Spending programme** ☒ **Non-spending**
Specific objective 1	**Result indicator**	**Target (long-term)**	**Current situation (as achieved)**
Develop consistent policy for the conservation and management of fish resources and for the protection of biodiversity.	Number of stocks fished below or at Maximum Sustainable Yield (MSY) levels.	By 2015: for all stocks subject to TACs (Total Allowable Catches), catches result from an exploitation at the MSY rate whenever relevant scientific advice is available.	
	Estimated % level of discards for selected fisheries.	Ultimate target should be 'no discard'. Elimination of discards in line with the calendar proposed by the Commission in the CFP Reform proposals.	With the CFP reform, discarding is eliminated, and unwanted catches are reduced in accordance with Regulation (EU) N° 1380/2013: Article 15 (1) for the years 2014-2018, and Articles 15 (1), (4) and (5) for the years 2019-2023.

1.1.21ABB activity 11 07 Conservation, management and exploitation of living aquatic resources: Specific objective 2

<table>
<tr><th colspan="3">ABB activity: 11 07 Conservation, management and exploitation of living aquatic resources</th><th>☒Spending programme
☐ Non-spending</th></tr>
<tr><th>Specific objective 2</th><th>Result indicator</th><th>Target
(long-term)</th><th>Current situation
(as achieved)</th></tr>
<tr><td rowspan="2">Manage the EU fishing fleet and improve the balance between fishing capacity and fishing opportunities.</td><td>Number of Member States that comply with the fishing capacity management rules.</td><td>Ensure full compliance by all Member States with the fishing capacity management rules.</td><td>All Member States but one have complied with the fishing capacity management rules (fishing capacity limitations).

During 2007 – 31 July 2012, under the EFF, 3 653 vessels have been scrapped.</td></tr>
<tr><td>Fishing capacity of the EU fishing fleet expressed in terms of tonnage and power.</td><td>To achieve a sustainable balance between fishing capacity and fishing opportunities.</td><td><table>
<tr><th></th><th>Size of EU fleet on 31.12.2012, including vessels registered in outermost regions (latest available data)</th><th>Fleet capacity reduction in 2012, including outermost regions</th></tr>
<tr><td>Number of vessels</td><td>76 023</td><td>1.6%</td></tr>
<tr><td>Tonnage</td><td>1 578 015 GT</td><td>2%</td></tr>
<tr><td>Engine power</td><td>5 807 827 kW</td><td>1%</td></tr>
</table>
Source: EU Fishing Fleet Register.

Compared to 2011, the EU fishing capacity ceilings have declined in terms of both tonnage and engine power.</td></tr>
</table>

			Although more needs to be done, some progress was made since 2002 in closing the gap between the fleet capacity and fishing opportunities. Fishing capacity of the EU fleet, including new Member States accessions, has been reduced nominally by 5.2% compared to 1 January 2002 but technological progress reverses to some extent this reduction. Imbalance remains in some fleets segments. The mix of different trends among fleets segments does not make it possible to make generalised comments about the trends in balance between capacity and opportunity for the whole of the EU. No later than 30 December 2018, the Commission shall evaluate the Entry /Exit scheme in the light of the evolving relationship between fleet capacity and prospected fishing opportunities, and propose, where appropriate, an amendment to that scheme.

If Member States fail to adapt their fishing fleet capacity to the available resources, it is likely that either the fleets exert undue fishing pressure and deplete the resources, or that the fleets become overcapitalised and economically inefficient.

1.1.22ABB activity 11 07 Conservation, management and exploitation of living aquatic resources: Specific objective 3

ABB activity: 11 07 Conservation, management and exploitation of living aquatic resources			☒Spending programme ☐ Non-spending
Specific objective 3	**Result indicator**	**Target (long-term)**	**Current situation (as achieved)**
Ensure the availability of sound scientific advice for decision-making on fisheries management.	Availability of a defined set of biological, technical, environmental and socio-economic data concerning the fisheries sector which respects quality requirements and are collected in the framework of 22 national programmes.	Per year: – delivery of data for 5 data calls for the provision of scientific advice by STECF; – delivery of data to 16 assessment working groups of ICES; – 2 assessment working groups of GFCM and to the Scientific Committee of ICCAT; – delivery of data for 5 Regional Coordination Meetings in the support of the DCF. Setting up of a regional data base for scientific fisheries data in the Baltic and North Sea Region with support from DG MARE.	Scientific advice was delivered by ICES and STECF according to the agreed time schedule. Some advices were delivered partly or late due to the lack of data, agreed or standardized methodologies, or lack of scientific resources to analyse data, and/or unclear definitions of management requirements. Member States delivered data in response to 5 data calls for scientific advice by STECF, to ICES, to ICCAT, to GFCM and to 3 of the 5 Regional Coordination Meetings (RCMs). A regional database was further developed, and hosted at ICES for the North Sea, Baltic Sea and North Atlantic with strong success in facilitating regional data analysis in the context of RCMs. On-going discussions for a regional database in the Mediterranean and Black Seas.
	Availability of scientific advice, supported by an Administrative Arrangement with JRC (acting as STECF secretariat) and a Memorandum of Understanding with ICES.	Around 150 advices to be released by ICES (recurrent and non-recurrent).	Generally, scientific advice was delivered by ICES as agreed. In the vast majority of cases ICES respected the deadlines. There were only a few problems with special requests (non-recurrent advice) where ICES could not keep deadlines or where it was not able to provide advice; this happened when the ICES

			secretariat was unable to ensure experts' availability. Even in such cases ICES was proactive and trying to help, though, and ICES also reacted very quickly when there were urgent requests.
		Review of all advice needed on stocks and more than 20 reports on stock status, management options or management strategies to be released by the STECF.	Scientific advice was delivered by STECF according to the agreed time schedule. 31 reports on stock status, management options or management strategies were released by the STECF and 3 plenary reports including advice to 43 ad-hoc requests were produced.
		Ensure that all relevant available data are provided by Member States to the advisory bodies for at least 15 stocks (identified during discussions on fishing opportunities for 2012).	ICES always received the information they requested or needed to know (such as updates on management plans or data on discards).

A core principle of the CFP is that decision-making on the management of the fishery resources must be based on the best available scientific advice. This is a requisite to achieve long-term sustainability in EU fisheries. Short-term considerations still weigh heavily on the Council responding to the economic crisis that also hits the fisheries sector. But even so, decisions taken in 2013 are still remarkably science-based. Only in a limited number of cases did the Council deviate from advice on the fishing levels needed to reach Maximum Sustainable Yield (MSY) by 2015.

Deficiencies in data collection result in lack of sound scientific advice leading to unsubstantiated decision-making on fisheries management. This puts at risk the appropriateness of fisheries management decisions and thus, the target of achieving MSY. Evaluation results[53] show that the current data collection framework[54] needs to be adapted for better data collection and transmission by Member States, prioritising regional

[53] The evaluation of the data collection framework (DCF), December 2012 (final report accepted in 2013): http://ec.europa.eu/fisheries/documentation/studies/retrospective-and-prospective-evaluation-on-common-fisheries-policy_en.pdf

[54] Council Regulation (EC) No 199/2008 of 25 February 2008 concerning the establishment of a Community framework for the collection, management and use of data in the fisheries sector and support for scientific advice regarding the Common Fisheries Policy.

collaboration and pooling of financial resources across Member States.

1.1.23ABB activity 11 07 Conservation, management and exploitation of living aquatic resources: Specific objective 4

ABB activity: 11 07 Conservation, management and exploitation of living aquatic resources			☐ Spending programme ☒ Non-spending
Specific objective 4	**Result indicator**	**Target (long-term)**	**Current situation (as achieved)**
To finalize negotiations (by final adoption under ordinary legislative procedure) of the new Regulation on the Common Fisheries Policy with a view to ensuring that fishing and aquaculture activities provide long-term sustainable environmental, economic and social conditions and contribute to the availability of food supplies.	Availability of first reading positions on the proposal for a new CFP Regulation (COM(2011)425).	Adoption of the proposal as soon as possible depending on outcome of negotiations in the European Parliament and Council.	Regulation (EU) No 1380/2013 of the European Parliament and of the Council of 11 December 2013 on the Common Fisheries Policy, amending Council Regulations (EC) No 1954/2003 and (EC) No 1224/2009 and repealing Council Regulations (EC) No 2371/2002 and (EC) No 639/2004 and Council Decision 2004/585/EC.
	Internal reflexion paper on the EU programme for Data Collection 2014-2020. This paper presents options for the reform of the current Data Collection Framework (DCF). The paper has been submitted to management in April 2012.	Draft of the EU Programme for Data Collection 2014-2020 to be ready by the end of December 2012 or as soon as possible afterwards, in view of adoption once the Basic Regulation on the reformed CFP is adopted.	Planned for adoption in Jun 2014: Proposal for a Regulation of the European Parliament and the Council amending Council Regulation (EC) No 199/2008 establishing an EU framework for data collection in fisheries.

	Extent to which the economic and social dimensions are considered.	Promote consideration of the social dimension, through close cooperation with relevant DGs and in accordance with international obligations.	Proposal for a Council Decision authorizing Member States to ratify the IMO STCW-F Convention (COM(2013)595)[55]. On-going revision of the "social clause" in the Sustainable Fisheries Partnership Agreements that are concluded by the EU with third countries in order to implement ILO (International Labour Organization) and IMO (International Maritime Organization) relevant Conventions.

[55] Proposal for a Council Decision authorising Member States to sign and/or ratify, in the interest of the European Union, the International Convention on Standards of Training, Certification and Watchkeeping for Fishing Vessel Personnel, 1995, of the International Maritime Organisation.

1.1.24ABB activity 11 08 Control and enforcement of the CFP: Specific objective 1

ABB activity: 11 08 Control and enforcement of the CFP			☒Spending programme ☐ Non-spending
Specific objective 1	**Result indicator**	**Target (long-term)**	**Current situation (as achieved)**
Modernise and strengthen control across the EU through modernisation of the legal framework and in respect of Member States' control capacities.	Delay observed in transmission of catch reports.	By end 2013: all MS reporting within the deadline taking into account enforcement priorities.	There are no more delays in the transmission of catch reports thanks to technical meetings with Member States. Adequate follow-up to audits of control systems are in place.
	Number of fishing stops ordered by Member States compared to the total number of fishing stops.	All fishing stops required should be ordered by Member States.	All fishing stops required ordered by Member States.
	Average rate of utilisation of control vessels subsidised by the Commission for control at sea.	Achieve a minimum utilisation rate of 60% for control at sea of fishing activities as foreseen in the Commission's proposal on the EMFF.	The subsidised vessels are used at 100% for control at sea.
	Number of national control programmes (for which the Commission has approved co-financing) which have been subject to a EU financial contribution.	By year n+3: all eligible national control programmes approved in the Commission financial decisions of year n should have been subject to a payment.	76% (28 of 37 programs approved in 2010 were subject to a payment before the end of 2013). Some Member States did not request reimbursement because they did not realise the programme due to the financial crisis. Some Member States did not make the legal commitment in due time which resulted in the programme not being eligible anymore.

The result indicator relating to "Audit results on the fisheries control system in the Member States" as defined in the 2013

Management Plan of DG MARE is dropped because its relevance is proven to be insufficient in relation to this specific objective.

1.1.25ABB activity 11 08 Control and enforcement of the CFP: Specific objective 2

ABB activity: 11 08 Control and enforcement of the CFP			☐ Spending programme ☒ Non-spending
Specific objective 2	**Result indicator**	**Target (long-term)**	**Current situation (as achieved)**
Fostering the implementation of the Common Fisheries Policy by an effective Union fisheries control system.	Number of Member States having been subject to or under an action plan to overcome shortcomings in their fisheries control system.	No Member State under an action plan meaning that all Member States have an effective control system.	7 Member States. By verifying and/or auditing the Member States' control and inspection systems the EU detects deficiencies and guides Member States to an efficient control system. The EU can also take measures under the Control Regulation to oblige Member States to rectify and improve the situation. EU financial support promotes the strengthening and modernisation of the national fisheries control systems which helps Member States to improve their control systems and rectify shortcomings.

The first result indicator relating to the "Audit of the control and inspection activities in the Member States in order to improve their effectiveness" as defined in the 2013 Management Plan of DG MARE is dropped because it is considered not sufficiently representative for this specific objective.

The second result indicator was also dropped because benchmarks are not fixed in all national inspection plans yet: "Number of benchmarks achieved compared to the total number of benchmarks set in the national inspection plan, measured by Member

State".

1.1.26ABB activity 11 08 Control and enforcement of the CFP: Specific objective 3

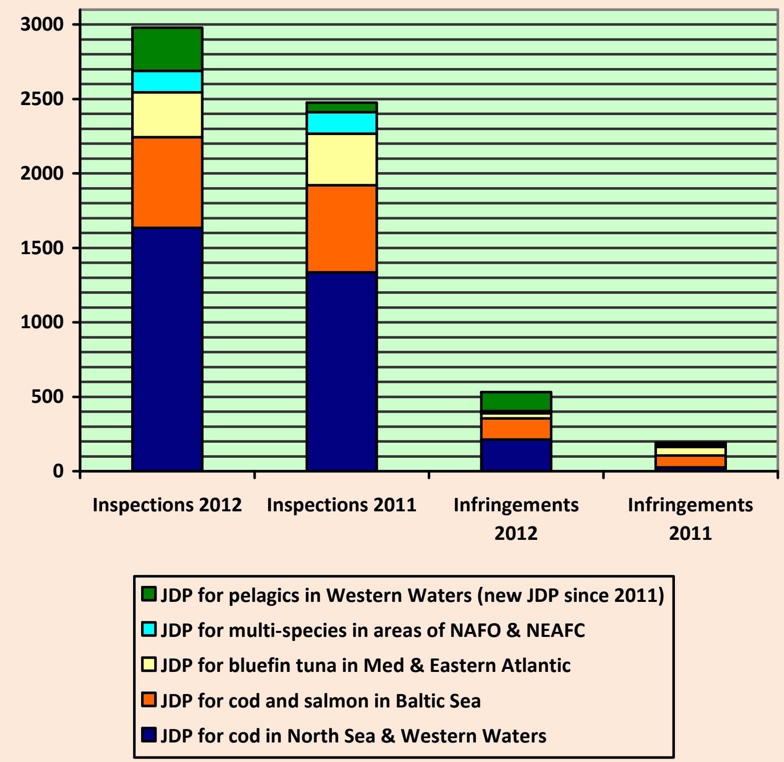
ABB activity: 11 08 Control and enforcement of the CFP			☒Spending programme ☒ Non-spending
Specific objective 3	**Result indicator**	**Target (long-term)**	**Current situation (as achieved)**
Contribute to an improved application of the EU IUU Regulation by optimising the implementation of the regulation in Member States and third countries.	Number of ad hoc meetings for the expert group on the implementation of the IUU Regulation.	Maintain the number of ad hoc meetings in 2013 to ensure that Member States' authorities can exchange information while optimising and harmonising their levels of control.	3
	Number of evaluation and dialogue missions to third countries.	To assist and ensure that third country authorities optimise their level of control of fishery products exported to the EU.	11
	Identification of non-cooperating third countries.	Work with first 8 notified countries on action plans to address their shortcomings as highlighted in the Commission Decision of 15.11.2012. Continue on-going investigation of other third countries.	The European Commission identified in 2013 3 third countries for failing to cooperate in the fight against IUU. The Commission has warned 8 third countries that they would be listed, unless they improve their fisheries management and intensify the fight against IUU fishing. Of the 8 warnings, 5 date from 2012 but are still applicable in 2013, and 3 date from 2013.

	Cooperation with third countries (for those evaluation/dialogue files have been opened).	To increase the level of compliance to international law rules on flag, coastal, port and market states, in line with the EU methodology established in the Commission Decision of 15.11.2012, from cooperating third countries that apply the IUU Regulation.	5 of 8 pre-identified countries showed willingness in 2013 to cooperate by increasing their level of compliance with international rules.
	Evaluation of the implementation of the IUU Regulation.	To obtain the evaluation report at the latest on 29 October 2013.	Study initiated in 2013 but due to unforeseen circumstances the deadline has been postponed until spring 2014.
	Establishment of IUU vessel lists.	Assess possibility of autonomous vessel listing by the EU.	The EU IUU vessel list is based on RFMO lists established in 2013. Work on the autonomous vessel list is on-going.

The result indicator relating to the "Number of audit missions to Member States" as defined in the 2013 Management Plan of DG MARE is dropped because it is considered not relevant for this specific objective.

1.1.27ABB activity 11 08 Control and enforcement of the CFP: Specific objective 4

ABB activity: 11 08 Control and enforcement of the CFP			☐ Spending programme ☒ Non-spending
Specific objective 4	**Result indicator**	**Target (2020)**	**Current situation (as achieved)**
Contribute to better coordination and cooperation between Member States control activities through the European Fisheries Control Agency (EFCA).	Number of Joint Deployment Plans (JDPs) actually carried out.	All stocks under multiannual plans should be covered by JDPs. In line with the reform of the CFP, a new approach to multispecies, regional SCIPs and JDPs will be developed. Management plans have not been decided for the Black Sea species, but a control plan for turbot has been decided both by RO and BU.	SCIPs adopted: – Bluefin tuna in the Eastern Atlantic and Mediterranean; – Cod, plaice, sole in the Kattegat, the North Sea, the Skagerrak, the Eastern Channel, the waters West of Scotland and the Irish Sea; – Cod, herring, salmon and sprat in the Baltic Sea; – Pelagic fisheries in the Western Waters and the North Sea.
	Number of inspections carried out at sea in accordance with the Commission specific control and inspection programme (SCIPs).	All inspections foreseen by the SCIPs and the International Control Scheme are carried out following the correct procedures.	2 979 inspections carried out in 2012 (latest data available).

	Number and type of apparent infringements recorded in accordance with the Commission specific control and inspection programme.	All apparent infringements recorded. In 2012, only 2 cases so far for Tunisia and Libya. Most of the infringements detected were documentary (related with compulsory documents and with the accuracy of the estimations of the uptake quota, including legality of the fish caught).	

1.1.28ABB activity 11 09 Maritime policy: Specific objective 1

ABB activity: 11 09 Maritime policy			☒Spending programme ☐ Non-spending
Specific objective 1	**Result indicator**	**Target (long-term)**	**Current situation (as achieved)**
To promote sustainable growth through policy initiatives that will drive the blue economy, developing efficient cooperation and information-sharing arrangements between regulators and stakeholders, and ensuring the effective stewardship of seas, coasts and oceans.	Governance support for maritime growth: continued technical and political support by Member States, third countries (where appropriate) and key stakeholders to improved maritime cooperation and the identification of growth opportunities in EU's shared sea-basins.	**Blue Growth**. 600 billion € added value and 7 million jobs by 2020. Based on the analysis of bottlenecks and growth drivers, to provide policy input and support – including from structural and research funds – for economic growth and jobs in coastal, marine and maritime economic sectors. Engage with stakeholders, from Member States, to regions, to NGOs, in order to define the best possible policy options to achieve policy goals in identified areas (aquaculture, blue biotech, marine mineral resources). Make a measurable contribution to the	Baseline 2012[56] in the **blue economy of the EU**: • 485 billion € gross value added per year • 5,4 million jobs (full time equivalents). The Blue Growth Communication (COM(2012) 494) was complemented by follow-up initiatives in 2013 on Coastal and Maritime Tourism, Maritime Spatial Planning, Marine Knowledge, Maritime Surveillance (see below). A Commission Communication on ocean renewable energy was prepared in 2013 to be adopted on 20 January 2014[57]. As the maritime pillar of the Europe 2020 strategy, Blue Growth builds on what is already being done at Member State, regional, local and business levels by looking at policy input and support to

[56] Based on data from the Blue Growth Study 'Scenarios and drivers for sustainable growth from the oceans, seas and coasts', ECORYS, 2012: https://webgate.ec.europa.eu/maritimeforum/content/2946

[57] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Blue Energy Action needed to deliver on the potential of ocean energy in European seas and oceans by 2020 and beyond, COM(2014) 8.

		maritime economy in terms of employment and value added from coastal and maritime tourism.	enhance growth and jobs in the blue economy of the EU.
		Efficient maritime coordination as driver for growth in Member States and sea basins: Baltic Sea, Mediterranean, Adriatic and Ionian Seas, Black Sea, Atlantic Ocean, Arctic and North Sea. **Baltic Sea:** Reviewed Action Plan with a significant maritime component and leading to further progress in the implementation of IMP; potential for actions on the strategy helping blue growth in the region to be identified; EU and national funding for 2014-2020 to be better targeted in the context of the Common Strategic Framework and EMFF (IMP) implementation in order to achieve progress on the maritime parts of the Strategy towards blue growth and maritime policy objectives. **Mediterranean:** Supporting new or strengthening existing regional/sub regional sea basin multilateral coordination frameworks (including possible sea basin strategies). Launching a Virtual Knowledge Centre on marine and maritime affairs and a network of maritime academies are envisaged for 2015.	**Baltic Sea:** DG MARE launched the preparation of a Commission Staff Working Document identifying Blue Growth areas that need to be strengthened in the context of the EU Strategy for the Baltic Sea Region (COM(2009) 248) and EU funding in 2014-2020. A study on Blue Growth potentials and challenges in the Baltic sea basin was delivered. Input was provided on Partnership Agreements of concerned EU Member States. **Mediterranean (MED):** IMP-MED ENPI project is on-going. The 12th FEMIP Conference has provided concrete proposals for improving the marine and maritime co-operation in the region. A feasibility study for the development of a Virtual Knowledge Centre on marine and maritime affairs is concluded.

		Adriatic-Ionian Seas: A macro-regional strategy for the Adriatic Ionian with a strong marine and maritime pillar.	**Adriatic-Ionian Seas:** Local needs and possible key investment and research priorities of the Adriatic-Ionian Sea basin have been identified through a specific study (Adriatic-Ionian Sea basin cooperation) and stakeholder consultations (Brussels's conference on 14.11.2014 and country's consultations). An Action Plan is being prepared.
		Black Sea: Enhanced sea-basin based cooperation with all coastal states (plus Moldova) on maritime affairs leading to a maritime strategy for the sea-basin by 2020. IMP-Black Sea project (Technical support for Black Sea stakeholders) operating by 2015.	**Black Sea:** Preparatory work for the organisation of a Black Sea Stakeholders conference (held in January 2014) in cooperation with all partner countries. Moreover, for **MED, Adriatic-Ionian and Black Sea basins**, the following actions have been carried out: – inputs on Partnership Agreements of concerned EU Member States have been provided; – a study on sea basin cooperation and study on maritime clusters have been launched.
		Atlantic Ocean:	

		We aim at future 'Partnership Agreements' on the use of structural funds taking into account the process and output of the Atlantic Forum, so that not only EU funds, but also EIB and private sector financing can be used to fund 'blue growth' (in the form of actions and projects included in the future Atlantic Action Plan). **Arctic:** EU achieving the Arctic Council observer status in May 2013. All policy actions concerning the Arctic are now geared towards this. **North Sea:** Partnership Contracts to be concluded with all North Sea Member States and marine and maritime-related investments fully covered and agreed therein. Stakeholder forum organised. **External dimension**: – Four high level meetings on maritime policy: with US, Japan,	**Atlantic Ocean:** The Atlantic Action Plan[58] sets out priorities for research and investment to boost the Blue Economy in the five Atlantic Member States. **Arctic:** In May 2013, the application of the EU for observer status was affirmatively received by the Arctic Council, but a final and consensual decision on its permanent observer status has been deferred until the issue on trade in seal products with Canada is resolved. Until that time, the EU may observe the Arctic Council proceedings. **North Sea:** A study on Blue Growth potentials and challenges in the North Sea was launched and the first country fiches were delivered. **External dimension**: – High level meetings on Integrated

58 Commission Communication — Action plan for a maritime strategy in the Atlantic area — Delivering smart, sustainable and inclusive growth, COM(2013) 279.

		China and Canada; – Inclusion of a chapter on "Maritime issues and fisheries " in Framework Agreements with Canada, Australia and New Zealand (due to be concluded in 2012); – Successful participation in the informal consultations for the 2013 United Nations General Assembly Resolution on Law of the Sea; – Successful outcome of the Rio+20 United Nations Conference on Sustainable Development. "Launching the negotiations on the Implementing Agreement of UNCLOS"; – Timely and consistent input to the Inter-service Contact Group on piracy and armed robbery and the Commission Informal Working Group on piracy and armed robbery.	Maritime Policy held with the US, Canada and China. – Chapters on 'Maritime and fisheries issues' included in the Framework Agreement with Canada, Australia and New Zealand. – Successful participation in the informal consultations for the 2013 UNGA Resolution on Law of the Sea. – Adoption of recommendations by the BBNJ Ad hoc Working Group to establish a process to make recommendations to UNGA on the scope, parameters and feasibility of an international instrument under UNCLOS on the protection of biodiversity in areas beyond national jurisdiction and their transposition in the UNGA Resolution on the Law of the Sea. – Participation in and contribution to the organisation of international ocean events (e.g. Djakarta workshop, Swedish workshop in Washington on "the Economics of the Oceans"). – Active participation in the inter-service group on piracy and input to the renewal of the Atalanta mandate.
	Coastal and Maritime Tourism:	Adoption of a Communication by the	A Study in support of policy measures for

	Adoption of a Communication	Commission on 20 February 2014. Identify measures for better island connectivity by 2014. Get more research insights in marina and boating cross border problems. Connect cruise stakeholders through a dialogue by 2015. Develop an online guide on the EU funding for the sector.	maritime and coastal tourism at EU level completed and published[59]. Commission Communication – A European Strategy for more Growth and Jobs in Coastal and Maritime Tourism adopted (COM(2014) 86). High-Level Conference on Coastal and Maritime Tourism in Athens on 10-11 March 2014.
	Level of cross-border cooperation on **Maritime Spatial Planning** (MSP): measurable reduction in project planning time and costs in EU sea basins.	Establishment of a transparent, predictable and stable framework for planning and management of sea uses across the EU, resulting in significant gains in efficiency.	Directive on Maritime Spatial Planning[60] is DG MARE's first legislative proposal in the context of the Integrated Maritime Policy and as part of the Commission`s Blue Growth agenda, the maritime component of Europe 2020. The General Affairs Council adopted a general approach in December 2013.
	Marine knowledge: downloads of data from EMODNet.	Contiguous sea-bed map of European waters by 2020.	End 2013: 1 105 users of low resolution seabed mapping of European seas. Between July/August 2012 and 2013 the number of users downloading digital terrain models of the European seabed from EMODNet rose from 362 to 1 105 which is an annual growth rate of 200%.

59 Study in support of policy measures for maritime and coastal tourism at EU level, Ecorys, September 2013: http://ec.europa.eu/maritimeaffairs/documentation/studies/documents/study-maritime-and-coastal-tourism_en.pdf

60 COM(2013) 133. DG ENV was co-lead DG.

	Maritime surveillance: adoption by the College of a Communication. Semantic definition example that can be used as input to the follow-up FP7 Pre Operational Validation (POV) CISE project.	New political roadmap agreed. Start of the FP7 Pre-operational Validation (PoV) project. First chapters of the CISE Handbook drafted. Semantic definition on at least one representative 'maritime surveillance Use Case'.	Impact Assessment approved by the Impact Assessment Board but some modifications pending. CISE Cooperation Project finalised in substance with a final report pending until March 2014 as planned. Semantic definition more advanced than initially planned (see CoopP). After initial difficulties, progress was made towards realising the CISE FP7 PoV by rallying interested Member States around a single project.
	European Maritime Security Strategy (EUMSS): adoption of a Communication by College and EEAS.	Adoption of EUMSS Communication by College and EEAS. Start developing a work plan for long-term implementation of EUMSS.	Joint Communication between the High Representative and the European Commission on a EU Maritime Security Strategy adopted on 6 March 2014 (JOIN(2014) 9[61]).

[61] Joint Communication to the European Parliament and the Council For an open and secure global maritime domain: elements for a European Union maritime security strategy.

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

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

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

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

1.2.1 Example 1

DG MARE made a concerted effort to optimise the effectiveness of its staff resources. A screening exercise was carried out, to prepare for the 2014 staff reductions and redeployment exercise. Human Resources metrics and forecasts concerning future retirements and departures were prepared for all Units in each of DG MARE's Directorates. Following bilateral discussions between the Directors and the Resource Director it was possible to identify embedded overheads. Particular attention was devoted to potential efficiency gains in each entity, involving an analysis of the responsibilities and workload.

Measures such as further simplification of administrative tasks (e.g. exclusively electronic workflows for documents, managers and Administrators working more autonomously in the office management systems) and reinforced cooperation and backups between secretaries within each Directorate increased the efficiency in the DG's secretarial work and consequently, all DG MARE Units will now have no more than 1-2 secretaries. The above changes have bedded down. The expected efficiency gains have materialised and the reduction in staff numbers has not adversely affected the DG’s operational capacities or delivery on priorities.

1.2.2 Example 2

DG MARE, in conjunction with the Structural Funds DGs of the Commission, provides ongoing guidance to Member States to help them discharge their legal obligations. This can take different forms, in addition to informal and regular contacts:

- the issue of guidance notes on topics of particular interest (which are periodically updated as circumstances warrant);

- specific training seminars with the Audit Authorities;

- annual co-ordination meetings with Audit Authorities (where, i.a., ongoing and future audit work are addressed); and

- Monitoring Committee meetings, where progress on programme implementation is discussed with the Managing Authorities.

These initiatives, coupled with the introduction of templates in 2013 to enable Member State Audit Authorities to better calculate error rates in the declared expenditure, have significantly improved the quality of Member States' Annual Control Reports. These steps are expected to further reduce the time spent in resolving audit questions, thereby increasing the operational efficiency of DG MARE and Member States.

2. MANAGEMENT OF RESOURCES

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

- the twice-yearly reports on EFF implementation;
- the reports from Authorising Officers in other DGs managing budget appropriations in cross-delegation;
- regular reports on budget implementation by AOSDs in accordance with the AOSD Charter;
- Questionnaires for the preparation of the Annual Activity Report;
- the reports on control results from management/audit authorities in Member States in shared management as well as the result of the Commission supervisory controls on the activities of these bodies;
- the contribution of the Internal Control Coordinator, including the results of internal control monitoring at the DG level;
- the reports of the ex-post audit sector;
- the opinion and the observations of the Internal Audit Capability (IAC);
- the observations and the recommendations reported by the Internal Audit Service (IAS);
- the observations and the recommendations reported by the European Court of Auditors (ECA).

In addition, there are regular dedicated meetings between the Director General and the Internal Control Co-ordinator on financial management and Internal control issues

This section reports the control results and other relevant elements that support management's assurance on the achievement of the internal control objectives[62]. It is structured in three separate sections:

2.1. The DG's assessment of its own activities for the management of its resources;

2.2. The assessment of the activities carried out by other entities to which the DG has entrusted budget implementation tasks; and

2.3. The assessment of the results of internal and external audits, including the implementation of audit recommendations.

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

<u>OVERVIEW – SHARED MANAGEMENT (72% of 2013 payments)</u>

The most significant budget activity for the Directorate General for Maritime Affairs and Fisheries (DG MARE) relates to programmes under shared management, representing 72% of the DG's executed payment budget in 2013. Management relies on a number of complementary sources in its assessment of the effectiveness of the systems established by the Member States for the implementation of these programmes. At the beginning of the programming period the Operational Units responsible for structural measures negotiated the programmes, and the establishment of satisfactory system architecture was a condition of programme approval. These units are also responsible for monitoring their effective implementation. The Desk Officers and Heads of Unit are in regular contact with the Managing Authorities and participate in Monitoring Committee meetings organised by the Member States. In the course of programme implementation, these Units receive and process the payment claims and, where necessary, interrupt or suspend such claims and take other safeguard measures foreseen by the applicable legislation as appropriate. The Member States submit annual implementation reports which are evaluated by the Operational Units. A particular effort was made with the Member States to improve the quality of the Annual Implementation Reports. The results of this monitoring activity are reported to management. In the context of the preparation of the AAR, the responsible Heads of Unit provide an opinion on the functioning of the Management and Control Systems in the Member States for which they are responsible.

<u>OVERVIEW – DIRECT MANAGEMENT (28% of 2013 payments)</u>

1. Sustainable Fisheries Partnership Agreements (13% of 2013 payments)

The level of a financial contribution under a Sustainable Fisheries Partnership Agreement (SFPA) is the result of a political negotiation with the partner country and is based on several factors such as the value of the opportunities offered to the EU fleet to fish in the partner's exclusive economic zone as well as to support the third country's policy efforts in the sustainable managements of fisheries resources.

2. Markets, control and data collection (10% of 2013 payments)

Programmes are submitted to the Commission by the Member States annually in the case of control programmes, and for multi-annual periods (two or three years) in the case of data collection. Following their evaluation, the level of financial contribution is fixed by the Commission and notified to the Member States. For the Common Market Organisation the intervention conditions are specified in annual Council Regulations, and for the Outermost Regions expenditure the conditions and limits of aid are detailed in the Regulation establishing the scheme. Implementation of the programmes is monitored by the Operational Units concerned.

3. Procurement and Grants (3% of 2013 payments)

The Directorate General ensures 100% ex ante verification of documents and procedures in relation to procurement and grants. The management of tendering and grants procedures is decentralised to the Operational Units of the Directorate General which are responsible for operational verification. An additional independent verification is carried out centrally by the Budget Unit which performs checks during the entire lifecycle of the procedure, i.e. it reviews drafts of tendering/call for proposals specifications, invitations to tender/to submit a proposal, contract notices, evaluation and award reports, award decisions and contracts/agreements. DG MARE has established an independent advisory committee (the Procurement Examination Group) which examines all procurement procedures above the publication threshold and which advises the Sub-Delegated Authorising Officers on the legality and regularity of the procedures.

Budget Management Type	Expenditure Type	Paid Amount	%age of Total Payments - Operational Expenditure	Average Paid Amount	Number of Payments
Shared	EFF	546.776.766	70,17%	4.713.592,81	116
	FIFG	16.148.651	2,07%	1.076.576,72	15
	Total Shared Management	**562.925.417**	**72,24%**	**4.297.140,59**	**131**
Direct	International fisheries agreements	97.699.808	12,54%	4.247.817,75	23
	Markets, Control and Data Collection	77.586.697	9,96%	341.791,61	227
	Procurement	16.000.225	2,05%	54.608,28	293
	Grants	7.379.397	0,95%	141.911,47	52
	Other expenditure	17.606.531	2,26%	12.442,78	1.415
	Total Central-Direct Management	**216.272.658**	**27,76%**	**107.598,34**	**2.010**
Total Payments		**779.198.075**	**100,00%**	**363.941,18**	**2.141**

Note: Payments made during the financial year 2013 on budget lines for which DG MARE is responsible.

2.1 Management of human and financial resources by DG MARE.

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

The materiality criteria and the methodology followed for deciding whether or not a reservation is needed are explained in detail in Annex 4.

2.1.1 Control effectiveness as regards legality and regularity

2.1.1.1 Shared Management – EFF 2007-2013

DG MARE has set up internal control processes aimed to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned. The control objective is to ensure that the cumulative residual risk of each programme does not exceed 2% on a cumulative basis.

Materiality criteria (control objective) and reservations

Regarding the legality and regularity of the underlying transactions, the objective is to ensure that the estimated residual risk of error is less than 2%, at the end of the implementation of each programme. Reservations are made as a general rule for all programmes for which the cumulative residual risk exceeds 2%. The residual risk of error is estimated by considering the multi-annual impact of the validated error rates and calculated since the beginning of the programming period, after deduction of the recoveries and withdrawals reported for each year as well as, where applicable, pending recoveries at the end of the reporting year and withdrawals accepted by Certifying Authorities and recorded in their accounts prior to the date of signature of the AAR. It is expressed as a percentage of the value of the cumulative interim payments made for the programming period, up to the date of signature of the AAR.

Overview

For expenditure in shared management, in alignment with other Directorates-General belonging to the Structural Funds family, DG MARE assesses the cumulative residual risk of irregular expenditure in the 26 Operational Programmes. This takes into account Member States' corrective capacities, as evidenced by expenditure withdrawals, recoveries and financial corrections. For expenditure in shared management, DG MARE will consider deficiencies in a Member State's Management and Control Systems to be material if there are significant weaknesses in key requirements which are systemic or wide-ranging, their quantification represents more than 2% of the payments made in 2013 for the relevant programme (EFF or FIFG), and the cumulative residual risk is also shown to be above 2% of payments made to date under the current programming period. Error rates reported by

Member States in their Annual Control Reports (ACRs) will continue to be used, if deemed reliable. If not, a scale of flat rate charges is applied.

Key control indicators and results reported

Different sources of information are used to build up the Director-General's annual declaration of assurance that the resources assigned to the activities have been used for the intended purpose and in accordance with the principle of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions. The assurance is built on a comprehensive assessment by all parties involved in the management and control of every programme.

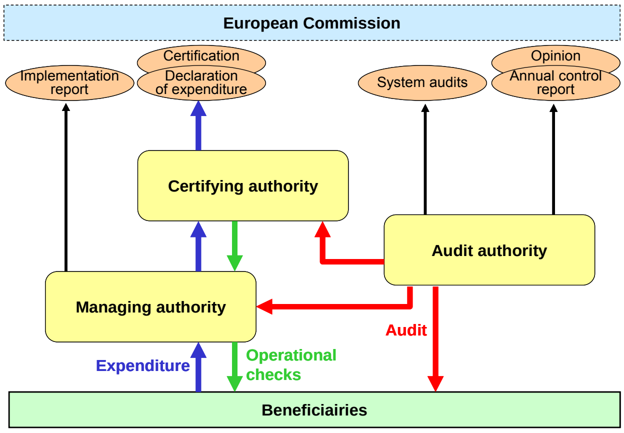
Control strategy for the EFF under shared management

The strategy is built on a multiannual and multilevel control system, whereby one level of control may rely on the work of previous controls performed by other bodies (single audit concept). For the programming period 2007-2013, although all 26 operational programmes are EFF specific, the single audit concept for building assurance is followed, because 14 out of the 26 Audit Authorities are common (i.e. they also audit) the Structural Funds.

Management and control framework at national/regional level:

Throughout the implementation period the Managing Authority (and its intermediate bodies) performs management verifications, i.e. desk checks on all payment claims and on-the-spot checks on sampled operations. The Certifying Authority takes steps to ensure that adequate verifications have been made by the Managing Authority before certifying the legality and regularity of expenditure declared to the Commission, including carrying out its own checks when necessary.

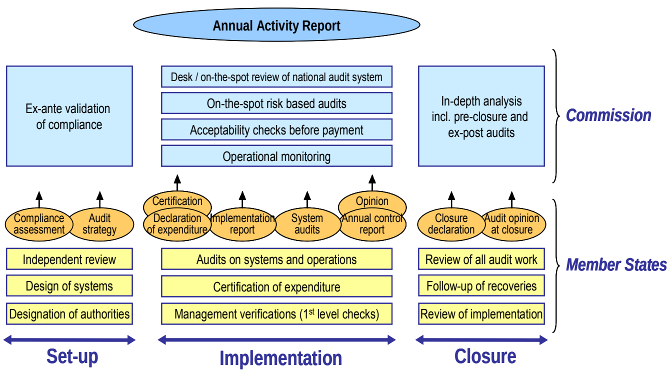
The Audit Authority is the next level of control and is responsible for setting an audit strategy to perform system audits on the management and control systems and audits on representative samples of operations. It reports the results annually to the Commission in an Annual Control Report, which includes an annual audit opinion on the functioning of the systems and the total projected error rate resulting from audits on operations. Unlike the two previous levels of controls, audits carried out by the national audit authorities are carried out ex-post after certification of expenditure to the Commission.



Supervisory role of the Commission and control strategy:

Throughout the implementation period the operational and audit units of DG MARE hold regular meetings with Member States' authorities to ensure the correct monitoring of implementation of all programmes and audit activities.

DG MARE has an audit strategy in place covering all areas of expenditure, which is updated annually. For the 2007-2013 programming period, the control strategy contributing to the assurance building is implemented through the following various strands of controls foreseen in the regulatory framework, as described hereafter:



__At the beginning of programme implementation__: approval by the Commission of the Member States' compliance assessments to ensure that systems are designed in compliance with the rules. The Commission also approves the audit strategies proposed by the national audit authorities with a view to ensuring that the most important risks and bodies will be covered adequately and in a timely manner. The Commission makes no interim payment until it accepts the Member States' compliance assessments;

<u>During programme implementation</u>:

The audit work contributes to DG MARE's assurance, through a combination of desk review and on-the-spot audit missions:

a) Commission desk review of the work of the national audit authorities through: the continuous analysis of their systems audit reports (including consistency with Community audits results), the analysis of annual control reports and opinions issued for all programmes, annual control coordination meetings and ad hoc technical meetings and contacts with the Audit Authorities to monitor the progress and results of all audit work in line with the approved national audit strategies. Based on this analysis the Commission continuously updates its guidance for the work of the Audit Authorities;

b) Commission on-the-spot audits to conclude, including via re-performance of some audits, on the reliability of the work carried out and reported by the Audit Authorities;

c) Commission on-the-spot audits on national bodies, parts of management and control systems or horizontal issues identified at risk (the most frequent being checks into the quality of checks made by managing authorities and work on irregularities and recoveries), in order to complement the assurance obtained from the national audit authorities. On-the-spot audits are usually at the level of programmes authorities and/or intermediate bodies, and can include verifications down to the primary source of audit evidence at the level of beneficiaries.

<u>At the end of the programming periods (2000-2006 and 2007-2013)</u>: the Audit Authority gives its opinion on the legality and regularity of expenditure declared for each programme, based on the examination of the audit results, the expenditure and irregularities declared and withdrawals and recoveries made by the Certifying Authority.

The Commission scrutinises all closure declaration documents (desk review) and may perform ex-post closure audits to obtain additional assurance that the submitted closure documents, including the winding up (2000-2006) /closure declarations (2007-2013) and final control reports, are reliable.

A. Adoption of programmes and setting-up of systems

DG MARE was able to accept the compliance assessments for Axis 4 in respect of Romania and the UK during 2013, thereby finally completing the compliance assessment exercises for these 2 Member States. (The exercise had already been completed for the other 24 operational programmes.)

B. Analysis of the Member States' annual control reports (ACRs)

The table below shows the indicators used to assess the effectiveness of the controls carried out during the reporting year.

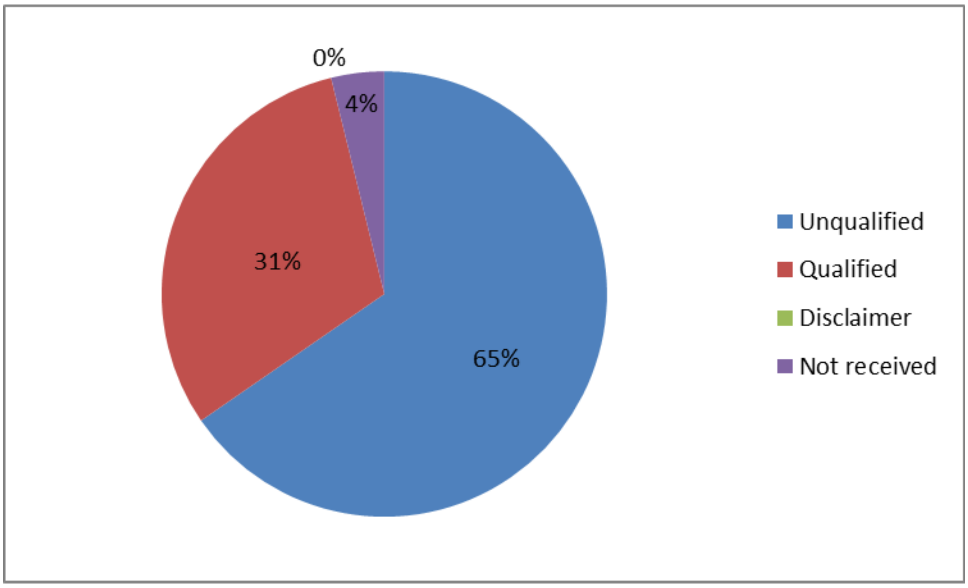
- Number of programmes with a reported error rate assessed as not reliable – 1 (plus 1 ACR not submitted)
- % of the 2013 expenditure on which the Commission can rely on the work of the audit authorities – 97.0% (24 out of 26 OPs)

Analysis of the ACR audit opinions

The first sources of information are the annual control reports (ACRs) and the opinions submitted by the programmes' audit authorities and covering all programmes. In total 25 out of 26 ACRs (there is one operational programme per Member State) have so far been received. A breakdown of the assurance categories is shown below.

The Audit Authorities expressed the following audit opinions in their ACRs (see also table in layer three):

- unqualified for 18 programmes (65% of programmes);
- qualified for 7 programmes (31% of programmes).
- 1 ACR (the UK) has not yet been submitted.



Analysis of the ACR error rates

The Member States have reported error rates below 2 % in 17 cases; 5 error rates between 2 % and 5 %; and 3 error rates above 5 %. 1 ACR is still outstanding.

DG MARE assessed the reliability and correctness of the total projected error rates reported by the Audit Authorities, based on data and detailed information provided in the ACR or subsequently requested from Audit Authorities. DG MARE validated the error rates reported in the ACRs as reliable in 18 cases, corresponding to 69% of programmes. This is made up of 9 cases where the error rates were completely unchanged, and another 9 where the adjustments were so minor as to have had no effect on the categorisation of the programmes.

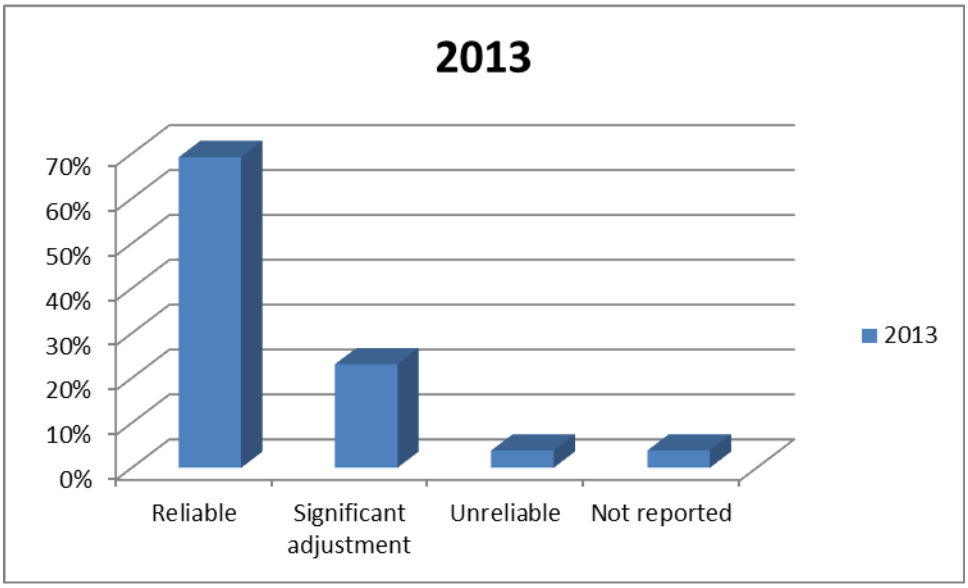
6 operational programmes changed category – the "significant adjustment" in the graph

below. For 5 programmes, the change was positive: in fact, for 4 of these the reported rate was revised downwards to below 2%. For 1 case the category was downgraded.

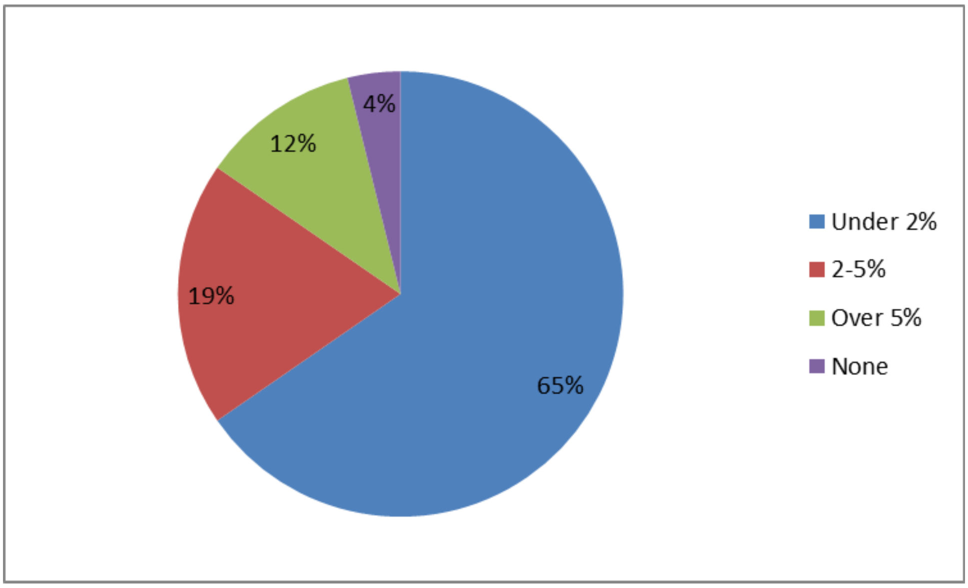
Of the remaining 2 cases, 1 is considered to be unreliable and 1 has not reported. The resulting range is disclosed in the table below.

The impact of the Commission's adjustments and revision of unreliable rates by flat rates can be summarised as follows: the average ACRs' rate of 2.44% for 2013 has been reduced to 1.98%. The reported error rates of several Member States could be revised downwards on the basis of further information provided and additional audit work carried out.

Error rates as reported by the Member States in the 2013 ACRs



Error rates as reported by the Member States in the 2013 ACRs



Best estimate of the error rates following Commission adjustments

<table>
<tr><th>RESULTS</th><th colspan="6">Best estimate Error rates</th></tr>
<tr><th></th><th colspan="3">Number of programmes</th><th colspan="3">2013 interim payments</th></tr>
<tr><td><2%</td><td>20</td><td>76,92%</td><td></td><td>453.325.915</td><td>83,24%</td><td></td></tr>
<tr><td>2-5%</td><td>2</td><td>7,69%</td><td></td><td>67.686.522</td><td>12,43%</td><td></td></tr>
<tr><td>5-10%</td><td>2</td><td>7,69%</td><td rowspan="3">15,38%</td><td>7.214.192</td><td>1,32%</td><td rowspan="3">4,33%</td></tr>
<tr><td>>10%</td><td>1</td><td>3,85%</td><td>5.982.531</td><td>1,10%</td></tr>
<tr><td>Not reported</td><td>1</td><td>3,85%</td><td>10.392.607</td><td>1,91%</td></tr>
<tr><td></td><td>26</td><td>100,00%</td><td></td><td>544.601.766</td><td>100,00%</td><td></td></tr>
</table>

The UK has yet to report. A flat rate risk of 10% of EFF payments has been taken into account in the calculations to assess the cumulative risk and risk attaching to 2013 EFF payments for this Member State.

The 2013 interim payments in the table above exclude a €2.175.000 prefinancing payment to Croatia.

C. National systems audit reports and annual summaries

National Audit Authorities are required to provide finalised system audit reports to the Commission. These reports are examined by the Commission and if significant deficiencies are communicated in these reports this may constitute a basis for the Authorising Officer by Delegation to interrupt payments for the programme under Article 88 of Council Regulation (EC) No 1198/2006. The on-going analysis of systems audits reports therefore contributes to the assurance building process and for updating accordingly the monitoring tables on the effective functioning of systems. Payments were interrupted for 1 Member State as a result of information thus submitted in 2013.

Annual summaries

The submission of annual summaries of payments and audit results by 15 February each year is an obligation for Member States under the previous Financial Regulation. This requirement runs until the end of the implementation of the current programming period. The Commission strongly recommended Member States to add value to the annual summaries by providing more information than formally required (e.g. analysis of the functioning of systems across all programmes at Member State level, diagnosis of problems and their solutions and description of best practices). Member States are reluctant to provide such information in the annual summaries, because it duplicates the material provided in the annual control reports (ACR) for each individual programme.

For 2013, all 28 Member States have complied with the minimum requirements of the Financial Regulation regarding the information to be provided, and some Member States have followed the Commission's recommendations by providing a voluntary overall analysis at Member State level (18) and/or a voluntary declaration on the overall level of assurance (14) in their annual summaries. When relevant, the Directorate-General has analysed this information to corroborate its own assessment of the national management and control systems or to corroborate information provided to the Commission in the ACR.

All 28 annual summaries analysed have been accepted or accepted with follow-up, by requesting some additional information from the Member States. The results are summarised in Annex 10.

D. Audit Activity of the DG

Audit strategy

A framework audit strategy for 2009-2011 (and updated in 2012 and 2013) was established, setting out the main audit objectives and taking account of the risks identified jointly by the Ex-post Control Sector and the Operational Units. This strategy is also reflected in the three year common audit strategy developed with the Structural Funds DGs. EFF audit activity covers on the spot system audits at the level of the Audit Authorities by re-performing their work, to assess the reliance that can be placed on their work and the annual audit opinion they provide. DG MARE's audit activity takes full account of the analysis of the results of the Member States' audit activity as reported through the national system audit reports, the Annual Control Reports and Annual Opinions, Structural Fund DGs' audit reports when common authorities are concerned, and discussion of audit findings and recommendations during the annual coordination meetings with the control authorities of the Member States.

Review of the work of Audit Authorities

16 audits carried out in 2013 covered the work of the Audit Authorities for 8 Operational Programmes, with satisfactory outcomes in all cases. A further 2 audits, involving the same Member State, covered the assessment of the Annual Control Report and an assessment of progress made in the implementation of an Action Plan. The results here were unsatisfactory; the Member State still has further corrective action to take, although progress has been made. To safeguard the interests of the Fund, payments have been interrupted and the programme will remain in reservation for the time being.

The audits re-performed the work of the Audit Authorities on the key requirements of the Management and Control Systems as defined in agreement with the Court of Auditors and communicated to the Member States in the Guidance note No EFFC/27/2008. On the basis of these audits recommendations were addressed to the Audit Authorities concerned requiring the implementation of corrective measures where necessary.

The results of the 16 audits indicate that DG MARE can rely on the opinions of the 8 Audit Authorities visited in 2013. It should be noted that 4 Audit Authorities were visited for the first time in 2013; a further 2 had been previously audited (Germany and Spain); and 2 Audit Authorities (Italy and Romania) were the subject of follow up audits (satisfactory outcomes in both cases).

For those Audit Authorities not visited in 2013, reliance is placed on previous work by DG MARE (which accounts for a further 16 Audit Authorities[63]). Partial reliance can also be obtained from work done by the relevant Directorates-General where an Audit Authority has responsibility for more than one Structural Fund.

Since the beginning of the audit activity in 2010, DG MARE has carried out a total of 50 audit missions covering 20 operational programmes representing €4,179.57 million of allocations, a coverage of 97.09% in terms of initial budget allocation for 2007-2013 and 96,51% of the EFF contribution paid.

It should be noted, however, that both Spain and Germany have regionalised structures. This factor is taken into account in the audit risk assessment and planning, although not all 15 participating autonomous communities/ 11 Länder have been visited: it could be considered that the entire expenditure allocation has not yet been directly covered for these two Member States. A calculation on the basis of regions visited so far in Spain and Germany results in an overall cumulative overall coverage of 89.37%. The calculation is based on draft audit reports issued to Member States.

Recoveries audits

In 2013, DG MARE carried out 3 audits on recoveries: follow up missions to France and the Czech Republic (category 2); and a mission to Germany (category 1). The conclusions show that arrangements for keeping an account of amounts recovered or withdrawn, as well as of pending recoveries, are acceptable. DG MARE intends to continue this enquiry in 2014 and beyond, in other Member States, after analysis of the annual statements from the Member States on withdrawals and recoveries to be received by the end of March 2014.

Article 73 audits

Audits under this heading are designed to provide the basis for DG MARE to implement the provisions of Article 73 (paragraphs 2 and 3) of Regulation (EC) No 1198/2006, whereby the Commission can conclude that it can rely principally on the opinion provided by the Audit Authority and limit its own on the spot audits, thus making more resources available to target high risk programmes. The Commission must obtain reasonable assurance that the management and control systems function effectively.

3 Article 73 audits were carried out in 2013: 2 to Austria (as part of a wider, modular audit)

[63] 16 other Audit Authorities were visited in 2010, 2011, or 2012 (some on more than one occasion).

and 1 to Ireland. For Austria (category 2), the issues identified, although relatively minor, did not enable DG MARE to "grant" Article 73 status to the Austrian Audit Authority. The results of the audit in Ireland (category 1) provided reasonable assurance that reliance can be placed on the work of the Audit Authority; Article 73 was thus granted.

Financial Instruments

An audit on the set-up of the Financial Engineering Instrument in Greece revealed that due to time constraints the effective implementation of the Instrument is jeopardised. It seems that the decision to involve banks as financial intermediaries in the guarantee scheme has contributed to the implementation delays. Furthermore, a budget of EUR 35 million allocated for guarantees appears to be too high. These preliminary findings may be modified as a result of the contradictory procedure.

Bridging the Gap audits

DG MARE's audit work under the enquiry "Bridging the assurance gap" continued in 2013. This enquiry has been developed to particularly address high risk areas of a horizontal nature for Operational Programmes; areas not adequately covered by the national Audit Authority; and areas where the work of the Audit Authority cannot be fully relied upon for 2007-2013 EFF Programmes. DG MARE's audit in 2013 to Italy (category 2) focused on management verifications, with satisfactory results.

More such targeted audits are planned in 2014.

Input		Results	
	Realised		opinions
Review of Audit Authorities[64]	18	Unqualified	0
		Qualified with minor observations	16
		Qualified with significant observations	2
		Adverse	0
Recoveries audits	3	Unqualified	1
		Qualified with minor observations	2
		Qualified with significant observations	0
		Adverse	0
Article 73 audits	1	Unqualified	1
		Qualified with minor observations	0
		Qualified with significant observations	0
		Adverse	0
Financial Instruments	1	Unqualified	0
		Qualified with minor observations	[1]
		Qualified with significant observations	0
		Adverse	0
Compliance Assessment audit to Romania (see section A above)	1	Satisfactory	1
Bridging the Assurance Gap	1	Unqualified	0
		Qualified with minor observations	1
		Qualified with significant observations	0
		Adverse	0
TOTAL	25		25

[64] ACR assessment; and follow-ups of action plan implementation. The missions to Austria were both modular audits and Article 73 audits (category 2), so (to avoid double counting) are counted under "Review of Audit Authorities".

E. Annual audit opinion of the DG

The validated error rate, reflecting the effective functioning of management and controls systems, together with the cumulative residual risk, constitutes the cornerstone of the assurance process of the methodology to estimate the amount at risk. Other sources of information to build up the annual declaration of assurance are: (i) the results of DG MARE's own audit work in 2013, in particular: the review of the work of the Audit Authorities; (ii) other EU audit results; (iii) national system audit reports received throughout the year; (iv) annual summaries of controls and national declarations; (v) the opinions of the Authorising Officers by Sub-Delegation for the programmes; and (vi) experience from previous years.

Based on the above blocks of information, the Ex-post Control Sector of DG MARE expresses an audit opinion on the effective functioning of each programme so as to ensure legality and regularity of expenditure paid by the Directorate General in 2013. These audit opinions are transmitted to the Operational Units concerned as an input for their management opinion which is also formulated for every programme.

Assessment of management and control systems in the annual audit opinion:

RESULTS			
Assessment of management control systems - **functioning of systems 2007-2013**	Number of Programmes	as %	
		of Number of Programmes	of 2013 payments
° DG MARE Audit opinion			
- unqualified	8	30.77%	9.72%
- qualified with moderate impact	12	46.15%	73.52%
- qualified with significant impact	6	23.08%	16.76%
- adverse	0	0.00%	0.00%
TOTAL	**26**	**100.0%**	**100.0%**

The maximum amount at risk for EFF from the analysis of all available information (DG MARE audit activity, ACRs and opinions, the national and other DGs' system audit reports) is €10.77 million, representing 1.98% of the total payments made in the year for the EFF programmes. This is a significant decrease from the 4.63% rate reported in last year's AAR: it is accounted for in large part by the fall in the error rate for Spain from 8.2% in 2012 to 4.9% in 2013, and the reduction in payments made to that Member State from €194 million to €68 million as a result of the payment interruption mechanism. In addition, the error rates of several Member States with significant expenditure (most notably Romania and France) were revised downwards based on the provision of additional information and (as appropriate) additional audit work. A third factor is the larger share of payments made in 2013 to Member States with sound control systems and low error rates (notably Poland).

F. Interruptions/suspensions of payments

The tables below shows the interruptions of payments carried out and lifted during 2013 and the first quarter of 2014. There were no suspensions.

	2013			
	Implemented		**Lifted**	
	Number	**Amount (in M€)**	**Number**	**Amount (in M€)**
AT				
BE				
BG	1	7.310		
CY				
CZ				
DE	1	0.154	1	0.154
DK				
EE	4	7.326	2	7.106
ES	3	184.763	2	110.878
FI				
FR	2	34.523	2	34.523
GR				
HU				
IE				
IT	4	74.253	3	66.977
LT				
LU				
LV	1	3.474	1	3.474
MT				
NL				
PL				
PT				
RO	2	13.817	2	13.817
SE	1	5.300	1	5.300
SI				
SK				
UK	1	8.439		
TOTAL	20	339.361	14	242.229

	2014			
	Implemented		Lifted	
	Number	Amount (in M€)	Number	Amount (in M€)
AT				
BE				
BG			1	7.310*
CY				
CZ				
DE				
DK	2	10.872		
EE				
ES	1	117.471	1	73.885*
FI				
FR	1	0.971		
GR				
HU				
IE				
IT				
LT				
LU				
LV				
MT				
NL	1	8.478		
PL				
PT				
RO	2	19.130	2	19.130
SE	1	3.748		
SI				
SK				
UK	1	24.754	1	8.439*
TOTAL	9	185.425	5	108.765

* 2013 interruptions lifted in 2014

G. Financial corrections

The amount of financial corrections for FIFG and EFF made by Member States at the Commission's request is reported on a quarterly basis to the European Parliament. These corrections are made by the Member States following the audit activity by an EU body (DG MARE, OLAF or ECA).

Implemented financial corrections correspond to financial corrections decided/accepted which have been:

- Subject to a recovery order validated by the authorising officer in ABAC in the year 2013;
- Withdrawn by the Member State and deducted from a subsequent payment claim which has been validated by the authorising officer in ABAC in 2013.

The tables overleaf show key indicators on financial corrections and recoveries resulting from the correction of errors carried out during the reporting year.

FIFG

in M€	2000-2006			
	Cumul. FC confirmed and implemented end 2012	**FC confirmed and implemented 2013**	**Cumul. FC confirmed and implemented end 2013**	**Cumul. FC confirmed and not implemented end 2013**
AT				
BE				
BG				
CY				
CZ				
DE	0.009	0.024	0.033	
DK		0.709	0.709	
EE				
ES	0.577		0.577	89.877
FI		0.188	0.188	
FR		0.630	0.630	1.149
GR		0.158	0.158	
HU	0.044		0.044	
IE				
IT	3.651		3.651	2.837
LT		0.012	0.012	
LU				
LV	0.461		0.461	
MT	0.007		0.007	
NL		0.148	0.148	
PL	0.075	0.151	0.226	
PT				
RO				
SE		0.151	0.151	
SI				
SK				
UK		0.006	0.006	1.471
TOTAL	4.824	2.177	7.001	95.334

EFF

in M€	2007-2013			
	Cumul. FC confirmed and implemented end 2012	**FC confirmed and implemented 2013**	**Cumul. FC confirmed and implemented end 2013**	**Cumul. FC confirmed and not implemented end 2013**
AT				
BE				
BG				
CY	0.004		0.004	
CZ				
DE		0.202	0.202	0.555
DK				
EE				
ES		1.155	1.155	0.254
FI	0.001		0.001	
FR		0.119	0.119	
GR				
HU				
IE				
IT		0.526	0.526	1.052
LT				
LU				
LV				
MT				
NL	0.137		0.137	
PL	0.109		0.109	
PT		0.266	0.266	
RO				4.611
SE		0.006	0.006	
SI				
SK				
UK				0.017
TOTAL	0.251	2.274	2.525	6.489

H. Follow-up of 2012 reservation

In the 2012 AAR, 9 operational programmes of the 2007-2013 programming period were placed under reservation. 7 have been lifted in full. A partial reservation remains in respect of Spain, where payment interruptions remain in place for two Autonomous Communities (ACs). One AC is to deduct ineligible expenditure from the next payment claim; for the other, substantive work is ongoing to resolve the issues identified and progress is seen.

A full reservation is in place for the Czech Republic. Here too the trend is positive: the national authorities have already taken actions to improve the system, but more work still remains to be done before payments can resume. It should be noted that there are no payment claims pending in respect of this Member State.

When DG MARE has the requisite assurance that the national authorities concerned have taken the necessary corrective action, these cases will be lifted out of reservation and payments will resume.

I. Overall assessment of the functioning of the management and control systems (including best estimate of error)

The final stage of the evaluation process was to check the quality and consistency of the management assurance declarations (AOSD), to resolve any cases of discrepancy between the audit opinions and management assurance declarations, to agree on any modifications required as a result of subsequent developments during the first quarter of the current year, and to identify the operational programmes for which a reservation should be made.

A cumulative residual risk since the beginning of the programming period has been estimated for all programmes, based on the best available sources of information. This estimated cumulative residual risk is an additional check applied to confirm whether the programme is under control on a cumulative basis, i.e. whether corrective measures (withdrawals, recoveries) already implemented by Member States have adequately mitigated the risks of irregularities since the beginning of the programming period.

Following the evaluation stage and taking into account the cumulative residual risk, the programmes are classified into four categories in accordance with the level of assurance that they provide as to the legality and regularity of interim payments made during the reporting year. All programmes falling under the categories 'limited assurance – medium risk' and 'limited assurance -high risk' (in the table below) are subject to a reservation. This applies to 6 programmes from the 2007-2013 period.

Assessment of management and control systems in the annual management opinion:

IMPACT on Declaration of Assurance (based on functioning of systems, materiality and legality and regularity criteria)		Coverage		
		# of Programmes	as % of Programmes	Payments to Programmes in question as % of 2007-2013 period interim payments in the year
1	**Reasonable assurance**	20	76.92%	83.24%
2	**Reasonable assurance with low risk**	0	0.00%	0.00%
3	**Limited assurance with medium risk**	6	23.08%	16.76%
4	**Limited assurance with high risk**	0	0.00%	0.00%
		26	**100.00%**	**100.00%**

It should be noted that in the table overleaf, EFF payments under consideration amount to €544.601.766. An additional prefinancing payment of €2.175.000 was made to Croatia; the total EFF payments for 2013 are thus €546.776.766.

Member States	Total Payments in 2013 per level of assurance (in €)										
	REASONABLE ASSURANCE	REASONABLE ASSURANCE: LOW RISK	LIMITED ASSURANCE: MEDIUM RISK	LIMITED ASSURANCE: HIGH RISK	Total	No. of OPs under reservation	Commission actions		Estimated amount at risk - 2013		
	EFF 2007-13	EFF 2007-13	EFF 2007-13	EFF 2007-13	EFF 2007-13		Number of interruptions of payment deadlines in 2013	Number of interruptions of payment deadlines in Q1 2014	2013 ACR error rate - if unreliable, standard scales used	€	Cumulative residual risk (%)
Austria	347.511				347.511				0,21%	730	0,19%
Belgium	0				0				0,00%	0	1,99%
Bulgaria	5.920.289				5.920.289		1		0,92%	54.467	0,44%
Cyprus	65.839				65.839				0,10%	66	0%
Czech Rep.			0		0	1			2,60%	0	7,76%
Germany	15.490.828				15.490.828		1		0,14%	21.687	0%
Denmark			2.127.293		2.127.293	1		2	5,44%	115.725	2,38%
Estonia	12.107.724				12.107.724		4		1,57%	190.091	1,40%
Spain			67.686.522		67.686.522	1	3	1	4,93%	3.336.946	3,65%
Finland			5.086.899		5.086.899	1			9,84%	500.551	5,14%
France	34.523.047				34.523.047		2	1	1,34%	462.609	0,83%
Greece	50.836.540				50.836.540				0,00%	0	0,09%
Hungary	4.216.278				4.216.278				0,00%	0	0%
Ireland	0				0				0,00%	0	0%
Italy	77.515.836				77.515.836		4		1,10%	852.674	0,33%
Lithuania	11.169.513				11.169.513				1,19%	132.917	0,76%
Latvia	16.022.381				16.022.381		1		0,00%	0	0,12%
Malta	1.630.915				1.630.915				0,00%	0	0,55%
Netherlands			5.982.531		5.982.531	1		1	44,00%	2.632.314	25,42%
Poland	116.130.229				116.130.229				0,19%	220.647	0%
Portugal	34.325.919				34.325.919				1,45%	497.726	0,39%
Romania	55.376.542				55.376.542		2	2	1,12%	620.217	1,07%
Sweden	10.167.185				10.167.185		1	1	0,00%	0	0%
Slovenia	4.345.441				4.345.441				1,99%	86.474	1,47%
Slovakia	3.133.897				3.133.897				0,00%	0	0%
UK			10.392.607		10.392.607	1	1	1	10,00%	1.039.261	8,03%
TOTAL	**453.325.915**	**0**	**91.275.851**	**0**	**544.601.766**	**6**	**20**	**9**	**N/A**	**10.765.101**	**36.195.582**
% SHARE	**83,24%**	**0,00%**	**16,76%**	**0,00%**	**100,00%**	**23,08%**				**1,98%**	**1,90%**

EFF reservation – 6 OPs – Estimated risk = 7.62 M€
Reason for reservation: The 6 EFF operational programmes concerned are all affected by material error, as reported in the ACRs. This means that the reported 2013 error rate exceeds 2% or is unreliable, and the cumulative residual risk exceeds 2% of total interim payments over the programming period. OPs concerned: Czech Republic, Denmark, Spain, Finland, the Netherlands, and the UK. Estimated amount at risk: €7.62 million Actions: Letters with clear action plans have been, or will be, sent to all affected Member States, so that they may take the necessary corrective action to enable payments to resume.

€91.28 million of 2013 payments fall under the scope of the reservation. The average risk rate for the 6 operational programmes affected is 8.35%.

2.1.1.2 Shared Management – FIFG 2000-2006

Audit work

2 FIFG closure audits were carried out this year: one to Germany (Hessen) and one to Italy (Sicily). In both cases, the auditors obtained reasonable assurance that the winding-up declaration and the accompanying report give a true and fair view and that the final declaration of expenditure can be regarded as regular and accurate.

Progress on FIFG closure

Within DG MARE, the closure exercise is a collaborative exercise between the Ex Post Control Sector and the Operational Units. The Ex Post Control Sector analyses the Winding-up Declarations and communicates its analysis to the Operational Units as input for their closure activities in order to support the reasonable assurance on the legality and regularity of the underlying transactions of the respective Operational Programme.

The Operational Units analyse the final implementation report, the final expenditure claim, the assessment letter of the Ex Post Control Sector and the INFOSYS report and prepare the closure proposal letter.

DG MARE has put in place procedures for the closure to ensure that all the necessary residual corrections are made. The closure documents and in particular the Winding-up Declaration (WUD) must contain a detailed report on all corrections made by the programme authorities and on all irregularities reported. When analysing these documents, DG MARE ensures that all amounts that should have been corrected are indeed deducted from the final statement of expenditure. If insufficient or inaccurate data is provided, the closure exercise is interrupted and additional information is requested from the Member State. If the amounts are known, these are directly deducted from the final payment to be made.

All closure proposal letters are discussed and approved within the relevant Thematic Group (TG3) (Operational Heads of Unit and Finance and Control Head of Unit).

By the end of December 2013, 34 operational programmes had been closed and for 9 others pre-closure letters have been sent (out of 60 operational programmes).

Regarding the winding-up declarations (WUDs), the analysis is complete in 59 cases. All of them have been accepted. For the remaining one operational programme, for which the analysis is interrupted, the additional clarifications requested from the Member State are being analysed.

Reservation in respect of FIFG 2000-2006 Objective 1 Programme for Germany

The FIFG reservation relating to Germany (Sassnitz) was maintained in the 2012 AAR as a precautionary measure. A formal hearing with the German authorities took place in October 2013, and a Commission Decision (including the correction of €5.3 million) was adopted on 17 December 2013. The German authorities confirmed their acceptance of the correction in March 2014. Consequently, there is no longer a reservation for this matter.

2.1.1.3 Direct management

Materiality criteria (control objective) and reservations

For expenditure in direct management, errors are considered to be material if the financial impact of the errors exceeds 2% of the payments audited in the year for the programme in question **and** the multiannual error rate is more than 2% of the sampled payments.

Overview

For the budget under direct management, programmes are submitted to the Commission by the Member States annually in the case of control programmes, and for multi-annual periods (two or three years) in the case of data collection. Following their evaluation, the level of financial contribution is fixed by the Commission and notified to the Member States. For the Common Market Organisation the intervention conditions are specified in annual Council Regulations, and for the Outermost Regions expenditure the conditions and limits of aid are detailed in the Regulation establishing the scheme. Implementation of the programmes is monitored by the Operational Units concerned.

Payments relating to expenditure on Markets & Outermost regions, Fisheries Surveillance and Control, and Data collection account for approximately 10% of payments made in 2013 of operational expenditure. In turn, payments of this directly managed expenditure are broken down as follows:

Markets, Control and Data Collection				
Expenditure Type	**Paid Amount**	**%age of Total Payments -**	**Average Paid Amount**	**Number of Payments**
Markets and Outermost Regions	19.744.235	25,45%	346.390,10	57
Control	23.206.382	29,91%	181.299,86	128
Data Collection	34.636.079	44,64%	824.668,55	42
Total Payments	**77.586.697**	**100,00%**	**341.791,61**	**227**

Ex-ante controls

All expenditure under direct management is subject to ex-ante controls. Based on the number of transactions subject to an unfavourable opinion at the point of financial ex ante verification, there are indications that the relatively high awareness of financial management rules in the Directorate General has been maintained in 2013. The number of transactions subject to an unfavourable opinion at ex ante financial verification represented 5.7%.

Fisheries Surveillance and Control expenditure incurred by Member States is eligible for a contribution from the EU budget where covered by the relevant annual fisheries control programme accepted by the Commission. As with data collection, these programmes also require national counterpart funding. All expenditure declarations are checked by the operational services against the Commission financing decision as well as against the relevant control programme.

With regard to Data Collection (conservation), multi-annual national programmes are established and these involve national co-financing. These multi-annual data collection programmes are checked before approval to ensure compliance with the applicable legislation and the eligibility of the proposed expenditure. Expenditure declarations are checked by the service against the Commission financing decision and the relevant programme for eligibility and consistency purposes. Reimbursement by the Commission to the authorities in the Member States is thus carried out after the evaluation and acceptance of both technical and financial reports.

Fisheries market expenditure paid by Member States to producer organisations is reimbursed by the Commission on a biannual basis. The expenditure is claimed by the Member State through the FIDES IT system and is normally reimbursed during the same budgetary year. The FIDES system performs a number of different checks on the data to ensure compliance with the relevant procedures while DG MARE verifies the data and documents supporting the eligibility of the expenditure. Ex-ante verification is then carried out on the transactions prior to the authorisation of payments on the basis of the relevant regulations, and the eligibility is checked via the verification of data transmitted by the Member State including the proof of payment.

Ex-post audit of Direct Management

For Data Collection, Fisheries Markets, Outermost Regions, and the Surveillance and Control Programmes, there is a multiannual rolling audit programme to cover all Member States which benefit significantly from the programmes. A risk analysis is carried out based on the cumulative amounts paid for the period preceding the year under audit, the number of institutions/sub-contractors, the complexity of projects, the number and the timing of audits previously carried out, as well as on specific risks identified by the auditors and/or the Operational Unit.

For Data Collection and Surveillance and Control, the programmes audited since 2010 represent 35% and 47% respectively of the total payments made for all the Member States' programmes under these two ABB activities. For Fisheries Markets and Outermost Regions, the corresponding figure is 25%.

The audited sampled payments in relation to the total value of payments made for the audited programmes (sample size/population) in the last 4 years represents 89% for Data Collection and Surveillance and Control, and 65% for Fisheries Markets and Outermost Regions. This constitutes a high rate of coverage at the level of the audited programmes. The approach followed in planning and executing audits is designed to ensure maximum coverage of payments made to Member States.

Audit work – Surveillance and Control

An amount of €23.20 million, representing 2.98% of the Directorate General's overall payments, was paid to Member States in 2013 for their Surveillance and Control programmes (budget line 11 08 01). Total payments under the 11 08 budget line amount to €34.66 million; the balance is made up of CFCA payments (€9.2 million) and other items.

One audit was carried out in 2013 to Italy. The audit covered projects included in the annual control programmes 2007, 2008 2009 and 2010 for which payments were made by the Commission in 2010 to 2012. The total value of payments for the audited programmes amounts to €15.48 million. The amount of payments actually controlled ex-post is €11.78 million, providing coverage of 76% of sampled programmes, and 51% of total 2013 payments.

The maximum potential amount of ineligible costs identified by ex-post controls is €0.00 million; when this is compared with the amount of financial transactions actually controlled ex-post, the error rate on sample is 0.00%. The multiannual error rate is 0.19%; the impact of the errors on the total annual payments for the activity is 0.00% (below the materiality threshold of 2%).

Audit work – Data Collection

An amount of €34.64 million, representing 4.44% of the Directorate General's overall payments, was paid in 2013 to Member States for their data collection programmes. Total payments under the 11 07 budget line amount to €39.95 million; the balance is made up of payments in respect of scientific advice. One Member State was audited in 2013: Ireland. The audit covered cost statements for 2010, 2011 and 2012. The total value of payments for the audited programmes amounts to €8.42 million. The amount of expenditure verified ex-post was €5.14 million. This coverage represents 14.9% of total 2013 payments.

The maximum potential amount of ineligible costs identified by ex-post controls is €0.026 million; when this is compared with the amount of financial transactions actually controlled ex-post, the error rate on sample is 0.51%. The multiannual error rate is 1.54%; the impact of the errors on the total annual payments for the activity is 0.08% and thus below the materiality threshold of 2%.

Audit work – Markets and Outermost Regions

An amount of €19,74 million, representing 2.53% of the Directorate General's overall payments, was paid for Fisheries Markets and for the Outermost Regions to Member States in 2013 (budget lines 11 02 01 01 and 11 02 03 01). Total payments under the 11 02 budget line amount to €20.5 million; the balance is made up of payments in respect of IT development, analysis and maintenance as well as preparatory actions. During 2013 one audit was carried out for fisheries markets in Latvia. No audit was carried out for the Outermost Regions.

The total value of payments for the audited programme amounts to €3.75 million. The amount of payments actually controlled ex post is €3.18 million, providing coverage of 84,8% of sampled programmes, and 16.1% of total 2013 payments. No irregular expenditure was identified from these audits.

No errors with financial impact have been identified either for expenditure relating to the Markets and Outermost Regions, or in respect of Surveillance and Control, during 2013. For Data Collection, the errors arise in declarations relating to staff costs.

The ex post control sector issues recommendations for all control weaknesses identified and follows up their implementation until the audit(s) can be closed. In addition, the operational unit issues recovery orders for all ineligible expenditure identified, as can be seen from the following tables.

Surveillance and control (amounts in € Million)

Year	Ineligible amount	Recovered or corrected in payment	Total value of payments for audited programmes	Amount of audited sampled payments	Error rate	Net error rate after corrections	Residual error rate	Payments made under ABB activity	Cumulative error rate	Impact of errors to annual payments exceeds **2%** of annual payments
	a	b	c	d	e = a/d	f = (a-b)/d	g = ((c-d)/c) *e	h	i = cum a/cum d	**j**
2010	0,0857	0,0857	6,06	6,06	1,41%	0,00%	0,00%	20,40	1,41%	0,42%
2011	0,0000	0,0000	17,87	17,35	0,00%	0,00%	0,00%	28,02	0,37%	0,00%
2012	0,0000	0,0000	11,12	9,55	0,00%	0,00%	0,00%	23,86	0,26%	0,00%
2013	0,0000	0,0000	15,48	11,78	0,00%	0,00%	0,00%	23,20	0,19%	0,00%
TOTAL	**0,0857**	**0,0857**	**50,53**	**44,74**	**0,19%**	**0,00%**	**0,02%**	**95,48**	**0,19%**	
			Coverage	**88,54%**				**46,86%**		

Data collection (amounts in € Million)

Year	Ineligible amount	Recovered or corrected in payment	Total value of payments for audited programmes	Amount of audited sampled payments	Error rate	Net error rate after corrections	Residual error rate	Payments made under ABB activity	Cumulative error rate	Impact of errors to annual payments exceeds **2%** of annual payments
	a	b	c	d	e = a/d	f = (a-b)/d	g = ((c-d)/c) *e	h	i = cum a/cum d	**j**
2010	0,1440	0,1154	21,90	20,90	0,69%	0,14%	0,03%	24,77	0,69%	0,58%
2011	0,3156	0,3156	12,02	12,62	2,50%	0,00%	0,00%	33,17	1,37%	0,95%
2012	0,1420	0,0000	6,67	4,86	2,92%	2,92%	0,79%	32,30	1,57%	0,44%
2013	0,0260	0,0000	8,42	5,14	0,51%	0,51%	0,20%	34,63	1,44%	0,08%
TOTAL	**0,6276**	**0,4310**	**49,01**	**43,52**	**1,44%**	**0,45%**	**0,16%**	**124,87**	**1,44%**	**0,50%**
			Coverage	**88,80%**				**34,85%**		

For 2012 amounts, recovery is ongoing for the Netherlands (€88.087) and Poland (€53.599).

Markets and Outermost Regions (amounts in € Million)

Markets	Ineligible amount	Total value of payments for audited programmes	Amount of audited sampled payments	Error rate of the year	Payments made under ABB activity	Cumulative error rate on sampled payments audited	Impact of errors to annual payments exceeds **2%** of annual payments
2010	0	9,44	5,74	0,00%	10,14	0,00%	0,00%
2011	0	8,56	5,87	0,00%	17,04	0,00%	0,00%
2012	0	5,44	4,82	0,00%	9,86	0,00%	0,00%
2013	0	3,75	3,18	0,00%	6,97	0,00%	0,00%
TOTAL	**0**	**27,19**	**19,61**		**44,01**	0,00%	
		Coverage	72,12%				
Outermost Regions							
2010	0	7,26	4,52	0,00%	0	0,00%	0,00%
2011	0	14,17	7,5	0,00%	16,88	0,00%	0,00%
2012	N/A	0	0	N/A	28,14	N/A	N/A
2013	N/A	0	0	N/A	12,78	N/A	N/A
TOTAL	**0**	**21,43**	**12,02**		**57,8**	0,00%	
		Coverage	56,09%				
M+O 2013	**0**	**3,75**	**3,18**	**0,00%**	**19,75**		
		coverage	84,80%				
Grand Total 10-13	**0**	**48,62**	**31,63**		**125,34**	0,00%	
		Coverage M&O	**65,06%**		**25,24%**		

Conclusion

The overall control system established within DG MARE provides reasonable assurance of the sound financial management in respect of the transactions carried out under direct management.

This assurance is underpinned by the financial circuits established within the DG, as well as the ex-ante controls carried out. All invoices are checked in an effective ex-ante control system that detected errors in approximately 6% of transactions.

The ex post audits are risk-based because this is more audit-efficient (a very high level of audit coverage can be obtained). The error rates disclosed are based on the best information available.

As regards the ex post audits, from a quantitative point of view, the level of the error rate found during 2013 ex-post controls of a risk-based sample of Data Collection is respectively 0.51% of the sampled payments audited, and 0.08% of the total 2013 payments for the programmes concerned. For Surveillance and Control, and Fisheries Markets and the Outermost Regions the error rate is 0.00%. The error rates can also be examined from a multi-annual perspective because, in a given year, DG MARE audits several years of declared and paid expenditure. When account is also taken of previous years' error rates disclosed by ex-post controls from 2010 to 2013, the level of the multi-annual error rates on sample for Data Collection programmes and Surveillance and Control programmes is respectively 1.44% and 0.19% (amount of ineligible amounts identified by ex-post controls compared with amount of financial transactions actually controlled ex-post).

Further assurance can be derived from two additional measures: net error rates and residual error rates.

Net error rates

These are calculated by comparing the amounts remaining after recovery actions to the value of payments audited. It will be seen that only the most recent cases have not been recovered in full; this is because contradictory procedures are ongoing. The corresponding cumulative figures are 0.45% for Data Collection and 0.00% for Surveillance and Control.

Residual error rates

This measure attempts to estimate the level of error in the unaudited population, based on the error rate found in the payments audited. The corresponding cumulative figures are 0.16% for Data Collection and 0.02% for Surveillance and Control.

For Markets and the Outermost Regions programmes no ineligible expenditure was identified in 2013 or in the previous years.

CONCLUSION

A reservation in respect of direct management is not required.

2.1.1.4 Sustainable Fisheries Partnership Agreements

Materiality criteria (control objective) and reservations

Given that the financial contributions provided under **Fisheries Partnership Agreements** are principally used to gain access to fishing possibilities in third countries, qualitative factors such as weaknesses detected in the functioning of the internal control system at the level of the Commission, or factors which affect or are likely to affect in a significant manner the reputation of the Commission, are considered as materiality criteria.

Overview

Payments relating to Sustainable Fisheries Partnership Agreements made during the year totalled €98m, equivalent to 12.5% of all operational expenditure payments made by the DG.

The level of a financial contribution under a Sustainable Fisheries Partnership Agreement (SFPA) is the result of a political negotiation with the partner country and is based on several factors such as the value of the opportunities offered to the EU fleet to fish in the partner's exclusive economic zone as well as to support the third country's policy efforts in the sustainable managements of fisheries resources.

The main risks are:

• in terms of sound financial management (the financial contribution is set at a level that does not reflect real fishing possibilities or fishing possibilities that are or will be fully utilised by EU ship owners), or

• in terms of political coherence (the agreements are negotiated, concluded and implemented without taking sufficiently into account the other external policies of the EU or are not fully consistent with the principles guiding the management of the Common Fisheries Policy within EU waters).

To address the first risk, i.e. that the financial contribution under a SFPA does not provide an added value in economic terms to the Union, the Commission implements a strict policy before and during the negotiations. These are conducted on the basis of an ex-ante evaluation and an analysis of the impact of the future protocol on sustainability. The results of these evaluations are shared with the stakeholders within the Union and the partner country.

During the negotiations with the third country, there are continuous consultations with Member States with fleets interested in fishing in the Exclusive Economic Zone (EEZ) concerned and the Presidency of the Council. These help to fine tune the establishment of the fishing possibilities in line with future use for the duration of the protocol.

Furthermore, the Agreements provide mechanisms for renegotiation which may be triggered in the event that the EU fleet does not avail of the fishing opportunities offered under the agreement. This provides an effective means of control to address the principal risk associated with the agreements. The actual take-up of fishing opportunities is monitored by the Commission on an on-going basis. In order to evaluate whether the take-up is in line with what is foreseen under the agreement, the evaluation examines the situation over a number of years.

During the lifetime of a SFPA and its protocols, a number of key requirements are monitored on an ongoing basis. For the most important agreements, dedicated staff has been allocated to the EU Delegations responsible for the countries concerned. The monitoring covers both the assessment of the implementation of the agreement, including the fishing activity of the EU vessels, as well as the implementation of agreed national sectoral programmes.

At the end of 2013, a total of 11 protocols to Sustainable Fisheries Partnership Agreements were in force. During the year, negotiations were successfully completed with: Ivory Coast, Seychelles, Comoros, Gabon, Morocco and Sao Tome and Principe (in the case of Gabon and Morocco, the completion of the negotiation process followed a period of interruption of fishing activity which began in 2012). In all these negotiations the fishing possibilities agreed were in line with recent trends in utilisation by the EU fleet, and took into account the best available scientific advice. In addition, the amounts targeted for sectoral support were negotiated on the basis of, on the one hand, the needs of the third countries concerned for the development of their sectoral policy, and, on the other hand, their absorption capacity as it could be evaluated in the light of the levels of implementation achieved under the previous protocol.

With regard to the second risk, a specific effort has been made to enhance policy coherence between the CFP and development policy in order to address potential criticisms of lack of coherence between the various aspects of the external policies of the EU. This was reflected in particular by the inclusion of a specific Human rights clause in every new protocol negotiated since 2010.

In 2013, the Commission continued to follow closely the efficiency of the EU partnership with the third countries in strengthening their fishery sector, in particular with reference to the effective utilisation of the resources targeted for the sectoral support in each SFPA. Most agreements and protocols establish a formal monitoring instrument in the form of a Joint Committee which brings together the Commission and the third country and involves, where appropriate, scientific meetings of experts. This mechanism allows the multiannual programming of the fishery policy of the partner country to be evaluated and adapted in light of the effective implementation of identified actions. This is done on the basis of a series of targets and indicators, including, in most cases, financial indicators. Joint Committee meetings are normally held at least once per year, which indeed was the case for all the SFPAs in force in 2013.

The implementation of the sectoral support was globally satisfactory for almost all the SFPAs. However some difficulties were experienced in the case of Comoros and Sao Tome and Principe; payments were consequently postponed. For Mauritania, the conditions were not met for the release of the sectoral support funds, and thus no payment was made.

2.1.1.5 Procurement and Grants

In 2013 procurement and grants accounted for only 3% of operational expenditure payments made during the year by DG MARE.

A qualitative analysis of the management review of the registry of exceptions and internal control weaknesses revealed that during the reporting year there were 3 recorded instances of control failure, which had an impact on the legality and regularity of the transactions. These concerned cases of a legal commitment being made prior to the budgetary commitment. In all cases, the amount of expenditure involved was small.

All open procurement procedures were subject to a review by the DG MARE Procurement Examination Group prior to the signature of the contract. None of these controls revealed errors with an impact on compliance.

A qualitative analysis of the results of controls on payments relating to contracts revealed that 35 invoices were cancelled / reduced by credit notes in 2013. During the same period, liquidated damages were applied for an amount of €11 000.

The breakdown of payments made in relation to grants is given in the following table:

Grants

Expenditure Type	Paid Amount	%age of Total Payments -	Average Paid Amount	Number of Payments
RAC Operating Grants	1.490.337	20,20%	106.452,67	14
Voluntary Contributions Int. Organisations	4.444.270	60,23%	170.933,46	26
Other	1.444.789	19,58%	120.399,10	12
Total Payments	**7.379.397**	**100,00%**	**141.911,47**	**52**

Final audit reports of audits carried out on 2 of the 7 RACs which receive an annual operating grant were published in 2013. These did not reveal material ineligible expenditure relating to the RACs' financial year.

In conclusion, the analysis of the available control results, the assessment of the weaknesses identified and that of their relative impact on legality and regularity has not unveiled any significant weakness which could have a material impact as regards the legality and regularity of the financial operations. It is possible to conclude that the control objective as regards legality and regularity has been achieved.

2.1.2 Control efficiency and economy.

2.1.2.1 Shared Management

The principle of efficiency concerns the best relationship between resources employed and results achieved. The principle of economy requires that the resources used by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price. This section outlines the indicators used to monitor the efficiency of the control systems, including an overall assessment of the costs and benefits of controls.

The table below shows the indicators used to assess the efficiency of the controls carried out during the reporting year.

- Cost of control/financial management of the Commission checks and assessment (as a % of total appropriations) = 0.78%
- Time to lift interruption of payments – see explanation below
- Notifications of interruptions to MS within 2 months: 85% (no suspensions)

DG MARE quantifies the costs of the resources and inputs required for carrying out the controls described in annex 5 and estimates, in so far as possible, their benefits in terms of the amount of errors and irregularities prevented, detected and corrected by these controls.

The costs relate to the annual overall Commission costs.

50% covers the assessment by the Commission of management and control systems in MS (including the Commission ex-post audits).

The remaining annual costs (50%) relate to Commission staff who carry out controls throughout the different design, implementation and monitoring phases; and the Commission ex-ante checks of the periodic expenditure declarations (financial circuits). For the next programming period, this will also include the setting-up of the management and control systems in the Member States, and the Commission checks in the designation process (sampling of national designations).

The benefits relate in part to the corrections made by the Member States at the Commission's request following (Commission) audit work. In this context, it must be pointed out that financial corrections are not an objective as such. A decreasing level of corrections over the years would not solely result from the quality and/or quantity of controls but could also reflect an improvement in sound financial management of the programme by the Member States.

DG MARE considers the correction mechanism to be one of the tools for the protection of the EU budget. It should be seen in the continuum of a system which begins with payment interruptions. DG MARE has found that the system of payment interruptions has proved highly effective in shielding the Fund from risk, as Member States with programmes under interruption have been shown to take the corrective action to enable payments to resume. Of the 17 OPs for which payments were interrupted in 2011 (8) and 2012 (9), payments have now resumed for 15 cases (all 8 for 2011 and 7 for 2012), with one partial interruption and one full interruption remaining.

As regards the indicator "time to lift interruption of payments", DG MARE (in conjunction with other shared management DGs) is reliant to a considerable degree on the rate and the effectiveness of the remedial action taken by Member States. The lifting of a payment interruption is an act with significant consequences; it is vital to endure that the necessary additional work has been properly carried out by the national authorities.

The impact of DG MARE's adjustments made on the error rates (reported by the Member States in the 2013 ACRs) following its analysis of these ACRs own audit work and the total amount of expenditure for which the Commission does not have assurance at this time has served to reduce the overall validated aggregate error rate (1.99%), which is below the unaudited aggregate error rate of 2.44%. This is due to the significant decreases in reported error rates for several Member States, on the basis of additional information and clarifications supplied, and work done, during this reporting exercise. (In addition, €2.27 million of EFF corrections were made by Member States at the request of the Commission). Set against these benefits is the €4.24 million cost of the associated controls. On this basis, it could be concluded that during the reporting year the costs of the controls carried out by DG MARE for the management of the budget appropriations outweighed the benefits. However, as there have been significant downward adjustments to error rates, measurements of this type should be treated with a degree of caution.

There are a number of non-quantifiable benefits resulting from the controls operated throughout the various control stages (notably the negotiation procedures of the programmes, which aim to ensure that the financed programmes contributed to the achievement of the policy objectives, the management of the programmes by the geographical units of the DG, and the deterrent effect of ex-post controls). DG MARE considers that the necessity of these controls is undeniable, as the totality of the appropriations would be at risk were they not in place.

The entire control system ultimately "costs" 0.78% of the payments of the year.

2.1.2.2 Direct management

Similar considerations apply to direct management as those set out for shared management when assessing the costs and benefits of controls under this management mode. For Data Collection, Markets and Outermost Regions, and Surveillance and Control taken together, the costs can be divided between the ex ante work (estimated at €2.27 million) and the ex post audit checks (estimated at €0.26 million). The benefits would be represented by corrections to costs claims made at the ex-ante stage (€1.02 million) and corrections arising from ex-post audits €0.026 million). The payments made in 2013 for these 3 programmes were €77.59 million, so the annual cost of control would be in the region of 2.9% of associated payments.

In 2013 the average payment delay was 19.7 days (2012: 20.77 days) with 91% (2012: 92%) of payments being made within the target limits.

2.1.2.3 Sustainable Fisheries Partnership Agreements

For SPFAs, most payments relate to access to third country waters. Controls ensure that the payments are in compliance with international agreements. For sectoral support, the related controls monitor the implementation of that support. The monitoring is carried out by Commission staff in the delegations, as well as during Monitoring Committee and Scientific Committee meetings. If progress is insufficient, the next payment is suspended until such time as the deficiencies identified have been addressed. The costs and benefits of controls are thus very difficult to quantify in monetary terms.

2.1.2.4 Procurement

DG MARE has, to the extent possible, produced an estimation of the costs of the main control processes. However, since a quantitative estimation of the value of errors prevented and detected is not available, it is not possible to quantify the related benefits, other than the amounts recovered as a result of these controls. In consequence, it is not possible to determine the overall cost-effectiveness of controls by comparing costs with benefits; it is necessary to consider the efficiency indicators retained. To do so, the following efficiency measures for the controls associated with the core processes have been used:

- The procurement procedures are to a large extent a regulatory requirement which cannot be curtailed. In addition, DG MARE considers that the necessity of these controls is undeniable; as shown by the risks outlined in annex 5, as a significant proportion of the appropriations would be at risk were they not in place.
- For financial circuits, relating to contracts, an estimated €1.1m was invested in controlling 293 financial transactions worth €16m. Thus 7% of the total payment amount was dedicated to control. The benefit from such controls is estimated at some €1.2m.
- The average time to pay was 21.5 days.
- Late interest paid in 2013 totalled €5 600 of which € 1 300 resulted from a lack of payment appropriations, which did not allow for payments to be made in due time.

The benefits of control in non-financial terms cover: better value for money, deterrents efficiency gains, system improvements and, as mentioned above, compliance with regulatory provisions.

To reach an overall conclusion as to the relative efficiency of the controls for procurement and grants, it is necessary to analyse the evolution of these efficiency indicators over time and/or to compare them with relevant benchmarks. This is not currently possible, as this is the first year in which DGs have calculated and reported these indicators.

2.1.3 Fraud prevention and detection

DG MARE has, together with DG REGIO, DG EMPL and OLAF, developed an anti-fraud strategy "Joint Anti-Fraud Strategy (JAFS) for 2012-13", as foreseen in the Commission's overall anti-fraud strategy.[65] An action plan was developed (Annex 1 to JAFS) that lists all foreseen actions to be taken. Most of the resulting measures have been implemented by the end of 2013. Under action 1.3 "Training desk officers and auditors on anti-fraud issues" the action plan foresees training for desk officers. This training is now being planned for 2014.

The JAFS covers the whole anti-fraud cycle: prevention, detection, investigation and corrective measures and seeks to reinforce existing measures which are in place for the purpose of protection of the financial interests of the Union by providing support to Member States in their anti-fraud efforts and strengthening the capacity of DGs to deal with fraud as well as intensifying cooperation with OLAF. The controls aimed at preventing and detecting fraud are not essentially unlike those intended to ensure the legality and regularity of the transactions.

OLAF informs DG MARE regularly on their investigations. In 2013 OLAF opened 2 new investigations concerning EFF and closed 1 case. At the end of December 2013 there were 7 on-going OLAF investigations and 2 monitoring cases for the EFF.

---

[65] COM(2011) 376 24.06.2011

2.2 Budget implementation tasks entrusted to other services and entities.

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

Cross-sub-delegations

DG MARE has entrusted parts of its 2013 budget to a decentralised agency (the European Fisheries Control Agency - EFCA) and by a number of cross-sub-delegations to other DGs.

The EU contribution to that decentralised agency is entirely covered by the Chapter 11.06 – Control and enforcement of the common fisheries policy within the Title 11 – Maritime affairs and fisheries and amounted in 2013 to €9.2 million in commitments and payments (please also refer to annex 8).

Reports were received from all Directors General concerned providing reasonable assurance on the use made of the sub-delegated resources:

- In conformity with the Service Level Agreement between Commission services with staff in EU Delegations and the European External Action Service (EEAS), EEAS manages certain expenditure related to Commission staff. The procedure for the transfer of the necessary funds to EEAS is centrally managed by the Directorate General for Development and Cooperation (DG DEVCO). In this framework, DG MARE granted DG DEVCO a sub-delegation at the end of 2010 for expenditure related to agents working on CFP matters in certain Commission delegations in third countries. EEAS received a 2013 contribution of €513,899. In 2013, €479,687 was paid by EEAS, the bulk of this amount by the delegations. EEAS indicates that there are no observations to report regarding the eligibility of expenditure.

- A sub-delegation was granted in 2008 to the Directorate General for Employment, Social Affairs and Equal Opportunities (DG EMPL) to cover DG MARE's share of IT development expenditure on the system for Member States to communicate documents relating to programmes under shared management (SFC). In 2013, an amount of €222,000 in commitment appropriations and an amount of €284,347.57 of payment appropriations were managed by DG EMPL and were almost fully committed and fully paid. In his report, the Director General of EMPL gave his reasonable assurance concerning the legality and regularity of the financial operations including sound financial management of the funds concerned.

- The sub-delegation granted to the Joint Research Centre (JRC) in 2005 (renewed in 2007) covers legal commitments only, and allows the JRC to issue invitations to members of the Scientific, Technical and Economic Committee for Fisheries and its expert sub-groups. In his report, the Director General of the JRC mentioned that he had nothing particular to signal for the 2013 activities. He indicated that the sub-delegation was used for its intended purpose and in accordance with the agreed arrangements with DG MARE and the principles of sound financial management.

- The Office for Administration and Payment of Individual Entitlements (PMO) received a sub-delegation for the management of all payments related to the missions of the fisheries inspectors. This sub-delegation was updated in 2010. In 2013, the subdelegation was only used for payment of fisheries inspectors' missions up to €564,075. As agreed in the sub-delegation, the Director General of the PMO will report in his AAR on the use of the sub-delegated funds. Indeed, this kind of recurring expenditure is managed by spending sector as a group on which it is reported annually.

- A sub-delegation was granted to the Directorate General for Interpretation (SCIC) in 2012 for the organisation of conference events in the context of the preparatory action on an Atlantic Forum for the European Union Atlantic Strategy. In 2013 the SCIC managed an amount of € 454,118 in payment appropriations that was fully implemented. In his report the Director General of the SCIC stated that the funds were managed in accordance with the SCIC's circuits, procedures and established controls.

For the 2013 reporting year, the sub-delegated AODs have themselves reported reasonable assurance on the delegated budget managed by them on our behalf. They have signalled no serious control issues.

Consequently, in view of our residual responsibility as "Parent DG" for the indirect management of the parts of our budget via the sub-delegated AODs, mentioned above, we can conclude that there are no control weaknesses affecting the assurance building.

2.3 Assessment of audit results and follow up of audit recommendations

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

DG MARE is audited by both internal and external independent auditors: its internal audit capability (IAC), the Commission internal audit service (IAS) and the European Court of Auditors (ECA).

Audit work of the IAC in 2013

The IAC carried out a total of 4 audit assignments, in accordance with its 2013 audit work plan.

The IAC expressed the opinion that the internal control system in place provided reasonable assurance regarding the achievement of the business objectives set up for the processes audited except for a number of very important qualifications related to *control* activities. Although some work has been done, the IAC considers that further efforts should be made to enhance overall coordination and monitoring of control activities in order to improve their efficiency and consistency. An action plan has been defined to address the recommendations and its implementation is on-going.

Audit work of the IAS in 2013

The IAS did not carry out any new audit in 2013.

Audit work of the ECA in 2013

DG MARE is covered in chapter 4 of the European Court of Auditors' Annual Report. Although the reported error rate for expenditure under this chapter was 7.9%, there were no specific observations directed towards DG MARE.

DG MARE has - together with DG MOVE and DG COMP - been subject to a performance audit of its planning and reporting systems. The audit addressed the overall question "Does the DG give a fair view of its performance in (part 1 of) the 2012 Annual Activity Report (AAR)?". The results of this audit were reported in Chapter 10 "Getting results from the EU budget" of the Annual Report 2012. Most of the Court's observations address all three DGs. For 2014, DG MARE has, indeed, taken on board the Court's observations in its management plan. It has endeavoured to establish objectives, indicators, targets and outputs which are measurable.

Follow up of previous audit recommendations

IAC

All very important recommendations issued in audit reports from previous years have been implemented, except for one which has been partially implemented. This relates to the establishment of operational procedures for the monitoring and follow up of fishing effort schemes.

IAS

The IAS carried out a follow up audit of its 2012 audit on the EFF Control Strategy, and confirmed that 4 of the 5 recommendations (3 very important and one important) had been satisfactorily implemented. One important recommendation is in progress.

Two important recommendations are also in progress as a result of the Commission-wide audit on Strategy and coordination of statistical data production, development and dissemination.

ECA

PREVIOUS ANNUAL REPORTS

With regard to previous Annual Reports, the Court found ineligible FIFG expenditure in respect of the modernisation of fishing vessels in Spain (AR 2009) and Poland (AR 2008). For Spain, the ineligible costs were deducted from the closure declaration. Additional cases identified by the Spanish authorities are currently under analysis and any further ineligible costs identified will be deducted as part of the closure exercise. For Poland, all ineligible amounts (which also included ineligible subcontracting costs) were deducted at programme closure.

PREVIOUS SPECIAL REPORTS

Special Report on the overcapacity of the EU fishing fleet (No 12/2011)

The European Court of Auditors issued a Special Report on the overcapacity of the EU fishing fleet (No 12/2011) on 12 December 2011[66]. In follow-up to the Court's recommendations the European Commission has developed the following main actions to effectively reduce overcapacity of the EU fishing fleet:

Better definition of fishing capacity and overcapacity

[66] Special Report No 12/2011 "Have EU measures contributed to adapting the capacity of the fishing fleets to available fishing opportunities?".

The new basic Regulation (EU) No 1380/2013[67] (hereafter 'CFP Regulation') defines 'fishing capacity' in its Article 4(24). 'Overcapacity' has not been defined because as fisheries management develops to include the Maximum Sustainable Yield (MSY) objective, it is no longer satisfactory to rely on capacity ceilings expressed in static parameters. The Commission is preparing common guidelines to assess the balance between fishing capacity and fishing opportunities at fleet segment level.

Limits for Member States' fishing fleet capacity

Article 22(7) of the CFP Regulation requires Member States to ensure that from 1 January 2014 the fishing capacity of their fleets does not exceed at any time the fishing capacity ceilings in GT and kW per Member State as set out in Annex II of this Regulation. The entry/exit regime is maintained (Article 23). Capacity withdrawn with public aid cannot be replaced (Article 22(6) of the CFP Regulation).

For the fleet segments with identified structural overcapacity the Member State concerned includes in its annual fleet report an action plan targeting the required reductions in fishing capacity within a timeframe set, including among its tools, the possible use of permanent cessation. Failure to submit the fleet report and/or failure to implement the action plan may result in a proportionate suspension or interruption of the EMFF (European Maritime and Fisheries Fund) support to that Member State for fleet investment in the fleet segment(s) concerned.

Measures to reduce overcapacity

Permanent cessation by means of scrapping remains possible under the EMFF although with the main limitation that support for permanent cessation is capped (together with temporary cessation and engine replacement). The maximum EMFF contribution to these measures (50%) is below the “normal” co-financing rate (75%). Permanent cessation will be phased out progressively by 31 December 2017 and can only benefit active vessels which have carried out fishing activities at sea at least 90days per year during the last two years preceding the application.

EMFF support for engine replacement or modernisation and for temporary cessation are not available for unbalanced fleet segments. The Commission will provide guidance on the permanent cessation schemes and the calculation of scrapping premiums.

Article 21 of the new CFP Regulation includes the possibility for Member States to establish a **system of transferable fishing concessions** (TFCs). When adequately designed, such systems can be useful in addressing overcapacity. Member States

---

[67] Regulation (EU) No 1380/2013 of the European Parliament and of the Council of 11 December 2013 on the Common Fisheries Policy, amending Council Regulations (EC) No 1954/2003 and (EC) No 1224/2009 and repealing Council Regulations (EC) No 2371/2002 and (EC) No 639/2004 and Council Decision 2004/585/EC.

wishing to set up or support these rights-based management systems (TFCs or similar) can benefit from EMFF support.

The Commission closely monitors compliance by the Member States with their **fleet register** obligations. The fleet register has been updated and capacity ceilings have been recalculated.

A guidance note has been sent by the Commission to Member States in December 2011 on the interpretation of Article 25(2) of the EFF Regulation[68] making a distinction between investments that do not increase the ability of the vessels to catch fish and those that do so. Member States reviewed all projects and most of them have now decertified ineligible expenditure. For 2014-2020 the EMFF stipulates that operations increasing the fishing capacity of the vessel or equipment increasing the ability of the vessel to find the fish are ineligible. The co-legislators have decided to maintain support for the replacement or **modernisation** of main or ancillary engines.

A first report in conformity with Article 22(4) of the CFP Regulation will be submitted to the European Parliament and the Council on the balance between the fishing capacity of the Member States' fleets and their fishing opportunities and including the Member States' action plans by 31 March 2015.

The Commission will also report annually on the progress on achieving MSY and on the situation of fish stocks (Article 50 of the CFP Regulation).

A key feature of the EMFF Regulation for 2014-2020 is stricter **compliance with CFP rules**, linking access to EMFF funds with compliance. Applications by operators shall not be admissible for EMFF support for a period of time defined in accordance with the nature, gravity, duration and repletion of the serious infringement or offence by the operator.

<u>Overall Conclusion</u>

As a result of the assessment of the risks underlying the auditors’ observations, together with the management measures taken in response, the management of DG MARE believes that the recommendations issued do not raise any assurance implications and are being implemented as part of the on-going continuous efforts in terms of further improvements.

[68] Council Regulation (EC) No 1198/2006 of 27 July 2006 on the European Fisheries Fund.

3. ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS

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

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

The inherent risks of the DG are associated with sound financial management. The control standards that are most important to DG MARE generally are thus ICS: 13, 6 and 12. The DG is particularly concerned to keep error rates in spending programmes down to a tolerable level and to balance trust and control. Current error rates for expenditure under shared management are around 3.3% on an annual basis, with a cumulative residual risk rate of 2.3%. An analysis of the main causes of errors leads the DG to focus efforts on simplifying legislation and processes and procedures and to adopt a solid communications policy.

Effectiveness of implementation of the prioritised control standards

It its management plan for the reporting year, DG MARE had foreseen a number of measures to improve the effective implementation of ICS 2 on ethical and organisational values, ICS 4 on Staff development and ICS 5 on Objectives and performance indicators. By the end of the reporting year, these measures were fully and satisfactorily implemented.

The reasons for the choice of the priority standards, action taken to ensure their effectiveness, and the main results of the actions can be summarised as follows:

ICS 2 (Ethical and organisational values)

Even though no specific problem was encountered in relation to ethical behaviour DG MARE's management considered that staff's awareness of the ethical framework should be increased. In order to meet this objective, DG MARE conducted an ethics campaign in 2013 that consisted of the following elements:

1) Consultations with Directorates to establish the most relevant ethical questions and dilemmas.

2) Ethics debate during the Management Seminar on 12 June 2013, facilitated by an external trainer.

3) 8 tailor-made 2-hour workshops on ethics and integrity with 301 participants (21 of

which were managers), conducted by an external trainer (2 in 2014).

The workshops were an opportunity to remind staff of the basic ethical principles and reflect on how to interpret those principles in relation to typical ethical questions encountered in the working environment.

4) Evaluation survey following the workshops

A detailed questionnaire evaluating the lasting impact of the training has been sent to participants a few months after each of the training sessions.

This priority standard has been implemented effectively.

ICS 4 (Staff development)

The development and implementation of the DG's policies require specific staff expertise. There is a need to develop or retain competence and skills in general and, more particularly, to be in a position to replace highly qualified fisheries specialists if they leave the DG.

In 2013 a number of fisheries specialists left DG MARE as their Temporary Agent 2a) contracts came to an end. DG MARE made the necessary preparations already in 2012 by launching two Temporary Agent selections in this field (AD5 and AD8). At the beginning of 2013 reserve lists established through these selections became available and throughout the year 10 successful candidates were recruited to ensure continuity of expertise. In order to facilitate effective integration and induction of the new staff members a comprehensive training programme was developed by a working group composed of representatives of several Units dealing with fisheries inspection and audit.

In 2013 DG MARE launched a selection of Temporary Agents 2a) in the area of Integrated Maritime Policy (IMP). DG MARE's management considered that at this stage of development of the IMP there is a growing need for specialist skills in the different fields of IMP which could be met by recruitment of staff with recent experience in relevant industries, academia and national administrations. The selection is under way and results are expected in the first quarter of 2014.

DG MARE further invested in the development of skills and competencies of its staff through its training policy. Apart from the dedicated training for fisheries inspectors, the training programme concentrated on:

- Development of Heads of Unit management skills through a feedback tool and individual coaching. In 2013, 7 Heads of unit took part in this exercise (and 6 others are foreseen in 2014). Results of the feedback questionnaire confirm that the exercise was very valuable.

- Policy training and lunchtime conferences with internal and external speakers: 15 days of policy trainings and 30 lunchtime conferences with a participation of around 900 persons were organised in 2013. The total number of days of training related to policy

issues followed by staff is 297 days.

- AST training aimed at boosting the professional effectiveness of the AST population: 2.5 days of training (5 modules) attended by 69 ASTs.

- Induction training for newcomers: 61 newcomers have followed the induction training in 2013.

This priority standard has been implemented effectively.

ICS 5 (Objectives and performance indicators)

Against a background of staff reductions, DG MARE had to face important challenges in 2013, notably the new programming period for the European Maritime and Fisheries Fund (EMFF) 2014-2020 and the implementation of the CFP reform. An increased focus on the planning process was deemed to be necessary in order to clarify the deliverables of the DG.

Because the DG's Management Plan is a key component of the strategic planning and programming cycle, it was decided to focus on a significant improvement of the Management Plan 2014. We launched therefore its preparation with a discussion on the approach during the management seminar of 12 June and the DG's workshop of 18 June 2013. The conclusions and recommendations following from the European Court of Auditors' performance audit and from SG's peer review on the draft Management Plan 2014 were integrated as far as possible.

The Court of Auditors' review of the DG MARE Management Plan 2012 and Annual Activity Report 2012 resulted in the following main recommendations to improve the reporting on annual policy achievements[69]:

- A better description of the responsibilities the Commission fulfils in relation to its operational objectives;
- Objectives are to be sufficiently focused to be useful for the Management Plan and Annual Activity Report and should fulfil all of the SMART criteria;
- Indicators for monitoring performance need improvement;
- Evaluations should be a useful source of evidence to substantiate reporting in the Annual Activity Report.

The new design of the Management Plan 2014 consisted in a significant simplification by structuring it around a reduced number of key objectives, indicators and ABB activities. In order to reply to the Court's recommendations the objectives, indicators, milestones and targets were checked on their compliance with all the quality requirements, in particular the SMART criteria. The external factors influencing the achievement of objectives and that are beyond the Commission's control have been identified in the Management Plan. These improvements resulted in a Management Plan 2014 that can be used as a management tool, and as a communication tool informing staff on the key

[69] http://www.eca.europa.eu/Lists/ECADocuments/AR12/AR12_EN.pdf

objectives of the DG for 2014 and beyond.

In addition, the implementation of the DG's work programme was closely monitored by regularly reporting to the Management Committee on the basis of Agenda Planning, and by a weekly submission of the Planner. Thereto, Agenda Planning was continuously updated with relevant information, mainly on the basis of contributions from the Directorates/Units and information from e-Greffe, the management meetings and internal notes. For the DG's planning to be reliable, data were checked and, if needed, corrected before being introduced into Agenda Planning.

This priority standard is considered to be implemented effectively provided that the quality requirements for the DG's planning activities continue to be met. Continuous monitoring will remain necessary and regular reporting to the Management Committee is to be continued.

General appreciation of the effectiveness of the internal control system

The assessment of the entire internal control system put in place in DG MARE is based on the consolidation of the results of the following exercises:

– Action taken to strengthen the internal control system in relation to the three priority standards identified in the 2013 Management Plan. This has been described in the former section.

– Self-assessment of internal control in DG MARE based on a survey completed by management (70% participation).

– Annual reporting for which Directors and Head of units give their opinion on the controls in place.

– Discussion in Management Committee on the selection of the 2014 priority standards.

– Conclusions on the exceptions recorded in 2013 under ICS 8 (Processes and procedures).

– Relevant audit results

– IAC's Opinion

In 2013 there were six instances of an exception to the established rules, and these were recorded in the exception's register (1 case in 2012, 3 cases in 2011, 3 cases in 2010, 4 cases in 2009). These were not systemic in nature and measures were taken to avoid similar cases in the future.

Further enhancing the effectiveness of the DG's control arrangements in place, by inter alia taking into account any control weaknesses reported and exceptions recorded, is an on-going effort in line with the principle of continuous improvement of management procedures.

Overall the consolidated results indicate that the procedures put in place control the main risks by providing a reasonable assurance that the key objectives are met and that the activities are carried out as intended, with action underway to address the identified areas for improvement.

In conclusion, the internal control standards are effectively implemented.

4. MANAGEMENT ASSURANCE

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

4.1 Review of the elements supporting assurance

The information reported in Parts 2 and 3 stems from the results of management and auditor monitoring contained in the reports listed. These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a complete coverage of the budget delegated to the Director-General of DG MARE. The report has been prepared with the objective of providing the reader with the fullest possible reliable information and does not knowingly contain any material inaccuracy or omission.

European Fisheries Fund expenditure is implemented under shared management through a comprehensive management and control system which is designed to ensure the legality and regularity of transactions at the level of the beneficiaries. The multi-layered approach taken by DG MARE shows that evidence can be drawn from different sources in order to provide the basis for an assessment. As a general rule, these various sources of evidence corroborate and complement each other and enable conclusions to be drawn.

In particular, the coverage of audit and control activities is now more representative of the inherent risks of operations in the field of shared management. The annual control reports submitted by Member States meet the requirements and the reported error rates have been assessed as reliable in 24 of the 26 cases (92%). For the activities under direct centralised management, the information (covering internal control, internal audit opinion, ex-ante and ex-post controls) is considered as complete and reliable for the purposes of the declaration of assurance.

<u>Overall conclusion</u>

Overall, the resources for which DG MARE was responsible in 2013 have been managed in accordance with the applicable legislation and the Financial Regulation and in particular in accordance with the principles of sound financial management. The issuing of a reservation for EFF expenditure does not prevent the Director General from giving reasonable assurance on the use of the resources assigned to the Policy Area as a whole in 2013.

For the purposes of the declaration of the Authorising Officer by Delegation, DG MARE has to take full account of the fact that the control arrangements for programmes under shared management as fixed by the applicable regulations operate on a multi-annual basis. Accordingly, DG MARE has to satisfy itself that the exercise of its supervisory functions under shared management ensures the correction of possible irregularities in expenditure resulting from those systems for which reasonable assurance was not obtained at this stage.

Having regard to the actions taken during the reference year, and the ones which are underway as well as the closure procedures to come, DG MARE is satisfied that this is generally the case. For the programming period 2007-2013 in its 2013 Annual Activity Report, DG MARE identifies the programmes under reservation and assesses the overall amount at risk (q.v. Annex 4).

- A cumulative residual risk has been estimated for all programmes, based on the best available sources of information. This estimated cumulative residual risk has been used to confirm whether corrective measures (withdrawals, recoveries) already implemented by Member States have adequately mitigated the risks of irregularities since the beginning of the programming period. A cumulative residual risk above 2% will lead to a reservation for the concerned programme concerned.

The other methodological aspects are consistent with those applied by DG MARE in 2012, namely:

- All programmes with an annual projected error rate above 2% reported by audit authorities in 2013 have been subject to an in-depth analysis to determine whether a reservation is necessary.

- The estimate of the amounts at risk regarding the 2013 interim payments has been calculated not only for the programmes under reservation but for all programmes, using the confirmed error rates reported by audit authorities when possible, and thus including programmes for which DG MARE has reasonable assurance that the national/ regional management and control systems function well.

4.2 Reservations and overall conclusion on assurance

No	Title	Type (Financial or Reputational)	2013 amount at risk (in million euros)	ABB amount concerned i.e. scope (in million euro)
1	EFF	Financial	€10.77 million	€546.7 million

Reservation 1

DG/service	
Title of the reservation, including its scope	**<u>Reservation concerning the EFF management and control systems (2007-2013 programming period)</u>** Reservation concerning the management and control systems for EFF programmes in the following 6 Member States (cumulative residual error rates in brackets): Czech Republic (7.75%), Denmark (2.38%), Spain (3.65%), Finland (5.57%), the Netherlands (25.42%), and the UK (8.03%).
Domain	Shared management of EFF
ABB activity and amount affected (="scope")	11 06 11; 11 06 12; 11 06 13 – European Fisheries Fund: amount paid in 2013: €546.7m
Reason for the reservation	For 4 of these 6 Member States, national audit reports and opinions have revealed error rates exceeding 2% of declared expenditure. The Netherlands has reported an error rate that is considered to be unreliable. The UK has not, at the time of writing, submitted its national audit report and opinion..
Materiality criterion/criteria	2% of payments made for the programmes in the year.
Quantification of the impact (= actual exposure")	For quantification, only interim payments have been taken into consideration. The risk has been quantified by using the error rates reported by the national audit authorities (where reliable). Where this is not possible or not appropriate, flat rates using a percentage of 2013 payments to the programmes concerned were used, in accordance with the Guidelines used for the determination of financial corrections. The amount at risk is estimated at €7.62 million (1.40% of 2013 EFF payments).
Impact on the assurance	The weakness affects the legality and regularity of the payments concerned and the management systems in place for the measures concerned. The financial impact is managed through the safeguard measures taken by the Commission. For certain Member States, payments are currently interrupted; corrective measures will take the form of withdrawal of expenditure and financial corrections, if necessary.
Responsibility for the weakness	The expenditure concerned is under shared management, for which the Member State is primarily responsible for implementing the corrective actions. The Commission supervises the national authorities in this respect. If adequate actions are not implemented the Commission will then launch the financial correction procedures foreseen under Articles 97 and 98 of Council Regulation No 1198/2006.
Responsibility for the corrective action	Payments in respect of the 6 programmes in reservation will be interrupted, where this is not already the case. An action plan will be developed for each case, specifying the necessary measures to be taken (to rectify the weaknesses that gave rise to the high error rates) and the timeframes required. Payments will resume only when these issues have been satisfactorily addressed.

The impact of this reservation on the Director General's declaration is quantitative, in that it concerns the operational programmes of 6 Member States for which material levels of error have been reported.

The Director General is in a position to sign the declaration of assurance because, for these Member States, payment interruption letters and clear action plans have been, or are being, sent. The EU budget is thereby shielded until Member States take the necessary action. This mechanism has already demonstrated its effectiveness in that DG MARE has been able to resume payments for 15 of the 17 cases affected in the last 2 years.

Finally, the cumulative residual risk as at the end of 2013 was 1.9% of EFF payments made in the programming period to date. The maximum amount at risk for EFF from the analysis of all available information (DG MARE audit activity, ACRs and opinions, the national and other DGs' system audit reports) is €10.77 million, representing 1.98% of the total payments made in 2013 for the EFF programmes.

DECLARATION OF ASSURANCE

I, the undersigned, Lowri Evans

Director-General of DG Maritime Affairs and Fisheries

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view[70].

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

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

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

However the following reservation should be noted:

For the European Fisheries Fund, material ineligible expenditure was detected in several programmes.

Brussels, 31 March 2014

(signed)
Lowri Evans

[70] True and fair in this context means a reliable, complete and correct view on the state of affairs in the service.