ANNEXES

ANNEX 1 STATEMENT OF THE RESOURCES DIRECTOR

I declare that in accordance with the Commission's communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission[1], I have reported my advice and recommendations to the Director-General on the overall state of internal control in the DG.

I hereby certify that the information provided in Parts 2 and 3 of the present AAR and in its annexes is, to the best of my knowledge, accurate and exhaustive.

Brussels, 31 March 2015

SIGNED

Robert Bruno PRAGNELL

[1] SEC(2003)59 of 21.01.2003.

ANNEX 2:HUMAN AND FINANCIAL RESOURCES

Table 1

Human Resources by ABB activity				
Code ABB Activity	**ABB Activity**	**Establishment Plan posts**	**External Personnel**	**Total**
34 02	Climate Action at Union and international level	130	38	168
34 AWBL-02	Policy strategy and coordination for the Directorate-General for Climate Action	15	3	18
		145	**41**	**186**
34 AWBL-01	Administrative support for DG Environment and DG Climate Action	77	11	88*

* 75% of SRD's staff work is allocated to DG ENV, 25% to DG CLIMA.

Table 2

	Financial Resources by ABB activity (EUR) implementation of Commitment Appropriations (CA)				
Code ABB Activity	**ABB Activity**	**Operational expenditure**	**Administrative expenditure**		**Total**
			Global envelope 34.010211		
34 02	**Climate Action at Union and international level**		1.773.488		
34 AWBL – 02	**Policy Strategy and coordination**		190.017		
34 AWBL – 01	**Administrative support for DG ENV and DG CLIMA**		-*		
Total			**1.963.505**		

* included in the budget of DG Environment

Table 3

		FMC	Credits	Commitment	Payment	% EXECUTION
34	34.010211.00	CLIMA	1.963.505			
34	34.010211.00.01.10	CLIMA		1.158.933,55	991.895,73	
34	34.010211.00.01.30	CLIMA		20.000	15.845,18	
34	34.010211.00.02.20	CLIMA		50.000	27.930,56	
34	34.010211.00.02.40	CLIMA		484.962,08	462.529,43	
34	34.010211.00.03	CLIMA		105.000	71.216,33	
34	34.010211.00.05	CLIMA		74.817,37	61.272,92	
34	34.010211.00.06	CLIMA		69.792	33.050,95	
34 Total				1.963.505	1.663.741,10	**100,00%**

Annex 3 Financial Reports - DG CLIMA - Financial Year 2014

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated Procedures (excluding Building Contracts)

Table 12 : Summary of Procedures (excluding Building Contracts)

Table 13 : Building Contracts

Table 14 : Contracts declared Secret

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

Additional comments

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2014 (in Mio €)					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 34 Climate action					
34	34 01	Administrative expenditure of the `Climate action- policy area	5,51	5,3	96,22 %
	34 02	Climate action at Union and international level	52,63	52,53	99,82 %
Total Title 34			58,14	57,84	99,48%
		Total DG CLIMA	58,14	57,84	99,48 %

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

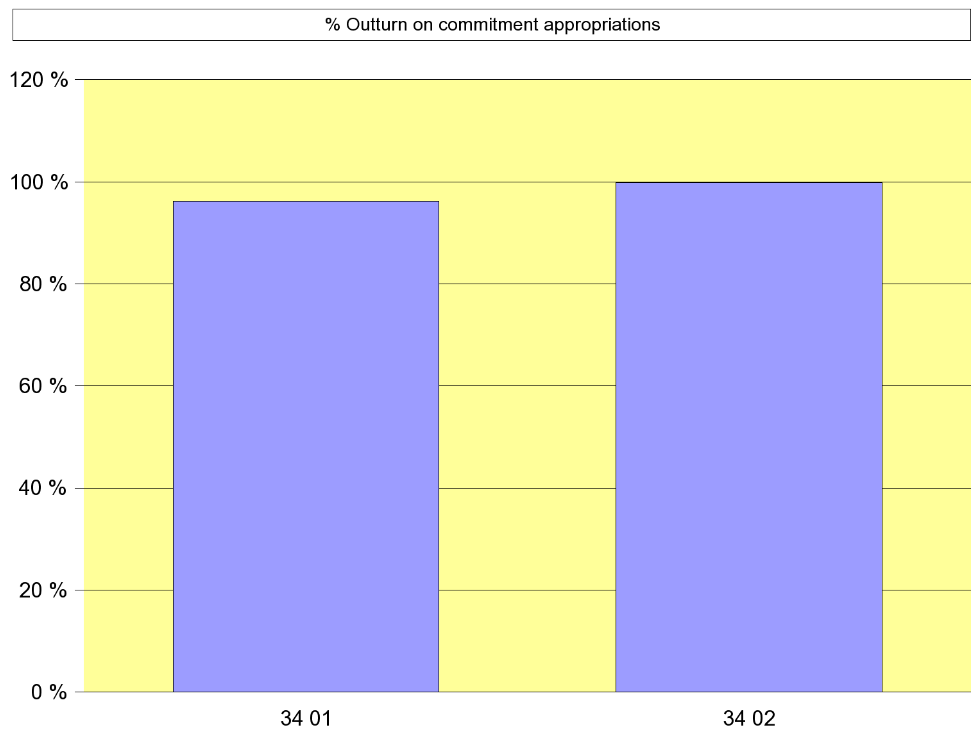


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2014 (in Mio €)					
Chapter			**Payment appropriations authorised ***	**Payments made**	**%**
			1	**2**	**3=2/1**
Title 34 Climate action					
34	34 01	Administrative expenditure of the `Climate action- policy area	7,92	5,21	65,81 %
	34 02	Climate action at Union and international level	29,38	28,95	98,51 %
Total Title 34			37,31	34,16	91,57%
	Total DG CLIMA		37,31	34,16	91,57 %

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

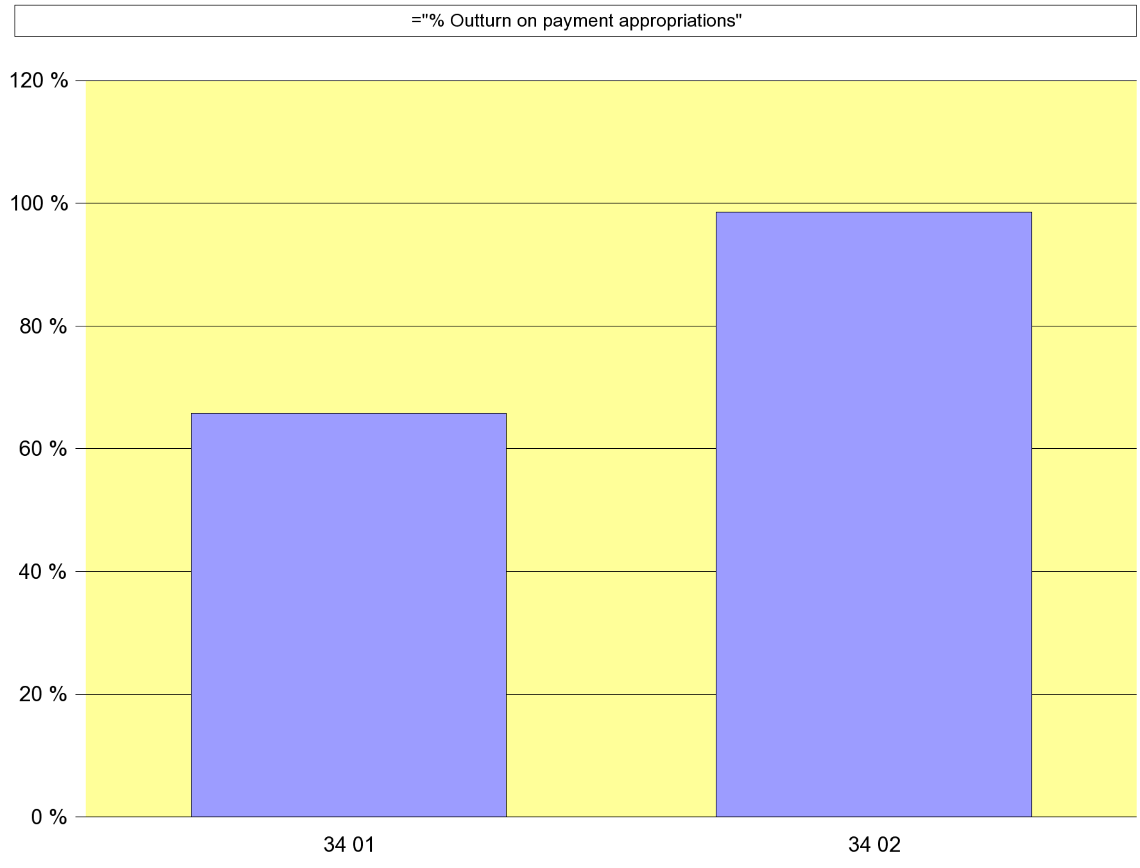
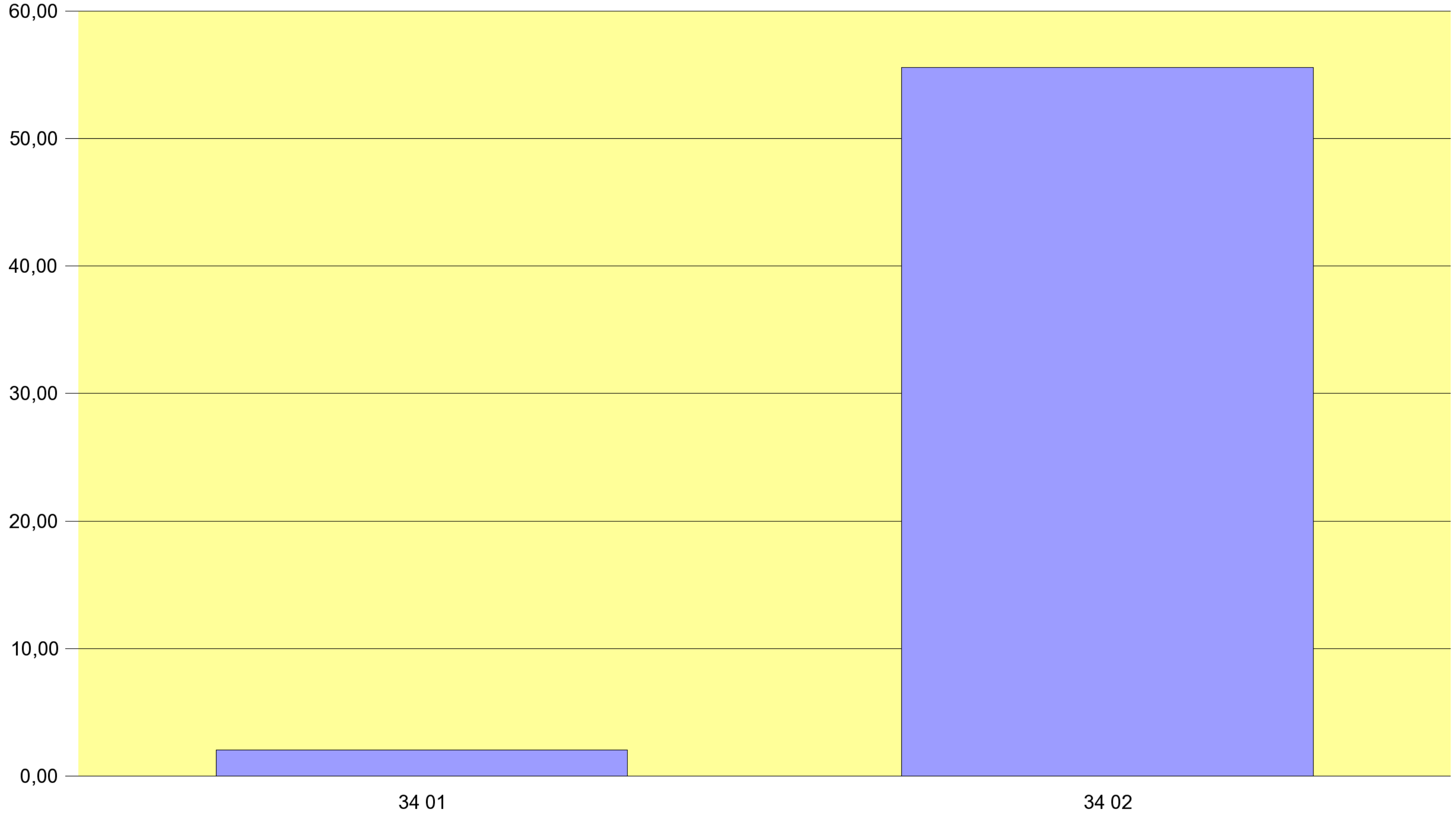


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2014 (in Mio €)									
Chapter			2014 Commitments to be settled				Commitments to be settled from financial years previous to 2014	Total of commitments to be settled at end of financial year 2014 (incl corrections)	Total of commitments to be settled at end of financial year 2013(incl. corrections)
			Commitments 2014	Payments 2014	RAL 2014	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
Title 34 : Climate action									
34	34 01	Administrative expenditure of the `Climate action- policy area	5,3	3,27	2,03	38,26 %	0,00	2,03	2,41
	34 02	Climate action at Union and international level	52,53	11,20	41,34	78,68 %	14,23	55,57	32,72
Total Title 34			57,84	14,47	43,36	74,98%	14,23	57,6	35,13
	Total DG CLIMA		57,84	14,47	43,36	74,98 %	14,23	57,6	35,13

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

="Breakdown of Commitments remaining to be settled (in Mio EUR)"



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

TABLE 4 : BALANCE SHEET

BALANCE SHEET	2014	2013
A.I. NON CURRENT ASSETS	9.426.380,8	5.618.160,33
A.I.1. Intangible Assets	9.354.468,42	5.546.247,95
A.I.6. Non-Current Pre-Financing	71.912,38	
A.I.7. OLD LT Pre-Financing	0,00	71.912,38
A.II. CURRENT ASSETS	5.231.654,57	3.933.760,94
A.II.2. Current Pre-Financing	-1.909.207,98	3.852.545,01
A.II.4. Exchange Receivables	0,00	81.215,93
A.II.5. Non-Exchange Receivables	1.140.862,55	0,00
A.II.7. Cash and Cash Equivalents	6.000.000,00	
ASSETS	**14.658.035,37**	**9.551.921,27**
P.III. CURRENT LIABILITIES	-10.194.051,53	-10.448.923,05
P.III.4. Accounts Payable	-1.711.323,83	-1.372.401,96
P.III.5. Accrued charges and deferred incom	-8.482.727,70	-9.076.521,09
LIABILITIES	**-10.194.051,53**	**-10.448.923,05**
NET ASSETS (ASSETS less LIABILITIES)	**4.463.983,84**	**-897.001,78**

P.I.2. Accumulated Surplus / Deficit	29.444.023,6	5.185.513,87
Non-allocated central (surplus)/deficit*	-33.908.007,44	-4.288.512,09
TOTAL	**0,00**	**0,00**

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

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

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE	2014	2013
II.1 REVENUES	283.008,67	3.621.132,24
II.1.1. NON-EXCHANGE REVENUES	-1.124.720,12	
II.1.1.4. FINES	-1.118.861,29	
II.1.1.5. RECOVERY OF EXPENSES	-5.858,83	
II.1.2. EXCHANGE REVENUES	1.407.728,79	3.621.132,24
II.1.2.2. OTHER EXCHANGE REVENUE	1.407.728,79	3.621.132,24
II.2. EXPENSES	25.277.302,09	20.637.377,49
II.2. EXPENSES	25.277.302,09	20.637.377,49
11.2.10.OTHER EXPENSES	3.476.370,55	2.559.366,15
II.2.2. EXP IMPLEM BY COMMISS&EX.A(	14.556.821,70	15.292.873,68
II.2.4. EXP IMPL BY 3RD CNTR & INT OR	9.437.806,71	4.877.890,82
II.2.6. STAFF AND PENSION COSTS	-2.198.521,80	-2.098.206,60
II.2.8. FINANCE COSTS	4.824,93	5.453,44
STATEMENT OF FINANCIAL PERFORMANCE	**25.560.310,76**	**24.258.509,73**

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

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

TABLE 6: AVERAGE PAYMENT TIMES FOR 2014 - DG CLIMA

Legal Times

Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	297	283	95,29 %	13,47	14	4,71 %	50,43
45	16	11	68,75 %	24,73	5	31,25 %	94,2
60	47	47	100,00 %	17,81			
Total Number of Payments	**360**	**341**	**94,72 %**		**19**	**5,28 %**	
Average Payment Time	**16,94**			**14,43**			**61,95**

Target Times

Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target Time	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
20	2	1	50,00 %	14	1	50,00 %	53
30	150	132	88,00 %	14,81	18	12,00 %	63
Total Number of Payments	**152**	**133**	**87,50 %**		**19**	**12,50 %**	
Average Payment Time	**20,76**			**14,8**			**62,47**

Suspensions

Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
3	25	26	7,22 %	360	3.742.149,15	11,88 %	31.503.818,78

Late Interest paid in 2014			
DG	**GL Account**	**Description**	**Amount (Eur)**
CLIMA	65010000	Interest expense on late payment of charges	0,00
CLIMA	65010100	Interest on late payment of charges New FR	4 824,93

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

4 824,93

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2014

Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	7=3-6
66	OTHER CONTRIBUTIONS AND REFUNDS	457.509,84	81.215,93	538.725,77	435.508,58	81.215,93	516.724,51	22.001,26
Total DG CLIMA		**457.509,84**	**81.215,93**	**538.725,77**	**435.508,58**	**81.215,93**	**516.724,51**	**22.001,26**

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

TABLE 8 : RECOVERY OF UNDUE PAYMENTS
(Number of Recovery Contexts and corresponding Transaction Amount)

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2014	Error		TOTAL Qualified		TOTAL RC (incl. non-qualified)		% Qualified/Total RC	
Year of Origin (commitment)	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2010	1	5.858,83	**1**	**5.858,83**	2	27.860,09	50,00%	21,03%
2011					2	429.649,75		
Sub-Total	**1**	**5.858,83**	**1**	**5.858,83**	**4**	**457.509,84**	**25,00%**	**1,28%**

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		TOTAL Qualified		TOTAL RC (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES												
NON ELIGIBLE IN COST CLAIMS												
CREDIT NOTES	4	335.244,25					**4**	**335.244,25**	4	335.244,25	100,00%	100,00%
Sub-Total	**4**	**335.244,25**					**4**	**335.244,25**	**4**	**335.244,25**	**100,00%**	**100,00%**
GRAND TOTAL	**5**	**341.103,08**					**5**	**341.103,08**	**8**	**792.754,09**	**62,50%**	**42,29%**

Note : The figures are those related to the provisional accounts and not yet audited by the Court of Auditors. The provisional closure will be based on the recovery context situation at 31/01/2015.

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2014 FOR CLIMA

	Number at 01/01/2014	Number at 31/12/2014	Evolution	Open Amount (Eur) at 01/01/2014	Open Amount (Eur) at 31/12/2014	Evolution
2013	1		-100,00 %	81.215,93		-100,00 %
2014		1			22.001,26	
	1	1	0,00 %	81.215,93	22.001,26	-72,91 %

TABLE 10 : RECOVERY ORDER WAIVERS IN 2014 >= EUR 100.000						
	Waiver Central Key	**Linked RO Central Key**	**RO Accepted Amount (Eur)**	**LE Account Group**	**Commission Decision**	**Comments**

Total DG	

Number of RO waivers	

Justifications:
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TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG CLIMA - 2014

Procurement > EUR 60,000

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Art. 134.1(a)	1	269.294,00
Art. 134.1(c)	1	450.000,00
Art. 134.1(e)	2	184.950,00
Art. 135.1(b)	1	113.058,49
Total	**5**	**1.017.302,49**

TABLE 12 : SUMMARY OF PROCEDURES OF DG CLIMA EXCLUDING BUILDING CONTRACTS

Internal Procedures > € 60,000		
Procedure Type	**Count**	**Amount (€)**
Call for expressions of interest - Pre-selection of candidates (Art. 136.1(a) RAP)	4	469.768,00
Exceptional Negotiated Procedure without publication of a contract notice (Art. 134 RAP)	5	1.017.302,49
Open Procedure (Art. 127.2 RAP)	17	6.849.432,00
TOTAL	**26**	**8.336.502,49**

Additional comments

TABLE 13 : BUILDING CONTRACTS

Total number of contracts :	
Total amount :	

Legal base	Contract Number	Contractor Name	Description	Amount (€)

No data to be reported

TABLE 14 : CONTRACTS DECLARED SECRET

Total Number of Contracts :	
Total amount :	

Legal base	Contract Number	Contractor Name	Type of contract	Description	Amount (€)

No data to be reported

ANNEX 4: MATERIALITY CRITERIA

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

1. Qualitative criteria

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

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

2. Quantitative criteria

Concerning legality and regularity, a weakness is considered material if the value of the errors in the transactions affected by the weakness is estimated to represent more than 2% of the authorised payments of the reporting year of ABB activity 3402.

ANNEX 5:Internal Control Template(s) for budget implementation (ICTs)

Procurement – direct management

Stage 1: Procurement
A: Planning

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

Main risks	Mitigating controls	Coverage, frequency and depth	Costs and benefits of controls	Control indicators
• **Needs not well defined**	• Individual standardised fiche to be drafted for the Man Plan process.	• Once per year for every envisaged action. Fiche includes objectives and purpose of the action, as well as a short budget estimate.	• **Costs**: estimation of costs involved • **Benefits**: Prioritization and proper usage of DGs' budget	**Effectiveness:** • Low number of changes done to the Management Plan; • High percentage of executed Management Plan at the end of the year. **Efficiency:** • Cost of preparing Man Plan fiches compared to cost of insufficient prioritization and poor definition of needs.
• **Poor budget planning (over/ under estimating)**	• Revision of each fiche by the finance Unit (FU); • Briefing to the AOD done by the FU before the bilateral meeting with the Directorate.	• Once per year for every envisaged action; its validity, choice of procedure and budget line, budget estimate; • Once per year for every Directorate.	• **Costs**: estimation of costs involved • **Benefits:** assuring compliance with Financial Regulation, efficient budget estimate and selection of proper	**Effectiveness:** • Low percentage of cancelled procedures and offers of poor quality. **Efficiency:** • Cost of reviewing Man Plan fiches compared to

Main risks	Mitigating controls	Coverage, frequency and depth	Costs and benefits of controls	Control indicators
			procedure	costs from not assuring compliance with Financial Regulation, inefficient budget estimate and selection of wrong procedure.
• **Lack of competition**	• Prior information notice (PIN)published; • Desk officers consider possible market response before publishing tenders (market research).	• Once per year- 1st quarter of the year. PIN provides an overview of foreseen contracts; its subject and approximate value.	• **Costs**: estimation of costs involved • **Benefits:** steady decrease of cancelled procedures and insufficient number of offers; receipt of better offers.	**Effectiveness:** • Higher average number of offers received per procedure. **Efficiency:** • Cost of publishing PIN and performing market research compared to cost of cancelling or repeating a procedure.
• **Insufficient time allocation**	• Management plan launch dates; • Financial dashboard; • Individual follow-up by FU of procedures which are late; • Planning tool provided on the Intranet pages of SRD2.	• All items in management plan have a target date for launch; • Financial dashboards monitor compliance with target launch dates set in Management Plan. Produced 6 times per year; • Monitoring covers all items in the management plan; • Establishing a time table for every procedure.	• **Costs**: estimation of costs involved • **Benefits:** avoidance of bottlenecks at the end of the year; decrease risks of contracts not signed before end of the year.	**Effectiveness:** • Low number of global commitments; • High level of budgetary execution; • Evenly distributed budgetary execution. **Efficiency:** • Cost of proper planning and time allocation compared to cost of poor budget/ Man Plan implementation.

B: Needs assessment & definition of needs

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

Main risks	Mitigating controls	Coverage, frequency and depth	Costs and benefits of controls	Control indicators
• **Poor quality of tender specifications and selection of wrong procedure**	• Consultation with the FU during preparatory stage and agreement on the final version of the tender specifications; • Additional verification and AOSD supervision (upstream control); • Training organized by the FU on drafting the tender specifications.	• 100% of tender specifications above financial threshold of 60.000 euro, restricted calls and negotiated procedures are reviewed and scrutinised; • Files above 500.000€ and sensitive files;	• **Costs**: estimation of costs involved • **Benefits**: better quality tender specifications, limit the risk of litigation, limit the risk of cancellation of tender, better informed desk officers.	**Effectiveness:** • Very low number of procedures where only one or no offers were received; • Average number of requests for clarification per tender. **Efficiency:** • Cost of financial verification and organization of trainings compared to cost of cancelling or repeating a procedure.

C: Selection of the offer and evaluation

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

Main risks	Mitigating controls	Coverage, frequency and depth	Costs and benefits of controls	Control indicators
• **Biased, inaccurate, unfair evaluation procedure**	• Opening Committee and Evaluation Committee; • Opinion by consultative committee ENVAC; • Standstill period, opportunity for unsuccessful tenderers to put forward their concerns on the decision; • Training organized by the FU on evaluation of tenders; • Model evaluation report and guidelines; • Tenderers able to attend openings; • Award decision communicated to tenderers.	• Formal evaluation process; nomination of the Committees by the AOS for every file above 60.000, 00€. Minimum of three members (one from another Directorate); • ENVAC assesses full procurement and evaluation process and the draft award decision for all files above 500.000, 00€ and number of files below the amount by a random selection (all documents related to the procurement procedure publications, committee reports, winning offer, draft contract); • 100% when conditions are fulfilled; Templates and guidelines up-to-date following DG BUDG updates; • For open calls tenderers are able to attend the opening of offers; • Successful and	• **Costs:** Estimation of costs involved. • **Benefits**: Compliance with FR, prevention of fraud, limit the risk of litigation, better quality PVs, composition of the evaluation team ensures neutrality and objectivity, transparency	**Effectiveness:** • Low number of files rejected or suspended for comments by ENVAC. **Efficiency:** • Cost of staff involved (opening, evaluation committee members, ENVAC members, FU) compared to cost of possible litigation.

		unsuccessful tenderers always informed on the evaluation outcome.		
• **Confidentiality issues/ conflict of interest**	• Opening and Evaluation Committee members' signed declaration of absence of conflict of interests; • Checks by the FU.	• 100% of the members of the opening committee and the evaluation committee; • Red flags checked by the FU for every file.	• **Costs:** Estimation of costs involved. • **Benefits**: Potential irregularities/inefficiencies prevented.	**Effectiveness:** • No or very low amount of indemnities. **Efficiency:** • Cost of FU staff involved compared to cost of possible litigation.
• **Inadequate number of offers/ poor quality offers**	• Award criteria announced in advance; • FR followed in terms of minimum time granted for preparation of tenders.	• Award criteria in every tender specifications published with the call; • 100% FR respected.	• **Costs:** Estimation of costs involved. • **Benefits:** Ensure better quality offers.	**Effectiveness:** • Low number of cancelled procedures. **Efficiency:** • Cost of financial unit staff involved compared to cost of possible procedure cancellation or repetition.
• **Unreliable contractor/ False declarations**	• Exclusion criteria determined; • Early warning system (EWS); • Satisfaction certificates.	• 100% checked. The required documents provided by the tenderers are consistent with the specifications and appropriate for evaluation purposes (as required by the FR); Financial turnover and declaration on honour;	• **Costs:** Estimation of costs involved. • **Benefits**: Avoid contracting with excluded economic operators.	**Effectiveness:** • Low number of discontinued contracts. **Efficiency:** • Cost of staff involved compared to cost of contract discontinuation.

		• 100% of successful contractors checked in the EWS; • Satisfaction certificates are an increasing requirement in tender specifications, especially for high value or sensitive files.		

Stage 2: Contract implementation and Financial transactions

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

Main risks	Mitigating controls	Coverage, frequency and depth	Costs and benefits of controls	Control indicators
• **Contractor fails to deliver all that was contracted in accordance with technical description and terms and conditions of the contracts** • **Business discontinues because contractor fails to deliver.**	• Operational and financial checks in accordance with the financial circuits; • Operation authorisation by the AO; • Request of bank guarantee; • Non-performance clauses in contract.	• 100% of the contracts are controlled; • Riskier operations subject to in-depth controls. High-risk operations identified by risk criteria. Amount and potential impact on the DG operations of late or no delivery (bank guarantees); • Clauses on liquidated damages/ termination of contract are integral part of every contract (general conditions).	• **Costs:** Estimation of costs involved. • **Benefits**: Irregularities, errors and overpayments prevented	**Effectiveness:** • High % of errors prevented (amount of errors/irregularities averted over total payments). • Low amount of liquidated damages. **Efficiency:** • Cost of financial checks in place compared to cost of non-performance and discontinuation of contract.

Main risks	Mitigating controls	Coverage, frequency and depth	Costs and benefits of controls	Control indicators
• **Not structured financial and contract monitoring**	• Payment made on the basis of a deliverable; • FU monitoring tables; • Trainings on contract management organized by the FU.	• 100% payments made on the basis of an accepted deliverable; • Tables monitored and updated on a regular basis (after each payment, amendment, etc.);	• **Costs:** Estimation of costs involved. • **Benefits:** Irregularities, errors and overpayments prevented, better informed desk officers	**Effectiveness:** • Low number of errors; overpayments. **Efficiency:** • Cost of financial unit monitoring compared to cost of possible errors and overpayments.
• **Fraud not detected**	• Four eyes principle and written procedures and checklists for initiators and verifiers; • Fraud awareness trainings.	• Four eyes principle applied to 100% of files; • All FU staff and financial correspondents.	• **Costs:** Estimation of costs involved. • **Benefits:** detection of red flags and issues of non-compliance	**Effectiveness:** • Low number of court litigations. **Efficiency:** • Cost of financial unit staff detecting red flags and issues of non-compliance compared to cost of possible litigation.
• **Payment delays**	• FU monitoring tables with special filters signalling latent invoices; • Financial reporting tool; • Optimization of available appropriations; • Global transfer.	• Tables monitored and updated on a regular basis (filters signal invoices inactive for 7 days); • Twice a month identifying Units' current and outstanding invoices; • Monitoring of payment appropriations on a weekly basis.	• **Costs:** Estimation of costs involved. • **Benefits:** detection of dormant invoices, maximization of budget execution	**Effectiveness:** • Low rate of payment delays; • Low amount of late interest payment and damages paid (by the Commission); • High rate of implementation of the payment appropriations. **Efficiency:** • Cost of improving financial monitoring tools

Main risks	Mitigating controls	Coverage, frequency and depth	Costs and benefits of controls	Control indicators
				compared to cost of late interest and damages paid by the Commission.

Stage 3: Supervisory measures and ex post control

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

Main risks	Mitigating controls	Coverage, frequency and depth	Costs and benefits of controls	Control indicators
• **An error or non-compliance with regulatory and contractual provisions, or an attempt to fraud is not prevented, detected or corrected by ex-ante control.**	• Internal audit and Court of Auditors; • Ex-post publication (possible reaction from unsuccessful tenderers); • Review of ex post results and implementation of recommendations; • Training for staff assigned to sign "Certified correct" (compulsory as of 2014); • Review of exceptions reported; • Yearly review of procedures; • Yearly review and "lessons learnt" based on ENVAC conclusions; • Statistics on payment delays at the Directors' meetings.	• Representative sample, review of the procedures implemented (procurement and financial transactions); • Potentially 100%; • 100% results reviewed, implementation of recommendations on a yearly basis; • Ad hoc/ hands-on trainings; • 100% once a year; look for any systematic problems in the procurement procedure, in the financial transaction procedure and for weaknesses in the selection process of the ex-post controls (exceptions reported, review of procedures, ENVAC conclusions); • Statistic on payment delays on Directors' meeting (six times a year)	• **Costs:** estimation of costs involved. • **Benefits:** detection of possible fraud and errors. Deterrents and systematic weaknesses corrected.	**Effectiveness:** • Low number of errors detected (related to fraud, irregularities and error); • Increased number of system improvements made. Efficiency: • Cost of staff involved compared to cost of not detecting fraud, irregularities and inadequate systems in place.

Grants – direct management
Stage 1 – Programming, evaluation and selection of proposals

A - Preparation, adoption and publication of the Annual Work Programme and Calls for proposals

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

Main risks *It may happen (again) that…*	**Mitigating controls**	**How to determine coverage frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**
The annual work programme and the subsequent calls for proposals do not adequately reflect the policy objectives, priorities set are not coherent and in line with the WP and/or the essential eligibility, selection and award criteria are not appropriate and adequate to ensure the evaluation of the proposals and award of the grant.	Hierarchical validation of the contribution to the annual working programme within the authorising department. Inter-service consultation, including all relevant DGs. Adoption by the Commission of a Financing Decision. For grants without call for proposals funded under external relations' budget, a committee of SRD.2, ENV and DEVCO staff examines all proposals on the base of a concept fiche before proposing grants to the financing decision of DEVCO. Each individual call for proposals is prepared by the technical unit (assisted by the finance units) and then checked by the finance Units. Direct grants are checked by the finance and	If risk materialises, all grants awarded during the year under this work programme or call would be irregular. Possible impact could be 100% of budget involved and furthermore significant reputational consequences. Coverage / Frequency: 100% Depth: The check is made for each individual call for proposals or direct grant.	Costs: estimation of cost of staff involved in the preparation and validation of the annual work programme and calls. Benefits: The (average annual) total budgetary amount of the annual work programmes or calls with prevented, detected and/or corrected errors.	Effectiveness: Budget amount of the work programmes concerned. Success ratios; % of number/value proposals received over number expected / budget available. Number/Amount of direct grant with a negative opinion from ENVAC. Efficiency: Average cost of preparation, adoption and publishing an annual work programme, compared with benchmarks and evolution over time.

	the technical Units and may subsequently be submitted to internal advisory Committee (ENVAC) by request of the Finance Unit if monopoly situation is not clear.			

B - Selecting and awarding: Evaluation, ranking and selection of proposals

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

Main risks ***It may happen (again) that…***	**Mitigating controls**	**How to determine coverage frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**
The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures, the policy objectives, priorities and/or the essential eligibility, or	Assignment of staff (including technical unit desks) to evaluate the proposals.	100% vetting for technical expertise and independence (e.g. conflicts of interests, nationality bias, ex-employer bias, collusion) of evaluators.	**Costs**: estimation of cost of staff (costs of initiation and verification related to controls) involved in the evaluation and selection of proposals. **Benefits**: Amount of expenditures declared ineligible compared to total amount of proposals received.	**Effectiveness:** No litigation cases. Number of candidate expert evaluators barred. Rejected/corrected/suspended transactions compared to total number of transactions. Number of supervisory control failures. **Efficiency Indicators**: Average cost per call and/or per
	Assessment by staff (e.g. programme officers)	100% of proposals are evaluated. Depth may be determined by screening of outline proposals (two-step evaluation).		

with the selection and award criteria defined in the annual work programme and subsequent calls for proposals.	Review (e.g. by a mixed panel) and hierarchical validation by the AO of ranked list of proposals.; publication.	Coverage: 100% of ranked list of proposals. Supervision of work of evaluators. Depth depends on several risk factors: e.g. conflicts of interest, nationality bias, ex-employer bias, collusion.	Benefit equals to value of deserving projects otherwise not selected plus value of non-deserving projects that would have been selected (=amount redirected to eligible and necessary projects).	(selected) proposal. % cost over annual amount disbursed in grants. Time-to grant (inform applicants of the results within 6 months from the call deadline; additional 3 months to make a legal commitment).

Stage 2 - Contracting: Transformation of selected proposals into legally binding grant agreements

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

Main risks ***It may happen (again) that…***	**Mitigating controls**	**How to determine coverage frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**

The description of the action in the grant agreement includes tasks which do not contribute to the achievement of the programme objectives and/or that the budget foreseen overestimates the costs necessary to carry out the action. The beneficiary lacks operational and/or financial capacity to carry out the actions. Procedures do not comply with the regulatory or financial framework.	Project Officers implement evaluators' recommendations in discussion with selected applicants. Hierarchical validation of proposed Adjustments / budget reviews. Validation of beneficiaries (operational and financial viability) and planning of (mid-term and final) evaluations. Signature of the grant agreement by the AO. In-depth financial checks and taking appropriate measures (e.g. guaranty, lack or deferral of pre-financing(s)) for high risk beneficiaries. Reinforce financial and contractual circuits. Financial viability checks	100% of the selected proposals and beneficiaries are scrutinised. Coverage: 100% of draft grant agreements. Depth/Risk may be determined after considering the type or nature of the beneficiary (e.g. SMEs, joint-ventures, start-up companies, long-term working relations) and/or of the modalities (e.g. substantial subcontracting) and/or the total value of the grant. Based on legal nature of the applicant/beneficiary	**Costs**: estimation of cost of staff involved in the contracting process (costs of initiation and verification related to controls). **Benefits**: Prevented, detected, corrected errors or irregularities during the evaluation and selection.	**Effectiveness**: % of selected proposals with recommendations implemented in grant agreement. Amount of proposed costs rejected. **Efficiency Indicators**: Value of grant agreements completed over budget requested in the corresponding proposals (%). Time-to-Grant.

Stage 3 - Monitoring the execution. This stage covers the monitoring the operational, financial and reporting aspects related to the project and grant agreement

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

Main risks ***It may happen (again) that…***	**Mitigating controls**	**How to determine coverage frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**

<table>
<tr>
<td rowspan="3">The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions.</td>
<td>Operational and financial checks in accordance with the financial circuits. Approval of technical reports by the operational Units.

Operation authorisation by the AO.

Audit certificates.

For riskier operations, ex-ante in-depth and/or on-site verification.

For LIFE projects: each project is visited every year by the monitoring team and once in its lifetime by the operational Unit.</td>
<td>100% of the projects are controlled, including only value-adding checks.

For LIFE projects (80% of the Budget) visit of each project once a year by the monitoring team and once in its lifetime by the desk from the operational Unit.

Riskier operations subject to in-depth and/or on-site controls.

The depth depends on the risk criteria.</td>
<td rowspan="3">Costs: Estimation of cost of staff involved in the actual management of running projects (costs of initiation and verification related to controls; allocated time of technical staff; allocated cost of monitoring visits). Costs of audit certificates.

Benefits: Prevented, detected, corrected errors or irregularities during the execution phase, through monitoring. Budget value of the costs claimed by the beneficiary, but rejected by the project officers. Budget value of the part of the grant not paid out as pre-financing for projects that have been terminated by the Commission. Budget value of penalties and liquidated damages.</td>
<td rowspan="3">Effectiveness: % of time sheet error reports of total number of on-site monitoring visits. Number of control failures; budget amount of the errors concerned.

Number of projects with cost claim errors; budget amount of the cost items rejected.
Number of penalties damages; amount of the penalties damages.
Success ratios; % of value of cost claims items adjusted over cost claims value.

Efficiency Indicators:
Cost/benefit ratio % cost over annual amount disbursed.</td>
</tr>
<tr>
<td>For high risk operations, reinforced monitoring.

LIFE projects: Ex-ante verification on-the spot (OV and/or FV) – e.g. monitoring visits. Identify projects for risk-based ex-post audit.</td>
<td>High risk operations identified by risk criteria. Red flags: delayed interim deliverables, unstable consortium, requesting many amendments, EWS or anti-fraud flagging, etc.</td>
</tr>
<tr>
<td>If needed: application of suspension/interruption of payments, Penalties or liquidated damages. Referring grant beneficiaries to OLAF.</td>
<td>Depth: depends on results of ex-ante controls.</td>
</tr>
</table>

Stage 4 - Ex-Post controls

A - Reviews, audits and monitoring

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

Main risks ***It may happen (again) that…***	**Mitigating controls**	**How to determine coverage frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**
The ex-ante controls as such fail to prevent, detect and correct erroneous payments or attempted fraud.	Ex-post control strategy: Carry out audits or desk reviews of a representative sample of 30 closed projects to determine effectiveness of ex-ante controls (+ consider ex-post findings for improving the ex-ante-controls). This is complemented by risk based sample and check of time sheets by the monitoring team. If error rate over materiality level reservation in the AAR and action plan. Envisaged: multi-annual basis (programme's lifecycle) and coordination with other AOs concerned (to detect systemic errors) Validate results of audits requested	Representative sample: random or MUS sample sufficiently representative to draw valid management conclusions. Risk-based sample, determined in accordance with the selected risk criteria, aimed to maximise error correction (higher amounts, number of partners, recurrent beneficiaries, poor interim/final financial reporting, files signalled by operational Units).	**Costs**: estimation of cost of staff involved in the coordination and execution of the audit strategy. Cost of the appointment of audit firms for the outsourced audits. **Benefits**: Amount of expenditures declared ineligible by the auditors and subsequent issue / payment of recovery orders.	**Effectiveness**: Representative error rate. Residual error rate below materiality level. Number of supervisory control failures. Amount of budget of errors concerned. Number of projects with errors; budget amount of the errors detected. **Efficiency**: total (average) annual cost of audits compared with benefits (ratio).

	by the operational units. Recommend recovery order(s) to the AOS. If needed: referring the beneficiary or grant to OLAF.			

Main risks *It may happen (again) that…*	Mitigating controls	How to determine coverage frequency and depth	How to estimate the costs and benefits of controls	Possible control indicators

The ex-post controls focus on the detection of external errors (e.g. made by beneficiaries) and do not consider any internal errors made by staff or embedded systematically in the own organisation.	If needed management letter on findings of ex-post audits to operational Units. Audit reports included. "Management findings" related to internal errors. Draft audit reports are reviewed and approved by hierarchy. At this stage, hierarchy could be informed of any systematic errors.	Coverage: For each audited project, the random sample will be statistically representative to enable drawing valid management conclusions about the entire population during the programme's lifecycle. However, it is limited to 30 audits for resources reasons and due to files closed in the previous year.	**Costs**: estimation of cost of staff involved in the supervision strategy (which may include missions, if applicable). **Benefits**: budget value of the errors detected by the supervisors.	**Effectiveness**: Number of supervisory control failures. Amount of budget of errors concerned. Number of transactions with errors; budget amount of the errors detected by the supervisors. **Efficiency Indicators**: total (average) annual cost of supervisors compared with benefits (ratio). Average cost per programme, call and/or per (running) project. % cost over annual amount disbursed in grants.

B - Implementing results from ex-post audits/controls

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

Main risks ***It may happen (again) that…***	**Mitigating controls**	**How to determine coverage frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**
The errors, irregularities and cases of fraud detected are not addressed or not addressed timely	Systematic registration of audit / control results to be implemented in a database As from 2014: forecast of revenue issued by Finance Unit together with the audit report. Financial and operational validation of recovery in accordance with financial circuits. Authorisation of recovery order by AO.	Coverage: 100% of final audit results with a financial impact.	**Costs**: estimation of cost of staff involved in the implementation of the audit results. **Benefits**: budget value of the errors, detected by ex-post controls, which have actually been corrected (offset or recovered).	**Effectiveness**: Number/value/% of audit results pending implementation. Number/value/% of audit results failed implementation. Success ratio; % of value of the ROs over detected errors by the auditors. **Efficiency Indicators**: total (average) annual cost of implementing audits compared with benefits (ratio). Time-to-recovery.

Financial Instruments - Indirect management

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

DS = Designated service (competent DGs)

Main risks ***It may happen (again) that…***	**Mitigating controls**	**How to determine coverage frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**
a) The actions supported through the Financial Instrument do not adequately reflect the policy objectives (no compliance with Fin. Reg. art. 140 and instrument specific objectives)	Guidance provided to the IFI for the assessment of project by the DS Prior eligibility confirmation of the DS for every project Technical assistance . Regular reporting by the IFI to the DS on the operational performance, including the management declaration, and the summary of audits and controls carried out during the reporting year. Independent audit opinion. In case of weak reporting, negative audit opinion, high risk operations, etc: reinforced monitoring/supervision controls, random and/or case/risk-based audits at the IFI and (sub) FI levels.	If risk materialises, the Financial Instrument would be irregular. Possible impact 100% of funds involved and significant reputational consequences. **Coverage / Frequency**: 100% **Depth**: Checklist on operational reporting includes a list of checks to be done.	**Costs**: estimation of cost of staff involved in the preparation and validation of the operational reporting Cost of the technical assistance. **Benefits**: the (average annual) total value of the Financial Instrument.	**Effectiveness**: evolution of the specific indicators in the operational reporting,, compared with benchmarks and evolution over time. Where applicable, opinion by technical assistance (recommendations, actions taken).

b) The IFI (and the (sub)FI) does not have the experience to ensure effective implementation of this type of Financial Instrument	Guidance provided to the IFI for the assessment of project by the DS Prior eligibility confirmation of the DS for every project	**Coverage / Frequency**: 100% **Depth**:	**Costs**: estimation of technical assistance cost. **Benefits**: reduced risk related to the disbursement of the total amount by selecting the IFI on the basis of the ability to use the funding in the most efficient and effective way	

Main risks *It may happen (again) that…*	Mitigating controls	How to determine coverage frequency and depth	How to estimate the costs and benefits of controls	Possible control indicators
c) FIs and FRs are not selected on the basis of an open, transparent, justified on objective grounds procedure or there are conflicts of interests in the selection process.	Responsibility for selecting FI and FR, lies with the IFI and FI, respectively Prior eligibility confirmation of the DS for every FI	Coverage / Frequency: determined by the IFI/FI in accordance with the delegation agreement (max twice per year for the next 5 years) Depth: determined by the IFI/FI in accordance with the delegation agreement	**Costs**: estimation of the cost of staff involved in the monitoring of the Financial Instrument. Cost of contracted services (Audit costs).	**Effectiveness:** the selection of FI and FR would (not) be (successfully) challenged **Cost-effectiveness:** Average cost of preparation, adoption and selection work done (compared with similar cases as benchmark)
d) The design of the accounting and reporting arrangements would not provide sufficient transparency (True & Fair View)	Separate records per Financial Instrument are to be kept by the IFI; and harmonised reporting has been required by the Commission (cf. FAFA & DAs)	In depth assessment of the statement of expenses	**Costs**: estimation of the cost of staff involved in the monitoring of the Financial Instrument. Cost of contracted services, if any Training of the concerned staff.	

e) the remuneration of the IFI[1], the reimbursement of any exceptional costs and costs for technical assistance or additional tasks would not be in line with the objective	Fees, any incentives and any exceptional costs are defined in the FAFA and the delegation agreements, including an overall cap. Reimbursement of cost for technical assistance and additional tasks to be defined in the FAFA and the delegation agreement. Review by the designated service of the statement of expenses together with evidence provided by the IFI Ex-ante and ex-post controls, On-the-spot verifications (risk-based or representative samples)	In depth assessment of the statement of expenses Training of the concerned staff **Costs**: estimation of the cost of staff involved in the monitoring of the Financial Instrument. Cost of contracted services, if any	Remuneration and costs for actually managed funds (compared to benchmark)

[1] Remuneration includes administrative and performance fees.

Main risks *It may happen (again) that…*	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Possible control indicators
f) Internal control weaknesses, irregularities, errors and fraud are not detected and corrected by the entrusted entities, resulting in that the EU funds are not compliant with applicable regulations	Monitoring or supervision ([2]) of entrusted entities. Regular reporting by the IFI to the Commission "Designated Service" on the operational and financial performance, including the financial statements, management declaration, summary of audits and controls carried out during the reporting year. Independent audit opinion In case of weak reporting, negative audit opinion, high risk operations, etc: reinforced monitoring/supervision controls, random and/or case/risk-based audits at the IFI and (sub)FI levels. Regular submission of disbursement and repayment (assigned	Coverage: 100% of the funding payments to the entrusted entity are controlled, including value-adding checks. Riskier operations subject to more in-depth controls and/or audits. Depth: depends on risk criteria such as past experience of/with the IFI/FI, complexity or lack of experience on the area of financed actions or the management modalities If needed: suspension or interruption of payments, or even application of exit strategy (winding up)	**Costs**: estimation of the cost of staff involved in the monitoring of the Financial Instrument. Cost of contracted services, if any **Benefits**: value of the funding and disbursement forecast rejected. Exposure of the guarantees not provided. Budget value of the part of the Financial Instrument not paid out to FR. **Losses**: eg write-offs of equity/loans, loan guarantees called above expectations	**Effectiveness**: Success performance ratios (eg "leverage", "co-risk-taking", number of FR supported by the Financial Instrument, disbursement rate) Number of control failures detected; value of the issues concerned prevented/corrected. Number and value of internal control, auditing and monitoring "issues", number of interventions, number of issues under reinforced internal control, auditing and monitoring, number of critical IAS and ECA findings Number of cases submitted to OLAF **Efficiency**: e.g. Management (fees) and supervision costs (FTE) over

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

	revenue) forecasts Reporting on financial risk & off-balance-sheets liabilities Reporting on treasury management			assets under management ? **Cost-Effectiveness**: Average cost per Financial Instrument; % cost over value delegated Costs/Benefits ratio
g) the FI, which are pilot initiatives, are not resulting in a number of operations significant to give conclusive results	Regular reporting by the IFI to the Commission "Designated Service" (=accountable DG and AOD) on the operational and financial performance Mid term evaluation	Coverage: 100% of the operations are taken into account. If needed: revision of the reporting requirements	**Benefits**: the (average annual) total value of the Financial Instrument.	
h) the risk sharing mechanism is used in an instrumental way by the IFI	Check that the Portfolio First Loss Piece will be decreasing with the increase in the number of operations	Coverage: 100% of the funding payments to the entrusted entity are controlled, including value-adding checks. Riskier operations subject to more in-depth controls and/or audits.	**Costs**: estimation of the cost of staff involved in the monitoring of the Financial Instrument. Cost of contracted services, if any **Benefits**: the (average annual) value of the Commission contribution to the Financial Instrument.	

ANNEX 6:Performance information included in evaluations

The climate change acquis is fairly recent and has just started to be implemented by the Member States.

Underneath you find information about two evaluations foreseen in the MP 2014 that have been carried out actually in 2014.

Title of the Evaluation: **CCS Directive 2009/31/EC on the geological storage of carbon dioxide (carbon capture and storage)**	
ABB activity:	*3402- climate Action at Union and International level*
Type of evaluation:	Regulatory instrument (R)
Summary of performance related findings and recommendations:	1. Contribution of the programme/instrument/activity to Europe 2020 targets/flagships/objectives or to other key policy objectives The objective of the CCS Directive is to ensure the safe and environmentally sound storage of captured CO2. 2. Main result/ impact of the programme/instrument/activity and EU added value The evaluation was carried out at an early stage of the implementation process and practical experience was limited for a number of provisions of the CCS Directive. Based on the available evidence, the CCS Directive is considered as fit-for-purpose and as putting the necessary regulatory framework in place for safe CO_2 capture, transport and storage while allowing the Member States sufficient flexibility in the implementation of the CCS Directive. 3. Issues of sound programme/policy design, management and implementation; including efficiency and effectiveness Given the lack of available data on the (costs of) implementation of the Directive this question could not be answered in the evaluation.
Availability of the report on Europa:	Not yet published on Europa

Key message: Based on the available evidence, the CCS Directive is considered as fit-for-purpose.

Title of the Evaluation: **Evaluation of Regulations 443/2009 and 510/2011 on the reduction of CO2 emissions from light duty vehicles (LDV's)**	
ABB activity:	*3402- climate Action at Union and International level*
Type of evaluation:	Regulatory instrument (R)

Summary of performance related findings and recommendations:	1. Contribution of the programme/instrument/activity to Europe 2020 targets/flagships/objectives or to other key policy objectives The main objective of the Regulations on CO2 emissions from LDVs is to reduce the CO2 emissions from cars and vans, accountable for ¾ of the CO2 emissions from transport. As such the Regulations contribute to the 2020 EU target of reducing greenhouse gas emissions by 20% by 2020. The Regulations set emission reduction targets in relation to new cars for 2015 and to new light commercial vehicles (LCVs) for 2017 and provide manufacturers with flexibility to reach those goals. 2. Main result/ impact of the programme/instrument/activity and EU added value The 2015 and 2017 emission targets have already been achieved for both cars and LCVs. The evaluation confirms that the Regulations have had a positive impact on emission reductions from both cars and LCVs as well as on energy security. Also, the impact of the Regulations on competitiveness and innovation seems to be positive. The common market provides ground to act at the EU level rather than Member State level. The subsidiarity principle seems to have been respected and the changes brought by the European pieces of legislation could not have been achieved to the same extent with national measures only (e.g. voluntary commitments). 3. Issues of sound programme/policy design, management and implementation; including efficiency and effectiveness Sources of ineffectiveness have been identified in the study: 1) The test cycle does not accurately reflect real-world emissions per kilometre. 2) Since only tailpipes emissions are taken into account, the use of some unconventional energy sources and/or types of vehicles emitting less CO2 but generating more CO2 emissions during their production and/or disposal are encouraged by the Regulations. Both Regulations have generated net economic benefits to society and the targets for both have proven to be much cheaper to reach for manufacturers than predicted However, lifetime fuel expenditures savings have been lower than expected, mostly because of the increasing divergence between test cycles and real-world emissions performance.
Availability of the report on Europa:	Not yet published on Europa

Key message: Overall, the evaluation concludes that the Regulations are fit for purpose: all the 5 evaluation criteria are largely met. Nevertheless, it suggests making the following improvement to the legislation:

1) to improve the ex-ante assessment of costs associated with the Regulations in order not to overestimate them

2), in order to better reflect real-world emissions, the way emissions tests are made should be changed (e.g. via the development and inclusion of the World harmonised Light Transport test Procedure).

3) the regulatory metric system should be shifted from a focus on tailpipe CO_2 emissions only towards a more comprehensive one that would also include emissions during fuel production, manufacturing and end-of-life.