



European
Commission

Annual activity report 2022

annexes

DG ECFIN

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ANNEX 1: Statement of the Director(s) in charge of Risk Management and Internal Control

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

I hereby certify that the information provided in section 2 of the present Annual activity report and in its annexes is, to the best of my knowledge, accurate and complete.”

Date 15.05.2023

****Signed****

For the director taking responsibility for the completeness and reliability of management reporting on results and on the achievement of objectives:

“I hereby certify that the information provided in section 1 of the present annual activity report and in its annexes is, to the best of my knowledge, accurate and complete.”

Date 12.05.2023

****Signed****

⁽¹⁾ C(2017)2373 of 19.04.2017.

ANNEX 2: Performance tables

General objective 3: An economy that works for people

Impact indicator 3: Real GDP growth rate

Source of the data: Eurostat (Eurostat online data code: [TEC00115](#))

Baseline (2019)	Interim Milestone	Target (2024; a successful response to the COVID19 pandemic will be reflected by increases in the real GDP growth rate)	Latest known results (2021)
	(2022)		
1.8%	increase	increase	5.4%

Specific objective 1: Support the Member States' economies to minimise the lasting impact of the COVID-19 pandemic on the EU, including by delivering EUR 672.5bn in financing under the Recovery and Resilience Facility

Related to spending programme(s): Recovery & Resilience Facility

Result indicator 3: Real GDP per capita growth

Source of the data: Eurostat (Eurostat online data code: [TE00115](#))

Baseline (2019)	Interim Milestone	Target (2024 + as above but per average individual European)	Latest known results (2021)
	(2022)		
1.6%	increase	increase	5.5%

Main outputs in 2022:

New Other important outputs

Output	Indicator	Target	Latest known results (situation on 31/12/2022)
Proposal/COM decisions related to the RRF (assessment of RRFs and of payment requests, RRF Reporting)	Proposal for implementing act	Throughout the year, depending on the implementation of the national recovery and resilience plans	27 RRFs endorsed (of which 5 in 2022) 14 payments disbursed (of which 13 in 2022)
Annual report on the implementation of the RRF	Publication date	2022	Published on 1 March 2022
Annual review report on the implementation of the RRF	Publication date	Mid-2022	Published on 29 July 2022

Output	Indicator	Target	Latest known results (situation on 31/12/2022)
Bi-annual report on progress of implementation of SURE	Publication date	March and September 2022	Published on 24 March 2022 and 23 September 2022.

Specific objective 2: Integrate the Sustainable Developments Goals (SDGs) into the European Semester, supporting green and digital economic transformations in the post-COVID-19 recovery

Result indicator 4: People at risk of poverty or social exclusion

Source of the data: Eurostat ([Eurostat online data](#) code: [sdg_01_10](#) and dataset [ilc_peps01](#))

Baseline (2018)	Interim Milestone (2022)	Target (2024 + The indicator shows the percentage of people affected by at least one of the following three forms of poverty: income poverty, severe material deprivation and very low work intensity)	Latest known results (2021)
Total population: 21.7%	decrease	decrease	21.7%
Children: 23.9%	decrease	decrease	24.4%

Main outputs in 2022:

Other important outputs

Output	Indicator	Target	Latest known results (situation on 31/12/2022)
Country reports and country-specific recommendations	Proposal by the Commission	Q2 2022	Published on 23 May 2022

Specific objective 3: Review and implement an economic and fiscal surveillance framework, to deliver conditions for sustainable economic growth

Result indicator 5: General government debt

Source of the data: DG ECFIN based on Eurostat data: AMECO UDGG Indicator 18.1 (general government consolidated gross debt) divided by UVDG indicator 6.1 (GDP at current prices).² Relevant data are from Eurostat (Eurostat online data code: [sdg_17_40](#) based on [gov_10dd_edpt1](#)).³

⁽²⁾ In line with projections in the Commission Economic Forecast, gross debt figures for the EU 27 are not corrected for intergovernmental loans (including those made through the European Financial Stability Facility).

⁽³⁾ Data accessed on 19 January 2023.

Baseline (2018)	Interim Milestone (2022)	Target (2024 + This indicates the sustainability of general government debt in the ten most indebted euro area Member States, quantified as a % of GDP)	Latest known results (2021)
108.2%	102%	100%	121.8%

Main outputs in 2022:

New policy initiatives

Output	Indicator	Target	Latest known results (situation on 31/12/2022)
Communication on orientations for the fiscal policy guidance for 2023	Publication of the Communication	Q1 2022	Communication on Fiscal policy guidance for 2023 published on 2 March 2022
Proposal/Communication related to the review of the economic and fiscal governance framework	Publication of the proposal	Q4 2022	On 9 November 2022, the Commission published its orientations for a reform of the EU economic governance framework.

Other important outputs

Output	Indicator	Target	Latest known results (situation on 31/12/2022)
Public debate in the context of the Economic Governance Review	Publication of the report	Q1 2022	On 28 March 2022, the Commission published its report on the online public consultation on the review of the EU economic governance framework.
Fiscal Sustainability Report 2021	Publication of the report	Q1 2022	Published on 25 April 2022
MIP In-Depth Reviews	Publication date	Q2 2022	Published on 23 May 2022
Fiscal recommendations as part of the Country-Specific Recommendations	Publication date	Q2 2022	Published on 23 May 2022
Report under Article 126(3) assessing Member States' compliance with the deficit and debt criteria of the Treaty.	Publication date	Q2 2022	Published on 23 May 2022
Alert Mechanism Report	Publication date	Q4 2022	Published on 22 November 2022

Post Programme Surveillance reports (CY, ES, IE, PT, EL)	Publication date	Q2 (CY, ES, IE, PT) and Q4 2022 (CY, ES, IE, PT, EL)	Published on 23 May and 22 November 2022
Enhanced Surveillance reports (EL)	Publication date	Q1 and Q2 2022	13 th and 14 th reports published on 23 February and 23 May 2022 respectively. Enhanced surveillance ended on 20 August 2022 and after that Greece has been under PPS.
Commission Opinions on the Draft Budgetary Plans for 2023 submitted by euro area Member States as well as Croatia	Publication date	Q4 2022	Published on 22 November 2022
Estimates on the size and quality of energy measures taken in response to the increase in energy prices as part of the 2023 European Semester autumn package	Publication date	Q4 2022	Published on 22 November 2022
Communication on horizontal assessment of DBPs	Publication of the Communication	Q4 2022	Published on 22 November 2022

Specific objective 4: A deeper and more resilient EMU in both the economic and financial dimensions

Result indicator 6: Composite indicators of financial integration ⁽⁴⁾

Source of the data: European Central Bank - [Indicators of financial integration and structure in the euro area](#)

Baseline (2014-19 average)	Interim Milestone (2022)	Target (2024; These indicators offer an overall assessment of the degree of financial integration in the main financial market segments of the euro area)	Latest known results (2022)
Price-based indicator: 0.5	Increase	Increase	0.57
Quantity-based indicator: 0.3	Increase	Increase	0.2982

⁽⁴⁾ Euro area data

Main outputs in 2022:**New policy initiatives**

Output	Indicator	Target	Latest known results (situation on 31/12/2022)
2022 Convergence Report	College adoption of the report	Q2 2022	Adopted by College on 1 June 2022
Commission's Proposal for a Council decision on the adoption by Croatia of the euro on 1 January 2023.	Council decision	Q3 2022	Council decision adopted on 12 July 2022
Proposal for a Council regulation amending Regulation (EC) No 974/98 as regards the introduction of the euro in Croatia.	Council decision	Q3 2022	Council decision adopted on 12 July 2022
Commission's proposal for a Council Regulation (EC) No 2866/98 amending the regulation on the conversion rate to the euro for Croatia	Council decision	Q3 2022	Council decision adopted on 12 July 2022

Initiatives linked to regulatory simplification and burden reduction

Output	Indicator	Target	Latest known results (situation on 31/12/2022)
Legislative initiative on uniform rounding rules (announced in the 2020 Commission work programme)	College adoption of the legislative proposal	Q2 2022	ISC closed in September 2022 and requested authorisation from CAB to launch the adoption procedure

Enforcement actions

Output	Indicator	Target	Latest known results (situation on 31/12/2022)
Commission Decision concerning the adoption of the work programme for 2022 of the Pericles IV Programme	College adoption	Q1 2022	Adopted on 28 January 2022

Other important outputs

Output	Indicator	Target	Latest known results (situation on 31/12/2022)

Report from the Commission to the European Parliament and the Council concerning authentication of euro coins and handling of euro coins unfit for circulation. Under Art. 125(5) of Reg. (EU) No 1210/2010 of the European Parliament and of the Council of 15.12.2010	College adoption	Q3 2022	Adopted on 29 August 2022
Final Evaluation of the Pericles 2020 programme	College adoption	Q2 2022	Adopted on 28 July 2022
Report from the Commission to the European Parliament and the Council on the implementation of Regulation (EU) No 1214/2011 of the European Parliament and of the Council of 16 November 2011 on the professional cross-border transport of euro cash by road between euro-area Member States	College adoption	Q1 2022	Adopted on 22 June 2022

External communication actions

Output	Indicator	Target	Latest known results (situation on 31/12/2022)
Outreach programme for stakeholders and journalists	Satisfaction rate	8.0 out of 10	7.8 out of 10
	Number of attendees who declared that they would share or speak positively about the event	75% very or fairly likely	87.8%
	Number of attendees who have a better opinion of the EU and/or its institutions as a result of the event	50%	55.4%

Output	Indicator	Target	Latest known results (situation on 31/12/2022)
Hybrid Brussels Economic Forum 2022	Number of digital participants	25 000 digital (including replays) 600 physical (TBC depending on venue)	20 550 views 501 physical (<i>transition year from pandemic restrictions</i>)
	Satisfaction rate	8 out of 10	9.2 out of 10 (only 13 replies received)
	Number of attendees who declared that they would share or speak positively about the event	75% very or fairly likely	60% (only 13 replies received)
	Number of attendees who have a better opinion of the EU and/or its institutions as a result of the event	50%	40% (only 13 replies received)
ECFIN Social media	Twitter follower growth (average)	520/month	363/month
ECFIN Social media	Facebook follower growth (average)	128/month	249/month
ECFIN Social media	Twitter post engagement (average monthly)	1333	1234
ECFIN Social media	Facebook post engagement (average monthly)	2111	167
ECFIN Social media	Twitter fan engagement rate	0.4%	0.3%
ECFIN Social media	Facebook fan engagement rate	0.6%	0.04%
"Real economy" episodes	Completion rate (average all episodes combined)	65%	25%
"Real economy" episodes	Views per video during the season (page views on website & apps)	80 000	29 785
"European Economy Explained" episodes	Views per video in first quarter	10 000	Not applicable
ECFIN E-newsletter	Subscriber increase (baseline 24 300)	8%	24 370
ECFIN Corporate web presence	Number of visits (now termed "sessions"), monthly average (Piwik)	160 000	Due to migration to own ECFIN container, data July to December as "sessions" 111 000

Output	Indicator	Target	Latest known results (situation on 31/12/2022)
ECFIN Corporate web presence	Number of page views, monthly average (Piwik)	280 000	Due to migration to own ECFIN container, data July to December 291 000
ECFIN Publication programme	Publication page views, all four 2022 series	250 000	80 000 for July to December

General objective 1: A European Green Deal

Impact indicator 3: Climate mainstreaming in the European Union budget

Explanation: Proportion of climate related spending (mainstreaming) in the EU budget

Source of the data: European Commission Draft Budget Report

Baseline (2014-2020, previous MFF) ⁽⁵⁾	Interim Milestone (2022)	Target (2021-2027)	Latest known results (2022)
21%	30%	30%	34.8% ⁽⁶⁾

General objective 2: A Europe fit for the digital age

Impact indicator 3: Aggregate score in the Digital Economy and Society Index (DESI)⁷

Source of the data: [DESI](#)

Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
43.1	Increase	Increase	52.3

Specific objective 5: Mobilise around EUR 300 billion of investment funding to finance green and digital transitions of the EU economy

Related to spending programme(s): InvestEU

Result indicator 1: Key performance indicators for InvestEU measured and reported annually: Investments mobilised

Source of the data: Commission, Implementing partners

Baseline	Interim Milestone ⁽⁸⁾	Target	Latest known results (year)
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⁽⁵⁾ Change from yearly basis to duration basis

⁽⁶⁾ Estimate based on commitment appropriations

⁽⁷⁾ 16 EU28 data. EU27 data not available

(2021)	(year)	(2027)	
No baseline since it is the start of the activity	/	Around EUR 300 billion	<p>In 2022, the Commission (on behalf of the EU) signed 6 Guarantee Agreements with Implementing Partners, being either International Financial Institutions (IFI) or National Promotional Banks (NPBs): EIB Group, CDPE (NPB/Italy), CEB (IFI), NIB (IFI), EBRD (IFI) and CDC (NPB/France).</p> <p>The Commission and Implementing Partners agreed on the following InvestEU Guarantee amounts and related financing volumes that will be supported by the InvestEU Guarantee:</p> <ul style="list-style-type: none"> - EIB Group: EUR 19.6 billion supporting finance of EUR 73.6 billion; out of which EIB: EUR 8.6 billion supporting finance of EUR 53.3 billion; and EIF: EUR 11 billion supporting finance of EUR 20.3 billion. - CDPE: EUR 312 million supporting finance of EUR 520 million - CEB: EUR 159 million supporting finance of EUR 500 million - NIB: EUR 114 million supporting finance of EUR 480 million - EBRD: EUR 450 million supporting finance of EUR 2.1 billion - CDC: EUR 372.5 million supporting finance of at least EUR 700 million <p>EU Guarantee and envisaged financing amounts concern the period until 2027 for EIB/EIF, and the period until 2024 for all other Implementing Partners. The investment mobilised by the financing of the implementing partners will be measured in line with the multiplier methodology approved by the InvestEU Steering Board.</p>

Main outputs in 2022:

Other important outputs

Output	Indicator	Target	Latest known results (situation on 31/12/2022)
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⁽⁸⁾ The column should be deleted if only short-and medium term (less than 3 years) targets are set.

<p>Outreach private investors to European Green Deal/Sustainable Europe Investment Plan (EGDIP)</p>	<p>Meetings/contacts undertaken</p>	<p>All year</p>	<p>DG ECFIN together with EIB organised a series of InvestEU roadshow events to inform about the new InvestEU programme. Roadshows took place in 23 Member States, the remaining will be covered in the first half of 2023. Also, a number of press releases was published at the occasion of Implementing Partners joining or InvestEU projects being signed. A dedicated InvestEU website is available, containing the most recent information.</p> <p>The InvestEU Portal was promoted at the 2022 European Angel Investment Summit. The summit provided pitching opportunities for 15 selected InvestEU Portal innovative start-ups and a dedicated InvestEU workshop on the InvestEU Portal and on Equity Products to co-invest with Angels.</p> <p>In addition, InvestEU Portal partnered with EuroQuity (BPI France) to organise a virtual pitching session on Space Solutions.</p> <p>The second edition of the EU Sustainable Investment Summit took place 28 October 2022. It was a hybrid event which took place in Brussels. The Summit gathered more than 30 speakers from around the globe and 60.000 people watched the event live or in replay.</p>
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<p>Engage with other International and National Financial Institutions with the aim of promoting the alignment of their activities more closely with the European Green Deal objectives</p>	<p>Meetings/contacts undertaken</p>	<p>All year</p>	<p>Implementing Partners with whom the Commission signed an InvestEU Guarantee Agreement in 2022 align their financing activities with the European Green Deal objectives or broader sustainability goals, by contributing to the overall (minimum) 30% climate target of InvestEU or to the (minimum) 60% climate and environmental objectives under the Sustainable Infrastructure Window.</p> <p>Implementing Partners will finance investments in key priority areas of the European Green Deal, including in renewable energies, energy efficiency, sustainable infrastructure, circular economy, low-carbon technologies and transport as well as innovative green technologies. In addition, Implementing Partners will finance investments in digital connectivity, critical raw materials, smart cities, ICT and affordable social housing.</p> <p>In order to identify green and sustainable investments opportunities under InvestEU, Implementing Partners either use the EU Taxonomy or similarly advanced own methodologies. For reporting on climate and environmental impact, Implementing Partners use the EU Taxonomy or InvestEU markers.</p>
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<p>Development of financial products to address specific EU policy priorities under InvestEU</p>	<p>Signature of the Guarantee Agreements with InvestEU Implementing Partners</p>	<p>Throughout 2022</p>	<p>Implementing Partners with whom the Commission signed InvestEU Guarantee Agreements in 2022 developed or pursued a range of financial products that contribute to reaching EU policy priorities under InvestEU.</p> <p>Under the 6 InvestEU Guarantee Agreements signed in 2022, 5 support the policy area of sustainable infrastructure for a total amount of EUR 8 billion, 4 support the area of research, innovation and digitisation for a total amount of EUR 5.9 billion, 1 supports SMEs for a total amount of EUR 5.2 billion and 4 support the area of social investment and skills for a total amount of EUR 1.8 billion.</p> <p>The EIB and EIF provide a full range of direct and intermediated financial products ranging from direct loans, venture debt, quasi equity, equity investments into venture capital and private equity funds, as well as capped and uncapped guarantee product to financial intermediaries. The EIB implements products covering all policies under the sustainable infrastructure, research, innovation and digitisation as well as social investment and skills windows. The EIF implements products covering all four windows, including the SME window.</p> <p>CDPE will provide indirect equity financing to support research and innovative solutions.</p> <p>CEB provides direct loans to support social infrastructure projects (notably, microfinance, social enterprises and social economy organisations, as well as projects contributing to environmental sustainability.</p> <p>The NIB provides direct loans to final recipients or projects that contribute to environmental sustainability (notably renewable energies) or foster research, innovation and digitisation.</p> <p>The EBRD provides several financial products – direct loans as well as guarantees to financial intermediaries – to support investments in the area of sustainable infrastructure, research, innovation and digitisation and social investments.</p> <p>CDC provides direct loans to final recipients in priority urban areas that should foster social and economic inclusion. CDC will also invest equity into co-investment platforms with the EIB to finance and private finance for the restoration of industrial sites, data centres and support the industrialisation of the country.</p>
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Development of advisory initiatives to address specific EU policy priorities under InvestEU	Signature of the Advisory Agreements with InvestEU advisory partners	Throughout 2022	The Advisory Agreement with the EIB was signed on 4 March 2022 and with the Italian and French National Promotional Institutions, CDP and Bpifrance, respectively on 5 and 29 July 2022. The Advisory Agreement with the Caisse des Dépôts et Consignations was signed on 22 November 2022.
Preparation and adoption of the Commission Decisions on investment and financing operations by InvestEU implementing partners other than the EIB under Article 23 of Regulation (EU) 2021/523	Preparation and follow up of Inter-Service Consultations (ISC) on policy checks in accordance with Commission Decision C(2021) 6599 final of 8 September 2021 Coordination with 21 DGs and services consulted in accordance with Decision C(2021)1666 final	Preparation and adoption from H2 2022	35 policy check Commission Decisions were adopted in 2022.
Commission Staff Working Document to the European Parliament and to the Council containing an independent evaluation of the application of Regulation (EU) 2017/2396 of the European Parliament and of the Council of 13 December 2017 amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments (EFSI) as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub (EIAH) ⁽⁹⁾	Transmission of the Commission Staff Working Document to the European Parliament and the Council	4Q 2022	Transmitted in December 2022. SWD(2022)443 and SWD(2022)444

⁽⁹⁾ This item is a usual Commission evaluation

External communication actions			
Output	Indicator	Target	Latest known results (situation on 31/12/2022)
EU Sustainable Investment Summit	Number of participants	15 000 digital (including replays) 250 physical	52 932 views 155 physical participants
	Satisfaction rate	8 out of 10	7.7 out of 10 (only 13 replies received)
	Number of attendees who declared that they would share or speak positively about the event	75% very or fairly likely	69.2% (only 13 replies received)
	Number of attendees who have a better opinion of the EU and/or its institutions as a result of the event	50%	61.5% (only 13 replies received)

General objective 4: A stronger Europe in the world

Impact indicator 4: Readiness of enlargement countries on economic criteria

Explanation: This indicator aims at showing where the enlargement countries stand in terms of their preparations for meeting key areas of the two economic accession criteria, namely the existence of a functioning market economy and the capacity to cope with competitive pressures and market forces within the EU. It is given as an overall sum of enlargement countries. It is measured on a scale from 1 to 5

Source of the data: European Commission

Baseline (2019)	Interim Milestone (2022)	Target	Latest known results (2022)
: 2.64	Increase	(2024 + a successful response to the COVID-19 pandemic will be reflected by increases in the real GDP growth rate) (No target year for EU accession). One further country complies with the functioning market economy criterion.) Increase	2.78 ⁽¹⁰⁾

⁽¹⁰⁾ This indicator does not include Ukraine, Moldova and Georgia, which became enlargement countries in 2022. The value of this indicator for these three partners cannot be established at this stage.

Specific objective 6: Strengthen Europe's role as a global player on economic issues and increase the international role of the euro

Result indicator 7: Promoting EU positions and interests, cooperation in the external field and coordinating EU positions in the G7, G20, IMF and EBRD

Source of the data: European Commission

Baseline (2019)	Interim Milestone	Target (2024 + number of prepared meetings and coordinated positions in the EFC/SCIMF on topics of international relevance)	Latest known results (2020)
	(2021)		
10	Remain stable	Remain stable	<ul style="list-style-type: none"> - Delivered written Terms of Reference and ad hoc coordination; strategic notes to EFC - Negotiated G20 Communiqués, G20 Finance and Health statements; G20 Leaders Summit Declaration; G7 Statements - Prepared EU common messages and analytical notes in support of EU position in the IMF

Success can be measured on the basis of a demonstrated effort to coordinate EU positions for G7 and G20 finance track meetings and EU positions on IMF and EBRD policy issues. In quantitative terms we indicate the number of common positions developed for Member States to agree upon on relevant issues.

Main outputs in 2022:

New policy initiatives

Output	Indicator	Target	Latest known results (situation on 31/12/2022)
New Macro-Financial Assistance Operation (MFA) to the Republic of Moldova	Adoption of the Decision by Council and Parliament Release and Borrowing Decisions	H1 2022	Decision adopted on 6 April 2022 Release and Borrowing Decision to adopted on 22/07/2022, C(2022) 5395

Output	Indicator	Target	Latest known results (situation on 31/12/2022)
Emergency Macro-Financial Assistance Operation to Ukraine	Adoption of the Decision by Council and Parliament Release and Borrowing Decisions	No target date was set, as MFA was activated urgently due to Russia's invasion of Ukraine in February 2022.	Decision adopted 28/02/2022
Exceptional Macro-Financial Assistance Operation to Ukraine (Part I)	Adoption of the Decision by Council and Parliament Release and Borrowing Decisions	No target date was set, as MFA was activated urgently due to Russia's invasion of Ukraine in February 2022.	Decision adopted 12/07/2022
Exceptional Macro-Financial Assistance Operation to Ukraine (Part II)	Adoption of the Decision by Council and Parliament Release and Borrowing Decisions	No target date was set, as MFA was activated urgently due to Russia's invasion of Ukraine in February 2022.	Decision adopted 20/09/2022
Macro Financial Assistance Plus Operation to Ukraine (MFA +)	Adoption of the Decision by Council and Parliament	No target date was set, as MFA was activated urgently due to Russia's invasion of Ukraine in February 2022.	Decision adopted 14/12/2022

Evaluations and fitness checks

Output	Indicator	Target	Latest known results (situation on 31/12/2022)
META-Evaluation on Macro-Financial Assistance	Publication of Commission Staff Working Document	Q1 2022	Report being translated at 31/12/2022. Finalised on 13/01/2023 SWD(2023) 16
Ex-post Evaluation – Macro-Financial Assistance Tunisia and Jordan	Publication of Commission Staff Working Document	Q1 2022	Report concluded. Publication 27/09/2022 SWD(2022) 300 & 301

Other important outputs

Output	Indicator	Target	Latest known results (situation on 31/12/2022)
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Assessment of enlargement countries' medium-term ERPs	<ul style="list-style-type: none"> - Producing the Commission staff assessment of the ERP for each enlargement country (i.e. candidate countries and potential candidates) - Preparing the Economic and Financial Dialogue of the EU with the Western Balkans and Türkiye which adopts joint conclusions with country-specific policy guidance 	Q2 2022	<p>Staff working documents containing the ERP assessments adopted on 20 April 2022.</p> <p>Economic and Financial Dialogue between the EU and the Western Balkans and Türkiye took place on 24 May 2022 and, based on Commission's input, adopted joint conclusions with country-specific policy guidance</p>
Assessment of enlargement countries' state of compliance with the economic accession criteria	Economic chapter of the country reports under the Enlargement Package	Q3-Q4 2022	The enlargement package was adopted on 12 October 2022
EU representation and coordination in G-Groups, IMF and other international organisations	<p>Preparation of EU G20 Terms of Reference approved by ECOFIN</p> <p>Preparing strategic discussions in EFC on G20 Priorities every six months</p> <p>Issuance of Common positions by EU/EA IMF Executive Directors for IMF Executive Board discussions on key policy issues or SCIMF Common Messages</p>	Throughout 2022	<p>4 Terms of Reference adopted</p> <p>2 prepared and discussed in EFC,</p> <p>8 Common Messages finalised</p>
Regular macroeconomic dialogues on economic issues with non-EU G20 countries	Annual dialogues with Australia, India, China, Brazil, Mexico, GCC countries, Argentina, South Africa, Japan and Korea	Throughout 2022	Dialogues with Canada, Australia, Brazil, Mexico, Argentina, South Africa, GCC, China and Japan and Korea took place 2022.

Implementation of Macro-Financial Assistance (MFA)	<p>Commission adoption of:</p> <ul style="list-style-type: none"> - Release and Borrowing Decision for Bosnia and Herzegovina (COVID-19 MFA) - Release and Borrowing Decision for Tunisia (COVID-19 MFA) - Release and Borrowing Decision for Jordan (MFA-III) 	Q1 2022	<p>BiH: decision to cancel the second tranche of the operation adopted on 6 July 2022, due to seven out of nine conditions not fulfilled.</p> <p>Tunisia: second and final instalment of the COVID-19 MFA disbursed on 25 May 2022</p> <p>Jordan: implementation ongoing; Disbursement foreseen for Q1 2023 or April 2023 .</p>
MFA Annual Report from the Commission to the EP and Council on the implementation of MFA to third countries in 2021	Adoption and publication	June 2022	Adoption of report Adoption date: 19/07/2022 COM(2022) 341
Communication of the Commission on the 2021 Annual Report of the EU Governor of the EBRD to the European Parliament	Adoption date	Q4 2022	Adopted in November 2022. C(2022) 8330

ANNEX 3: Draft annual accounts and financial reports

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2022 (in Mio EUR) for DG ECFIN					
			Commitment appropriations authorised*	Commitments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 02	Horizon Europe	50,00	50,00	100,00 %
Total Title 01			50,00	50,00	100,00 %
Title 02 European Strategic Investments					
02	02 01	Support administrative expenditure of the "European Strategic Investments" cluster	0,61	0,61	99,85 %
	02 02	InvestEU Fund	1.538,83	1.489,03	96,76 %
	02 04	Digital Europe programme	25,13	25,13	100,00 %
	02 20	Pilot projects, preparatory actions, prerogatives and other actions	0,00	0,00	0,00 %
Total Title 02			1.564,57	1.514,76	96,82 %
Title 04 Space					
04	04 02	Space programme of the Union	56,00	56,00	100,00 %
Total Title 04			56,00	56,00	100,00 %
Title 05 Regional Development and Cohesion					
05	05 02	European Regional Development Fund (ERDF)	131,36	131,36	100,00 %
	05 03	Cohesion Fund (CF)	25,00	25,00	100,00 %
Total Title 05			156,36	156,36	100,00 %
Title 06 Recovery and Resilience					
06	06 03	Protection of the euro against counterfeiting	0,87	0,84	96,73 %
	06 20	Pilot projects, preparatory actions, prerogatives and other actions	12,33	11,78	95,52 %
Total Title 06			13,20	12,62	95,60 %
Title 07 Investing in People, Social Cohesion and Values					
07	07 02	European Social Fund PLus (ESF+)	0,28	0,25	91,04 %
	07 05	Creative Europe	16,00	16,00	100,00 %
Total Title 07			16,28	16,25	99,85 %
Title 08 Agriculture and Maritime Policy					
08	08 04	European Maritime, Fisheries and Aquaculture Fund (EMFAF)	20,00	20,00	100,00 %
Total Title 08			20,00	20,00	100,00 %

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2022 (in Mio EUR) for DG ECFIN					
			Commitment appropriations authorised*	Commitments made	%
			1	2	3=2/1
Title 09 Environment and Climate Action					
09	09 02	Programme for the Environment and Climate Action (LIFE)	2,50	2,50	100,00 %
	09 04	Public sector loan facility under the Just Transition Mechanism (JTM)	10,00	10,00	100,00 %
Total Title 09			12,50	12,50	100,00 %
Title 14 External Action					
14	14 02	Neighbourhood, Development and International Cooperation Instrument - Global Europe (NDICI - Global Europe)	198,28	198,28	100,00 %
	14 20	Pilot projects, preparatory actions, prerogatives and other actions	30,11	30,11	100,00 %
Total Title 14			228,40	228,40	100,00 %
Title 15 Pre-accession Assistance					
15	15 02	Instrument for Pre-accession Assistance (IPA III)	7,63	7,63	100,00 %
Total Title 15			7,63	7,63	100,00 %
Title 16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework					
16	16 03	Support innovation in low-carbon technologies and processes under the Emission Trading System (ETS)	100,00	100,00	100,00 %
Total Title 16			100,00	100,00	100,00 %
Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	0,51	0,47	91,96 %
	20 03	Administrative Operating expenditure	0,06	0,05	81,31 %
	20 04	Information and communication technology related expenditure	0,00	0,00	0,00 %
Total Title 20			0,56	0,51	90,89 %
Total Excluding NGEU			2.225,49	2.175,03	97,73 %

Title 02 European Strategic Investments					
02	02 01	Support administrative expenditure of the "European Strategic Investments" cluster	3,04	0,23	7,57 %
	02 02	InvestEU Fund	4.325,50	1.855,00	42,89 %
Total Title 02			4.328,54	1.855,23	42,86 %
Title 06 Recovery and Resilience					
06	06 01	Support administrative expenditure of the 'Recovery and Resilience' cluster	62,65	1,77	2,82 %
	06 02	Recovery and Resilience Facility and Technical Support Instrument	136.411,96	136.378,03	99,98 %
Total Title 06			136.474,62	136.379,80	99,93 %
Total NGEU Only			140.803,16	138.235,03	98,18 %
Total DG ECFIN			143.028,65	140.410,06	98,17 %

* 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).

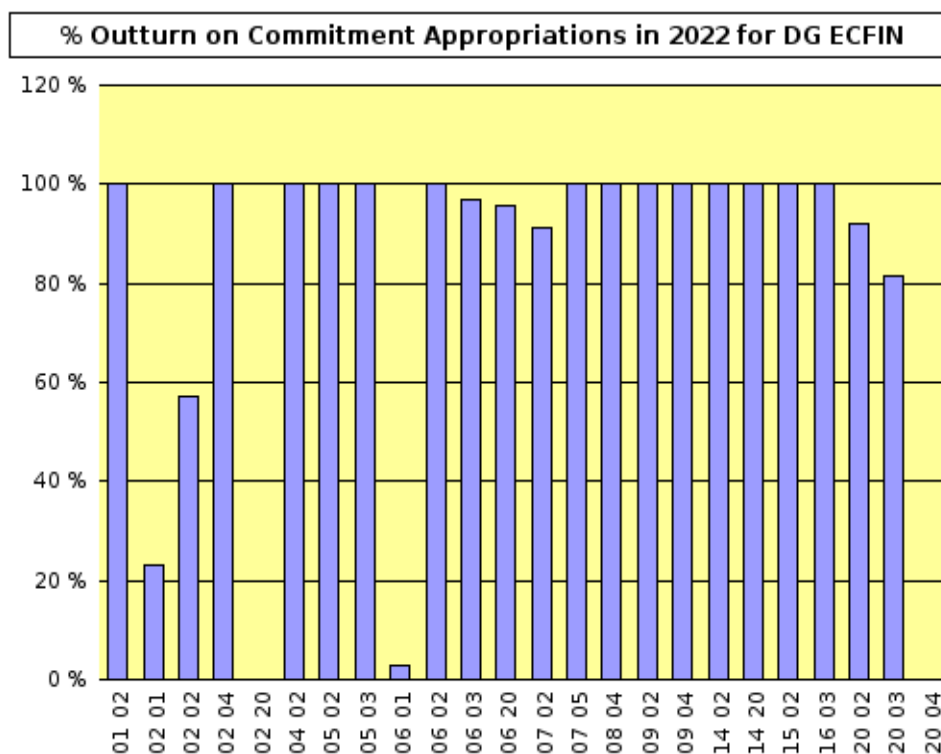


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2022 (in Mio EUR) for DG ECFIN					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 02	Horizon Europe	51,01	1,01	1,97 %
Total Title 01			51,01	1,01	1,97%
Title 02 European Strategic Investments					
02	02 01	Support administrative expenditure of the "European Strategic Investments" cluster	0,69	0,35	51,42 %
	02 02	InvestEU Fund	1.059,19	1.003,63	94,75 %
	02 04	Digital Europe programme	1,86	1,86	100,00 %
	02 20	Pilot projects, preparatory actions, prerogatives and other actions	0,07	0,07	99,23 %
Total Title 02			1.061,80	1.005,91	94,74%
Title 04 Space					
04	04 02	Space programme of the Union	5,00	5,00	100,00 %
Total Title 04			5,00	5,00	100,00%
Title 05 Regional Development and Cohesion					
05	05 02	European Regional Development Fund (ERDF)	31,36	31,36	100,00 %
	05 03	Cohesion Fund (CF)	0,00	0,00	0,00 %
Total Title 05			31,36	31,36	100,00%
Title 06 Recovery and Resilience					
06	06 03	Protection of the euro against counterfeiting	0,86	0,70	80,95 %
	06 20	Pilot projects, preparatory actions, prerogatives and other actions	10,65	10,03	94,19 %
Total Title 06			11,51	10,73	93,20%
Title 07 Investing in People, Social Cohesion and Values					
07	07 02	European Social Fund Plus (ESF+)	0,25	0,25	100,00 %
	07 05	Creative Europe	1,00	1,00	100,00 %
Total Title 07			1,25	1,25	100,00%
Title 08 Agriculture and Maritime Policy					
08	08 04	European Maritime, Fisheries and Aquaculture Fund (EMFAF)	10,00	10,00	100,00 %
Total Title 08			10,00	10,00	100,00%

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2022 (in Mio EUR) for DG ECFIN					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 09 Environment and Climate Action					
09	09 02	Programme for the Environment and Climate Action (LIFE)	0,11	0,11	100,00 %
	09 04	Public sector loan facility under the Just Transition Mechanism (JTM)	0,10	0,10	100,00 %
Total Title 09			0,21	0,21	100,00%
Title 14 External Action					
14	14 02	Neighbourhood, Development and International Cooperation Instrument - Global Europe (NDICI - Global Europe)	73,23	73,23	100,00 %
	14 20	Pilot projects, preparatory actions, prerogatives and other actions	20,87	15,00	71,88 %
Total Title 14			94,10	88,23	93,76%
Title 15 Pre-accession Assistance					
15	15 02	Instrument for Pre-accession Assistance (IPA III)	7,64	7,64	99,99 %
Total Title 15			7,64	7,64	99,99%
Title 16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework					
16	16 03	Support innovation in low-carbon technologies and processes under the Emission Trading System (ETS)	0,00	0,00	0,00 %
Total Title 16			0,00	0,00	0,00%
Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	0,75	0,45	60,74 %
	20 03	Administrative Operating expenditure	0,06	0,05	81,31 %
	20 04	Information and communication technology related expenditure	0,00	0,00	0,00 %
Total Title 20			0,80	0,50	62,19%
Total Excluding NGEU			1.274,68	1.161,84	91,15%

Title 02 European Strategic Investments					
02	02 01	Support administrative expenditure of the "European Strategic Investments" cluster	0,97	0,25	25,51 %
	02 02	InvestEU Fund	1.234,01	1.202,51	97,45 %
Total Title 02			1.234,98	1.202,76	97,39%
Title 06 Recovery and Resilience					
06	06 01	Support administrative expenditure of the 'Recovery and Resilience' cluster	10,87	0,57	5,23 %
	06 02	Recovery and Resilience Facility and Technical Support Instrument	47.168,20	47.168,20	100,00 %
Total Title 06			47.179,07	47.168,77	99,98%
Total NGEU Only			48.414,05	48.371,53	99,91%
Total DG ECFIN			49.688,73	49.533,36	99,69 %

* 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).

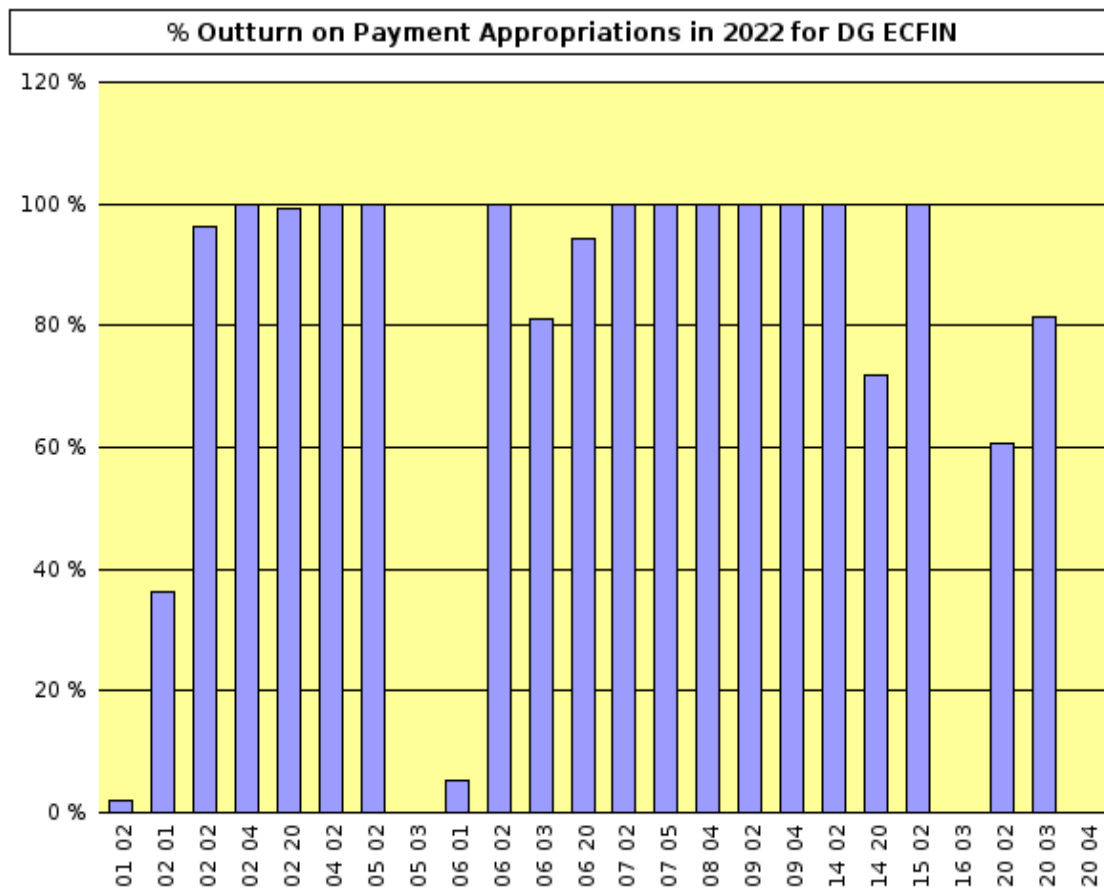


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio EUR) for DG ECFIN									
			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 02	Horizon Europe	50,00	0,00	50,00	100,00%	16,00	66,00	17,00
Total Title 01			50,00	0,00	50,00	100,00%	16,00	66,00	17,00
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio EUR) for DG ECFIN									
			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
02	02 01	Support administrative expenditure of the "European Strategic Investments" cluster	0,61	0,27	0,33	54,77%	0,00	0,33	0,08
	02 02	InvestEU Fund	1.489,03	291,04	1.197,98	80,45%	646,39	1.844,37	1.359,01
	02 04	Digital Europe programme	25,13	1,76	23,37	93,00%	12,90	36,27	13,00
	02 20	Pilot projects, preparatory actions, prerogatives and other actions	0,00	0,00	0,00	0,00%	1,53	1,53	1,60
Total Title 02			1.514,76	293,08	1.221,69	80,65%	660,82	1.882,51	1.373,69
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio EUR) for DG ECFIN									
			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
04	04 02	Space programme of the Union	56,00	5,00	51,00	91,07%	0,00	51,00	0,00
Total Title 04			56,00	5,00	51,00	91,07%	0,00	51,00	0,00
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio EUR) for DG ECFIN									
			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
05	05 02	European Regional Development Fund (ERDF)	131,36	31,36	100,00	76,13%	0,00	100,00	0,00
	05 03	Cohesion Fund (CF)	25,00	0,00	25,00	100,00%	0,00	25,00	0,00
Total Title 05			156,36	31,36	125,00	79,95%	0,00	125,00	0,00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio EUR) for DG ECFIN									
			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
06	06 03	Protection of the euro against counterfeiting	0,84	0,38	0,46	54,55%	0,54	1,00	0,96
	06 20	Pilot projects, preparatory actions, prerogatives and other actions	11,78	3,94	7,84	66,56%	0,91	8,75	7,38
Total Title 06			12,62	4,32	8,30	65,76%	1,45	9,75	8,34
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio EUR) for DG ECFIN									
			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
07	07 02	European Social Fund PLus (ESF+)	0,25	0,00	0,25	100,00%	0,00	0,25	0,25
	07 05	Creative Europe	16,00	0,00	16,00	100,00%	10,61	26,61	11,61
Total Title 07			16,25	0,00	16,25	100,00%	10,61	26,86	11,86
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio EUR) for DG ECFIN									
			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
08	08 04	European Maritime, Fisheries and Aquaculture Fund (EMFAF)	20,00	0,00	20,00	100,00%	10,00	30,00	20,00
Total Title 08			20,00	0,00	20,00	100,00%	10,00	30,00	20,00
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio EUR) for DG ECFIN									
			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
09	09 02	Programme for the Environment and Climate Action (LIFE)	2,50	0,00	2,50	100,00%	0,90	3,40	1,00
	09 04	Public sector loan facility under the Just Transition Mechanism (JTM)	10,00	0,10	9,90	99,00%	0,00	9,90	0,00
Total Title 09			12,50	0,10	12,40	99,20%	0,90	13,30	1,00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio EUR) for DG ECFIN									
			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
14	14 02	Neighbourhood, Development and International Cooperation Instrument - Global Europe (NDICI - Global Europe)	198,28	73,23	125,05	63,07%	146,13	271,18	146,13
	14 20	Pilot projects, preparatory actions, prerogatives and other actions	30,11	15,00	15,11	50,19%	0,00	15,11	0,00
Total Title 14			228,40	88,23	140,16	61,37%	146,13	286,29	146,13
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio EUR) for DG ECFIN									
			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
15	15 02	Instrument for Pre-accession Assistance (IPA III)	7,63	7,63	0,00	0,00%	0,00	0,00	0,32
Total Title 15			7,63	7,63	0,00	0,00%	0,00	0,00	0,32
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio EUR) for DG ECFIN									
			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
16	16 03	Support innovation in low-carbon technologies and processes under the Emission Trading System (ETS)	100,00	0,00	100,00	100,00%	0,00	100,00	0,00
Total Title 16			100,00	0,00	100,00	100,00%	0,00	100,00	0,00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio EUR) for DG ECFIN									
			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
20	20 02	Other staff and expenditure relating to persons	0,47	0,26	0,21	44,82%	0,00	0,21	0,24
	20 03	Administrative Operating expenditure	0,05	0,05	0,00	0,00%	0,00	0,00	0,00
	20 04	Information and communication technology related expenditure	0,00	0,00	0,00	0,00%	0,00	0,00	0,00
Total Title 20			0,51	0,30	0,21	40,79%	0,00	0,21	0,24
Total Excluding NGEU			2.175,03	430,02	1.745,01	80,23%	845,91	2.590,91	1.578,58

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio EUR) for DG ECFIN									
			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
02	02 01	Support administrative expenditure of the "European Strategic Investments" cluster	0,23	0,22	0,01	6,23%	0,03	0,04	0,06
	02 02	InvestEU Fund	1.855,00	2,51	1.852,49	99,86%	394,00	2.246,49	1.594,00
Total Title 02			1.855,23	2,73	1.852,50	99,85%	394,03	2.246,53	1.594,06
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio EUR) for DG ECFIN									
			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
06	06 01	Support administrative expenditure of the 'Recovery and Resilience' cluster	1,77	0,48	1,29	72,95%	0,00	1,29	0,09
	06 02	Recovery and Resilience Facility and Technical Support Instrument	136.378,03	25.998,10	110.379,93	80,94%	30.487,43	140.867,37	51.657,53
Total Title 06			136.379,80	25.998,57	110.381,22	80,94%	30.487,43	140.868,66	51.657,63
Total NGEU Only			138.235,03	26.001,31	112.233,72	81,19%	30.881,46	143.115,18	53.251,68
Total for DG ECFIN			140.410,06	26.431,33	113.978,73	81,18 %	31.727,37	145.706,10	54.830,27

Breakdown of Commitments Remaining to be Settled (in Mio EUR) in 2022 ECFIN

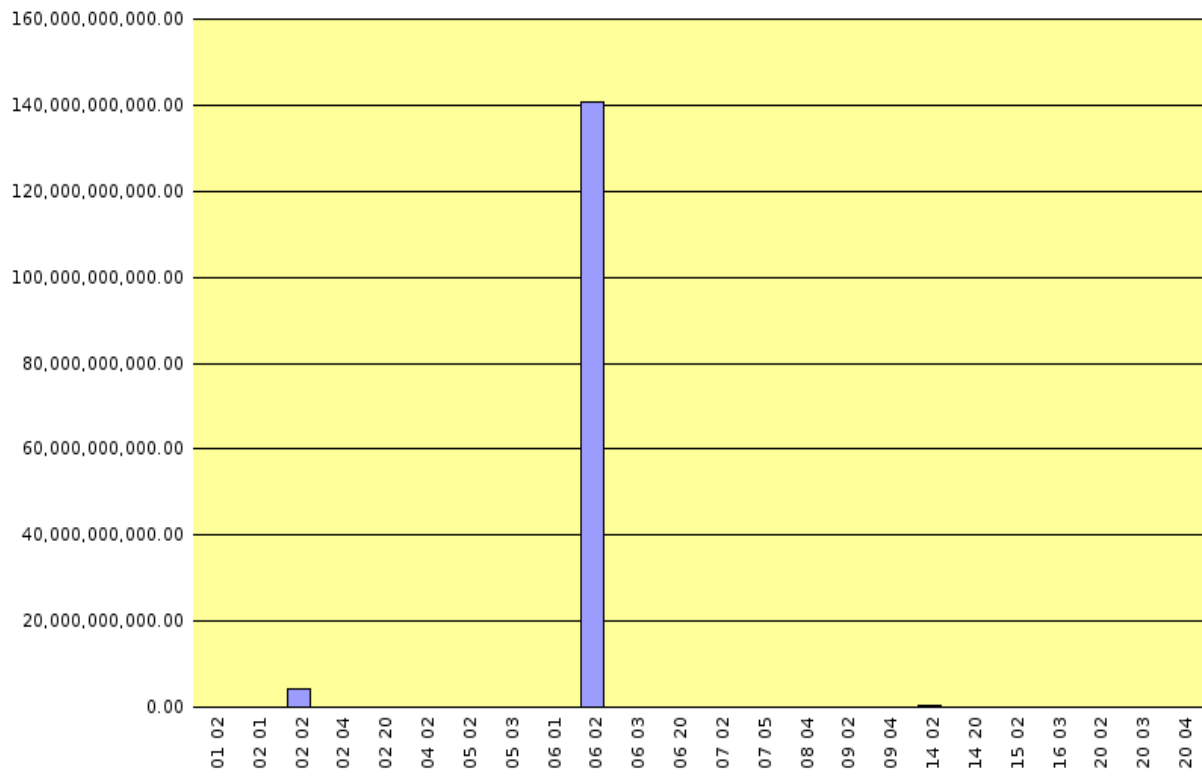


TABLE 4 : BALANCE SHEET for DG ECFIN

BALANCE SHEET	2022	2021
A.I. NON CURRENT ASSETS	180.891.113.833,69	101.403.206.266,50
A.I.1. Intangible Assets	0,00	0,00
A.I.2. Property, Plant and Equipment	0,00	0,00
A.I.3. Invstmnts Acctnd For Using Equity Meth	1.313.171.107,49	1.192.214.749,19
A.I.4. Non-Current Financial Assets	46.678.078.980,63	19.479.696.465,25
A.I.5. Non-Current Pre-Financing	13.628.722.864,09	23.196.114.959,57
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	119.271.140.881,48	57.535.180.092,49
A.II. CURRENT ASSETS	30.881.848.240,17	26.586.325.213,13
A.II.1. Current Financial Assets	183.805.201,96	11.390.098,40
A.II.2. Current Pre-Financing	9.349.455.000,32	7.631.945.615,18
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	1.143.762.224,52	656.324.779,57
A.II.6. Cash and Cash Equivalents	20.204.825.813,37	18.286.664.719,98
ASSETS	211.772.962.073,86	127.989.531.479,63
P.I. NON CURRENT LIABILITIES	-165.545.600.892,63	-70.960.498.409,31
P.I.2. Non-Current Provisions		0,00
P.I.3. Non-Current Financial Liabilities	-165.545.600.892,63	-70.960.498.409,31
P.III. NET ASSETS/LIABILITIES	-89.675.467,98	12.037.623,59
P.III.1. Reserves	-89.675.467,98	12.037.623,59
P.II. CURRENT LIABILITIES	-50.859.836.922,10	-42.167.990.139,20
P.II.2. Current Provisions	0,00	0,00
P.II.3. Current Financial Liabilities	-20.229.048.463,57	-23.701.799.345,36
P.II.4. Current Payables	-13.387.828.133,05	-10.113.829.231,61
P.II.5. Current Accrued Charges & Defrd Income	-17.242.960.325,48	-8.352.361.562,23
LIABILITIES	-216.495.113.282,71	-113.116.450.924,92
NET ASSETS (ASSETS less LIABILITIES)	-4.722.151.208,85	14.873.080.554,71
P.III.2. Accumulated Surplus/Deficit	42.521.066.594,00	617276220,9
Non-allocated central (surplus)/deficit*	-37.798.915.385,15	-15.490.356.775,59
TOTAL DG ECFIN	0,00	0,00

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

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

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG ECFIN

STATEMENT OF FINANCIAL PERFORMANCE	2022	2021
II.1 REVENUES	-2.010.152.389,84	-1.532.585.912,91
II.1.1. NON-EXCHANGE REVENUES	-467.956.276,86	-7.177.602,19
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-467.956.276,86	-7.177.602,19
II.1.2. EXCHANGE REVENUES	-1.542.196.112,98	-1.525.408.310,72
II.1.2.1. FINANCIAL INCOME	-1.519.060.527,94	-1.353.113.104,90
II.1.2.2. OTHER EXCHANGE REVENUE	-23.135.585,04	-172.295.205,82
II.2. EXPENSES	70.709.723.168,79	43.436.376.286,03
II.2. EXPENSES	70.709.723.168,79	43.436.376.286,03
II.2.10. OTHER EXPENSES	41.222.447,02	77.216.868,13
II.2.2. EXP IMPL BY COMMISS&EX.AGENC. (DM)	69.494.895.973,25	42.971.355.764,00
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	121.877,18	584.000,00
II.2.5. EXP IMPL BY OTHER ENTITIES (IM)	29.693.856,82	39.965.694,08
II.2.6. STAFF AND PENSION COSTS	-30.460,00	-163.754,00
II.2.8. FINANCE COSTS	1.143.819.474,52	347.417.713,82
STATEMENT OF FINANCIAL PERFORMANCE	68.699.570.778,95	41.903.790.373,12

Explanatory Notes:
None.

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

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

TABLE 5bis : OFF BALANCE SHEET for DG ECFIN

OFF BALANCE	2022	2021
OB.2. Contingent Liabilities	-26.872.925.918,28	-24.891.782.403,05
OB.2.1. Guarantees given for EU FI	-150.039.707,00	-161.593.256,00
OB.2.2. Budgetary Guarantees given	-21.407.968.650,02	-20.358.002.677,60
OB.2.6. Budg Guar given - Signed,not yetdistr	-5.314.917.561,26	-4.372.186.469,45
OB.3. Other Significant Disclosures	-261.417.160.168,82	-290.400.481.109,02
OB.3.1. Undrawn commitments	-108.014.449.814,00	-135.201.095.308,00
OB.3.2. Comm against app. not yet consumed	-103.864.472.396,67	-27.379.167.423,79
OB.3.3.8.Budgetary Guarantees Ceiling	-47.073.607.958,15	-25.825.743.277,23
OB.3.3.9.NGEU non-reimbursable support	0,00	-99.529.845.100,00
OB.3.4. Contributions to rel. organisations	-2.464.630.000,00	-2.464.630.000,00
OB.4. Balancing Accounts	288.290.086.087,10	315.292.263.512,07
OB.4. Balancing Accounts	288.290.086.087,10	315.292.263.512,07
OFF BALANCE	0,00	0,00

Explanatory Notes (facultative):
None.

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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.

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
14	1	1	100,00 %	13,00				0,00	0,00
30	488	466	95,49 %	13,09	22	4,51 %	55,18	1.113.734,23	0,04
45	33	32	96,97 %	30,69	1	3,03 %	49,00	1.012.000,00	0,02
60	26	26	100,00 %	16,27				0,00	0,00
90	67	66	98,51 %	41,42	1	1,49 %	104,00	30.000,00	0,01
145	9	9	100,00 %	99,11				0,00	0,00
159	1	1	100,00 %	107,00				0,00	0,00
176	2	2	100,00 %	129,50				0,00	0,00
193	1	1	100,00 %	149,00				0,00	0,00

Total Number of Payments	628	604	96,18 %		24	3,82 %		2155734,23	0, %
Average Net Payment	20,7420382			19,30			56,96		
Average Gross Payment Time	23,4761146			21,5513			71,916667		

Suspensions							
Average Report Approval Suspension	Average Payment Suspension Days	Number of Suspende d Payments	% of Total Number	Total Number of Payment	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	29	60	9,55 %	628	6.961.918,12	0,01 %	46.979.383.244,75

DG	GL Account	Description	Amount (Eur)

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	
33	669,08	0,00	669,08	669,08	0,00	669,08	0,00
40	4.384.245,47	0,00	4.384.245,47	4.384.245,47	0,00	4.384.245,47	0,00
60	489.132.872,07	0,00	489.132.872,07	326.550.308,41	0,00	326.550.308,41	162.582.563,66
61	16.440,69	0,00	16.440,69	16.440,69	0,00	16.440,69	0,00
62	107.622.665,42	676.056,34	108.298.721,76	97.017.114,47	676.056,34	97.693.170,81	10.605.550,95
67	-17.239.436,63	16.563.380,29	-676.056,34	-17.239.436,63	16.563.380,29	-676.056,34	0,00
Total DG ECFIN	583.917.456,10	17.239.436,63	601.156.892,73	410.729.341,49	17.239.436,63	427.968.778,12	173.188.114,61

TABLE 8: FINANCIAL IMPACT OF EX-ANTE AND EX-POST CONTROLS in 2022 for DG ECFIN

EX-ANTE CONTROLS	Irregularity	OLAF Notified	Total undue payments recovered
	Amount	Amount	Amount
NON ELIGIBLE IN COST CLAIMS	40.550,63		40.550,63
CREDIT NOTES	384.990,93		384.990,93
RECOVERY ORDERS ON PRE-FINANCING			
Sub-Total	425.541,56		425.541,56

EX-ANTE CONTROLS	Irregularity	Total undue payments recovered
NON ELIGIBLE IN COST CLAIMS	40.550,63	40.550,63
CREDIT NOTES	384.990,93	384.990,93
RECOVERY ORDERS ON PRE-FINANCING		
Sub-Total	425541,56	425.541,56

EX-POST CONTROLS	Irregularity	OLAF Notified	Total undue payments recovered
	Amount	Amount	Amount
INCOME LINES IN INVOICES			
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING			
Sub-Total			

GRAND TOTAL (EX-ANTE + EX-POST)	425.541,56		425.541,56
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EX-POST CONTROLS	Irregularity	Total undue payments recovered
INCOME LINES IN INVOICES		
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING		
Sub-Total		
GRAND TOTAL (EX-ANTE + EX-POST)	425541,56	425.541,56

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 12/31/2022 for DG ECFIN

	Number at 1/1/2022 1	Number at 12/31/2022	Evolution	Open Amount (Eur) at 1/1/2022 1	Open Amount (Eur) at 12/31/2022	Evolution
2019	3		-100,00 %	4.619.718,31		-100,00 %
2020	3		-100,00 %	11.943.661,98		-100,00 %
2021	1		-100,00 %	676.056,34		-100,00 %
2022		5			173.188.114,61	
	7	5	-28,57 %	17.239.436,63	173.188.114,61	904,60 %

TABLE 10: Recovery Order Waivers >= 60 000 EUR in 2022 for DG ECFIN

Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
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Total DG ECFIN

Number of RO waivers

There are no waivers below 60 000 EUR

TABLE 11: Negotiated Procedures in 2022 for DG ECFIN

External Procedures > EUR 20,000

Negotiated Procedure Legal base	Number of Procedures	Amount (EUR)
Annex 1 - 11.1 (b) - Artistic/technical reasons or exclusive rights or technical monopoly/captive market	2	205.890,07
Total	2	205.890,07

Internal Procedures > EUR 60,000

Negotiated Procedure Legal base	Number of Procedures	Amount (EUR)
Annex 1 - 11.1 (b) - Artistic/technical reasons or exclusive rights or technical monopoly/captive market	1	203.144,00
Total	1	203.144,00

TABLE 12: Summary of Procedures in 2022 for DG ECFIN

External Procedures > EUR 20,000

Procedure Legal base	Number of Procedures	Amount (EUR)
Negotiated procedure without prior publication (Annex 1 - 11.1)	2	205.890,07
Total	2	205.890,07

Internal Procedures > EUR 60,000

Procedure Legal base	Number of Procedures	Amount (EUR)
Negotiated procedure without prior publication (Annex 1 - 11.1)	1	203.144,00
Open procedure (FR 164 (1)(a))	1	5.000.000,00
Total	2	5.203.144,00

TABLE 13 : BUILDING CONTRACTS in 2022 for DG ECFIN

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

TABLE 14 : CONTRACTS DECLARED SECRET in 2022 for DG ECFIN

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

TABLE 15: FPA duration exceeds 4 years - DG ECFIN**TABLE 16: Commitments co-delegation type 3 in 2022 for DG ECFIN****NGEU LOANS****RRF Loans Implementation - Cumulative View (All Years)**

Country	Budget Position	Available Credits (All Years)	Contracted Loans (ECFIN) All Years	Disbursements (BUDG) All Years	Balance All Years
Cyprus	06.020100.13	200.320.000,00	200.320.000,00	26.041.600,00	174.278.400,00
Greece	06.020100.08	12.727.538.920,00	12.727.538.920,00	3.500.073.204,00	9.227.465.716,00
Italy	06.020100.12	122.601.810.400,00	122.601.810.400,00	37.938.235.352,00	84.663.575.048,00
Poland	06.020100.21	12.112.000.000,00	11.506.500.000,00		11.506.500.000,00
Portugal	06.020100.22	2.699.000.000,00	2.699.000.000,00	959.870.000,00	1.739.130.000,00
Romania	06.020100.23	14.969.033.800,00	14.942.153.000,00	2.732.152.350,00	12.210.000.650,00
Slovenia	06.020100.24	705.370.000,00	705.370.000,00		705.370.000,00
RRF Reserve	06.020100	219.840.162.150,59			
		385.855.235.270,59	165.382.692.320,00	45.156.372.506,00	120.226.319.814,00

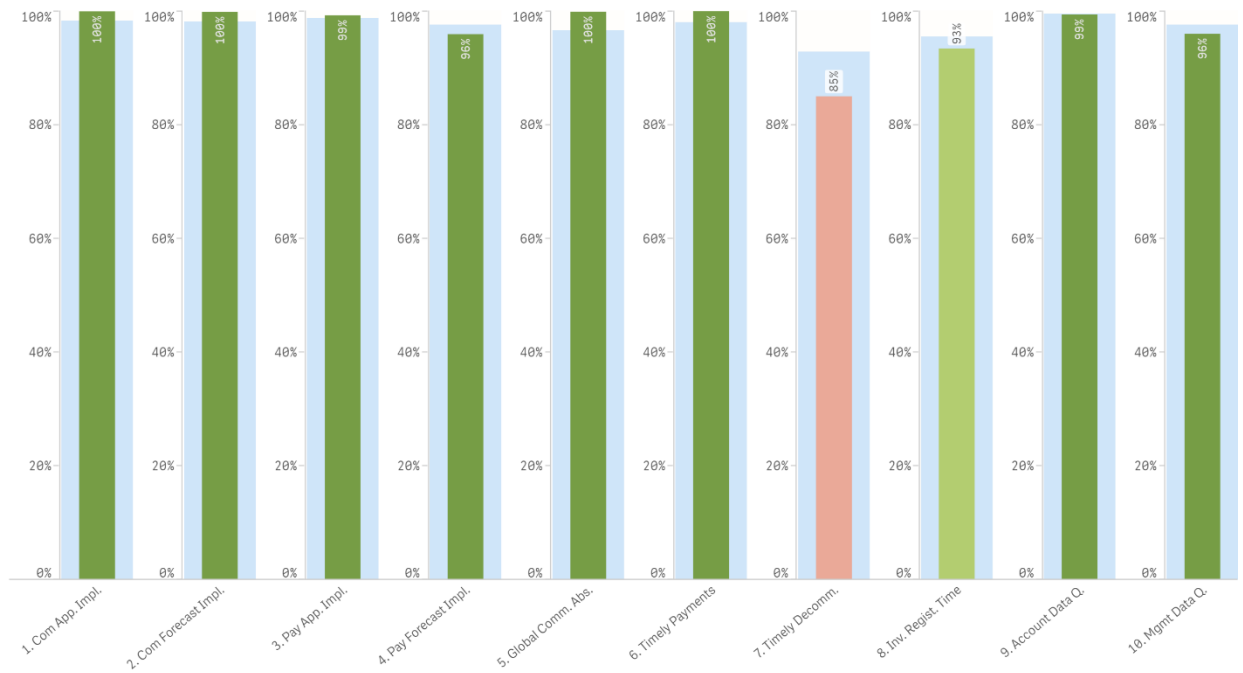
RRF Loans Implementation - 2022 Financial Year

Country	Budget Position	Contracted Loans 2022 (ECFIN)
Poland	06.020100.21	11.506.500.000,00
Slovenia	06.020100.24	705.370.000,00
		12.211.870.000,00

Country	Budget Position	Disbursements 2022 (BUDG)
Greece	06.020100.08	1.845.493.144,00
Italy	06.020100.12	22.000.000.000,00
Portugal	06.020100.22	609.000.000,00
Romania	06.020100.23	2.732.152.350,00
		27.186.645.494,00

ANNEX 4: Financial scorecard

ECFIN Indicator Scores for 2022 12



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

Indicator	Objective	Comment ¹¹	ECFIN Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year		100%	98%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year		100%	98%
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year		99%	99%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year		96%	98%

¹¹ An explanation behind the indicator result can be provided, e.g. the comment about the achievement itself, reference to the whole Commission performance (better or worse), reasons behind this achievement. The comment is mandatory for the 'Timely payments' indicator. For the rest of indicators the comment is mandatory only if the score is equal or below the target of 80%.

5. Global Commitment Absorption ¹²	Ensure efficient use of already earmarked commitment appropriations (at L1 level)		100%	97%
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines		100%	98%
7. Timely Decommittments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle		85%	93%
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC		93%	95%
9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts		99%	100%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions		96%	98%

¹² Due to technical limitation: 1. the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. 2. it is technically not possible to exclude the decommitment of RAL (C8) which is subsequently re-committed for a new purpose. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

ANNEX 5: Materiality criteria

Since 2019¹³, a 'de minimis' threshold for financial reservations has been introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed.

This annex provides a detailed explanation on how the AOD defined the materiality threshold as a basis for determining whether significant weaknesses should be subject to a formal reservation to his/her declaration.

Materiality criteria have been defined for each significant budget area of DG ECFIN. We have similar qualitative and quantitative materiality criteria set out as in previous years in order to assess whether any error or weakness would be material.

A – Recovery and Resilience Facility

1. Criteria for reservation

As part of the payment requests' assessment, the Commission receives and assesses the evidence and justification for the fulfilment of each specific milestone and target that is part of the payment request. When there are more than 80 items the checks may be based on a statistical sample to determine whether the relevant milestone or target has been satisfactorily fulfilled. This ex-ante assessment is the first level of assurance.

The management declarations and audit summaries accompanying each payment request are reviewed during the assessment of the payment request. The objective of this review is to identify any information that puts the fulfilment of milestones and targets into doubt and verify the coherence between the management declaration and the summary of audits in respect of the protection of the financial interests of the Union. The information is used for the Commission's risk assessment in view of its ex-post audit work.

The ex-post audit work on the milestones and targets carried out by DG ECFIN's auditors is the second level of assurance. Based on a risk assessment of all the milestones and targets included in the payment requests of each plan, DG ECFIN selects for audit all milestones and targets it considers as potentially high-risk and, in certain cases, also medium risk. Various criteria are used to determine the level of risk, such as the type and number of implementing bodies, the type and number of final recipients, the tagging of the measure and the complexity of the verification mechanism. For instance, measures such as the entry into force or publication of a law are considered as low risk. DG ECFIN aims to audit 100% of the high-risk targets.

Based on the audit results and all other information available (resulting for instance from the management declaration and audit summary accompanying the payment requests, or from the audit work of the ECA), a reservation could be made by the Director-General's declaration under the following conditions:

¹³ Agreement of the Corporate Management Board of 30/4/2019.

- the ex-post audit of the milestones and targets declared fulfilled in a Member State's payment request, has resulted in a significant number of milestones/targets which may not have been achieved or have been reversed and for which no corrective actions¹⁴ have been initiated by the Commission, leading to a high level of risk in a given payment request.
- significant deficiencies have been identified that affected the management and control systems put in place by the Member States to declare milestones and targets and which may have an impact on the payment request(s) treated in the accounting year.

In all cases, a reservation could be limited to a payment request, or even, in certain cases, to a specific implementing entity.

In addition, a reputational reservation could also be made in case of a serious breach of an obligation resulting from the agreements referred to in Article 15(2) and 23(1) of the RRF Regulation. Such cases would refer to serious breaches detected by the Commission and for which the Member State refuses to implement corrective actions/recommendations. In such case, the reservation should specify the corresponding Member State.

2. Level of risk

The RRF is a performance-based instrument and does not reimburse the actual costs of reforms and investments. Without prejudice to the right of the Commission¹⁵ to act in the event of fraud, corruption, conflicts of interests or double funding from the Facility and other Union programmes, payments should not be subject to controls on the costs actually incurred by the beneficiary. Instead, pre-defined tranches of funds are paid when pre-defined milestones and targets are assessed as satisfactorily fulfilled. These payments go to each Member State's general budget with no direct link to the expenditure to finance the reforms and investments. On this basis, a meaningful error rate cannot be determined.

Instead, DG ECFIN determines for each payment/Member State a level of risk which can be low, medium or high based on the information available prior to the signature of the AAR and on the following criteria:

- Low level of risk:

Ex-ante controls have not highlighted any issue, or any issue identified during the ex-ante controls has been addressed through a suspension or partial payment

and

- payments have not been audited ex-post by DG ECFIN audit unit (only low-risk milestones and targets); or
- payments have been audited ex-post by DG ECFIN audit unit, with no findings; or

¹⁴ Corrective actions start as soon as deficiencies impacting on the achievement or reversal of the M/T have been identified by the Commission and internal (note, flash report) and/or external (draft/final) reports have been issued.

¹⁵ Recital 18 of the RRF Regulation

- payments have been audited ex-post by DG ECFIN audit unit with issue(s) identified¹⁶ for at least one milestone or target and corrective action has been/is going to be implemented; or
 - payments for which the ECA clearing letter has no findings impacting the legality and regularity of the milestones/targets declared, the error(s) are not material, or where the Commission disagrees with all such findings
- Medium level of risk:
 - payments have been audited ex-post by DG ECFIN audit unit that identified issues concerning the Member State's control system which has an impact on the legality and regularity for at least one milestone and target under that payment request (where corrective action is implemented or on-going), but which could, in addition, possibly impact non-audited milestones or targets implemented by the same implementing body and concern payment request(s) paid in the same accounting year.
 - payments for which DG ECFIN received information from the ECA regarding material findings impacting the satisfactory fulfilment of one or a few milestone(s) or target(s) provided that the Commission agrees with the findings and the ECA's point of view on their impact.
 - High level of risk:
 - payments audited ex-post by DG ECFIN audit unit resulting in identification of serious breach¹⁷ of the obligations of a Member State included in the financing agreement that puts in doubt the legality and regularity of the payment requests submitted during the same year.
 - in case of a reversal of a reform which the Member State has not started to rectify.
 - payments for which DG ECFIN received information from the ECA regarding material findings impacting the satisfactory fulfilment of several milestones or targets that are considered by the Commission of particular importance to justify any of the ratings underpinning the positive assessment of the RRP, provided that the Commission agrees with the ECA's point of view.

The overall conclusion for the RRF for the year will result from a synthesis of the level of risk of the individual payments, based on professional judgement.

B – Other DG ECFIN's activities

1. Qualitative criteria

¹⁶ At least flash report sent in DG ECFIN.

¹⁷ Serious breach means that, in general, the management and control systems are insufficiently robust to ensure the reliability and accuracy of the declared milestones and/or targets

Significant repetitive errors - Systematic errors caused by weaknesses in key controls and intentional misstatements are likely to entail a greater exposure to potential financial loss than random errors and faulty judgements.

Significant deficiencies in one of the control systems (significant control system weakness)
- Identified weaknesses in the design or operation of internal controls at our level and at the level of implementing partners could significantly influence the appreciation of the Director-General's Declaration.

This could be the case notably,

- if significant conflicts of interest existed;
- if personnel were unqualified;
- if the systems failed to provide complete and accurate information due to design flaws or misapplication of procedures;
- if appropriate verifications, approvals, reviews and audits of transactions and procedures were absent or largely insufficient or inadequate;
- if duties were not separated; or
- if controls were intentionally overridden and/or wilfully circumvented.

Insufficient audit coverage and/or inadequate information from internal control systems - This includes situations where the DG may not be aware of certain control weaknesses because it has not performed enough controls in that area to support a definitive conclusion on the system's ability to prevent errors and it does not have compensating evidence from other sources (national authorities, Court of Auditors etc.).

The DG would consider a reservation in this regard if

- the DG has not performed enough controls in an area to support a definitive conclusion on the system's ability to prevent errors, **and**
- it does not have compensating evidence from other sources (national authorities, Court of Auditors etc.), **and**
- past experience would suggest the probability of control weaknesses in this area.
- Issues outlined by the European Court of Auditors (ECA) or the Internal Audit Service (IAS) or OLAF - A critical observation made by the ECA, the IAS or OLAF could lead to a reservation¹⁸
- if the observation is made in an area covered by the Director-General's Declaration, **and**
- if the issue is not solved immediately during the reporting period, **and**
- if the impact is deemed material.

Significant reputational events/issues - Besides a possible quantitative aspect of the issue, the impact of a reputational event on the declaration of assurance is assessed mainly on the basis of qualitative criteria, such as sensitivity of the policy area concerned, high public interest or serious legislative concerns.

¹⁸ According to the IAS methodology of rating recommendations, a combined effect of the very important recommendations entails a very high risk and, therefore, should be duly assessed if requiring a reservation in the AAR.

Materiality criteria related to reputation issues: In line with the Commission's instructions, a combined or separate reputational reservation will be made for events that could cause serious damage (in terms of 'duration' + 'scope' of political/press/citizen attention) to the Commission's image due, for example,

- to financial fraud inside DG ECFIN, or
- serious breaches on provisions of the Treaty, linked to DG ECFIN's activities.

2. Quantitative criteria

As regards the quantitative materiality threshold, the general rule is to apply 2% as a threshold per control system with details in that respect provided under Part 2 of the Annual Activity Report as well as under Annex 7.

The error rates are detected and/or estimated on the basis of the inherent risks, on an annual basis and without adjustments for future corrections.

It should be noted that the overall threshold of 2% for the error rate is not the target error rate.

➤ **For expenditure:**

- **under direct management** (grants, procurements, expenses of an administrative nature, provisioning of funds (EFSI GF provisioning in RCS 6), enforced budgetary surveillance) the target error rates are based on the inherent risks, the control procedures and the accompanying documents for a given transaction and range from 0% for the provisioning of funds based on certified accounts balances (EFSI GF provisioning in RCS 6), MFA (RCS 7), as well as enforced budgetary surveillance, and 0.5% for administrative expenses to maximum 2% for grants with the reimbursed costs mechanism (BCS and PERICLES (both not part of any RCS because of the small volume) as well as EIAH (RCS 8).

under indirect management (entrusted entities ELENA (RCS 3) and Financial Instruments managed via IFIs (RCS 2)) the target error rate is 2% and the third-party assurance mechanism is applied.

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

As the RCSs changed from 2021 to 2022, see below a mapping table for ease of reference:

RCSs 2021	RCSs 2022
RCS 1: Recovery and Resilience Fund	RCS 1: Recovery and Resilience Fund
RCS 2: Financial Instruments managed via international financial institutions (period 2007-2013) / indirect entrusted management	RCS 2: Financial Instruments managed via international financial institutions (period 2007-2013) / indirect entrusted management
RCS 3: Grants under the European Local ENergy Assistance (ELENA) / Grants indirect entrusted management	RCS 3: Grants under the European Local ENergy Assistance (ELENA) / Grants indirect entrusted management
RCS 4: Marguerite Fund / Financial instruments direct management	RCS 4: Marguerite Fund / Financial instruments direct management
RCS 5: EU Guarantee under the EFSI / budgetary guarantee indirect management	RCS 5: EU Guarantee under the EFSI / budgetary guarantee indirect management
RCS 6: EFSI and InvestEU compartments of the Common Provisioning Fund (CPF) / budgetary guarantee direct management	RCS 6: EFSI and InvestEU compartments of the Common Provisioning Fund (CPF) / budgetary guarantee direct management
RCS 7: MFA (grant + operational assessment + ex-post evaluation + CPF loan compartment GF external action)	RCS 7: MFA (grant + operational assessment + ex-post evaluation + CPF loan compartment GF external action)
RCS 8: Grants under the European Investment Advisory Hub / Grants direct management	RCS 8: Grants under the European Investment Advisory Hub / Grants direct management
N/A	RCS 9: InvestEU Advisory Hub / indirect entrusted management
N/A	RCS 10: EU Guarantee under the InvestEU Fund/ budgetary guarantee indirect management

RCS 1: Recovery and Resilience Facility

Background and purpose: Annex 7

Stage 1: Assessment of the Recovery and Resilience Plans

Main control objectives:

Ensuring that the Recovery and Resilience Plans submitted by the Member states are relevant, effective, efficient and coherent, and effectively contribute towards the achievement of the objectives.

Ensuring that the Member States' control systems are compliant to prevent, detect and avoid double funding from other Union programmes and to correct corruption, fraud and conflict of interests.

Main risks It may happen that...	Mitigating controls	Coverage, frequency and depth of controls	Cost- Effectiveness indicators (three E's)¹⁹ Effectiveness Efficiency Economy
<ul style="list-style-type: none"> - The content of the proposed reforms and investments does not meet the Commission's expectations and the outcome of the proposed reforms and investments misses its political target - The justification provided by the Member State on the amount of the estimated total costs of the recovery and resilience plan submitted is not reasonable and plausible, is not in line with the principle of cost-efficiency, and is not commensurate to the expected national economic and social impact. - The internal control system proposed by the Member State does not provide sufficient reasonable assurance regarding the protection of the financial interests of the Union. 	<ul style="list-style-type: none"> - Templates, guidance, assistance and dialogue with Member States to encourage high quality submissions; - Guidance and training for staff; - Expertise from other DG's and agencies; - Review of the proposal by ECFIN's legal unit in order to ensure the assessment is legally correct and sound; - Inter-service consultation of the Commission proposal 	<p>Coverage and Frequency: All the 27 RRFs.</p> <p>Depth: Checklists, self-assessment checklist for Member States, guidelines and desk review by the Commission Weekly meetings on the RRF with all concerned units discussing various issues observed.</p>	<p>Effectiveness: assessment of the plans completed by the Commission within deadlines set by the regulation</p> <p>Efficiency: average time to provide the Commission proposal for the Council implementing decision after a positive assessment.</p> <p>Economy: see cost of controls in annex 7</p>

¹⁹ Results are provided under Annex 7

Stage 2: Monitoring the execution

Main control objectives: Ensuring that the list of milestones and targets included in the payment requests submitted by the Member States are satisfactory fulfilled and that the information in the management declaration and the audit summary accompanying the payment requests provide complete, accurate and reliable information. These ex-ante controls should be done within the deadlines set by the regulation.

Main risks It may happen that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)²⁰ Effectiveness Efficiency Economy
<ul style="list-style-type: none"> - The data and information provided by the Member State as part of the payment request and available to the Commission in accordance with the Council implementing decision and operational arrangement may not provide sufficient justification that the milestones and targets are completed or could be incorrect. - The management declaration and the audit summary may not provide sufficient information or guarantee that the funds were managed in accordance with the applicable rules and that identified weaknesses of the management and control system of the Member state have been identified through the audits performed and that corrective actions were taken prior to the submission of the payment request. - The ex-ante controls on the payment request may not be done within the deadlines set in the regulation. 	<ul style="list-style-type: none"> - Preparation by the colleagues involved in the assessment (country briefs, etc.); - Templates, guidance and dialogue with Member States to encourage high quality submissions of payment requests; - Agreement on the Operational Arrangements for each RRP, outlining the national control mechanism - Availability of a new reporting tool, FENIX, where all evidence can be easily uploaded by MS - Guidance and training for staff; - Ex-ante verification of the declared reforms and Milestones and Targets on the basis of documentary evidence. For investments involving large numbers of beneficiaries, the checks will be done based on a statistical sample applied via attribute sampling methodologies - Expertise from other DG's and agencies; - Use of independent information sources to check the plausibility of the data; - Review of the management declaration and the audit summary by the audit unit; - Review of the proposed payment decision by ECFIN's legal unit in order to ensure the assessment is legally correct and sound; - Inter-service consultation of the Commission decision to authorise the payment; - Opinion of the Economic and Finance Committee on the examination procedure. 	<p>Coverage and Frequency: All payment requests.</p> <p>Depth: Checklists, guidelines and desk review. If needed, request further information to the Member State and/or undertake on-the-spot controls. Where relevant, ex-ante on-the-spot controls of the declared milestones and targets;</p>	<p>Effectiveness: % of accepted M/T assessed as not or partially fulfilled by an ex-post audit</p> <p>Efficiency: average time to adopt the decision authorising the disbursement of the financial contribution after a validated payment request.</p> <p>Economy: see cost of controls in annex 7</p>

²⁰ Results are provided under Annex 7

Stage 3: Ex-post controls

Main control objectives: Detecting and correcting any error or fraud remaining undetected after the implementation of ex-ante controls (legality and regularity; anti-fraud strategy); verification of the achievement of the milestones and targets and of correctness of the information provided by Member states related to avoidance of double funding, corruption, fraud and conflict of interests.

Main risks It may happen that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)²¹ Effectiveness Efficiency Economy
<ul style="list-style-type: none"> - The ex-ante controls of the payments requests may not have detected some issues related to the achievement of milestones and targets; - The review of the payment request and its underlying evidence, the management declaration and audit summary may have indicated weaknesses in the management and control system of the Member State; - The Member State has not put in place an adequate system to prevent, detect and correct cases of fraud, corruption, conflict of interest and double funding or that detected cases of fraud, corruption, conflict of interest and double funding; 	<ul style="list-style-type: none"> - Templates, guidance and dialogue with Member States' audit bodies; - Guidance and training for audit staff; - Commission audit checklists shared with Member States' audit bodies; - A risk assessment covering all payment requests approved in the CID completed with a bi-annual risk assessment based on: <ul style="list-style-type: none"> o the results of the reviews of the management declaration and audit summary; o the OLAF contribution to the assessment of the RRFs; o the assessment of the Cohesion DGs for Member States where RRF and Cohesion have common authorities (mainly audit authorities); o the audit and control work on RRF done by other bodies (ECA, IAS, OLAF); and o the assessment of the remaining risks in the payment requests of the accounting year under analysis; - Ex-post controls and audits conducted by the Commission. 	<p>Coverage and Frequency: Risk-based annual audit plan.</p> <p>Depth:</p> <ul style="list-style-type: none"> - Review of the audits and checks carried out by the Member States; - Audits of specific data or transactions. - System audits of the control framework for reporting on the completion of milestones and targets and/or for the protection of the financial interests of the Union. - Audits of cases of suspicion of fraud, corruption, conflict of interest and double funding 	<p>Effectiveness: % audit plan performed</p> <p>Efficiency: % suspension of payments</p> <p>Economy: see cost of controls in annex 7</p>

[RCS 2: Financial Instruments managed via international financial institutions \(period 2007-2013\) / indirect entrusted management](#)

Stage 1 (Front-Office): Identification and selection of International Financial Intermediaries (IFIs) and Financial Intermediaries (FIs) & projects, negotiation of contractual terms, tendering procedures and payments carried out by the IFIs (for CIP: EIF).

²¹ Results are provided under Annex 7

Main control objectives: Ensuring eligibility, contractual compliance and process compliance of implementation actors including sound financial management of the IFIs (Legality and regularity).

NB: For GIF and SMEG07 financial instruments, Stage 1 does not apply anymore since the corresponding tasks are no longer carried out following the closure and the end of the signature period of those financial instruments on 31/12/2013. The Stage 1 description can be consulted in the previous Annual Activity Reports of DG ECFIN.

Stage 2 (Back-Office): Monitoring of the implementation

Main control objectives: Ensuring appropriate information on the implementation of the financial instruments by the IFIs and the FIs. Ensuring eligibility, contractual compliance and process compliance of the implementation (Safeguarding of assets and information).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)²² Effectiveness Efficiency Economy
<p>Financial Intermediaries may not be eligible.</p> <p>Agreements with FIs do not cover the set of required provisions (eligibility of Final Recipients of operations, financial parameters, and so on).</p> <p>Guarantee calls/investments/Grant allocations are not in line with contractual provisions.</p> <p>Final Recipients might not be eligible.</p>	<p>1) Preventive measures: Each agreement between the Commission and the IFIs and between the IFIs and FIs contains control (e.g. audit rights of the Commission) and reporting obligations. In some programmes, there are certain risk-sharing arrangements built into the design of the programmes as well as financial incentives to ensure alignment of interest at the IFI level.</p> <p>2) Monitoring policy of the Commission services: The designated operational Commission services assess the implementation of the action and the corresponding expenditure on the basis of a Monitoring Policy that has been defined by the Monitoring Policy</p>	<p>1) Preventive measures : for CIP, IFI Facilities all agreements signed by the IFIs (IFI in charge as 'operating body') undergo a preliminary formal approval by DG ECFIN, which is based on a formal template and analysis, as provided for in DG ECFIN manual of procedures.</p> <p>2) Monitoring policy by the Commission services: the monitoring is based on the provisions foreseen in the Monitoring Manuals complemented by the yearly Monitoring Plan, validated by the management. This defines the types and numbers of monitoring visits and tasks to be</p>	<p>Effectiveness 1) + 2):</p> <p>Control results: - number of analysis check-lists/set of sample-check-lists/ monitoring reports/letter to the IFIs</p> <p>- number of findings and/or minor observations reported to the IFIs</p> <p>- key indicators (number of Final Recipients; number of jobs created or maintained; total investment/loan volume leveraged) of achievement</p> <p>Benefits:</p> <p>- assuring the compliance of the implementation of the agreements with the provisions foreseen in the</p>

²² Results are provided under Annex 7.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)²² Effectiveness Efficiency Economy
	<p>Group associating DG ECFIN, DG NEAR, and DG GROW. In addition, the Policy DGs have been closely associated to the Delegation Agreements/ FMAs negotiation, including the relevant monitoring provisions. Monitoring instruments include a Steering Committee, checks prior to approval of project proposals, documentary checks, reporting, monitoring visits, audit reports and management letters.</p> <p>Monitoring visits take place at different levels (at IFI level, at FI level and at FB level) and are carried out by the operating unit as well as by the ex-post control function in ECFIN²³. The findings and results are followed up by the operating unit in different ways, e.g. technical meetings with the IFIs, communications setting out weaknesses to be addressed, etc.</p>	<p>performed, and covers the rules for selecting the FIs, the operations samples, etc.</p> <p>3) Reporting framework from IFI to DG ECFIN: EIF quarterly reports, annual and semi-annual reports, monitoring reports, employment survey report</p>	<p>Agreement / FMA / Legal Basis, namely with regard to the eligibility criteria of Final Beneficiaries and operations, EU visibility and promotion, policy objectives of the Facility, financial rules,</p> <ul style="list-style-type: none"> - ensuring legality and regularity of the operations - ensuring sound operational and financial management of the Facility <p>Efficiency 1) + 2): Monitoring the timely use of budget available within the availability period</p> <p>Economy 1) + 2): Estimate of cost of staff involved</p>

Stage 3 (Overall assurance building process): Assurance building on the process and systems of DG ECFIN

Main control objectives: Verification that processes are working as designed / Feedback on adequacy of the system (Reliability of financial reporting; Fraud prevention and detection)

²³ No ex-post control took place in 2022.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)²⁴ Effectiveness Efficiency Economy
<p>1) processes are weak or not working as designed</p> <p>2) poor adequacy of the System</p>	<p>1) The verification that processes are working as designed is ensured through several information channels:</p> <ul style="list-style-type: none"> - management's knowledge about the state of the DG's internal control systems, gathered through the day-to-day work and experiences; - the DG's formal supervision, follow-up and monitoring arrangements; - the results from the annual ICS review ('full compliance with baseline requirements'); - the results of the annual Risk Assessment exercise; - the ex-ante and ex-post controls, including reports of exceptions and/or internal control weaknesses; - the results from the DG's external financial audits; - evaluations of the programmes carried out by external evaluators. - The audited financial statements received from IFIs - The Statements of Assurance received from EIF. - Contractual monitoring obligations for the IFI <p>2) All activities of the DG are audited by the IAS and the ECA.</p>	<p>1) According to the annual work-plan of the IAS, DG ECFIN R ex-post control and the ECA.</p> <p>2) Follow-up of the implementation of OLAF's recommendations when needed cases (see more in Annex 7).</p> <p>Several ex-post controls are regularly performed on the projects (for the results, see under Annex 7).</p>	<p>Effectiveness: Control results:</p> <ul style="list-style-type: none"> - Number of controls and quality; results of the controls listed in column 2 → see ECA/IAS/OLAF/ex-post controls. - Action plans established following ECA, IAS or ex-post control recommendations; number of recommendations agreed in the Action Plan, implemented or addressed. - Number of closed findings - Number of OLAF inquiries - Number of open recommendations in action plans established following ECA, IAS or ex-post control recommendations <p>Benefits: - to get reasonable assurance in the implementation of the Programmes</p> <ul style="list-style-type: none"> - to ensure legality and regularity of the operations - in financial terms, this covers the (average annual) total budget amount entrusted to the entity, possibly at 100% (significant errors would otherwise be detected). <p>Efficiency: N/A</p> <p>Economy: Costs for our internal control tasks and follow-up of ex posts controls</p>

²⁴ Results are provided under Annex 7

Stage 4 (Programme financial management): Budget commitments and payments

Main control objectives: to avoid errors that may occur during the financial process (commitments, payments, recoveries, de-commitments, repayments) (Sound financial management)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's) ²⁵ Effectiveness Efficiency Economy
<p>Undue or erroneous payments (amount, eligible beneficiaries)</p> <p>Undue or erroneous recoveries/re-payments</p>	<p>1) Ex-ante controls: The payments from DG ECFIN to the trust accounts and recovery from the trust accounts of the IFIs are subject to the normal financial circuit of the DG, including independent ex-ante verification.</p> <p>2) Due diligence: The IFI has to check the project implementation and the fulfilment of the conditions triggering payments out of (or recoveries to) the trust account based on agreed procedures and / or the IFI's own procedures.</p> <p>3) IFI reporting: the IFIs draw up regular pro-programme implementation and financial reports and a final report at the end of the facility. The IFIs have to provide annually a financial audit certificate concerning the trust account balances.</p> <p>4) Approval of</p>	<p>Ex-ante verification of commitments 100% / Ex-ante verification of payments 100%.</p> <p>Ex-post control reports (recommendations "taken on board")</p> <p>Verification of IFI transactions (sample checks).</p> <p>All fees and eligible expenses are verified before payment against contractual conditions and supporting documentation required under the CA/Delegation Agreement.</p> <p>Reports to DG BUDG on Trust accounts for every financial year, final balance year n-1 equals starting balance year n.</p>	<p>Effectiveness: Control results:</p> <ul style="list-style-type: none"> - improvement on procedures - compliance with budget procedures and financial management procedures & Financial Regulation - number of operations outside official procedures - number of erroneous operations - return to Trust Account linked to errors - results on the checks on the balance of the Trust Account <p>Benefits: - reduce or avoid errors on payments/recoveries/repayments</p> <ul style="list-style-type: none"> - sound financial management <p>sample checks performed give sufficient assurance that transactions are in-line with rules and regulations</p> <ul style="list-style-type: none"> - financially speaking, the (average annual) total budget amount entrusted to the entity, possibly at 100% (significant errors would otherwise be detected). <p>Efficiency: N/A</p> <p>Economy: Estimate of cost of staff involved.</p>

²⁵ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)²⁵ Effectiveness Efficiency Economy
	management fees and eligible expenses of the IFI		

Stage 5 (Programme financial management): Audit and evaluations

Main control objectives: Ensuring that assurance building information on the entrusted entity's activities is provided through independent sources as well, which may confirm or contradict the management reporting received from the entrusted entity itself (fraud prevention and detection)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)²⁶ Effectiveness Efficiency Economy
<p>1) processes are weak or not working as designed</p> <p>2) poor adequacy of the system</p> <p>3) errors in the implementation of the programmes as compared to the provisions foreseen in the legal basis, Cooperation Agreements FMAs and/or financial operations</p>	<p>1) The verification that processes are working as designed is ensured through several information channels:</p> <ul style="list-style-type: none"> - management's knowledge about the state of the DG's internal control systems, gathered through the day-to-day work and experiences; - the DG's formal supervision, follow-up and monitoring arrangements; - the results from the annual ICS review ('full compliance with baseline requirements'); - the results of the annual Risk Assessment exercise; - the ex-ante and ex-post controls, including 	See above Stage 3	<p>Effectiveness: Control results:</p> <ul style="list-style-type: none"> - Number of controls and quality; results of the controls listed in column 2 (see also stage 3) - Action plans established following ECA, IAS or ECFIN R ex-post control recommendations - Number of recommendations agreed in the Action Plan, implemented or addressed. - Positive DAS for the exercise <p>Benefits:</p> <ul style="list-style-type: none"> - To get reasonable assurance in the implementation of the Programmes - To ensure legality and regularity of the operations - Sample checks performed give sufficient assurance that transactions are in-line with rules and regulations - Financially speaking, this covers the (average annual)

²⁶ Results are provided under Annex 7

	reports of exceptions and/or internal control weaknesses; - the results from the DG's external financial audits; - evaluations of the programmes carried out by external evaluators. 2) All activities of the DG are audited by the IAS and the ECA		total budget amount entrusted to the entity, possibly at 100% (significant errors would otherwise be detected). Efficiency: N/A Economy: - Estimate of cost of DG ECFIN staff involved in our internal control tasks and follow-up of ex-post controls. - Estimate of cost of IAS, ECA and other staff involved if applicable
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RCS 3: Grants under the European Local ENergy Assistance (ELENA) / Grants indirect entrusted management

Background and purpose: Annex 7

Stage 1: Preparation of Agreements and negotiation of contractual terms, assessment and approval of project proposals

Main control objectives: Ensuring eligibility, contractual compliance and process compliance of entrusted entities / grant beneficiaries, including sound financial management of the entrusted entities (Legality and regularity). Feedback on adequacy of the ELENA governance structure.

Main risks It may happen (against) that...	Mitigating controls	Coverage, frequency and depth of control	Cost-Effectiveness indicators (three E's)²⁷ Effectiveness Efficiency Economy
Contribution Agreements between the EU and entrusted entities (EIB) do not cover the required provisions as set in the H2020 Multiannual Work Programme (e.g. eligibility of final beneficiaries, of operations, financial parameters, grant conditions).	<p>Consultation and involvement of relevant Commission Services in the drafting and negotiation of the Agreements or Amendments (DG ENER, MOVE, BUDG, and the respective legal departments).</p> <p>Formal assessment and consultation of operational Units in DG ENER and MOVE before the approval of grant allocation to each project (Requests for Approval,</p>	<p>For each Agreement or Amendment, the relevant Commission services are consulted and formally visa the final documents before signature.</p> <p>For each project (RfA), the relevant Commission services are consulted and formally sign consultation</p>	<p>Effectiveness: Control results: full respect of provisions set for the ELENA Facility. Respect for the Financial Regulation provisions on grants implemented indirectly.</p> <p>Benefits: effective implementation of the ELENA facility and achievement of the related policy objectives.</p> <p>Efficiency: correct allocation of the ELENA grant, timely technical assistance support to the targeted investment projects.</p> <p>Economy: staff cost estimation</p>

²⁷ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of control	Cost-Effectiveness indicators (three E's)²⁷ Effectiveness Efficiency Economy
Projects proposed are not compliant with the terms set in the Contribution Agreements or H2020 Work Programme (Final Beneficiaries / Project proposals / area of investments may not be eligible).	RfA). If necessary, the expertise of EASME may be requested to better assess the technical need for grant. The overall project assessment is based on a procedure foreseen in the Agreement and included in the ECFIN.DDG2.03 Unit Manual.	documents with their feedback on the approval.	for the Agreements/Amendments preparation and signature and RfAs approval.

Stage 2: Monitoring of the implementation

Main control objectives: Ensuring appropriate information on the implementation of the ELENA Facility. Ensuring eligibility, contractual compliance and process compliance of the implementation. Prevention of fraud. Ensuring that financial operations comply with regulatory and contractual provisions (legality and regularity) and avoiding errors that may occur during the financial process (commitments, payments, recoveries, de-commitments, repayments) (Sound financial management).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of control	Cost-Effectiveness indicators (three E's)²⁸ Effectiveness Efficiency Economy
Projects proposed (RfAs) are not totally or partially compliant with the terms set in the Contribution Agreements or H2020 Work Programme (e.g. Final Beneficiaries (FBs) / RfAs / area of investments may not be eligible, grant conditions are not respected)	All Agreements between the Commission and the ELENA entrusted entities and between the latter and final beneficiaries contain control measures (e.g. audit rights of the Commission) and reporting obligations. ELENA has risk-sharing arrangements (co-financing) and specific conditions to fulfil (minimum leverage) built into the design of the programme to ensure alignment of interest with FBs. DG ECFIN together with DG ENER and MOVE assess the implementation of the action	All Agreements and Amendments undergo a legal check and formal approval by DG BUDG, DG ECFIN, DG ENER and DG MOVE. All project proposals are assessed and approved/ rejected by the relevant Commission services. A monitoring activity to entrusted	Effectiveness: Control results: errors in the compliance with budgetary procedures; assessments, recommendations from monitoring, key indicators (number of Final Recipients; total energy savings and CO2 reductions generated; total jobs created, total investment volume leveraged). Benefits: Assuring compliance of the implementation with the provisions foreseen in the

²⁸ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of control	Cost-Effectiveness indicators (three E's)²⁸ Effectiveness Efficiency Economy
<p>Grant allocations to beneficiaries are not in line with the contractual provisions signed between the EIB (or entrusted entities) and the FBs.</p> <p>The financial management of the ELENA Programme is not sound (errors in budgetary and financial operations)</p>	<p>and the corresponding expenditure. All involved Commission services cooperate on the assessment of projects and the relevant monitoring provisions. Monitoring instruments include a Steering Committee overseeing the Facility (3 members appointed by the Commission and three by the EIB), regular Technical Meetings and bi-weekly conference calls to discuss also the approval of project proposals; in addition, documentary checks, reporting, monitoring visits, audit reports and management letters complement the controls.</p> <p>Monitoring visits take place at different levels (at IFI level and at FB level) and may be carried out by ECFIN and ENER/MOVE representatives. The ex-post control function in ECFIN also performs controls. The findings and results are followed up by the operational unit through meetings, communications, etc.</p> <p>Ex-ante verification and ex-post control of budgetary transactions performed by the ECFIN Financial Unit as well as ENER/MOVE SRD. For cases where issues are discovered, the Commission could apply a suspension/ interruption of payments.</p>	<p>entities and to FBs is defined yearly in a Monitoring Plan, validated by the management. This defines the types and numbers of monitoring visits (usually 2 to 4) and tasks to be performed.</p> <p>Entrusted entities issue monthly and yearly operational and financial reports.</p> <p>For each budgetary transaction, the ex-ante verification validates the requests. Where additional funds need to be available for transfers, DG ENER/MOVE SRD performs a control of justification documents. Ex-post control is performed by DG ECFIN on randomly selected projects.</p>	<p>Legal Basis (eligibility criteria of FBs and operations, visibility and promotion, policy objectives of the Facility, financial rules);</p> <p>Ensuring legality and regularity of the operations;</p> <p>Ensuring sound operational and financial management of the Facility.</p> <p>Efficiency: Timely use of budget available within the availability period.</p> <p>Economy: Cost of staff involved in the monitoring of the execution of the Facility.</p>

Stage 3: Reporting and Audits

Main control objectives: Ensuring that operational results meet the objectives and conditions of the Facility. Ensuring that financial operations comply with regulatory and contractual provisions. Ensuring appropriate accounting of the operations (reliability of financial reporting, safeguarding of assets and information). Assurance building information on the entrusted entity's activities, through independent sources/ audits (fraud prevention and detection).

Main risks It may happen (against that...)	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)²⁹ Effectiveness Efficiency Economy
<p>The ex-ante controls fail to prevent, detect, and correct erroneous payments or attempted fraud.</p> <p>Processes are weak or not working as designed</p> <p>Errors in the implementation of the programmes as compared to the provisions foreseen in the legal basis and / or financial operations</p>	<p>Internal control on processes performed through the daily administration of the Facility; formal supervision, follow-up of reports and monitoring actions with other DGs involved (ENER/MOVE SRD, accountancy departments); Analysis of operational and financial reporting;</p> <p>Ex-ante verification and ex-post control ;</p> <p>Independent evaluations of the programmes by external evaluators.</p> <p>DG ECFIN activities are audited by the IAS and the ECA.</p>	<p>2 to 4 monitoring visits per year are organised to projects and entrusted entities. Regular ex-ante verification of all commitments and payments.</p> <p>Ex-post control reports on selected projects.</p> <p>All fees and eligible expenses are verified before payment against contractual conditions and supporting documentation required under the Contribution Agreement.</p> <p>All accounts are audited every year.</p>	<p>Effectiveness: Control results: identification of errors in the implementation of the Facility</p> <ul style="list-style-type: none"> - Nr. of projects with errors. - Nr. of ex-ante control failures. <p>Amount of budget of errors concerned.</p> <p>Action plans established following the ECA/ex-post control recommendations; number of recommendations agreed in the Action Plan, implemented or addressed.</p> <p>Benefits: Corrections / improvement of processes or implementation.</p> <p>Budget value of the errors detected by the staff.</p> <p>Efficiency: N/A</p> <p>Economy: Estimation of cost of staff involved in the monitoring visits/ mission costs. Annual cost of external evaluations compared with amounts being audited and evaluated.</p>

[RCS 4: Marguerite Fund / Financial instruments direct management](#)

Background and purpose: Annex 7

Stage 1: Budget commitment and payments

Main control objectives: To avoid errors that may occur during the financial process (commitments, payments, recoveries, de-commitments) (Sound financial management, Legality and regularity, Fraud prevention and detection)

²⁹ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)³⁰ Effectiveness Efficiency Economy
<p>Undue/erroneous or late payments</p> <p>Undue/erroneous or late recoveries of Fund distributions</p>	<p>1) Payments to and recoveries from the custodian managing funds on behalf of the Marguerite Fund are subject to the normal financial circuit of the DG, including independent ex-ante verification.</p> <p>2) An effective information flow to process the payment files within the time limit has been established with the fin. circuit</p>	<p>Ex-ante verification of (de)commitments 100% / Ex-ante verification of payments 100% / Ex-ante verification of recoveries 100%.</p>	<p>Effectiveness: Control results:</p> <ul style="list-style-type: none"> - compliance with budget procedures and financial management procedures for payments and recoveries <p>Efficiency:</p> <p>Timely use of budget.</p> <p>Economy:</p> <p>Estimate of cost of staff involved.</p>

Stage 2: Monitoring of implementation, audits and evaluation

Main control objectives: Monitoring that the Fund is meeting its objectives and that operations comply with contractual provisions. Monitoring of reporting and appropriate accounting of the operations (reliability of financial reporting, safeguarding of assets and information). Ensuring that assurance building information on the custodian reporting is provided through independent sources (auditors) as well, which may confirm or contradict the management reporting received from the custodian itself (fraud prevention and detection).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)³¹ Effectiveness Efficiency Economy
<p>Investment/policy objectives are not achieved compared to the provisions envisaged in the legal basis.</p> <p>The Fund provides erroneous data – risk of errors</p>	<p>Formal Supervision – EC representative in the Fund's Supervisory Board in its role to monitor the Fund's investments and performance of eligible projects.</p> <p>Review and analysis of operational and financial reporting;</p>	<p>Annual and ad-hoc Supervisory Board meetings.</p> <p>Quarterly reporting – IE Reporting Guidelines (Formerly EVCA).</p> <p>Quarterly operational reporting to the Supervisory Board</p>	<p>Effectiveness: Control results: review and identification of possible errors in reporting</p> <ul style="list-style-type: none"> - Amount of errors concerned. <p>Efficiency: N/A</p> <p>Economy: Estimation of cost of staff involved. Annual cost of external evaluations compared with</p>

³⁰ Results are provided under Annex 7

³¹ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)³¹ Effectiveness Efficiency Economy
	Independent evaluations and audit carried out by external evaluators, IAS and ECA.	Members. Financial accounts are audited every year by an external auditor.	amounts being audited and evaluated (when applicable).

RCS 5: EU Guarantee under the EFSI / budgetary guarantee indirect management

Background and purpose: Annex 7

Stage 1: Amendments to the Guarantee Agreement with the EIB on the management of the EFSI and on the granting of the EU Guarantee.

Main control objectives: Ensuring that the legal framework for the management of the EFSI is fully compliant and regular (legality and regularity).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)³² Effectiveness Efficiency Economy
Amendments to the Guarantee Agreement with the EIB on the management of the EFSI and on the granting of the EU Guarantee do not respect provisions set out in Regulation (EU) 2015/1017 of the European Parliament and of the Council on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal (EFSI Regulation).	Consultation and involvement of relevant Commission Services in the Amendments to the Guarantee Agreement, including DG BUDG and the Legal Service.	Each Amendment is submitted to Inter-Service Consultation and approved through Commission Decision before signature.	Effectiveness: Control results: full respect of provisions set out in the EFSI Regulation. Efficiency: N/A Economy: Estimate of cost of staff involved.

Stage 2: Monitoring of the implementation

Main control objectives: Ensuring appropriate monitoring and supervision of the implementation of the EFSI Programme (legality and regularity, reliability of financial reporting, safeguarding of assets and information). Ensuring that financial operations comply with regulatory and contractual provisions (legality and regularity) and avoiding errors that may occur during the financial process (sound financial management).

³² Results are provided under Annex 7.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's) ³³ Effectiveness Efficiency Economy
The operational and financial management of EFSI is not sound.	<p>DG ECFIN performs desk-reviews of operational, risk and financial reports, audit reports, etc.</p> <p>The ex-post control function in DG ECFIN may also carry out controls.</p> <p>DG ECFIN includes monitoring missions on EFSI in its yearly monitoring plan as from 2021 (EFSI Guarantee Calls monitoring mission to EIB/EIF in Q4 2022)</p>	The EIB Group provides quarterly, semi-annual and annual report on operational, risk and financial reporting.	<p>Effectiveness: Control results: review and identification of possible errors in reporting.</p> <p>Benefits: Assuring compliance of the implementation with the provisions foreseen in the Legal Basis Ensuring sound operational and financial management of EFSI.</p> <p>Efficiency: Timely use of the available budget.</p> <p>Economy: Estimate of cost of staff involved.</p>

Stage 3: Monitoring, evaluations and audits

Main control objectives: Monitoring of reporting and appropriate accounting of the operations (reliability of financial reporting, safeguarding of assets and information). Assurance building information on the EIB Group control and monitoring activities (errors and fraud prevention and detection).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's) ³⁴ Effectiveness Efficiency Economy
<p>Processes are weak or not working as designed.</p> <p>Errors in the implementation of the programmes as compared to the provisions foreseen</p>	<p>Monitoring and follow-up of operational, risk and financial reporting, including desk reviews and/or monitoring visits to the EIB Group.</p> <p>Independent evaluations of the programme carried out by external evaluators as per the EFSI Regulation.</p>	<p>Monitoring of the reports and guarantee calls submitted by the EIB Group based on check-lists.</p> <p>Monitoring on EFSI is included in the yearly ECFIN monitoring plan and includes visits to the EIB/EIF (notably</p>	<p>Effectiveness: Control results: review and identification of possible errors in the reporting and financial management of the programme.</p> <p>Number of recommendations from the audit bodies (see under Mitigating controls) which have been followed up systematically.</p>

³³ Results are provided under Annex 7

³⁴ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)³⁴ Effectiveness Efficiency Economy
in the legal basis	Audit and consultancy work is performed by the Commission's Internal Audit Service (IAS), the European Court of Auditors, DG BUDG and in the discharge procedure and feedback is provided by them. Recommendations made by these bodies are followed up systematically.	EFSI Guarantee calls monitoring in Q4 2022) Frequency of controls is determined by the annual work plans of the IAS, DG BUDG and the ECA. • IAS audits. • Annual ECA audits. • Agreed upon procedure review by EIB's external auditors on key figures such as guaranteed amounts outstanding, revenues, guarantee calls and other fees and costs.	Benefits: corrections/improvement of processes or implementation. Budget value of the errors detected by the staff and the likelihood of material errors is minimized. Efficiency: N/A Economy: Estimate of cost of staff involved

RCS 6: EFSI and InvestEU compartments of the Common Provisioning Fund (CPF) / budgetary guarantee direct management

Background and purpose: Annex 7

Stage 1: Budgetary transactions

Main control objectives: To avoid errors that may occur during the financial process (commitments, payments, recoveries, de-commitments) (Sound financial management, Legality and regularity, Fraud prevention and detection)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)³⁵ Effectiveness Efficiency Economy
The financial management of the EFSI and InvestEU compartments of the CPF is not sound.	Recovery orders, commitments and payments to the EFSI and InvestEU compartments of the CPF are subject to the normal financial circuit of the DG, including independent ex-ante verification.	For each budgetary transaction, the ex-ante verification validates the requests.	Effectiveness: Control results: compliance with budget procedures and financial management procedures for commitments, payments and recoveries. Efficiency: Timely use of budget available within the

³⁵ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)³⁵ Effectiveness Efficiency Economy
	An effective information flow to process the budgetary files within the time limit has been established with the financial circuit.		availability period. Economy: Estimate of cost of staff involved.

Stage 2: - Monitoring and audits

Main control objectives: Detecting and correcting any error or fraud remaining undetected after the implementation of ex-ante controls (legality and regularity; anti-fraud strategy). Addressing systemic weaknesses in the ex-ante controls, based on the analysis of the findings (sound financial management). Monitoring of reporting and appropriate accounting of the operations (reliability of financial reporting, safeguarding of assets and information).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)³⁶ Effectiveness Efficiency Economy
<p>The ex-ante controls fail to prevent, detect and correct erroneous payments.</p> <p>Processes are weak or not working as designed.</p>	<p>Ex-ante verification of budgetary transactions.</p> <p>Audit work is performed by the Commission's Internal Audit Service (IAS), the European Court of Auditors, DG BUDG and in the discharge procedure and feedback is provided by them. Recommendations made by these bodies are followed up systematically.</p>	<p>Regular ex-ante verification of all commitments, payments and recovery orders.</p> <p>Monitoring of guarantee calls paid from the EFSI and InvestEU compartments of the CPF.</p> <p>Frequency of controls is determined by the annual work plans of the IAS, DG BUDG and the ECA.</p> <ul style="list-style-type: none"> • IAS audits. • Annual ECA audits. • EFSI Agreed upon procedure review by EIB's external auditors on key figures such as guaranteed amounts outstanding, guarantee calls, etc. • InvestEU guarantee financial statements audited by independent 	<p>Effectiveness: Control results: review and identification of possible errors in the budgetary management of the EFSI and InvestEU compartments of the CPF.</p> <p>Number of recommendations from the audit bodies (see under Mitigating controls) which have been followed up systematically.</p> <p>Benefits: corrections/improvement of processes or implementation.</p> <p>Budget value of the errors detected by the staff and the likelihood of material errors is minimized.</p> <p>Efficiency: N/A</p> <p>Economy: Estimate of cost of staff involved</p>

³⁶ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)³⁶ Effectiveness Efficiency Economy
		external auditor of the Implementing partner, which include relevant accounting data relating to the guarantee calls.	

RCS 7: Macro-Financial Assistance

Macro-Financial Assistance represents support to partner third countries in the form of medium and long term loans and or grants, generally in the context of IMF reform programme, each time based on an ad hoc Legislative Decision (decision by the Council alone until the entry in force of the Lisbon Treaty, then co-decision by the European Parliament and Council under the ordinary legislative procedure). The loan funds are borrowed on the capital markets and paid to the central bank of the beneficiary country. MFA loans require to be covered and budgeted under the External Action Guarantee.³⁷ MFA grants are directly financed from the EU budget. The funds are not allocated to specific projects or spending categories and their final destination, unless otherwise specified, is left to the national authorities to decide.

Key inherent risks in this environment: Although the funds are not allocated, there is a risk of misuse of funds in case the financial circuits in the relevant institutions (central bank and Ministry of Finance) of the beneficiary country do not comply with the basic principles of sound financial management.

Stage 0 – Preparation and adoption of MFA-related budgets

Main control objectives: Ensuring that there are sufficient funds on the related budget lines to cover for new MFA operations, operational assessments and ex-post evaluations.

Budget lines under consideration:

- Budget line 14.020170.06 NDICI — Provisioning of the Common Provisioning Fund MFA-loans EAG;
- Budget line 14.020170.07 NDICI — Provisioning of the Common Provisioning Fund MFA-loans legacy;
- Budget line 14.200301 MFA – grants;
- Budget line 15.020203.03 MFA – IPA III - Provisioning of the Common Provisioning Fund MFA-loans legacy.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)³⁸ Effectiveness Efficiency Economy
There is insufficient budget available to allow for new MFA operations or for ex-post evaluations and/or operational	Ex-ante consultation and agreement with concerned DGs as regards NDICI budget lines (NEAR, BUDG). Agreement on multi-annual financial programming.	Coverage: Input and verification of budgetary information provided in the annual preparation	Effectiveness: - Number, amount and % (with respect to total commitment) of MFA operations stopped or suspended as a result of

³⁷ A provisioning of 9% of the MFA loans to the Common Provisioning Fund under the External Action Guarantee is to be budgeted for new MFA operations under the NDICI-Global Europe Regulation. As the provisioning rules have changed compared to the previous MFF under the Guarantee Fund for External Action, a separate budget is foreseen for managing legacy MFA loans.

³⁸ Results are provided under Annex 10

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)³⁸ Effectiveness Efficiency Economy
assessments.	<p>Annual budgetary hearing process managed by DG BUDG for NDICI budget lines.</p> <p>ECFIN annual financing decisions include expenses for ex-post evaluations and operational assessments (R2).</p> <p>Legislative Financial Statement for individual MFA proposals include budget projections.</p>	<p>of the budget.</p> <p>Depth: MFA horizontal sector input and checks.</p>	<p>insufficient budget available.</p> <p>Economy:</p> <ul style="list-style-type: none"> - Estimation of cost of Commission staff involved in the internal budgetary processes <p>Benefits: errors prevented [unquantifiable]</p>

Stage 1 – Ex-ante (re)assessment of the beneficiary country's financial and control framework

Main control objectives: Ensuring that the beneficiary country is fully prepared to start/continue implementing the received funds with respect of all 5 Internal control Objectives (ICOs).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)³⁹ Effectiveness Efficiency Economy
The financial and control framework deployed by the beneficiary country is not fully mature to guarantee achieving all 5 ICOs (legality and regularity, sound financial management, true and fair view reporting, safeguarding assets and information, anti-fraud strategy).	<p>Commission assessment of management and control systems in the beneficiary countries.</p> <p>For each beneficiary country, an ex-ante operational assessment of the financial circuits and control environment is carried out by the Commission with technical support from consultants. An analysis of accounting procedures, segregation of duties and internal/external audit of the Central bank and the Ministry of Finance are carried out to ensure a reasonable level of assurance for sound financial management.</p> <p>Should weaknesses be identified, they are translated into conditions, which have to be implemented before the disbursement of the assistance. Also, when needed, specific arrangements for payments (e.g. ring-fenced accounts) are put in place.</p>	<p>Coverage: Verification of information provided in the ex-ante operational assessments.</p> <p>Depth: Desk checks and / or on-the-spot audits based on risk assessment.</p>	<p>Effectiveness: - Number, amount and % (with respect to total commitment) of MFA operations stopped or suspended as a result of a negative operational assessment.</p> <p>Efficiency: - Cost of operational assessments (% of proposed amounts of MFA operations)</p> <p>Economy: - Cost of external ex-ante operational assessments (outsourced to consultants) - Estimation of cost of Commission staff involved in the assessment of management and control systems in beneficiary country, including analysis of operational assessment report, own audit work, and drafting of interruption letters Benefits: errors prevented [unquantifiable]</p>

Stage 2 – Adoption of the MFA Decision, negotiation and signature of MFA documents (MoU, Loan/Grant agreements):

Main control objectives: Ensuring that the legal documents include the actions (conditionalities) that contribute the most towards the achievement of the policy objectives (effectiveness).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)⁴⁰ Effectiveness Efficiency Economy

³⁹ Results are provided under Annex 10

⁴⁰ Results are provided under Annex 10

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)⁴⁰ Effectiveness Efficiency Economy
<p>The macro-financial assistance does not adequately reflect the EU policy objectives or priorities. Delayed implementation of the MFA operation negatively impacts the effectiveness and efficiency of the assistance.</p>	<p>Internal consultation, hierarchical validation at DG-level of each action. Given the complexity of the instrument, a comprehensive Vademecum has been put in place setting out the procedures and controls to be followed by the competent DG ECFIN services in the preparation of each operation. Inter-service consultation (including all relevant DGs) Inter-institutional agreement required Adoption by Legislative (Council and Parliament) Decision/Commission Decision, where foreseen by EU law.</p>	<p>Coverage and Frequency: 100%. Depth: Checklist, guidelines and lists of requirements in the relevant regulatory provisions. (cf. 2013 Joint Declaration)</p>	<p>Effectiveness: - Average time between the adoption of the Decision and the signature and ratification of MFA documents (Memorandum of Understanding (MoU), Loan and/or Grant Agreement) <i>(the shorter the time the more relevant the decision in relation to the country's needs and EU policy objectives)</i></p> <p>Efficiency: - Average cost of analysis and adoption/approval of an MFA operation - Average time between a proposal by the Commission for a Decision to the adoption of the Decision by the co-legislators <i>(this measures the efficiency of the inter-institutional process)</i></p> <p>Economy: Estimation of cost of staff involved in the negotiation and adoption of the MFA proposals. Benefits: MFA operations have a clear intervention logic, allowing the Commission to evaluate their impact.</p>

Stage 3 – Monitoring and supervision of the implementation of MFA, including ex-post control

Main control objectives: ensuring that the payments/disbursements are eligible and regular

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)⁴¹ Effectiveness Efficiency Economy
<p>The management verifications and subsequent audits/controls have failed to detect non-implementation of conditionalities. The Commission services have failed to take appropriate measures to safeguard EU funds, based on the information it received.</p>	<p>Commission checks of periodic beneficiary country declarations. The payment is subject to (1) monitoring by DG ECFIN staff, in close coordination with the EU Delegations and with the external stakeholders, like the IMF, of the implementation of the agreed conditionalities, and (2) the normal control procedure provided for by the financial circuit (model 2) used in DG ECFIN, including the verification by the financial unit of the fulfilment of conditions attached to the disbursement of the assistance mentioned above. The disbursement relating to MFA operations may be subject to additional independent ex-post (documentary and/or on-the-spot) verifications</p>	<p>Coverage: Verification of information provided in the periodic beneficiary country declarations.</p> <p>Depth: Desk checks and/or on-the-spot audits based on risk assessment.</p>	<p>Effectiveness: - % of MoU conditions successfully implemented - % of financial allocation disbursed*</p> <p>Efficiency: - Time-to-payment (time between adoption of decision on disbursement and actual disbursement)</p> <p>Economy:</p>

⁴¹ Results are provided under Annex 10

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)⁴¹ Effectiveness Efficiency Economy
	by officials of the ex-post control team of the DG. Such verifications may also be initiated at the request of the responsible AOSD. Interruptions and suspensions of payments; Financial corrections (implemented by Commission) Recoveries may be practiced where needed (it has not occurred so far), and are explicitly foreseen in the financing agreements with the beneficiary countries.		- cost of Commission staff checking conditionalities Benefits: errors prevented [unquantifiable]

* where relevant/if applicable, for 2014-2020

Stage 4 – Audit and evaluation

Main control objectives: Ensuring that assurance building information on the beneficiary country's activities is being provided through independent sources as well, which may confirm or contradict the management reporting received (on the 5 ICOs).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)⁴² Effectiveness Efficiency Economy
The Commission has not sufficient information from independent sources on the beneficiary country's achievements, which may reflect negatively on the Commission's governance reputation and quality of reporting.	The verification that processes are working as designed is ensured through several information channels: the ex-ante and ex-post controls, including reports of exceptions and/or internal control weaknesses; the results from the DG's external financial audits; the audit and consultancy work performed by the DG's Internal Audit Capability. Ex-post evaluations of the MFA operations are carried out by external evaluators.	Coverage: Verification of information provided in the ex-ante operational assessments. Depth: Desk checks and/or on-the-spot audits based on risk assessment.	Effectiveness: - Assurance being provided (via management/audit reporting); Efficiency: - Total (average) annual cost of own audits and evaluations compared with MFA amounts being audited/evaluated (ratio). Economy: - Cost of external ex-post evaluations (outsourced to consultants) - Estimation of cost of Commission staff involved in the ex-post controls and audits. Benefits: Confirmation of assurance and of attainment of policy objectives and priorities [unquantifiable]

[RCS 8: Grants under the European Investment Advisory Hub / Grants direct management](#)

Background and purpose: Annex 7

⁴² Results are provided under Annex 7

Stage 1: Preparation of the Annual Work Programme and signature of the Specific Grant Agreements

Main control objectives: Ensuring that the Commission selects the proposals for advisory support that contribute the most towards the achievement of the programme objectives and that the actions and funds allocation is optimal (best value for public money; effectiveness, economy, efficiency); Compliance (legality and regularity).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's) ⁴³ Effectiveness Efficiency Economy
<p>The Work Programme proposed by the EIB does not adequately reflect the Commission's/ EU's policy objectives, and priorities, and it is incoherent and/or the essential eligibility, selection and award criteria are not adequate to ensure the achievement of the EIAH's objectives. The budget foreseen overestimates the costs necessary to carry out the action</p>	<ol style="list-style-type: none"> 1. Consultation of Commission services on the draft Work Programme. 2. The EIAH Coordination Committee consisting of four members (two members appointed by the Commission and two by the EIB) reviews the work programme before adoption and monitors closely its implementation. 3. Hierarchical validation within the authorizing department of the draft Work Programme. 	<p>For each Specific Grant Agreement (SGA) to be signed with the EIB:</p> <ol style="list-style-type: none"> 1. The Commission's EFSI Inter-service Group including all relevant DGs is consulted on the draft work programme before the review of the Coordination Committee. 2. As set up in the EIAH's Framework Partnership Agreement (FPA), the Coordination Committee shall meet at least twice a year. <ol style="list-style-type: none"> (a) review and agree strategy and policy relating to the EIAH; (b) review, on a regular basis, progress on and implementation of the Work Programme of the EIAH; (c) consider and if appropriate, propose for inclusion in the Work Programme, the extension of existing programmes and/or creation of new services funded by the EIAH Budget or termination of such services. 3. The work programme is annexed to the Specific Grant Agreement. 	<p>Effectiveness: Control results: Avoid overlaps with other existing advisory initiatives Benefits: Fill in the identified gaps.</p> <p>Efficiency: Average time between the adoption of the Financing Decision and the signature of the Specific Grant Agreement [time to grant].</p> <p>Economy: Estimation of cost of staff involved in the preparation and validation of the annual Work Programme and in the adoption and contracting processes.</p>

⁴³ Results are provided under Annex 7.

Stage 2: Monitoring the execution

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 and 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	Coverage, frequency and depth of controls	Cost- Effectiveness indicators (three E's)⁴⁴ Effectiveness Efficiency Economy
<p>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 the amounts that are due in accordance with the applicable contractual and regulatory provisions.</p>	<ol style="list-style-type: none"> 1. The EIB has to provide periodically technical reports with detailed information on the EIAH activity and its technical assistance assignments. Moreover, the financial statements to be provided will contain detailed information on EIB's expenses and revenues in a given period. 2. Oversight of the Coordination Committee (CC). 3. Tracking the EIAH activity by the Commission staff. 4. Based on the above reporting, the staff will conduct operational and financial checks before payment is authorised. 5. For cases where issues are discovered, the Commission could apply a suspension/interruption of payments. 	<ol style="list-style-type: none"> 1. As per Article 6 of the FPA, the EIB shall provide the EU with: <ol style="list-style-type: none"> (a) a half-yearly technical report (its frequency can be reviewed by the Coordination Committee). (b) a financial statement drawn up in accordance with the structure of the estimated budget. (c) no later than six months after the end of each year: (i) an annual audited financial statement; and (ii) an annual technical report. 2. The CC oversight is mainly exercised during the periodic CC meetings. 3. The Com-mission staff tracks EIAH's activity on an ongoing basis. 	<p>Effectiveness: Control results: - Number of projects that received EIAH's support.</p> <p>- Number of control failures; budget amount of the errors concerned.</p> <p>- Number of projects with cost claim errors; budget amount of the cost items rejected.</p> <p>Benefits: Value of the costs claimed by the beneficiary, but rejected by the project officers.</p> <p>Efficiency: Time to payment</p> <p>Economy: Estimation of cost of staff involved in the actual monitoring of the execution.</p>

⁴⁴ Results are provided under Annex 7

Stage 3: Review, audits and monitoring

Main control objectives: Detecting and correcting any error or fraud remaining undetected after the implementation of ex-ante controls (legality and regularity; anti-fraud strategy); Addressing systemic weaknesses in the ex-ante controls, based on the analysis of the findings (sound financial management)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)⁴⁵ Effectiveness Efficiency Economy
<p>The ex-ante controls fail to prevent, detect and correct erroneous payments or attempted fraud. Processes are weak or not working as designed. Poor adequacy of the system. EU accounting rules are not respected (especially relevant if other institutions, e.g. National Promotional Banks, will be contracted to deliver decentralised advisory services under the EIAH's umbrella).</p>	<p>1. Monitoring strategy: On an annual basis, an ex-ante verification (e.g. monitoring visit) will be conducted at the EIB. An on-site monitoring visit will also be done at the beneficiaries level annually, if needed. 2. Within three years from entry into force of the EFSI Regulation, the EU will conduct an independent mid-term evaluation of the functioning of EIAH. In 2017 the evaluation of the application of the EFSI Regulation 2015/1017 was launched and its results were published in June 2018⁴⁶. The evaluation assessed the relevance, efficiency and effectiveness of the European Fund for Strategic Investments, the European Investment Project Portal and the European Investment Advisory Hub.</p>	<p>1. During the monitoring visits done on a yearly basis for the EIB and, if needed, more often for the TA beneficiaries, the Commission staff will check for a number of projects / TA assignments chosen randomly from the following documentation:</p> <ul style="list-style-type: none"> • the initial contacts with the beneficiary • the formal document defining the Terms of Reference/ the assignment; • the TA deliverables <p>2. As per Article 6(3) of the FPA.</p>	<p>Effectiveness: Control results: - Number of projects with errors. - Number of ex-ante control failures. Amount of budget of errors concerned. Action plans established following the ECA/ex-post control recommendations; number of recommendations agreed in the Action Plan, implemented or addressed. Benefits: Budget value of the errors detected by the staff.</p> <p>Efficiency: N/A</p> <p>Economy: Estimation of cost of staff involved in the monitoring visits and mission costs. Average annual cost of external evaluation compared with amounts being audited and evaluated.</p>

RCS 9: InvestEU Advisory Hub / Indirect entrusted management

Background and purpose: Annex 7

Stage 1: Preparation and signature of the Advisory Agreements

⁴⁵ Results are provided under Annex 7

⁴⁶ https://commission.europa.eu/content/evaluation-reports-economic-and-financial-affairs-policies-and-spending-activities/independent-evaluation-european-fund-strategic-investments-european-investment-advisory-hub-and_en

Main control objectives:

Ensuring that the Commission selects the proposals for advisory support that contribute the most towards the achievement of the programme objectives and that the actions and funds allocation is optimal (best value for public money; effectiveness, economy, efficiency); Compliance (legality and regularity).

<p>Main risks It may happen (again) that...</p>	<p>Mitigating controls</p>	<p>Coverage, frequency and depth of controls</p>	<p>Cost-Effectiveness indicators (three E's)⁴⁷ Effectiveness Efficiency Economy</p>
<p>The Advisory initiatives proposed by the Advisory Partners do not reflect adequately the Commission's/ EU's policy objectives, and priorities, and it is incoherent and/or the essential eligibility, selection and award criteria are not adequate to ensure the achievement of the InvestEU Advisory Hub objectives. The budget foreseen overestimates the costs necessary to carry out the action.</p>	<p>1. Consultation of Commission services on the draft Advisory Initiatives.</p> <p>2. The InvestEU Advisory Hub Coordination Committee (CC) under the Advisory Agreement (AA) with the EIB consisting of four permanent members (two members appointed by the Commission and two by the EIB) reviews and monitors closely the implementation of the AA.</p> <p>3. For other Advisory Partners under the InvestEU Advisory Hub, the policy dialogues review and monitor closely the implementation of AAs.</p>	<p>For each AA to be signed with the Advisory Partner:</p> <p>1. The Commission's relevant DGs involved in InvestEU Advisory Hub are consulted on the Advisory Initiatives before the signature of AAs with the corresponding Advisory Partners.</p> <p>2. The relevant governing bodies of the different Advisory Agreements shall meet at least once a year and more frequently under the policy dialogues of the AA with the EIB to:</p> <p>(a) review and provide guidance and recommendations on any changes sought to the Operational Guidelines for any Advisory Initiative;</p> <p>(b) review, on a regular basis, progress on and implementation of the InvestEU Advisory Hub;</p> <p>3. The Advisory Initiatives are annexed to corresponding the</p>	<p>Effectiveness: Control results: Avoid overlaps with other existing Advisory Initiatives Benefits: Fill in the identified gaps.</p> <p>Efficiency: Average time between the signature of the Advisory Agreement and start of actual implementation of the Advisory Initiatives.</p> <p>Economy: Estimation of cost of staff involved in the preparation and validation of the Advisory Initiatives and in the adoption and contracting processes.</p>

⁴⁷ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)⁴⁷ Effectiveness Efficiency Economy
		Advisory Agreements.	

Stage 2: Monitoring the execution

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 (sound financial management, legality and 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	Coverage, frequency and depth of controls	Cost- Effectiveness indicators (three E's)⁴⁸ Effectiveness Efficiency Economy
<p>The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the agreement and/or the amounts paid exceed the amounts that are due in accordance with the applicable contractual and regulatory provisions.</p>	<ol style="list-style-type: none"> 1. The Advisory Partner has to provide periodically technical reports with detailed information on the Advisory Initiatives and underlying assignments. Moreover, the financial statements to be provided will contain detailed information on the Advisory Partner's expenses and revenues in a given period. 2. Oversight of the Coordination Committee (CC). 3. Tracking the InvestEU Advisory Hub activity by the Commission staff. 4. Based on the above reporting, the staff will conduct operational and financial checks before payment is authorised. 5. For cases where issues are discovered, the 	<ol style="list-style-type: none"> 1. As per the EIB Advisory Agreement Article 13, including Annex 4 and 5 and Article 4 for other Advisory Partners, they will have to provide the following reports, the deadlines for which may differ on a case-by-case basis and will be specified in the respective Advisory Agreements: <ul style="list-style-type: none"> (a) an Annual technical report, including a Financial report (Unstructured). (b) an Annual technical report (Structured). (c) a Semi-annual technical report (Structured). (d) Monthly Request and Assignment update (Structured). (c) Success stories on ad-hoc basis (Unstructured). 2. The CC oversight is 	<p>Effectiveness: Control results: - Number of projects that received InvestEU Advisory Hub support. - Number of control failures; budget amount of the errors concerned. - Number of projects with cost claim errors; budget amount of the cost items rejected. Benefits: Value of the costs claimed by the Advisory Partner, but rejected by the project officers.</p> <p>Efficiency: Time to payment</p> <p>Economy: Estimation of cost</p>

⁴⁸ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost- Effectiveness indicators (three E's) ⁴⁸ Effectiveness Efficiency Economy
	Commission could apply a suspension/ interruption of payments.	mainly exercised during the periodic CC meetings. 3. The Commission staff tracks the InvestEU Advisory Hub activity on an ongoing basis.	of staff involved in the actual monitoring of the execution.

Stage 3: Review, audits and monitoring

Main control objectives: Detecting and correcting any error or fraud remaining undetected after the implementation of ex-ante controls (legality and regularity; anti-fraud strategy); Addressing systemic weaknesses in the ex-ante controls, based on the analysis of the findings (sound financial management)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's) ⁴⁹ Effectiveness Efficiency Economy
The ex-ante controls fail to prevent, detect and correct erroneous payments or attempted fraud. Processes are weak or not working as designed. Poor adequacy of the system. EU accounting rules are not respected (especially relevant if other institutions, e.g. National Promotional Banks, will be contracted to deliver decentralised advisory services under the InvestEU Advisory Hub umbrella).	1. Monitoring strategy: On an annual basis, an ex-ante verification (e.g. monitoring visit) will be conducted at the Advisory Partner. An on-site monitoring visit will also be done at the beneficiaries level annually, if needed. 2. By 30 September 2024 the EU will conduct an independent mid-term evaluation of the functioning of InvestEU Programme.	During the monitoring visits done on a yearly basis for the Advisory Partner and, if needed, more often for the advisory support beneficiaries, the Commission staff will check for a number of projects / advisory assignments chosen randomly from the following documentation: <ul style="list-style-type: none"> • the initial contacts with the beneficiary • the formal document defining the Terms of Reference/ the assignment; • the assignment deliverables 	Effectiveness: Control results: - Number of projects with errors. - Number of ex-ante control failures. Amount of budget of errors concerned. Action plans established following the ECA/ex-post control recommendations; number of recommendations agreed in the Action Plan, implemented or addressed. Benefits: Budget value of the errors detected by the staff. Efficiency: N/A Economy: Estimation of cost of staff involved in

⁴⁹ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)⁴⁹ Effectiveness Efficiency Economy
			the monitoring visits and mission costs. Average annual cost of external evaluation compared with amounts being audited and evaluated.

RCS 10: EU Guarantee under the InvestEU Fund / budgetary guarantee indirect management

Stage 1: Negotiating agreements with implementing Partners, Guarantee Agreement with the EIB and EIF, subsequently with other Implementing Partners, on the management and implementation of the InvestEU Guarantee

Main control objectives: Ensuring that the legal framework for the management of the InvestEU is fully compliant and regular (legality and regularity)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)⁵⁰ Effectiveness Efficiency Economy
The Guarantee Agreement with the EIB, EIF and subsequently other Implementing Partners on the management of the InvestEU Guarantee on the granting of the EU Guarantee does not respect provisions set out in the Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017	Consultation and involvement of relevant Commission Services in the negotiations and in the amendments to the Guarantee Agreements, including DG BUDG and the Legal Service.	Each Guarantee Agreement is submitted to Inter-Service Consultation and approved through a Commission Decision before signature.	Effectiveness: Control results: full respect of provisions set out in the InvestEU Regulation. Efficiency: N/A Economy: Estimate of cost of staff involved.

⁵⁰ Results are provided under Annex 7

Stage 2: Monitoring of the implementation

Main control objectives: Detecting and correcting any error or fraud remaining undetected after the implementation of ex-ante controls (legality and regularity; anti-fraud strategy). Addressing systemic weaknesses in the ex-ante controls, based on the analysis of the findings (sound financial management). Monitoring of appropriate conduct (eligibility, amounts, regulatory compliance...) and accounting of the operations (including reliability of financial reporting, safeguarding of assets and information and monitoring).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's) ⁵¹ Effectiveness Efficiency Economy
The operational and financial management of the InvestEU Fund is not sound.	<p>DG ECFIN performs a review of the relevant operational, risk and financial reports, audit reports, etc. received from the EIB Group and the other Implementing Partners using as a supporting IT tool the InvestEU Management Information System (MIS) (under development as at writing date). This is complemented by the monitoring framework described under Stage 3 below.</p> <p>The ex-post control function in DG ECFIN could also perform controls.</p>	<p>The EIB Group and the other Implementing Partners provide semi-annual and annual operational reports, progress reports, semi-annual/ quarterly risk reports, semi-annual / quarterly claims forms and annual financial reporting.</p> <p>In addition, the Commission is in continuous contact with Implementing Partners (at least one policy dialogue per year and via meetings of InvestEU governing bodies), to steer the implementation of InvestEU and discuss any issues that emerge and require attention.</p>	<p>Effectiveness: Control results: review and identification of possible errors in implementation and in reporting.</p> <p>Benefits: Assuring compliance of the implementation with the provisions foreseen in the Legal Basis Ensuring sound operational and financial management of the Facility.</p> <p>Efficiency: Timely use of budget available within the availability period.</p> <p>Economy: Estimate of cost of staff involved.</p>

Stage 3: Monitoring, evaluations and audits

Main control objectives: Monitoring of reporting and appropriate accounting of the operations (reliability of financial reporting, safeguarding of assets and information). Assurance building information on the EIB Group (and other Implementing Partners) control and monitoring activities (fraud/error prevention and detection).

Detecting and correcting any error or fraud remaining undetected after the implementation of ex-ante controls (legality and regularity; anti-fraud strategy). Addressing systemic weaknesses in the ex-ante controls, based on the analysis of the findings (sound financial management). Monitoring of appropriate conduct (eligibility, amounts, regulatory compliance...) and accounting of the operations (including reliability of financial reporting, safeguarding of assets and information and monitoring).

⁵¹ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's) ⁵² Effectiveness Efficiency Economy
<p>The ex-ante controls fail to prevent, detect and correct erroneous payments.</p> <p>Processes are weak or not working as designed.</p>	<p>Ex-ante verification of budgetary transactions.</p> <p>Monitoring done by ECFIN L4 according to its annual monitoring plan, in line with its procedures.</p> <p>Audit work is performed by ECFIN Internal Control, by the Commission's Internal Audit Service (IAS), the European Court of Auditors, DG BUDG and in the discharge procedure and feedback is provided by them. Recommendations made by these bodies are followed up systematically.</p>	<p>Monitoring of the guarantee calls received from the EIB Group and the other Implementing Partners.</p> <p>Monitoring plan of ECFIN L4.</p> <p>Frequency of controls is determined by the annual work plans of the IAS, DG BUDG and the ECA, hence, alongside the ECFIN L4 Monitoring plan:</p> <ul style="list-style-type: none"> • IAS audits. • Annual ECA audits. • Agreed upon procedure review by EIB Group's external auditors on key figures such as guaranteed amounts outstanding, guarantee calls, etc. 	<p>Effectiveness: Control results: review and identification of possible errors in the budgetary management of InvestEU Fund.</p> <p>Number of recommendations from the audit bodies (see under Mitigating controls) which have been followed up systematically.</p> <p>Benefits: corrections/improvement of processes or implementation.</p> <p>Budget value of the errors detected by the staff and the likelihood of material errors is minimized.</p> <p>Efficiency: N/A</p> <p>Economy: Estimate of cost of staff involved</p>

⁵² Results are provided under Annex 7

ANNEX 7: Specific annexes related to "financial management"

1. Free content:

A. Effectiveness of controls

Legality and regularity of the transactions

Error rates

The following table shows the estimated error rates DG ECFIN expects for various activities:

<i>For MFA grants: 0% - MFA grants are not grants in the usual sense with eligible costs, but a budget support mechanism to the countries included in basic acts.</i>
<i>For BCS, PERICLES, EIAH and HERO Pilot Project grants: 0%-2% - The range shows the minimum and maximum values of the estimated error rate.</i>
<i>For procurement and other administrative expenses: 0.5% - Controls aim at systematically detecting and preventing breaches of legality and regularity; the first measure of the error rate is therefore the one resulting from the analysis of the recording of exceptions: control overrides and non-compliant events. Analysis of those exceptions shows that the pre-set target of 0% or close to 0% was complied with. As a conservative estimate, 0.5% is used.</i>
<i>EFSI, InvestEU and EAGF MFA-loans compartments of the CPF: 0% - This percentage refers to the provisioning of the related compartments of the CPF.</i>
<i>Marguerite Fund (direct management): 0% - The percentage refers to the payments from the budget to the Fund for already signed commitments.</i>
<i>Enforced budgetary surveillance: 0% - The percentage refers to the payment to the European Stability Mechanism of fines already recovered and cashed.</i>
<i>Entrusted entities for financial instruments and InvestEU Advisory: 0%-2% - These percentages refer to payments at the level of the final beneficiaries. The range shows the minimum and maximum values of the estimated error rate.</i>
<i>Entrusted entities for grants under indirect management: 0%-2% - These percentages refer to payments at the level of the final beneficiaries. These entrusted entities are financial institutes/banks that strive for risk/loss below 1% to maintain access to financial markets at the most favourable conditions. The range therefore shows the minimum and maximum values of the estimated error rate.</i>

Benefits of controls

Unquantifiable benefits of DG ECFIN's controls by RCS follow below.

RCS 1: Recovery and Resilience Facility

The unquantifiable benefits of the RRF controls are

- that the RRFs comply with the legislation and that the internal control systems of the Member States provide sufficient reasonable assurance regarding the protection of the financial interests of the Union;

- that it is made sure that legality and regularity of each payment request and pre-financing payment is ensured;
- that ex-post controls detect issues related to the achievement of milestones and targets, related to the control systems of the Member States, or related to the protection of the financial interests of the Union.

RCS 2: Financial Instruments managed via international financial institutions (period 2007-2013) / indirect entrusted management

No material limit breaches were identified in the information reported by EIF. Third party audit certificates were issued in accordance with contractual arrangements in place. The 2021 Statements of Assurance letters for SMEG Facility under the Competitiveness and Innovation Framework Programme (2007–2013) and for GIF were received from the EIF in March and April 2022. End of March 2023, the EIF submitted the 2022 Statements of Assurance for GIF and SMEG07, both under the CIP (2007–2013), with no reservation.

There were no operations outside official procedures, no erroneous operations, no return to Trust Account linked to errors and no errors/discrepancies following the checks on the balance of the Trust Account.

Monitoring and supervision work revealed no material control issue. The 2022 monitoring plan covering both CIP SMEG 07 and EFSI operations, was fully carried out, with no material findings. The CIP-GIF monitoring framework has been closed as from 2019, so no monitoring nor visit to GIF intermediaries were planned in 2022.

There were no fraud cases reported to OLAF in 2022.

RCS 3: Grants under the European Local ENergy Assistance (ELENA) / Grants indirect entrusted management

No material limit breaches were identified in the information reported by EIB. There was no exception reporting. There were no operations outside official procedures, no erroneous operation, and no return to trust account linked to errors. The evaluation, supervision work, and desk reviews and monitoring activities performed internally in 2022 on operations and accounting practices found nothing to report. Finally, there were no known fraud cases in 2022. The Management Declaration of Assurance and the financial statements of 2022, audited by an external independent auditor, were received on 15 March 2023 and provide the external auditor confirmation that no further control enhancement is deemed necessary.

RCS 4: Marguerite Fund / direct management

Regular quarterly reporting in 2022 confirmed that the fund performs as expected. No material breach of the investment guidelines was observed.

The external auditor confirmed the accuracy and fair view of the financial statements of the Fund for 2021. The audited financial statements of the Marguerite Fund for the year

2022 will be submitted to the Commission in Q2 2023. In 2022, DG ECFIN did not identify any events, issues or problems that could have a material impact on the assurance.

RCS 5: EU Guarantee under the EFSI / indirect management

The reporting, monitoring, internal and external controls, and audits did not identify possible or confirmed fraud cases, corruption, or illegal activity.

In addition, an external auditor carries out annually an agreed-upon procedure on the EFSI financial reporting provided by the EIB Group. No findings were identified in the audit report for 2021 provided in March 2022 for the Infrastructure and Innovation Window. The audit report for 2021 for the SME Window provided in March 2022 included some findings, but these were duly explained by EIF. At the time of drafting of this Annual Activity Report the audit reports for 2022 for the SMEW had not yet been received from external independent auditors.

The process at EIB and EIF regarding EFSI guarantee calls was monitored by ECFIN in Q4 2022, with no major findings and a very minor recommendation on enhancing the identification details so as to achieve clearer understanding (i.e. name of the EFSI sub-window and product) in the correspondence related to the Portfolio Value Variation calls.

RCS 6: EFSI and InvestEU compartments of the Common Provisioning Fund (CPF) / direct management

In 2022 all financial operations complied with regulatory and contractual provisions and there were no errors during the financial process. The reporting, monitoring, internal and external controls, and audits did not identify possible or confirmed fraud cases, corruption, or illegal activity. The 2022 audited financial report of the CPF received in April 2023 with no reservation gave further assurance on the proper safeguarding of assets and information.

RCS 7: MFA

The purpose of controls is to maintain coherence with the existing financial circuit of DG ECFIN. The error rate is estimated to be 0% as the payment requests were duly supported by appropriate documentation. The reporting, compliance reviews, internal and external controls and audits did not identify possible or confirmed fraud cases, corruption, or illegal activity.

Unquantifiable benefits of the controls are to prevent situations in which insufficient budget would be available for to allow for new MFA operations or for ex-post evaluations and/or operational assessments, preventing errors from immature financial and control frameworks deployed by the beneficiary countries, making sure that MFA does adequately reflect the EU policy objectives or priorities and that MFA implementation is not delayed, and making sure that required conditions are implemented by the beneficiary countries.

RCS 8: Grants under the European Investment Advisory Hub / Grants direct management

The purpose of these controls is to avoid overlaps with other existing advisory initiatives and assess the value of costs claimed by the beneficiary. The error rate is estimated to be 0% as the payment requests were duly supported by appropriate documentation. The reporting, compliance reviews, internal and external controls and audits did not identify possible or confirmed fraud cases, corruption, or illegal activity.

RCS 9: InvestEU Advisory Hub / Indirect management

The purpose of the controls is to avoid overlaps with other existing Advisory Initiatives and assess the value of costs claimed by the beneficiary. The error rate is estimated to be 0% as the payment requests were duly supported by appropriate documentation. The reporting, compliance reviews, internal and external controls and audits did not identify possible or confirmed fraud cases, corruption or illegal activity.

RCS 10: EU Guarantee under the InvestEU Fund / indirect management

The reporting, monitoring, internal and external controls, and audits already executed in 2022 did not identify possible or confirmed fraud cases, corruption, or illegal activity. In addition, the external auditor of each Implementing Partner shall perform annually an audit on the InvestEU financial reporting provided by that Implementing Partner. The 2022 audited financial statements were submitted by mid-March 2023, with no reservation, by the EIB and EIF, which are the sole Implementing Partners with guaranteed signed operations as of 31 December 2022.

Following the entry into force of Regulation (EU, Euratom) 2018/1046 (the Financial Regulation), the Commission requested all entities to be entrusted with EU budget implementation to complete the complementary pillar assessments (ex ante checks on management and control systems) by 31/12/2021. Since April 2019, nine entities have approached DG ECFIN for a complementary pillar assessment with a view to participate in the InvestEU Programme. Seven of these complementary assessments have been finalised and approved. The pillar assessments of the remaining two entities are close to finalisation.

Ex-post controls

The findings from one non-RRF direct expenditure audit on grants for Business and Consumer Surveys also impact ex-ante in respect of the payment claims received by the AOSD for the 2022-2023 and 2023-2024 period. The draft report was transmitted to the managing AOSD end of 2022. The total grant amount included in the controls was EUR 462.345. The draft report recommends corrective action for future payment requests and a recovery of EUR 4.200.

Exceptions and non-compliance events

In 2022 DG ECFIN recorded 5 non-compliance events. Four of these related to the non-observation of Art 111 (2) FR “[...]The authorising officer responsible shall make a budgetary commitment before entering into a legal commitment with third parties [...]”.

A detailed analysis of each of these cases has been performed and submitted to the Director General, as per internal rules. As a mitigating measure to limit the risk of repeating similar mistakes in the future, a modification of the checklist has been introduced and also of the e-signatory in ARES.

The fifth non-compliance event is due to the fact that, in a low value procurement procedure, the mandatory use of PPMT⁵³ was not respected. At this stage this is considered a non-systemic mistake that does not require structural intervention.

No exception was recorded in 2022.

B. Financial Management of RCS and non-RCS Expenditure

A. Grants, procurements and administrative expenses

Macro-financial assistance (MFA)

Short description: MFA represents support to partner third countries in the form of medium and long term loans and/or grants, generally in the context of an IMF reform programme, each time based on an ad hoc Legislative Decision (usually co-decision by the European Parliament and Council under the ordinary legislative procedure). The grants are financed from the EU budget. The funds are not allocated to specific projects or spending categories and their final destination, unless otherwise specified, is left to the national authorities to decide. What follows is related to MFA grants, which are managed under direct management, whereas MFA loans are managed separately under off-budget operations.

Control system and conclusion: We faced no material control issue. We can conclude that there are no material control weaknesses affecting the assurance building in terms of the five internal control objectives – see further down for each objective.

⁵³ PPMT stands for Public Procurement Management Tool. It is the compulsory tool used for any procurement.

Control objectives

- Legality and regularity: The payment of the grant is subject to monitoring by us in close coordination with the EU Delegations and with the external stakeholders, like the IMF, of the implementation of the agreed conditionalities. The main feature of an MFA grant is that it is not a grant in the usual sense of the word with reimbursement of incurred costs. It is somewhat similar to a financial assistance or budget support mechanism, which will form part of the ways and means of the country to finance their expenses. Conditionalities are both political (e.g. the beneficiary respects effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and the respect of human rights is guaranteed) and economic (e.g. satisfactory track record in respect of the related credit arrangement by the IMF, as well as the implementation, within a certain timeframe, of a series of economic and financial reform measures agreed between the EU and the beneficiary country). Furthermore, the MFA grant amount and how to release it is described in the basic act. Therefore, the target error rate is 0% and the effective error rate for the MFA payment is 0% as well. Amounts may have to be repaid by the beneficiary, but not because of non-eligible costs. These amounts would have to be repaid in case of fraud, corruption, or illegal activity, but no known cases were reported in the past.

- Sound financial management: MFA's decisions and Memoranda of Understanding (MoU) lay down the economic policy and financial conditions agreed with the beneficiary. Guiding principles applied such as IMF programme (where necessary), form of the assistance, level of economic development, debt dynamic, complementarity and others provide an effective framework for the sound financial management of MFA's grants. Furthermore, each MFA operation is dependent on an ex-ante operational assessment providing reassurance on the soundness and reliability of the administrative and financial circuits of the country.

- Reliability of financial reporting: To ensure a true and fair view of the state of affairs, all payments are subject to a verification of their amounts and accounting classes. Horizontal accounting verification and reporting are also performed. All financial and budgetary statements are automatically generated by ABAC/SAP⁵⁴ for MFA's grants.

- Safeguarding of assets and information: The MoU and the Grant Agreement foresee detailed provisions regarding 1) regular checks by the beneficiary's authorities to prevent irregular use of financing provided by the EU as well as appropriate measures to prevent fraud, corruption or any other irregularities; 2) the authorisation to the Commission, including the OLAF, to carry out appropriate checks and inspections; and 3) early repayment clauses in case the borrower has engaged in any act of fraud, corruption or any other illegal activity detrimental to the financial interests of the EU.

- Cost-effectiveness indicators: The overall cost effectiveness of controls in 2022 on MFA expenses as measured by the proportion of overall costs of controls over the payments lead us to consider that the controls are sufficiently efficient and cost-effective.

It should be kept in mind that the costs of all stages are included but compared only to the payment stage amounts. The approach taken for MFA is to consider that transactions were subject at a given point in time to co-decision, a MoU and a grant agreement and that,

⁵⁴ Accrual Based Accounting (ABAC)

rather than comparing the costs associated to each stage, an aggregate indicator will be used. This aggregate indicator will therefore be the costs of controls irrespective as to whether these controls applied to the MoU, the grant agreement, commitments or payments; these costs would then be divided by the total payments made, as shown in table Y. Efficiency indicators in the form of legal time-limits consider the average time to sign MFA grant agreements.

DIRECT MANAGEMENT – MFA GRANTS - TIME-BASED EFFICIENCY INDICATORS				
N°	Type of expenditure or management mode or RCS	Stage	Efficiency indicators	Description
2	MFA grants	up to legal commitment	Average time to grant (Art. 194.2FR) N/A days ⁵⁵ (no new grant agreements in 2021)	Average time to sign agreements or to notify grant decisions (Art. 194.2FR)

Relevant Control System (RCS): 7

Business Consumer Surveys (BCS)

Short description: BCS grants are meant to support the collection of harmonised data and information on the state of the economies in the Member States and Candidate Countries.

Control system and conclusion: We faced no material control issue. We have longstanding relationships with the partners in the BCS programme. Based on past experience from ex-ante and ex-post controls, we can conclude that there are no material control weaknesses affecting the assurance building in terms of the five internal control objectives – see further down for each objective.

Control objectives

- Legality and regularity: Control has been strengthened in the area of ex-ante checks since 2021 with in-depth ex ante controls of the budget estimates of the grants.

Since the new framework partnership agreement is in place since May 2021, the estimated costs (administrative and staff costs) must be calculated based on a reference year, thus allowing for the tracing of expenses in partners' accounting systems. Moreover, the staff costs must be calculated based on unit costs per category of staff, increasing the efficiency of ex-ante checks. Comprehensive guidelines on how to prepare the budget per cost item are made available to partners. To ensure that the partners follow the guidelines, they are asked to sign a declaration which details, in the form of a check-list, the calculation methodology for staff and administrative costs. Costs deemed excessive or deviating from past figures for individual budget items and profiles are investigated further. This control set-up has proven to be very cost-effective in avoiding budgetary overestimation.

Partners are requested to provide and explain in detail their method to calculate staff costs (staff in a broad sense i.e. including human resources which are possibly listed under

⁵⁵ Delay between the dates of the signature by the agreements' parties. The grant agreement entered into force following its ratification.

another heading than staff costs) and administrative costs. For all costs, partners are requested to explain the calculation methodology for the apportionment of costs to the BCS action, which is then checked during the ex-ante verification of the budgets. This very thorough ex-ante analysis is complemented on a case-by-case basis by on-the-spot visits to partner institutes, with a view to coaching the partners on the financial provisions of our contracts and increasing the assurance derived from the verification of budgets and the processing of grant claims. Two on-site ex-ante control visits to partner institutes were carried out in 2022, accounting for around 10% of the total BCS grants.

The target residual error rate is 2% of the payments. The ex-ante checks when processing the requests for final payments for the 2021/22 grants were applied to all grants and showed that the previously (under FPA 2015-2021) applied methodology for recognising eligible costs, the staff costs structures and other relevant items were acceptable and that corrections brought (an indicator of potential error rate) were within the 2%. In addition, almost half of the amounts paid are pre-financing payments where the error rate is zero. On this basis and even if the 2% threshold cannot be fully demonstrated through a representative sample of audited transactions, a maximum of 2% is nevertheless the best estimate of the error rate.

- Sound financial management: The 3E's (effectiveness, efficiency and economy) are largely included in the calls for proposals, not only at the level of the award criteria (e.g. the methodology and the efficient use of resources), but also by deciding to only accept estimations based on a reference year which make them easily comparable with past figures.; to include new reporting requirements from the partners to assess achieved results and performance. Already since 2014/15 depreciation costs, costs connected with the purchase of new or second-hand equipment recorded as an asset in the beneficiary's accounting system, financial leasing of equipment and travel costs linked to the annual business and consumer survey workshop are no longer eligible as direct costs.

- Reliability of financial reporting: To ensure a true and fair view of the state of affairs, all payments are subject to a verification of their amounts and accounting classes. Horizontal accounting verification and reporting are also performed. All financial and budgetary statements are automatically generated by ABAC/SAP.

- Safeguarding of assets and information: The pre-financing payments which remain to be cleared show as assets on our balance sheet. Safeguarding is achieved through two main means: the financial capacity of the partner is assessed before entering into a framework partnership with them and throughout the year the operational unit regularly monitors whether data is delivered on time. In case of late or non-delivery of data, a pro-rata cut of the maximum amount of the grant is applied. Since 2016, a final technical report has to be filled in by the beneficiaries at the end of the action period. This report has to be accompanied by copies of the questionnaire(s) used during the grant period together with any written instructions to the respondents, a confirmation of punctual data delivery and an overview of the sample size (effective, i.e. in terms of completed interviews) over the action's duration.

- Fraud prevention and detection: In line with the established charter of ex-post control activities and the 2022 risk-analysis based ex-post control work programme, one ex-post control was executed in 2022.

Cost-efficiency indicators

The overall cost effectiveness of controls in 2022 on BCS expenses as measured by the proportion of overall costs of controls over the payments lead us to consider that the controls are sufficiently efficient and cost-effective. Compared to 2021, the FTE for control slightly dropped from 3,13 to 3,05 FTE.

It should be kept in mind that the costs of all stages are included (even filing and archiving) but compared only to the payment stage amounts. The approach taken for direct management is to consider that transactions were subject at a given point in time to a procurement or grant procedure and that rather than comparing the costs associated to the call for tenders/proposals with the amount of these calls, an aggregate indicator will be used. This aggregate indicator will therefore be the costs of controls irrespective as to whether for a call, a contract, a commitment, a payment; these costs are then divided by the total payments made as shown in the table below. Furthermore, efficiency indicators show that legal time-limits were complied with.

Direct Management - BCS				
N°	Type of expenditure or management mode or RCS	Stage	Indicators (annual indicators) per type of entrusted entity (FI, executive agency...)	Description
1	BCS	overall indicator	Full cost 8,72% (0,411MEUR / 4,7MEUR)	3,05 FTE (FIA / FVA / OVA / OIA / deliverables quality control / ex-post control)

Direct Management - BCS				
N°	Type of expenditure or management mode or RCS	Stage	Efficiency indicators	Description
1	BCS grants	up to legal commitment	average time to inform applicants of the outcome of the evaluation of the application (Art. 128.2FR) FPA's 177 days SGA's 36.52 days	average time to inform applicants of the outcome of the evaluation of the application (Art. 194.2 FR)
2	BCS grants	up to legal commitment	Average time to grant (Art. 128.2FR) FPA's 16.58 days SGA's 6.90 days	average time to sign agreements or to notify grant decisions (Art. 194.2FR)

RCS: N/A

Pericles Programme

Short description: Pericles grants provide funds to prevent currency counterfeiting through

staff exchanges, seminars, trainings, and studies for professionals involved in preventing and combating euro counterfeiting.

Control system and conclusion: We faced no material control issue. We can conclude that there are no material control weaknesses affecting the assurance building in terms of the five internal control objectives – see further down for each objective.

Control objectives

- Legality and regularity: An efficient control approach is applied including ex-ante and ex-post checks:

- In 2017, the method of calculation of subsistence costs was simplified by introducing a unit daily allowance cost that corresponds to the daily subsistence allowance (per diem) fixed by the Commission.

- In 2021, the eGrants system was applied for the first time to Pericles in order to further simplify the granting procedures.

- Reinforced ex-ante controls of the grant application budget estimates are in place. At the budget submission stage, staff costs are standardised using pre-defined staff categories and instructions on how to calculate the daily rates. Staff costs and sub-contracting costs as well as travel costs deemed excessive or deviating from past figures for similar projects are queried.

- Beneficiaries are requested to provide the apportionment of costs to the Pericles action during the ex-ante verification of the estimated budgets. Also explanations regarding staff cost calculations, ex-post, is complemented on a case-by-case basis clarification through email/telephone contacts. The target residual error rate is below the maximum 2% of the payments. The ex-ante checks when processing the requests or final payments for grants were applied to all grants and showed that the applied methodology by partners for recognising eligible costs, the staff costs structures and other relevant items were acceptable and that corrections were within 1% representing the best estimate of the error rate.

- Sound financial management: The 3E's (effectiveness, efficiency and economy) are largely included in the calls for proposals, not only at the level of the award criteria (e.g. the methodology and the efficient use of resources), reporting requirements from the beneficiaries allow a streamlined assessment of the achieved results; participation by Commission staff in the conference/trainings and workshops attests to project implementation and performance of the beneficiaries; exclusion of depreciation costs as direct eligible costs (it falls under the flat rate for indirect costs).

- Reliability of financial reporting: To ensure a true and fair view of the state of affairs, all payments are subject to a verification of their amounts. Horizontal accounting verification and reporting are also performed.

- Safeguarding of assets and information: The pre-financing payments which remain to be cleared show as assets on our balance sheet. Safeguarding is achieved through two main means: the financial capacity of the potential beneficiary is assured since all applicants are selected from a closed group of public bodies and throughout the year the operational unit

regularly monitors whether deliverables are received on time.

- Fraud prevention and detection: The participation of Commission representatives in the events carried out by beneficiaries as well as in those directly organised by ECFIN ensures a proper implementation of the actions.

- Cost-effectiveness indicators: The overall cost effectiveness of controls in 2022 on Pericles expenses is measured by the proportion of overall costs of controls over the payments. This leads us to consider that although the control costs ratio is above the average the implementation is sufficiently efficient and cost-effective.

- The responsible unit is also an active business unit whose activities are intertwined with the implementation of the Pericles actions carried out by Members States and competent national authorities. This is accomplished through the discussion and coordination of MS' Experts Group as well as through the attendance in all events/ workshops/ trainings organised by beneficiaries. Preliminary discussions guarantee the high quality of the outputs to be used for the work of the unit.

The participation, either physical or virtual, of ECFIN staff in all events mainly relates to its activities as a business unit (chairing, delivering presentations, leading workshops, co-drafting conclusions and consequent use of the outputs) and, at the same time, gives the opportunity to monitor and evaluate on the spot the quality of all actions implemented (max. 15% of the time spent on the spot). In the same context, it might be the case for ECFIN to also welcome participants of Pericles staff exchanges on its premises. These tasks account for a significant amount of time for the unit, most of them are policy related.

- Pericles has a relatively small budget, whose implementation and controls are not proportional to the relative low grants awarded, in a similar vein, due to its low budget, the programme cannot benefit from economies of scale.
- The programme is carried out through one call for proposal, having two deadlines; therefore, two award procedures are managed each year.

It should be kept in mind that the costs of all stages are included (even filing and archiving) but compared only to the payment stage amounts. The approach taken for direct management is to consider that transactions were subject at a given point in time to a procurement or grant procedure and that rather than comparing the costs associated to the call for tenders/proposals with the amount of these calls, an aggregate indicator will be used.

This aggregate indicator will therefore be the costs of controls irrespective as to whether for a call, a contract, a commitment, and a payment; with these costs then divided by the total payments made as shown in the table below. Furthermore, efficiency indicators show that legal time-limits were complied with.

Direct Management – PERICLES				
N°	Type of expenditure or management mode or RCS	Stage	Annual indicator	Description
1	Pericles	overall indicator	Full cost 79% (EUR 0,205 million / EUR 0,259 million)	1,46 FTE (FIA/FVA/OVA/OIA and quality control)

Direct Management – PERICLES				
N°	Type of expenditure or management mode or RCS	Stage	Efficiency indicators	Description
1	Pericles grants	up to legal commitment	Average time to inform applicants of the outcome of the evaluation of the application (Art. 128.2FR) 61 calendar days	Average time to inform applicants of the outcome of the evaluation of the application (Art. 194.2 FR)
2	Pericles grants	up to legal commitment	Average time to grant (Art. 128.2FR) 42 calendar days	Average time to sign agreements or to notify grant decisions (Art. 194.2 FR)

RCS: N/A

Pilot project - Model social impact approaches to social housing and empowerment of Roma: testing the use of innovative financial instruments for better social outcomes

Short description: HERO is a pilot project funded by the European Parliament, which is implemented by the European Commission (EC) and the Council of Europe Development Bank (CEB).

This project aims at testing an innovative social investment model addressing the socio-economic exclusion of disadvantaged people, such as marginalised Roma.

The social investment model consists in measures supporting access to housing and access to employment/income, combining microloans for self-construction of housing and training/mentoring for life and work skills.

HERO targets marginalised Roma families who typically reside in unregulated/illegal settlements in the outskirts and face adversity in access to income and gainful employment opportunities, and to other inclusion opportunities.

The grant agreement between ECFIN and CEB was signed in March 2021. Local implementation in selected municipalities in Bulgaria, Romania and Slovakia will run 2022-2024, with a view to develop a model scalable across Europe.

Control system and conclusion: The management and control system for the project entails

a Steering Board for the pilot, composed of the Commission (DGs ECFIN and EMPL), CEB and local implementing teams, meeting regularly (on quarterly basis) to report on, revise and guide project implementation towards the agreed outcomes.

The Commission and ECFIN in particular have been closely involved with CEB pilot management team, holding regular (monthly) technical meetings and providing direct support and oversight to activities and contracting of local teams and service providers.

The first progress report, concerning April 1, 2021 – March 31, 2022 was submitted in July 2022. The report noted that there was limited interest from banks and financial intermediaries to apply for grants to support the Roma community in Bulgaria and Romania. The lack of interest from potential partners delayed the signature of Grant Agreements in Bulgaria and Romania, which has impacted the disbursement of the first pre-payment done to CEB in December 2021.

Due to the reasons described above, a second payment was done for the amount of EUR 71,083.21 in November 2022 (instead of EUR 800,000.00, as 70% of the pre-payment was not consumed). The remaining amount of EUR 728,916.79 (EUR 800,000.00 - EUR 71,083.21) will be transferred to CEB in 2023, once 70% of the first pre-payment and the second payment has been consumed. CEB has produced a forecast of payments for the last months of 2022 and 2023 and is providing monthly updates on the project disbursements.

Control objectives

- Legality and regularity: As per the signed agreement, CEB submitted the first progress report in July 2022. Due to the delays in the project implementation, CEB was required to produce a forecast of payments for the last months of 2022 and 2023 and is providing monthly updates on the project disbursements to guarantee a sound project implementation.

- Sound financial management: The second payment was realised in November 2022, in accordance with Article I.5.2 of the 2021 Agreement. EU resources in the amount of EUR 71,083.21 (instead of the estimated payment of EUR 800,000.00, as 70% of the pre-payment was not consumed) were transferred to the Council of Europe Development Bank to ensure the continuation of the local implementation of the pilot. The monthly follow-up of payments is significantly improving the project expenditure (with EUR 395,534.69 disbursed in December 2022 – the highest amount disbursed in a month since the beginning of the project implementation).

- Reliability of financial reporting: To ensure a true and fair view of the state of affairs, all payments are subject to a verification of their amounts and accounting classes. Horizontal accounting verification and monthly reporting are also performed.

- Safeguarding of assets and information: For the third pre-financing payments in spring 2023, CEB is expected to provide a second progress report on the implemented activities. CEB will keep providing accountability/detailed financial expenditure reports, evidencing proper management of resources on their behalf, as well as a summary final report on the implementation of the action at the end of the project.

- *Fraud prevention and detection*: The reporting, compliance reviews, internal and external controls and audits did not identify possible or confirmed fraud cases.

- *Cost-effectiveness indicators*: The overall cost effectiveness of controls in 2022 on the Pilot project HERO, as measured by the proportion of overall cost of control and the paid funds, confirm that the controls are sufficiently efficient and cost-effective.

Direct Management – Pilot project HERO				
N°	Type of expenditure or management mode or RCS	Stage	Annual indicator	Description
1	Pilot project HERO	overall indicator	Overall supervision costs/total payments made in 2022 ⁵⁶ 65,4% (EUR 46.557 / EUR 71.083,21)	0.26 FTE (FIA/FVA/OVA/OIA and quality control)
2	Pilot project HERO	up to legal commitment	Time to inform: 0 days Time to sign GA: 0 days	Average time to inform applicants of the out-come of the evaluation of the application and average time to sign agreements or to notify grant decisions (Art. 194.2 FR)

RCS: N/A

European Investment Advisory Hub (EIAH)

Short description:

2022 was the seventh complete year of activity for the EIAH. The EIAH offers a single point of entry to a comprehensive offer of advisory and technical assistance for project promoters, to help ensure that good ideas can be turned into viable projects that result into extra financing reaching the real economy. In doing so, the EIAH helps to strengthen Europe's investment and business environment. The EIAH provides strengthened support for project development and preparation across the Union, by building on the expertise of the Commission, the EIB, national promotional banks or institutions and the managing authorities of the EFSI. For the purposes of implementing the EIAH, specific grants may be awarded to the EIB annually on the basis of a request including the proposed work programme for the subsequent year and estimated budget to be submitted by the EIB. The work programme contains, inter alia, an indication of the type of advisory services that will be available in a given period and the allocated resources. In December 2020, the sixth and last Specific Grant Agreement (SGA) for the year 2020 was signed between the EU and the EIB and established the total EIAH grant of EUR 17.821.205 million. The implementation period of EIAH's budget for 2018 was extended until 31 December 2021, the EIAH's budget for 2019 was extended until 31 December 2022 and the EIAH's budget

⁵⁶ The basis of calculation was changed from the total managed funds to the total payments made during the year to be in line with the reporting reasoning applied to other programmes in the DG.

for 2020 was extended until 31 December 2023. Moreover, the SGA for 2016 was amended to expand the implementation period for the third parties' financial supported activities until 31 December 2022. As of December 2022, the total cumulative amount of payments managed under the European Investment Advisory Hub was EUR 87.882.669.

Control system and conclusion:

As of end 2022, there were more than 2700 requests for EIAH support received from all Member States. Only 64% of the requests were for technical assistance and/or for financial advisory. During the year, EIAH continued to developing its presence and network, reinforcing its activities to better address EFSI 2.0 priorities and the European Green Deal, and following up the Call for proposal targeting NPBIs. EIAH has engaged in strategic guidance and technical support in relation to 1/3 of requests received. The Commission received one annual technical and financial report and two semi-annual technical reports (H2 2021 and H1 2022).

A subsequent pre financing of EUR 591.518,00 under the 2016 SGA and a subsequent pre financing of EUR 4.015.834,60 under the 2020 SGA were carried out. We can conclude that there are no material control weaknesses affecting the assurance building in terms of the five internal control objectives – (see further down for each objective).

Control objectives

- Legality and regularity: (cf RCS 8, stages 1, 2 and 3): The best estimate of the error rate is 0% given that the payment requests were supported by documents, including audited financial statement.
- Sound financial management: (cf RCS 8, stages 1, 2 and 3): The existing mechanisms and processes were adequate to the functioning of the EIAH.
- Reliability of financial reporting: (cf RCS 8, stage 2): To ensure a true and fair view of the state of affairs, all payments are subject to a verification of their amounts and accounting classes. Horizontal accounting verification and reporting are also performed.
- Safeguarding of assets and information: (cf RCS 8, stage 2): The pre-financing payments which remain to be cleared show as assets on our balance sheet.
- Fraud prevention and detection: (cf RCS 8, stages 2 and 3): The reporting, compliance reviews, internal and external controls and audits did not identify possible or confirmed fraud cases.

Cost-effectiveness indicators

The overall cost- and time-effectiveness of controls on Grants under the EIAH in 2022, as measured by the proportion of overall cost of control (based on the FTEs involved) over total expenditure and by the average time to sign, lead us to consider that the controls are

sufficiently efficient and cost-effective. The periods specified in Article 128.2 of the Financial Regulation⁵⁷ were fully complied with.

DIRECT MANAGEMENT – EIAH GRANTS - TIME-BASED EFFICIENCY INDICATORS				
N°	Type of expenditure or management mode or ICS	Stage	Efficiency indicators	Description
1	Grants under the European Investment Advisory Hub	up to legal commitment	Average time to inform: SGA 0 ⁵⁸ day Average time to sign ⁵⁹ : SGA 0 ⁶⁰ day	Average time to inform and to sign the Specific Grant Agreement (Art. 194.2 FR)

Relevant Control System (RCS): 8

Procurement and other administrative expenses

Short description: The other direct management expenditures are comprised of expenses against the global envelope, evaluations, communication activities and EMU-related expenses such as dedicated IT systems, rating contracts, etc.

Control system and conclusion: We faced no material control issue. All expenses are regulated by procurement rules or staff expenditures and most are of small or very small amounts. We can conclude that there are no material control weaknesses affecting the assurance building in terms of the five internal control objectives – see further down for each objective.

Control objectives

- *Legality and regularity:* The pre-set target of materiality is 0%, however as a conservative estimate, 0,5% is considered. In other words, controls aim at systematically detecting and preventing breaches of legality and regularity. Having well-trained, highly-skilled and competent staff performing these tasks in a central financial unit, coupled with adequate instructions and procedures provide the required reasonable assurance in that respect. Validation of financial transactions is documented by detailed check-lists showing the controls carried out and control material is available.

The error rate is assessed by analysis of the exceptions and non-compliance events (ex-ante controls) complemented, if necessary, by ex-post controls and audits.

On the basis of the exceptions register, we can conclude that the target of 0% or very close to 0% of error rate has been met.

⁵⁷ Art. 128.2 FR: A maximum of six months for informing all applicants and a maximum of three months for signing grant agreements with applicants.

⁵⁸ The last amendment of an SGA was made in 2021.

⁵⁹ The indicators for the average times to inform and sign are unchanged in 2021 compared to 2020 as the last Specific Grant Agreement (SGA) was signed in December 2020. The amendments to SGAs that happened in 2021 are not to be considered in the calculation of the average times to inform and sign as per Art. 194.2 FR.

⁶⁰ The last amendment of an SGA was made in 2021.

- Sound financial management: This is essentially achieved through the adequate selection of contractors through competition and the use of relevant selection and award criteria (and where necessary relevant deliverables). This is complemented by the monitoring of the implementation of the projects and the related deliverables by the operational units. In addition, requests to spend funds are screened before the start of the budget year by an independent committee to assess their (policy-) relevance, usefulness and cost-effectiveness (ACUR).

- Reliability of financial reporting: To ensure a true and fair view of the state of affairs, all payments are subject to a verification of their amounts and accounting classes. Furthermore, horizontal accounting verification and reporting are performed quarterly. All financial and budgetary statements are automatically generated by ABAC/SAP.

- Safeguarding of assets and information: No local system is used to store financial information, only DG Budget's IT systems.

- Fraud prevention and detection: No dedicated action: no specific fraud items are listed on the checklists and the "certified correct" is accepted if delivered by appointed OIA's. It should be pointed out that not all transactions lend themselves to physical evidence of adequate delivery, which restricts the usefulness of the supporting evidence requested from the operational unit in that respect.

Cost-efficiency indicators

The overall cost effectiveness of controls in 2022 on the procurement and other administrative expenses as measured by the proportion of overall costs of controls over the payments lead us to consider that the controls are sufficiently efficient and cost-effective. Compared to 2021 the cost ratio has dropped to 10%. This was mostly due to an increase in expenditure of about one third. It should be kept in mind that the costs of all stages are included even filing and archiving but compared only to the payment stage amounts. It is also worth mentioning that for these expenses no economies of scale can be achieved at the level of the controls: total amounts are low and broken down in many transactions.

For budgetary transactions of the direct management type, the approach to efficiency and cost-effectiveness has been a time-comparison with possible benchmarks in the future from DG Budget and not errors prevented or detected as the main benefit of the controls. While it is true that if you do not detect or prevent errors you should ask yourself whether such a control should exist, there are nevertheless controls that have to be exercised irrespective of their outcome and this is measured through risk-assessment and efficiency. In addition, all control measures to get it right the first time do not fall under the benefits of controls as they are not errors detected and corrected. A well-designed, well disseminated instruction that results in a correct, compliant transaction is a very effective control procedure which meets the objective of managing risks relating to L&R; yet it won't qualify as a benefit.

The approach taken for direct management is to consider that transactions were subject at a given point in time to a procurement or grant procedure and that rather than comparing the costs associated to the call for tenders/proposals with the amount of these calls, an aggregate indicator will be used. This aggregate indicator will therefore be the costs of

controls irrespective as to whether for a call, a contract, a commitment, and a payment, with these costs then divided by the total payments made as shown in the table below.

Direct Management – Procurement and other administrative expenses				
N°	Type of expenditure or management mode or ICS	Stage	Annual indicator	Description
1	Other administrative expenses	overall indicator	Full cost 10% (1,171 MEUR / 11,6 MEUR)	9,1 FTE (FIA/OIA/VA and quality control)

RCS: N/A

B. Entrusted entities

Financial Instruments managed via international financial institutions (period 2007-2013)

ECFIN has entrusted the EIF with the implementation of some financial instruments from the previous Multiannual Financial Framework (2007-2013). Monitoring of the implementation of these instruments is performed by the EIF in the first line, as further detailed in Fiduciary Management Agreements concluded with the EIF. DG ECFIN carries out additional monitoring activities, including monitoring of the financial and operational progress of the facility on the basis of reports provided by the EIF as well as through visits to the EIF and to the financial intermediaries selected by the EIF.

In 2022 a payment of EUR 4,3 million was made for financial instruments under the Competitiveness and Innovation Programme (CIP) implemented in indirect management via the European Investment Fund (EIF). As of December 2022, the total aggregated budgetary commitments under supervision for SMEG 07 and GIF programmes were EUR 1.097.3 million. Financial instruments under the 2014-2020 Multiannual Financial Framework are managed, within the Commission, by the relevant policy DGs, which carry out the responsibilities as authorising officers for the whole budgetary and reporting process.

Financial assets and cash managed by the Entrusted Entity "European Investment Fund" (EIF) for the implementation of Guarantee and Venture Capital programmes as of 31 December 2022

EIF Mandates	EUR thousands (book ⁶¹ value)
CIP (GIF Venture Capital)	489.813
CIP (SMEG 07) (Guarantees)	55.941
Growth & employment (ETF Start-Up 98)*	1.586
MAP (ETF Start-Up 01)*	33.735
MAP (SMEG01)*	30.856
TTP (Technology Transfer Pilot Project)*	349
Total	612.280

* This financial instrument is currently under termination. The applicable monitoring and controls are very limited and correspond essentially to verifying reports provided by the EIF and executing recovery orders when applicable. The controls described for CIP instruments regarding budgetary transactions and reporting by EIF apply to this financial instrument.

Control system and conclusion: The control system for entrusted entities relies heavily on third party assurance and on the statements of assurance (where applicable) and audit certificates issued in accordance with contractual arrangements in place.

⁶¹ The use of "book" value, rather than "nominal" value, is more appropriate for equity investments.

From DG ECFIN monitoring and supervision work, which includes regular contacts/representation or desk reviews of relevant management reports or audit reports, no material control issue was detected in 2022.

As per DG ECFIN assurance building system itself, no material control weaknesses were found in 2022 affecting the assurance building in terms of the five internal control objectives – see further down for each objective.

Control objectives

- Legality and regularity: (cf RCS 2, stage 1): Identification and approval of FI projects⁶²: Under the **SMEG 07 Guarantee**, no new agreements were signed since 30 September 2014. Under this facility the total of 110⁶³ transactions with 60 financial intermediaries from 26 countries were approved. **GIF**: no new agreements could be signed since September 2014. As from the start of the Facility, 47⁶⁴ transactions with venture capital funds targeting investments in 26 participating countries were approved.

IFI Facilities: DG ECFIN continues to follow-up on old legal proceedings against a final beneficiary of the SME Finance Facility implemented in Poland in order to recover the undue paid grant.

- Sound financial management: (cf RCS 2, stage 4): For both GIF and SMEG instruments, the Deputy Chief Executive of the EIF signed Statements of Assurance for the year 2021, submitted to DG ECFIN as Designated Service in March and April 2022⁶⁵. They state that the information contained in the 2021 Financial Statements for both instruments under management have been prepared, in all material respects, in accordance with the basis of accrual-based accounting rules that are derived from IPSAS or by default, by IFRS. No findings or errors in the compliance with the Financial Regulation, budget and financial management procedures were directed to DG ECFIN in 2021. End of March 2023, the EIF submitted the 2022 Statements of Assurance for GIF and SMEG07, both under the CIP (2007–2013), with no reservation. There are no operations outside official procedures, no erroneous operation, no return to Trust Account linked to errors and no errors/discrepancies following the checks on the balance of the Trust Account.

- Reliability of financial reporting: (cf RCS 2, stage 3): No visit to a SMEG 07 or GIF financial intermediary or final beneficiary was foreseen by the ECA within the framework of the 2022 DAS.

⁶² No tasks were performed under this Stage in 2020, since no new agreements were signed nor new IFIs selected for the legacy programmes. This accounts for the significant decrease of staff allocation to those tasks as compared to previous years. It reflects that DG ECFIN tasks have been reoriented towards policy design for financial instruments and participation in governance bodies of IFIs.

⁶³ Including extensions of existing contracts, with deduction of cancelled contracts.

⁶⁴ Including extensions of existing contracts, with deduction of cancelled contracts. Out of those 47, 43 were signed.

⁶⁵ With no reservation for SMEG 07, nor for GIF.

- Safeguarding of assets and information: (cf RCS 2, stage 2) : The SMEG 07 2022 monitoring plan was fully carried out and identified no finding. The CIP-GIF monitoring framework having been closed as from 2019, no monitoring nor visit to GIF intermediaries were planned in 2022.

- Fraud prevention and detection: (cf RCS 2, stages 3 and 5): The reporting, compliance reviews, internal and external controls and audits did not identify possible or confirmed fraud cases.

Cost-effectiveness indicators

The overall cost effectiveness of controls in 2022 on Financial Instruments managed via international financial institutions, as measured by the proportion of overall cost of control (based on FTEs involved) over the total of managed programmes lead us to consider that the controls are sufficiently efficient and cost-effective.

Relevant Control System (RCS): 2

Grants under the European Local ENergy Assistance (ELENA) / Grants indirect entrusted management

ELENA (European Local ENergy Assistance) is a grant aid initiative to public authorities and private promoters to prepare bankable investments in energy efficiency, renewable energy and sustainable urban mobility. ELENA supports investment projects through the provision of technical assistance. Its aim is to bridge the gap between sustainable energy and urban mobility plans and real investment, by financing all the activities necessary to prepare and mobilize investment. These activities include feasibility and market studies, stakeholder and community mobilization, project structuring, financial engineering, business plans, technical specifications and studies, energy audits, procurement procedures and tender preparation, legal advice and other. ELENA covers up to 90% of the technical assistance cost needed to prepare the investment programme for implementation and financing. Such assistance creates solid business and technical plans and helps to attract funding from private banks and other sources.

For the years 2009 – 2013, the ELENA facility was implemented by EIB, KfW, EBRD and CEB (entrusted entities). Since 2014, only EIB has continued to implement ELENA on behalf of the Commission. 19 Agreements have been signed between the European Commission and the ELENA entrusted entities, 12 of them with the EIB. The implementation under indirect management is regulated by article 154 of the Financial Regulation applicable to the general budget of the Union. As of December 2022, the total cumulative amount of payments managed under the Elena Facility was EUR 389.841.975. EIB, EBRD, KfW and CEB (the entrusted entities) are implementing the ELENA Programme on behalf of the Commission, where DG ECFIN has a co-delegation from DG ENER and DG MOVE as Designated Service for the ELENA administration.

Budgetary funds (cash) from DG ECFIN budget lines held on the Trust Accounts managed by the Entrusted Entities EIB, KfW, CEB and EBRD for the implementation of IFI-Facilities as of 31.12.2022:

Mandate	EIB	EBRD	KfW	CEB	Total (EUR thousand)
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ELENA	22.608 (of which 14.383 in cash and 8.225 in UF shares)	342	0 ⁶⁶	274	23.224
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Control system and conclusion: The control system for entrusted entity EIB⁶⁷ relies heavily on third party assurance and on the statements of assurance and audit certificates issued in accordance with contractual arrangements in place. From our monitoring and supervision work, which includes regular contacts/representation and desk reviews of relevant management reports and audit reports (see details in Annex 6), no material control issue came up. We have found no material control weaknesses affecting the assurance building in terms of the five internal control objectives.

Control objectives

- Legality and regularity: (cf RCS 3, stages 1, 2): The last Contribution Agreement for ELENA was signed in December 2020, for a budget of EUR 35 million. No further Contribution Agreement was signed in 2022 in view of the inclusion of ELENA under the InvestEU programme, commencing in March 2022 after the signature of the InvestEU Advisory Agreement with the EIB. During the year, 19 projects were approved by the Commission services, 6 of which under the co-delegated budget commitment of ELENA 2017, 5 under the co-delegated budget commitment of ELENA 2019 and 8 under the co-delegated budget commitment of ELENA 2020. DG ECFIN continued to follow-up the other ongoing projects under older ELENA Agreements (2011 to 2019). In 2022, no monitoring visits on the spot took place.

- Sound financial management: (cf RCS 3, stage 2): In 2022 DG ECFIN was not concerned by any findings or errors in the compliance with budget procedures and financial management procedures and Financial Regulation. There was no exception reporting. There were no operations outside official procedures, no erroneous operation, and no return to Trust Account linked to errors. In 2022, 23 payments for a total amount of EUR 35.34 million were made to the EIB. No payments were requested by the other entrusted entities. No recovery orders were issued in 2022.

- Reliability of financial reporting: (cf RCS 3, stage 3): No ECA reports were planned or received in 2022 for ELENA. In 2022 no ex-post verification controls were carried out for ELENA. The Management Declaration of Assurance and the financial statements of 2022, audited by an external independent auditor, were received on 15 March 2023 and provide the external auditor's confirmation that no further control enhancement is deemed necessary.

- Safeguarding of assets and information: (cf RCS 3, stage 3): The evaluation and desk monitoring activity performed internally in 2022 on operations and accounting practices provided no findings to report.

⁶⁶ The facility has been terminated.

⁶⁷ As far as the other entrusted entities EBRD, CEB and KfW are concerned, there was no activity in 2021 since the Delegation Agreements are either closed or currently being closed.

- Fraud prevention and detection: (cf RCS 3, stage 2): The reporting, compliance reviews, internal and external controls and audits did not identify possible or confirmed fraud cases.

Cost-effectiveness indicators

The overall cost effectiveness of controls in 2022 on ELENA managed via entrusted entities, as measured by the proportion of overall cost of control (based on FTEs involved in DG ECFIN) over the total of managed programmes lead us to consider that the controls are sufficiently efficient and cost-effective.

Relevant Control System (RCS): 3

InvestEU Advisory Hub

Short description: The InvestEU Advisory Hub is established pursuant to Article 25 of Regulation (EU) 2021/5231 (“InvestEU Regulation”) and is providing advisory support for the development of investable projects and access to financing as well as related capacity building assistance. The first Advisory Agreement was signed in March 2022 with the EIB pursuant to Articles 11(3)(c) and 25 of the InvestEU Regulation, followed by three more Advisory Agreements signed with CDP, Bpifrance and CDC in July and November 2022.

The EIB acts as the main Advisory Partner to the Commission and delivers advisory initiatives under all four policy windows of the InvestEU programme. In addition, acting independently from its role as Advisory Partner, the EIB provides operational support to the Commission in managing and implementing the InvestEU Advisory Hub. The implementation of the above set of activities is entrusted to the EIB and other Advisory Partners under indirect management in accordance with Article 62(1)(c)(iii) of the Financial Regulation.

Control system and conclusion: No reporting was done for InvestEU Advisory Hub Initiatives in 2022 following the signature of Advisory Agreements. Therefore, no possible or confirmed fraud cases, corruption or illegal activity was identified in 2022. DG ECFIN considers that the monitoring and control framework, supplemented by the audit framework for InvestEU, is set up to offer a reasonable assurance on the compliance and performance of the implementation.

Control objectives

- Legality and regularity: (cf RCS 9, stages 1 and 2): The best estimate of the error rate is 0% given that the payment requests were supported by documents, including audited financial statement.

- Sound financial management: (cf RCS 9, stages 2 and 3): The existing mechanisms and processes were adequate to the functioning of the InvestEU Advisory Hub.

- Reliability of financial reporting: (cf RCS 9, stages 2 and 3): To ensure a true and fair view of the state of affairs, all payments are subject to a verification of their amounts and accounting classes. Horizontal accounting verification and reporting are also performed.

- Safeguarding of assets and information: (cf RCS 9, stages 2 and 3): The pre-financing payments which remain to be cleared show as assets on our balance sheet.

- Fraud prevention and detection: (cf RCS 9, stage 3): The reporting, compliance reviews, internal and external controls and audits were not conducted and therefore no fraud cases were identified.

Cost-effectiveness indicators

The overall cost- and time-effectiveness of controls on the InvestEU Advisory Hub in 2022, as measured by the proportion of overall cost of control (based on the FTEs involved) over total expenditure, lead us to consider that the controls are sufficiently efficient and cost-effective. The periods specified in Article 128.2 of the Financial Regulation⁶⁸ were fully complied with.

Indirect Management – InvestEU Advisory Hub				
N°	Type of expenditure or management mode or RCS	Stage	Annual indicator	Description
1	InvestEU Advisory Hub	overall indicator	overall supervision costs/total payments made in 2022 8,01% or EUR 80.090 per EUR 1M	staff FTE * standard staff cost + other outsourced supervision costs (possibly outsourced audits and monitoring missions by EC) / total payments made in 2022 EUR 768.800/ EUR 9.599.158 ⁶⁹ total payments made in 2022 ⁷⁰

Relevant Control System (RCS): 9

Other contribution agreements and other expenditure under indirect management

Short description: The other indirect management expenditures are comprised of other contribution agreements that are one-off or of a small amount that does not merit its own relevant control system. This currently only includes a contribution to the OECD (“the Organisation”) to finance the implementation of the action “Data collection to monitor implementation of OECD Guidelines on Corporate Governance of State-owned Enterprises”.

Control system and conclusion: No reporting was done for the action in 2022 following the signature of the contribution agreements, as the reporting period is 14 months. Therefore, no possible or confirmed fraud cases, corruption or illegal activity was identified in 2022.

⁶⁸ Art. 128.2 FR: A maximum of six months for informing all applicants and a maximum of three months for signing grant agreements with applicants.

⁶⁹ This amount includes the payments on co-delegated lines RTD>ECFIN, CNECT>ECFIN, ENV>ECFIN, REGIO>ECFIN, for which ECFIN is also AOSD.

⁷⁰ Includes signed Advisory Agreements with EIBG, CDP, CDC and BPI.

DG ECFIN considers that the monitoring and control framework, is set up to offer a reasonable assurance on the compliance and performance of the implementation.

Control objectives

- Legality and regularity: The estimated error rate is 0%-2%. The control relies heavily on the rules and procedures of the control system of the pillar assessed entrusted entity (Organisation). These are its internal control system, accounting system, independent external audits, exclusion from access to funding, publication of information on recipients, and protection of personal data. To this end, the Organisation shall carry out, in accordance with the principle of proportionality and its positively assessed Regulations and Rules, ex-ante and/or ex-post controls including, where appropriate, on-the-spot checks on representative and/or risk-based samples of transactions, to ensure that the Action financed by the EU Contribution is effectively carried out and implemented correctly.

- Sound financial management: The first progress report of the action financed by the contribution to the OECD will only be received after the end of the first reporting period. It will include among other things a summary of controls carried out and available final audit reports in line with the Organisation's policy on disclosure of such controls and audit reports. Where errors and weaknesses in systems will be identified, an analysis of their nature and extent, as well as information on corrective measures taken or planned, shall also be provided. It will also include a work plan and budget forecast for the next reporting period.

- Reliability of financial reporting: To ensure a true and fair view of the state of affairs, all payments are subject to a verification of their amounts and accounting classes. Furthermore, horizontal accounting verification and reporting are performed quarterly. All financial and budgetary statements are automatically generated by ABAC/SAP.

- Safeguarding of assets and information: No local system is used to store financial information, only DG Budget's IT systems. For a period of five (5) years from the End Date and in any case until any on-going audit, verification, appeal, litigation or pursuit of claim or investigation by the European Anti-Fraud Office (OLAF), if notified to the Organisation, has been disposed of, the Organisation shall keep and make available according to Article 15 [of the contribution agreement] all relevant financial information (originals or copies) related to the Agreement and to any Procurement Contracts and Grant agreements financed by the EU Contribution.

- Fraud prevention and detection: The reporting was not yet done. Reports of internal as well as external controls and audits were not yet submitted by the Organisation and therefore no fraud cases were identified.

Cost-efficiency indicators

The overall cost effectiveness of controls in 2022 as measured by the proportion of overall costs of controls over the payments lead us to consider that the controls are sufficiently efficient and cost-effective.

Indirect Management – Contribution agreements and other expenditure under indirect management				
N°	Type of expenditure or management mode or ICS	Stage	Annual indicator	Description
1	Contribution agreements and other expenditure under indirect management	overall indicator	Full cost 15% (0,018 MEUR / 0,12 MEUR)	0,11 FTE (FIA/OIA/VA and quality control)

RCS: N/A

C. Financial Instruments

Marguerite Fund

Short description: The Marguerite Fund is a Pan-European equity fund developed in the context of the financial crisis and in recognition of the need for successful long-term infrastructure investment in Europe. It supported infrastructure investment within the transport (TEN-T), energy (TEN-E) and renewables sectors in Member States and primarily invested in Greenfield Projects. The investment period ended in December 2017 while the end-date/maturity of the fund has been set at a maximum term of 20 years from the start of the initial closing (December 2009) but may be extended for up to two additional one-year periods (up to December 2031).

The Commission directly manages its investment in the Marguerite Fund; there is no delegation or sub-delegation agreement to any entrusted entity. The cash contributions are paid directly by the EU hence no trust account is established. The Commission is a pari-passu investor alongside its co-investors, sharing equally with other co-investors both costs and returns. The core sponsors include public long-term investors from France (CDC), Italy (CdP), Germany (KfW), Spain (ICO) and Poland (PKO) as well as the EIB and a key investor, the European Commission.

The Investment Adviser "Marguerite Adviser S.A." employs the Advisory Team and provides investment advisory services to the Fund under an Advisory agreement. As such, it is responsible for the day-to-day management and on-going activity of the Fund. The Advisory Team is in charge of origination, due diligence (appraisal), structuring and execution of the investments, divestment as well as of monitoring and asset management.

The Marguerite Fund was established as a Luxembourg SICAV-FIS structure in the legal form of a corporation (Société Anonyme). The management and administration of the Fund is under the responsibility of the Management Board, which is composed of one representative of each core sponsors, two representatives of the Advisory Team and three independent experts.

In total as of December 2022, the European Commission committed EUR 71.9 million and paid out EUR 70.8 million to the Fund. The payments are still being made for on-going commitments (signed investment deals) that were concluded before the end of 2017.

Control system and conclusion: Supervision arrangements are based on the principle of monitoring the Fund in the capacity of a European Commission representative being a member of a Supervisory Board. In addition, the control system relies on annual audited financial statements issued by the external auditors and on the desk monitoring of relevant reporting where no control issue was observed.

Control objectives

- *Legality and regularity:* (cf RCS 4, stage 1): In 2022, no material breach of the investment guidelines occurred; no erroneous financial operations were registered; the payments from the budget to the Marguerite Fund were made on time and as per applicable regulation.

- *Sound financial management:* (cf RCS 4, stage 1): No material issues were identified during 2022.

- *Reliability of financial reporting:* (cf RCS 4, stage 2): The annual financial audit statements done by external auditors were received for the financial year 2021; the 2022 audited statement will be submitted in Q3 2023; no material issues were communicated to us.

- *Safeguarding of assets and information:* (cf RCS 4, stage 2): No material breach of the investment guidelines happened and no erroneous financial operations were registered.

- *Fraud prevention and detection:* (cf RCS 4, stages 1 and 2): The reporting, compliance reviews, internal and external controls and audits did not identify possible or confirmed fraud cases.

Cost-effectiveness indicators

The overall cost effectiveness of controls in 2022 on Marguerite Fund, as measured by the proportion of overall cost of control and the committed funds, confirm that the controls are sufficiently efficient and cost-effective.

Relevant Control System (RCS): 4

D. Budgetary Guarantees

EU Guarantee under the EFSI

Short description: The EFSI is an initiative to help overcome the current investment gap in the EU. Jointly launched by the EIB Group and the European Commission in 2015, EFSI is one of the three pillars of the Investment Plan for Europe that aimed to mobilise private and public investment in projects which are strategically important. With EFSI support, the EIB Group provides funding for economically viable projects, especially for projects with a higher risk profile than usually taken on by the EIB. The focus is on sectors of key importance for the European economy, including:

- Strategic infrastructure including digital, transport and energy;
- Education, research, development and innovation;
- Renewable energy and resource efficiency;
- Support for small and mid-sized businesses.

EFSI is a EUR 26 billion guarantee from the EU budget, complemented by a EUR 7.5 billion allocation of the EIB's own resources. The total amount of EUR 33.5 billion aimed to unlock additional investment of at least EUR 500 billion. After seven and a half years since its adoption, by end-2022 the EFSI has triggered some EUR 524.9 billion of investments, thus exceeding the target for mobilised investments of EUR 500 billion. The EIB Group is entrusted with the implementation of the EFSI on behalf of the Commission. To this end, an agreement on the management of the EFSI and on the granting of the EU Guarantee was signed with the EIB on 22 July 2015. It was subsequently amended and restated on 21 July 2016, 21 November 2017, 9 March 2018, 20 December 2018, 27 March 2020 and 27 April 2020.

Control system and conclusion: The objective of the controls is to ensure that the legal framework for the management of the EFSI is fully compliant and regular and appropriate monitoring and supervision of the implementation of the EFSI Programme is in place. The benefits expected from these controls are to ensure compliance of the implementation with the provisions foreseen in the legal basis and to identify and prevent possible or confirmed fraud cases, corruption, or illegal activity. The control system relies on annual audited financial statements issued by the external auditors and on the desk monitoring of relevant reporting (i.e. operational, risk and financial reporting) where no control issue was observed.

Control objectives

- Legality and regularity: (cf RCS 5, stages 1 and 2): The agreement on the management of the EFSI and on the granting of the EU Guarantee was signed with the European Investment Bank on 22 July 2015. It was subsequently amended and restated on 21 July 2016, 21 November 2017, 9 March 2018, 20 December 2018, 27 March 2020 and 27 April 2020.

- Sound financial management: (cf RCS 5, stage 2): The existing mechanisms and processes were adequate to the functioning of the EFSI.

- Reliability of financial reporting: (cf RCS 5, stages 2 and 3): The financial reports are prepared by the EIB Group and are audited by an external independent auditor. The annual financial audit statements done by external auditors were received for the financial year 2021. The 2022 audited statement will be submitted by end-March 2023; no material issues were communicated to ECFIN so far. Moreover, EFSI accounts will be consolidated with those of the EC and audited by ECA.

- Safeguarding of assets and information: (cf RCS 5, stages 2 and 3): the evaluation and desk monitoring activity performed internally in 2022 on operations and accounting practices, supplemented by the EFSI Guarantee Calls monitoring to the EIB/EIF conducted by ECFIN in Q4 2022, provided no findings to report.

- Fraud prevention and detection: (cf RCS 5, stage 3): The reporting, compliance reviews, internal and external controls, and audits, supplemented by the EFSI Guarantee Calls monitoring to the EIB/EIF conducted by ECFIN in Q4 2022, did not identify possible or confirmed fraud cases.

Cost-effectiveness indicators

The overall cost effectiveness of controls in 2022 on the EFSI Programme, as measured by the proportion of overall cost of control and the committed funds, confirm that the controls are sufficiently efficient and cost-effective.

Relevant Control System (RCS): 5

EFSI and InvestEU compartments of the Common Provisioning Fund⁷¹ (CPF)

Short descriptions:

The Guarantee Fund under the EFSI (**EFSI Guarantee Fund**) was established under Article 12 of the EFSI Regulation and it was funded mainly from payments from the Union general budget and assigned revenues originating from operations under the EU Guarantee. The EFSI Guarantee Fund constituted a liquidity cushion from which the EIB is to be paid in the event of a call on the EU Guarantee. The EFSI Guarantee Fund was maintained at a certain percentage (35%) of the total amount of the obligations under the EU Guarantee. As from January 2020, the Commission transferred the activities of DG ECFIN in dealing with the asset management of the EFSI Guarantee Fund to DG BUDG. DG ECFIN continues to monitor implementation of the EFSI Programme including the guarantee calls as well as to manage the budget lines related to the EFSI provisioning.

The Financial Regulation established the Common Provisioning Fund (CPF) to hold in a single portfolio the provisions for budgetary guarantees and financial assistance programmes under the 2021-2027 (MFF). It became operational as of 1 January 2021. The CPF is structured into compartments relating to the various CPF contributing instruments - EFSI and InvestEU compartments for DG ECFIN. DG BUDG is responsible for the governance and asset management of the CPF, while the authorising services (e.g. DG ECFIN) are responsible for provisioning, guarantee calls and other budgetary transactions.

The EFSI compartment of the CPF was created on 1 January 2021, when the assets of the EFSI Guarantee Fund were transferred to the CPF. The provisioning rate of the EFSI compartment is set at 35% of the total amount of the obligations under the EU Guarantee, the same as the EFSI Guarantee Fund.

In 2022, a total amount of EUR 713.177.296,94 was paid into the EFSI compartment of the CPF.

⁷¹ The RCS title needed to be changed from “EFSI Guarantee Fund” in 2020 to “EFSI and InvestEU compartments of the Common Provisioning Fund” since the EFSI Guarantee Fund was transferred to the Common Provisioning und and became the EFSI compartment of the Common Provisioning Fund as of 1st January 2021, and the InvestEU compartment of the CPF was created after the entry into force of Regulation (EU) 2021/523 of 24 March 2021 establishing the InvestEU Programme.

The **InvestEU compartment of the CPF** was created after the entry into force of Regulation (EU) 2021/523 of 24 March 2021 establishing the InvestEU Programme. It is provisioned from the EU budget and assigned revenues from predecessor financial instruments. The provisioning rate of the InvestEU compartment is set at 40% of the total amount of the obligations under the EU Guarantee.

In 2022, a total amount of EUR 1.438.925.585,45 was paid into the InvestEU compartment of the CPF.

Control system and conclusion: The objective of the controls is to ensure that financial operations comply with regulatory and contractual provisions and avoids errors that may occur during the financial process. The provisioning of the EFSI and InvestEU compartments of the CPF from the EU budget and from assigned revenues follows the circuit for budgetary transactions. The benefits expected from these controls are to ensure that all financial operations complied with regulatory and contractual provisions and to minimize the likelihood of errors during the financial process and to identify and prevent fraud cases, corruption or illegal activity. There were no material control weaknesses affecting the assurance building. In addition, the control system relies on annual audited financial report of the CPF. The report was received in April 2023, with no reservation.

Control objectives

- *Legality and regularity:* (cf RCS 6, stages 1 and 2): During 2022, no erroneous budgetary operations were registered; the commitments and payments to the EFSI and InvestEU compartments of the CPF were made on time and as per applicable regulatory and contractual provisions.

- *Sound financial management:* (cf RCS 6, stages 1 and 2): No material issues were identified during 2022.

- *Reliability of financial reporting:* (cf RCS 6, stage 2): The CPF is audited by an external independent auditor. The 2022 audited financial report was received in April 2023, with no reservation. Financial information under the EFSI compartment relevant for the calculation of the EU guarantee was provided by the EIB (EFSI IIW) on 15 March 2023 and by the EIF (EFSI SMEW) on 31 March 2023 (final data reviewed and certified by the EIB's external auditor).

- *Safeguarding of assets and information:* (cf RCS 6, stage 2): The 2022 audited financial report of the CPF received in April 2023 with no reservation gave further assurance on the proper safeguarding of assets and information.

- *Fraud prevention and detection:* (cf RCS 6, stages 1 and 2): The reporting, internal and external controls and audits did not identify possible or confirmed fraud cases.

Cost-effectiveness indicators

The overall cost effectiveness of controls in 2022 on the EFSI and InvestEU compartments of the CPF, as measured by the proportion of overall cost of control and the provisioned funds, confirm that the controls are sufficiently efficient and cost-effective.

Relevant Control System (RCS): 6

EU Guarantee under the InvestEU Fund

Short description: The InvestEU Fund provides a EUR 26 billion EU guarantee to allow the EIB Group and other Implementing Partners to generate higher volumes of investment and focus on higher-risk projects, crowding in private investors. In total, the InvestEU Programme alone is expected to mobilise more than EUR 372 billion of additional public and private investment. It finances economically viable projects in key EU policy areas, including the green and digital transitions. The InvestEU Guarantee Agreement with the EIB Group was signed in 2022. The EIB Group will be implementing 75% of the EU Guarantee under the InvestEU Fund.

Control system and conclusion: The objective of the controls is to ensure that the legal framework for the management of InvestEU is fully compliant and regular and appropriate monitoring and supervision of the implementation of the Programme is in place. The benefits expected from these controls are to ensure compliance of the implementation with the provisions foreseen in the legal basis and to identify and prevent possible or confirmed fraud cases, corruption or illegal activity. The control system relies on annual audited financial statements issued by the external auditors and on the desk monitoring of relevant reporting (i.e. operational, risk and financial reporting) where no control issue was observed.

Control objectives

- *Legality and regularity:* (cf RCS 10, stage 1): The Agreement between the EU and the European Investment Bank and the European Investment Fund on the EU Guarantee under the InvestEU Regulation was signed on 7 March 2022. During 2022, 5 more agreements were signed with other Implementing Partners (CDPE, CEB, NIB, EBRD and CDC).
- *Sound financial management:* (cf RCS 10, stage 2): The existing mechanisms and processes were adequate to the functioning of the InvestEU.
- *Reliability of financial reporting:* (cf RCS 10, stages 2 and 3): The financial reports are prepared by the Implementing Partners and are audited by an external independent auditor. The annual financial audit statements done by external auditors of the EIB Group for the financial year 2022 were submitted by mid-March 2023 with no reservation. Moreover, InvestEU accounts will be consolidated with those of the EC and audited by ECA.
- *Safeguarding of assets and information:* (cf RCS 10, stages 2 and 3): The evaluation and desk monitoring activity performed internally in 2022 on operations and accounting practices provided no findings to report.
- *Fraud prevention and detection:* (cf RCS 10, stage 3): The reporting, compliance reviews, internal and external controls and audits did not identify possible or confirmed fraud cases.

Cost-effectiveness indicators

The overall cost effectiveness of controls in 2022 on the InvestEU Programme, as measured by the proportion of overall cost of control and the committed funds, confirm that the controls are sufficiently efficient and cost-effective.

Relevant Control System (RCS): 10

C. Details on ongoing audits and recommendations

A. Internal Audit Service (IAS)

The following audit is considered by DG ECFIN to be ready for review by IAS

Audit on the Commission's supervision of the European Fund for Strategic Investments (EFSI) programme (from 2019).

Its objective was to audit the management of the EFSI Guarantee Fund and the related financial and operational risks, including asset management. Originally for DG ECFIN alone, the transfer of some DG ECFIN services to DG BUDG at the end of 2019 led to a division of responsibility for this audit between DG ECFIN and DG BUDG. As a result, when the audit report came out at the start of 2021 with its 7 recommendations, DG BUDG received 6 whilst DG ECFIN received just one (considered Important) concerning its internal credit risk model for estimating the adequate provisioning rate to cover potential losses from the EFSI guaranteed operations under the Infrastructure and Innovation Window (IIW) debt portfolio, although one with 3 elements: one ensuring that data used by DG ECFIN in its model corresponds to the data reported by the EIB for use in the model, one ensuring accurate use of the data in the model's estimation as well as its plausibility, and the 3rd one ensuring back-up arrangements for the estimation process. DG ECFIN considers that it implemented the 3 elements, in the course of 2021, and notified the IAS that the implementation was ready for review. In March 2023, the IAS confirmed, that the recommendation is considered closed.

Open audits

DG ECFIN had no other open audits / recommendations to implement from the IAS in 2022. In November 2022, DG ECFIN received two final reports from the IAS, the final report on the limited review of the RRF control and audit strategies (5 recommendations: 2 very important and 3 important) and the audit report on human resources (10 important recommendations). The action plans were approved in 2022 for the first one, and in early 2023 for the second one, so the implementation of these recommendations will take place in 2023.

Limited review of the Recovery and Resilience Facility control and audit strategies in DG
ECFIN

IAS Limited Review on the RRF Control and Audit Strategies		
Number	Title of finding	Scoring
1	Design of the RRF control and audit strategies	Important
2	Design of processes and procedures for the assessment of the fulfilment of milestones and targets	Important
3	Measures for prevention, detection, and follow up of any serious irregularities, double funding and serious breaches of the financing agreement	Very Important
4	Suspension of payments and reduction of support due to not satisfactorily fulfilled milestones and targets	Very Important
5	Residual responsibility of the Commission	Important

Summary of the conclusions

Recommendation 1: DG ECFIN should:

- i. ensure that the control strategy covers the risks related to RRF implementation, defines the control objectives, and includes a description of monitoring arrangements that needs to be in place to check effectiveness, efficiency and economy of the controls.
- ii. complement the audit strategy
- iii. on the basis of the on-going discussions with the relevant Commission DGs, propose an arrangement for the access to relevant audit reports to avoid duplication of audit work.

Recommendation 2: DG ECFIN should complement the payment process by defining:

- the unit responsible for the coordination of the calendar;
 - the roles and responsibilities of the actors identified in the calendar, in particular the horizontal units.
- Furthermore, DG ECFIN should:
 - i. establish a repository of guidance documents, instructions, clarifications provided to staff;
 - ii. document the formal approval of the different versions of the guidance, template, checklist documents;
 - iii. REJECTED BY DG ECFIN - further develop internal guiding principles for the consultation of other Commission services prior to the ISC
 - iv. continue developing the guiding principles for assessing the 'satisfactory fulfilment' of milestones and targets under the RRF and put in place a robust system for tracking;

- v. set up a system to ensure follow up of the weaknesses reported or detected in the assessment of the management declarations and audit summaries and the recommendations addressed to the MS;
- vi. finalise the framework and guidance for the performance of fact-finding missions.

Recommendation 3: DG ECFIN should:

- finalise the criteria for assessing the compliance of the MSs control systems with the key requirements set out in Annex 1 to the financing and loan agreements.
- complete the audit methodology for the system audits on the protection of the financial interests of the European Union.
- elaborate the framework and the set of activities to be implemented to avoid double funding of the same cost from the RRF and other Union programmes.
- It should also improve the process of preparing, approving and distributing the guidance to the MSs by:
 - i. establishing a procedure for the preparation of new guidance to the MS, including a documented approval chain;
 - ii. establishing at which level the different guiding documents addressed to the MS should be approved at the time of their design and preparation.
 - iii. documenting the approval of the documents;
 - iv. maintaining a common repository of the guidance documents provided to the MSs, listing the documents circulated, the date of circulation and channel of transmission to the MSs.

Recommendation 4: DG ECFIN should:

- adopt a methodology for the suspension of payments and reduction of support in case milestones and targets for a particular payment request have not been partially or fully met.
- develop a methodology on how to apply corrections in cases where the *ex post* substantive test results indicate material errors in the assessment of the achieved milestones and targets.

Recommendation 5: DG ECFIN should:

define a clear methodology, procedures and guidance for the staff on the reduction and recovery or early repayment in cases of fraud, corruption, and conflicts of interests affecting the financial interests of the European Union that have not been corrected by the MS, or a serious breach of an obligation resulting from the Financing Agreement and/or Loan Agreement;

ensure that the link to report on potential fraud, corruption, irregularities, misconduct or conflict of interest related to the implementation of the RRF is easily available to the public.

Audit on Human Resources management in DG ECFIN

Audit on Human Resources management in DG ECFIN		
Number	Title of finding	Scoring
1	Human Resources Strategy	Important
2	Human Resources Bodies	Important
3	Skills and Competencies Mapping	Important
4	Task Mapping, Workload Assessment and Staff Allocation	Important
5	Monitoring and Reporting	Important
6	Other issues	Important

Summary of the conclusions

Recommendation 1: When updating the human resources (HR) strategy, DG ECFIN should ensure that:

- it describes how the different key HR management activities (e.g. selection and recruitment, learning and development, retention and talent management) contribute to the achievement of the strategic objectives and the three core principles underpinning the HR strategy.
- it takes into account the outcome of the analysis on current HR capacity and future HR needs and the possible gaps identified as well as measures suggested to address them.
- it includes the HR indicators that will be needed to monitor the progress in the implementation of the HR strategy, and clearly indicates, how (and by whom) the implementation of the planned actions will be monitored and the related reporting arrangements.
- the actions in the HR strategy are specific and have clear deadlines, targets and indicators.

It should also ensure:

- that the key HR risks are clearly documented in the HR strategy and included in the risk register with clear mitigating actions, responsible persons and deadlines and are regularly followed-up.
- the complementarity of the actions to promote diversity, equality and inclusion defined in both the ECFIN Equality Plan and the HR strategy.

Recommendation 2: DG ECFIN should:

- Ensure that the HR Board is operating in accordance with its mandate. When necessary, update the mandate to reflect lessons learned identified on the basis of the experience gathered so far.
- Update the HR Board's mandate with the description of the key activities and corresponding indicators that the Board is expected to monitor and to reported on.

- Ensure that the HR Board's meeting minutes are communicated to the senior management team.
- Clarify the contribution of the ECFIN Group on Equality Mainstreaming in respect of the HR Strategy.

Recommendation 3: Building on (i) the analysis already done for the request of competitions and for the request of additional staff for the Recovery and Resilience Facility, and (ii) the ongoing exercise in the geographical directorates, DG ECFIN should launch a mapping of available skills and competences covering the key activities of the DG.

The results of this mapping should be used when revising the HR strategy to further fine-tune the action plan.

Recommendation 4: Building on the experience gained from mapping the tasks for the RRF and InvestEU, DG ECFIN should carry out a task mapping exercise covering its core activities.

Recommendation 5: DG ECFIN should:

- Make use of the existing practices to assess workload in other core activities of the Directorate-General,
- Ensure that decisions aiming at re-balancing the workload, taken to address ad-hoc additional resource requests introduced by Directorates/Units, are based on a quantified analysis of the overall workload situation in the various directorates.
- Remind that all staff encode the actual working hours in SYSPER (including excess hours), for the management to have reliable information on the workload and to take informed and effective decisions in order to address possible imbalances.

Recommendation 6: DG ECFIN should document the supporting analysis provided to or the criteria used by the HR Board for informed (re)allocation decisions and priority-setting.

Recommendation 7: DG ECFIN should reinforce its HR monitoring and reporting arrangements by:

- defining the most relevant set of operational HR indicators and targets to be monitored by the DG's management;
- establishing an HR scorecard or dashboard to facilitate the ongoing monitoring of the key HR indicators and targets established in the Strategic plan and Annual Management Plan and internally by the DG;
- formalising the minutes of the bilateral meetings between the Resources Director and the operational Directors, to document the actions that are being taken as a result of the HR monitoring activities and identify areas where management follow-up/decisions are required.

DG ECFIN should either extend to all the Directorates the practice of organising exit interviews or implement other means to receive feedback to assess the experience of departing staff and identify opportunities to improve HR management.

Recommendation 8: DG ECFIN should:

- Design and adopt internal mobility measures to promote mobility within DG ECFIN (including the mobility of officials occupying a 'sensitive post') and include these measures in the next update of the HR strategy;
- Ensure that internal mobility is included in the DG ECFIN's Learning and Development Framework as a means of supporting professional development.

Recommendation 9: DG ECFIN should ensure there is a harmonised approach on flexitime and recuperation rules by clarifying the conditions under which excess hours may be recuperated by staff.

Recommendation 10: DG ECFIN should:

- Include all measures regarding gender equality at management level in the next update of the HR strategy, and ensure that they are specific, and complemented with clear deadlines, targets and indicators (see recommendation No 1a);
- Improve the monitoring of the gender equality targets in line with the Commission objectives by including in the HR strategy appropriate indicators and detailing their monitoring arrangements.

B. European Court of Auditors (ECA)

The following audits have been closed

In 2022, DG ECFIN closed 20 ECA audit recommendations, 14 in time. Of the 6 recommendations closed late, 5 came from Special Report No 03 2018 *Audit of the Macroeconomic Imbalance Procedure (MIP)* and the delays were caused by the COVID-19 crisis. The 6th recommendation closed late came from Special Report No 12 2020 *The European Investment Advisory Hub — Launched to boost investment in the EU, the Hub's impact remains limited* and was only 2 months late.

The table below presents an overview of the 20 ECA recommendations closed in the course of 2022 and is followed by more details for each Special Report.

ECA report	number
SPECIAL REPORT No 03 2018 Audit of the Macroeconomic Imbalance Procedure (MIP)	5
SPECIAL REPORT No 17 2019 Centrally managed EU interventions for venture capital in need of more direction	3
SPECIAL REPORT No 22 2019 EU requirements for national budgetary frameworks need to further strengthen them and to better monitor their application	1
SPECIAL REPORT No 12 2020 The European Investment Advisory Hub — Launched to boost investment in the EU, the Hub's impact remains limited	1
SPECIAL REPORT No 16 2020 The European Semester – Country Specific Recommendations address important issues but need better implementation	1
SPECIAL REPORT No 18 2021 Commission's surveillance of Member States exiting a macroeconomic adjustment programme: an appropriate tool in need of streamlining	2

SPECIAL REPORT No 21 2022 The Commission's assessment of national recovery and resilience plans ('NRRPs')	7
Grand total	20

- SPECIAL REPORT No 03 2018 *Audit of the Macroeconomic Imbalance Procedure (MIP)*: 5 ECA recommendations looking to improve the value added of this procedure to tackle macroeconomic imbalances in Member States are now considered implemented. All of them were contingent on the outcome of a review of the MIP by the Commission and the Member States, a review that was held up due to the COVID-19 crisis;
- SPECIAL REPORT No 17 2019 *Centrally managed EU interventions for venture capital in need of more direction*: 3 recommendations looking to (i) improve the European Investment Fund's (EIF) incentives to meet the Commission's objectives; (ii) improve the efficiency of EU interventions and (iii) develop a more comprehensive investment strategy are now considered implemented.;
- SPECIAL REPORT No 22 2019 *EU requirements for national budgetary frameworks need to further strengthen them and to better monitor their application*: 1 recommendation with an ECA roadmap to strengthen budgetary frameworks is now considered implemented;
- SPECIAL REPORT No 12 2020 *The European Investment Advisory Hub — Launched to boost investment in the EU, the Hub's impact remains limited*: 1 recommendation looking to ensure a smooth transition between the two initiatives by incorporating the main lessons learned from the operation of the Hub in the future InvestEU advisory hub is considered implemented;
- SPECIAL REPORT No 16 2020 *The European Semester – Country Specific Recommendations address important issues but need better implementation*: 1 recommendation for the Commission to strengthen the implementation and monitoring of country specific recommendations (CSRs) by setting up a publicly available multi-annual database of all CSRs and their implementation status is now considered implemented. The database is available on the Commission's website [here](#);
- SPECIAL REPORT No 18 2021 *Commission's surveillance of Member States exiting a macroeconomic adjustment programme: an appropriate tool in need of streamlining*: 2 recommendations looking to improve interaction with the Member States and other stakeholders are both considered to be implemented;
- SPECIAL REPORT No 21 2022 *The Commission's assessment of national recovery and resilience plans ('NRRPs')*: 7 recommendations looking to (i) verify compliance with specific milestones for monitoring and control and encourage the use of Commission's data-mining and risk scoring tool; (ii) analyse the contribution of RRF measures to achieving progress with CSRs; (iii) improve the transparency and monitoring of the *do no significant harm* principle and (iv) promote the exchange of good practices amongst Member States are all considered implemented.

The following audits open in 2022 remain open

The table below presents an overview of the 15 open ECA recommendations at the end of 2022:

ECA report	Important
SPECIAL REPORT No 03 2018 Audit of the Macroeconomic Imbalance Procedure (MIP)	1
SPECIAL REPORT No 18 2021 Commission's surveillance of Member States exiting a macroeconomic adjustment programme: an appropriate tool in need of streamlining	6
SPECIAL REPORT No 22 2021 Sustainable finance: More consistent EU action needed to redirect finance towards sustainable investment	3
SPECIAL REPORT No 21 2022 The Commission's assessment of national recovery and resilience plans ('NRRPs')	4
SPECIAL REPORT No 28 2022 Support to mitigate Unemployment Risks in an Emergency (SURE) - SURE financing contributed to preserving jobs during the COVID-19 crisis, but its full impact is not known	1
Grand total	15

- SPECIAL REPORT No 03 2018 *Audit of the Macroeconomic Imbalance Procedure (MIP)*: the remaining 1 open recommendation, which is late, seeks to improve the operation of the procedure, depended on the outcome of the Economic Governance Review which only concluded on 9 November 2022, delayed by the Covid-19 pandemic. Implementation of the recommendation can now proceed;
- SPECIAL REPORT No 18 2021 *Commission's surveillance of Member States exiting a macroeconomic adjustment programme: an appropriate tool in need of streamlining*: the 6 open recommendations look to (i) integrate the different surveillance activities and (ii) streamline procedures and add flexibility;
- SPECIAL REPORT No 22 2021 *Sustainable finance: More consistent EU action needed to redirect finance towards sustainable investment*: the 3 open recommendation aim to improve the reporting of climate and environment related results of InvestEU as well as generate a stream of sustainable projects;
- SPECIAL REPORT No 21 2022 *The Commission's assessment of national recovery and resilience plans ('NRRPs')*: the 4 open recommendations seek to (i) improve the Commission's assessment procedures and documentation to understand better the outcome of the assessment process, and (ii) to ensure clear verification mechanisms for milestones and targets;
- SPECIAL REPORT No 28 2022 *Support to mitigate Unemployment Risks in an Emergency (SURE) - SURE financing contributed to preserving jobs during the COVID-19 crisis, but its full impact is not known*: the 1 open recommendation looks to ensure that lessons are learnt for potential future emergency instruments. To meet it, the Commission will launch an evaluation of SURE in the course of 2023.

2. Compulsory for all departments:

Table Y on the estimated “cost of controls” at Commission level

Table Y - Overview of DG’s/EA’s estimated cost of controls at Commission (EC) level⁷²:

Overview of ECFIN's estimated cost of controls at Commission (EC) level

EXPENDITURE

The absolute values are presented in EUR

ECFIN	Ex ante controls***			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*	EC total costs	related payments Made	Ratio (%)** (a)/(b)	EC total costs	total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)** (g)/(b)
RRF (RCS 1)	22.486.239,00 EUR	74.355.454.553,80 EUR	0,03%	3.438.545,67 EUR	Not Applicable	0,00%	25.924.784,67 EUR	0,03%
Grants under the European Local ENergy Assistance (ELENA) / Grants indirect entrusted management (RCS 3)	1.910.810,00 EUR	35.337.881,30 EUR	5,41%	Costs occurred at entrusted entity level	22.863.049,30 EUR	0,00%	1.910.810,00 EUR	5,41%

⁷² These tables do not include the control costs for small spending activities for which no RCS exists, such as the BCS programme, the Pericles programme, the HERO pilot project, or procurement and other administrative expenses. Of course there are still control costs also for these expenses, such as regular ex-ante controls and depending on the annual ex-post control programme also ex-post control costs.

MFA (grant + operational assessment + ex-post evaluation + CPF loan compartment GF external action) (RCS 7)	217.379,40 EUR	95.886.437,00 EUR	0,23%	- EUR	- EUR	0,00%	217.379,40 EUR	0,23%
Grants under the European Investment Advisory Hub (EIAH) (RCS 8)	214.200,00 EUR	4.607.352,60 EUR	4,65%	- EUR	- EUR	0,00%	214.200,00 EUR	4,65%
InvestEU Advisory Hub (RCS 9)	768.800,00 EUR	9.599.158,00 EUR	8,01%	- EUR	- EUR	0,00%	768.800,00 EUR	8,01%
Other: DG-horizontal control tasks not attributable to a single RCS	788.500,00 EUR	- EUR	0,00%	- EUR	- EUR	0,00%	788.500,00 EUR	0,00%
OVERALL total estimated cost of control at EC level for expenditure	26.385.928,40 EUR	74.499.575.382,70 EUR	0,04%	3.438.545,67 EUR	22.863.049,30 EUR	15,04%	29.824.474,07 EUR	0,04%

NON-EXPENDITURE ITEMS ****

ECFIN	Ex ante controls***			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*	EC total costs	related amounts	Ratio (%)** (a)/(b)	EC total costs	total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)** (g)/(b)
Only applicable for DGs with non-expenditure items								
Indirect entrusted management – Financial Instruments managed via IFIs (period 2007-2013) (RCS 2)	150.345,00 EUR	1.097.301.224,00 EUR	0,01%	- EUR	- EUR	N/A	150.345,00 EUR	0,01%
Marguerite Fund (RCS 4)	15.376,00 EUR	70.825.760,00 EUR	0,02%	- EUR	- EUR	N/A	15.376,00 EUR	0,02%
EU Guarantee under the EFSI (indirect management) (RCS 5)	672.700,00 EUR	26.000.000.000,00 EUR	0,00%	- EUR	- EUR	N/A	672.700,00 EUR	0,00%
EFSI and InvestEU compartments of the Common Provisioning Fund (CPF) (direct management) (RCS 6)	449.971,00 EUR	10.238.646.762,92 EUR	0,00%	- EUR	- EUR	N/A	449.971,00 EUR	0,00%
EU Guarantee under the InvestEU Fund (RCS 10)	5.237.450,00 EUR	26.152.310.073,00 EUR	0,02%	- EUR	- EUR	N/A	5.237.450,00 EUR	0,02%

* If the control costs are not attributable to a single RCS and may relate to a 'mix' of expenditure, revenue, assets/liabilities, etc, they may be grouped.

** Ratio possibly “Not Applicable (N/A)”, e.g. if a RCS specifically covers an Internal Control Objective such as safeguarding sensitive information, reliable accounting/reporting, etc.

*** Any 'holistic' control elements (e.g. with 'combined' ex-ante & ex-post characteristics) can be reported in the ex-ante column provided that a footnote clarifies this (their nature + their cost). Example: MS system audits in shared management.

**** These include revenue operations (e.g. assigned revenue, fines, interest); assets (e.g. (in)tangible or financial assets, inventories, treasury) and financial liabilities or 'off balance sheet' items (e.g. employee benefits, guarantees offered or other commitments).

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

Not applicable.

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

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

Table X : Estimated risk at payment and at closure

ECFIN - Estimated risk at payment and at closure

DG ECFIN	Payments made (2022;MEUR)	minus new prefinancing [plus retentions made] (in 2022;MEUR)	plus cleared prefinancing [minus retentions released and deductions of expenditure made by MS] (in 2022;MEUR)	Relevant expenditure (for 2022;MEUR)	Detected error rate or equivalent estimates			Estimated risk at payment (2022;MEUR)	Adjusted Average Recoveries and Corrections (<i>adjusted</i> ARC; %)	Estimated future corrections [and deductions] (for 2022;MEUR)	Estimated risk at Closure (2022;MEUR)								
	-2	-3	-4	-5	-6			-7	-8	-9	-10								
Financial instruments managed via IFIs (RCS 2)	4,30	0,00	0,00	4,30	0,0	-	2,0	0,00	-	0,09	0,0	-	0,0	0,00	-	0,00	0,00	-	0,09
Grants under ELENA / Entrusted Entities (RCS 3)	35,34	- 35,34	0,00	0,00	0,0	-	2,0	0,00	-	0,00	0,0	-	0,0	0,00	-	0,00	0,00	-	0,00
Equity Investments (EBRD, Marguerite)	0,50	0,00	0,00	0,50	0,0	-	0,0	0,00	-	0,00	0,0	-	0,0	0,00	-	0,00	0,00	-	0,00

Fund) (RCS 4)																			
EU Guarantee under the EFSI / budgetary guarantee indirect management (RCS 5)	0,00	0,00	0,00	0,00	0,0 0%	-	0,0 0%	0,00	-	0,00	0,0 0%	-	0,0 0%	0,00	-	0,00	0,00	-	0,00
Provisioning of the Common Provisioning Fund – EFSI and InvestEU compartments (RCS 6)	2 201,22	0,00	0,00	2 201,22	0,0 0%	-	0,0 0%	0,00	-	0,00	0,0 0%	-	0,0 0%	0,00	-	0,00	0,00	-	0,00
Macro-financial assistance (MFA (RCS 7))	95,87	0,00	0,00	95,87	0,0 0%	-	0,0 0%	0,00	-	0,00	0,0 0%	-	0,0 0%	0,00	-	0,00	0,00	-	0,00
Grants (Business Consumer Surveys (BCS), Pericles, European Investment Advisory Hub (EIAH) (RCS 8), HERO Pilot Project)	11,14	- 7,55	2,47	6,06	0,0 0%	-	2,0 0%	0,00	-	0,12	0,0 0%	-	0,0 0%	0,00	-	0,00	0,00	-	0,12
Procurement and other administrative expenses	6,70	- 0,01	0,00	6,70	0,0 0%	-	0,5 0%	0,00	-	0,03	0,0 0%	-	0,0 0%	0,00	-	0,00	0,00	-	0,03

Other Actions under Indirect Management InvestEU Advisory Hub (RCS 9)	0,12	- 0,12	0,00	0,00	0,0	-	2,0	0,00	-	0,00	0,0	-	0,0	0,00	-	0,00	0,00	-	0,00
EU Guarantee under the InvestEU Fund/ budgetary guarantee indirect management (RCS 10)	9,60	- 9,60	0,00	0,00	0,0	-	2,0	0,00	-	0,00	0,0	-	0,0	0,00	-	0,00	0,00	-	0,00
Cross-delegations to other DGs (other AOxDs) - Non-RCS	0,00	0,00	0,00	0,00	0,0	-	0,0	0,00	-	0,00	0,0	-	0,0	0,00	-	0,00	0,00	-	0,00
	0,38	0,00	0,00	0,38	0,0	-	0,0	0,00	-	0,00	0,0	-	0,0	0,00	-	0,00	0,00	-	0,00
DG total	2 365,17	- 52,62	2,47	2 315,02	0,0	-	0,24	0,00	-	0,24	0,0	-	0,0	0,0	-	0,0	0,00	-	0,24
					Overall risk at payment in %			0,0	-	0,0			Overall risk at closure in %			0,0	-	0,0	
								0%		1%						0%		1%	
								<i>(7) / (5)</i>								<i>(10) / (5)</i>			

Notes to the table X

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

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

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

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

Retentions: in Cohesion, the 10% retention applied during the year.

(4) Pre-financing actually cleared during the financial year (i.e. their 'delta' in the Financial Year 'actuals', not their 'cut-off' based estimated 'consumption').

Retentions: in Cohesion, the retentions released during the year by the Commission.

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to legality & regularity errors (see the ECA's Annual Report methodological annex 1.1), our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out [& adds the retentions made], and adds the pre-financing actually cleared [& subtracts the retentions released; and any deductions of *expenditure made by MS*] during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.

(6) In this column, we disclose the estimate error rates.

For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (e.g. *administrative expenditure, operating contributions to agencies*), the rate which should be used is 0.5% as a conservative estimate, unless the department has a more precise estimate based on evidence.

(8) The adjusted average recovery and corrections percentage is to some extent based on the 7 years historic Average of Recoveries and financial Corrections (ARC), which is the best available indication of the corrective capacity of the ex-post control systems implemented by the DG over the past years. DG ECFIN considers that future corrections (and therefore adjusted ARC value) should be zero as DG ECFIN normally has a very limited range of ex-post controls each year. This is fully supported by the ARC tables where recovered amounts are minimal (credit notes and non-eligible expenses are processed when processing the payment and their impact is therefore already shown at the level of the paid amount). While one could argue that zero would only be accurate if no recovery order were ever issued against these expenses, zero is the best estimate. The AOD hence adjusted the ARC from 0,0000951% to 0%.

(9) For some programmes with no set *closure* point (e.g. EAGF) and for some multiannual programmes for which corrections are still possible afterwards (e.g. EAFRD and ESIF), all corrections that remain possible are considered for this estimate.

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

Objective: DG ECFIN employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the Commission's priorities and core business			
Indicator 1: Number and percentage of first female appointments to middle management positions			
Source of data: SYSPER and Commission Decision SEC(2020)146 of 1 April 2020			
Baseline (2019)	Target (2022)	Latest known results (31/12/2022)	
Female representation in management: 23%, 8 out of 35	3 first female appointments to middle management by 2022	8 first female appointments by 31/12/2022 (target exceeded in 2021) Female representation in management: 28.6%, 10 out of 35 (filled posts)	
Main ECFIN-specific actions in 2022:			
Description	Indicator	Target	Latest known results (31/12/2022)
Higher female representation in middle management	Number of first female appointments to middle management and deputy positions	1 additional appointment by the end of 2022 3 female appointments to deputy positions by the end of 2022	3 appointments in 2022 0 appointments in 2022
Indicator 2: Staff engagement index			
Source of data: Commission staff surveys 2018-2021			
Baseline (2018)	Target (2022)	Latest known results (31/12/2022)	
72%	80% (improvement if possible)	71% in 2021	
Main ECFIN-specific actions in 2022:			
Description	Indicator	Target	Latest known results
Building a strong hybrid working environment	Number of support initiatives for managers and teams (middle managers, senior managers, team events, training, guidelines, ...)	At least 5 initiatives by the end of 2022.	7 team events, one senior management event and one dedicated Middle Management Club meeting in 2022.

Description	Indicator	Target	Latest known results
Support for staff well-being	Organisation of on-line sessions and targeted workshops on well-being topics	5 activities by the end of 2022	7 wellbeing-related sessions in ECFIN Summer School 2022. One dedicated Midday Information Session (“Building habits of wellbeing while working in Teams”).

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

Main ECFIN-specific actions in 2022:

Description	Indicator	Target	Latest known results
Staff awareness actions about waste reduction and sorting in the framework of EMAS corporate campaigns	Number of staff informed	All DG ECFIN staff	“Less waste, more action – TOGETHER 2022 campaign, CHAR building!” on recycling of electronic devices with DGs TRADE and RECOVER. All ECFIN staff informed (MyECFINnet, email).
Staff awareness on digital pollution and gradual change of behaviours avoiding heavy emails, encouraging the use of ICT platforms, avoiding unnecessary storage of data.	Number of staff informed	All DG ECFIN staff	Midday Information Session on “Digital Mindfulness”. All ECFIN staff informed (email invitation ; summary and recording on MyECFINnet).
Promote staff awareness actions about sustainable commuting (during EU Mobility and VeloWalk corporate events).	Number of staff informed	All DG ECFIN staff	Dedicated “EMAS at ECFIN” intranet page, with suggestions for sustainable commuting options.

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

Indicator 1: Degree of implementation of the digital solutions modernisation plan.

Source of data: DG ECFIN's AAR and DG ECFIN's IT Steering committee minutes.

Baseline (2018)	Target (2022-2024)	Latest known results (31/12/2022)
Invest EU 0% FDMS 5% FASTOP 9%	InvestEU 55%-82% FDMS 50%-80% FASTOP 45%-77%	InvestEU 55% FDMS 50% FASTOP 45%

Main outputs in 2022:

Description	Indicator	Target	Latest known results
Digital transformation: Collaboration	Migration from SharePoint on premises towards MS Teams or other Office 365 solutions.	30%	32% (15% preparation + 17% sites processed)
Digital transformation: Modernisation	Modernisation of ageing Information Systems	BCS modernised by end of 2022. AMECO modernised by end of 2024	BCS modernisation 80% (BCS roll out planned beginning 2023) Ameco modernisation 5% (Project Initiation Request realised)
Implementation of the corporate principles for data governance for DG ECFIN's key data assets	Percentage of implementation of the corporate principles for data governance for DG ECFIN's key data assets	50%	50%

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

Not applicable.

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

Not applicable.

ANNEX 13: Decentralised agencies and/or EU Trust Funds (if applicable)

Not applicable.

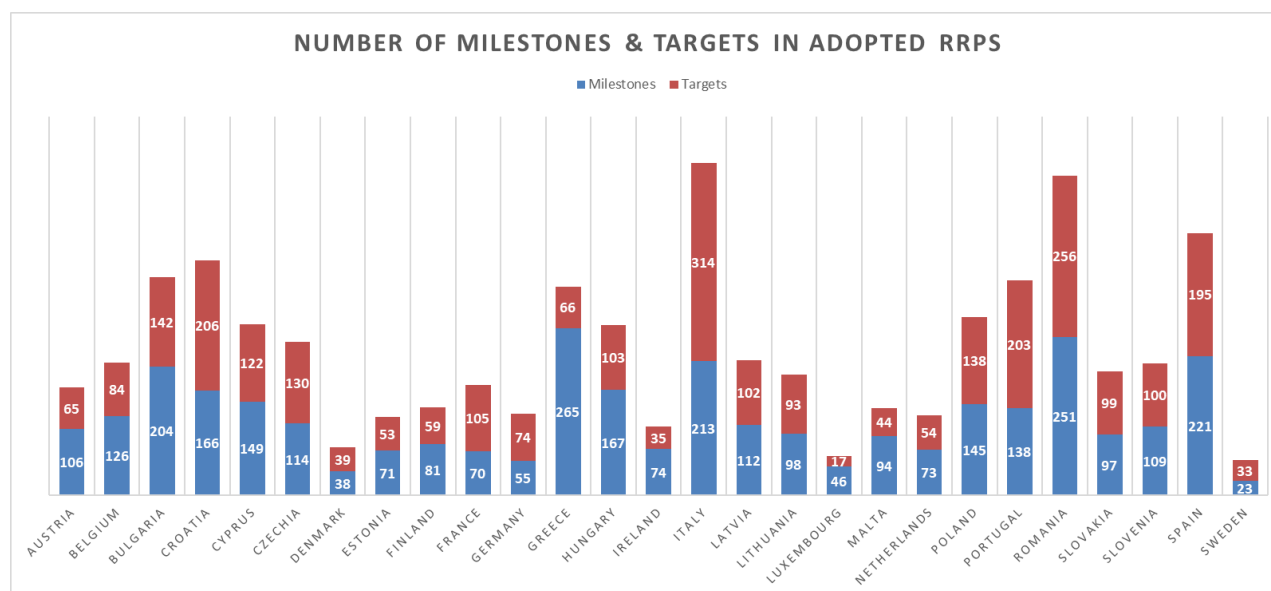
ANNEX 14: Reporting on the Recovery and Resilience Facility

Cumulative Financial data									
EUR million	Planned Grants	Planned Loans	Planned Total	Paid Prefinancing Grants	Paid Prefinancing Loans	Paid Prefinancing Total	Paid Grants	Paid Loans	Paid Total
Austria	3.461	0	3.461	450	0	450	0	0	0
Belgium	5.924	0	5.924	770	0	770	0	0	0
Bulgaria	6.267	0	6.267	0	0	0	1.369	0	1.369
Croatia	6.295	0	6.295	818	0	818	1.400	0	1.400
Cyprus	1.006	200	1.206	131	26	157	85	0	85
Czechia	7.036	0	7.036	915	0	915	0	0	0
Denmark	1.551	0	1.551	202	0	202	0	0	0
Estonia	969	0	969	126	0	126	0	0	0
Finland	2.085	0	2.085	271	0	271	0	0	0
France	39.368	0	39.368	5.118	0	5.118	7.400	0	7.400
Germany	25.613	0	25.613	2.250	0	2.250	0	0	0
Greece	17.770	12.728	30.497	2.310	1.655	3.965	1.718	1.845	3.563
Hungary	5.811	0	5.811	0	0	0	0	0	0
Ireland	989	0	989	0	0	0	0	0	0
Italy	68.881	122.602	191.482	8.954	15.938	24.893	20.000	22.000	42.000
Latvia	1.826	0	1.826	237	0	237	201	0	201
Lithuania	2.224	0	2.224	289	0	289	0	0	0
Luxembourg	93	0	93	12	0	12	0	0	0
Malta	316	0	316	41	0	41	0	0	0
Netherlands	4.707	0	4.707	0	0	0	0	0	0
Poland	23.852	11.507	35.358	0	0	0	0	0	0
Portugal	13.907	2.699	16.606	1.808	351	2.159	553	609	1.162
Romania	14.240	14.942	29.182	1.851	1.942	3.794	1.772	790	2.562
Slovakia	6.329	0	6.329	823	0	823	399	0	399
Slovenia	1.777	705	2.482	231	0	231	0	0	0
Spain	69.513	0	69.513	9.037	0	9.037	22.000	0	22.000
Sweden	3.289	0	3.289	0	0	0	0	0	0
Total	335.100	165.383	500.483	36.644	19.912	56.557	56.897	25.244	82.141

Payments per year						
EUR million	Paid Pre-financing Grants	Paid Pre-financing Loans	Paid Pre-financing Total	Paid Grants	Paid Loans	Paid Total
2021	36.373	17.970	54.343	10.000	0	10.000
2022	271	1.942	2.214	46.897	25.244	72.141
Total	36.644	19.912	56.557	56.897	25.244	82.141

2022 relevant expenditure per Member State										
EUR million	payment date	Payments made in 2022			Clearing of prefinancing			Total expenditure (payment + clearing of prefinancing)		
		grants	loans	total	grants	loans	total	grants	loans	total
Bulgaria	16-12-2022	1.369		1.369			-	1.369		1.369
Croatia	28-06-2022	700		700	105		105	805		805
	16-12-2022	700		700	105		105	805		805
Cyprus	02-12-2022	85		85	13		13	98		98
France	04-03-2022	7.400		7.400	1.106		1.106	8.506		8.506
Greece	08-04-2022	1.718	1.845	3.563	257	276	532	1.974	2.121	4.096
Italy	13-04-2022	10.000	11.000	21.000	1.494	1.644	3.138	11.494	12.644	24.138
	08-11-2022	10.000	11.000	21.000	1.494	1.644	3.138	11.494	12.644	24.138
Latvia	07-10-2022	201		201	30		30	231		231
Portugal	09-05-2022	553	609	1.162	83	91	174	636	700	1.336
Romania	27-10-2022	1.772	790	2.562	265	118	383	2.037	908	2.945
Slovakia	29-07-2022	399		399	60		60	458		458
Spain	29-07-2022	12.000		12.000	1.793		1.793	13.793		13.793
Total		46.897	25.244	72.141	6.803	3.772	10.575	53.700	29.016	82.716

Number of milestones and targets in adopted RRP



Overview of the “fulfilled” milestones and targets

	Reforms		Investments	
	Milestones	Targets	Milestones	Targets
Spain (2021)	49	0	3	0
Bulgaria	16	0	5	1
Croatia	46	1	8	4
Cyprus	8	0	6	0
France	17	0	7	14
Greece	8	0	7	0
Italy	42	0	51	3
Latvia	6	0	3	0
Portugal	20	1	14	3
Romania	11	1	8	1
Slovakia	11	0	3	0
Spain	24	6	7	3
Totals	258	9	122	29

Disbursements to Member States in 2022

Member State	Requested amount (grants and/or loans)	Reforms and/or investments	Number of milestones and/or targets	Submission date	Status quo	Disbursement date
FR	EUR 7.4 bn (grants)	Reforms and investments	38 milestones and targets	26 November 2021	Positively assessed	4 March 2022
EL	EUR 3.6 bn (grants: 1.7 bn; loans: 1.8 bn)	Reforms and investments	15 milestones	29 December 2021	Positively assessed	8 April 2022
IT	EUR 21 bn (grants: 10 bn; loans: 11 bn)	Reforms and investments	51 milestones and targets	30 December 2021	Positively assessed	13 April 2022
PT	EUR 1.1 bn (grants: 553 mn; loans: 609 mn)	Reforms and investments	38 milestones and targets	25 January 2022	Positively assessed	9 May 2022
HR	EUR 700 mn (grants)	Reforms and investments	34 milestones and targets	15 March 2022	Positively assessed	28 June 2022
SK	EUR 398.7 mn (grants)	Reforms and investments	14 milestones	29 April 2022	Positively assessed	29 July 2022
ES (2 nd)	EUR 12 bn (grants)	Reforms and investments	40 milestones and targets	30 April 2022	Positively assessed	29 July 2022
RO	EUR 2.6 bn (grants: 1.8 bn; loans: 790 mn)	Reforms and investments	21 milestones and targets	31 May 2022	Positively assessed	27 October 2022
LV	EUR 201 mn (grants)	Reforms and investments	9 milestones	17 June 2022	Positively assessed	7 October 2022
IT (2 nd)	EUR 21 bn (grants: 10 bn; loans: 11 bn)	Reforms and investments	45 milestones and targets	29 June 2022	Positively assessed	8 November 2022

CY	EUR 85 mn (grants)	Reforms and investments	14 milestones and targets	28 July 2022	Positively assessed	7 December 2022
BG	EUR 1.37 bn (grants)	Reforms and investments	22 milestones and targets	31 August 2022	Positively assessed	16 December 2022
HR (2 nd)	EUR 0.7 bn	Reforms and investments	25 milestones and targets	19 September 2022	Positively assessed	21 December 2022
TOTALS	EUR 72.2bn		366 milestones and targets			

Level of risk

Control results (Amounts in Million Euros)

	Total expenditure (payment + clearing of prefinancing)			
	PR number	grants	loans	total
Bulgaria	1	1.368,9		1.368,9
Croatia	1	804,6		804,6
	2	804,6		804,6
Cyprus	1	97,7		97,7
France	1	8.505,7		8.505,7
Greece	1	1.974,4	2.121,3	4.095,7
Italy	1	11.494,3	12.643,7	24.137,9
	2	11.494,3	12.643,7	24.137,9
Latvia	1	231,0		231,0
Portugal	1	636,1	700,0	1.336,1
Romania	1	2.037,1	907,7	2.944,8
Slovakia	1	458,3		458,3
Spain	2	13.793,1		13.793,1
Total	13	53.700,2	29.016,3	82.716,4

ECFIN Legality & Regularity Audits							
date field work	high risk M/T	medium risk M/T	(very) low risk M/T	number high risk M/T audited	number medium risk M/T audited	number (very) low risk M/T audited	number with L&R issues
05/09/2022	0	2	32	0	1	1	-
27/02/2023	3	4	5	3	3	0	-
28/03/2022	6	8	24	6	2	0	-
16/05/2022	1	3	47	1	1	0	-
20/06/2022	0	3	35	0	3	0	-
05/12/2022	0	2	19	0	2	0	-
26/09/2022	5	0	35	5	0	0	-
	15	22	197	15	12	1	

Audit opinion
level of risk
Low
Low
Low
Low
Low
Low
Low
Low
Low
Low
Low
Low
Low
Low

Management opinion
Low
Low
Low
Low
Low
Low
Low
Low
Low
Low
Low
Low
Low

Level of risk in AAR
Low
Low
Low
Low
Low
Low
Low
Low
Low
Low
Low
Low
Low

List of milestones on Audit & Control included in the 5 CID endorsed by the Council in 2022

MS	Measure	Name	Qualitative indicator	Time	Annex CID (description)
SE	Government decisions to ensure an effective and efficient implementation	M1: Government decisions ensuring an effective and efficient implementation of the Recovery and Resilience Plan including the audit and control set-up	Entry into force of mandates and assignments	Q4 2021	The Government shall take decisions on the mandates/assignments to the relevant authorities, as set out in the measure description, assigned to execute the RRP and other necessary decisions required to implement the RRP in an efficient and effective manner, which meets the requirements of Regulation (EU) 2021/241.
	Government decisions to ensure an effective and efficient implementation	M2: Government decisions ensuring an effective and efficient implementation of the Recovery and Resilience Plan including the audit and control set-up	Entry into force of mandates and assignments	Q4 2021	The Government shall give the Swedish National Financial Management Authority (ESV) the relevant mandates/assignments on information management with respect to the execution of the RRP (data collection on achievement of milestones and targets) and reporting aside from their mandate as audit authority.
	Government decisions to ensure an effective and efficient implementation	M3: Government decisions ensuring an effective and efficient implementation of the Recovery and Resilience Plan including the audit and control set-up	Entry into force of mandates and assignments	Q4 2021	The Government shall take the decisions on relevant mandates/assignments to the Swedish National Financial Management Authority (ESV) on audit.
BG	C10.I11: Ensuring an adequate information and administrative environment for the implementation of the recovery and resilience plan	Provision of a repository system for monitoring of the implementation of the RRP	Audit report confirming the repository system functionalities	Q2 2022	A repository system for monitoring the implementation of the Recovery and Resilience Plan (RRP) shall be in place and operational before the first payment request. The system shall include, as a minimum, the following functionalities: (a) collection of data and monitoring of the achievement of milestones and targets; (c) collection, storage and access to the data required by Article 22(2)(d)(i) to (iii) of Regulation (EU) 2021/241
	C10.I11: Ensuring an adequate information and administrative environment for the implementation of the recovery and resilience	Entry into force of the act setting up the Management and Control system for the RRP	Adoption and entry into force of the act (an order of the Minister of Finance) approving the Management and Control System	Q2 2022	The Management and Control System in the context of the RRP shall be approved before the first payment request and shall include: <ul style="list-style-type: none"> • the ministries/bodies responsible for carrying out controls on the implementation of the plan (investments and reforms); • the specification of measures to combat fraud, corruption, double funding and conflict of interest and

MS	Measure	Name	Qualitative indicator	Time	Annex CID (description)
	plan				arrangements for reporting and correcting serious irregularities.
	C10.I11: Ensuring an adequate information and administrative environment for the implementation of the recovery and resilience plan	An approved workload analysis for the National Funds Directorate and the Central Coordination Unit, entry into force of the amendments to the structural regulations for the Executive Agency 'Audit of EU Funds' and the implementation of respective recommendations	An approved workload analysis for the National Funds Directorate and the Central Coordination Unit, provision in the amendments to the structural regulations for the Executive Agency 'Audit of EU Funds' indicating the entry into force of the amendments, and the respective recommendations have been implemented	Q2 2022	A workload analysis shall be carried out for the National Funds Directorate, for the Central Coordination Unit and for the Executive Agency 'Audit of EU Funds', taking into account the burden arising from the implementation of the Recovery and Resilience Plan and the amended functions and/or responsibilities of the two bodies. The analysis shall provide adequate information on administrative capacity needs and develop a set of recommendations to address insufficient capacity where necessary taking the current available resources and tasks as a baseline. Based on the analysis and recommendations, the decisions on the allocation of the necessary resources and on the entry into force of the amendments to regulations for both bodies shall take place before the first payment request.
PL	PL-C[F]-R[3.1] M[F7G]	Ensuring an effective audit and control in the framework of the RRF implementation protecting the financial interests of the Union	Audit report confirming the repository system functionalities	Q2 2022 (delay Q3/Q4 2022)	A repository system for monitoring the implementation of the RRF shall be in place and operational. The system shall include, as a minimum, the following functionalities: (a) collection of data and monitoring of the achievement of milestones and targets; (b) collection, storage and ensuring access to the data required by Article 22(2)(d)(i) to (iii) of the RRF Regulation. The access to this data shall be granted to all relevant national and European bodies for the purpose of audit and control. The data coming from this repository system shall feed into the Arachne system on a quarterly basis. The Arachne system shall be used during audits and controls to prevent and detect and correct conflict of interest, fraud, corruption and double funding.
NL	NL-C[C7]-R[C7]-M[1.25]	Repository system for Audit and Control: information for monitoring implementation of RRF	Audit report confirming repository system functionalities	Q1/2023	A central repository system for monitoring the implementation of the RRF shall be in place and operational. The system shall include, as a minimum, the following

MS	Measure	Name	Qualitative indicator	Time	Annex CID (description)
					functionalities: (a) collection of data and monitoring of the achievement of milestones and targets; (b) collection, storage of, and ensure access to, the data required by Article 22 (2) (d) (i) to (iii) of Regulation (EU) 2021/241 (RRF Regulation).
	NL-C[C7]-R[C7]-M[126]	Entry into force of the ministerial decree amending the statute of the audit body ("Auditdienst rijk")	Provision in the ministerial decree indicating its entry into force	Q4/2022	The ministerial decree amending the statute of the audit body ("Auditdienst Rijk") shall include the mandate to set up and carry out system audits and substantive testing related to the Netherlands' recovery and resilience plan. The Ministry of Finance shall give the Dutch audit body ("Auditdienst Rijk") the relevant assignment to set up and carry out system audits and substantive testing related to the Netherlands' recovery and resilience plan.
	NL-C[C7]-R[C7]-M[127]	Entry into force of a ministerial decree amending the organisational decision ("organisatiebesluit") defining the mandate of the programme directorate for the recovery and resilience plan	Provision in the ministerial decree indicating entry into force	Q4/2022	The Programme Directorate for the recovery and resilience facility of the Ministry of Finance shall be officially mandated via the entry into force of a ministerial decree amending the organisational decision of the Ministry of Finance ("organisatiebesluit Ministry of Finance") as the coordinating body for the implementation of Netherlands' recovery and resilience plan.
HU	217	C9.R19 Reinforced legal provisions setting out implementation, monitoring, and audit and control arrangements to guarantee the sound use of Union support	Legal mandate for the implementation, audit and control of the recovery and resilience plan	Q3 2022	Entry into force of the Government Decree on the roles and responsibilities of bodies involved in the implementation, audit and control of the Hungarian recovery and resilience plan
	218	C9.R19 Reinforced legal provisions setting out implementation, monitoring, and audit and control arrangements to guarantee the sound use of Union support	Amendment of the legal provisions relating to the implementation, monitoring, control and audit of the European Structural and Investment Funds and the funds under Regulation (EU) 2021/1060 in Hungary	Q3 2022	Provision in the Government Decrees on the implementation, monitoring, control and audit of the European Structural and Investment Funds and the funds under Regulation (EU) 2021/1060 in Hungary indicating entry into force
	219	C9.R19 Reinforced legal provisions setting out implementation, monitoring, and audit	Adoption and start of application of guidelines to ensure the effective the	Q4 2022	Start of application of detailed guidelines on conflict of interest

MS	Measure	Name	Qualitative indicator	Time	Annex CID (description)
		and control arrangements to guarantee the sound use of Union support	prevention, detection and correction of conflict of interest for the staff of all bodies involved in the implementation, control and audit of Union support in Hungary		
	220	C9.R20 An effective anti-fraud and anti-corruption strategy for the implementation, audit and control of Union support	Ensuring effective prevention, detection and correction of fraud and corruption in the implementation of Union support by drawing up and implementing an effective anti-fraud and anti-corruption strategy for Union support	Q3 2022	Entry into force of an anti-fraud and anti-corruption strategy for Union support
	221	C9.R20 An effective anti-fraud and anti-corruption strategy for the implementation, audit and control of Union support	Ensuring effective prevention, detection and correction of fraud and corruption in the implementation of Union support by drawing up and implementing an effective action plan related to the anti-fraud and anti-corruption strategy for Union support	Q4 2022	Entry into force of an action plan related to the anti-fraud and anti-corruption strategy for Union support
	222	C9.R21 Full and effective use of the Arachne system for all Union support	Ensuring effective prevention, detection and correction of fraud and corruption in the implementation of Union support through appropriate arrangements ensuring the effective use of the Arachne risk-scoring tool	Q3 2022	Start applying procedures ensuring the systematic use of the Arachne risk-scoring tool to effectively prevent and detect fraud, corruption, conflict of interest and other irregularities
	223	C9.R21 Full and effective use of the Arachne system for all Union support	Ensuring effective prevention, detection and correction of fraud and corruption in the implementation of Union support by confirming the adequacy of the procedures on the systematic and effective use of the Arachne risk-scoring tool	Q4 2022	Unqualified final audit report of EUTAF confirming the adequacy of procedures on the systematic and effective use of the Arachne risk-scoring tool and the completeness of data uploaded to Arachne
	224	C9.R22 Establishment of a Directorate of Internal Audit and Integrity to reinforce the control of conflicts of interest when implementing Union support	Ensuring effective prevention, detection and correction of fraud and corruption in the implementation of Union support through the setting up and full functioning of a new Directorate of Internal Audit and Integrity	Q4 2022	A new Directorate of Internal Audit and Integrity (DIAI) set up in the ministry responsible for the implementation of Union support, is fully staffed, its rules of procedures and internal processes are in place and it is fully operational

MS	Measure	Name	Qualitative indicator	Time	Annex CID (description)
			(DIAI)		
	225	C9.R23 Ensuring the capacity for the EUTAF to effectively carry out its tasks	Ensuring effective prevention, detection and correction of fraud and corruption in the implementation of Union support through appropriate capacity for EUTAF	Q4 2022	Entry into force of legislative amendments to provide the necessary financial and human resources to the EUTAF
	226	C9.R24 Strengthening cooperation with OLAF to reinforce the detection of fraud related to the implementation of Union support	Designation of a national authority in charge with assisting OLAF with its on-the-spot checks in Hungary and the introduction of the possibility to levy financial sanctions on non-cooperating economic actors	Q4 2022	Entry into force of a legislative amendment designating the competent authority and of a legislative amendment introducing the possibility to levy dissuasive financial sanctions on non-cooperating economic actors
	227	C9.R25 Effective implementation, control and audit of the Recovery and Resilience Plan and the protection of the financial interests of the Union	Monitoring system for the implementation of the Hungarian recovery and resilience plan	Q4 2022	Audit report confirming the functionalities and operation of the repository system for the recovery and resilience plan
	228	C9.R25 Effective implementation, control and audit of the Recovery and Resilience Plan and the protection of the financial interests of the Union	Ensuring effective audit of the implementation of the Hungarian recovery and resilience plan	Q4 2022	Entry into force of an audit strategy by EUTAF for the recovery and resilience plan

List of information included in the Recovery and Resilience Scoreboard:

The [Recovery and Resilience Scoreboard](#) includes the following types of information:

- Data collected by the Commission while monitoring the implementation of the recovery and resilience plans. This includes information on the fulfilment of [milestones and targets](#) as reported by Member States and assessed by the Commission. Information on [disbursements](#) is also included, as well as data developed by the Commission such as the expenditure in each of the [six RRF policy areas](#) and social expenditure under the Facility.
- Data collected by Member States on the 14 [common indicators](#).
- A [timeline](#) of key events in the implementation of the RRF.
- [Thematic analyses](#) of specific policy areas such as digital public services, education, rule of law and sustainable mobility, which are developed by DG ECFIN, jointly with SG RECOVER, and showcase relevant measures included in the recovery and resilience plans. 8 thematic analyses were published in 2022.