



European
Commission

Annual Activity Report 2020

DG JUST

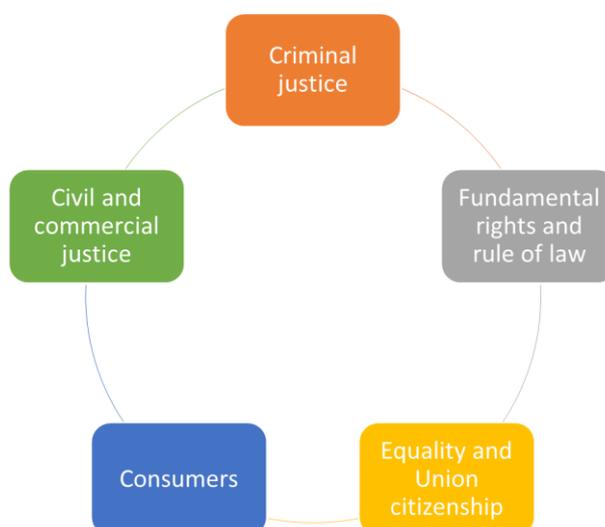
Table of Contents

- THE DG IN BRIEF 3
- EXECUTIVE SUMMARY 5
 - Key results and progress towards the achievement of the Commission’s general objectives and DG’s specific objectives (executive summary of section 1)..... 6
 - Key Performance Indicators (KPIs)..... 8
 - Key conclusions on Financial management and Internal control (executive summary of section 2.1).....11
 - Provision of information to the Commissioner(s).....12
 - Specific actions on COVID-19.....13
- 1. Key results and progress towards the achievement of the Commission’s general objectives and DG’s specific objectives.....15
- 2. Modern and efficient administration and internal control.....30
 - 2.1 Financial management and internal control.....30
 - 2.1.1 Control results.....31
 - 2.1.2 Audit observations and recommendations46
 - 2.1.3 Assessment of the effectiveness of internal control systems48
 - 2.1.4 Conclusions on the assurance.....49
 - 2.1.5 Declaration of Assurance and reservations.....51
- Declaration of Assurance**52
- Reservation 1.....53
 - 2.2 Modern and efficient administration54
 - 2.2.1 Human resource management.....54
 - 2.2.2 Digital transformation and information management.....55
 - 2.2.3 Sound environmental management.....56
 - 2.2.4 Example of initiative to improve economy and efficiency of financial and non-financial management.....57

THE DG IN BRIEF

The mission of DG Justice and Consumers (DG JUST) is to uphold and strengthen the rights of people living in the European Union, whether they are acting as citizens, as entrepreneurs, as consumers or as workers, wherever they are in the European Union. To do this, DG JUST aims to strengthen the respect of the core EU values – democracy, fundamental rights and the rule of law, the respect of equality, to deepen European cooperation in the area of justice, and to support the development of a dynamic single market for consumers, workers and businesses, contributing to European growth.

DG JUST manages a substantial set of EU laws in its competence areas. To achieve EU objectives in these areas, DG JUST uses a wide range of tools, like targeted legislative actions, non-legislative actions and enforcement tools aimed at ensuring effective application of EU laws. DG JUST is organised in five directorates, responsible for:



The "Programme and financial management" unit of DG JUST, in collaboration with the policy units ensures the management of DG JUST's funding programmes. Until 2020, these were: the "Justice", "Rights, Equality and Citizenship" (REC)¹, and "Consumer" programme. DG JUST has limited financial resources at its disposal to allow implementation of its policies on the ground (total 2020 budget amounting to EUR 202.78 million, representing 0.14% of the total EU budget).

DG JUST programmes are implemented through two management modes:

- The **direct management mode** - grants and procurement – by the Commission on the "REC"/"CERV" and Justice programmes, and with the support of the Consumers, Health, Agriculture and Food executive agency (CHAFAEA)² for the

¹ From 2021 replaced by the Citizenship, Equality, Right & Values (CERV) programme

² From 2021 taken over by European Innovation Council and SMEs Executive Agency (ISMEA)

Consumer programme. From 2020 DG JUST is a DG partner for Education, Audiovisual and Culture Executive Agency. In terms of payments direct management represents 64.62% (EUR 133.33 million).

- The **indirect management mode**. The EU has established agencies in the area of Justice and Consumers to support EU Member States and their citizens in coping with new tasks of specific nature. Each agency is unique and fulfils an individual function. Together, the European Institute for Gender Equality (EIGE), the European Union Agency for Fundamental Rights (FRA) and the European Union's Judicial Cooperation Unit (EUROJUST) provide information and advice, prepare and take decisions, oversee operations and support policy making. DG JUST pays the subsidies voted by the budgetary authority for the agencies. In terms of payments this represents 35.38% (EUR 72.99 million).

EXECUTIVE SUMMARY

This Annual Activity Report is a management report of the Director-General of DG Justice and Consumers to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties³.

The executive summary has five subsections:

- a) Key results and progress towards the achievement of the Commission's general objectives and DG's specific objectives (executive summary of section 1; *what* we have delivered)⁴, including achievements in burden reduction and simplification where relevant.
- b) The most relevant Key Performance Indicators (KPIs) to illustrate the policy highlights identified in the DGs 2020-2024 Strategic Plan⁵
- c) Key conclusions on Financial management and Internal control (executive summary of section 2.1; *how* we have delivered)
- d) Informing the Commissioner (confirmation that the main elements of the AAR have been brought to the attention of the responsible Commissioner(s), using a standard text - see below)
- e) Specific Actions on COVID-19 (for 2020 the executive summary includes an extra subsection on the specific actions taken by the DG regarding COVID-19)

³ Article 17(1) of the Treaty on European Union

⁴ An Executive Agency uses as heading: "Implementation of the Agency's Annual Work programme - Highlights of the year".

⁵ For Executive Agencies, the KPIs identified in the 2020 Annual Work Programme.

Key results and progress towards the achievement of the Commission's general objectives and DG's specific objectives (executive summary of section 1)

This executive summary recaps major results towards achievement of objectives of DG Justice and Consumers (DG JUST) in 2020, in particular contributing to four headline ambitions set out by President von der Leyen: *A new push for European Democracy, A European Green Deal, A Europe fit for the digital age and Promoting our European way of life*. The year 2020 was particularly challenging because in addition to its already busy agenda in the areas of justice, equality and protection of consumers, DG JUST needed to contribute to Commission's response to the Covid-19 pandemic in a number of key areas.

In 2020, DG JUST continued working on strengthened rule of law in the EU. As one of its priorities, the Commission started implementing a comprehensive European Rule of Law Mechanism. In September, it published the **first annual report on the rule of law** that covers both positive and negative developments across the EU around four main pillars: national justice systems, anti-corruption frameworks, media pluralism and freedom, and other institutional issues related to the checks and balances essential to a functioning democracy. As part of the new EU long-term budget (Multiannual Financial Framework 2021-2027), DG JUST contributed to the rules that would ensure effective **protection of the Union's financial interest** in Member States where Rule of Law breaches may put EU funds at risk. DG JUST also continued its work on promoting the rule of law and other justice and equality topics at the international level, including in enlargement and the Eastern Partnership.

To strengthen democracy across the EU, the Commission adopted the **European Democracy Action Plan**. It sets out measures to promote free and fair elections, strengthen media freedom and counter disinformation. This report is an outcome of a good collaboration among the Commission services and based, among others on findings of the reports prepared by DG JUST – the **Report on the 2019 elections**, the 2020 **EU Citizenship Report**, as well as on the monitoring and good practice exchange within the European Cooperation Network on Elections. The new **strategy on the application of the Charter of Fundamental Rights** adopted in 2020 is part of the Commission's comprehensive approach to promoting and protecting the fundamental rights and values on which the EU is founded.

In 2020, DG JUST worked on new strategies aiming to achieve a **Union of Equality**, which were adopted by the Commission. The **Gender Equality Strategy** sets out a vision, policy objectives and actions to make real progress on gender equality in Europe. The new **EU Roma Strategic Framework** sets a series of targets to be achieved by 2030 through a more comprehensive approach that complements the inclusion of marginalised Roma with fostering equality and promoting civic participation. It also interrelates with the **EU Action Plan against racism 2020-2025** adopted in September, which sets out a series of measures to step up action and to bring together actors at all levels to address racism and racial discrimination more effectively in the EU. **LGBTIQ equality strategy** sets up EU actions to address discrimination and challenges faced by LGBTIQ people and delivers on the Commission's commitment to a Union of Equality. Moreover, in June the Commission adopted the first **EU Strategy on Victim's Rights**, which aims to ensure that all victims

of crime can fully rely on their rights no matter where in the EU or in what circumstances the crime took place.

DG JUST prepared Commission's **evaluation report** on the first two years of the **General Data Protection Regulation** (GDPR) adopted by the Commission in June. The Report found that the GDPR had met most of its aims, in particular by offering citizens a strong set of enforceable rights, by creating a new European system of governance and enforcement and by offering a flexible toolbox for international data transfers that facilitates transfers while ensuring the continuity of protection.

In the area of consumers, among others DG JUST worked on the **New Consumer Agenda** adopted by the Commission in November. It sets out the actions that the EU will take in response to new challenges brought on by Covid-19 as well as the digital and green transitions, including environmental and sustainability concerns, effective enforcement of consumer rights and protection of vulnerable consumers. In November, the Council and Parliament adopted a **Directive on representative actions for the protection of consumers' collective interests**, which allows consumer organisations to bring actions in courts on behalf of consumers harmed by breaches of European consumer laws.

As part of its support to judicial cooperation in civil and criminal matters, the Commission adopted a **new strategy on European judicial training**. It sets new, ambitious objectives to further improve justice professionals' training on EU law.

Digitalisation of justice systems is one of the political priorities on which DG JUST focused in 2020. It aims at replacing traditional transmission channels in judicial proceedings to electronic ones, in particular in cross-border situations. The new Commission **Communication on the digitalisation of justice** lays down the Commission's vision on the future of the digitalisation of justice and presents a structured "toolbox" of legislative, IT, and financial tools. Moreover, by formally establishing the **e-CODEX system** and guaranteeing its sustainability, the Commission proposal paves the way for advancing the work on digitisation.

In 2020, after long negotiations, the co-legislators reached political agreement on the Rights and Values programme and on the Justice programme for the next budgetary period 2021-2027.

When tabling new legislative proposals, DG JUST endeavours to identify any potential for simplification and/or burden reduction. In 2020 one legislative proposal was adopted in the area of digitalisation of exchanges of information and documents between Member States.

Key Performance Indicators (KPIs)

<p>Degree of establishment of the new European Rule of Law Mechanism in line with the Political Guidelines</p>	<p>Baseline: Preparation of the first Annual Rule of Law Report Target: Fully functioning European Rule of Law Mechanism. Yearly publication of the Annual Rule of Law Report. Rule of Law Report is used as a basis in the discussions at the Council, Parliament and at national level. Latest known result (December 2020): Publication of the first annual Rule of Law Report in September 2020. Two follow-up discussions in the Council, presentation in the European Parliament and eight discussions in national Parliaments (BE, DE, DK, BG, FR, EE, ES, NL)</p>
<p>Degree of implementation of Gender Equality Strategy</p>	<p>Baseline: Strategy adopted Target: All measures within DG JUST competence due by 2024 implemented Latest known result: EU Victims' Rights Strategy adopted. The Pay Transparency Directive scheduled for adoption in March. Legislative measures on gender-based and domestic violence are underway.</p>

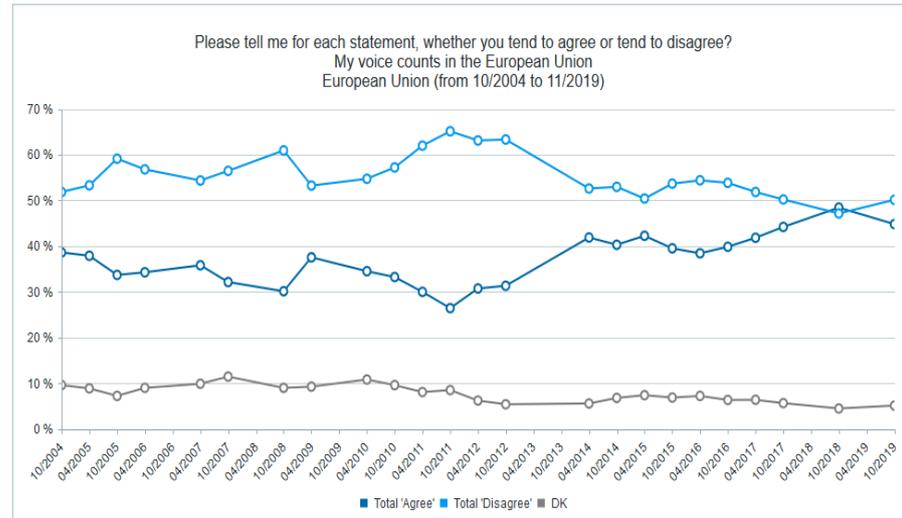
Citizens perception on democratic participation "my voice counts"

My voice counts in the EU⁶

Baseline adjusted to EU27 (2019): 48%

Target: Increase

Latest known result (2020): 42% (EB 93)



Source:

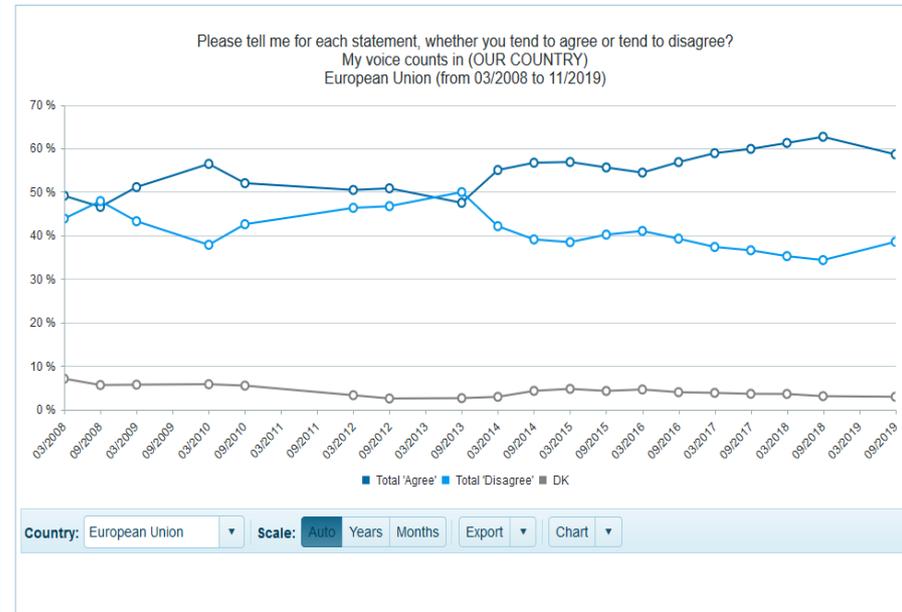
<https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Chart/getChart/chartType/lineChart/themeKy/25/groupKy/289/savFile/49>

My voice counts in my country

Baseline adjusted to EU27: 61%

Target: Increase

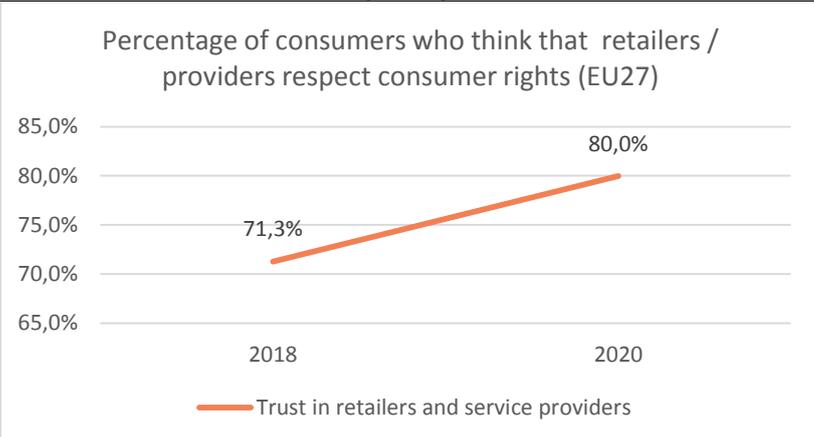
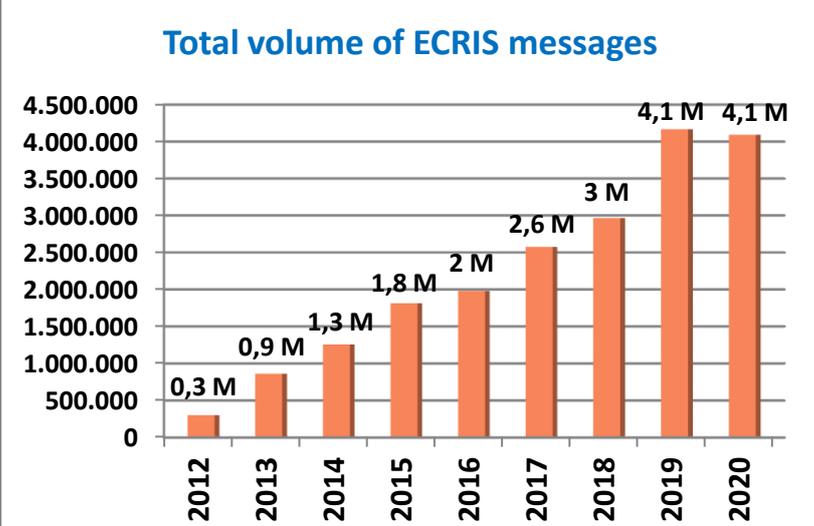
Latest known result (2020): 57% (EB 93)



Source:

<https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Chart/getChart/chartType/lineChart/themeKy/25/groupKy/292/savFile/9>

⁶ There is no additional data from citizens explaining the trend. In the past the elections to the European Parliament positively impacted this indicator (in 2009, 2014, 2019 the percentage of citizens who believed that their voice matters in the EU was at a 5-year high before it decreased as soon as the elections were over). • The 2020 data should thus be compared with the 2010 and 2015 data, rather than with the 2019 data to reflect the temporal effect of this trend. In 2020, 42% believed that their voice mattered in the EU – the same as it was in the spring of 2015. It will be important to monitor this indicator over time and draw conclusions shorter to the 2024 elections.

<p>Percentage of consumers who think that in general retailers/providers respect their rights as consumers</p>	<p>Baseline: 71.3% (for EU27 in 2018) Target : increase Latest known result: 80% (2020)</p>  <p>Percentage of consumers who think that retailers / providers respect consumer rights (EU27)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>71,3%</td> </tr> <tr> <td>2020</td> <td>80,0%</td> </tr> </tbody> </table> <p>Trust in retailers and service providers</p>	Year	Percentage	2018	71,3%	2020	80,0%														
Year	Percentage																				
2018	71,3%																				
2020	80,0%																				
<p>Number of exchanges via the European Criminal Records Information System (ECRIS)</p>	<p>Baseline (2020): 4.1 million Target (2024): 5 million Latest known result (2020): 4.1 million⁷</p>  <p>Total volume of ECRIS messages</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Volume (Millions)</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>0,3 M</td> </tr> <tr> <td>2013</td> <td>0,9 M</td> </tr> <tr> <td>2014</td> <td>1,3 M</td> </tr> <tr> <td>2015</td> <td>1,8 M</td> </tr> <tr> <td>2016</td> <td>2 M</td> </tr> <tr> <td>2017</td> <td>2,6 M</td> </tr> <tr> <td>2018</td> <td>3 M</td> </tr> <tr> <td>2019</td> <td>4,1 M</td> </tr> <tr> <td>2020</td> <td>4,1 M</td> </tr> </tbody> </table>	Year	Volume (Millions)	2012	0,3 M	2013	0,9 M	2014	1,3 M	2015	1,8 M	2016	2 M	2017	2,6 M	2018	3 M	2019	4,1 M	2020	4,1 M
Year	Volume (Millions)																				
2012	0,3 M																				
2013	0,9 M																				
2014	1,3 M																				
2015	1,8 M																				
2016	2 M																				
2017	2,6 M																				
2018	3 M																				
2019	4,1 M																				
2020	4,1 M																				

⁷ In 2020 we did not note the projected increase of exchanges due to the Covid-19 pandemic.

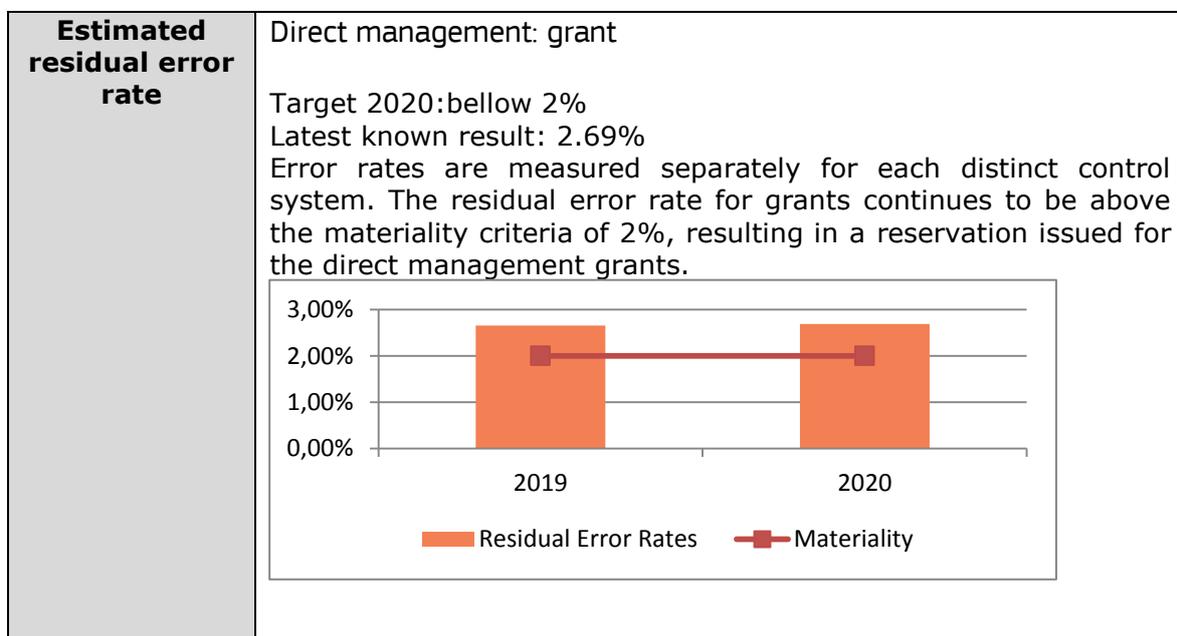
Key conclusions on Financial management and Internal control (executive summary of section 2.1)

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

To ensure the achievement of policy and management objectives, the Commission has adopted a set of internal control principles, based on international good practice. The financial regulation requires that the organisational structure and the internal control systems used to implement the budget be set up in accordance with these principles. DG Justice and Consumers has assessed its internal control systems during the reporting year and has concluded that [insert here the conclusion chosen from the four possibilities]. Please refer to AAR section 2.1.3 for further details.

In addition, DG Justice and Consumers has systematically examined the available control results and indicators, [including those for supervising entities to which it has entrusted budget implementation tasks,] as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors. These elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives. Please refer to Section 2.1 for further details.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director General, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance albeit qualified by a reservation concerning the financial risk corresponding to the residual error rate in the non-audited population of grants in the programmes managed by the Directorate General Justice and Consumers under the budget chapters 33 02 and 33 03.



Provision of information to the Commissioner(s)

In the context of the regular meetings during the year between the DG and the Commissioners on management matters, the main elements of this report and assurance declaration, including the reservation envisaged have been brought to the attention of Commissioner Didier Reynders, responsible for justice portfolio and Commissioner Helena Dalli, responsible for equality portfolio.

Specific actions on COVID-19

In 2020, Europe was strongly impacted by the Covid-19 pandemic. The Commission has proposed a strong and coordinated response to the health crisis as well as to the impact on Europe's economy and society. Covid-19 has also posed challenges as regards performance, control, audit and assurance in relation to the 2020 EU budget. In an exercise coordinated at corporate level, all Commission services have promoted the consistent and rigorous protection of the EU budget ensuring that appropriate mitigating measures were put in place.

DG JUST prepared a number of initiatives for adoption by the Commission in the context of the Covid-19 pandemic in the area of citizens rights to free movement, to consumer protection and data protection. In an unprecedented repatriation effort, the EU **assisted more than 600 000 EU citizens** stranded in third countries, who were affected by Covid-19 travel restrictions across the world, **to safely return home to Europe**.

DG JUST prepared guidelines to **ensure EU passenger and travellers' rights are protected** adopted by the Commission in March and applied in a coherent manner across the EU and in respect of EU law, in light of the mass cancellations and delays. In addition, in March, the consumer protection authorities of the Member States, with the support of the Commission, issued Common Position COVID-19 **on the most reported scams and unfair practices in order to protect consumers** in the context of the coronavirus. DG JUST coordinated a screening ('sweep') of websites, with the aim of finding out where consumers in the EU are being subjected to content promoting false claims or scam products in this context.

DG JUST prepared a data protection **guidance** on the development of contact tracing apps that support the fight against coronavirus, which was published by the Commission in April. This guidance aims to offer the necessary framework to guarantee that citizens have sufficient protection of their personal data and limitation of intrusiveness while using such apps.

In May, DG JUST drafted a Commission proposal to support the companies' administration in the COVID-19 situation, and the **Regulation on the annual meetings of European Companies** was adopted fast.

In June 2020, the Commission and the High Representative issued a **joint Communication** on Tackling COVID-19 disinformation – getting the facts right, to which DG JUST contributed. The Communication took stock of the situation and of **the actions taken to limit the impact of COVID-19-related disinformation**.

Before summer 2020, the Commission presented a set of guidelines and recommendations to help Member States gradually lift travel restrictions and allow tourism businesses to reopen, after months of lockdown. As the health situation further evolved, in September, the Commission adopted a **proposal for a Council Recommendation** to ensure that any **measures taken by Member States that restrict free movement due to the coronavirus pandemic are coordinated and clearly communicated at the EU level**.

The Commission's proposal sets out four key areas where Member States should work closer together: Common criteria and thresholds for Member States when deciding whether to introduce travel restrictions, mapping of common criteria using an agreed colour code, a

common framework for measures applied to travellers from high-risk areas, clear and timely information to the public about any restrictions.

Moreover, DG JUST is working on Commission's monitoring of the impact of emergency measures on **fundamental rights and the rule of law**. The Rule of Law report adopted in September included within its scope monitoring of emergency measures.

1. Key results and progress towards the achievement of the Commission's general objectives and DG's specific objectives⁸

General objective:

A new push for European democracy



Specific objectives 1. Strengthened rule of law in the Union

As part of the new Rule of Law Mechanism, in 2020 the Commission published the first **Annual Rule of Law Report**. Discussions based on the report were held in the Council, the European Parliament and in national Parliaments. DG JUST continued to actively monitor developments related to systemic threats to the rule of law in Member States, and to contribute to the preparation of the Commission's position in two Article 7 TEU procedures, currently pending in the Council, against Poland and Hungary. DG JUST also prepared infringement proceedings against Poland concerning the new law on the judiciary, as regards the continued functioning of the Disciplinary Chamber of the Supreme Court with respect to cases concerning judges. DG JUST furthermore contributed to the preparation of a request for interim measures, granted by the Court of Justice on 8 April 2020 in the context of case C-791/19, ordering Poland to suspend the functioning of the Disciplinary Chamber of the Supreme Court as regards disciplinary cases against judges. DG JUST also prepared, with the support of the Justice Programme, the **2020 EU Justice Scoreboard**, to assist Member States to achieve more effective justice by providing objective, reliable and comparable data on the efficiency, quality and independence of justice systems in all Member States. The **monitoring of the justice systems** was also carried out in the context of the European Semester in respect of 14 Member States. In 2020, eight Member States (Croatia, Italy, Cyprus, Hungary, Malta, Poland, Slovakia) received a country-specific recommendation on justice-related matters. DG JUST also contributed to the preparation for the implementation of the Recovery and Resilience Facility Regulation and contributed to the dialogues on the Regulation on the **protection of the Union's budget in case of generalised deficiencies as regards the rule of law** in the Member States.

Specific objective 2: Strengthened application of fundamental rights

In 2020, DG JUST prepared a **strategy** to strengthen the application of **the Charter of Fundamental Rights** in the EU, which proposes specific actions (i) ensuring the effective application of the Charter by Member States; (ii) empowering civil society organisations, rights defenders and justice practitioners; (iii) fostering the use of the Charter as a compass for EU institutions and (iv) strengthening people's awareness of their rights under the

Charter. The Charter strategy complements the **European democracy action plan** and the first rule of law report, which together illustrate the Commission's comprehensive approach to promoting and protecting the fundamental rights and values on which the EU is founded.

On 24 June 2020, the Commission adopted the first ever **EU Strategy on victims' rights**. Its main goal is to ensure that all victims of all crime can rely on their rights no matter where in the European Union and no matter in what circumstances the crime happened. The strategy presents key priorities. While it deals with all victims of crime, it pays special attention to support and protection to the most vulnerable victims such as victims of hate crime, victims of terrorism or child victims. To improve the application of the current EU acquis on victims' rights, the Commission also adopted reports on the implementation of the Victims' Rights Directive⁹ and the Directive on the European protection¹⁰.

DG JUST also prepared the grounds for adoption of a **new strategy on the rights of the child** in 2021. For this, DG JUST consulted the general public through an online consultation (received almost 500 contributions) and through the **EU Forum on the Rights of the Child**. In partnership with eight child rights organisations, DG JUST also collected the views of more than 10 000 children in and outside the EU and commissioned a study on the participation of children to the EU political and democratic life.

On 30 October 2020, the Commission launched two infringement proceedings against Estonia and Romania, as their national laws do not fully and accurately transpose that Framework Decision on combating racism and xenophobia by means of criminal law. The correct transposition of the Framework Decision and the effective criminalisation of hate speech and hate crime are one of the main key pillars of the **EU anti-racism Action Plan**, adopted on 18 September 2020.

DG JUST also continued to monitor the implementation of the Code of conduct on countering illegal hate speech online signed by major IT platforms. The results of the fifth monitoring exercise published in June 2020 confirmed the good performance by IT platforms on the review and removal of hate speech content. The work on the implementation of the Code of conduct carried out since 2016 contributed to inform the work on the Commission's proposal for a Digital Services Act adopted on 15 December 2020.

⁹ Report from the Commission to the European Parliament and the Council on the implementation of the Victims' Rights Directive, COM(2020)188 final, see: <https://eur-lex.europa.eu/legalcontent/EN/TXT/?uri=COM%3A2020%3A188%3AFIN>.

¹⁰ Report from the Commission to the European Parliament and the Council on the implementation of Directive 2011/99/EU of the European Parliament and of the Council of 13 December 2011 on the European protection order, COM(2020)187final, see: <https://eur-lex.europa.eu/legalcontent/EN/TXT/?uri=COM%3A2020%3A187%3AFIN>.

Specific objective 3: Improved framework to protect democracy in the European Union

In June 2020, the Commission published its **Report on the 2019 elections to the European Parliament**¹¹ and an accompanying Staff Working Document¹².

The report shows that young and first-time voters drove turnout figures to the record high. The 2019 election campaign was the most digital to-date – almost half of EU citizens now rely on online news as their main source for information about national and European politics. Yet the Member States have different rules when it comes to digital campaigning, including on paid-for political content online. A dynamic European debate emerged on a number of topics, showing progress in developing a European political dimension; however, national-specific issues remain key for candidates and voters alike. European citizens expressed increased satisfaction with free and fair elections in the EU, but further work is necessary to protect democracy from foreign interference and manipulation and promote free and fair elections in Europe.

The Commission took forward many of the measures described in this report in the course of 2020. The report and the data it gathered, made a significant contribution to the formulation of the Commission's actions announced in the European Democracy Action Plan and the 2020 EU citizenship report.

The Commission presented the lessons learned and the actions proposed in the Communication on tackling COVID-19 disinformation. Member States outlined their approaches to strengthening the monitoring of COVID-19 disinformation, and of forthcoming legislative proposals. The network meetings discussions, provided further input to the Democracy Action Plan.

In June 2020, the Commission and the High Representative issued a joint Communication on Tackling COVID-19 disinformation – getting the facts right¹³. The Communication took stock of the situation and of the actions taken to limit the impact of COVID-19-related disinformation. It proposed additional actions to protect European citizens from dangerous disinformation campaigns (including monitoring of the impact of Member State measures on EU common values and democracy), to promote the exchange of best practices among Member States to support the democratic process, and to intensify work with the online platforms in order to ensure that illegal content is removed, essential public health information is prioritised, and that transparency is improved.

In this work, DG JUST's contribution concerned actions ensuring freedom of expression and a pluralistic democratic debate, empowering citizens and raising their awareness, and protecting public health and consumers' rights.

¹¹ Report on the 2019 elections to the European Parliament, the Council and the European Economic and Social Committee, COM(2020) 252 final, see: https://ec.europa.eu/info/files/com_2020_252_en.pdf_en

¹² Commission Staff Working Document, SWD(2020)113 final, see: https://ec.europa.eu/info/files/swd_2020_113_en.pdf_en

¹³ Communication JOIN(2020)8 final, see: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020JC0008>

In December 2020, the Commission published the European Democracy Action Plan¹⁴ to empower citizens and build more resilient democracies across the EU. While the initiative was developed under the lead of SG, DG JUST contributed actively to its shaping, in particular with regards to the public consultation. As announced in the political guidelines of President von der Leyen, the action plan is a key driver for the new push for democracy. It (i) promotes free and fair elections, (ii) strengthens media freedom and pluralism, (iii) counters disinformation, and (iv) empowers citizens, civil society and researchers – also beyond elections.

Specific objective 4. Increased perception of the status and the rights conferred by European citizenship

The year 2020 was marked by the outbreak of the Covid-19 pandemic which had an influence on free movement, consular protection and democratic rights (for the latter see also under specific objective 3). Since the beginning of the pandemic, DG JUST worked on the Commission guidance to limit the restrictions to free movement. The Commission presented a set of guidelines and recommendations to help Member States gradually lift travel restrictions and allow tourism businesses to reopen, after months of lockdown. During the summer, where the health situation further evolved, the Commission issued further guidance on a coordinated approach. In September, the Commission adopted a **proposal for a Council Recommendation** to ensure that any **measures taken by Member States that restrict free movement due to the coronavirus pandemic are coordinated and clearly communicated at the EU level.**

This recommendation (**Council Recommendation** 2020/1475¹⁵), adopted in October, focusses on four key areas where Member States should work closer together: common criteria and thresholds for Member States when deciding whether to introduce travel restrictions, mapping of common criteria using an agreed colour code, a common framework for measures applied to travellers from high-risk areas, clear and timely information to the public about any restrictions.

This common approach aims to ensure unrestricted free movement where the epidemiological situation allows for such unrestricted movement, and gives guidance on measures to be taken where the epidemiological situation warrants restrictions.

With the support of the European External Action Service, Member States and the Commission, more than 600 000 EU citizens stranded in third countries were brought back to Europe.

In 2020, DG JUST prepared the **EU Citizenship Report** published by the Commission, which takes stock of the progress made on EU citizenship since the last report in 2017. The report also sets out new priorities and actions to improve democratic participation,

¹⁴ Communication on the European democracy action plan, COM(2020)790 final, see: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2020%3A790%3AFIN&qid=1607079662423>

¹⁵ COUNCIL RECOMMENDATION (EU) 2020/1475 of 13 October 2020 on a coordinated approach to the restriction of free movement in response to the COVID-19 pandemic, see: https://eur-lex.europa.eu/legal-content/EN/TXT/?toc=OJ:L:2020:337:TOC&uri=uriserv:OJ.L_.2020.337.01.0003.01.ENG#:~:text=COUNCIL

facilitate free movement, protect EU citizens, including in times of crisis taking into account the lessons learned from the COVID-19 pandemic. The EU Citizenship Report is based on dedicated consultations, including a public consultation on EU citizenship rights, a Flash Eurobarometer survey on EU citizenship and democracy and the work of the Network of Academics on EU Citizenship Rights. A joint hearing on EU citizenship, co-organized by the Commission and the Parliament, was held on 29 October 2020.

The Commission opened infringement proceedings against Cyprus and Malta regarding their investor citizenship schemes also known as “golden passport” schemes. The Commission considers that those schemes are not compatible with the principle of sincere cooperation and undermine the integrity of the status of EU citizenship provided in the Treaty on the Functioning of the European Union.

The year 2020 was also the last year where free movement rights were still applicable in the United Kingdom for citizens of EU 27 and vice versa. DG JUST followed closely the implementation of the citizens’ rights part of the **Withdrawal Agreement** both in the United Kingdom and in EU 27 in order to safeguard life choices made by EU and UK citizens. In addition, DG JUST prepared guidance and support for citizens in general and replied to many individual requests.

Specific objective 5. High level of personal data protection achieved throughout the EU and EU data protection promoted as a global model

In 2020, DG JUST continued its work concerning the **the General Data Protection Regulation (GDPR)**. After consulting the [Council](#), the [European Parliament](#), the [European Data Protection Board](#) and the GDPR [Multi-stakeholder expert Group](#) the Commission issued on 24 June 2020 an **evaluation report** on the first two years of **application of the GDPR**. It concluded that the GDPR, an essential component of the human-centric approach to technology and the digital transition, has to a large extent met its objectives but that further progress is needed as regards implementation and enforcement. The report also presented future actions aiming to ensure the consistent application of the GDPR and protection of individuals with regard to the processing of their personal data while at the same time fostering trust-worthy innovation. As regards the international dimension, it described the trend towards global convergence of data protection regimes and the Commission’s contribution to this through a variety of actions, from the participation in the legislative process of third countries (e.g. Brazil, India, Indonesia, Kenya) to the engagement in and with various regional organisations and fora (e.g. the OECD, ASEAN, AU).

The Covid-19 pandemic confirmed the importance of having in place an efficient data protection regime to foster trust and provide innovative digital solutions. DG JUST prepared **guidance on contact tracing apps** issued by the Commission in April 2020 setting key data protection principles in this context. Throughout the year, DG JUST actively contributed to the work of the European Data Protection Board, for example on the preparation of guidelines aimed at stakeholders. The Commission continued to financially support national data protection authorities in reaching out citizens and small businesses in particular. The Commission prepared draft Standard Contractual Clauses (SCCs) for controllers and processors located in the EU and draft modernised SCCs for transferring personal data to

non-EU countries, with the objective to provide stakeholders with tools facilitating compliance with the GDPR (adoption planned in the first quarter 2021).

As regards cross-border transfers of data, the Commission finalised the **adequacy talks with Korea and the United Kingdom**. In order to avoid a disruption of data flows, the Commission as part of the overall negotiations on a EU-U.K. Trade and Cooperation Agreement, agreed with the UK on a 'bridging clause' that gives both sides sufficient time to conclude the adequacy process. Another noteworthy element of the agreement is a set of clauses in the digital trade chapter that tackle protectionism while ensuring the Union's regulatory autonomy in the area of data protection, thereby setting an important precedent for future trade agreements.

Following the Schrems II judgment by the Court of Justice of EU, DG JUST worked with the European Data Protection Board (EDPB) to ensure practical and realistic guidance on its application. The draft guidance was put out for public consultation, and this process will be finalised in 2021. The Commission also entered into discussions with the US Administration on a possible new, strengthened framework for transatlantic data transfers in full compliance with the judgment. In support of this work, the Commission intensified its cooperation with other international partners at the OECD to develop global standards for government access to personal data.

In the field of personal data processing concerning law enforcement, DG JUST worked on a **plan for a review of the EU legal acts** that regulate processing of personal data by competent authorities and should be aligned with the Data Protection Law Enforcement Directive. The Commission presented this plan in June 2020. The alignments aim to ensure a consistent approach and high level of protection of personal data for the purposes of prevention, investigation, detection and prosecution of criminal offences. The Commission pursued a number of infringement actions against Member States regarding the transposition of the Directive.

Specific objective 6. Eliminate inequalities and discrimination, and promote equality for all

In 2020, DG JUST prepared a renewed and strengthened **EU Roma Strategic Framework** for Equality, Inclusion and Participation adopted by the Commission, which sets out EU Roma policy for the period from 2021 to 2030. The new Framework adopts a comprehensive approach complementing the social economic inclusion of marginalised Roma communities with actions to fight and prevent antigypsyism and discrimination and promoting participation through empowerment, cooperation and trust. Accompanying the Framework, the Commission also proposed the revised **Council Recommendation on Roma equality, inclusion and participation**.

At the occasion of the launch of the new EU Roma strategic framework, the Commission organised a high-level conference together with the German EU presidency, bringing together representatives of EU institutions, national authorities from EU Member States and the EU neighbourhood, Roma civil society and stakeholders. To foster the exchange of good practices and support Member States in the development of their national strategic framework, the Commission presented the new framework in several fora, including a

meeting of the Roma health network in October 2020, a conference on Roma and Travellers organised by the Belgian authorities in November 2020, and a meeting with civil society and international partners in December 2020.

Building on the achievements of the List of actions to advance LGBTI equality 2015-2019 and its last report adopted in May 2020, DG JUST worked on the **LGBTIQ Equality Strategy 2020-2025** adopted by the Commission on 12 November 2020. It is the first Commission strategy in this area of equality, delivering on President von der Leyen's commitment to a Union of Equality. The strategy presents the Commission's key actions and objectives around four pillars: (1) tackling discrimination against LGBTIQ people, (2) ensuring LGBTIQ people's safety, (3) building LGBTIQ inclusive societies, and (4) leading the call for LGBTIQ equality around the world.

The strategy also addresses the inequalities highlighted by the Covid-19 crisis. As part of this work, the Commission will encourage Member States to make full use of the possibilities offered by the Next Generation EU to mitigate the disproportionate impact of the crisis and advance LGBTIQ equality. In addition, the Commission will stand ready to help Member States mainstreaming equality in the design and implementation of reforms through the Technical Support Instrument.

The Commission continued to promote actively diversity management through an EU-level platform to support **Diversity Charters**. In 2020 two new Diversity Charters were launched in Bulgaria and Cyprus, bringing the total number of Diversity Charters in the EU to 26. The Commission also published the study on "Trade union practices on non-discrimination and diversity" for the European Diversity Charters Month.

Despite the challenges of the Covid-19 crisis, the Commission made significant efforts in moving the **implementation of the Gender Equality Strategy** forward in 2020, with contribution from DG JUST. The Commission stepped up its fight against gender-based violence by publishing, in June 2020, its first-ever **EU victims' rights strategy** and by launching, in February 2021, an open public consultation on a new legislative initiative to better support victims and prosecute perpetrators of gender-based violence. In parallel, efforts to accede to the Istanbul Convention are continuing. DG JUST contributed to the Commission's proposal for a Digital Services Act, adopted in December 2020, which aims, among other matters, at making the internet safer for women by increasing platforms' responsibilities to take action against abusive content on social media. In 2020, DG JUST worked towards delivering the Commission proposal for a **Pay Transparency Directive**, through which the Commission will take a major step to and tackle pay discrimination. It is planned for adoption in March 2021.

In the Digital Education Action Plan and Updated Skills Agenda, the Commission announced a range of actions ensuring that girls and young women are equally present in ICT studies and digital skills development. The Commission itself made progress on women's participation in politics and increased female representation in decision-making, with a gender-balanced College of Commissioners, for the first time in the Union's history. Outside of the EU, the Commission strengthened gender equality and women's empowerment through the new Gender Action Plan (GAP III) for 2021-2025. The new **Multi-annual Financial Framework 2021-2027** strengthens gender mainstreaming in the spending of

EU finances, in particular through the EU structural funds. The national recovery plans under the **Next Generation EU recovery** instrument must promote gender equality, thus ensuring a gender equal and fair recovery in the EU.

In December, the co-legislators reached political agreement on the outstanding points of the Rights and Values programme. The overall budget of the CERV Programme 2021-2027 is 1.553 MEUR in current prices after it had received an additional allocation of 800 MEUR in 2018 prices. One of the main novelties in the CERV programme is the inclusion of a strong Union Values strand. It will support civil society organisations that play an essential role in promoting, safeguarding and raising awareness on our EU common values and to promote citizens' participation in the democratic life of the Union. Finalisation of the agreement at technical level and formal agreement by the Council and Parliament will take place in early 2021.

In 2020, DG JUST continued its work on promoting the rule of law and other topics in its portfolio (notably judicial cooperation, data protection, gender equality and consumer issues) at the international level and managed to ensure that these topics remain at the heart of different external policy processes. This includes the Commission Communication on an **enhanced enlargement methodology**, where DG JUST played an important role in ensuring that rule of law reforms will become even more central in accession negotiations. Also, DG JUST contributed in inserting substantive language on rule of law in the Joint Communication on the **Eastern Partnership policy** beyond 2020 and the Joint Communication "Towards a **comprehensive strategy with Africa**". In the latter communication, the EU gave a clear commitment to partner with Africa on integrating good governance, democracy, human rights, the rule of law and gender equality in action and cooperation.

General objective:

A European Green Deal



*Specific objective : **Improved sustainable consumption by empowering consumers and improved integration of sustainability considerations into companies' and companies' behaviour through an upgraded corporate governance framework***

In 2020, DG JUST launched the preparation of an initiative aimed at **empowering consumers for the green transition**, announced in March in the Circular Economy Action Plan (CEAP)¹⁶. A public consultation aimed at gathering stakeholders and citizens' input for

¹⁶ A new Circular Economy Action Plan for a cleaner and more competitive Europe, COM(2020)98 final, see: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1583933814386&uri=COM:2020:98:FIN>

this initiative and for the **New Consumer Agenda** took place between June and October 2020. Its outcomes, as well as other stakeholder input and data collected by way of an external study, fed into the development of the Impact Assessment.

In parallel, DG JUST closely collaborated with DG ENV, DG GROW and DG ENER on the implementation of the various initiatives announced in CEAP, notably with a view to ensure coherence between the consumer law initiative, the Green Claims and the Sustainable Products Initiatives.

In the course of 2020, DG JUST prepared the launch of the **Green Pledges** initiative. The pilot phase of this action was launched end January 2021. It aims at collecting voluntary commitments from businesses in support of sustainable consumption.

The Commission Work Programme for 2021 announced a legislative initiative on **sustainable corporate governance**. Thus, in 2020, moving forward this workstrand referred to in the European Green Deal, DG JUST continued analysing the problems around short-termism in corporate decision-making and was also involved in extensive consultations with various stakeholder groups to see how corporate governance in the EU can be improved in order to drive companies towards sustainable behaviour. Two studies contracted out by the Commission on (1) corporate due diligence through the supply chains and (2) directors' duties and sustainable corporate governance more broadly, were submitted in 2020.

To prepare a proposal on sustainable corporate governance, in 2020 DG JUST worked on an impact assessment, in line with Commission's Better Regulation Guidelines. A 15-week open public consultation was launched in October following the publication of an Inception Impact Assessment in July 2020. The ultimate objective of this initiative is to speed up the transition in companies towards a sustainable economy that works for all and to underpin the sustainable recovery from the Covid-19 crisis.

General objective:

A Europe fit for the digital age



*Specific objectives 1: **Consumers are empowered and better protected***

In 2020, DG JUST worked on **the New Consumer Agenda** adopted by the Commission in November. It sets out the actions for 2020 -2025 the EU will take to increase consumer protection and resilience to the new challenges brought on by the Covid-19 pandemic, as well as the digital and green transitions, including environmental and sustainability concerns, effective enforcement of consumer rights and protection of vulnerable consumers. Putting these actions into practice will mean closer cooperation between the EU and national authorities and improvements in the governance of EU consumer policy. The

Communication followed stakeholders' consultations: at the Consumer Summit in January 2020 and the online public consultation (June-October).

In 2020, DG JUST published the **Consumer Credit Directive** (2008/48/EC) **evaluation**. The evaluation confirmed that the Directive remained fit for purpose but identified two areas requiring modernisation and the need for more consistent enforcement. The review of the Directive in 2021 will build on the results. DG JUST also published the **Distance Marketing of Financial Services Directive** (2002/65/EC) Evaluation. The evaluation pointed to overlaps with other legislation on financial services but supported the continued relevance of the Directive.

In 2020, DG JUST launched the preparation of the Revision of the Directive 2001/95/EC on **general product safety** (GPSD). It collected the public's feedback through the roadmap/inception impact assessment, and an online survey and conducted a back-to-back evaluation and impact assessment. An external study was commissioned to collect evidence and hard data and to collect stakeholder views to support both the evaluation and impact assessment together with the results of the public consultation and other consultation activities (dedicated stakeholders meetings and workshops).

DG JUST actively supported the interinstitutional negotiations that led to the adoption of the Directive of 25 November 2020 on **representative actions for the protection of the collective interests of consumers**. Through workshops and bilateral contacts, DG JUST also assisted Member States in their work to transpose the recently adopted Directive on better enforcement and modernisation of EU consumer law.

In cooperation with DG MOVE, DG JUST prepared the Commission Recommendation on the use of **voluntary vouchers for cancelled package travel and transport** services in the context of the COVID-19 pandemic adopted in May 2020. DG JUST opened 11 infringement procedures against Member States' unilateral COVID-19 related measures contrary to the Package Travel Directive, of which seven cases could be closed. Furthermore, DG JUST prepared the Commission report on the application of the Directive, which addresses, among other issues, the challenges that have emerged during the crisis. The report will be adopted early 2021. Throughout 2020, DG JUST monitored progress of a contractor's study on the transposition of the 2015 Package Travel and Linked Travel Arrangements Directive by the Member States.

In the beginning of 2020, the next phase of the Consumer Law Ready project (training of SMEs in consumer law in the digital age) started under supervision and guidance by DG JUST. Despite important challenges due to the COVID crisis, in total 11 online trainings of trainers and SMEs, and two workshops for trainers and other stakeholders took place with many more in the pipeline. This is also made possible thanks to the additional support provided by the consortium to trainers to face these challenges, for example in the form of specific online training guidelines to help trainers adapt the methodology and switch to online training.

2020 marked the 15th anniversary of the European Consumer Centre Network (ECC). It was also the network's busiest year on record with 168,000 consumers assisted (up from 120 000 in 2019). Over 60,000 of requests for assistance related to COVID-19. While numbers

of consumer queries to the network peaked in March and April in the early stages of the pandemic, the level of consumer need remained substantially higher throughout the rest of 2020 than 2019. In order to raise awareness about the work of ECCs, we launched a series of videos offering advice to consumers on their rights.

*Specific objective 2. **A human-centric legal framework for Artificial intelligence that protects citizens and promotes cross-border trade units***

DG JUST continued working on three main work strands concerning Artificial Intelligence (AI): (i) ensuring a coordinated European approach on the human and ethical implications of AI; (ii) that all consumer products, including the ones incorporating AI, are safe; and (iii) clarifying the liability regime in the context of AI.

DG JUST contributed to the **White Paper** published by the Commission in February 2020, and to preparing the public consultation on the document, as well as to the analysis of the feedback received (more than 1200 replies to the questionnaire and around 400 free text submissions). DG JUST also contributed to the Commission Report on the safety and liability implications of AI, Internet of Things and robotics that was adopted at the same time as the White Paper.

DG JUST worked together with DGs CNECT, GROW, SG, LS, JRC, and HOME on preparations for a legislative proposal in line with a coordinated European approach on the human and ethical implications of AI, that included providing guidance to the contractor on the study supporting the impact assessment of AI technology and fundamental rights aspects. Ensuring legal compliance of AI is also expected to have a positive impact on the uptake of the technologies in sectors that are subject to high regulatory compliance standards.

The legislative framework should also cover possible new risks that AI may generate. It is the primary responsibility of manufacturers to ensure their products have been fully assessed for all their possible functionalities. To this end, DG JUST is currently working on a revision of the General Product Safety Directive, with the input of experts.

Moreover, in 2020 DG JUST worked on a proposal for harmonised liability rules in order to avoid fragmentation in the EU and to build an adapted framework, which ensures that victims of damage caused by AI-equipped products/services have the same level of protection as victims of traditional technologies. Preparatory work that has been launched includes three studies, outreach activities and coordination between a future review of the Product Liability Directive and an initiative on civil liability for AI.

*Specific objective 3. **Company law improves conditions for companies, including SMEs, in particular to operate and expand cross-border and to use digital tools***

DG JUST worked on a proposal to address difficulties which European Companies and European Cooperative Societies faced in the context of Covid-19 in order to hold their

general meetings. On the basis of this proposal, in May the Council regulation¹⁷ provided a temporary derogation from requirements set out in Council Regulations (EC) No 2157/2001 and No 1435/2003¹⁸, and allowed the European Companies (SEs) and the European Cooperative Societies (SCEs) to hold their general meetings within 12 months of the end of the financial year provided they were held no later than 31 December 2020. It provided the necessary flexibility in the context of the pandemic.

To ensure an efficient transposition of Directive (EU) 2019/1151 on the use of digital tools and processes in company law, the Commission adopted an implementing regulation¹⁹ that sets out technical specifications and procedures required to further expand the functionalities of the Business Register Interconnection System (BRIS). These functionalities include additional company information available for free to the public, including SMEs, on the “Find a company”²⁰ page of the European e-Justice Portal, as well as new exchanges of data between Member States’ business registers (e.g. on companies and their branches, on disqualified directors), and consistent rules for the establishment of optional access points to BRIS.

With the aim of creating a good environment for companies and contributing to financial stability by ensuring the sound and prudent management of credit institutions and systemic investment firms, DG JUST continued working and contributing to the revision of the Capital Requirements Directive (DG FISMA in the lead). DG JUST continued working on the revision of the rules concerning the fit-and-proper framework, which requires competent authorities to check that board members and other management roles are suitable to perform their duties.

General objective:

Promoting our European way of life



Specific objectives 1. Improved cross-border cooperation in civil and criminal matters

Criminal justice

¹⁷ Council Regulation (EU) 2020/699 of 25 May 2020 on temporary measures concerning the general meetings of European companies (SEs) and of European Cooperative Societies (SCEs), see: https://eur-lex.europa.eu/legal-content/EN/TXT/?toc=OJ.L.2020.165:TOC&uri=uriserv:OJ.L_.2020.165.01.0025.01.ENG

¹⁸ Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE), see: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32001R2157>; Council Regulation (EC) No 1435/2003 of 22 July 2003 on the Statute for a European Cooperative Society (SCE), see: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32003R1435>

¹⁹ Commission Implementing Regulation (EU) 2020/2244 of 17 December 2020, see: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32020R2244>

²⁰ European e-Justice Portal, https://e-justice.europa.eu/content_find_a_company-489-en.do

On 2 December 2020, the Commission adopted a proposal for a Regulation that aims to provide a legal basis and ensure the sustainable management of the e-CODEX system²¹, by transferring its operational management to eu-LISA. By formally establishing the e-CODEX system and guaranteeing its sustainability, the Commission proposal paves the way for advancing the work towards **digitalising the cross-border exchange of information and documents** between Member States, a major and relevant reform in the COVID-19 context.

To assist Member States in the implementation of EU law, DG JUST worked on the fourth **European arrest warrant implementation report** adopted by the Commission on 2 July 2020. The report provides a comprehensive assessment of transposition of selected provisions of the Framework Decision on European arrest warrant in Member States. The Commission took into consideration the jurisprudence of the Court of Justice concerning the European arrest warrant, which has increased exponentially over the last years. In autumn 2020, the Commission launched infringement procedures against seven Member States concerning the European Arrest Warrant (EAW). The main identified grievances were that some Member States introduced additional grounds for non-execution of an EAW and non-compliance with the strict time-limits to execute an EAW.

The Covid-19 crisis brought on challenges to the cross-border cooperation in criminal matters during 2020, in particular to the European Arrest Warrant and to a lesser extent to the European Investigation Order. A **European Arrest Warrant coordination group** has been set up to provide for a swift mechanism of information exchange among the key actors in the operation of the European Arrest Warrant.

Through preparatory work and participation in the negotiations, DG JUST contributed, to the delivery of a balanced agreement with the UK in the field of law enforcement and judicial cooperation. It will allow to uphold efficient judicial cooperation between the UK and the Member States in key areas such as surrender, mutual legal assistance, exchange of criminal records information and freezing and confiscation while providing for the necessary safeguards. It also provides a framework to continue the cooperation between Eurojust and the UK.

DG JUST prepared a second Statistical Report on the **functioning of the European Criminal Records Information System** (ECRIS) in the period 2017-2019, adopted by the Commission in December 2020. The report informs that the number of messages exchanged by all interconnected Member States reached nearly 4.2 million in 2019 with an average of 348,000 messages per month. The number of requests for information has tripled since 2017 – to hit 1 million in 2019 alone.

To ensure better fight against serious cross-border crime, the Commission issued a recommendation for a Council Decision authorising the start of negotiations between the European Union and several third countries (Algeria, Armenia, Bosnia and Herzegovina, Egypt, Israel, Jordan, Lebanon, Morocco, Tunisia and Turkey) on judicial cooperation in

²¹ e-CODEX is a flagship IT system that already serves as a key enabler for the digitalisation of the judicial cooperation in civil and criminal matters. The Commission's proposal

criminal matters between Eurojust and the competent authorities of those countries. Once authorised, the Commission will start negotiations with the aim to conclude agreements that will become **part of EU Security legislation**.

Setting up the **European Public Prosecutor's Office** (EPPO) advanced further with DG JUST's strong administrative engagement. In July 2020, the Council appointed the European Prosecutors. As a result, the first official meeting of the EPPO College took place on 28 September 2020. By the end of 2020, the EPPO College appointed the first European Delegated Prosecutors from two Member States.

DG JUST also published the **Environmental Crime Directive** (99/2008/EC) Evaluation.

Civil justice

In 2020, the interinstitutional negotiations continued on two Regulations with regard to the service of documents and the taking of evidence in civil and commercial matters, in which DG JUST supported the co-legislators. A **major step towards digitalisation** in civil and commercial matters was made when these Regulations were adopted (Regulation (EU) 2020/1784 (service of documents recast) and Regulation (EU) 2020/1783 (taking of evidence recast)) by the co-legislators. The acts will enter into application on 1 July 2022.

During the first half of 2020, the Covid-19 pandemic caused suspensions in the work of courts, delays in enforcement and sometimes problems with time limits. The situation stabilised during the second half of the year. As a response to the pandemic, DG JUST, in cooperation with the Contact Points of the European Judicial Network in civil and commercial matters, published in April 2020 on the e-Justice Portal information about measures taken within the European Union in relation to the pandemic in the fields of civil judicial cooperation and insolvency. In the field of insolvency, the Covid-19 pandemic and the shutdown of large parts of the economy has led to a drastic drop in the cash-flow of companies and to a threat of mass insolvencies. As a positive effect, the pandemic has increased the use of digital means of communication in the field of civil justice.

In 2020, the Council negotiations continued on the proposed regulation on the law applicable to the **third-party effects of assignments of claims**. The proposal is one of the measures to deliver on the Capital Markets Union. However, the negotiations faced delays due to the Covid-19 pandemic and the adoption of the proposed regulation is now expected in 2021.

In the international fora, the Commission represented the EU in several international organisations, including the Hague Conference on Private International Law, Uncitral and UNIDROIT, both in relation to negotiation of new instruments and follow-up of existing instruments. Work on the preparation of EU accession to the 2019 Hague Judgments Convention continued with the Commission proposal due in the second quarter of 2021. Lack of enforcement of the 1980 Hague Convention on International Child Abduction in Japan led to the adoption of the European Parliament Resolution of 8 July 2020 and Commission efforts to improve enforcement in cooperation with Japan.

To support judicial cooperation in civil and criminal matters, DG JUST worked on a package to modernise EU justice by boosting training of justice professionals. The Commission

adopted the new **strategy on European judicial training** for 2021-2024²² which sets new, ambitious objectives to further improve justice professionals' training on EU law. It enlarges the training scope to new topics, such as digitalisation, artificial intelligence or judgecraft. It addresses a broad range of justice professionals enlarging geographical coverage and aiming to boost judicial training for young practitioners. It promotes training methodology ensuring high quality effective training activities and using modern training methods benefiting from digitalisation. And it recalls the shared responsibility between all national and EU-level stakeholders. DG JUST also worked on the **Annual Report 2020 on European Judicial Training** of DG Justice and Consumers, which shows that in 2019 more than 180,000 justice professionals – 12.9% of all EU justice professionals – were trained on EU law or on the law of another Member State. Justice professionals will also be able to search for training courses and training material on EU law via the European Training Platform²³, launched on the same day for a first test phase during 2021. This online search tool helps justice professionals find up-to-date training courses and training material for self-learning on EU law.

In December 2020, the co-legislators reached political agreement on the open points of the Justice Programme. With its overall budget of 305 MEUR, the Justice programme will support major political actions such as the roadmap for a comprehensive European Rule of Law Mechanism, the new judicial training strategy or the EU Strategy on victims' rights. It will also support the creation of more effective justice systems and the facilitation of citizens' access to justice by digital means, which is of particular relevance in the context of the COVID-19 crisis.

Specific objective 2. Improved access to justice for citizens and facilitated cross-border cooperation for judicial authorities through better use of digital technologies

In 2020, DG JUST finalised and published the **Digital Criminal Justice study** which tackled the topic of upgrade and modernisation of judicial cooperation and information exchange in criminal cases across the EU. The study provided the analysis of the policy landscape, assessment of the stakeholders' business needs, identification of possible solutions and a detailed set of technical, legal and financial recommendations.

The Covid-19 crisis has further underlined the urgent need to make swift progress towards the digital transition of the EU Member States' justice systems. In this context, DG JUST worked on a comprehensive Communication on the **digitalisation of justice** in the EU, adopted by the Commission. It is supplemented by a detailed mapping of the state of play of digitalisation of national justice systems. The Communication lays down the Commission's vision on the future of the digitalisation of justice and presents a structured "toolbox" of legislative, IT, and financial tools. It defines numerous actions to be pursued by the Member States, the Commission and other relevant stakeholders.

²² Communication 'Ensuring justice in the EU — a European judicial training strategy for 2021-2024' of 2 December 2020, COM(2020) 713, see: https://ec.europa.eu/info/sites/info/files/2_en_act_part1_v4_0.pdf

²³ European Training Platform - https://e-justice.europa.eu/content_european_training_platform-37158-en.do

2. Modern and efficient administration and internal control

2.1 Financial management and internal control

Assurance is provided on the basis of an objective examination of evidence of the effectiveness of risk management, control and governance processes.

This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. The results are explicitly documented and reported to the Director-General. The following reports have been considered:

- the reports from AOSDs, the reports from Authorising Officers in other DGs managing budget appropriations in cross-delegations;
- the reports on control results from entrusted entities in indirect management, as well as the results of the DG's supervisory controls on the activities of these bodies;
- the contribution by the Director in charge of Risk Management and Internal Control, including the results of internal control monitoring at DG level;
- the reports on recorded exceptions, non-compliance events and any cases of 'confirmation of instructions' (Art 92.3 FR);
- the reports on ex-post supervision and/or audit results;
- the limited conclusion of the Internal Auditor on the state of internal control, and the observations and recommendations reported by the Internal Audit Service (IAS);
- the observations and the recommendations reported by the European Court of Auditors (ECA).

These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a complete coverage of the budget delegated to the Director-General of DG JUST.

This section covers the control results and other relevant elements that support management's assurance. It is structured into (2.1.1) Control results, (2.1.2) Audit observations and recommendations, (2.1.3) Effectiveness of internal control systems, and resulting in (2.1.4) Conclusions on the assurance.

2.1.1 Control results

This section reports and assesses the elements identified by management which support the assurance on the achievement of the internal control objectives²⁴. The DG's assurance building and materiality criteria are outlined in AAR Annex 5. Annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

The main results of the control indicators are reported below, while Annex 7 presents a more complete overview, together with a comparison with the previous year.

DG JUST managed a budget in 2020 of EUR 202.75 million, excluding co-delegation type 2 which amounts to EUR 63.8 million.

Before proceeding with the global commitments to consume the credits not implemented in 2020, the current implementation rate reached 78% (vs 75% in 2019). Legal commitments on the remaining budget will be signed in 2021, once calls for tenders and pending evaluations of the applications received in response to the calls for proposals have been finalised.

In terms of the use of commitment appropriations, 98% (EUR 198.97 million out of EUR 202.75 million) of the budget available was implemented, including the use of global commitments, which is in line with previous years' implementation rates (97%).

As far as payment appropriations are concerned 95% (EUR 206.3 million out of EUR 217.87 million) have been implemented during the year 2020.

During the year 2020 the three Union Agencies (EUROJUST, FRA, EIGE) have together used nearly all of their commitment appropriations 93%, and 78% of the payment appropriations. The unused amount will be carried forward and used during 2021. This is a result very similar to 2019 (99% in commitment appropriations and 87% in payment appropriations).

The reporting requirements introduced by the 2018 Financial Regulation do not apply to DG JUST except for retroactivity:

- no cases of 'confirmation of instructions' (new FR art 92.3);
- no cases of financing not linked to costs (new FR art 125.3);
- no Financial Framework Partnerships >4 years (new FR art 130.4) *
- no cases of flat rates >7% for indirect costs (new FR art 181.6);

²⁴ 1) Effectiveness, efficiency and economy of operations; 2) reliability of reporting; 3) safeguarding of assets and information; 4) prevention, detection, correction and follow-up of fraud and irregularities; and 5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 36.2). The 2nd and/or 3rd Internal Control Objective(s) (ICO) only when applicable, given the DG's activities.

- Among the grants signed in 2020, 12 cases of “Derogations from the principle of non-retroactivity [of grants] pursuant to Art 193 FR” (new FR art 193.2) were registered.

Overall, reliable and complete control results are available for each control system. The analysis and conclusions of each relevant control category in terms of legality and regularity and cost efficiency is described and explained in further detail below under Part 2.1.1.1 and 2.1.1.2. Key indicators have been defined for each stage of the relevant control system and presented in details in Annex 7. One reservation has been issued based on the legality and regularity indicators and detailed in Part 2.1.4.

Regarding the overall efficiency of controls, a positive conclusion has been reached based on an overall cost-efficiency indicator of 4.75% which slightly decreased compared with previous year (5.14%) (details in Part 2.1.1.2).

DG JUST's management factually concludes that the control results, presented in the sections that follow are complete and reliable and provide reasonable assurance about the achievement of the internal control objectives.

Table 2.1 below provides a summary of the payments made by type of activities. It shows that:

- Based on the main indicator results available, overall suitable controls were in place in 2020 and worked as intended;
- One reservation has been issued based on the legality and regularity indicators and detailed in Part 2.1.4;
- No new reservation is introduced in this AAR as DG JUST has reasonable assurance that overall suitable controls are in place and work as intended, taking into account also the multiannual character of the main programmes. The risks are mitigated and/or monitored; improvements and reinforcements are being implemented.

Overall conclusion table: types of activities and main indicators (figures in EUR)

Risk-type / Activities	Grant	Procurement Contract	Subsidies to EU Agency	Subdelegations & service level agrmnts.	Contribution to Executive Agency	Independent info from auditors (IAS, ECA) on assurance or on new/overdue critical recommendations available?	Any reservation?	
REC (Rights, equality and citizenship) Programme	56.554.339,37	10.536.374,44	31.440.900,00	77.492,00		NO	YES (only on grant)	
Justice Programme	37.000.078,79	12.326.381,79	41.546.678,00	2.192.403,06		NO	YES (only on grant)	
Consumer programme	1.081.226,16	8.179.847,80		181.497,00		NO	NO	
Administrative expenditure		856.114,48				NO	NO	
Connecting Europe Facility (CEF) - Telecommunications networks		1.094.939,11				NO	NO	
Migration and home affairs		985.290,09			2.266.528,00	NO	NO	
Totals	94.635.644,32	33.978.947,71	72.987.578,00	2.451.392,06	2.266.528,00	NO	NO	
ICO-related indicators available at this level	RER=2,69%	RER=0,5%	No relevant risk	No relevant risk	No relevant risk	NO	NO	
Links to AAR Annex 3	Overall total = 206,32 M€							

2.1.1.1 Effectiveness = the control results and benefits

- **Legality and regularity of the transactions**

DG JUST is using internal control processes to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions it is responsible for, taking into account the multiannual character of programmes and the nature of the payments concerned.

The methodology **to determine the materiality level for reservations** is described in detail in Annex 5.

In 2020 AAR there is one reservation²⁵, because of the residual error rate at the end of year (equal to 2.69%).

2.1.1.1. a Direct management – grants

As described in the Relevant Control System(s) for budget implementation for direct management grants (Annex 6), the analysis of the effectiveness with regard to legality and regularity is built around the three main control processes (stages): 1) programming, evaluation and selection of proposals; 2) contracting and monitoring and 3) ex-post controls. Key indicators have been defined for each stage and presented in details in Annex 7. Materiality is assessed in accordance with Annex 5.

Stage 1: Programming, evaluation and selection of proposals

This stage concerns the preparation and adoption of the annual work programmes, as well as the calls for proposals and their evaluation. The overall control objective of this stage is to ensure that DG JUST selects the proposals that contribute the most towards the achievement of the policy or programme objectives in terms of effectiveness and compliance.

In 2020, 853 project proposals were evaluated compared to 1281 evaluated in 2019. This decrease is a consequence of the phasing out of the N+1 implementation (in 2020, only the 2020 calls were evaluated, there was no “backlog” from 2019 calls anymore). The same applies to the selection of projects.

As of 2017, most operating grants are awarded through framework partnership agreements (REC and JUSTICE programmes). In 2020, 29 operating grants were awarded to DG JUST framework partners, 1 operating grant to a beneficiary identified in the basic act

²⁵ Reservation regarding the financial risk corresponding to the residual error rate in the non-audited population of grants in the programmes managed by DG JUST under the budget chapters 33 02 and 33 03. And what about 33 04 (grants managed by CHAFEA)?

(Justice Programme) and 1 operating grant to a beneficiary in a monopoly situation (REC Programme).

Stage 1	Number of projects evaluated: ↘ 853 (1.281 in 2019)
	Number of projects selected: ↘ 196 (283 in 2019)

Control benefits (Stage 1)

The benefits of the Stage 1 – programming, evaluation and selection of proposals are not identifiable in quantitative or monetary terms.

In qualitative terms, the benefit of the evaluation and selection stages is a higher performance in reaching the objectives, better quality results of the call, best quality projects selected.

Stage 2: Contracting and Monitoring

Contracting concerns the grant agreement preparation and signature of the legal commitment. The overall control objective of this stage is to ensure the optimal translation of each awarded proposal into a legally binding grant agreement. This is the main tool for ensuring best value for public money, effectiveness, economy and efficiency of the use of the budget appropriations.

The value of grant agreements signed in 2020 amounted to EUR 104,68 million compared to EUR 90,20 million in 2019 and a total of 268 grant agreements signed (vs 238 in 2019).

Monitoring comprises ex-ante checks of beneficiaries' cost claims and the verification of the reliability and legality of the underlying financial transactions. The overall control objective is to ensure that operational results (deliverables) from the projects are of good value and meet the objectives and that the related financial operations comply with regulatory and contractual provisions.

The effectiveness of controls for the legality and regularity of transactions is measured through the number of exceptions and non-compliance events recorded. The recording of the exceptions and non-compliance events for assessing the effectiveness of controls for the legality and regularity of transactions showed that in 2020 one exception and no non-compliance events were recorded in relation to the contracting phase for grants.

Stage 2	Value of final cost claims processed: ↗ EUR 70.2 million (EUR 63.6 million in 2019)
	Value of prefinancing recoveries: ↗ EUR 3.4 million (EUR 2.9 million in 2019)

Control benefits (Stage 2)

The controls in place aim to identify and prevent irregularities, allowing for immediate correction and avoid time-consuming recovery actions. The amount of costs rejected at this stage is relatively limited, only the most obvious ineligible costs can be detected at this stage however, these ex ante controls are important as they have an informative effect on the beneficiaries. This can be considered as a quantifiable benefit of the monitoring phase in 2020.

Stage 3: Ex-post control

The third stage includes the ex-post audits as well as the correction of any sums being paid incorrectly. The overall control objective of this stage is to detect and correct any error or fraud remaining undetected after the implementation of ex-ante controls.

In 2020, DG JUST received 18 final audit reports and implemented 16 of them. As per 31 December 2019, the finalised audits led to an audit coverage of 27,63% for the combined auditable population of the 2007-2014 and 2014-2020 programming periods.

Stage 3	<p>Average amount of a grant audited: ↗ EUR 420.383,8 (386.196 in 2019)</p> <p>Percentage of projects audited that contains errors: ↘ 72% (78% in 2019)</p>
----------------	---

The residual error rate for 2007-2020 funds **remains still above 2% at the end of 2020 (2.69%)**.

Control benefits (Stage 3)

There are a number of **qualitative** benefits resulting from the controls operated during the different control stages:

Stage 3: Ex-post controls have a deterrent and learning effect for beneficiaries, helping to reduce errors in future cost declarations. It enhances the beneficiaries’ discipline for correctly reporting eligible costs by demonstrating that their probability to be audited is not negligible. It contributes to the improvement of ex-ante controls and clarification of rules and guidance by feeding back results and findings from ex-post audits.

2.1.1.1.b Direct management – procurement

The control system for direct management procurement is grouped around three core processes: procurement procedures, financial operations, and supervisory measures.

Stage 1: Procurement procedures

The first stage concerns the calls for and evaluation of tenders, starting from the moment of planning and needs assessment until the selection of and award to suppliers. The overall control objective at this stage is to ensure that DG JUST selects the offers that contribute the most towards the achievement of the policy or programme objectives in terms of effectiveness and compliance.

In order to reach a conclusion on the adequacy of management of risks relating to the legality and regularity of its tendering procedures and efficiency and economy of its controls, DG JUST reviewed:

- Reporting of exceptions and non-compliance events, defined as control overrides or deviations from policies and procedures: during the reporting year, there were 12 exceptions and non-compliance events registered in the related register (vs. 9 in 2019 and 24 in 2018). Such significant decrease compared to year 2018 (24 exception, non-compliance events and 1 ex-ante negative opinion) was possible thanks to the mitigating actions undertaken by the units launching the procedures or initiating financial files. It also shows the effort done by the ex-ante verification team to help the initiators to prevent exceptions and non-compliance events. The slight increase comparing to last year was clearly caused by the Covid-19 pandemic. Among the mitigating actions: awareness raising actions between unit JUST.04 and policy units on the respect of contractual provisions, better follow-up of running contracts, simplification of internal procedures, improvement of communication between financial actors, etc..
- Three open procedure contracts with a total value of EUR 56.1 million were awarded by the relevant Authorising Officer, and one negotiated procedure for middle value contract with a value of EUR 0.119 million. It should be noted that for these procedures a second layer of ex-ante verification was ensured.
- As a result of these controls, no tender projects were cancelled, no negative opinions or rejections were issued and no redress procedures were encountered. This shows that the controls put in place work correctly.

Stage 1	Value of contracts signed: ↘ EUR 30.2 million (34.13 million in 2019)
	Number of contracts: ↗ 221 (220 in 2019)

Control benefits (Stage 1)

The benefits of the Stage 1 are partially quantifiable (best offers are selected).

Due to effective selection criteria, enough and good quality offers are received.

Stage 2: Financial transactions/monitoring

The second stage concerns the management of the contracts and payments made. This stage comprises ex-ante checks of contractors’ invoices and the processing of transactions. The overall control objective is to ensure that operational results (deliverables) are of good value and meet the objectives and that the related financial operations comply with regulatory and contractual provisions.

There were no errors detected, nor penalties applied.

Stage 2	Value of payments made: ↗ EUR 32.9 million (31.6 million in 2019)
	Number of payments: ↘ 753 (990 in 2019)

Control benefits (Stage 2)

Due to mitigating controls in place irregularities, errors and overpayments are prevented, deterrents and systematic weaknesses are corrected.

Stage 3: Supervisory measures

Based on the methodology described in Annex 4, as the ex-post controls on operations are carried out by the DG's own controls and/or internal and external audit (Internal Audit Service or the European Court of Auditors), no ex-post audits are performed for contracts within DG JUST. Audit findings signalled by the other internal or external auditors are duly taken into account for the assessment of assurance in relation to procurement transactions. For a conservative and prudent approach a rate of **0,5%** has been used as the best estimate of the possible amount at risk in chapter 2.1.1.1.d.

2.1.1.1.c. Indirect Management- Entrusted Entities

DG JUST acts as partner DG for three agencies which received budget implementation tasks from the legislative authorities: the Institute for Gender Equality (EIGE), the Fundamental Rights Agency (FRA), the European Agency for Judicial Co-operation (EUROJUST).

Agency /MEUR	CA	Cons.	% Budget
EIGE	7,89	7,75	98%
EUROJUST	42,65	41,70	98%
FRA	23,86	23,69	99%
	74,41	73,14	98%

Agency /MEUR	PA	Cons.	% Budget
EIGE	7,89	7,75	98%
EUROJUST	42,50	41,55	98%
FRA	23,86	23,69	99%
	74,25	72,99	98%

Commitment and payment appropriations were implemented almost 100%.

2.1.1.1.d Overall conclusion on effectiveness of controls as regards legality and regularity

DG JUST portfolio consists of segments with a relatively low error rate, such as procurement, indirect management and grant segment with a relatively high error rate of 2.69%.

This is, respectively, thanks to the inherent risk profile of the beneficiaries and due to the complexities of the type of beneficiaries, despite the efforts made in

the related controls systems.

The residual error rate remains in the same range as last year. As in the previous years the remaining weaknesses are still mainly due to the complexity of the rules defining the eligibility of the costs. This is reinforced by the fact that DG JUST signs mainly multi beneficiary grant agreements with the co-ordinators acting as main intermediaries in the communication with the co-beneficiaries. Co-beneficiaries as such are also managing the project money and should apply the same eligibility rules and principals as the project co-ordinators but are less familiar with the eligibility rules. As in the previous years, the main cause of errors is the lack of supporting documents. This has been even worsened last year by the fact that due to the COVID-19 crisis the audits had to be performed remotely without access to the bookkeeping of the beneficiaries.

DG JUST continued in 2020 to implement the action plan foreseen to address this reservation revealed in 2015. DG JUST will further simplify the eligibility rules where possible as allowed by the new MFF (Multiannual Financial Framework) and the new MGA (Model Grant Agreement) and will ensure a close follow up of the projects with the continuous reporting tool.

Furthermore DG JUST will use the reinforced monitoring option available in SYGMA/COMPASS to ensure a better follow up of some beneficiaries; which will enable a better risk based ex ante control strategy.

DG JUST will keep organising kick off meetings during which the rules will be explained to beneficiaries and they will be given the opportunity to raise questions.

With regard to the direct management grants, the cumulative detected error rate is based on the results of audits carried out by DG JUST (Chapter 2.1.1.1.a- Stage 3). In the case of procurement, a reliable estimation was used (0.5% see also point 2.1.1.1.b). Other activities are not considered risk-prone and it is estimated that the error rate is below the threshold as in the case of payments to Agencies.

For the 2020 reporting year, the operational units signalled no serious control issues. From the monitoring and supervision work done, which includes regular contacts and monitoring of relevant management reports and audit reports, there are no indications that their reporting would not be reliable.

Regarding the EU funds managed directly by the Directorate-General via grants and procurement, including the administrative related expenditures (direct management), there were no major control weaknesses affecting assurance.

Regarding indirectly managed expenditure, there are no indications of any element that would impair the assurance. Estimated overall amount at risk for both grants and procurement is in line with last year (2,64 M€ vs. 2,37 M€ in 2019) this is a consequence of an increase of payments for the grant segment (+21%) and consequently of relevant expenditure (+10%).

In 2020, there were many time-consuming procurement procedures and exceptional amendments caused by the Covid-19 pandemic, the programme sector prolonged the

closing date of calls by two weeks, allowing the applicants to have more time to prepare their application, lots of beneficiaries were closed due to the Covid-19 outbreak and needed some time to adapt to the new circumstances. In spite of all the Covid-19 effects the legality and regularity of the financial operations was not impacted.

In the absence of any significant weakness detected which could have a material impact as regards the legality and regularity of the financial operations it is concluded that the relevant control objective of effectiveness has been achieved.

Overall the financial indicators remained stable compared with previous year.

DG JUST's relevant expenditure, estimated overall risk at payment, estimated future corrections and risk at closure are disclosed in Table X.

The estimated overall risk at payment for 2020 expenditure amounts to 2.64 M€, representing 1,49 % of the DG's total relevant expenditure for 2020. This is the AOD's best, conservative estimation of the amount of relevant expenditure during the year not in conformity with the contractual and regulatory provisions applicable at the time the payment was made.

This expenditure will subsequently be subject to ex-post controls and a proportion of the underlying errors will be detected and corrected in subsequent years. The conservatively estimated future corrections for 2020 expenditure amount to 0.82 M€. This is the amount of errors that the DG conservatively estimates will be identified and corrected by controls planned to be carried out in subsequent years.

The difference between those two amounts results in the estimated overall risk at closure of 1.82 M€, representing 1,03 % of the DG's total relevant expenditure for 2020.

In the context of the protection of the EU budget, the DGs' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated at Commission level in the AMPR.

Table X - Estimated risk at closure

DG JUST	"payments made" (in 2020; m€)	minus new prefinancing (in 2020; m€)	plus cleared prefinancing (in 2020; m€)	= "relevant expenditure" (for the 2020; m€)	Average Error Rate (weighted AER; %)	estimated risk at payment (2020; m€)	Average Recoveries and Corrections (adjusted ARC; %)	estimated future corrections [and deductions] (for 2020; m€)	estimated risk at closure (2020;m€)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Grants	94,64	83,18	58,10	69,55	3,54%	2,46	1,18%	0,82	1,64
Procurement	33,97	0,25	2,28	36,01	0,50%	0,18	0,00%	0,00	0,18
Subdelegations & service level agrmnts.	2,46	0,00	0,00	2,46	0,00%	0,00	0,00%	0,00	0,00
Contribution to executive agencies	2,27	2,27	2,20	2,20	0,00%	0,00	0,00%	0,00	0,00
Indirect Management-Entrusted Entities	72,99	72,99	67,08	67,08	0,00%	0,00	0,00%	0,00	0,00
Overall, total	206,32	158,68	129,65	177,29	1,49%	2,64	0,46%	0,82	1,82

Notes to the table

(1) the relevant portfolio is segmented by the type of activity : direct management with grant and procurement and indirect management for the agencies.

(2) Payments made or equivalent, such as after the expenditure is registered in the Commission's accounting system, after the expenditure is accepted or after the pre-financing is cleared. 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), the "payments made" are covered by the Delegated DGs. In the case of Cross-SubDelegations (Internal Rules Article 12), they remain with the Delegating DGs.

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

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

* In Cohesion, the retention which is now released or (partially) withheld by the Commission.

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to L&R errors (*see the ECA's 2017 AR methodological Annex 1.1 point 15*), also our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out [*& adds the retentions made*], and adds the previous pre-financing actually cleared [*& subtracts the retentions released and those (partially) withheld; and any deductions of expenditure made by MS in the annual accounts*] 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 order to calculate the weighted Average Error Rate (AER) for the total relevant expenditure in the reporting year, the detected error rates have been used .

For types of low-risk expenditure, as procurement, with indications that the equivalent error rate might be close to 'zero' (*e.g. administrative expenditure, operating subsidies to agencies*), we use 0.5% to have a conservative estimate.

(8) 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 has been used.

- **2.1.1.1.e Fraud prevention, detection and correction**

DG JUST has developed and implemented its own anti-fraud strategy since 2012, on the basis of the methodology provided by OLAF. It is updated every two to three years. It was last updated on 4 January 2021²⁶. Its implementation is being monitored and reported to the management twice a year. All necessary actions, except for the dedicated trainings on anti-fraud to staff (the organisation of which has been delayed because of the added pressure and workload created by the COVID-19 crisis) have been implemented. The implementation of the dedicated trainings at DG level is in progress²⁷, their completion is expected for 2021.

DG JUST also contributed to the Commission anti-fraud strategy and followed up on 100% of OLAF's *financial* recommendations.

The results achieved during the year thanks to the anti-fraud measures in place can be summarised as follows: one case was referred to OLAF for investigation during 2020. DG JUST continued to provide as far as possible, upon request of an investigator, all required information and to assist the investigator in his/her analysis.

DG JUST also contributed to the **CAFS's Action Plan**:

- as detailed in the **action point 52**, DG JUST has provided constant support to the setting-up of the **European Public Prosecutor's Office (EPPO)**. As of the formal constitution of the EPPO College on 28 September 2020, the Commission has almost entirely ceased to provide its provisional administrative support to the EPPO, in accordance with Article 20(4) of the EPPO Regulation²⁸. A few administrative tasks remain with the Commission until the EPPO becomes financially independent .
- as detailed in the **action point 54**, DG JUST has provided support to Member States' transposition and implementation of the so-called **PIF Directive concerning fight against fraud**²⁹. By the end of 2020, infringement proceedings for non-communication of transposition measures remained open against Austria, Ireland, and Romania, while all the others have been closed. It will be soon decided whether further infringement proceedings should be launched for non-conformity with the Directive.

On the basis of the available information, DG JUST has reasonable assurance that the anti-fraud measures in place are effective overall.

²⁶following the entry into force, in April 2019, of the new Commission Anti-Fraud Strategy (CAFS- COM(2019) 196 final of 29.4.2019), where full consideration was given to the possible new implications of the adoption of the Multiannual Financial Framework 2021-2027

²⁷ during the year the staff has been constantly informed and encouraged to participate in online trainings and events on anti-fraud matters organized at corporate level.

²⁸ Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO'), OJ L 283, 31.10.2017, p. 1.

²⁹ Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law, OJ L 198, 28.7.2017, p. 29. Transposition deadline: 4 July 2019.

2.1.1.2 Efficiency = the Time-to-... indicators and other efficiency indicators

Regarding the efficiency of controls, DG JUST assessed it based on "time-to" indicators, measuring the time spent to complete a specific procedure. Concerning grants, in DG JUST an amelioration during 2020 could be observed for the time-to-award (118 days vs 140 days in 2019), as well as for the time-to-pay (30 days vs 36 days in 2019). Regarding the time-to-grant, the increase in days 96 days vs 87 days in 2019 can be mainly justified by the following factors:

- Non responsive beneficiaries due to the COVID-19 crisis: lots of beneficiaries were not available due to the COVID-19 outbreak and needed some time to adapt to the new circumstances. This impacted the validations as well as the submission of the grant data in the IT system.
- A few very difficult cases with public authorities that took time to undertake the necessary steps for validation.

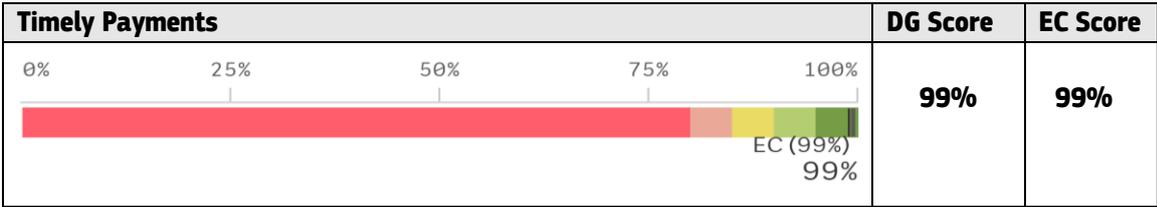
Direct management grants	Time-to-inform: ↘ 118 days (140 in 2019, limit Art. 194.2 FR is 180)
	Time-to-grant: ↗ 96 days (87 in 2019, limit Art. 194.2 FR is 90)

Late interests paid in 2020 amount to EUR 1.688,77 compared to EUR 1.975,95 in 2019 which is an improvement (in 2020, old grant files pending for a long time were closed and paid, generating high interests for few of them).

All	Procurement time-to-pay: ↘ 19 days (23 in 2019)
	Indirect Management- Entrusted Entities time-to-pay: ↘ 10 days (15 in 2018)
	Grants time-to-pay: ↘ 30 days (36 in 2019, Art. Art 116.1FR)

At the level of the payment transactions performed in DG JUST, the efficiency indicators show that DG's overall average payment time for the year amounted to 22 days (with suspension) and 98% of all payments in terms of numbers were made on time (vs 90% in 2019). In relation to payment delays in procurement transactions, the average number of days dedicated to a payment decreased by four days, while the time for payment of

subsidies to Union Agencies decreased by five days compared to 2019.



The good performance for the rate of **late payments is kept** from the beginning of the year. In average only **1%** of payments were made late (**vs. 1% at Commission level**).

The overall improvement in control efficiency indicators was mainly due to actions that were taken to closely monitor the payments and to increase awareness among staff directly involved in the process. Moreover, the phasing in of the new and complex grant management H2020 IT system was finalised and the immediate effect was seen in the decrease in the numbers of days of time-to-inform indicator.

2.1.1.3 Economy = the estimated cost of controls

Following the Commission central services' guidance, the cost of the controls at Commission level is assessed by the cost of the different control stages. The overall assessment for each management mode is obtained from the ratio between all those costs and the total amount paid in the year for the related management mode.

DG JUST internal costs are an estimate, and may include some overstatements.

The Full Time Equivalent (FTEs) used for the calculation have been delivered by the different Directorates of DG JUST and the average FTEs costs used are the average FTEs costs communicated by DG BUDG which include 'habillage' costs.

Costs of controls at DG JUST level

DG JUST has analysed the estimation of the cost of control in relation with the value of the payments made in 2020 per control system (Annex 6) and over the last two reporting years, to draw conclusions also on the trend.

As a general overview, the total cost of controls performed in 2020 in DG JUST was estimated at EUR 9.79 million, representing 4.75% of total payments made in the year. It should be noted that, in total, the efficiency indicators decreased compared to 2019 (5.14%), mainly due a better estimation of the policy staff involved in monitoring, preparation of files, drafting of terms of reference, participation in evaluation committees (each Directorate/Unit was asked to provide an accurate number of FTE). It should be noted that allocating the staff by programme would create an unnecessary workload and would

not bring proportionate advantage since the activities are same (same percentage) and same actions.

Consequently, DG JUST chose to calculate the estimated cost of control by type of activity: direct management with grant and procurement and indirect management for the agencies. Other costs are mainly represented by service legal agreement and sub-delegations.

For the entrusted entities, the overall cost of control remained nearly stable, a small increase can be seen in the subsidies paid and this mainly referred to EUROJUST. The subsidies paid by DG JUST to the agencies are for their running costs.

The below table provides exhaustive information on the data analysed by DG JUST to draw this conclusion.

Control System	2020			2019		
	Costs (M EUR)	Payment (M EUR)	Costs/payment (%)	Costs (M EUR)	Payment (M EUR)	Costs/payment (%)
Direct - Grants	5.69	94.64	6.02%	4.99	78.37	6.37%
Direct Procurement	3.55	33.97	10.45%	3.72	31.6	11.75%
Indirect Management-Entrusted Entities	0.5	72.99	0.74%	0.5	69.2	0.77%
Other	n/a	4.72	n/a	n/a	0.76	n/a
Total	9.79	206.32	4.75%	9.24	179.97	5.14%

2.1.1.4 Conclusion on the cost-effectiveness of controls

Based on the most relevant key indicators and control results, DG JUST has assessed the effectiveness, efficiency and economy of its control system and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible.

Regarding the cost-effectiveness of controls, the conclusion was reached on the basis of an estimation of costs of control over the value of the related funds (value of payments), in the form of indicators and their evolution over time for each of the distinct control systems and stages described in Annex 6. Details are presented in Annex 7.

Despite the challenging 2020 year, DG JUST managed to have a decrease in the cost of control and in the same time to register an improvement of almost all "time-to" indicators. These performances were possible thanks to the motivated and dedicated team and to further simplifications introduced and the generalisation of IT use.

Furthermore, there is a number of non-quantifiable benefits resulting from the controls operated during the programming phase in the grant management process, aimed at

ensuring that the financed projects contributed to the achievement of the policy objectives, and from the deterrent effect of ex post controls. At the same time, procurement procedures are to a large extent based on regulatory requirements which cannot be curtailed. DG JUST considers that the necessity of these tasks is undeniable, as shown by the risks outlined in Annex 6, significant proportions of the appropriations would be at risk in case they were not in place.

The DG's relative³⁰ level of cost-effectiveness is considered adequate. 2020 was the fifth year when the risk based approach was applied for verification of the final cost claims in view of different risk profiles of the beneficiaries and completeness and accuracy of the provided documentation with the aim to re-direct the control resources towards more stringent controls where needed, while having leaner and less burdensome controls where appropriate.

Despite one weakness revealed in relation with the time-to-grant indicator caused by the COVID-19 crisis, the situation being temporary and should improve in 2021, there is no other Covid impact on the DG JUST cost-effectiveness of controls. On the contrary, during 2020 there is an improvement on all the other performance indicators. Based on the most relevant key indicators and control results, DG JUST has assessed the effectiveness, efficiency and economy of its control system and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible.

Overall, DG JUST has good performance indicators and acceptable error rates among all its programmes. The overall cost of control can be considered acceptable given the fact that no economy of scale can be obtained for the management of direct grants and procurement.

DG JUST is of the opinion that the current control system applied is the best suited to fulfilling the relevant control objectives efficiently and at a reasonable cost. It represents a good balance between the invested efforts (internal control costs and remuneration fees), the obtained error rates (effectiveness of controls) and delivery of objectives (efficiency)

2.1.2 Audit observations and recommendations

This section sets out the observations, opinions and conclusions reported by auditors – including the limited conclusion of the Internal Auditor on the state of internal control. Summaries of the management measures taken in response to the audit recommendations are also included, together with an assessment of the likely material impact of the findings on the achievement of the internal control objectives, and therefore on management's assurance.

³⁰ E.g. taking into account the relative labour-intensity of the operations, which may imply (dis)economies of scale due to the number and value of the transactions

DG JUST is audited every year by both internal and external independent auditors: the Commission Internal Audit Service (IAS) and the European Court of Auditors (ECA).

- Summary of the IAS audit recommendations issued during the year

During the reference period, the IAS completed its internal audit plan for the year 2020:

- The IAS finalised in DG JUST the **“Audit on grant management of the 2014-2020 Justice and REC programmes – implementation (2020)”**. All recommendations stemming from this audit were accepted by DG JUST and will be implemented in full during 2021.

As regards the implementation of recommendations issued in previous year:

Two very important recommendation were re-assessed by the IAS during 2020 year and downgraded from ‘very important’ to ‘important’ relating to allocation of human resources within the DG which is partially implemented and will be finalised in the second quarter of 2021 and “Preparation of procurement procedure” which at the end of the year was implemented and is ready for review.

In conclusion, the Internal Auditor stated in its contribution to this report (cut-off date 31 January 2019) based on all the work undertaken by the IAS in the period 2018-2020 **the internal control systems in place for the audited processes are effective.**

- Summary of the ECA audit findings

The European Court of Auditors examined the financial management/legality and regularity of transactions of DG JUST in *Chapter 8 “Security and citizenship”* of its Annual Report for 2019 (published in October 2020). The Chapter does not have any reference to DG JUST.

ECA continues its work in the view of special report on “Gender-equality” and, “Disinformation”. DG JUST is affected but not chef de file for these audits.

ECA has published the special report Capital Markets Union in English on 10 November 2020. DG JUST committed to make outcomes of insolvency proceedings more predictable, take a legislative or non-legislative initiative aiming at increased convergence in targeted areas of core non-bank insolvency. This initiative could address a definition of triggers for insolvency proceedings, the ranking of claims and further core elements such as avoidance actions or asset tracing.

With the adoption by the Commission of the EU Roma strategic framework for equality, inclusion and participation for 2020-2030 (COM(2020)620 final, SWD (2020) 530 final of 7 October 2020), the Commission has closed the European Parliament recommendation to establish a genuine European strategy for Roma inclusion, request that followed the ECA performance audit on “EU policy initiatives and financial support for Roma integration: significant progress made over the last decade, but additional efforts needed on the ground”, published on 26 June 2016.

In conclusion, the findings presented by IAS and ECA do not have any impact on the assurance provided in this Annual Activity Report.

2.1.3 Assessment of the effectiveness of internal control systems

The Commission has adopted an Internal Control Framework based on international good practice, to ensure the achievement of its policy and management objectives. Compliance with the internal control framework is a compulsory requirement.

DG JUST uses the organisational structure and the internal control systems suited to achieving its policy and internal control objectives in accordance with the internal control principles and has due regard to the risks associated with the environment in which it operates.

The internal control self-assessment exercise was performed between November 2020 and February 2021 in compliance with the methodology proposed by DG BUDG. It was based on desk reviews of information from various sources, ad-hoc discussions with specialized functions (HR, financial management) and the evaluation of monitoring indicators, taking also into account:

- the authorizing officers by sub-delegation reports
- the results of audits and follow-up engagements performed by IAS and ECA during 2020
- the status of implementation of action plans from previous IAS/ECA audit work
- the results of the risk assessment exercise
- the analysis of the register of exceptions and non-compliances.

The assessment was carried out based on the COSO³¹ methodology, all five components and 17 principles being evaluated. The results show that all 17 principles are present and 12 of them are fully functional.

As a result, three of the five components of the internal control system are present and functioning (component 2 Risk Assessment, component 4 Information and Communication and component 5 Monitoring Activities), while two of them are present and functioning, but some improvements are needed (component 1 Control Environment and component 3 Control Activities).

³¹ COSO: Committee of Sponsoring Organizations of the Treadway Commission. As explained in the Internal Control Framework of the Commission, Implementation Guide of 2017, the Commission follows the international best practice, for which the leader is COSO. As a matter of fact, the Internal Control Framework published by COSO is recognized as the leading guidance for designing, implementing and conducting internal control and assessing its effectiveness.

One weakness was revealed by the analysis of the financial indicators (please see section 2.1.1.2, in relation with the time-to-grant indicator), but as explained in the dedicated section, the situation was temporary, caused by the COVID-19 crisis and should improve in 2021. The exercise did not result in the identification of any further weaknesses, errors or actions that could jeopardize the overall effectiveness of DG JUST's internal control system.

During the annual risk management exercise performed in the context of the management plan, and the subsequent mid-term review, one critical risks was identified. The risk had materialized in 2020, but the mitigating actions put in place have ensured a swift reaction of the Commission to deal with the consequences. A targeted risk assessment exercise related to the COVID-19 crisis was carried out during 2020 at corporate level, focused on the impact of the crisis and the Commission responses to it on the control, audit and assurance aspects in relation to the EU budget. No critical risks were identified by the DG in the course of this exercise and for all three identified risks, proper action plans have been put in place to mitigate them.

For the analysis of the register of exceptions and non-compliance events, please see section 2.1.1.1.

DG JUST has assessed its internal control system during the reporting year and has concluded that it is effective and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified related to the principles 2, 4, 6, 10 and 12:

- **full implementation of one very important recommendation related to allocation of human resources within the DG (as a result of the follow-up audit done at the beginning of 2020, IAS considered that the residual risk has been partly mitigated and have consequently re-assessed the rating of the recommendation from 'very important' to 'important') and two important recommendations relating to HR strategy and sustainable people management issued by IAS in its final report of the multi-DG audit on "HR management / staff allocation";**
- **full implementation of the three important recommendations issued by IAS in its final report on grant management of the 2014- 2020 Justice and REC programmes – implementation in DG JUST (issued end December 2020).**

2.1.4 Conclusions on the assurance

This section reviews the assessment of the elements already reported above (in Sections 2.1.1, 2.1.2 and 2.1.3), and the sub-conclusions already reached. It draws an overall conclusion to support the declaration of assurance and whether it should be qualified with reservations.

The information reported in Section 2.1 stems from the results of management and audit monitoring, based on the results of the self-assessment, ex-post controls, the observations of the Internal Audit Service, lessons learnt from the reports of the Court of Auditors as well as information received from other authorising officers in cases of cross sub-delegations or delegation agreements.

These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a comprehensive coverage of the budget allocated to the Director-General of DG JUST.

The key arguments for the assurance are listed below:

- Overall our internal control system is present and functioning, well overall, but some improvements are needed as minor deficiencies were identified related to the principles 2, 4, 6, 10 and 12. Nevertheless, positive results were registered in terms of legality and regularity, cost-effectiveness (except for the high multiannual residual error rate in grant management as explained below).
- No critical issues highlighted by internal or external auditors;
- For DG JUST, the estimated overall amount at risk for the 2020 payments made is estimated as at EUR 2.64 million. This is the AOD's best conservative estimation of the amount of expenditure authorised during the year (EUR 206,32 million), not in conformity with the applicable contractual and regulatory provisions at the time the payment is made. This expenditure will be subsequently subject to ex-post controls and a sizeable proportion of the underlying error will be detected and corrected in successive years. The conservatively estimated future corrections for those 2020 payments made are EUR 0.82 million. This is the amount of errors that the DG conservatively estimates to identify and correct from controls that it will implement in successive years.
- No other major issues pointed out by the Authorising Officers by Sub –delegations in their reports.

Methodology for determining materiality level for reservations

The materiality is determined for each relevant distinct internal control system across various ABB lines ("horizontal" approach). The main distinct internal control systems are (a) direct management – grants, (b) direct management – procurement and (c) indirect management (EU subsidies to decentralised agencies). These layers are determined by the differences in the ex-ante and ex-post control approach put in place in DG JUST to control and obtain assurance for each type of expenditure – each control approach and results are described in more detail throughout Chapter 2 and in Annex 6 (Internal Control Templates).

The residual risk was analysed for each distinct control system, as detailed in section 2.1, and the results of each were analysed separately to determine its impact on assurance and a need to issue a reservation.

The estimated multiannual residual error rate for the grants directly managed by DG JUST for 2020 is 2.69% and slightly increase compared to last year (2.65%). Following ECA observation on the error rates for the Research family, the error rates was recalculated. As per instructions, the detected error rate is to be calculated based on the following methodology: final errors detected/audited amount of the grant (as amount declared by the beneficiary * percentage of audit coverage as indicated in the final audit reports).

The European Court of Auditors in its 2018 Annual Report and its review of the Commission's ex-post audits observed that the Commission's methodology for calculating the error rate leads to an understatement of the error rate the extent of which cannot be quantified. As a result, the Commission will adapt its methodology for the calculation of the grants in the Rights, Equality and Citizenship and Justice programme error rate in line to the Court's observations starting with the implementation of the 2020 ex-post audit campaign.

Overall Conclusion

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

- Financial risk corresponding to the residual error rate in the non-audited population of grants in the programmes managed under the budget chapters 33 02 and 33 03.

The financial impact of the reservation on the assurance is assessed at 1.03% of the payments made by DG JUST in 2020 amounting to EUR 1.87 million.

2.1.5 Declaration of Assurance and reservations

Declaration of Assurance

I, the undersigned,

Director-General of of the Directorate General of Justice and Consumers

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view³².

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

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

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

However the following reservations should be noted:

- ***Reservation regarding the financial risk corresponding to the residual error rate in the non-audited population of grants in the programmes managed by the Directorate General Justice and Consumers under the budget chapters 33 02 and 33 03***

Place Brussels, date 31/03/2021,

(signature)

Salla Saastamoinen

³²True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency.

Reservation 1

DG	Justice and Consumers
Title of the reservation, including its scope	Financial risk corresponding to the residual error rate in the non-audited population of grants in the programmes managed by DG JUST
Domain	Centralised direct management - grants (2007-2020 programmes)
Programme in which the reservation is made and total (annual) amount of this programme	33 02 – Rights, Equality and Citizenship and 33 03 – Justice. Total payments related to grants (2007-2020 programmes) in 2020: € 94.64 million out of € 206.32 million total payments for DG JUST
Reason for the reservation	At the end of 2020, the residual error rate is above the materiality threshold of 2% and the segment involved, grants, represent more than 5% of the DG JUST total payments.
Materiality criterion/criteria	The materiality criterion is the cumulative residual error rate, i.e. the level of errors that remain undetected and uncorrected, by the end of the management cycle. The control objective is to ensure that the residual error rate on the overall population is below 2% at the end of the management cycle.
Quantification of the impact (= actual "exposure")	The estimated multiannual residual error rate for DG JUST directly managed grants for 2020 is 2.69% and slightly increases compared to last year (2.65%) notwithstanding the new calculation method ³³ . This shows the results of the efforts made by DG JUST to reduce the errors in its funding programmes. Indeed, for the sole year 2020 the detected errors significantly decreased. The maximum impact is calculated by multiplying the multiannual residual error rate by the sum of direct management payments based on cost statements actually processed and pre-financings cleared in 2020 (€ 69.55 million). The estimated impact in 2020 is € 1.87 million.
Impact on the assurance	Legality and regularity of the affected transactions, i.e. only payments made against cost claims (interim payments and payments of balance). The assurance is affected within the scope of the quantified budgetary impact, which represents 0.90% of payments made by DG JUST in 2020.

³³ It is to be noted that following an ECA observation on the error rates for the Research family, the error rates was recalculated. As per instructions, the detected error rate is to be calculated based on the following methodology: final errors detected/audited amount of the grant (as amount declared by the beneficiary * percentage of audit coverage as indicated in the final audit reports) and no longer on the basis of the total payments made on the grants. This new calculation method negatively impacts the error rate compared to the previous years as it is calculated on a reduced basis.

<p>Responsibility for the weakness</p> 	<p>The residual error rate remains in the same range as last year. As in the previous years the remaining weaknesses are still mainly due to the complexity of the rules defining the eligibility of the costs. This is reinforced by the fact that DG JUST signs mainly multi beneficiary grant agreements with the co-ordinators acting as main intermediaries in the communication with the co-beneficiaries. Co-beneficiaries as such are also managing the project money and should apply the same eligibility rules and principals as the project co-ordinators but are less familiar with the eligibility rules. As in the previous years, the main cause of errors is the lack of supporting documents. This has been even worsened last year by the fact that due to the COVID-19 crisis the audits had to be performed remotely without access to the bookkeeping of the beneficiaries.</p>
<p>Responsibility for the corrective action</p>	<p>Action plan corrective action proposed:</p> <ul style="list-style-type: none"> - DG JUST will further simplify the eligibility rules where possible as allowed by the new MFF and the new MGA. - DG JUST will ensure a close follow up of the projects with the continuous reporting tool. - DG JUST will use the reinforced monitoring option available in SYGMA/COMPASS to ensure a better follow up some of the beneficiaries and that will allow better risk based ex ante control strategy. - DG JUST will keep organising kick off meetings during which the rules will be explained to beneficiaries and they will be given the opportunity to raise questions. - If needed and based on a case by case analysis we will organise monitoring visits if the sanitary conditions so allow.

2.2 Modern and efficient administration

2.2.1 Human resource management

DG JUST adopted its **HR Strategy 2020-2024** and the related **HR plan 2021** in December 2020. The goal of this HR strategy is to support the DG in delivering under the political priorities and performing the institutional and legal obligations, despite an increasing pressure on human resources. The HR plan 2021, which integrates also the earlier Action plan adopted in 2019, defines the way forward to achieve this objective.

This HR Strategy is the result of a broad consultation, close collaboration and engagement of the staff and management in recent years. It draws on a phase of analysis and consultation, which started in autumn 2018 following the results of the latest Staff Survey. The process leading to the present strategy and to the related plan was characterised by active participation and involvement of staff and managers. The new HR Strategy draws from the lessons learned from the Covid-19 crisis as well.

During 2020, the Covid-19 crisis influenced significantly the HR activities of the Directorate-General. The focus of HR efforts during the crisis has been in providing assistance, and informing and reaching out to staff and managers through various

channels (e.g. messages to staff and info points in management meetings) while ensuring that the Directorate-General follows corporate guidance and indications.

DG JUST was active in learning and development too, and organised throughout the year activities to support staff well-being, to welcome newcomers and to support management fulfilling their role.

In continuity with the past, DG JUST has been committed to **gender equality** and contributed effectively to the objectives set at corporate level. In this domain, DG JUST has reached its target for first time female appointments to middle management positions until 2022, and maintains a balance between women and men at management level. DG JUST has achieved the objective of gender balance for the newly created role of Deputy to Director positions as well, with 60% of women on this assignment (three out of five). On pre-management positions, DG JUST has already matched the objective – set by the Commission in October 2020 for end 2022 – of creating a Deputy Head of Unit position for each Unit, and has a small prevalence of women on the post.

2.2.2 Digital transformation and information management

In 2020, DG JUST maintained and further developed its IT systems in the areas of Civil, commercial and criminal justice, fundamental rights and rule of law, equality and union citizenship and consumer policy.

In the area of justice, the e-Justice Portal and its subsystems have been migrated to a new operating system version (Redhat 7) while its new user interface, published currently as Beta version, has been fully implemented and is ready to replace the old user interface during the first quarter of 2021.

In the framework of cooperation in criminal matters, the first version of the eEvidence system has been rolled out on some Member States competent authorities' premises for the digital exchange of information in the context of the European Investigation Order (EIO) and Mutual Legal Assistance agreements (MLAs). The system will facilitate the digital exchange by providing a fast, secure and efficient data exchange platform.

In the area of Consumers policy the rapid alert system Safety Gate, revamped in its first version in 2019 has further integrated some old subsystems like Rapex Publication and Risk assessment Guidelines, while the archive is being decommissioned. The data migration from the old RAPEX system to the new Safety Gate system has been completed by end 2020 as planned.

The two studies launched for a modernised Online Dispute Resolution platform have been finalised by the end of 2020, as planned.

The migration of some systems to Drupal 8 technology continued in 2020 with the objective of completion during 2021. DG JUST participates this way to the corporate effort in the framework of Coldfusion transformation and Drupal 8 migration. In this process,

some websites/subsystems have been already decommissioned (old RAPEX satellite modules), this way DG JUST participating at the corporate IT and Web rationalisation.

Some of the initiatives identified for digital transformation have been further analysed and the respective projects have started, like Consumers eLab, BORIS (in collaboration with DG FISMA and DG DIGIT), the new Online Dispute Resolution platform. In addition, a new project is now in its Initiation phase, aimed at supporting the Representative Actions Directive adopted in 2020.

Existing systems and new planned ones contribute to the gradual achievement of EC Digital Strategy principles, in particular on Digital by default, Once Only, User-centric, Crossborder Data-driven and Interoperability, as they aim at reducing the burden on citizens, increasing efficiency of national and European institutions and bodies, and at their closer cooperation and collaboration in the above mentioned domains.

As regards **data protection compliance**, DG JUST has achieved full coverage of its personal data processing operations in the Data Protection Management System (DPMS) in 2020. This system will be monitored and updated throughout the year. In terms of awareness raising, DG JUST organised information session for units on data protection, targeted at the practical needs for colleagues in their everyday work. Staff is also being encouraged to participate in the data protection trainings organised by the office of the Data Protection Officer. Approximately 50 DG JUST staff took part in such activities during the year.

In 2020 DG JUST has continued to implement its **Knowledge Management Strategy**, with a particular focus on enhancing knowledge sharing and collaboration. An internal network on collaboration was set-up to promote and support collaborative initiatives and ways of working. A survey among DG JUST staff carried out in September confirmed significant improvements in colleagues' timely access to information needed for their job. The uptake of re-vamped staff profiles (designed to facilitate knowledge sharing and collaboration) has reached 44% by end 2020.

DG JUST joined the Commission's **Information Management Steering Board** as of November 2020, on behalf of the Internal market family of DGs (also representing DG HOME). The DG has also established a Data Governance Board to more effectively coordinate the governance of the DG's key data assets. As its first endeavour, in late 2020 the Data Governance Board launched the assessment of compliance with corporate data governance principles (to be completed in 2021).

2.2.3 Sound environmental management

DG JUST contributes to the objective of EMAS - The Eco-Management and Audit Scheme, by which the Commission aims to "lead by example" through the reduction of the direct environmental impact of its own activities.

In 2020, DG JUST's actions to reduce its environmental footprint were very much influenced by the Covid-19 crisis:

- Teleworking being the default mode for most colleagues during the major part of the year, DG JUST naturally expanded the use of distance communication and teleworking tools and as a result the need for transport to and from the workplace and meeting points was considerably reduced, leading to corresponding reduction in emissions.
- By better acquainting staff with teleworking tools, it is likely that the reduction in carbon footprint will remain at least to some extent even after colleagues return to the office.
- Similarly, reduced presence in the office meant reduced waste in the DG JUST buildings.

2.2.4 Example of initiative to improve economy and efficiency of financial and non-financial management

The Compass system has entered into use for the pre-financing through amendment and 2nd pre-financing.

Moreover, an additional final payment workflow and the Recovery Order payment module are now available in Compass.