



Annual Activity Report 2021

Annexes

Directorate-General for Communications
Networks, Content and Technology

Table of Contents

ANNEX 1:	Statement of the Director(s) in charge of Risk Management and Internal Control.....	3
ANNEX 2:	Performance tables.....	4
ANNEX 3:	Draft annual accounts and financial reports.....	23
ANNEX 4:	Financial Scorecard.....	36
ANNEX 5:	Materiality criteria.....	39
ANNEX 6:	Relevant Control System(s) for budget implementation (RCSs).....	46
ANNEX 7:	Specific annexes related to "Financial Management".....	58
ANNEX 8:	Specific annexes related to "Assessment of the effectiveness of the internal control systems".....	93
ANNEX 9:	Specific annexes related to "Control results" and "Assurance: Reservations".....	96
ANNEX 10:	Reporting – Human resources, digital transformation and information management and sound environmental management.....	99
ANNEX 11:	Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission.....	104
ANNEX 12:	EAMR of the Union Delegations.....	117
ANNEX 13:	Decentralised agencies and/or EU Trust Funds.....	118
ANNEX 14:	Reporting on the Recovery and Resilience Facility.....	119

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

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

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

Brussels, 31 March 2022

(e-signed)

Morten FJALLAND

⁽¹⁾ C(2017)2373 of 19.04.2017.

ANNEX 2: Performance tables

General objective: A Europe fit for the Digital Age

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

Source of the data: [DESI](#) (the baseline was recalculated, as the composition of the index changed in 2020)

Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
43.1	Increase	Increase	50.7

Specific objective 1: Europe's strategic autonomy is ensured in critical technology areas

Result indicator 1.1: Number of EuroHPC systems installed in the EU ranking among the top 10 in the world

Source of the data: <https://www.top500.org>

Baseline (2010)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
0	3	4	0 - There are currently no EURO HPC systems in the world top 10. The current expectation is to have 2 HPC systems in the top 10 by the end of 2022 (which is below the interim milestone) but the target for 2024 is likely to be reached

Result indicator 1.2: Number of quantum computers interconnected in the EuroHPC Joint Undertaking infrastructure

Source of the data: EuroHPC Joint Undertaking

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
0	1	5	0 - the call for the quantum computer will be launched in April 2022 by the EuroHPC JU

Result indicator 1.3: Number of Member States having deployed QCI terrestrial networks

Source of the data: Digital Europe Programme (DEP)

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
0	None	15 Member States	0 - it is the first year of implementation <i>Digital Europe</i>

Result indicator 1.4: Value of production of electronic components, including microprocessors, by EU companies

Source of the data: Financial reports and SIA (Semiconductor Industry Association)

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
EUR 40 billion	None	EUR 60 billion	EUR 47.5 billion

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

Source of the data: CONNECT

Baseline (N/A)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
N/A	Positive trend	Positive trend	No legislative revisions were proposed under this specific objective

Main outputs in 2021:

Other important outputs

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Establishment of the Smart Networks and Services Joint Undertaking with at least EUR 900 million EU funding for 6G R&I under Horizon Europe	Council Regulation adoption, final industry commitment	Q3 2021	The Smart Networks and Service Joint Undertaking was established on 19 November 2021 by Council Regulation (EU) 2021/2085 . The delay was due to the longer than expected negotiations. A commitment letter by the 6G industry association as well as the first positive opinion of Member States Representatives Group led to the adoption of the first Work Programme
Preparation of 5G deployment for Connected along cross border corridors	Launch of the first call under CEF2 for feasibility studies as basis for first corridor deployment projects to be launched in 2022	Q4 2021	As the work programme was only adopted in December (C(2021)9463 final), the first call was launched in January 2022
Deployment of first use cases of the European Blockchain Services Infrastructure	The first sets of reusable software, specifications and services are operational on EBSI nodes in Member States	Q1 2021	The first sets of reusable software, specifications and services operational on EBSI nodes in MS were released in Q1 2021. The first implementation of the use cases was in pre-production in Q4 2021
Amendment of the Council Regulation establishing the EuroHPC Joint Undertaking	Adoption of the Council Regulation	Q1 2021	Council Regulation (EU) 2021/1173 was adopted on 13 July 2021, due to longer

			than expected political negotiations
Launch of implementation of Destination Earth initiative	Signature of Contribution Agreements to implement the core platform and the first Digital Twin(s) of the Destination Earth initiative	Q1/Q2 2021	The Contribution Agreements with the three implementing entities (ESA, ECMWF, EUMETSAT) were signed in Q4 2021. The delay is due to the late approval of the Digital Europe Programme Regulation and the work programme
Emerging Technologies: Launch of the next phase of the Quantum Flagship, the Graphene Flagship, the Human Brain Project and the Future Battery Technologies initiatives	Adoption of Horizon Europe – Work Programmes 2021-2022	Q1 2021	Horizon Europe’s work programmes 2021-2022 were adopted on 15 June 2021 with calls covering the continuation of the Human Brain Project research infrastructure (EBRAINS) in pillar 1, of the Graphene and Quantum Technology flagships (pillar 2 cluster 4) and of the Future Batteries technologies (pillar 2 cluster 5)
EuroQCI initiative	Launch of the first calls under the Digital Europe Programme (initial deployment) and Connecting Europe Facility (cross-border linking of national quantum communication infrastructures)	Q1 2021	Digital Europe call opened in November 2021. Connecting Europe Facility – Digital call will open in Q3 2022. These delays were due to late adoption of the programmes’ regulations and their work programmes
Digital Europe Work Programme 2021-22	Adoption by the Commission	Q1 2021	Adopted 10 November 2021 (C(2021)7914 final) due to longer than expected negotiations for the approval of the programme regulation and adaptations needed in the work programme
Digital Europe Programme calls for proposals	Timely launch of the calls	Q1/Q4 2021	First calls launched 17 November 2021, following the late adoption of the work programme
Horizon Europe Work Programme 2021-22	Adoption by the Commission	Q1 2021	C(2021)4200 of 15 June 2021. The delay is due the late approval of the programme regulation
Horizon Europe calls for proposals	Timely launch of the calls	Q2/Q3/Q4 2021	Several calls have been launched as foreseen in the adopted WPs, with the necessary amendments done since
Connecting Europe Facility	Adoption by the	Q1 2021	The work programme was

Digital Work Programme for 2021-2023	Commission		adopted on 16 December 2021 (C(2021)9463 final) due to longer than expected negotiations for the adoption CEF Regulation and the subsequent work programme
--------------------------------------	------------	--	--

External communication actions

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Citizens having awareness of policy initiatives via our specific digital tools*	Number of unique browsers (visitors)	Yearly median 10,000 unique browsers per day by 31/12/2021 (baseline: yearly median 9646 - counted for the period 01/01-28/10/2020 when data was available)	January-March: 11850 unique browsers daily for the now archived Digital Single Market website March-December: 7078 unique browsers daily (site is brand-new and therefore could start building traffic only after it was launched in March)
	Number of subscribers to newsletters	Total of Newsroom subscription for newsletters 330000 by 31/12/2021 (baseline for 2021: total of Newsroom subscription for newsletters 313370 - counted for the period 01/01-28/10/2020 when data was available)	The figure is not available at the moment due to a change of platform for newsroom.
Citizens having awareness and engaged via CONNECT's social media presence on the main used platforms (Facebook, Twitter, Instagram)*	Number of followers/fans/interactions	Facebook Digital Single Market Fans: maintain the basis (baseline: 33161) Engagement: maintain the basis (baseline: 800 average interactions/month) Instagram followers: increase the basis by 10% (baseline: 4660), interactions and develop a coherent approach. Twitter Followers: increase the baseline by 2%	Facebook: Facebook total fans increased by 5% to 34.746. Due to a general change in algorithms, interactions have decreased to an average of 500 per month. Instagram: Followers doubled: 8.695 1.400 average interactions per month Twitter: Number of followers rose to 112.000

		to 5% (baseline: 96.000). Engagement: increase the community engagement (baseline: 4000 average interactions per month)	Engagement increased to 6.000 interactions per month
Web and social media indicators for external communication are cross-cutting through all strategic objectives (marked with *)			

Specific objective A European single market for data where data can flow for the benefit of all and where rules for access and use of data are fair, practical and clear

Related to spending programme(s): Horizon Europe and Digital Europe Programme

Result indicator 2.1: Impact of the data economy on EU GDP

Source of the data: European data market monitoring tool

Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
Estimated impact of the data economy on EU GDP: 2.4%	None	Estimated impact of the data economy on EU GDP to at least 3.6%	3.6 %

Result indicator 2.2: Aggregated data volume flowing among EU Member States

Source of the data: IDC data in conjunction with JRC and Data Flow Mapping Study

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
10 Zettabytes	15% increase compared to the baseline	30% increase compared to the baseline	No new figures for 2021

Result indicator 2.3: Scale up cross-border exchange of health data; link and use, through secure, federated repositories, specific kinds of health information, such as EHRs and digital health images, in compliance with the GDPR

Source of the data: Reports of the eHealth Network

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
Some Member States exchange health data on e-prescriptions and patient summaries, however no exchange possible relating to laboratory tests, medical images and discharge letters	Common EU technical Specifications developed for the secure exchange of data in new health domains: laboratory tests, medical images and discharge letters	Start cross-border electronic exchanges through eHDSI of laboratory results, medical images, and discharge letters	A Horizon 2020 project, X-eHealth, is working on the development of technical specifications for the exchange of laboratory tests, medical images and discharge letters, with results expected in 2022

Result indicator 2.4: Market share of European providers in the European cloud market

Source of the data: Synergy Research Group

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
1%	More than 3%	More than 5%	No new figures for 2021

Result indicator 2.5: Number of European Data Marketplaces

Source of the data: European data market monitoring tool

Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
12 European data marketplaces	17 European data marketplaces	30 European data marketplaces	No new figures for 2021 ⁽²⁾

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

Source of the data: CONNECT

Baseline (N/A)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
N/A	Positive trend	Positive trend	In line with the Better Regulation guidelines, an additional chapter was included in the impact assessment that focused on burden reduction measures for the Data Act, which also included a targeted review of Database Directive

Main outputs in 2021:

New policy initiatives

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
 Data Act (including the revision of the database Directive)	Adoption by the Commission	Q3 2021	The proposal for a Data Act was adopted on 23 February 2022 due to longer than expected internal discussions needed to finalise the legal act
Implementing act (Regulation) on high value data sets	Adoption by the Commission	Q1 2021	The adoption is expected for Q2 2022 due to the need of further internal discussions and the completion of other processes before the finalisation of the legal act

⁽²⁾ The result indicator 'Number of European Data Marketplaces' is provided by a study, renewed for the period 2021-2023. Figures for 2019 are the latest know results and the next data is scheduled to be assessed and provided in 2022.

Public consultations			
Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Open Public Consultation for the Data Act	Completion of the public consultation	Q2 2021	Open public consultation published on 3 June 2021 was available until 3 September 2021. The delay is due to the necessity to adapt the questionnaire following political consultations
External communication actions			
Output	Indicator	Target	Latest known results (situation on 31/12/2021)
For the cross-cutting external communications actions see rows 1 and 2 of the table of outputs of specific objective 1 (marked with *)			

Specific objective 3: Artificial intelligence that is human-centric, ethical, sustainable and that respects EU values			
Related to spending programme(s): Horizon Europe, Digital Europe Programme			
Result indicator 3.1: The share of EU companies using AI			
Source of the data: CONNECT			
Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
25% (new baseline (2021): 8%) ⁽³⁾	Increase	35% (new target: 30%) ⁽⁴⁾	8%. This indicator is now part of Eurostat's annual survey and, thus, CONNECT will not use studies anymore to monitor the share of companies using AI. The results according to the new methodology (8% in 2021) are not comparable with those according to the old methodology
A Result indicator 3.2: Number of EDIHs specialised in AI			
Source of the data: CONNECT			
Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
0	20	40, with at least one in every Member State	0 - due to the late adoption of <i>Digital Europe's</i>


⁽³⁾ As a result of the new methodology and the new source of the data, the baseline need to be adapted.

⁽⁴⁾ As a result of the new methodology and the new source of the data, the target need to be adapted.

			Regulation and work programme
Result indicator 3.3: Number of testing and experimentation facility sites in AI supported through Digital Europe Programme			
Source of the data: CONNECT			
Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
0	None	15	0 - it is the first year of implementation of <i>Digital Europe</i>
Result indicator 3.4: Number of new installations of industrial robots in the EU			
Source of the data: International Federation of Robotics (IFR)			
Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
64.000	None	75.000	56 000 (estimate based on IFR numbers for installations in 2020). The decrease is due to the substantial impact of strict lockdowns in important markets such as Italy and France (with, respectively, a decrease of 23% and 20% in new installations)
Result indicator: Proportion of proposed legislative revisions that include burden reduction measures			
Source of the data: CONNECT			
Baseline (N/A)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
N/A	Positive trend	Positive trend	No legislative revisions were proposed under this specific objective.

Main outputs in 2021:

New policy initiatives

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
 Proposal for a Regulation laying down requirements for Artificial Intelligence	Adoption by the Commission	Q1 2021 PLAN/2020/7453	COM(2021)206 <i>final</i> , adopted on 21 April 2021 due to longer than expected time needed to analyse all inputs made by stakeholders in the public consultation and the horizontal nature of the act, which involved a large number of other Commission services

Revision of the Coordinated Plan on Artificial Intelligence	Adoption by the Commission	Q1 2021 PLAN/2020/8101	COM(2021)205 <i>final</i> , adopted on 21 April 2021 slightly delayed as it had to be aligned with the Regulation laying down requirements for Artificial Intelligence
---	----------------------------	---------------------------	--

External communication actions

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
3 rd European AI Assembly	Number of participants	300-350 if in-situ 800-1000 if online	60 participants in-situ and 1000 online (hybrid format)
For the cross-cutting external communications actions see rows 1 and 2 of the table of outputs of specific objective 1 (marked with *)			

Other important outputs

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Public-Private Partnership in AI, Data and Robotics	Launch of the PPP	Q1 2021	Memorandum of understating signed on 23 June 2021 as a decision was taken to sign all Public-Private Partnership Memoranda of Understating during the research and innovation days

Specific objective 4: A fair, competitive and resource efficient digital economy

Related to spending programme(s): Horizon Europe, Digital Europe Programme and InvestEU

Result indicator 4.1: Availability of 5G connectivity underpinning future Smart Network and Services platforms across Europe

Source of the data: European 5G Observatory

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
5G in at least one city per Member State	30%	85%	50%

Result indicator 4.2: Increase of the energy efficiency of European data centres

Source of the data: JRC/EU Code of Conduct on Data Centre Energy Efficiency (reporting requirements)

Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
PUE 1.8	PUE 1.6	PUE 1.3	PUE 1.7

Result indicator 4.3: Number of businesses and public sector entities which have used the European Digital Innovation Hub's services

Source of the data: CONNECT

Baseline (2021)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
1.000	4.000	28.000	0 - due to the late adoption of <i>Digital Europe's</i> Regulation and work programme

Result indicator 4.4: Number of persons who have received training to acquire advanced digital skills supported by the Digital Europe Programme

Source of the data: CONNECT

Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
0	25.000	100.000	0 - due to the late adoption of <i>Digital Europe's</i> Regulation and work programme





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

Source of the data: CONNECT

Baseline (N/A)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
N/A	Positive trend	Positive trend	No legislative revisions were proposed under this specific objective

Main outputs in 2021:

New policy initiatives

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
 Communication on Europe's Digital Decade: 2030 Digital Targets	Adoption by the Commission	Q1 2021	COM(2021)118 final of 9 March 2021
 Proposal for a Decision of the European Parliament and of the Council establishing the 2030 Policy Programme "Path to the Digital Decade"	Adoption by the Commission	Q3 2021	COM(2021) 574 final of 15 September 2021
 Review of the roaming regulation	Adoption by the Commission	Q1 2021 PLAN/2020/6784	COM(2021)85 final of 24 February 2021
 Circular Electronics Initiative (CEI)	Adoption by the Commission	Q4 2021	Postponed to Q1 2022 to coincide with parallel related initiatives
A toolbox of best practices to speed up network roll-out and coordinate radio spectrum assignment	Development and agreement by the Member States of a common Union toolbox	Q2 2021 C(2020) 6270	Connectivity toolbox agreed by MS in the Connectivity Special Group on 25 March 2021
Commission Recommendation	Adoption by the	Q4 2021	The Recommendation will be

on regulatory incentives for investments in very high capacity networks in line with the Electronic Communications Code	Commission	PLAN/2020/7980	adopted during 2022 due to exceptionally high workload related to legally and economically complex cases, notified under Art.32 EEC (with short and non-negotiable, legally binding deadlines)
Commission Proposals for Regulations on the Digital Services Act and Digital Markets Act	Positions of the co-legislators adopted	Q4 2021 2020/0374 (COD) and 2020/0361 (COD)	Position of the Council adopted on 25 November 2021 and of the European Parliament on 15 December for the digital markets act and on 20 January 2022 for the digital services act

Public consultations

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Open Public Consultation for the review of the Broadband Cost Reduction Directive	Completion of the public consultation	Q1 2021	Open public consultation published on 2 December 2020 was available until 2 March 2021
Open Public Consultation for the review of the Broadband Cost Reduction Directive	Completion of the public consultation	Q3 2021	Open public consultation published on 12 May was available until 6 September 2021
Targeted survey as input for the updated strategy for 5G and 6G	Input from at least 100 EU stakeholders	Q1 2021	130 stakeholders participated

External communication actions

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Digital Assembly 2021	Number of participants	Over 1500	The event was merged with the Leading the Digital Age event (see below)
Digital Day 2021	Number of participants	Over 450	1100 online registered participants
Leading the Digital Age: Digital Europe Programme	Number of participants	Over 500	4198 online registered participants

For the cross-cutting external communications actions see rows 1 and 2 of the table of outputs of specific objective 1 (marked with *)

Other important outputs

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
5G spectrum assignments in Member States	Share of assigned spectrum in 5G pioneer bands	700 MHz: 89.6% (Q4 2021) 3,6 GHz: 96.2% (Q4 2021) 26 GHz (1GHz): 68.1% (Q4 2021)	700 MHz: 64.2% 3,6 GHz: 73.6% 26 GHz: 25.9% 25 Member States have assigned spectrum in at least one 5G pioneer band, reaching a weighted average of 54.6% of all 5G pioneer spectrum

			(1460 MHz in total) The progress of spectrum authorisations is under the control of Member States. The delays are due to various national reasons, partly linked to the pandemic, and depending on the specific MS situations. These are: pending cross-border interference issues with non-EU countries, lack of market demand for spectrum (mainly 26 GHz, but also the other two bands), pending adoption of national regulations/measures (e.g. on network security), ongoing court cases
Commission Decision on '5G-ready' harmonisation of the 900 MHz and 1800 MHz frequency bands which repeals and replaces Decision 2009/766/EC (5G spectrum roadmap)	Adoption by the Commission	Q4 2021	Commission Implementing Decision (EU) 2022/173 of 7 February 2022 . This delay was due to the complexity of the file and the longer debate on the draft Decision within the Radio Spectrum Committee
Amendment of Commission Decision 2005/513/EC on the harmonised use of radio spectrum in the 5GHz frequency band for the implementation of wireless access systems including radio local area networks (WAS/RLANS) following WRC-19	Adoption by the Commission	Q4 2021	Commission Implementing Decision (EU) 2022/179 of 8 February 2022 . The delay was due to last minute request by Member States to include provisions on airline industry requiring a longer debate in the Radio Spectrum Committee
Implementing Decision on the harmonisation of the technical conditions of use of the 6 GHz frequency band for radio local area networks (RLAN)	Adoption by the Commission	Q1 2021	Commission Implementing Decision (EU) 2021/1067 of 17 June 2021 . The delay is due to the longer than expected discussions in the Radio Spectrum Committee
Amendment of Decision 2006/771/EC updating harmonised technical conditions in the area of radio spectrum use for short-range devices (8th update)	Adoption by the Commission	Q3 2021	The adoption by the Commission expected in Q1 2022. The delay is due to the longer than expected voting procedure in the Radio Spectrum Committee because of the pandemic
Amendment of Decision (EU) 2018/1538/EU on short-range devices in the 874-876 and 915-921 MHz bands	Adoption by the Commission	Q3 2021	Commission Implementing Decision (EU) 2022/172 of 7 February 2022 . The delay is due to internal administrative reasons related to the adoption
Commission Implementing	Adoption by the	Q3 2021	Commission Implementing

Decision on harmonised radio spectrum for the Future Railway Mobile Communication System	Commission		Decision (EU) 2021/1730 of 28 September 2021
Blueprint on Smart and Sustainable Cities and Communities data spaces	Adoption by cities	Q4 2021, at least ¼ of the Signatories of the Living-in.eu cities	Because of the late adoption of Digital Europe's Regulation and work programme the call was published on 17 November 2021 and the action producing the blueprint should start in Q4 2022
Procedural Recommendation for the Internal Market procedures under the European Electronic Code of Communications Code	Adoption by the Commission	Q1 2021	Commission Recommendation (EU) 2021/554 of 30 March 2021
Selection of the entity designated as the new .eu Registry	Signature of the contract	Q4 2021	The selection was completed in October 2021 because of the need to relaunch the tender procedure. The contract will be signed in 2022
Report from the Commission to the European Parliament and the Council on the implementation, functioning, and effectiveness of the .eu Top Level Domain	Adoption by the Commission	Q4 2021	COM(2022)1 final of 11 January 2022.

Specific objective 5: A cyber resilient Europe, promoting digital identities for all Europeans, while protecting their e-privacy

Related to spending programme(s): Horizon Europe, Digital Europe Programme and InvestEU

Result indicator 5.1: Market uptake of the European security certification scheme

Source of the data: ENISA, national accreditation bodies, market studies

Baseline (2020)	Interim Milestone (2023)	Target (2024)	Latest known results (2021)
Number of certificates issued in the first year of the operation of European cybersecurity certification schemes (first schemes expected to be operational in 2021)	15% increase in the total number of valid certificates	25% increase in the total number of valid certificates	The first European cybersecurity certification scheme is under preparation and is expected to be concluded in Q2 2022

Result indicator 5.2: Number of actions ⁽⁵⁾ launched under the Cybersecurity Competence Centre, including the deployment of common cyber infrastructures

Source of the data: Cyber competence centre reports

Baseline (2021)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
1 action launched	3 actions launched	7 actions launched	0 actions launched CONNECT is working to establish the European Cybersecurity Competence Centre. During the establishment phase, CONNECT is implementing EU funding on its behalf. Delays in the adoption of Digital Europe led to the first calls and evaluations taking place in early 2022 only. This is not expected to affect the 2022 interim milestone and the 2024 target


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

Source of the data: CONNECT

Baseline (N/A)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
N/A	Positive trend	Positive trend	In line with the Better Regulation guidelines, an additional chapter was included in the impact assessment that focused on burden reduction measures for the Digital Identity Act (and revision of the IDAS Regulation)

Main outputs in 2021:

New policy initiatives

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
 Regulation of the EP and the Council amending Regulation (EU) No 910/2014 as regards establishing a framework for a European Digital Identity	Adoption of a proposal by the Commission	Q1 2021 PLAN/2020/8518	COM(2021)281 final was adopted on 3 June 2021 because the internal negotiations took longer than expected
Commission Recommendation on a common Union Toolbox for	Adoption by the Commission	Q1 2021	Commission Recommendation (EU) 2021/946 was adopted on

⁽⁵⁾ The term 'actions' means here projects (supporting cybersecurity infrastructures, services, skills, etc), funded with budget from the EU and possibly also from Member States, managed by the Cybersecurity Competence Centre.

a coordinated approach towards a European Digital Identity Framework			3 June 2021 because of the internal negotiations took longer than expected
Commission Recommendation on building a Joint Cyber Unit	Adoption by the Commission	Q1 2021	Commission Recommendation (EU) 2021/1086. It was adopted on 26 June 2021 because there were other cyber initiatives, and they were all presented at the same time
Revised Directive on security of network and information systems (NIS Directive) (legislative, incl. evaluation report, public consultation and impact assessment)	Adoption by the co-legislator	Q4 2021	European Parliament's mandate confirmed in November 2021. General Approach adopted by the Council in December 2021. First trilogue held on 13 January 2022
Communication on EU Digital Government policy	Adoption by the Commission	Q4 2021	The eGovernment Action Plan Steering Board, adopted a Conclusion Paper that will feed into the Digital Decade process

Evaluations and fitness checks

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Evaluation of the eIDAS Regulation	Completion of the evaluation	Q1 2021	Published on 3 June 2021 alongside the proposal for the European Digital Identity Act and accompanying impact assessment

External communication actions

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
--------	-----------	--------	--

For the cross-cutting external communications actions see rows 1 and 2 of the table of outputs of specific objective 1 (marked with *)

Other important outputs

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Proposal for a Regulation establishing the European Cybersecurity Industrial, Technology and Research Competence Centre and the Network of National Coordination Centres	Adoption by the co-legislator First recruitments	Q1 2021 Q3/Q4 2021	Regulation (EU) 2021/887 of 20 May 2021 . Internal steps necessary to the adoption of the Regulation by the co-legislators took longer than expected. The interim director was appointed on 11 January 2022. The recruitment procedure for the Executive Director will be re-opened soon and is expected to be finished by Q4 2022
Core Service Platform for cybersecurity certification	Tender contract signed	Q3 2021	Service contract signed on 30 August 2021
Cybersecurity certification scheme on common criteria	Implementation Act adopted by the	Q2 2021	Preparation of the Implementing Act is underway.

	Commission		The delay is due to the complexity of the file and the limited resources available.
Cybersecurity certification scheme on cloud services	Implementation Act adopted by the Commission	Q3/Q4 2021	The candidate scheme is under preparation by ENISA
Actions on 5G cybersecurity listed in the annex of the EU's Cybersecurity Strategy for the Digital Decade	Implementing the proposed actions on 5G cybersecurity in the annex of the Cybersecurity Strategy	2021	Meetings and activities of the NIS Cooperation group (5G Work Stream) to support and monitor the Toolbox implementation were held until June. Preparation of a report on Open Radio Access Networks security (risk assessment, workshops) was done. The publication is expected in 2022
Amendment of the Commission Implementing Decision (EU) 2015/1506 of 8 September 2015 laying down specifications relating to formats of advanced electronic signatures and advanced seals to be recognised by public sector bodies	Adoption by the Commission	Q2 2021	Due to recent additional available ETSI standards to be possibly referenced in the Implementing Decision, the Commission decided to carry out an additional consultation round on their suitability to be included in the implementing act
Amendment of the Commission Implementing Decision (EU)2016/650 of 25 April 2016 laying down standards for the security assessment of qualified signature and seal creation devices	Adoption by the Commission	Q2 2021	Due to interdependencies (provisions in the revised eIDAS directly impacting on the Implementing Decision), the amendment cannot be adopted before the adoption of the revised eIDAS proposal

Specific objective 6: A modern, open and pluralistic society in the digital age where online disinformation is countered and diverse cultural content is available to all Europeans

Related to spending programme(s): Horizon Europe, Digital Europe Programme, CEF 2 and Creative Europe Media

Result indicator 6.1: Share of European films in the catalogue of on-demand services

Source of the data: European Audiovisual Observatory

Baseline (2019)	Interim Milestone (2020)	Target (2024)	Latest known results (2021)
21% average share of non-national European works originating from ECTT countries, of which 11,7% average share of EU27 non-national European works	None	25% average share of non-national European works originating from ECTT countries, of which 14% average share of EU27 non-national European works	26.3% average share of non-national European films originating from ECCT countries, of which 16.2% of EU27 non-national films

Result indicator 6.2: Impact of measures tackling online disinformation, including the implementation of the Code of Practice

Source of the data: CONNECT

Baseline (2020)	Interim Milestone (2021)	Target (2024)	Latest known results (2021)
Establishment of European Digital Media Observatory (central platform) No national/regional hub in any Member State	Presence of national/regional hubs in 6-7 Member States	Presence of national/regional hubs in all Member States	The European Digital Media Observatory was launched in June 2019. Eight regional hubs covering 13 Member States were announced in May 2021. The new call to cover the missing Member States was announced in November

Result indicator 6.3: Public Sector Bodies with accessible websites and mobile applications (allowing persons with disabilities to navigate, understand and interact with the content and services offered by such websites and apps, on an equal basis with other users)

Source of the data: CONNECT

Baseline (N/A)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
(N/A)	First set of Member States' monitoring reports by Dec 2021, and every 3 years thereafter; availability of indicator in 2022 after analysis of Member States' reports together with results of review of Web Accessibility Directive, due by June 2022	Positive trend, based on second set of Member States' monitoring reports, due in Dec 2024	24 reports were received and their analysis is underway

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


Source of the data: CONNECT

Baseline (N/A)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
N/A	Positive trend	Positive trend	No legislative revisions were proposed under this specific objective

Main outputs in 2021:

New policy initiatives

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Commission Recommendation on Safety of Journalists	Adoption by the Commission	Q4 2021	Commission Recommendation (EU) 2021/1534 of 16 September 2021
Guidance for the revision of the Code of Practice on	Adoption of the Guidance by the	Q2 2021	COM(2021)262 final of 26 May 2021

Disinformation	Commission		
Initiatives linked to regulatory simplification and burden reduction			
Output	Indicator	Target	Latest known results (situation on 31/12/2021)
 Revised Recommendation on the Digitalisation and online accessibility of cultural material and digital preservation	Adoption by the Commission	Q2 2021	Commission Recommendation (EU) 2021/1970 was adopted on 10 November 2021 due to longer than expected negotiations
Public consultations			
Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Open Public Consultation in the context of the evaluation to review the application of the Web Accessibility Directive	Completion of the Public Consultation	Q3 2021	Open public consultation published on 19 July 2021 was available in all EU languages until 25 October 2021, which was accompanied in an easy-to-read version of the questionnaire. Consultation extended into Q4 on account of summer holidays.
Open Public Consultation in the context of the Better Internet for Children Strategy under the umbrella of the comprehensive Rights of the Child strategy	Completion of the Public Consultation	Q3 2021	Targeted consultation between May and August (children and teachers), online survey from September to October (parents), Safer Internet Forum (October) and consultations with industry, academia, international organisations, and Member States (October-November)
External communication actions			
Output	Indicator	Target	Latest known results (situation on 31/12/2021)
For the cross-cutting external communications actions see rows 1 and 2 of the table of outputs of specific objective 1 (marked with *)			
Other important outputs			
Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Creative Europe - Media Work Programme for the period 2021-2022	Adoption by the Commission	Q1 2021	C(2021)3563 adopted on 26 May 2021 because of the late adoption of the MFF
Under InvestEU new investment products for the creative and media sectors will be launched, both loan and equity instruments.	Delegation to the EIF of new investment products	Q4 2020	Delegation Agreement was signed in March 2022
Audiovisual Media Services Directive (AVMSD) guidelines regarding the scope of Member States' reports on measures taken for the development of	Adoption by the Commission	Q4 2021	Time for the output changed to Q3 2022 due to time/resources allocated to other priorities

media literacy skills			
AVMSD toolbox to improve users' awareness of the algorithmic selection of content	Adoption by the Commission	Q4 2021	Time for the output changed to Q1 2022 to allow the presentation of the toolbox at one of the 2022 upcoming events
Targeted consultation in the context of the Better Internet for Children Strategy under the umbrella of the comprehensive Rights of the Child strategy	Completion of the targeted consultation	Q3 2021	Targeted consultation between May and August (children and teachers), online survey from September to October (parents), Safer Internet Forum (October) and consultations with industry, academia, international organisations, and Member States (October-November)

ANNEX 3: Draft annual accounts and financial reports

Annex 3 Financial Reports - DG CNECT - Financial Year 2021
Table 1 : Commitments
Table 2 : Payments
Table 3 : Commitments to be settled
Table 4 : Balance Sheet
Table 5 : Statement of Financial Performance
Table 5 Bis: Off Balance Sheet
Table 6 : Average Payment Times
Table 7 : Income
Table 8 : Recovery of undue Payments
Table 9 : Ageing Balance of Recovery Orders
Table 10 : Waivers of Recovery Orders
Table 11 : Negotiated Procedures
Table 12 : Summary of Procedures
Table 13 : Building Contracts
Table 14 : Contracts declared Secret
Table 15 : FPA duration exceeds 4 years

Additional comments

Difference in total amounts of Income - Table 7 and Ageing balance of RO's - Table 9.
The difference in total amount of Ageing balance of RO's € 27 326 854,76 in table 9 and total amount of Income EUR 27 225 768,29 in table 7 is related to 20 RO local keys (partial cancellations) with total amount of EUR -101 086,47 (not included in table 9).
The reason for having this difference is explained on page 15 of the user's guide of Annex 3 of the AAR2021: "It is important to note that this report only refers to BGUE, budget regime 'I' (contrary to Table 9 which includes CGUE as well).

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2021 (in Mio €) for DG CNECT					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	5.85	3.41	58.22 %
	01 02	Horizon Europe	1,025.77	1,024.94	99.92 %
	01 20	Pilot projects, preparatory actions, prerogatives and other actions	4.87	4.87	100.00 %
Total Title 01			1,036.50	1,033.22	99.68 %
Title 02 European Strategic Investments					
02	02 01	Support administrative expenditure of the "European Strategic Investments" cluster	8.26	6.81	82.47 %
	02 02	InvestEU Fund	0.00	0.00	0.00 %
	02 03	Connecting Europe Facility (CEF)	103.79	103.79	100.00 %
	02 04	Digital Europe programme	1,005.40	1,005.40	100.00 %
	02 10	Decentralised agencies	30.95	30.12	97.32 %
	02 20	Pilot projects, preparatory actions, prerogatives and other actions	9.76	9.75	99.84 %
Total Title 02			1,158.16	1,155.87	99.80 %
Title 03 Single Market					
03	03 02	Single Market Programme	0.00	0.00	0.00 %
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	0.50	0.50	100.00 %
Total Title 03			0.50	0.50	100.00 %
Title 05 Regional Development and Cohesion					
05	05 02	European Regional Development Fund (ERDF)	0.15	0.15	100.00 %
	05 03	Cohesion Fund (CF)	0.32	0.32	100.00 %
Total Title 05			0.47	0.47	100.00 %
Title 06 Recovery and Resilience					
06	06 07	Emergency support within the Union	44.07	44.05	99.96 %
Total Title 06			44.07	44.05	99.96 %

Title 07 Investing in People, Social Cohesion and Values					
07	07 01	Support administrative expenditure of the "Investing in People, Social Cohesion and Values" cluster	1.14	1.01	89.11 %
	07 05	Creative Europe	16.75	15.25	91.04 %
	07 20	Pilot projects, preparatory actions, prerogatives and other actions	37.11	37.11	100.00 %
Total Title 07			55.00	53.38	97.05 %
Title 09 Environment and Climate Action					
09	09 20	Pilot projects, preparatory actions, prerogatives and other actions	0.00	0.00	0.00 %
Total Title 09			0.00	0.00	0.00 %
Title 14 External Action					
14	14 20	Pilot projects, preparatory actions, prerogatives and other actions	2.48	2.48	100.00 %
Total Title 14			2.48	2.48	100.00 %
Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	0.31	0.03	9.16 %
	20 04	Information and communication technology related expenditure	0.45	0.45	100.00 %
Total Title 20			0.76	0.48	63.07 %
Total Excluding NGEU			2,297.94	2,290.45	99.67 %
Title 01 Research and Innovation					
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.33	0.00	0.00 %
	01 02	Horizon Europe	62.97	62.97	100.00 %
Total Title 01			63.30	62.97	99.48 %
Total NGEU Only			63.30	62.97	99.48 %
Total DG CNECT			2,361.24	2,353.42	99.67 %

* Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the

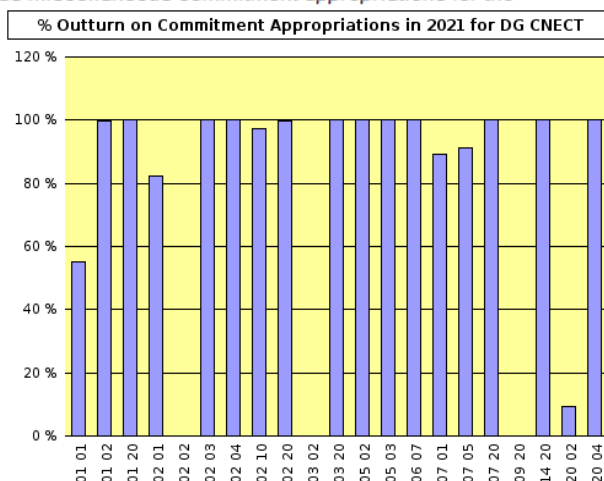
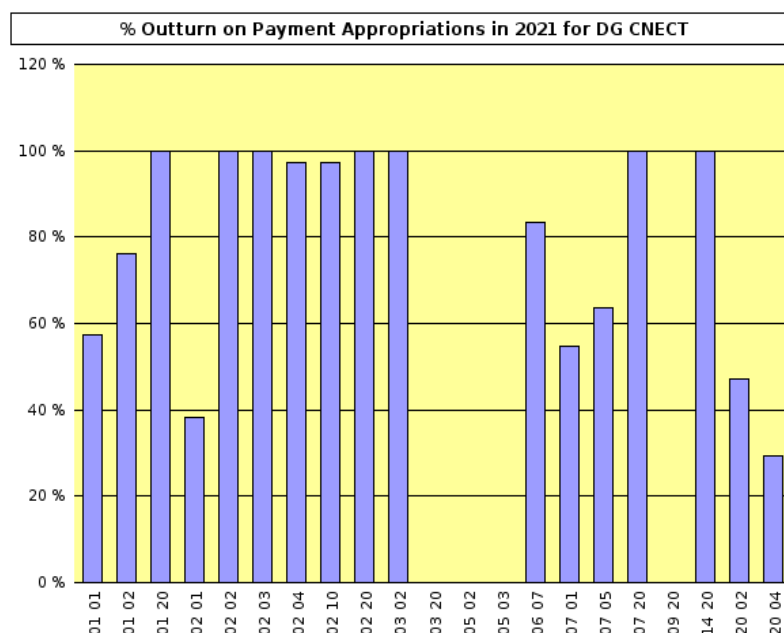


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2021 (in Mio €) for DG CNECT					
			Payment appropriations authorised	Payments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	12.22	7.00	57.25 %
	01 02	Horizon Europe	970.52	737.91	76.03 %
	01 20	Pilot projects, preparatory actions, prerogatives and other actions	5.32	5.32	100.00 %
Total Title 01			988.06	750.22	75.93%
Title 02 European Strategic Investments					
02	02 01	Support administrative expenditure of the "European Strategic Investments" cluster	8.36	3.19	38.11 %
	02 02	InvestEU Fund	25.25	25.25	100.00 %
	02 03	Connecting Europe Facility (CEF)	13.51	13.51	100.00 %
	02 04	Digital Europe programme	55.67	54.12	97.21 %
	02 10	Decentralised agencies	30.95	30.12	97.32 %
	02 20	Pilot projects, preparatory actions, prerogatives and other actions	6.39	6.39	99.95 %
Total Title 02			140.12	132.56	94.60%
Title 03 Single Market					
03	03 02	Single Market Programme	0.10	0.10	100.00 %
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	0.00	0.00	0.00 %
Total Title 03			0.10	0.10	100.00%
Title 05 Regional Development and Cohesion					
05	05 02	European Regional Development Fund (ERDF)	0.00	0.00	0.00 %
	05 03	Cohesion Fund (CF)	0.00	0.00	0.00 %
Total Title 05			0.00	0.00	0.00%
Title 06 Recovery and Resilience					
06	06 07	Emergency support within the Union	48.60	40.48	83.30 %
Total Title 06			48.60	40.48	83.30%
Title 07 Investing in People, Social Cohesion and Values					
07	07 01	Support administrative expenditure of the "Investing in People, Social Cohesion and Values" cluster	2.56	1.40	54.67 %
	07 05	Creative Europe	4.20	2.67	63.53 %
	07 20	Pilot projects, preparatory actions, prerogatives and other actions	35.04	35.04	100.00 %
Total Title 07			41.80	39.11	93.55%
Title 09 Environment and Climate Action					
09	09 20	Pilot projects, preparatory actions, prerogatives and other actions	0.00	0.00	0.00 %
Total Title 09			0.00	0.00	0.00%
Title 14 External Action					
14	14 20	Pilot projects, preparatory actions, prerogatives and other actions	2.84	2.84	100.00 %
Total Title 14			2.84	2.84	100.00%
Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	0.53	0.25	47.06 %
	20 04	Information and communication technology related expenditure	0.45	0.13	29.34 %
Total Title 20			0.98	0.38	38.95%
Total Excluding NGEU			1,222.51	965.70	78.99%

Title 01 Research and Innovation					
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.00	0.00	0.00 %
	01 02	Horizon Europe	0.00	0.00	0.00 %
Total Title 01			0.00	0.00	0.00%
Total NGEU Only			0.00	0.00	0.00%
Total DG CNECT			1,222.51	965.70	78.99 %

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



Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	% to be settled			
1	2	3=1-2	4=1-2/1	5	6=3+5	7			
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	3.41	0.99	2.41	70.80%	0.05	2.46	6.58
	01 02	Horizon Europe	1,024.94	57.57	967.37	94.38%	1,030.73	1,998.10	2,047.59
	01 20	Pilot projects, preparatory actions, prerogatives and other actions	4.87	0.00	4.87	99.94%	4.82	9.69	11.88
Total Title 01			1,033.22	58.57	974.65	94.33%	1,035.60	2,010.25	2,066.05

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG CNECT									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
02	02 01	Support administrative expenditure of the "European Strategic Investments" cluster	6.81	3.11	3.70	54.30%	0.00	3.70	0.13
	02 02	InvestEU Fund	0.00	0.00	0.00	0.00%	127.59	127.59	152.84
	02 03	Connecting Europe Facility (CEF)	103.79	0.04	103.75	99.96%	20.75	124.50	35.29
	02 04	Digital Europe programme	1,005.40	22.11	983.29	97.80%	0.04	983.34	32.05
	02 10	Decentralised agencies	30.12	30.12	0.00	0.00%	0.00	0.00	0.00
	02 20	Pilot projects, preparatory actions, prerogatives and other actions	9.75	0.90	8.85	90.80%	6.78	15.63	12.50
Total Title 02			1,155.87	56.27	1,099.59	95.13%	155.16	1,254.76	232.81
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG CNECT									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
03	03 02	Single Market Programme	0.00	0.00	0.00	0.00%	0.00	0.00	0.10
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	0.50		0.50	100.00%	0.00	0.50	0.00
Total Title 03			0.50	0.00	0.50	100.00%	0.00	0.50	0.11
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG CNECT									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
05	05 02	European Regional Development Fund (ERDF)	0.15		0.15	100.00%	0.00	0.15	0.00
	05 03	Cohesion Fund (CF)	0.32		0.32	100.00%	0.00	0.32	0.00
Total Title 05			0.47		0.47	100.00%	0.00	0.47	0.00
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG CNECT									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
06	06 07	Emergency support within the Union	44.05	31.14	12.91	29.31%	4.34	17.25	13.68
Total Title 06			44.05	31.14	12.91	29.31%	4.34	17.25	13.68
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG CNECT									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
07	07 01	Support administrative expenditure of the "Investing in People, Social Cohesion and Values" cluster	1.01	0.07	0.95	93.25%	0.00	0.95	1.43
	07 05	Creative Europe	15.25	1.03	14.22	93.26%	1.28	15.50	3.28
	07 20	Pilot projects, preparatory actions, prerogatives and other actions	37.11	0.59	36.52	98.40%	16.82	53.33	53.52
Total Title 07			53.38	1.69	51.69	96.83%	18.09	69.78	58.23

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG CNECT									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
09	09 20	Pilot projects, preparatory actions, prerogatives and other actions	0.00		0.00	0.00%	0.00	0.00	0.00
Total Title 09			0.00		0.00	0.00%	0.00	0.00	0.00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG CNECT									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
14	14 20	Pilot projects, preparatory actions, prerogatives and other actions	2.48	0.00	2.48	100.00%	1.38	3.87	4.23
Total Title 14			2.48	0.00	2.48	100.00%	1.38	3.87	4.23

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG CNECT									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
20	20 02	Other staff and expenditure relating to persons	0.03	0.03	0.00	6.69%	0.00	0.00	0.22
	20 04	Information and communication technology related expenditure	0.45	0.13	0.32	70.66%	0.00	0.32	0.00
Total Title 20			0.48	0.16	0.32	66.88%	0.00	0.32	0.22
Total Excluding NGEU			2,290.45	147.83	2,142.62	93.55%	1,214.58	3,357.20	2,375.33

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG CNECT									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.00		0.00	0.00%	0.00	0.00	0.00
	01 02	Horizon Europe	62.97		62.97	100.00%	0.00	62.97	0.00
Total Title 01			62.97		62.97	100.00%	0.00	62.97	0.00
Total NGEU Only			62.97		62.97	100.00%	0.00	62.97	0.00

Total for DG CNECT	2353.421993	147.83	2,205.59	93.72 %	1,214.58	3,420.17	2,375.33
---------------------------	--------------------	---------------	-----------------	----------------	-----------------	-----------------	-----------------

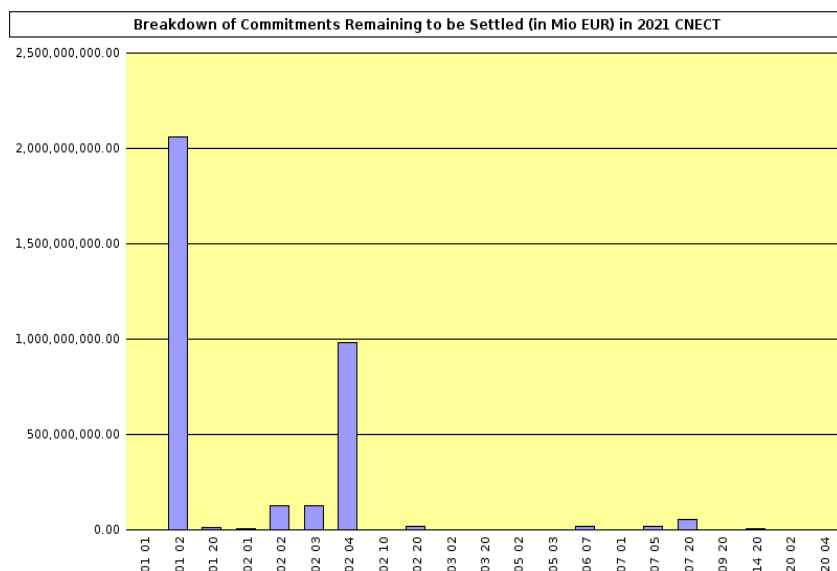


TABLE 4 : BALANCE SHEET for DG CNECT

BALANCE SHEET	2021	2020
A.I. NON CURRENT ASSETS	170,900,069.47	857,313,533.96
A.I.1. Intangible Assets	11,927,297.88	-
A.I.3. Invstmnts Accntd For Using Equity Meth	-	-
A.I.4. Non-Current Financial Assets	37,133,998.29	37,087,831.98
A.I.5. Non-Current Pre-Financing	120,003,845.67	820,225,701.98
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	1,834,927.63	
A.II. CURRENT ASSETS	616,962,839.93	925,567,033.01
A.II.1. Current Financial Assets	4,598,576.00	-
A.II.2. Current Pre-Financing	536,960,148.25	847,068,261.10
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	27,916,053.52	35,064,155.75
A.II.6. Cash and Cash Equivalents	47,488,062.16	43,434,616.16
ASSETS	787,862,909.40	1,782,880,566.97
P.I. NON CURRENT LIABILITIES	-	48,459,308.00
P.I.2. Non-Current Provisions	-	48,459,308.00
P.III. NET ASSETS/LIABILITIES	-	178,920.46
P.III.1. Reserves	-	178,920.46
P.II. CURRENT LIABILITIES	228,936,742.59	154,457,209.05
P.II.2. Current Provisions	-	19,310,764.92
P.II.3. Current Financial Liabilities	112,191,727.14	
P.II.4. Current Payables	24,716,660.73	20,392,088.97
P.II.5. Current Accrued Charges & Defrd Income	92,028,354.72	114,754,355.16
LIABILITIES	228,936,742.59	203,095,437.51
NET ASSETS (ASSETS less LIABILITIES)	558,926,166.81	1,579,785,129.46
P.III.2. Accumulated Surplus/Deficit	12,414,312,985.32	10,734,334,440.47
Non-allocated central (surplus)/deficit*	-12,973,239,152.13	12,314,119,569.93
TOTAL DG CNECT	0.00	0.00

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

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG CNECT

STATEMENT OF FINANCIAL PERFORMANCE	2021	2020
II.1 REVENUES	48,903,847.22	1,524,691.87
II.1.1. NON-EXCHANGE REVENUES	585,782.86	2,920,266.98
II.1.1.6. RECOVERY OF EXPENSES	483,905.70	2,835,815.61
II.1.1.8. OTHER NON-EXCHANGE REVENUES	101,877.16	84,451.37
II.1.2. EXCHANGE REVENUES	48,318,064.36	1,395,575.11
II.1.2.1. FINANCIAL INCOME	47,804,334.41	278,101.21
II.1.2.2. OTHER EXCHANGE REVENUE	513,729.95	1,673,676.32
II.2. EXPENSES	911,781,173.63	1,643,419,594.18
II.2. EXPENSES	911,781,173.63	1,643,419,594.18
II.2.10. OTHER EXPENSES	19,334,062.37	57,071,055.82
II.2.2. EXP IMPL BY COMMISS&EX.AGENC. (DM)	503,912,989.24	1,156,059,607.93
II.2.3. EXP IMPL BY OTH EU AGENC&BODIES (IM)	313,104,585.73	409,807,849.24
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	2,749,061.45	
II.2.5. EXP IMPL BY OTHER ENTITIES (IM)	7,297,646.22	12,088,243.26
II.2.6. STAFF AND PENSION COSTS	832,527.27	
II.2.8. FINANCE COSTS	66,215,355.89	8,392,837.93
STATEMENT OF FINANCIAL PERFORMANCE	862,877,326.41	1,641,894,902.31

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

TABLE 5bis : OFF BALANCE SHEET for DG CNECT

OFF BALANCE	2021	2020
OB.1. Contingent Assets	545,102.36	53,232.50
GR for pre-financing	545,102.36	53,232.50
OB.2. Contingent Liabilities	146,965,746.66	36,304,114.00
OB.2.1. Guarantees given for EU FI	146,754,330.66	36,304,114.00
OB.2.7. CL Legal cases OTHER	211,416.00	
OB.3. Other Significant Disclosures	3,297,433,372.96	2,662,097,681.20
OB.3.2. Comm against app. not yet consumed	3,297,433,372.96	2,662,097,681.20
OB.4. Balancing Accounts	3,443,854,017.26	2,698,348,562.70
OB.4. Balancing Accounts	3,443,854,017.26	2,698,348,562.70
OFF BALANCE	0.00	-

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

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

TABLE 6: AVERAGE PAYMENT TIMES

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
25	2	2	100.00 %	14				0	0. %
27	1	1	100.00 %	6				0	0. %
28	1	1	100.00 %	5				0	0. %
30	1767	1754	99.26 %	9.898518	13	0.74 %	53.23076923	55730.14	0. %
45	4	4	100.00 %	23.25				0	0. %
48	1	1	100.00 %	12				0	0. %
60	201	199	99.00 %	21.88442	2	1.00 %	80	753366.6	1. %
79	2	2	100.00 %	18.5				0	0. %
82	2	2	100.00 %	17.5				0	0. %
84	1	1	100.00 %	26				0	0. %
87	1	1	100.00 %	12				0	0. %
89	1	1	100.00 %	25				0	0. %
90	348	345	99.14 %	53.51594	3	0.86 %	94.66666667	706180	0. %
91	1	1	100.00 %	10				0	0. %
120	11	11	100.00 %	23.81818				0	0. %

Total Number of Payments	2344	2326	99.23 %		18	0.77 %		1515276.74	0. %
Average Net Payment Time	17.86134812			17.51118			63.11111111		
Average Gross Payment Time	27.80759386			27.4239			77.38888889		

Suspensions							
Average Report Approval Suspension	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	49	473	20.18 %	2344	231,973,047.58	24.44 %	949,296,231.12

Late Interest paid in 2021			
DG	GL Account	Description	Amount (Eur)
CNECT	65010100	Interest on late payment of charges New FR	1 016.63
			1 016.63

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

Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
33	Other administrative revenue	-213,374.35	1,872,131.33	1,658,756.98	-278,201.79	350,772.65	72,570.86	1,586,186.12
60	Single market, innovation and digital	7,331,966.10	0.00	7,331,966.10	5,553,406.33	0.00	5,553,406.33	1,778,559.77
61	Cohesion, resilience and values	19,053.53	0.00	19,053.53	19,053.53	0.00	19,053.53	0.00
66	Other contributions and refunds	2,949,430.99	0.00	2,949,430.99	2,949,430.99	0.00	2,949,430.99	0.00
67	Completion for outstanding recovery orders prior to 2021	-6,060,756.08	30,645,193.25	24,584,437.17	-6,156,221.03	6,879,635.80	723,414.77	23,861,022.40
Total DG CNECT		4026320.19	32517324.58	36543644.77	2087468.03	7230408.45	9317876.48	27225768.29

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2021	Irregularity		OLAF notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Year of Origin (commitment)	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr
2007			1	15003.03	1	15003.03	1	15003.03	100.00%	100.00%
2008	1	172037.42	2	230348	3	402385.42	4	419589.16	75.00%	95.90%
2009	2	305142.7			2	305142.7	3	330899.97	66.67%	92.22%
2010	7	255363.53	2	282451	9	537814.53	10	548078.44	90.00%	98.13%
2011	3	152551.07			3	152551.07	7	850427.59	42.86%	17.94%
2012	1	36934.63			1	36934.63	4	579031.63	25.00%	6.38%
2013	2	10436	2	149311.8	4	159747.8	4	159747.8	100.00%	100.00%
2014	10	350817.84			10	350817.84	10	350817.84	100.00%	100.00%
2015	9	719904.04			9	719904.04	13	2673997.27	69.23%	26.92%
2016	10	89726.85			10	89726.85	14	731426.35	71.43%	12.27%
2017	6	72283.41			6	72283.41	6	72283.41	100.00%	100.00%
2018	2	70296.17			2	70296.17	2	70296.17	100.00%	100.00%
2020							4	1171996.67		
2021							2	155553.32		
No Link	2	95464.95			2	95464.95	3	2214561.95	66.67%	4.31%
Sub-Total	55	2330958.61	7	677113.83	62	3008072.44	87	10343710.6	71.26%	29.08%

EXPENSES BUDGET	Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES	12	39353.86			12	39353.86	12	39,353.86	100.00%	100.00%
NON ELIGIBLE IN COST CLAIMS	53	2080779.69	2	76671.92	55	2157451.61	147	14,173,153.38	37.41%	15.22%
CREDIT NOTES	19	320252.96			19	320252.96	24	1,065,508.84	79.17%	30.06%
Sub-Total	84	2440386.51	2	76671.92	86	2517058.43	183	15278016.08	46.99%	16.48%
GRAND TOTAL	139	4771345.12	9	753785.75	148	5525130.87	270	25621726.68	54.81%	21.56%

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

	Number at 1/1/2021	Number at 12/31/2021	Evolution	Open Amount (Eur) at 1/1/2021	Open Amount (Eur) at 12/31/2021	Evolution
2002	2	2	0.00 %	737,418.19	737,418.19	0.00 %
2003	1	1	0.00 %	350,703.53	350,703.53	0.00 %
2004	4	3	-25.00 %	455,707.50	375,231.45	-17.66 %
2006	1	1	0.00 %	20,470.26	20,470.26	0.00 %
2008	2	1	-50.00 %	236,198.69	220,671.47	-6.57 %
2009	22	22	0.00 %	3,671,547.45	3,671,547.45	0.00 %
2010	27	23	-14.81 %	2,654,576.66	2,538,292.49	-4.38 %
2011	56	41	-26.79 %	7,671,614.28	4,216,570.76	-45.04 %
2012	32	20	-37.50 %	1,502,592.65	1,278,850.04	-14.89 %
2013	19	19	0.00 %	1,261,470.91	1,261,470.91	0.00 %
2014	20	18	-10.00 %	3,662,189.69	3,444,293.08	-5.95 %
2015	14	14	0.00 %	390,047.32	390,047.32	0.00 %
2016	22	12	-45.45 %	3,746,861.38	1,614,304.48	-56.92 %
2017	22	22	0.00 %	1,872,859.16	1,872,859.16	0.00 %
2018	9	9	0.00 %	1,528,235.48	1,527,621.25	-0.04 %
2019	12	9	-25.00 %	1,869,898.50	1,600,934.61	-14.38 %
2020	17	5	-70.59 %	986,019.40	266,716.15	-72.95 %
2021		19			1,938,852.16	
	282	241	-14.54 %	32,618,411.05	27,326,854.76	-16.22 %

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

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
0	3233210070	3241415354	-76,548.00	Private Companies	N/A	Article 101(2)(b) of the Financial Regulation
1	3233210133	3241113915	-365,267.88	Private Companies	C(2021)5319 of 22/07/2021	Article 101(2)(b) of the Financial Regulation
2	3233210134	3241113618	-244,652.60	Private Companies	C(2021)5319 of 22/07/2021	Article 101(2)(b) of the Financial Regulation
3	3233210135	3241113619	-202,066.29	Private Companies	C(2021)5319 of 22/07/2021	Article 101(2)(b) of the Financial Regulation
4	3233210136	3241113620	-259,272.25	Private Companies	C(2021)5319 of 22/07/2021	Article 101(2)(b) of the Financial Regulation
5	3233210137	3241113621	-332,457.00	Private Companies	C(2021)5319 of 22/07/2021	Article 101(2)(b) of the Financial Regulation
6	3233210138	3241113622	-335,838.81	Private Companies	C(2021)5319 of 22/07/2021	Article 101(2)(b) of the Financial Regulation
7	3233210140	3241113695	-154,961.62	Private Companies	C(2021)5319 of 22/07/2021	Article 101(2)(b) of the Financial Regulation
8	3233210141	3241113899	-142,513.32	Private Companies	C(2021)5319 of 22/07/2021	Article 101(2)(b) of the Financial Regulation
9	3233210142	3241113750	-186,722.20	Private Companies	C(2021)5319 of 22/07/2021	Article 101(2)(b) of the Financial Regulation
10	3233210143	3241113752	-166,146.99	Private Companies	C(2021)5319 of 22/07/2021	Article 101(2)(b) of the Financial Regulation
11	3233210144	3241113756	-287,731.67	Private Companies	C(2021)5319 of 22/07/2021	Article 101(2)(b) of the Financial Regulation
12	3233210145	3241113758	-177,240.00	Private Companies	C(2021)5319 of 22/07/2021	Article 101(2)(b) of the Financial Regulation
13	3233210146	3241113760	-147,599.13	Private Companies	C(2021)5319 of 22/07/2021	Article 101(2)(b) of the Financial Regulation
14	3233210194	3241402624	-84,573.99	Private Companies	C(2021)7101 of 06/10/2021	Article 101(2)(b) of the Financial Regulation
15	3233210215	3241613971	-164,389.02	Private Companies	C(2021)7915 of 09/11/2021	Article 101(2)(b) of the Financial Regulation
16	3233210216	3241614192	-245,724.85	Private Companies	C(2021)7915 of 09/11/2021	Article 101(2)(b) of the Financial Regulation
17	3233210217	3241614193	-345,083.92	Private Companies	C(2021)7915 of 09/11/2021	Article 101(2)(b) of the Financial Regulation
18	3233210218	3241614194	-413,433.17	Private Companies	C(2021)7915 of 09/11/2021	Article 101(2)(b) of the Financial Regulation
19	3233210219	3241614196	-165,000.00	Private Companies	C(2021)7915 of 09/11/2021	Article 101(2)(b) of the Financial Regulation
20	3233210220	3241614197	-454,284.73	Private Companies	C(2021)7915 of 09/11/2021	Article 101(2)(b) of the Financial Regulation
21	3233210224	3241614198	-246,337.17	Private Companies	C(2021)7915 of 09/11/2021	Article 101(2)(b) of the Financial Regulation

Total DG CNECT -5,197,844.61

Number of RO waivers 22

There are 19 waivers below 60 000 € for a total amount of -415,360.3

TABLE 11 : Negotiated Procedures in 2021 for DG CNECT

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Total		

TABLE 12 : Summary of Procedures in 2021 for DG CNECT

Internal Procedures > € 60,000

Procedure Legal base	Number of Procedures	Amount (€)
Competitive procedure with negotiation (Annex 1 - 12.1)	1	4,956,780.00
Negotiated procedure middle value contract (Annex 1 - 14.2)	2	198,700.00
Open procedure (FR 164 (1)(a))	13	15,236,009.64
Total	16	20,391,489.64

TABLE 13 : BUILDING CONTRACTS in 2021 for DG CNECT

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

TABLE 14 : CONTRACTS DECLARED SECRET in 2021 for DG CNECT

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

TABLE 15 : FPA duration exceeds 4 years - DG CNECT

FPA Local Key (Root)	FPA In Force From Date	FPA Expiry Date	FPA Duration	Duration in Days	FPA Local Identifier	FPA User Reference	FPA Version Type	FPA Status Desc	FPA Type of Change

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

ANNEX 4: Financial Scorecard

The Annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the Annual Activity Report 2021, 10 standard financial indicators are presented below, each with its objective and result for the Commission service and for the EC as a whole (for benchmarking purposes) ⁽⁶⁾:

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

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

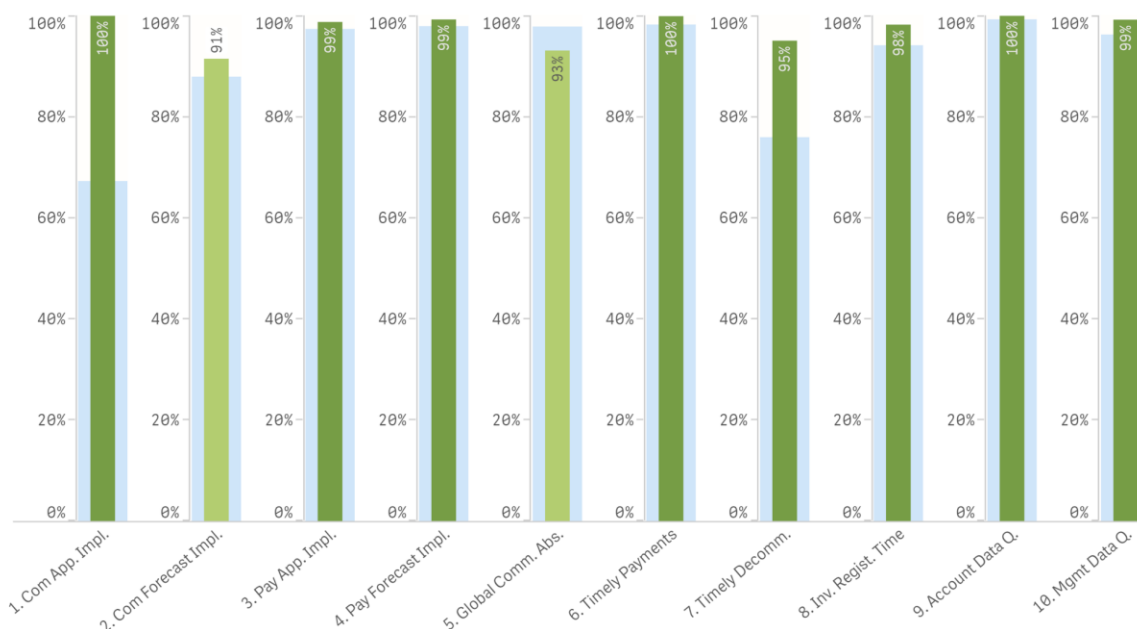
- 100 – >95% of the target: dark green
- 95 – >90% of the target: light green
- 90 – >85% of the target: yellow
- 85 – >80% of the target: light red
- 80 – 0% of the target: dark red

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

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

⁽⁶⁾ If the EC service did not perform any transaction in the area measured by the indicator or the information is not available in the central financial system, the indicator is not calculated (i.e. displayed as "-") in this Annex.

CNECT Indicator Scores 2021



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

Indicator	Objective	Comment	CNECT Score	EC Score
1. CA Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year		100%	67%
2. CA Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	The 91% reflects an over-implementation of the forecast by 9 % (actual figure is 109%). This over-implementation is caused by the fact that we could not forecast the commitments for several Joint Undertakings due to the late adoption of the legal basis and non-availability of the budget at the moment of the forecast.	91%	88%
3. PA Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year		99%	97%
4. PA Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year		99%	98%

5. Global Commitment Absorption ⁽⁷⁾	Ensure efficient use of already earmarked commitment appropriations (at L1 level)	The vast majority of the de-committed amount is linked to the transfer of projects to Executive Agencies (EA). It concerns a de-commitment in the context of the externalisation to the EA, and the amount is now committed at the EA level. Our score of 93% should therefore be 99,59 % (rounded up: 100%)	93%	98%
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	With 100% of payments timely executed, DG CNECT performed above target and better than the Commission score.	100%	98%
7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	With 95% of the outstanding RAL timely decommitted, DG CNECT performed above target and far better than the Commission score.	95%	76%
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC	The 98% reflects 2% of the invoice registered delays of more than 7 days. On average DG CNECT performed better than the Commission score	98%	94%
9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts	The score of 100% in accounting data quality is proving the effective accounting control system. DG CNECT performed better than the Commission score.	100%	99%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions	With 99% of management data quality, DG CNECT has performed better than target and then the Commission score	99%	96%

⁽⁷⁾ Due to technical limitation, the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

ANNEX 5: Materiality criteria

The present annex details the way CONNECT assesses the level of errors in its annual financial statements and the definition of the level of misstatement that is considered as quantitatively material.

CONNECT's expenditure is composed of (in order of importance), directly managed grants, indirectly managed grants and financial instruments and other direct spending mostly of an administrative nature. The error rate affecting payments is estimated yearly and per management system, following a methodology that takes into account the risk associated to the type of expenditure (in terms of probability and final financial impact).

CONNECT managed in 2021 financial operations under Horizon Europe, H2020, FP7 and other programmes such as Creative Europe, CEF legacy. Considering that the biggest part of CONNECT's yearly expenditure is related to directly or indirectly managed research grants, and the fact that the research framework programmes' implementing bodies are sharing a common ex-post audit approach, the following section focusses on this specific management system.

Research framework programmes – H2020, FP7 common aspects

The assessment of the effectiveness of the different programmes' control system is based mainly, but not exclusively, on ex-post audits' results. The effectiveness is expressed in terms of detected and residual error rate, calculated on a representative sample on a multi-annual basis.

Assessment of the effectiveness of controls

The starting point to determine the effectiveness of the controls in place is the cumulative level of error expressed as the percentage of errors in favour of the EC, detected by ex-post audits, measured with respect to the amounts accepted after ex-ante controls.

However, to take into account the impact of the ex-post controls, this error level is adjusted by subtracting:

- Errors detected and corrected as a result of the implementation of audit conclusions.
- Errors corrected as a result of the extension of audit results to non-audited contracts with the same beneficiary.

This results in a residual error rate, which is calculated as follows:

$$\text{ResER}\% = \frac{(\text{Re pER}\% * (P - A)) - (\text{Re pERsys}\% * E)}{P}$$

where:

ResER% residual error rate, expressed as a percentage.

- RepER%** representative error rate, or error rate detected in the common representative sample, expressed as a percentage. The RepER% is composed of complementary portions reflecting the proportion of negative systematic and non-systematic errors detected. This rate is the same for all implementing entities, without prejudice to possibly individual detected error rates.
- RepERsys%** portion of the RepER% representing negative systematic errors, (expressed as a percentage). The RepERsys% is the same for all entities and it is calculated from the same set of results as the RepER%
- P** total requested EC contribution (€) in the auditable population (i.e. all paid financial statements).
- A** total requested EC contribution (€) as approved by financial officers of all audited financial statements. This will be collected from audit results.
- E** total non-audited requested EC contribution (€) of all audited beneficiaries.

The Common Representative Sample (CRS) is the starting point for the calculation of the residual error rate. It is representative of the expenditure of each Framework Programme (FP) as a whole. Nevertheless, the Director-General (or Director for the Executive Agencies) must also take into account other information when considering if the overall residual error rate is a sufficient basis on which to draw a conclusion on assurance (or make a reservation) for specific segment(s) of the Seventh Framework Programme (FP7)/Horizon 2020. This may include the results of other ex-post audits, ex-ante controls, risk assessments, audit reports from external or internal auditors, etc. All this information may be used in assessing the overall impact of a weakness and considering whether to make a reservation or not.

If the CRS results are not used as the basis for calculating the residual error rate this must be clearly disclosed in the AAR, along with details of why and how the final judgement was made.

Should a calculation of the residual error rate based on a representative sample not be possible for a FP for reasons not involving control deficiencies,⁽⁸⁾ the consequences are to be assessed quantitatively by making a best estimate of the likely exposure for the reporting year based on all available information. The relative impact on the Declaration of Assurance would then be considered by analysing the available information on qualitative grounds and considering evidence from other sources and areas. This should be clearly explained in the AAR.

⁽⁸⁾ Such as, for instance, when the number of results from a statistically-representative sample collected at a given point in time is not sufficient to calculate a reliable error rate.

Multiannual approach

The Commission's central services' guidance relating to the quantitative materiality threshold refers to a percentage of the authorised payments of the reporting year of the ABB expenditure. However, the Guidance on AARs also allows a multi-annual approach, especially for budget areas (e.g. programmes) for which a multi-annual control system is more effective. In such cases, the calculation of errors, corrections and materiality of the residual amount at risk should be done on a "cumulative basis" on the basis of the totals over the entire programme lifecycle.

Because of its multiannual nature, the effectiveness of the Research and Innovation family services' control strategy can only be fully measured and assessed at the final stages in the life of the framework programme, once the ex-post audit strategy has been fully implemented and systematic errors have been detected and corrected.

In addition, basing materiality solely on ABB expenditure for one year may not provide the most appropriate basis for judgements, as ABB expenditure often includes significant levels of pre-financing expenditure (e.g. during the initial years of a new generation of programmes), as well as reimbursements (interim and final payments) based on cost claims that 'clear' those pre-financings. Pre-financing expenditure is very low risk, being paid automatically after the signature of the contract.

Notwithstanding the multiannual span of their control strategy, the Directors-General of the Research DGs (and the Directors of the Executive Agencies implementing Research and Innovation Framework Programmes) are required to sign a statement of assurance for each financial reporting year. In order to determine whether to qualify this statement of assurance with a reservation, the effectiveness of the control systems in place needs to be assessed not only for the year of reference but also with a multiannual perspective, to determine whether it is possible to reasonably conclude that the control objectives will be met in the future as foreseen.

In view of the crucial role of ex-post audits defined in the respective common audit strategies, this assessment needs to check in particular whether the scope and results of the ex-post audits carried out until the end of the reporting period are sufficient and adequate to meet the multiannual control strategy goals.

The criteria for making a decision on whether there is material error in the expenditure of the DG or service, and thus, on whether to make a reservation in the AAR, will therefore be principally, though not necessarily exclusively, based on the level of error identified in ex-post audits of cost claims on a multi-annual basis.

Adequacy of the audit scope

The quantity of the (cumulative) audit effort carried out until the end of each year is measured by the actual volume of audits completed. The data is to be shown per year and cumulated, in line with the current AAR presentation of error rates. The multiannual planning and results should be reported in sufficient detail to allow the reader to form an opinion on whether the strategy is on course as foreseen.

The Director-General (or Director for the Executive Agencies) should form a qualitative opinion to determine whether deviations from the multiannual plan are of such significance that they seriously endanger the achievement of the internal control objective. In such case, she or he would be expected to qualify his annual statement of assurance with a reservation.

2020 Revised methodology for the calculation of the error rate for Horizon 2020

European Court of Auditors observations

The European Court of Auditors observed in its 2018 and 2019 Annual Reports that the error rate of Horizon 2020 was understated due to the fact that the *'ex-post audits aim for maximum coverage of the accepted costs, but rarely cover all the costs. The error rate is calculated as a share of all the accepted costs, instead of the amount actually audited. This means that the denominator in the error calculation is higher, so the error rate is understated. In case the errors found are of a systemic nature, the error is extrapolated which partially compensates for the above-mentioned understatement. However, since extrapolation is not performed for non-systemic errors, the overall error rate is nevertheless understated. The understatement of the error rate cannot be quantified. It is, then, impossible to determine whether the impact of this understatement is significant'*.

In response to this observation, in 2020 the Commission re-defined its methodology for calculating the Horizon 2020 error rate. In order to quantify any potential understatement mentioned by the Court, the Commission applied a new methodology for all audits closed as from 01 January 2020. The main change in the methodology is that, the denominator used in the error calculation is the sum of costs actually audited and not the sum of all accepted costs.

The additional 0.37 % (calculated on 1 304 H2020 audit participations by difference with the previous methodology) has been used to top up the detected error rate for 2020 and 2021, cumulative, calculated according to the methodology used in the past.

IAS limited review on the 2020 error rate calculation for H2020

The IAS carried out a limited review on the methodology for calculation of the error rates of Horizon 2020 in year 2020. The findings of this limited review confirmed that there is no weakness in the calculation of the detected error rate and that the impact of these findings on the accuracy of the calculation of the residual error rate is minor. The IAS recommended that:

1. The CIC should:
 - 1.1. Calculate the corporate H2020 residual error rate based on the actual level of implementation of audit results and extension of audit findings stemming from data encoded by the Authorising Officers;

1.2 Considering that there is no data on the sampled amounts for audits closed before 2020, estimate the amount actually audited by calculating the ratio of costs actually audited to the total amount of the related accepted cost claims for all the audits closed since 1 January 2020 ('A' parameter in the formula for calculating the residual error rate) and adapt parameter 'E' accordingly;

1.3 Formalise the changes in the residual error rate calculation (e.g. in a written CAS procedure).

2. The CAS should:

2.1. Change the audit report template to include a line in the table of Annex 1 with the audited amounts (sampled);

2.2. Include fields in AUDEX to encode the audited amounts per participation and cost category and any other IT tool used to register the ex post audits' data which feed the Microsoft Access database for the calculation of the representative detected error rate;

2.3. calculate the top-up automatically in the Microsoft Access database. For Horizon Europe, the calculation will be in line with the new methodology and no top up calculation will be required.

Recommendations 1.1 to 2.1 were implemented in 2021. Recommendations 2.2 and 2.3 will be implemented in time within 2022.

Research Framework programmes – specific aspects

The control system of each framework programme is designed to achieve the operational and financial control objectives set in their respective legislative base and legal framework. If the effectiveness of those control systems does not reach the expected level, a reservation must be issued in the annual activity report and corrective measures should be taken.

As each programme has a different control system, the following section details the considerations leading to the establishment of their respective materiality threshold and the conclusions to draw with regard to the declaration of assurance.

Seventh Framework programme and the Coal and Steel Research Fund

For the Seventh Framework programme and the Coal and Steel Research Fund, the general control objective, following the standard quantitative materiality threshold proposed in the Standing Instructions for AAR, is to ensure that the residual error rate, i.e. the level of errors which remain undetected and uncorrected, does not exceed 2% by the end of the programmes' management cycle.

The question of being on track towards this objective is to be (re)assessed annually, in view of the results of the implementation of the ex-post audit strategy and taking into account both the frequency and importance of the errors found as well as a cost-benefit analysis of the effort needed to detect and correct them.

Horizon 2020 Framework Programme

The Commission's proposal for the Regulation establishing H2020 framework programme ⁽⁹⁾ states that

It remains the ultimate objective of the Commission to achieve a residual error rate of less than 2% of total expenditure over the lifetime of the programme, and to that end, it has introduced a number of simplification measures. However, other objectives such as the attractiveness and the success of the EU research policy, international competitiveness, scientific excellence and in particular, the costs of controls need to be considered.

Taking these elements in balance, it is proposed that the Directorates General charged with the implementation of the research and innovation budget will establish a cost-effective internal control system that will give reasonable assurance that the risk of error over the course of the multiannual expenditure period is, on an annual basis, within a range of 2-5 %, with the ultimate aim to achieve a residual level of error as close as possible to 2 % at the closure of the multi-annual programmes, once the financial impact of all audits, correction and recovery measures have been taken into account.

Further, it explains also that

Horizon 2020 introduces a significant number of important simplification measures that will lower the error rate in all the categories of error. However, [...] the continuation of a funding model based on the reimbursement of actual costs is the favoured option. A systematic resort to output based funding, flat rates or lump sums appears premature at this stage [...]. Retaining a system based on the reimbursement of actual costs does however mean that errors will continue to occur.

An analysis of errors identified during audits of the Seventh Framework Programme (FP7) suggests that around 25-35 % of them would be avoided by the simplification measures proposed. The error rate can then be expected to fall by 1.5 %, i.e. from close to 5 % to around 3.5 %, a figure that is referred to in the Commission Communication striking the right balance between the administrative costs of control and the risk of error.

The Commission considers therefore that, for research spending under Horizon 2020, a risk of error, on an annual basis, within a range between 2-5 % is a realistic objective taking into account the costs of controls, the simplification measures proposed to reduce the complexity of rules and the related inherent risk associated to the reimbursement of costs of the research project. The ultimate aim for the residual level of error at the closure of the programmes after the financial impact of all audits, correction and recovery measures will have been taken into account is to achieve a level as close as possible to 2 %.

In summary, the control system established for Horizon 2020 is designed to achieve a control result in a range of 2-5% detected error rate, which should be as close as possible

⁽⁹⁾ COM(2011) 809/3 Proposal for a Regulation of the European Parliament and of the Council establishing Horizon 2020 – the Framework programme for Research and Innovation (2014-2020), see point 2.2, pp 98-102.

to 2%, after corrections. Consequently, this range has been considered in the legislation as the control objective set for the framework programme.

The question of being on track towards this objective is to be (re)assessed annually, in view of the results of the implementation of the ex-post audit strategy and taking into account both the frequency and importance of the errors found as well as a cost-benefit analysis of the effort needed to detect and correct them.

Horizon Europe Framework Programme

For Horizon Europe, the general control objective, following the standard quantitative materiality threshold proposed in the standing instructions for Annual Activity Reports, is to ensure that the cumulative residual error rate, i.e. the level of errors which remain undetected and uncorrected, does not exceed 2% ⁽¹⁰⁾.

Other programmes

For all other programmes implemented by CONNECT the general objective is to ensure that the residual error rate, i.e. the level of errors which remain undetected and uncorrected, does not exceed 2% by the end of the programmes' management cycle.

De minimis threshold for financial reservation

As from 2019 ⁽¹¹⁾, a 'de minimis' threshold for financial reservations is introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed.

⁽¹⁰⁾ No representative error rate for Horizon Europe will be available in 2022 and 2023 as the ex-post audit campaign for the Programme will start at the earliest end of 2023.

⁽¹¹⁾ Agreement of the Corporate Management Board of 30/4/2019.

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

RCS 1: Grants direct management – FP7, Horizon 2020 (H2020) and Horizon Europe (HE) and Digital Europe Programme (DIGITAL) ⁽¹²⁾

CONNECT uses one Relevant Control System for the management of grants (FP7, Horizon 2020, Horizon Europe and Digital Europe) and different materiality criteria (see Annex 5).

The error rates per programme are presented in Table X, Annex 9.

The Control Strategy for Horizon Europe grant management is under preparation. However, the new controls already in place are reported below in section 1 “Ex-ante controls”.

1. Ex-ante controls

Effectiveness, efficiency are detailed per stages A to D.

Economy is calculated overall for the ex-ante controls and detailed at the end of paragraph 1.

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

Main control objectives: Ensuring that the Commission selects the proposals that contribute the most towards the achievement of the policy or programme objectives (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy); due consideration of other horizontal priorities (ethics, gender balance, security aspects).

⁽¹²⁾ The reporting on the H2020 budget implemented by CONNECT includes the H2020 European Innovation Council (EIC) Pathfinder budget for which CONNECT is the Authorising Officer by Delegation and which CONNECT implements fully in-house, as foreseen by the EIC governance arrangements and using the same control systems in place for all other H2020 managed actions.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The work programme and the subsequent calls for proposals do not adequately reflect the policy objectives, priorities, are incoherent and/or the essential eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals.</p> <p>The annual work programmes are not consistent within the Research and Innovation family and with the 7 years' framework.</p> <p>The implementation of the programmes Horizon 2020, Horizon Europe and Digital Europe (procedures, monitoring arrangements, communication with beneficiaries, budget planning, etc) is not consistent within the Research and Innovation family and/or with the 7 years' framework.</p> <p>The programme implementation (procedures, monitoring arrangements, communication with beneficiaries, budget planning, etc.) has serious shortcomings.</p>	<p>Hierarchical validation within the authorising department Inter-service consultation, including all relevant services Adoption by the Commission</p> <p>Explicit allocation of responsibility. Under Horizon Europe, the work programmes proposed by the Directors' Groups according to the Commission decision C(2021)4472 are co-created with the work of the various instances and with the processes established in this decision.</p> <p>The Common Implementation Centre in RTD provides with harmonised procedures, guidance and IT tools.</p> <p>The Common Policy Centre (CPC) in DG Research and Innovation under Horizon Europe centralises the budget planning and the monitoring of the Horizon Europe and Horizon 2020's budget implementation.</p> <p>The CIC/CPC governance structure ensures that programme implementation experience gathered feeds back to the programme design</p> <p>DG CONNECT centralises the budget planning and the monitoring of the Digital Europe's budget implementation</p>	<p>Coverage / Frequency: 100%</p> <p>Depth:</p> <p>All work programmes are thoroughly reviewed at all levels, including for operational and legal aspects and all underlying implementation tools are defined and developed according to common rules.</p> <p>Under Horizon Europe, all business processes follow a governance system under the due supervision of instances like the Steering Board, the Executive Committee, the Directors Groups and key user groups.</p>	<p>Effectiveness:</p> <p>The work programmes are adopted by the Commission.</p> <p>Success ratios in terms of 'over-subscription': number of proposals retained for funding compared to number of eligible proposals received.</p> <p>Qualitative Benefits:</p> <p>A good Work Programme and well publicised calls should generate a large number of good quality projects, from which the most excellent can be chosen. There will therefore be real competition for funds.</p> <p>Optimised procedures, common approach on multiple issues (audits, fraud, legal aspects, reporting...); better reporting on the whole programme – better management of the programme. Programme ⁽¹³⁾.</p>

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

⁽¹³⁾ The mutualisation of the support services represents a quantitative benefit which is certain but not accurately quantifiable in the context of reorganisations, new programme's setting up, general HR offsetting through the Commission.

Main control objectives: Ensuring that the most promising projects for meeting the policy objectives are among the proposals selected; Compliance; Prevention of fraud and other horizontal priorities (ethics, gender balance, security aspects).

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures, the policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria defined in the annual work programme and subsequent calls for proposals.</p> <p>Conflict of interest regarding the expert evaluators</p>	<p>Selection and appointment of expert evaluators</p> <p>Conflict of interest checks</p> <p>Assessment by independent experts (for H2020 and HE) and/or assessment by Commission staff (DIGITAL)</p> <p>Comprehensive IT system supporting the evaluation of proposals and allowing better monitoring of the process</p> <p>Validation by the AOSD of ranked list of proposals. In addition, if applicable: Opinion of advisory bodies; comitology; inter-service consultation and adoption by the Commission; publication</p> <p>Systematic checks on operational and legal aspects performed before signature of the Grant Agreement including ownership and control of legal entities, ethics and security review (if needed)</p> <p>Redress procedure</p>	<p>100% vetting (including selecting) of experts for technical expertise and independence (e.g. conflicts of interests, nationality bias, ex-employer bias, collusion).</p> <p>100% of proposals are evaluated.</p> <p>Coverage: 100% of ranked list of proposals. Supervision of work of evaluators.</p> <p>100% of contested decisions are analysed by redress committee</p>	<p>Effectiveness:</p> <p>Number of proposals evaluated</p> <p>Efficiency Indicators:</p> <p>% of Time-To-Inform on time.</p> <p>% of number of (successful) redress challenges upheld / total number of proposals evaluated</p> <p>Qualitative benefits:</p> <p>Expert evaluators from outside the Commission bring independence, state of the art knowledge in the field and a range of different opinions. This will have an impact on the whole project cycle: better planned, better implemented projects.</p>

C - Contracting

Main control objectives: Ensuring that the most promising projects for meeting the policy objectives are among the proposals contracted; Sound Financial Management (optimal allocation of the budget available); Compliance; Prevention of fraud and other horizontal priorities (ethics, gender balance, security aspects).

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The beneficiary lacks operational and/or financial capacity to carry out the actions.</p> <p>Procedures do not comply with regulatory framework.</p> <p>The evaluation stage has not detected a potentially fraudulent proposal/beneficiary.</p> <p>The project implementation might not comply with Ethics requirements</p> <p>Sensitive/classified information in future deliverables of a selected projects might not be handled with the adequate Security measures</p>	<p>Project Officers implement evaluators' recommendations. Hierarchical validation of proposed adjustments.</p> <p>Validation of beneficiaries (financial capacity checks on demand). Prefinancing guarantees may be requested in DIGITAL (no Mutual Insurance Mechanism in DIGITAL)</p> <p>Systematic checks on operational and legal aspects performed before signature of the GA</p> <p>Risk assessment and risk based checks before the grant agreement signature and reinforced monitoring flagging if necessary</p> <p>Ad hoc anti-fraud checks for riskier beneficiaries</p> <p>Signature of the grant agreement by the AO.</p> <p>Financial verification where necessary</p> <p>Mutual Insurance Mechanism (MIM) (ex Horizon 2020 Participants Guarantee Fund (PGF)). For programmes for which it is available</p> <p>An ethics review is carried out systematically in all HE calls, starting with an ethics pre-screening, which results in detailed screening or assessment if necessary</p> <p>Ad hoc security checks and screenings</p> <p>Security review is carried systematically in all HE calls, starting with pre-screening, which may result in detailed security scrutiny</p>	<p>100% of the selected proposals and beneficiaries are scrutinised.</p> <p>Coverage: 100% of draft grant agreements.</p> <p>Depth will be differentiated following the conclusion of the risk assessment</p> <p>Controls implemented when justified by the call/proposal content</p>	<p>Effectiveness: Number of grants signed</p> <p>Efficiency Indicators:</p> <p>Average time to grant</p> <p>% of Time-to-grant on time</p>

D - Monitoring the implementation

Main control objectives: ensuring that the operational results (deliverables) from the projects are of good value and meet the objectives and conditions; ensuring that the related financial operations comply with regulatory and contractual provisions; prevention of fraud; ensuring appropriate accounting of the operations.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement (for examples deliverables, open access to results and publications,...).</p> <p>The amounts paid exceed what is due in accordance with the applicable contractual and regulatory provisions.</p> <p>The cost claims and deliverables are irregular or fraudulent.</p> <p>Lack of harmonised approach within the family with the consequence of unequal treatment of the beneficiaries</p> <p>Ethics requirements are not fulfilled.</p>	<p>Kick-off meetings and 'launch events' involving the beneficiaries in order to avoid project management and reporting errors. Specialized webinars targeting reduction of errors</p> <p>Specialized aid with web based tools to inform most error-prone beneficiaries (i.e SMEs who participate first time) about cost calculation practices</p> <p>Effective external communication about guidance to the beneficiaries (eg Funding and Tender portal, info days for the calls)</p> <p>Anti-fraud awareness raising training for the project officers. IT Plagiarism detection tool for deliverables</p> <p>Enhanced family approach (anti-fraud cooperation; common legal and audit service; comprehensive and common IT system for all the family).</p> <p>Operational and financial checks in accordance with the financial circuits.</p> <p>Operation authorisation by the AO For riskier operations, more in-depth ex-ante controls and reinforced monitoring</p> <p>Selection and appointment of expert for scientific reviews of intermediate and/or final reporting.</p> <p>If needed: application of Suspension/interruption of payments, Referring grant/beneficiary to OLAF/EPP0</p>	<p>100% of the projects are controlled, including only value-adding checks.</p> <p>Riskier operations subject to more in-depth controls.</p> <p>The depth depends on risk criteria. However, as a deliberate policy to reduce administrative burden, and to ensure a good balance between trust and control, the level of control at this stage is reduced to a minimum High risk operations identified by risk criteria.</p> <p>Red flags: suspicions raised by staff, audit results, EDES, individual or 'population' risk assessment.</p> <p>Audit certificates required for any beneficiary claiming more than EUR 375 000 (PF7), EUR 430 000 (HE) / EUR 325 000 (H 2020, DIGITAL).</p>	<p>Effectiveness: Number of payments (interim and final)</p> <p>Efficiency: Time-to-pay: % of payments (in value) made on time Time-to pay: Average number days net/gross + suspension days</p> <p>Qualitative Benefits: Projects are executed and produce benefits for the community</p>

Overall economy for ex-ante control

			<p>Economy:</p> <p><u>a. Estimation of cost of staff involved in the ex-ante checks</u> Programme management and monitoring Financial management Budget and accounting General Coordination incl. Strategic Programming and Planning, internal control, assurance and quality management Anti-fraud Development and support of IT systems linked to managing funding programmes</p> <p><u>b. Estimation of other costs linked to ex-ante checks</u> Cost of experts and costs of experts' management Costs of IT external contracts of CIC</p>
--	--	--	---

2: Ex-post controls

Effectiveness, efficiency and qualitative benefits are detailed per stages A to D.
Economy is calculated overall for the ex-post controls and detailed at the end of paragraph 2.

A - Reviews, audits and monitoring

Main control objectives: Measuring the level of error in the population after ex-ante controls have been undertaken; detect and correct any error or fraud remaining undetected after the implementation ex-ante controls; identifying possible systemic weaknesses in the ex-ante controls, or weaknesses in the rules.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
The ex-ante controls (as such) do not prevent, detect and correct erroneous payments or attempted fraud to an extent going beyond a tolerable rate of	Common Ex-post control strategy centrally implemented by the Common Implementation Centre (in DG RTD) for H2020 and HE and by HaDEA for DIGITAL.: <ul style="list-style-type: none"> At intervals carry out audits of a representative 	<ul style="list-style-type: none"> Common Representative audit Sample (CRaS): MUS sample across the programme to draw valid management conclusions on the error rate in the 	Effectiveness: Representative and residual error rate identified Number of audits finalised % of beneficiaries & value coverage

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>error.</p> <p>Lack of consistency in the audit strategy within the family.</p> <p>Lack of efficiency for absence of coordination: multiple audits on the same beneficiary, same programme: reputational risk and high administrative burden on the beneficiaries' side.</p>	<p>sample of operations to measure the level of error in the population after ex-ante controls have been performed</p> <ul style="list-style-type: none"> Calculates the representative error rate for the R&I programme Additional sample to address specific risks When relevant, joint audits with the Court of Auditors <p>Multi-annual basis (programme's lifecycle) and coordination with other AOs concerned.</p> <p>Validate audit results with beneficiary.</p> <p>In case of systemic error detected, extrapolation to all the projects run by the audited beneficiary.</p>	<p>population.</p> <ul style="list-style-type: none"> Risk-based sample, determined in accordance with the selected risk criteria, aimed to maximise deterrent effect and prevention of fraud or serious error 	<p>Efficiency:</p> <p>Percentage of implementation of audit plan</p>

B - Implementing results from ex-post audits/controls

Main control objectives: Ensuring that the (audit) results from the ex-post controls lead to effective recoveries; Ensuring appropriate accounting of the recoveries made.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The financial recommendations stemming from the ex-post audit are not implemented</p> <p>Cases of fraud detected are not addressed or not addressed in a timely manner</p>	<p>Systematic registration of audit / control results to be implemented and actual implementation.</p> <p>Validation of recovery in accordance with financial circuits.</p> <p>Authorisation by AO.</p> <p>Notification to OLAF and regular follow up of detected fraud.</p>	<p>Coverage: 100% of final audit results with a financial impact.</p> <p>Depth: All audit results are examined in-depth in making the final recoveries. Systemic errors are extended to all the non-audited projects of the same beneficiary</p>	<p>Effectiveness:</p> <p>Amounts being recovered and offset</p> <p>Efficiency:</p> <p>Number/value/% of audit results pending implementation, Number/value/% of audit results implemented</p>

Main risks It may happen (again) that..	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
	Coordination at the level of the R&I family : FAIR committee If needed: -Notification to OLAF and regular follow up of detected potential fraud. - Reinforced monitoring implemented on ongoing projects		

Overall economy for ex-post control

			Economy: Estimation of cost of staff involved in the coordination and execution of the ex-post audit strategy and in the implementation of audits. Costs of the appointment of audit firms and missions
--	--	--	---

RCS2: Indirect entrusted management CONNECT

The RCS covers: (1) the executive agencies HaDEA, REA and EISMEA (the two latter for HE and H2020) ⁽¹⁴⁾, EACEA (2) cross delegations to other Commission services (3) the KDT, SNS ⁽¹⁵⁾ and EuroHPC Joint Undertakings (4) Active and Assisted Living (AAL) Association, (5) the European Cyber Security Centre (ECCC) ⁽¹⁶⁾, (6) Decentralised Agencies (BEREC Office & ENISA).

Stage 1: Establishment (or prolongation) of the mandate to the entrusted entity ('delegation act' / 'contribution agreement' / etc).

Main internal control objectives: Ensuring that the legal framework is fully compliant and regular (legality & regularity), delegated to an appropriate entity (best value for public money, economy, efficiency), without any conflicts of interests (anti-fraud strategy), and gives all the references necessary for a smooth running of the new entity.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The establishment (or prolongation) act of the mandate of the entrusted entity lacks clear references regarding the responsibilities of each involved actor.</p> <p>For PPPs: the evaluation method of the in-kind contributions provided by the industry partners is not clear.</p>	<p>Ex-ante evaluation</p> <p>Widespread consultation, internally and with external stakeholders.</p> <p>Hierarchical validation within the authorising department</p> <p>Inter-service consultation, including all relevant DG.</p> <p>Adoption by the Commission.</p>	<p>Coverage/Frequency:</p> <p>100%/once for the establishment and partial for amendments or extensions.</p>	<p>Effectiveness:</p> <p>Quality of the legal work (basic act, delegation act/contribution agreement)</p> <p>Efficiency:</p> <p>Average cost of preparation, adoption and selection work done for the entrusted entities. Overall supervision cost per (type of) entrusted entity (%)</p> <p>Economy:</p> <p>Estimation of costs of staff involved in monitoring the entrusted entity.</p> <p>Benefits: Benefits cannot be calculated in terms of budget.</p>

⁽¹⁴⁾ The contribution of CONNECT to the administrative budget of the executive agencies is removed from the financial programming at the beginning of the Multi-annual Financial Framework. The operational budget is directly allocated to the Agency on a yearly basis – CONNECT does not strictly have a financial responsibility, but does still have a responsibility to supervise the agency in terms of the achievement of results.

⁽¹⁵⁾ Not yet autonomous, established by Council Regulation 2021/2085 (19/11/2021) establishing the Joint Undertakings under Horizon Europe.

⁽¹⁶⁾ Not yet autonomous, established by Regulation (EU) 2021/887 of the European Parliament and of the Council (20/05/2021) establishing the European Cybersecurity Industrial, Technology and Research Competence Centre and the Network of National Coordination Centres.

Stage 2: Assessment and supervision of the entrusted entity’s financial and control framework (towards ‘budget autonomy’; ‘financial rules’).

Main internal control objectives: Ensuring that the entrusted entity is fully prepared to start/continue implementing the delegated funds autonomously with respect of all 5 ICOs.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The financial and control framework deployed by the entrusted entity is not fully mature to guarantee achieving all 5 ICOs</p>	<p>Ex-ante assessment, conditional to granting budget autonomy Hierarchical validation within the authorising department Use of Model- or Framework- financial rules (MFR or FFR) Standard business processes and IT tools (EAs and JUs) Secondment or selection of key staff Continuous cooperation within the Research family (IC network, FAIR...) in order to harmonize the IC framework Review of audit reports (Internal Audit Service, European Court of Auditors)</p>	<p>Coverage/frequency: 100% of entrusted entities/once at the beginning and partial (problem focussed) for amendments or work arrangements</p> <p>Depth is determined after considering the type or nature of the entrusted entity, its form and/or the value of the budget concerned.</p>	<p>Effectiveness: The entrusted entities are granted budget autonomy, without too significant delays.</p> <p>Efficiency: Number of deviations from the MFF.</p> <p>Economy: Estimation of costs of staff involved in ex-ante assessment process.</p> <p>Benefits: The total budget amount entrusted to the entity.</p>

Stage 3: Operations: monitoring, supervision, reporting.

Main internal control objectives: Ensuring that the Commission is fully and timely informed of any relevant management issues encountered by the entrusted entity, in order to possibly mitigate any potential financial and/or reputational impacts (legality & regularity, achievement of scientific objectives, sound financial management, true and fair view reporting, and anti-fraud strategy).

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The Commission is not informed of relevant management issues encountered by the entrusted entity in a timely manner</p> <p>The Commission does not react upon and mitigate notified issues in a timely manner which may reflect negatively on the Commission's governance reputation and quality of accountability reporting.</p> <p>The programmes Horizon Europe / H2020 implementation (procedures, monitoring arrangements, communication with beneficiaries, budget planning, etc.) is not consistent within the Research family and with the 7 years' framework.</p>	<p>Delegation Act/ Contribution agreement/etc. specifying the control, accounting, audit, publication, etc. related requirements – incl. the modalities on reporting back relevant and reliable control results</p> <p>Membership of the Governing Boards (KDT – the Commission holds 1/3 of voting rights) or the Steering Committee (Executive Agencies)</p> <p>Monitoring or supervision of the entrusted entity e.g. 'regular' monitoring meetings at operational level to review progress in achieving operational results; review of reported control results and any underlying management/audit reports; scrutiny of annual report, etc.</p> <p>Management review of the supervision results.</p> <p>If appropriate/needed:</p> <ul style="list-style-type: none"> - reinforced monitoring of operational and/or financial aspects of the entity - potential escalation of any major governance-related issues with entrusted entities <p>The Common Implementation Centre provides all the members of the Research Family with harmonised procedures, guidance and IT tools.</p> <p>DG RTD centralises the budget planning and the monitoring of the H2020's budget implementation.</p>	<p>Coverage: 100% of the entities are monitored/supervised.</p> <p>Frequency: key KPI's reported on a monthly basis, regular steering committee or Governing Board meetings), annual reports (AAR and operational reporting), evaluation reports.</p> <p>In case of operational and/or financial issues, appropriate mitigating measures are available and should be used</p> <p>Coverage/ Frequency: 100%</p> <p>Depth</p> <p>All the underlying implementation tools are defined et developed at family level.</p>	<p>Effectiveness:</p> <p>Relevance and reliability of control data reported back, quality of underlying management/audit reports received.</p> <p>Efficiency:</p> <p>Overall supervision cost per entrusted entity</p> <p>Economy:</p> <p>Estimation of costs of staff involved in monitoring of the entrusted entities</p> <p>Benefits:</p> <p>The average annual budget amount entrusted to the entity. Optimised procedures, harmonised approach to beneficiaries on multiple issues (audits, fraud, legal)</p>

Stage 4: Commission contribution: payment or suspension/interruption.

Main internal control objectives: Ensuring that the Commission adequately assesses the management situation at the entrusted entity, before either paying out the (next) contribution for the operational and/or operating budget of the entity, or deciding to suspend/interrupt the (next) contribution. This is very closely linked to stage 3 above.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
<p>The Commission pays out the (next) contribution to the entrusted entity, while not being aware of the management issues that may lead to financial and/or reputational damage.</p> <p>Bad cash forecast leading to the Commission paying too much compared to the EE's needs</p> <p>In times of shortage of credits, the budget appropriations are not optimised with the current needs within the family.</p>	<p>Delegation Act/ Contribution agreement/etc specifying the control, accounting, audit, publication, etc related requirements – including reporting</p> <p>Management review of the supervision results.</p> <p>Standard procedures for the validation of all payments and recovery of non-used operating budget subsidy</p> <p>Good internal communication to ensure that issues are known and dealt with (see stage 3)</p> <p>Family level budget coordination</p>	<p>Coverage: 100% of the contribution payments.</p> <p>Frequency: following the rhythm of the payments</p> <p>There is a review before each payment is made. However, the depth will depend on identified issues and on the body involved.</p>	<p>Effectiveness:</p> <p>Number of control failures.</p> <p>Efficiency:</p> <p>Overall supervision cost per entrusted entity</p> <p>Economy:</p> <p>Estimation of costs of staff involved in monitoring of the entrusted entities.</p> <p>Benefits:</p> <p>The average annual budget amount entrusted to the entity</p> <p>Qualitative benefit: optimised credit implementation</p>

ANNEX 7: Specific annexes related to "Financial Management".

This annex 7 is divided in two sections: The first one contains details on the information provided in Sections 2.1.1 and 2.1.2 of the Annual Activity Report. The second contains the 'Table Y', which details the figures on the cost of controls incurred by CONNECT.

SECTION 1

This section provides further information about different aspects of 'Control results' of the AAR. Following the structure of the main text of the document, it presents the following:

- A. H2020 control results and the implementation of H2020 audit results;
- B. Supervisory arrangements and control results by budget implemented by entrusted entities;
- C. Fraud prevention, detection and correction activities developed within CONNECT in 2021;
- D. Detailed analysis of efficiency indicators;
- E. The cost of controls (for direct management and for supervision);
- F. Audit observations and recommendations;

A) H2020 control results and the implementation of H2020 audit results

CONNECT uses 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.

Control results for grant management

Since 2007, the Research and Innovation Family has adopted a common audit strategy intended to ensure the legality and regularity of expenditure on a multi-annual basis, including detection and correction of non-systematic and systematic errors.

For Horizon 2020, the Common Audit Service of the Common Implementation Centre carries out all audits, including those concerning grants concluded by the Executive Agencies and the Joint Undertakings. This is a major step towards ensuring a harmonised approach, legal certainty, equality of treatment and minimising the audit burden on beneficiaries.

The **main indicators** on legality and regularity⁽¹⁷⁾ of EU Framework Programmes for Research and Innovation are:

⁽¹⁷⁾ These indicators are described in point 1.1 of annex 5.

- **Representative detected error rate**, based on errors detected by ex-post audits on a Common Representative Sample of cost claims across the R&I Family.
- **Cumulative residual error rate**, which is the extrapolated level of error after corrective measures have been implemented by the Commission services following the audits, accumulated on a multi-annual basis.

The **targets** set for this control system are respectively:

- for the *Seventh Framework Programme for Research and Innovation (2007-2013)* to ensure that the cumulative residual error rate does not exceed 2% by the end of the Framework Programme's management cycle.
- for *Horizon 2020* to ensure that the cumulative residual error rate remains within a range of 2-5 % aiming to be as close as possible to 2%.
- for Horizon Europe, to ensure that the cumulative residual error rate does not exceed 2% ⁽¹⁸⁾

Progress against Horizon 2020 targets is assessed annually based on the results of the implementation of the ex-post audit strategy and taking into account the frequency and importance of the detected errors along with cost-benefit considerations regarding the effort and resources needed to detect and correct the errors.

It should be noted, however, that due to its multi-annual nature, the effectiveness of the control strategy of the R&I Family can only be measured and assessed fully in the final stages of the EU Framework Programme, once the ex-post control strategy has been fully implemented, and errors, including those of a systematic nature, have been detected and corrected.

Due to the COVID-19 pandemic crisis and related travel limitations during 2021, the Common Audit Service (CAS) – in line with the instructions of the Commission – could not carry out the necessary on-the-spot missions and had to postpone some of them. To minimise the impact of COVID-19 on the implementation of the audit campaign, the CAS converted as many traditional audit assignments as possible into desk audits, in line with international best practices and auditing standards.

Despite restrictions and other objective challenges due to the COVID-19 pandemic, the foreseen audit target was achieved. The CAS managed to finalise audits on 514

⁽¹⁸⁾ No representative error rate for Horizon Europe will be available in 2022 and 2023 as the ex-post audit campaign for the Programme is planned to be launched by the end of 2023, at the earliest.

participations corresponding to 104.3% of the planned most probable scenario for the 2021 target ⁽¹⁹⁾.

The following table presents the error rates calculated for the two Framework Programmes by the end of 2021.

	FP7 EX-POST AUDITS	HORIZON 2020 EX-POST AUDITS
REPRESENTATIVE DETECTED ERROR RATE	5,44%	2,29%
CUMULATIVE RESIDUAL ERROR RATE	3,22%	1,62%

The table below provides the results of the implementation of H2020 direct audits (EUR 3.53 million adjusted).

			H2020 Total	
Audit activity			# audits closed	381
			#participation audited	536
Results in favour of the EC			# participations	212
			Adjustments (EUR)	3.528.327,08
Open for implementation			#	1
			EUR	1.612,78
Implemented	(registered in contract management system)	Compensation on payment	#	291
			EUR	1.299.025,88
		Recoveries	#	64
			EUR	1.352.617,43
TOTAL	(in terms of participations)	Open		0%
		Implemented		100%

The level of implementation of ex-post audit results is 100%. The cumulative amount of corrections implemented by extrapolation of systemic errors amounted to EUR 0.9 million.

⁽¹⁹⁾ Given the COVID-19 pandemic and related restrictions, the CAS developed several scenarios for the closure of audit targets.

B) Supervisory arrangements and control results by budget implemented by entrusted entities (Section 2.1.1, 'legality and regularity of the transactions' of the AAR)

CONNECT has entrusted the implementation of parts of its budget to different entities. As the entities are different in nature (other DG, Executive Agencies, Joint Undertaking, Private Law Body and Financial Instruments), the controls put in place are adapted to their specificities, as explained below.

1) Other Commission services - expenditure cross delegated

CONNECT has cross delegated operational budget implementation tasks to DIGIT for the implementation of part of the Digital Europe Programme. CONNECT has also cross delegated administrative budget implementation tasks to PMO and GROW in order to arrange the provision of certain operations more efficiently.

Being a Commission service itself, the Authorising Officer by delegation (AOD) of the cross-delegated service is required to implement the appropriations subject to the same Commission rules, responsibilities and accountability arrangements.

Entity	Type	Purpose	Payments (million EUR)
Other Commission Services	EU Institution	In the interests of sound budget implementation, the authorising officer by delegation ('the delegator') may, by way of exception, cross-delegate management of a budget line or part of a line to another Director-General or Head of Service ('the delegatee').	0.94

Control results

The cross-delegation agreement requires the AODs of cross-delegated services to report on the use of these appropriations. The reports on the cross-delegations received from DIGIT, PMO and GROW did not provide any indication of particular unfavourable observation with regard to the regularity and legality of the transactions concerned. As a result, CONNECT considers that the control system over expenditure cross-delegated has been effective in 2021.

2) Executive Agencies (EA)

Until 31/03/2021, CONNECT was a partner DG of the following executive agencies: the Research Executive Agency (REA), the Innovation and Networks Executive Agency (INEA), the Executive Agency for Small and Medium-sized Enterprises (EASME) and the Education, Audio-visual and Culture Executive Agency (EACEA).

As from 01/04/2021 with the start of the new MFF 2021-2027, and the new agencies mandates, CONNECT became the partner DG of: the European Research Executive Agency

(REA), the European Health and Digital Executive Agency (HaDEA), the European Innovation Council and SMEs Executive Agency (EISMEA) and the European Education and Culture Executive Agency (EACEA).

In 2021, the amount of operational appropriations delegated by CONNECT to the executive agencies was EUR 676.80 million.

Entity	Type	Purpose	Payments (million EUR)
CINEA	Executive Agency	INEA implemented the Connecting Europe Facility (CEF) Telecom (legacy) delegated by CONNECT. On 01/04/2021 this was transferred to HaDEA for implementation.	0.2
HaDEA	Executive Agency	HaDEA was set up on 01/04/2021 to implement EU4Health, parts of Horizon Europe, part of Digital Europe Programme, Connecting Europe Facility cluster Digital and Single Market Programme. Parts of Digital Europe Programme, CEF 2 Digital and parts of Horizon Europe cluster 1&4 were delegated by CONNECT.	255.31
REA	Executive Agency	REA manages legacy of the parts of the Horizon 2020 Framework Programme from previous MFF. In a new mandate REA started the implementation of the Horizon Europe programme. CONNECT delegated parts of the Horizon Europe Research Infrastructures (RI).	120.10
EISMEA	Executive Agency	EISMEA continues the implementation of the legacy of the parts of H2020 and COSME (ex EASME) and the Consumer Programme legacy (ex CHAFEA). Implementation of Horizon Europe pillar III – European Innovation Council (partially delegated from CONNECT) and the European Innovation Ecosystems.	219.05
EACEA	Executive Agency	EACEA continues the implementation of the parts of the EU funding programmes in the fields of education, culture, audio-visual, sport, citizenship and volunteering and implements parts of the Creative Europe MEDIA sub programme (delegated from CONNECT).	82.14
Total			676.80

Supervision arrangements

The monitoring and supervision of the activities of the executive agencies are mainly achieved by means of participation of the partner DG(s) in the Steering Committees of the executive agencies. The Agency's Director ensures that the members and observers of the Steering Committee receive all relevant information and reliable control results needed for the appropriate fulfilment of their mandates.

This supervisory role is defined in several legal documents and guidance (the Commission Delegation Act to the agency, the Memorandum of Understanding between the DGs and the agency, the Commission Guidelines on Executive Agencies, etc.). The annual planning and reporting cycle forms the basis of the monitoring and supervision of the Agencies' activities by the Steering Committee. In particular, the Annual Work Programme contains an obligation of assessment of risks and risk exposure, and provides a number of key performance indicators. These constitute the benchmark against which the performance of the Executive Agencies is monitored through its interim reporting and Annual Activity Report. It is complemented by other relevant sources of information such as the reports from the discharge authority, the European Court of Auditors, the Internal Audit Service and the European Anti-Fraud Office. CONNECT uses their reports as an element of the supervision of these bodies. In addition, all the executive agencies participate in horizontal governance processes, such as the Commission peer review of critical risks.

After the entry into force of the Memoranda of Understanding between the executive agencies and their parent DGs, the executive agencies also report half-yearly to the partner DG on the use of resources. The preparation of the executive agencies' budgets and annual work plans is coordinated with the DGs concerned.

Control results

1. The European Education and Culture Executive Agency (EACEA)

Based on the work undertaken by the Internal Audit Service in the period 2019-2021, the IAS concluded that the EACEA internal control systems in place for the audited processes are effective.

Based on the error rate target values achieved for all programmes audited and the regular execution of the ex post audit strategy during 2021, EACEA concludes that controls on legality and regularity are effective.

EACEA 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 improvements are needed concerning the full integration of data protection regulation 2018/1725 provisions in its procedures.

2. The European Health and Digital Executive Agency (HaDEA)

HaDEA was created on 16 February 2021 and started operations on 1 April 2021. The Agency set up from scratch the processes, procedures and resources to make HaDEA an efficient and effective executive agency, delivered on the legacy programmes it took over from other executive agencies and DGs, and launched the new programmes delegated from the Commission.

HaDEA adopted the Commission Internal Control Framework and defined internal control monitoring criteria for 2021. HaDEA performed a self-assessment on the effectiveness of the internal control system, in line with the implementation guide of the Commission's Internal Control Framework.

HaDEA performed two in-depth risk assessments exercises and a monitoring of the risk management action plan. The ex-ante controls (performed in accordance with the programmes' rules), the ex-post control strategy and the anti-fraud strategy are the key elements of the internal control system.

For the CEF Telecom Digital Service Infrastructure (DSI) segment, the residual error rate stands at 3.84%, above the materiality threshold of 2% expected for a multi-annual period. HaDEA has therefore issued a reservation for this segment, although the impact is well below the established exposure limits. This situation results from the administrative transfer of programmes between executive agencies, bearing in mind that HaDEA has a smaller portfolio in size than the predecessor Agency, in particular in 2021 during its start up phase. The implementation of CEF Telecom was delegated by CONNECT.

HaDEA concludes having a 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.

3. The European Innovation Council and SMEs Executive Agency (EISMEA)

EISMEA considers that, for all programmes except COSME (not delegated by CONNECT), the cumulative residual error rates fall within the established target range. The multi-annual residual error rates at the end of 2021 are at 0.45% for Consumer Programme and at 0.35% for "Internal Market and support to Standardisation activities". For Horizon 2020, the residual error rate, derived from EISMEA participation only, is 2.06%, when taking into account final audit reports. Despite the absence of reservation, the root causes of errors are identified and targeted actions are taken to address any identified weaknesses. It is noted that the methodology used to calculate Horizon 2020 error rates has taken into account ECA's observations made in their 2018 and 2019 Annual Reports.

Three IAS audits are currently in process: (1) audit on preparedness of the management and control systems for the implementation of the EIC, (2) audit on protection of personal data of beneficiaries (EASME/EISMEA, EACEA, INEA) - final audit report was issued by IAS on 27 January 2022 containing four important recommendations; the action plan is currently being drafted, (3) audit on implementation of audit results in H2020 (RTD/CIC, CNECT, ERCEA, REA, CINEA, EISMEA) - the Agency is in the process to develop the action plan to address the IAS recommendations.

EISMEA has assessed its internal control system during the reporting year and has concluded that it is effective and that the components and principles are present and functioning as intended.

4. The European Research Executive Agency (REA)

The results of the Horizon 2020 (2014-2020) ex-post audits: In 2020, the Commission re-defined its methodology for calculating the Horizon 2020 error rates in line with the European Court of Auditors' observations in its 2018 and 2019 Annual Reports. The estimated residual error rate for REA is 1.75%.

For the Seventh Framework Programme for Research and Innovation (2007–2013), legacy programme, the estimated cumulative residual error rate was 1.54% for MCA and 3.91% and 5.75% for the Security and SME programmes respectively, based on the audit work until 31 December 2021.

In 2021 IAS completed two audits where REA was under particular focus: the audit on the implementation of the SEDIA through REA’s Participant Validation Service and the Multi-DG audit on the implementation of audit results in Horizon 2020.

These audits acknowledged the continuous efforts made by REA to ensure the effective operation and provision of services. In particular, IAS highlighted the positive results from a survey among the clients of the Participant Validation Service (satisfaction rate 92%), the effective legal and financial controls and the good practices in for the implementation of audit results.

REA 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 for the management of personal data and the delivery of IT components in the context of Participant Validation Services.

Overall, CONNECT considers that the supervision of the Executive Agencies has been effective and sufficient in 2021.

3) Joint Undertakings

The Key Digital Technologies Joint Undertaking (KDT JU), successor of the Electronic Components and Systems for European Leadership (ECSEL) JU

The Key Digital Technologies JU (KDT) was established by Council Regulation 2021/2085 (19/11/2021) establishing the Joint Undertakings under Horizon Europe for a period up to 31/12/2031. It repealed and replaced as from 30/11/2021 the former Electronic Components and Systems for European Leadership (ECSEL) JU. When we refer to KDT JU, we mean ECSEL JU until 30/11/2021 and KDT JU as from 30/11/2021.

The ECSEL Joint Undertaking was established under Article 187 of the Treaty on the Functioning of the European Union for the implementation of a Joint Technology Initiative on 'Electronic Components and Systems for European Leadership' for a period up to 31 December 2024. It was established by Council Regulation (EU) 561/2014 of 6 May 2014.

Entity	Type	Purpose	Payments (million EUR)
KDT	Joint Undertaking	KDT is a partnership between the private and the public sectors for electronic components and systems. It, inter alia, contributes to the development of a strong and globally competitive electronics components and systems industry in the EU.	167.27

Supervision arrangements

Directorate A 'Artificial Intelligence and Digital Industry' of CONNECT represents the Commission in the Governing Board and the Public Authorities Board of the KDT JU. CONNECT closely monitors the work of the KDT JU⁽²⁰⁾, inter alia by preparing the Commission's position in the Boards referred to above.

The Commission's Internal Audit Service performs KDT's internal audit function. The European Court of Auditors is the external auditor of KDT and CONNECT receives copies of the reports, for action, if necessary.

The European Parliament and the Council are responsible for the annual budgetary and discharge procedures for the JUs.

Control results

During 2021 the ECSEL JU did not launch any call. On 16 December the KDT JU launched three calls for proposals with a total maximum EU contribution amounting to EUR 208 million, leveraging a commensurate amount from the Participating States and some EUR 320 million in-kind contributions from the private participants.

In its annual report on Joint Undertakings regarding the financial year 2020, published 12/11/2021, the European Court of Auditors considered the accounts of the ECSEL JU for the year ended 31 December 2020 to present fairly, in all material respects, the financial position of the JU at 31 December 2020, the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with its Financial Regulation and with accounting rules adopted by the Commission's accounting officer. It also considered that transactions of the ECSEL JU were legal and regular in all material respects.

The European Court of Auditors (ECA) highlighted that the significant variation in the methodologies and procedures used by the Participating States' National Funding Authorities does not allow the Joint Undertaking to calculate a single reliable weighted error rate or a residual error rate for the Seventh Framework programme.

Furthermore, given the low percentage of Seventh Framework programme payments in 2020 (around 8,6 %), the residual error rate for the Joint Undertaking's total operational payments made in 2020, was therefore considered by the ECA to be below the materiality threshold.

The European Court of Auditors also noted that the Commission's Common Audit Service carries out the ex-post audits of expenditure and that based on the audit results at the end of 2020, the Joint Undertaking reported a residual error rate of 1,25 %.

⁽²⁰⁾ The ENIAC and ARTEMIS Joint Technology Initiatives operated until the 27 June 2014, when ECSEL was established and took over their operations.

CONNECT provides advice and support to the KDT JU in its efforts to address all the concerns of the Court and of the budgetary authorities.

Overall, CONNECT considers that its supervision of the KDT JU has been effective and appropriate in 2021. The regular supervision of KDT did not identify any particular events, issues or problems that could have a material impact on assurance or that would need to be included in this report.

European High Performance Computing (EuroHPC)

The EuroHPC Joint Undertaking was established under Article 187 of the Treaty on the Functioning of the European Union for the implementation of an initiative on European High Performance Computing by the Council Regulation (EU) 2018/1488 of 28 September 2018. It was repealed by Council Regulation (EU) 2021/1173 of 13 July 2021 ⁽²¹⁾ on establishing the EuroHPC.

It will operate until 31 December 2033 to equip the Union with a world-class federated, secure and hyper-connected supercomputing infrastructure, and to develop the necessary technologies, applications and skills for reaching exascale capabilities around 2023-2024, and post exascale around 2025–2027, while promoting a world-class European High Performance Computing and quantum computing innovation ecosystem.

Entity	Type	Purpose	Payments (million EUR)
EuroHPC	Joint Undertaking	The EuroHPC is a partnership between the private and the public sectors for High Performance Computing. It, inter alia, contributes to the creation of the European supercomputing, quantum computing and data infrastructures, allowing to develop the necessary technologies, applications and skills for reaching exascale capabilities in Europe.	116.09

Supervision arrangements

Directorate C 'Digital Excellence and Science Infrastructure' of CONNECT represents the Commission in the Governing Board of the EuroHPC JU. CONNECT closely monitors the work of the EuroHPC JU, inter alia by preparing the Commission's position in the Board referred to above.

The European Court of Auditors (ECA) is the external auditor of the EuroHPC and CONNECT receives copies of the reports, for action, if necessary. The Commission's Internal Audit Service performs EuroHPC's internal audit function.

⁽²¹⁾ Council Regulation (EU) 2021/1173 of 13 July 2021 on establishing the European High Performance Computing Joint Undertaking and repealing Regulation (EU) 2018/1488.

By the Governing Board Decision No 15/2020, the EuroHPC acceded to the Interinstitutional Agreement of 25 May 1999 between the European Parliament, the Council and the Commission concerning internal investigations by the European Anti-Fraud Office.

For Horizon 2020, Horizon Europe and Digital and CEF Digital payments, the Joint Undertakings are fully integrated in the Common Implementation Centre's structures and apply the same audit strategy as the Commission services.

The European Parliament and the Council are responsible for the annual budgetary and discharge procedures for the Joint Undertaking.

Control results

EuroHPC became autonomous on 23 September 2020 and was audited by the European Court of Auditors for the first time for the financial year 2020. The ECA concluded positively regarding the legality and regularity of the transactions underlying the accounts stating that the payments underlying the accounts for the year ended 31 December 2020 are legal and regular in all material respects.

The ECA reported that the JU has set up reliable ex-ante control procedures based on financial and operational desk reviews. At the end of 2020, the JU implemented the Commission's internal control framework (ICF), which is based on 17 internal control principles, to a large extent. However, for the control principles related to risk assessment, and control and monitoring activities, the JU still needs to complete several actions to ensure their effective functioning.

The ECA further reported that at the time of the report the JU is understaffed with a possible impact on activities.

EuroHPC JU's Annual Activity Report 2020 was published in July 2020 and approved by the EuroHPC JU's Governing Board. The European Parliament is currently finalising the discharge of the JU.

Currently the European Court of Auditors and an external auditing company are auditing the 2021 accounts for the JU. The audits are still on-going. Once finalised, the reports will be made available to CONNECT.

Overall, CONNECT considers that its supervision of the EuroHPC JU has been effective and appropriate in 2021.

The Smart Networks and Services Joint Undertaking (SNS) JU

SNS JU has been established by Council Regulation 2021/2085 (19/11/2021). It builds on two pillars: research and innovation under the Horizon Europe programme on technologies and systems for Smart Networks and Services towards 6G, and coordination of 5G deployment actions funded by European or national funding programmes.

CONNECT is responsible for the initial operations until SNS JU becomes autonomous, which is foreseen for the beginning of 2023. There were no activities/payments during 2021.

4) Decentralised Agencies

BEREC Office ⁽²²⁾

The tasks, organisation and operation of BEREC and the Agency for Support for BEREC (BEREC Office) are set out in Regulation (EU) 2018/1971 of the European Parliament and of the Council of 11 December 2018 establishing the Body of European Regulators for Electronic Communications (BEREC) and the Agency for Support for BEREC (BEREC Office).

The Body of European Regulators for Electronic Communications (BEREC) is composed of the head or a high-level representative of each of 27 national regulatory authorities. The Commission has an observer role (with no voting rights) in the Board. The BEREC is not an EU agency and does not have legal personality. BEREC has the objective of promoting a consistent application of the EU regulatory framework and its tasks are focused mainly on market regulation. It has also an advisory role towards the EU institutions and individual national regulatory authorities.

The BEREC Office which is responsible for providing administrative and professional support to BEREC (e.g. establish, maintain and make available databases on numbering resources and on operators’ authorisations; implementation of a proper information and communication system for collaboration and data gathering). It is established as an EU agency with legal personality. The BEREC Office is managed by a Director under the supervision of a Management Board composed of the Heads of the 27 national regulators and a representative of the Commission with voting rights (one vote).

Entity	Type	Purpose	Payments (million EUR)
BEREC Office	Decentralised Agency	BEREC contributes to the development and better functioning of the internal market for electronic communications networks and services.	7.28

Supervision arrangements

In 2021, the Commission was represented in the management body of the BEREC Office by CONNECT’s Director-General and the Director of Directorate B, respectively as member and as alternate member. Arrangements are in place within the DG, including the services

⁽²²⁾ The tasks, organisation and operation of BEREC and the Agency for Support for BEREC (BEREC Office) were set out in Regulation (EC) No 1211/2009 of 25 November 2009 establishing the Body of European Regulators for Electronic Communications (BEREC) and the Office. Regulation (EU) 2018/1971 of the European Parliament and of the Council of 11 December 2018 establishing the Body of European Regulators for Electronic Communications (BEREC) and the Agency for Support for BEREC (BEREC Office), amending Regulation (EU) 2015/2120, repealed Regulation (EC) No 1211/2009 as of 20 December 2018.

dealing with financial and human resources, to ensure that all Agency's acts are properly assessed and the Commission's position is agreed.

The Agency's Director, as authorising officer of the BEREC Office, produces a consolidated annual activity report, which includes all information on management and internal control systems. The Director also signs the declaration of assurance in line with the one of the Commission.

The Commission's Internal Audit Service is the internal auditor of the BEREC Office and the European Court of Auditors, its external auditor of the BEREC Office Annual accounts. All the audit Reports are presented by the Director of the BEREC Office to the Management Board, of which the Commission is part. In addition, the Report of the European Court of Auditors is published on its website. The Accounting Officer function of BEREC Office is performed by the Commission Accounting Officer, appointed by the Management Board.

Control results

Based on the reports and all other available information, CONNECT can conclude that the activities of BEREC Office have been used for the purpose of achieving its objectives and in accordance with the principles of sound financial management.

During the discharge exercise for the financial year 2020, the European Parliament repeated the recommendation from the previous year that the issue of gender balance and specific concerns be brought to the attention of BEREC's Managing Board, as gender balance has not yet been achieved or significantly improved. BEREC was also called to report on the efforts to attract and retain professionals.

Overall, CONNECT considers that its supervision of BEREC and the BEREC Office has been effective and appropriate in 2021.

ENISA ⁽²³⁾

The European Union Agency for Cybersecurity (ENISA), which was renamed by virtue of the Cybersecurity Act - Regulation (EU) 2019/881, is tasked to contribute to a high level of network and information security within the European Union. It supports EU Institutions, Member States and business community in addressing, responding and especially preventing network and information security problems.

As outcome of the evaluation of the previous mandate of the Agency ⁽²⁴⁾, there was an agreement on the strengthening of ENISA's roles and on the attribution of a permanent

⁽²³⁾ The tasks, organisation and operation of ENISA are set out in the Cybersecurity Act under Regulation (EU) 2019/881 of 17 April 2019 on ENISA (the European Union Agency for Cybersecurity) and on information and communications technology cybersecurity certification, and repealed Regulation (EC) No 526/2013 of 21 May 2013. The Cybersecurity Act entered into force on 27 June 2019.

⁽²⁴⁾ Published as annex to the Cybersecurity Act Regulation proposal (COM(2017)477 final).

mandate and a better defined set of current and new tasks. The main elements identified were integrated into the Cybersecurity Act of 2019.

ENISA carries out its activities according to an annual and multiannual work programme. It has been granted an autonomous budget financed primarily through a contribution from the Union as well as contributions from third countries from countries in the European Economic Area participating in the Agency’s work. Member States are also allowed to make voluntary contributions to the revenue of the Agency.

Entity	Type	Purpose	Payments (million EUR)
ENISA	Decentralised Agency	ENISA carries out the tasks assigned to it under the Cybersecurity Act for the purpose of achieving a high common level of cybersecurity across the Union, including by actively supporting Member States, Union institutions, bodies, offices and agencies in improving cybersecurity. ENISA acts as a reference point for advice and expertise on cybersecurity for Union institutions, bodies, offices and agencies as well as for other relevant Union stakeholders. ENISA contributes to reducing the fragmentation of the internal market by carrying out the tasks assigned to it under the Cybersecurity Act.	22.83

Supervision arrangements

The Commission is represented in the Management and Executive Board by CONNECT (Director for Digital Society, Trust and Cybersecurity) and the DG DIGIT (Director for IT Security). The Boards meet three or four times per year.

At operational level, the cooperation between CONNECT and ENISA is ensured via a designated desk officer who maintains regular contact with ENISA's staff. Day to day working level communication between CONNECT staff and ENISA staff is encouraged and followed as a practice. In addition, a monthly video call between CONNECT and ENISA is scheduled on a permanent basis.

At managerial level, regular meetings between the Executive Director of ENISA and senior members of the Management Board and the CONNECT's Director responsible take place. At any time, any additional information deemed necessary by CONNECT can be requested.

The Executive Director of ENISA, as authorising officer, must produce a consolidated annual activity report, which should include information on the management and internal control systems, a summary of internal audits carried out, the recommendations made and the action taken on these recommendations as well as any observations of the ECA and the actions taken on these observations. He signs the declaration of assurance. In addition, the Executive Director presents to the Management Board an annual ex-post evaluation on the Agency's core activities.

The Commission's Internal Audit Service performs ENISA's internal audit function and the European Court of Auditor is the external auditor of ENISA. CONNECT receives copies of the reports, for action, if necessary.

Control results

The various reports presented at the Management Board and other available information did not provide any unfavourable observations with regard to the regularity and legality of the transactions. Where specific recommendations were made by the Internal Audit Service, these are being addressed. CONNECT has no reason to believe that the reports would be incomplete or unreliable.

Overall, CONNECT considers that its supervision of ENISA has been effective and appropriate in 2021

5) Private Law Body

Active and Assisted Living Joint Programme (AAL JP)

The AAL JP is a Member States' initiative. The budget for calls for proposals is composed of contributions from the Commission, of Participating Countries and organisations participating in the projects (approximately 25%, 25% and 50% respectively). The current AAL JP is a prolongation of the AAL JP (2008-2013), which has obtained a new mandate for the period 2014-2020 ⁽²⁵⁾ with the same annual budget as a part of the Innovation Investment Package.

The programme is managed by the Participating Countries through the AAL Association ⁽²⁶⁾. The Commission is part of the governance structure. It has the right to undertake every year an operational review with independent external experts in order to supervise its financial contribution. Furthermore, the Commission can veto the work programme of the AAL in the General Assembly. Day-to-day operations are run by the Central Management Unit supervised by the Executive Board.

Entity	Type	Purpose	Payments (million EUR)
Active and Assisted Living (AAL) Association	Private Law Body	The AAL Joint Programme is a public partnership funding activities that aim to create better conditions of life for the older adults and to strengthen the international industrial opportunities in the area of information and communication technology.	11.16

Supervision arrangements

⁽²⁵⁾ Decision No 554/2014/EU.

⁽²⁶⁾ The AAL Association is an international not-for-profit association established under Belgian law and constitutes the dedicated implementation structure created by the participating EU Member States, Canada, Norway, Switzerland and Taiwan (Participating Countries).

The General Assembly is the decision making body of the AAL. It appoints the members of the Executive Board and supervises the implementation of the AAL Joint Programme, including approval of annual work programmes, allocation of national funding to projects and applications for new memberships. The Commission has observer status in the meetings of the General Assembly and has the right to veto the AAL JP annual work programme.

Day-to-day operations are run by the Central Management Unit (CMU) supervised by the Executive Board. The CMU is supported by a network of national contact points (NCPs) responsible for the administrative, financial and contractual management at national level. The 2017 restructuring of the CMU resulted in an improved sense of participation in management and the governing bodies, which not only relates to operational aspects of the business but also to debate on strategy to ensure a place for AALA in Europe beyond Horizon 2020.

The Commission is also part of the governance structure. CONNECT undertakes every year an annual on-site (2 days) operational review with independent external experts to assess the overall performance of the AALA and whether all contractual obligations are met.

The AAL JP risk management assessment includes verification of financial commitments of Participating Countries before EU financing is allocated. It also includes a review of the payments, where the EU contribution is subject to a certification of incurred costs by the responsible national public bodies before disbursement of EU funds by the AALA. The Association has to provide information about the audit procedures in each of the Participating Countries and reports annually on audits implemented. In addition, the AALA should report as soon as there is a suspicion of fraud or irregularities.

Following-up on the ECA audit finding on the level of reporting control related information between the involved authorities in a Participating Country, CONNECT developed mitigating actions that were adopted by senior management in January 2019. Their follow-up and implementation began immediately and resulted in an amendment of the Delegation agreement. Moreover, for the purposes of sound administrative, budgetary and financial management, CONNECT completed the administrative closure of the AAL I Joint Programme (2008 – 2013, FP7). The Commission informed the AAL Association that it considers the AAL I (Ambient Assisted Living) programme now as closed and in terms of paid funding as fully implemented.

Furthermore, CONNECT agreed with the AALA to amend the Delegation Agreement on the implementation of the AAL JP, in order to clarify and introduce stronger provisions on the Association's access and checks to the Early Detection and Exclusion System, the exclusion criteria in its programme application requirements, its reporting requirements towards the European Commission, as well as the applicable rules on the processing of personal data by the AALA and the European Commission. The AALA signed the new Delegation agreement on 01 December 2020.

In 2021, AALA carried out its final annual Transfer of Funds Agreement under Horizon 2020. As of July 2021, the Programme entered into the 'phasing out' period till 31

December 2027, the definitive closure of the Programme as laid down in the Delegation Agreement.

Control results

The annual on-site review performed by CONNECT with independent external experts to assess the overall performance of the AAL Association confirmed sound financial situation of the AAL Association and good operation of the AAL JP which supports the assurance of CONNECT.

CONNECT concludes from the information available, and there is no reason to believe that this information would not be complete or reliable, that resources assigned to the activities of AAL JP have been used for the purpose of achieving the objectives of AAL JP and in accordance with the principles of sound financial management.

6) Union Body

European Cybersecurity and Competence Centre

Description

Entity	Type	Purpose	Payments (million EUR)
European Cybersecurity Competence Centre	Union Body	The ECCC mission is to support research and capacity building in cyber security through the implementation of the Digital Europe and Horizon Europe programmes.	Implemented directly by CONNECT until ECCC autonomy

Supervision arrangements

In this initial period the functions and duties of the ECCC are ensured by the European Commission services, who act on behalf of the ECCC for the establishment and initial operation ⁽²⁷⁾, until it reaches full financial autonomy.

The ECCC administrative and governance structure includes:

- A Governing Board which provides strategic orientation and oversees ECCC activities.
- An Executive Director who is the ECCC’s legal representative and is responsible for its day-to-day management.
- A Strategic Advisory Group that ensures a comprehensive, ongoing and permanent dialogue between the Community and the Competence Centre.

⁽²⁷⁾ Article 46 of the Regulation.

Once the ECCC has reached its financial autonomy, the Commission will ensure sound financial management through its membership in the Governing Board. The Commission holds a veto over Governing Board decisions affecting the EU budget.

In building up the ECCC, further control measures include:

- Appointment of an accounting officer;
- Adoption of financial rules, in accordance with Article 70 of the Financial Regulation;
- Adoption of an internal control framework;
- Adoption of an anti-fraud and anti-corruption strategy and protection measures for persons reporting on breaches of EU law;
- Adoption of rules for the prevention, identification and resolution of Col in respect of its members, bodies and staff, incl. the ED and the GB members, and SAG members;
- Adoption of security rules;

7) Contribution agreement with international organisations

Contribution agreements with the European Space Agency (ESA), the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT) and European Centre for Medium-Range Weather Forecasts (ECMWF)

CONNECT signed contribution agreements with the ESA, EUMETSAT and ECMWF on 15/12/2021. They set out tasks entrusted for the implementation of the Destination Earth initiative under the Digital Europe Programme WP 2021-2022 (as described in detail in the Technical Annex I of the Contribution Agreements) and the corresponding Union contribution.

Entity	Type	Purpose	Payments (million EUR)
European Space Agency (ESA)	Intergovernmental organization	The ESA is an intergovernmental organisation of 22 member states, a world leader in space exploration and Earth observation. Its mission is to shape the development of Europe's space and Earth observation capabilities and to continue delivering benefits to the citizens of Europe and the world.	10.5
European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT)	Intergovernmental organization	EUMETSAT is the European operational satellite agency for monitoring weather, climate and the environment from space. It establishes, maintains and exploits European systems of operational meteorological satellites, and contributes to the operational monitoring of the climate and the detection of global climatic changes.	1.39
European Centre for Medium-Range	Intergovernmental organization	The ECMWF is an independent intergovernmental organisation serving as a research institute and a 24/7 operational	9.40

Weather Forecasts (ECMWF)		service, producing global numerical weather predictions and other data for its members and co-operating states and the broader community. ECMWF has one of the largest supercomputer facilities and meteorological data archives in the world.	
---------------------------	--	--	--

Supervision arrangements

The contribution agreements establish, inter alia, the implementation rules, the conditions for the payment of the Union contribution, and the overall relation between the Commission and ESA, EUMETSAT and ECMWF, respectively.

It provides for the appropriate monitoring and supervisory measures in order to prevent, detect, correct and follow-up on fraud and irregularities. Such measures include regular reporting to the Commission via annual, semestrial, and ad-hoc reports, submission for approval of annual work plans, regular coordination meetings at technical and working levels, and the possibility for the Commission, OLAF, EPPO and ECA to perform checks, reviews, audits and investigations, as necessary. In addition, payments under the agreement are linked to the fulfilment of key performance indicators clearly set out. In case of irregularities, fraud or breach of obligations, the Commission may suspend payments as well as the implementation of the entrusted tasks or even terminate the agreement.

Prior to the signature of the contribution agreements, ESA, EUMETSAT and ECMWF were pillar assessed by the Commission.

Control results

The contribution agreements were signed on the 15/12/2021, pre-financing payments were effected as indicated in the table above. No control results are reported for 2021.

United Nations Department of Economic and Social Affairs (UNDESA)

CONNECT signed a contribution agreement on 27/05/2021 with UNDESA with a view to delegate the implementation of one of the actions of the Communication of the European Commission 'Internet Policy and Governance: Europe's role in shaping the future of Internet Governance' (COM/2014/072 final), part of the Commission initiative, in close cooperation with the Member States, to coordinate access to and interoperability of networks pursuant to Article 171 (2) TFEU, and to underpin the digital single market pursuant to Article 26 TFEU.

Entity	Type	Purpose	Payments (million EUR)
United Nations Department of Economic and Social Affairs	Intergovernmental organization	The UN DESA is part of the United Nations Secretariat, upholds the development pillar of the United Nations.	0.12

Supervision arrangements

The contribution agreement establishes, inter alia, the implementation rules, the conditions for the payment of the Union contribution, and the overall relation between the Commission and UNDESA.

It provides for the appropriate monitoring and supervisory measures in order to prevent, detect, correct and follow-up on fraud and irregularities. Such measures include regular reporting to the Commission via annual, semestrial, and ad-hoc reports, submission for approval of annual work plans, regular coordination meetings at technical and working levels, and the possibility for the Commission, OLAF, EPPO and ECA to perform checks, reviews, audits and investigations, as necessary. In addition, payments under the agreement are linked to the fulfilment of key performance indicators clearly set out. In case of irregularities, fraud or breach of obligations, the Commission may suspend payments as well as the implementation of the entrusted tasks or even terminate the agreement.

At operational level, the cooperation between CONNECT and UN DESA is ensured via a designated desk officer who maintains regular contact with UNDESA's staff. Day to day working level communication between CONNECT staff and UNDESA staff is encouraged and followed as a practice. In addition, a monthly video call between CONNECT and UNDESA is scheduled on a permanent basis. The IGF team in our Unit participated to the meeting organised to the signature of the agreement, UNDESA was pillar assessed by the Commission.

Control results

The contribution agreement was signed on the 27/05/2021 for the period 01/01/2021 to 31/12/2021 with a progress report to be received during 1st quarter of 2022 and the certified financial statement from the UN to be received in July 2022. A payment of EUR 0.12 million was effected.

From the available monitoring and communication received from UNDESA during the year, CONNECT can conclude that its supervision has been effective and there is no weakness to report.

8) Financial Instruments

CEF Debt Instrument

The European Investment Bank (EIB) manages, on behalf of the Commission ⁽²⁸⁾, the CEF Debt Instrument, which aims to enable long-term capital market financing of infrastructure projects including, but not limited to, those carried out under project finance structures. The amount committed by CONNECT for projects in ICT and broadband sectors is EUR 17,5

⁽²⁸⁾ DG ECFIN, DG MOVE, DG ENER, DG CONNECT.

million ⁽²⁹⁾ This amount has been fully committed and paid in December 2020 and enabled a EUR 100 million loan from the EIB to support the roll-out of a broadband fibre access network in Slovenia. There were no payments made during 2021. The activities during 2021 were funded by the payment done in December 2020. The project will enable a significant uplift of the broadband service offering to Gigabit speeds in the concerned areas.

Entity	Type	Purpose	Payments (million)
European Investment Bank (CEF Debt Instrument)	Financial Instrument	Enable long-term capital market financing of infrastructure projects including, but not limited to, those carried out under project finance structures (on a risk-sharing basis).	0.00

Supervision arrangements

The EIB delivers an annual operational report on the CEF DI to all Services involved. The same applies for financial reporting. Quarterly reports informing on the allocation of the CEF DI assets are also provided. The Commission has four nominees on the Steering Committee of the CEF DI, which is chaired by DG ECFIN. DG ECFIN also coordinates the exchange of views between Commission members of the committee before the meetings. DG ECFIN also reports twice a year to the European Parliament and to the Council on behalf of the Commission with the support of the Designated Services.

The EC contribution to the CEF DI serves as a guarantee for the project. In case of project default or construction cost overruns, the capital provisioned as a guarantee will actually be disbursed to support the reimbursement of the overdue amounts, up to the level of EU budgetary commitment.

Control results

There were no payments made for the CEF Debt Instrument during 2021.

Overall, CONNECT considers that its supervision of the CEF DI has been effective and appropriate in 2021. In particular, CONNECT considers that the operational and financial reporting (monthly and annual reports) is sufficient and provides relevant information and figures to ensure sound and effective management of the policy aspects of this financial instrument.

CEF Equity Instrument – Connecting Europe Broadband Fund (‘CEBF’)

The Connecting Europe Broadband Fund (‘CEBF’ or the ‘Fund’) is an investment fund which provides equity and quasi-equity financing to smaller-scale, higher-risk broadband projects, which do not have sufficient access to financing, in (under-served) suburban and rural areas. Five public institutions have committed capital to the Fund, namely the Commission, the EIB and three National Promotional Banks and Institutions (‘NPBIs’), alongside private

⁽²⁹⁾ During the pilot phase of the PBI, the total EU budget contribution for the PBI was limited to EUR 230 million.

investors. The Fund is the first investment platform to support broadband infrastructure under the European Fund for Strategic Investments (EFSI), the heart of the Investment Plan for Europe. Cube Infrastructure Managers S.A., an independent investment firm with extensive experience in infrastructure and ICT projects, has been selected to manage the Fund through an open and public selection process carried out by the EIB.

The operational launch of the Fund took place on 27 June 2018 with EUR 420 million at first closing (including €100 million from the Commission via the Connecting Europe Facility). A second closing took place in July 2020, followed by a third (and final) one in June 2021. In the end, the Fund has raised EUR 555 million, above the target size of EUR 500 million, of which EUR 160 million (or about 30% of the fund) from 6 private sector institutional investors ('Limited Partners' or 'LPs').

Entity	Type	Purpose	Payments (million EUR)
European Investment Bank via Cube Infrastructure Managers S.A. - Connecting Europe Broadband Fund	Financial Instrument	Investment Fund to provide equity and quasi-equity financing to smaller-scale, higher-risk broadband projects, which do not have sufficient access to financing, in (under-served) suburban and rural areas. Cube Infrastructure Managers S.A. manages the Fund through a public procurement process carried out by the EIB.	13.45

Control arrangements

The assurance on the cost-effectiveness of controls as regards the budget implemented by Cube Infrastructure Managers S.A for the Commission is built on several operational, financial and audit reports provided by Cube Infrastructure Managers S.A among which:

- report on the implementation of the tasks entrusted
- the accounts drawn up for the expenditure incurred in the execution of the entrusted tasks; accompanied by a management declaration confirming that a) the information is properly presented, complete and accurate, b) the expenditure was used for its intended purpose, c) the control systems put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions
- a summary of the final audit reports and of controls carried out, including an analysis of the nature and extent of errors and weaknesses identified in systems, as well as corrective action taken or planned
- an opinion of an independent audit body establishing whether the accounts give a true and fair view, whether the control systems put in place function properly, and whether the underlying transactions are legal and regular

In addition, another support for the assurance lies with the fact that the Fund, which involves EFSI and EIB's own capital, is also supervised by the EIB Group.

Control results

During 2021, CONNECT effected payments to Cube Infrastructure Managers S.A amounting to EUR 13.45 million.

CONNECT, from its own desk monitoring and the review of the above-mentioned reports (and other additional operational reporting) received from Cube Infrastructure Managers S.A, did not identify issues or weaknesses which would affect the assurance related to the implementation of CEF Equity Instrument – Connecting Europe Broadband Fund ('CEBF').

Overall, CONNECT has reasonable assurance regarding the implementation of the CEF Equity Instrument – Connecting Europe Broadband Fund ('CEBF') and considers that the EU funds transferred to Cube Infrastructures Managers S.A. are used for the intended purposes and that the controls in place are cost-effective.

Cultural and Creative Sectors Guarantee Facility

The implementation of the Cultural and Creative Sectors Guarantee Facility (CCS GF) under Creative Europe programme is entrusted to the European Investment Fund (EIF) in compliance with the Financial Regulation, the Financial and Administrative Framework Agreement and specific conditions laid down in the Delegation Agreement signed by the Commission and the EIF ⁽³⁰⁾. Full reporting on control results (effectiveness as regards legality and regularity, efficiency and cost effectiveness and Fraud prevention and detection) is part of the Delegation Agreement in force.

Entity	Type	Purpose	Payments (million EUR)
European Investment Fund - Cultural and Creative Sectors Guarantee Facility	Financial Instrument	The CCS GF is managed by the EIF on behalf of the Commission in the context of the Creative Europe programme. The Facility benefits micro, small and medium-sized enterprises in the cultural and creative sectors, often facing difficulties in accessing loans, based in any of the participating countries.	11.79

Supervision arrangements

The Delegation Agreement provides for detailed supervision arrangements. Those provisions require the EIF to undertake comprehensive and timely monitoring of CCS GF Transactions under the CCS GF, covering financial intermediaries, financial sub-intermediaries and final recipients, and to report on the monitoring activities to the Designated Service. In line with the provisions of the Delegation Agreement, the reports are delivered on annual, quarterly or monthly basis.

Based on its own controls, the EIF shall monitor the compliance of the operations with this Delegation Agreement, assess the eligibility of financial intermediaries, monitor the eligibility

⁽³⁰⁾ On the 30 June 2016 and amended on 12 December 2017 and on 9 January 2020.

of the final recipients, and monitor the proper execution by the financial intermediaries of their contractual obligations, including their reporting obligations.

The EIF shall require the financial intermediary to monitor the contractual compliance of the agreements with final recipients, where applicable, assess the eligibility of financial sub-intermediaries, and monitor the eligibility of final recipients.

The Commission may exercise further controls to validate the operational and financial reporting received from the EIF. The Commission may request the EIF to transmit representative and/or risk-based samples of transactions.

Control results

CONNECTs supervision of this financial instrument did not identify particular issues that would need to be included in this report. Thus, CONNECT considers that its supervision of the CCS GF was effective and appropriate. In particular, the operational and financial reporting (monthly, quarterly and annual reports) provided sufficient and relevant information and figures to ensure sound and efficient management of the policy aspects of this financial instrument.

C) Fraud prevention, detection and correction activities developed within CONNECT in 2020 (Section 2.1.1, ‘fraud prevention, detection and correction’ of the AAR)

Based on CONNECT’s 2021 Management Plan, the following measures to minimize the risk of fraud in the DG were taken during 2021:

Objective: The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission Anti-Fraud Strategy (CAFS) ⁽³¹⁾ aimed at the prevention, detection and correction ⁽³²⁾ of fraud

Main outputs in 2021:

Output	Indicator	Target	Latest known results (situation on 31/12/2021)
Implementation of the anti-fraud strategies (Research Anti-Fraud Strategy, CONNECT)	% of implementation of actions planned in the anti-fraud strategies	100%	100%
Participation in the	Number of meetings	2	3

⁽³¹⁾ Communication from the Commission ‘Commission Anti-Fraud Strategy: enhanced action to protect the EU budget’, COM(2019) 176 of 29 April 2019 – ‘the CAFS Communication’ – and the accompanying action plan, SWD(2019) 170 – ‘the CAFS Action Plan’.

⁽³²⁾ Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.

Fraud and Irregularities in Research Committee			
Fraud risk awareness raising training and similar anti-fraud training	% of newcomers trained (=staff involved in procurement and grant management for less than 2 years)	90%	31% Two training sessions on anti-fraud were organised in January and June 2021. 85 staff participated. The number of newcomers in the last two years was 39 staff.
Revised anti-fraud strategy	Adoption of the revised anti-fraud strategy by CONNECT	Q4 2021	Adopted in January 2022
Cooperation with OLAF	Participation in the Fraud Prevention and Detection Network meetings	Participation in all Network meetings	100% participation (8 meetings)
Use of the anti-plagiarism tool	Number of requests to use the anti-plagiarism tool	More than 8 requests	25 requests

D) Detailed analysis of efficiency indicators

CONNECT's control system for grant management under direct management is divided into four distinct stages – programming, evaluation and selection of proposals (stage 1), contracting (stage 2), monitoring the execution of the projects (stage 3) and ex-post controls and recoveries (stage 4). Key efficiency indicators have been defined for each stage of the process.

Stage one: Programming, evaluation and selection of proposals

The first stage concerns the preparation and the publication of the calls for proposals and the subsequent evaluation of the received proposals. The overall control objective of this stage is to ensure that the most promising projects, meeting the policy objectives, are among the selected proposals. In order to ensure this control objective, CONNECT has put in place a set of rules and procedures that are objective, transparent and ensure equal treatment of all applicants.

The selection process implies an initial screening of the submitted proposals to assess their admissibility and eligibility. In a second stage the eligible proposals are evaluated by an independent evaluation panel and an adequate evaluation review procedure is put in place in case of complaints regarding the evaluation. The aim of all steps in this process is to ensure a robust and transparent selection which in turn will guarantee the highest value for money return.

The key indicator which can be used to measure the efficiency of this stage is the time-to-inform.

CONNECT complied with this control cost-effectiveness indicator (target: above 95%). In 100% of the cases, the applicants were informed of the results of the evaluation within the maximum time-to-inform period of 5 months (average time to inform was 101 days in 2021 compared to 108 days in 2020 and 114 days in 2019).

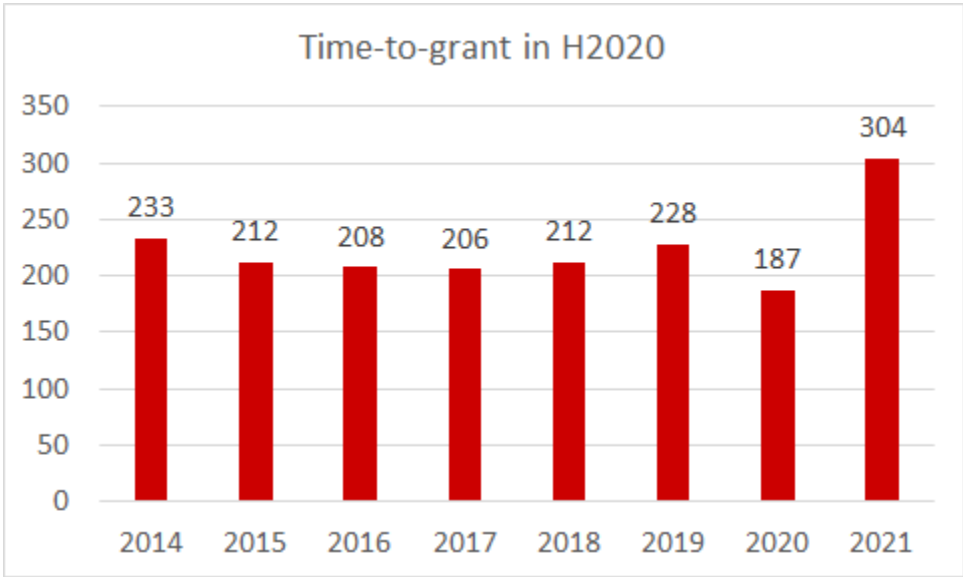
Stage two: grant preparation/contracting

After a sound and transparent selection process, the next stage consists of formalizing the contractual side of the proposals. The overall control objective of this stage is translating each of the selected proposals into legally binding grant agreements, allowing for the management of both the scientific and financial aspects of the projects and to ensure the best value for money output of each of the contracted projects.

Proposals under Horizon 2020 are expected to be mature and ready to be implemented without the need for substantial adjustments in the scope and repartition of the scientific work, the duration or the maximum financial contribution for the project. Given that no negotiation phase is foreseen for this programme, the difference between the recommended funding and the final grant awarded is negligible.

The key indicator which can be used to measure the performance of this stage is the time-to-grant.

The time-to-grant is the length of the time between the closure date of the call for proposals and the date of the signature of the grant agreement. The TTG indicator shows the average period between the calls' closure date and the grants' signature. The evolution of the TTG for Horizon 2020 is shown in the table below.



In 2021, 8 H2020 projects were signed for a total EC contribution of EUR 83.2 million and a total budgeted cost of EUR 116.6 million. The average TTG of these projects was 304 days.

The increased time to grant compared to previous years relates to the fact that very few H2020 grants remained to be signed in 2021 and for some of them the grant preparation

process prior to the grant signature was particularly complex, involving changes in the consortium or non-respect of the deadlines by the consortium for their legal entity validation.

The legal TTG (eight months or 245 calendar days) was complied with in 50% of the grants, so below the target of 95% for this indicator.

The main benefits of the grant preparation/contracting stage consist in translating valuable scientific ideas into legally binding grant agreements in a way that ensures an optimal allocation of EU funds.

Stage three: monitoring the execution

The overall control objective of this stage is to ensure that the projects are performing according to their schedule and that the financial operations comply with regulatory and contractual provisions.

The execution of the projects is monitored through different tools, the ex-ante controls being one of the most important ones at the time of cost claims submitted by the beneficiaries. Other monitoring measures include the assessment of the technical reports, which in some Programmes may have further pre-financing implications and commitments adjustments (only applicable to multi-annual programmes), as well as direct and regular contacts with the beneficiaries and project promoters, technical site visits, project management workshops, among others.

The key indicators which can be used to measure the performance of this stage are the time-to-pay (TTP and the average time to pay monitors/independent experts.

The 'time-to-pay (%)' indicator measures the payment amount accepted on time (in percentage). Since 2020, a corporate standard indicator 'timely payments (%)' has been chosen for the reporting of the time-to-pay. It is also presented in the Financial Scorecard (Annex 4).

CONNECT continued its efforts to maintain the low late payments, in line with the tighter deadlines imposed by the Financial Regulation.

For the year 2021, 100% of the total payment accepted amounts paid on time. CONNECT complied with this efficiency indicator (target: above 95%). The average time for payments made on time is 17.5 days. The overall average payment time is 17.9 days.

2021	2020	2019	2018	2017	2016	2015
100.0%	100,0%	99.0%	98.5%	97.2%	97.6%	93.4%

Table: Evolution of the TTP in CONNECT (%)

The average time for paying independent experts assessing technical reports in reviews in 2021 is 8, calendar days compared to 8.9 days in 2020. This is well within the binding deadline of 30 days for payments, imposed by the Financial Regulation.

Stage four: ex-post controls

The fourth stage includes the ex-post audits as well as the recovery of any amounts found to have been paid in excess of the amount due. The results of the audits, namely the error rates, are detailed in the section dedicated to the control results in terms of effectiveness as regards legality and regularity. Unlike the other stages of the grant management control system, the scope of the audit stage is wider than just CONNECT. The Common Audit Service (CAS) is responsible for representative FP7 audits for all DGs of the Research Family, and for all Horizon 2020 audits (including executive agencies and joint undertakings).

A detailed analysis of the work performed by the Common Implementation centre (CIC) can be found in DG RTD's Annual Activity Report.

The benefit of ex-post controls in terms of adjustment, recoveries and offsetting is set out above; however, the real benefit of the ex-post controls, including the deterrent and training effect, cannot be fully quantified.

E) The cost of controls (for direct management and for supervision)

The control system for grant management is divided into four distinct stages. Key indicators have been defined for each stage of the process.

The table below provides an estimate of the total costs of control for direct grant management within CONNECT. It also includes the costs of the common shared services by the Research Executive Agency and the Common Implementation Centre hosted by DG RTD. The estimated cost of controls for each of the four stages was calculated based on the corporate methodology for the estimation, assessment and reporting on the cost-effectiveness of controls. The estimated cost of controls of CONNECT is given for each of the different grant management stages. The complete picture is shown in the table below.

As the Common Implementation Centre (CIC) is a corporate service whose work is crucial for the assurance model of all members of the Research Family, its costs are presented in this report as a whole. The support services provided by REA to the Horizon 2020 implementing bodies is part of this family-wide integrated control system as well.

Cost of controls indicator in direct grant management	Costs (EUR million)			2021 Operational Payments H2020 Family	Overall rate (total costs/total amount paid)
	Internal costs	External costs	Total		
Common Implementation Centre (CIC)				Total amount (EUR million)	%
Ex-ante controls (mainly common services for IT systems and operations)	6.70	35.00	41.70	7,636.50	0.55%
Ex-posts audits	8.50	1.60	10.10		0.13%

TOTAL (CIC)	15.1	36.6	51.7		0.68%
Evaluation Experts costs paid by REA	12.4	24.5	36.90	5,900.30	0.63%

More details of the estimated cost related to shared/pooled control activities carried out by REA and hosted by DG RTD (Common Implementation Centre; Common Audit Service; Common Policy Centre) for the Research and Innovation family are reported in the Annual Activity Reports of REA and DG RTD.

CONNECT Costs of controls grant management	Internal costs	External costs	Total	2021 Operational payments for grants CONNECT (H2020, FP7, etc)	Overall Rate
Stage 1 – programming and evaluation	3.93	0.03	3.96	527.51	0.75%
Stage 2 – contracting	2.95	0.10	3.05	527.51	0.58%
Stage 3 – monitoring the execution (financial circuits)	21.22	0.52	21.74	527.51	4.12%
Stage 4 – ex-post controls and recoveries	0.79	0	0.79	527.51	0.15%
TOTAL CONNECT costs of controls grant management	28.89	0.65	29.54	527.51	5.60%

Table: Overall cost of controls indicator for direct grant management including the shared services costs

CONNECT costs of control

The total cost of control within CONNECT can be evaluated at approximately EUR 29.54 million, corresponding to 5.60% of the total operational grant payments made in 2021.

As also explained in the AAR section 2.1.1. Control results, the increase of the overall rate is mainly due to the very important decrease of total operational grant payments from EUR 1 438,99 million in 2020 to EUR 527.51 million in 2021. It is mainly due to three reasons: (1) phasing out of legacy programmes such as H2020, FP7 (2) delegation to Executive Agencies of an important part of the portfolio of legacy programmes' grants (H2020) and (3) delay of the launch of the call of proposals for the programmes of the new MFF 2021-2027 (Horizon Europe, Digital Europe Programme, CEF Digital) which was in its turn due to the late adoption of the new MFF 2021-2027, of the legal basis for the new programmes and of the related work programmes.

The increase of the overall rate is also linked to a lesser extent to the increase of overall staff costs from EUR 27.58 million in 2020 to EUR 29.54 million in 2021. While the total

number of FTEs dedicated to controls for grant management was stable, the average salary costs (inflation) increased for all categories of staff.

The costs incurred by CONNECT for the monitoring and the supervision of the entities entrusted with budget implementation tasks amounts, approximately, to EUR 5.06 million. They include primarily personnel costs (in total 35 Full Time Equivalents). Personnel costs relate in particular to the monitoring activities (via the supervisory Committees), the preparation of budgets (for executive agencies), the assessment of the annual activity reports and other periodic documents/reports as well as the annual work programmes.

The average cost of monitoring and supervision of the entrusted entities (i.e. Executive Agencies, KDT JU, EuroHPC JU, SNS JU, AAL Association, BEREC/BEREC Office, ENISA, ECCC, ESA, EUMETSAT, ECMWF, UNDISA, the Financial Instruments and other DGs with cross delegated budget implementation tasks) represents 0.48% of the operational payments made to these entities.

Year	Payments made (million EUR)	Estimated costs of control	Ratio
2019	683.31	3.57	0.52%
2020	807.70	3.99	0.49%
2021	1049.04	5.06	0.48%

Table: Evolution cost of controls Indirect Management at DG/Commission level

The table below provides a more detailed overview of the supervision and monitoring cost per entity in 2021:

Entity	Payments made (million EUR)	Estimated costs of control	Ratio
EC services through cross delegations ⁽³³⁾	0.94	0.102	10.83%
Executive agencies	676.80	1.738	0.26%
EuroHPC	116.09	0.746	0.64%
KDT (former ECSEL)	167.27	0.674	0.40%
ECCC	NA	0.739	NA
SNS	NA	0.107	NA
BEREC Office	7.28	0.347	4.76%
ENISA	22.83	0.121	0.53%
Active and Assisted Living Association	11.16	0.121	1.08%

⁽³³⁾ For 'Administrative expenditure cross delegated', the supervision arrangements are based on the principle of controlling 'with' the relevant entity. Being a Commission service itself, the Authorising Officer by delegation (AOD) of the cross-delegated service is required to implement the expenditure/ appropriations subject to the same rules, responsibilities and accountability arrangements, notably on efficiency and cost effectiveness.

Financial Instrument (CCS GF)	11.79	0.245	1.33%
Financial Instrument - CEF	13.45	0.090	
ESA, EUMETSAT, ECMWF, UNDISA	21.41	0.033	0.15%
TOTAL	1,049.04	5.06	0.48%

Out of the total payments made of EUR 1 049.04 million, EUR 676.80 million constitute the delegated budget entrusted to the four executive agencies for which CONNECT is parent DG. The actual transfer of funds was not directly effected by CONNECT, it was made by the Commission central service BUDG.

CONNECT has increased its level of budget managed through cross-subdelegations under the MFF 2021-2027. However, the increase of the overall rate (10.83%) is mainly due to the very low level of payments during 2021 (EUR 0.94 million) which is mainly due to the late adoption of Memoranda of Understanding which was in its turn due to the late adoption of the new MFF 2021-2027, of the legal basis for the new programmes and of the related Work Programmes.

The estimated cost of control has also been calculated at entrusted entity level.

Entity	Payments made (million EUR)	Management/ Remuneration fees paid	Ratio
EC services through cross-sub delegations	0.94	-	N/A
CINEA	0.20	-	N/A
HADEA	255.31	2.11	N/A
REA	120.10	-	N/A
EISMEA	219.05	-	N/A
EACEA	82.14	-	N/A
EuroHPC	116.09	3.08	2.65%
KDT	167.27	3.83	2.29%
AAL	11.16	1.24	11.11%
BEREC	7.28	5.00	68.65%
ENISA	22.83	14.65	64.16%
Financial Instrument - CCSGF	11.79	1.83	15.52%
Financial Instrument - CEBF	13.45	1.39	10.34%
Contribution to EUMETSAT	1.39	0.10	7.00%
Contribution to ESA	10.50	7.00	66.69%
Contribution to ECMWF	9.40	0.66	7.00%
Contribution to UNDESA	0.12	0.01	7.00%
TOTAL	1,049.04	40.89	3.90%

F) Additional information on audit observations and recommendations (Section 2.1.2 of the AAR)

Internal Audit Service (IAS) - audits closed during 2021 (including January 2022)

Audit on implementation of audit results in Horizon 2020

This multi-DG audit addressing the R&I family assessed the effectiveness of the arrangements for the implementation of audit results, with a particular attention for the handling of sensitive and/or contentious audits. CONNECT did not receive any specific recommendation from the IAS.

IAS - audits started during 2021 and ongoing at the end of January 2022

Audit on the preparedness of the EIC

The objective of the audit is to assess the effectiveness of the management and control system for the implementation of the European Innovation Council (EIC) and the European Innovation Ecosystems (EIE).

Audit on the performance framework for research

The audit focuses on the design of the framework. The IAS may verify the implementation in a selection of implementing bodies. In the first stage of the preliminary survey, the IAS has targeted Horizon Europe's Cluster 5 'Climate, Energy & Mobility'.

Limited conclusion of the Internal Auditor on the state of Internal Control in CONNECT

In its contribution to the 2021 AAR process, the IAS provided a limited conclusion on the state of internal control in CONNECT. The IAS concluded that the internal control system in place for the audited processes are effective.

CONNECT does not have any 'critical' or 'very important' open recommendation from the IAS.

State of play of the implementation of IAS recommendations

The 2021 final overview report on the state of implementation of IAS recommendations lists one pending recommendation stemming from the audit on anti-fraud in the research area and concerns the handling of projects under the European Anti-Fraud Office (OLAF) investigation and their reinforced monitoring.

The recommendation is due for the first quarter of 2021 and its full implementation depends on central guidance to be provided by the CIC.

During 2021 CONNECT closed all the recommendations regarding the following audits:

- Audit on Wifi4EU
- Audit on better regulation
- Audit on CEF-Telecom
- Audit on the management of experts

European Court of Auditors (ECA)

ECA Audits closed in 2021 (including January 2022) with involvement of CONNECT

Special report on security of 5G networks

This audit assessed whether the EU and its Member States are implementing secure 5G networks in a timely and concerted manner. CONNECT has received three main groups of recommendation (eight recommendations in total) related to: the deployment of 5G networks; the need for a concerted approach to 5G security across Member States; and the assessment of the impact of divergent security approaches on the single market.

The ECA published the final report in January 2022 and concluded that despite the Commission's support, there are delays in Member States' implementation of 5G networks. Regarding security, the ECA recognises the usefulness of the Toolbox although there is still a risk for a non-concerted approach to 5G cybersecurity.

Special report on disinformation

This multi-DG audit (Secretariat-General, DG Communication, CONNECT, DG Justice and Consumers, DG Budget, European External Action Service) assessed the Union's efforts to fight disinformation. The ECA examined the EU action plan against disinformation in terms of its relevance and the results achieved. CONNECT received three main groups of recommendations (nine recommendations in total) on: the monitoring and accountability of online platforms; the adoption of a media literacy strategy; and the need for the European Digital Media Observatory (EDMO) to achieve its ambitious objectives.

ECA Audits started in 2021 and ongoing at the end of January 2022

Special report on eGovernment

The audit, for which the fieldwork has been mainly carried out in 2021, assesses the design, effectiveness and monitoring of the 2016-2020 eGovernment action plan. In particular, the ECA is focusing on the assessment of those actions of the plan targeting businesses.

Special report on SME internationalisation

This multi-DG audit (DG Internal Market, Industry, Entrepreneurship and SMEs, CONNECT, Executive Agency for Small and Medium-sized Enterprises, DG Trade, DG Research and Innovation) assesses if the EU policy for small and medium-sized enterprises internationalisation is supported by a coherent and coordinated strategy and if the key actions, managed directly by the different services of the Commission, effectively support

that strategy. The ECA specifically analyses the start-up Europe initiative, managed by CONNECT, as one of the case studies.

Special report on free movement during the COVID-19 crisis (Phase II)

The audit assesses whether the Commission took effective action to protect the right to free movement in the context of the COVID-19 crisis. The phase II of the audit includes an assessment of the digital COVID certificate.

Special report on digitalisation of schools

The audit assesses the effectiveness of EU support for the digitalisation of schools, including connectivity aspects.

State of play of the implementation of ECA recommendations

At the end of 2021 and the first quarter of 2022, CONNECT has 16 open ECA recommendations:

- two from the report on the DEI initiative;
- three from the audit on disinformation.
- eight from the audit on security of 5G networks.
- three from the audit on SME internationalisation.

CONNECT is working to implement all these recommendations. In addition, CONNECT is also cooperatively working with the correspondent lead services to address other recommendations from the ECA annual report as well as from the audits.

Discharge recommendations open at the end of 2021

The other open recommendation from the European Parliament with CONNECT as the lead service concern a recovery order from 2012 following an ECA audit, for which the Commission Legal Service is working to enforce a final Court judgement.

SECTION 2

Table Y - Overview of CNECT's estimated cost of controls at Commission (EC) level

The absolute values are presented in EUR

EXPENDITURE

CNECT	Ex ante controls***			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*	EC total costs	related payments Made	Ratio (%)** (a)/(b)	EC total costs	total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)** (g)/(b)
Direct management - grants	28,756,029.55 €	527,509,852.37 €	5.45%	790,000.00 €	44,225,963.69 €	1.79%	29,546,029.55 €	5.60%
Indirect management - entrusted entities	5,062,440.00 €	1,049,043,270.55 €	0.48%	- €	- €	0.00%	5,062,440.00 €	0.48%
OVERALL total estimated cost of control at EC level for expenditure	33,818,469.55 €	1,576,553,122.92 €	2.15%	790,000.00 €	44,225,963.69 €	1.79%	34,608,469.55 €	2.20%

Notes to the Table Y:

- (1) Details of the estimated cost related to shared/pooled control activities carried out by REA and hosted by DG RTD (Common Implementation Centre; Common Audit Service; Common Policy Centre) for the Research and Innovation family are reported in the Annual Activity Reports of REA and DG RTD.
- (2) Out of the total payments made to entrusted entities of EUR 1 049.04 million, EUR 676.80 million constitute the delegated budget entrusted to the four Executive Agencies for which CONECT is parent DG. The actual transfer of funds was not directly effected by CONECT, the funds were transferred by the Commission central service BUDG.

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

CONNECT assesses on a continuous basis the effectiveness of its internal control systems, in order to determine whether they work as intended and ensuring that any control weaknesses in the system are detected, analysed and considered for improvement.

The annual assessment of the effectiveness of the internal control systems is based on the assessment of the internal control monitoring criteria (ICMC) and the analysis of various sources of information such as the register of deviations, the IAS and ECA recommendations, the risk register and of the main internal control issues mentioned in the 2021 Directorates' Management Reports.

Assessment of the internal control monitoring criteria

CONNECT established the Internal control monitoring criteria to allow the DG to effectively monitor and assess its internal control system and, on that basis, to build on its strengths and to address its weaknesses.

The DG's review of the internal control monitoring criteria was conducted in February and March 2022. Lead units responsible for the internal control principles were asked to report on the internal control monitoring criteria. Where needed, lead services were contacted for further details.

The conclusion of the assessment was positive with remarks in Principles 8 ⁽³⁴⁾ and 13 ⁽³⁵⁾:

- Principle 8 - The % of newcomers trained (=staff involved in procurement and grant management for less than 2 years) was 31% while the target was set at 90%. The low participation may lead to a low awareness in fraud prevention and detection among newcomers. To address this, special attention will be given in 2022 to increase the attendance of newcomers in anti-fraud trainings. Note that as the last training on anti-fraud was given in June, the newcomers between June and December did not yet have the opportunity to follow it.
- Principle 13 - The target to increase in +20% the CONNECT staff members trained in data protection trainings was not reached. The situation as regards staff trained at the end of 2021 was only 29% while the target was set at 44.3% (+20 percentage points with respect to the situation at the end of 2020, 24.3%). This low participation may lead to a low data protection rules awareness among staff. Given the low participation of staff in data protection training sessions and the recent IAS recommendation in this regard, the DPC Team decided to increase its effort to encourage the participation of staff in the data protection courses by providing one

⁽³⁴⁾ The title of the Principle 8 is 'The Commission considers the potential for fraud in assessing risks to the achievement of objectives'.

⁽³⁵⁾ The title of the Principle 13 is 'The Commission obtains or generates and uses relevant quality information to support the functioning of internal control'.

training session per Directorate which will be mandatory and for with invitations sent directly by the respective Director to ensure a high level participation. The DPC Team will also prepare additional guidance to increase awareness among staff.

Register of deviations

The DG has a system in place to ensure the recording of exceptions and non-compliance to procedures/rules through a process of justification by the initiating service, approval by the Director and/or Director-General and the maintenance of a central register. Such events do not represent automatically a weakness in controls, as they could be the result of many factors. Nevertheless, such events are recorded and analysed to find indications of possible underlying, systemic weaknesses.

During the year 2021, a total number of 22 deviations were reported (19 non-compliance events and 3 exceptions). This is a decrease compared to 2020, when 26 deviations were recorded (24 non-compliance events and 2 exceptions). The assessment of potential risks resulting from the deviations did not reveal any control weaknesses.

Internal Audit Service (IAS) and European Court of Auditors (ECA) audit recommendations

CONNECT continued its pro-active supervision and frequent reporting on the state of implementation of the audit recommendations. The state of implementation of the IAS and ECA recommendations is regularly reported to senior management. The list of open recommendations was analysed and the outstanding risks assessed as low as none of the recommendations stemming from these audits are 'critical' or 'very important' (more details are presented in annex 7).

Risk Management

During 2021, CONNECT's risk register has been regularly reviewed by the responsible Directorates, enabling senior management to monitor the evolution of the reported risks as well as to react to changes.

Where necessary and possible, risk mitigating measures were established. The implementation of those were the object of careful attention in 2021.

At the end of 2021, the risk register counted 33 risks: 3 high, 24 medium, and 6 low risks.

Overview of the main internal control issues mentioned in the 2021 Directorates' Management Reports (DMRs)

In their 2021 DMRs, all CONNECT Directors have reported reasonable assurance that risks are under control and that suitable controls are in place and working as intended. No material issues were reported.

The analysis concluded that all Directorates established, maintained and enhanced the management and control systems in order to provide reasonable assurance that suitable

controls are in place and working as intended to reduce or keep the risk exposure at an acceptable level.

Conclusion

CONNECT 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 internal control principles 8 and 13.

As regards principle 8, the participation of newcomers (i.e. staff involved in procurement and grant management for less than 2 years) in anti-fraud trainings in 2021 was lower than expected (31% compared to the target of 90%). The low participation may lead to a lower awareness of fraud prevention and detection among newcomers. To address this, special attention will be given in 2022 to increase the attendance of newcomers in anti-fraud trainings (i.e. organisation of new training sessions on anti-fraud for newcomers).

Concerning principle 13, the level of attendance of data protection training sessions in 2021 continued to be relatively low (29% compared to the target of 44.3%). Despite actions taken in 2021 to increase the level of awareness in data protection (i.e. two general data protection trainings provided to staff; one training focused on data protection issues of experts management; and one training regarding the data protection implications of ethical issues), continuous effort is needed to improve and ensure the awareness of data protection rules among staff. Concrete actions in the form of dedicated mandatory training sessions per Directorate are planned for 2022. For both areas, given the actions envisaged and other risk mitigating measures such as the availability of detailed guidance in both areas, the residual risk is assessed to be low.

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

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

DG CNECT	'payments made' (2021;MEUR)	minus new prefinancing [plus retentions made] (in 2021;MEUR)	plus cleared prefinancing [minus retentions released and deductions of expenditure made by MS] (in 2021;MEUR)	'relevant expenditure' (for 2021;MEUR)	Detected error rate or equivalent estimates	estimated risk at payment (2021;MEUR)	Adjusted Average Recoveries and Corrections [adjusted ARC; %]	estimated future corrections [and deductions] (for 2021;MEUR)	estimated risk at Closure (2021;MEUR)
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
Horizon Europe : Procurement	0.01	0.00	0.00	0.01	0.50% - 0.50%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Horizon Europe : Other	0.89	0.00	0.00	0.89	0.50% - 0.50%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
H2020 : Grants	464.98	- 210.17	512.68	767.49	2.29% - 2.29%	17.58 - 17.58	0.67% - 0.67%	5.14 - 5.14	12.43 - 12.43
H2020 : Procurement	7.44	- 0.09	0.08	7.43	0.50% - 0.50%	0.04 - 0.04	0.00% - 0.00%	0.00 - 0.00	0.04 - 0.04
H2020 : Other	2.05	0.00	0.00	2.05	0.50% - 0.50%	0.01 - 0.01	0.00% - 0.00%	0.00 - 0.00	0.01 - 0.01
FP7 : Grants	0.03	0.00	5.36	5.39	5.44% - 5.44%	0.29 - 0.29	2.22% - 2.22%	0.12 - 0.12	0.17 - 0.17
CEF Legacy : Procurement	13.50	0.00	0.00	13.50	0.50% - 0.50%	0.07 - 0.07	0.00% - 0.00%	0.00 - 0.00	0.07 - 0.07
CEF Legacy : Other	0.01	0.00	0.00	0.01	2.00% - 3.00%	0.00 - 0.00	1.09% - 1.09%	0.00 - 0.00	0.00 - 0.00
Creative Europe : Grants	1.03	- 0.50	0.00	0.53	1.50% - 2.00%	0.01 - 0.01	1.09% - 1.09%	0.01 - 0.01	0.00 - 0.00
Creative Europe : Procurement	0.80	0.00	0.00	0.80	0.50% - 0.50%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Creative Europe Legacy : Grants	0.00	0.00	0.81	0.81	1.50% - 2.00%	0.01 - 0.02	1.09% - 1.09%	0.01 - 0.01	0.00 - 0.01
Creative Europe Legacy : Procurement	0.84	0.00	0.00	0.84	0.50% - 0.50%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Emergency Support Instrument : Grants	17.00	- 16.16	3.31	4.16	2.00% - 3.00%	0.08 - 0.12	1.09% - 1.09%	0.05 - 0.05	0.04 - 0.08
Emergency Support Instrument : Procurement	23.48	0.00	0.00	23.48	0.50% - 0.50%	0.12 - 0.12	0.00% - 0.00%	0.00 - 0.00	0.12 - 0.12
PP/PA : Grants	16.88	- 10.79	4.62	10.72	3.00% - 3.00%	0.32 - 0.32	0.00% - 0.00%	0.00 - 0.00	0.32 - 0.32
PP/PA : Procurement	1.82	0.00	0.00	1.82	0.50% - 0.50%	0.01 - 0.01	0.00% - 0.00%	0.00 - 0.00	0.01 - 0.01
PP/PA : Other	0.02	0.00	0.00	0.02	2.00% - 2.00%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Administrative Expenditure : Procurement	9.69	- 0.03	0.03	9.69	0.50% - 0.50%	0.05 - 0.05	0.00% - 0.00%	0.00 - 0.00	0.05 - 0.05
Administrative Expenditure : Other	0.05	0.00	0.00	0.05	0.50% - 0.50%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Other : Grants (E-comm multimedia prerogative)	27.58	- 1.47	0.57	26.68	1.50% - 2.00%	0.40 - 0.53	1.09% - 1.09%	0.29 - 0.29	0.11 - 0.24
Other : Procurement	2.81	- 0.19	0.11	2.73	0.50% - 0.50%	0.01 - 0.01	0.00% - 0.00%	0.00 - 0.00	0.01 - 0.01
Other : Other	0.45	0.00	0.18	0.63	2.00% - 2.00%	0.01 - 0.01	1.09% - 1.09%	0.01 - 0.01	0.01 - 0.01
Entrusted Entities : AAL (H2020)	11.16	- 11.16	0.00	0.00	2.29% - 2.29%	0.00 - 0.00	0.67% - 0.67%	0.00 - 0.00	0.00 - 0.00
Entrusted Entities : BEREC	7.28	- 7.28	7.05	7.05	0.50% - 1.00%	0.04 - 0.07	0.00% - 0.00%	0.00 - 0.00	0.04 - 0.07
Entrusted Entities : ENISA	22.83	- 22.83	20.41	20.41	0.50% - 1.00%	0.10 - 0.20	0.00% - 0.00%	0.00 - 0.00	0.10 - 0.20
Entrusted Entities : EuroHPC (CEF) Procurement	32.01	0.00	0.00	32.01	0.50% - 0.50%	0.16 - 0.16	0.00% - 0.00%	0.00 - 0.00	0.16 - 0.16
Entrusted Entities : EuroHPC (H2020)	84.08	0.00	0.00	84.08	2.29% - 2.29%	1.93 - 1.93	0.67% - 0.67%	0.56 - 0.56	1.36 - 1.36
Entrusted Entities : KDT (Horizon Europe)	53.89	0.00	0.00	53.89	2.29% - 2.29%	1.24 - 1.24	0.67% - 0.67%	0.36 - 0.36	0.87 - 0.87
Entrusted Entities : KDT (H2020)	113.28	0.00	0.00	113.28	2.29% - 2.29%	2.59 - 2.59	0.67% - 0.67%	0.76 - 0.76	1.84 - 1.84
Financial Instrument - CCSGF	11.79	0.00	0.00	11.79	0.00% - 0.50%	0.00 - 0.06	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.06
Financial Instrument - CEBF	13.45	0.00	0.00	13.45	0.00% - 0.50%	0.00 - 0.07	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.07
Entrusted Entities : EUMETSAT (DEP)	1.39	- 1.39	0.00	0.00	0.50% - 0.50%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Entrusted Entities : ESA (DEP)	10.50	- 10.50	0.00	0.00	0.50% - 0.50%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Entrusted Entities : ECMWF (DEP)	9.40	- 9.40	0.00	0.00	0.50% - 0.50%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Entrusted Entities : UNDESA	0.12	- 0.12	0.00	0.00	0.50% - 0.50%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Cross-delegations to other DGs	0.94	0.00	0.00	0.94	0.50% - 0.50%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Total without contribution to EA's operating budget	963.60	- 302.10	555.22	1 216.72		25.08 - 25.53	0.60% 0.60%	7.30 - 7.30	17.78 - 18.22
					Overall risk at payment in %	2.06% - 2.10%		Overall risk at closure in %	1.46% - 1.50%
						<i>(7) / (5)</i>			<i>(10) / (5)</i>
HADEA	2.11	0.00	0.00	2.11	0.00% - 0.00%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Sub-total contributions (if more than one)	2.11	0.00	0.00	2.11		0.00 0.00		0.00 0.00	0.00 0.00
Total DG (with contributions to EAs)	965.70	- 302.10	555.22	1 218.82					

Notes to the table X

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

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

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

(3) New pre-financing actually paid by out by CONNECT during the financial year (i.e. excluding any pre-financing received as a transfer from another department). Pre-financing paid/cleared" are always covered by the Delegated DGs, even for Cross-SubDelegations.

Incomplete transfers: In 2021, a number of files and their financial transactions were transferred (with their commitments and underlying financial transactions) from DGs to Executive Agencies. However, due to ABAC limitations, the current transfer procedure allows only transfers of commitments (and their financial transactions) with an outstanding balance. Hence, in 2021, for a limited number of transferred pre-financings (16) with commitments having no outstanding balance at the moment of the transfers, the pre-financings payments were transferred to the recipient agency from an accounting side (to EISMEA and HADEA agencies), but the payments implementation stayed with the giving DG (CONNECT). This produces a discrepancy in the AAR reports of DG CONNECT, EISMEA and HADEA entities, as payments are attributed in the payment implementation to the giving DG (CONNECT), whereas the ownership and the clearing responsibility of the pre-financings is attributed to the recipient entity (EISMEA and HADEA). After analysis of the amounts for the 3 concerned entities, the difference does not impact materially the amount at risk.

Cross-subdelegation: For projects implemented through cross subdelegated budget lines, the pre-financings amounts from 2021 appear in the payment implementation of the 'delegator' entity (as the paying authorising DG), whilst the pre-financing and clearing are reported by the 'delegated' entity. The split reporting (budgetary and accounting) is regularized in the next year AAR, when the cross sub-delegations become co-delegations of type II.

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

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

(6) In this column, we disclose the detected error rates or equivalent estimates.

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

(8) The adjusted average recovery and corrections percentage is to some extent based on the 7 years historic Average of Recoveries and financial Corrections (ARC) (i.e. 1.0930805%), which is the best available indication of the corrective capacity of the ex-post control systems implemented by the DG over the past years. The AOD *has adjusted* this historic to take into account any ex-ante elements, one-off events, (partially) cancelled or waived Recovery Orders, and other factors from the past years that would no longer be relevant for the current programmes (e.g. higher ex-post corrections of previously higher errors in earlier generations of grant programmes, current programmes with entirely ex-ante control systems) or that corresponded to exceptional situations in order to come to the best and most conservative estimate of the ex-post future corrections to be applied to the reporting year's relevant expenditure for the current programmes.

2) Reservations

Not applicable

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

a) Human resources management

Objective: CONNECT employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the Commission's priorities and core business			
Indicator 1: Number and percentage of first female appointments to middle management positions Source of data: HR Reporting			
Baseline (2019)	Target (2022)	Latest know results (2021)	
37% (15 female middle managers)	3 first female appointments for CONNECT	45% (5 first female appointments)	
Indicator 2: CONNECT staff engagement index Source of data: 2020/2021 Pulse survey			
Baseline (2019)	Target (2024)	Latest know results (2021)	
68% (EC average of 69%)	Further increase and align with EC average in the next Staff Survey	75% (EC average of 72%) stemming from the 2021 Staff Survey	
Main outputs in 2021:			
Description	Indicator	Target	Latest known results (situation on 31/12/2021)
Gender balance in CONNECT	- Number of first female appointments to middle management positions - Number of women designated as Head of Unit and percentage (baseline: 15 (37%) on 01/12/2019)	- 3 first female appointments for CONNECT by end of 2022 - Increase (>38%, >15)	- 5 first female appointments on 31/12/2021 - 45% of women designated as Heads of Unit on 31/12/2021 (17 out of 37 filled Head of Unit positions)
Staff Engagement Index	Staff Engagement Index	Staff engagement index of 69% - in line with Commission average - at next Staff Survey	75% (EC average of 72%) stemming from the 2021 Staff Survey
Close monitoring and management of job quotas / budget and	Taxation targets met within the deadlines set by the budgetary	Staff reduction laid down in the 2021 allocation of	All taxations targets due by 01/01/2021 were met. Monthly monitoring of

careful assessment of replacements for every departure, in light of the operational and political priorities	authority	establishment plan posts and the appropriations for external personnel	consumptions of appropriations for external personnel at HRC led to controlled 2021 consumption within the budgetary ceiling
Learning & Development Strategy tailored to the skills/ competences/ knowledge required for the delivery of our operational and political priorities	L&D priorities to be adopted as part of the overall HR strategy for the DG	Endorsement by the Management Team of the 2021 L&D priorities	The 2021 L&D priorities were adopted by the Management Team on 14/12/2020 (ref. Ares(2020)7506149)

b) Digital transformation and information management

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

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

Source of data: Modernisation plan

Baseline (2019)	Target (2024)	Latest know results (2021)
10%	100%	40%

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

Source of data: CONNECT

Baseline (2019)	Target (2024)	Latest know results (2021)
10%	80%	25%

Indicator 3: Percentage of staff who attended awareness raising activities on data protection compliance

Source of data: CONNECT's Data Protection Coordinator

Baseline (2019)	Target (2024)	Latest know results (2021)
24,31%	100% of staff	29%

Main outputs in 2021:

Description	Indicator	Target	Latest known results (situation on 31/12/2021)
Implementation of the digital strategy principles	% of implementation of actions planned in	30%	30%

by the most important IT solutions ⁽³⁶⁾	digital modernisation fiches		
Implementation of corporate principles for data governance to key data assets Development of a comprehensive Information Security Plan that can be used as the basis for operationalising the relevant information security policy within CONNECT	% implementation to key data assets Production of the Information Security Plan	30% Q4 2021	30% The Information Security Plan work started but was delayed due to a procurement issue and will be completed in 2022
Adoption of records for new data processing activities	% of identified new data processing operations	100%	43%
Organisation of 2 general data protection trainings	% of staff members trained	Increase of 20% of staff trained	Increase of 4.7% 3 general data protection training sessions were organised with an overall percentage of staff trained of 29%

c) Sound environmental management

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

Main outputs in 2021:

Description	Indicator	Target	Latest known results (situation on 31/12/2021)
Promotion campaign for various EMAS initiatives: - optimal energy use, 'switching off, when not in use'; - optimal waste management and reducing the overall digital footprint - paperless working methods (such as paperless working: e-signatories, financial circuits, collaborative	Number of promotion campaigns	4	- 3 promotion campaigns: Less waste; Green mobility; Greening the Commission - Publication of 'Green' general information and trainings: 12 blog posts in Green@CONNECT

⁽³⁶⁾ The European Commission Digital Strategy (C(2018)7118) calls on Commission services to digitally transform their business processes by developing new innovative digital solutions or make evolve the existing ones.

working tools) - use of 'green items' from EC office supplies' catalogue			
Participate in the end-of-the-year energy saving action, by closing down DG buildings during the end-of-year period	Both CONNECT Brussels buildings participating in the action	Reduction in total energy consumption	Both CONNECT Brussels buildings participated in the action Latest figures available from OIB are 2020. Energy savings for that month are around 5% compared to a 'normal month'
CONNECT University training sessions with relevance to sustainable development, VeloMai, Volunteer for a Green Change, etc. via Green@CONNECT	Number of CONNECT University training sessions and promotion campaigns	4	4: CONNECT University Summer School 2021 on Digital for our Planet 21st of June - 2nd of July 2021, which included 16 training sessions. Dissemination of 3 promotion campaigns: less waste, greening the commission, mobility week.
Increase the number of staff that uses alternative means of transport for their commute	Place chargers for e-bikes in all CONNECT-buildings. Increase the number of bicycle parking places.	BU25: from 1 to 4 BU33: from 0 to 2 EUFO: from 0 to 2 +20% in each building	BU25: 1 BU33: 0 EUFO: 0 As the DG will move from its current Brussels buildings no new investments were done. For Luxembourg, the justification is the low presence of staff in the building due to COVID-19
Finalisation of the application of the COBRACE environmental regulation in the BU25 parking	Placing delimitation equipment; deciding the programming of the access system; signposting; information campaign	28% decrease of parking capacity for CONNECT staff in BU25. This capacity will become available as Park & Ride places for colleagues in the centre	No further decrease of number of parking spaces in BU25 as the DG will move from its current Brussels buildings.
To avoid staff travelling to the office only for a group meeting during a telework-day: facilitate easier and immediate teleconferencing connectivity in meeting rooms	Simplifying the connectivity in meeting rooms to ensure simple plug and play teleconferencing from the personal laptop while using the screens, cameras and sound of the meeting room	80% of all CONNECT meeting rooms	20% of the current facilities have been upgraded to-bring -your-own-device. This is lower than planned considering the COVID-situation and the move to a new building in Brussels

d) Example of initiative to improve economy and efficiency of financial and non-financial activities

The *Digital Europe* structure and implementation focuses on achieving the objectives in an effective and efficient manner while minimising the cost of the setting up.

The project management procedures for *Digital Europe* were inspired on what already existed for *Horizon Europe* to the possible extent. The same applies for IT tools with *Digital Europe* now fully on boarded to the eGrants corporate software suite. The retrieval of data for programme monitoring and feedback to policy have been designed to also benefit from the eGrants on boarding. In addition, the application of ownership control checks in *Digital Europe* was planned to be implemented in compliance with a corporate process which has been agreed with other Directorate Generals and for other programmes. Within CONNECT, the handling will be aligned for *Horizon Europe* and *Digital Europe*, to ensure some additional efficiency.

CONNECT has created a coordination group on executive agencies which is aimed at streamlining the relations with the Executive Agencies across the different units and programmes.

CONNECT started and is now completing the drafting of the *Digital Europe* Memorandum of Understanding with the European Health and Digital Executive Agency.

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

A. Key Digital Technologies (KDT) Joint Undertaking (successor of the Electronic Components and Systems for European Leadership (ECSEL) Joint Undertaking)

1. Programmes concerned:	<p>Horizon 2020 - the Framework Programme for RTD (2014-2020) - PART II. PRIORITY Industrial leadership, under specific objective - Leadership in enabling and industrial technologies</p> <p>On 30 November 2021, Council Regulation (EU) 2021/2085 entered into force and set up the KDT Joint Undertaking, that replaces and repeals the Council Regulation establishing ECSEL Joint Undertaking. The KDT Joint Undertaking's concerned Programme is Horizon Europe, the Framework Programme for RTD (2021-2027).</p>
2. Annual budgetary amount entrusted / payments made	EUR 167.27 million
3. Duration of the delegation:	<p>For ECSEL: 27 June 2014 - 31 December 2024</p> <p>For KDT: 30 November 2021 – 31 December 2031</p>
4. Justification of recourse to indirect centralised management:	Required by the Council Regulation establishing ECSEL Joint Undertaking and by the Council Regulation (EU) 2021/2085 establishing the KDT Joint Undertaking.
5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis etc):	Set out in the Council Regulation establishing the ECSEL Joint Undertaking and the Council Regulation (EU) 2021/2085 establishing the KDT Joint Undertaking as Union bodies
6. Summary description of the implementing tasks entrusted.	<p>The ECSEL JU shall carry out the following tasks:</p> <p>(a) support financially research and innovation indirect actions, mainly in the form of grants;</p> <p>(b) implement the tasks related to the operations of the Participants Guarantee Fund (PGF) for all the grants awarded by the ECSEL JU, according to the rules set out in the Rules for Participation and the Commission Decision on the financial management of the Participants Guarantee Fund C (2013) 9092, that establishes that the Executive Director of the ECSEL JU as the Authorising Officer (AO) will be responsible:</p> <p>- for retaining, from each initial pre-financing, 5% of the maximum grant amount provided for in the grant agreement and for transferring this amount from their specific account to the PGF;</p>

	<p>- for returning PGF contributions to beneficiaries, for PGF interventions and for receipts.</p> <p>(c) ensure sustainable management of the ECSEL JU;</p> <p>(d) develop close cooperation and ensure coordination with European (in particular Horizon 2020), national and transnational activities, bodies and stakeholders, aiming at fostering a fertile innovation environment in Europe, creating synergies and improving exploitation of research and innovation results in the area of electronic components and systems;</p> <p>(e) define and make any necessary adjustments to the multiannual strategic plan;</p> <p>(f) draw up and implement work plans for executing the multiannual strategic plan;</p> <p>(f) initiate open calls for proposals, evaluate proposals, and award funding to indirect actions through open and transparent procedures within the limits of available funds;</p> <p>(g) publish information on the indirect actions;</p> <p>(h) monitor the implementation of the indirect actions and manage the grant agreements or decisions;</p> <p>(i) monitor overall progress towards achieving the objectives of the ECSEL JU;</p> <p>(j) engage in information, communication, exploitation and dissemination activities by applying mutatis mutandis Article 28 of Regulation (EU) No 1291/2013, including making the detailed information on results from calls for proposals available and accessible in a common Horizon 2020 e-database;</p> <p>(k) liaise with a broad range of stakeholders, including research organisations and universities.</p> <p>The KDT Joint Undertaking shall, inter alia:</p> <ol style="list-style-type: none"> a) provide financial support, mainly in the form of grants, to research and innovation indirect actions, selected following open, transparent and competitive calls except in duly justified cases specified in their work programme in order to set additional conditions requiring the participation of members of the joint undertaking or their constituent or affiliated entities; b) define and implement its work programme; c) promote the involvement of SMEs and start-ups in their activities and ensure the provision of timely information to them, in line with the objectives of Horizon Europe; d) identify and report, in line with the common policy feedback framework and with strategies and actions to support the European Green Deal objectives, the relevant knowledge acquired from the management of research and innovation projects and their results to the Commission to serve as input for monitoring, evaluating and rectifying, where necessary, existing policy measures or shaping new policy initiatives and decisions. <p>All the tasks of the KDT Joint Undertaking are listed in Article 5 of Council Regulation (EU) 2021/2085.</p>
--	---

B. European High Performance Computing (EuroHPC) Joint Undertaking

1. Programmes concerned	<p>Connecting Europe Facility (CEF) — Telecommunication Networks and in particular of projects of common interest in the area of digital service infrastructures.</p> <p>Horizon 2020 – In particular the ‘Strengthening research in future and emerging technologies’ and the ‘Strengthening European research infrastructure, including e-infrastructure’ segments of the priority ‘Excellent Science’ and the ‘Information and communications technology’ segment of the priority ‘Industrial leadership’.</p> <p>Horizon Europe – ‘Digital, Industry and Space’. It shall have the objective of putting Europe back at the forefront of supercomputing technology and of providing researchers, industry, SMEs and public authorities with access to world-class supercomputers unleashing their innovation and transformation potential.</p> <p>Digital Europe Programme – It is intended to cover SO1 actions to build-up and strengthen the Union’s high-performance computing and data processing capacities, and ensure their wide use both in areas of public interest such as health, climate, environment, and security, and by industry, notably SMEs.</p> <p>Connecting Europe Facility (CEF) Digital – HPC Backbone Tera-bit Connectivity</p>
2. Annual budgetary amount entrusted / payments made	EUR 116.09 million
3. Duration of the delegation	8 August 2021 – 31 December 2033
4. Justification of recourse to indirect centralised management	Required by the Council Regulation (EU) 2021/1173 of 13 July 2021 on establishing the European High Performance Computing Joint Undertaking and repealing Regulation (EU) 2018/1488
5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis etc)	Set out in the Council Regulation establishing the EuroHPC Joint Undertaking as a Union body.
6. Summary description of the implementing tasks entrusted.	<p>The Joint Undertaking will fulfil the objectives from the current Regulation ⁽³⁷⁾:</p> <ul style="list-style-type: none"> – A federated, secure and hyper-connected European HPC and data infrastructure with mid-range supercomputers and at least two top class exascale and two top class post-exascale systems (at least one of each category built with European technology); – Hybrid computing infrastructures integrating advanced computing systems – notably quantum simulators and quantum computers – in HPC infrastructures;

⁽³⁷⁾ Council Regulation (EU) 2021/1173 of 13 July 2021 on establishing the European High Performance Computing Joint Undertaking and repealing Regulation (EU) 2018/1488, OJ L 256, 19.7.2021, p. 3–51.

	<ul style="list-style-type: none"> – A secure cloud-based HPC and data infrastructure for European private users; – HPC-powered capacities and services based on European public data spaces for scientists, industry and the public sector; – Next generation technology building blocks (hardware and software) and their integration into innovative HPC architectures for exascale and post-exascale systems; – Centres of Excellence in HPC applications and industrialisation of HPC software, with novel algorithms, codes and tools optimised for future generations of supercomputers; – Large-scale industrial pilot test-beds and platforms for HPC and data applications and services in key industrial sectors; – National HPC Competence Centres, ensuring a wide coverage of HPC in the EU, with specific services and resources for industrial innovation (including SMEs); – A significant increase for Europe’s workforce in HPC skills and know-how; – Reinforced data storage, processing capacities, and new services, in areas of public interest across the Member States.
--	---

C. Smart Networks and Services JU (SNS)

1. Programmes concerned	<p>Connecting Europe Facility (CEF) — Digital connectivity infrastructure and in particular 5G coverage along major transport paths.</p> <p>Horizon Europe – ‘Digital, Industry and Space’ to develop world-class high-performance computing, data and communication technologies (including Quantum and ‘Beyond 5G’ connectivity).</p>
2. Annual budgetary amount entrusted /payments made	The SNS was established through Council Regulation (EU) 2021/2085 (19/11/2021) establishing the Joint Undertakings under Horizon Europe. SNS is not yet autonomous. The Commission services will carry out SNS activities until its autonomy. There were no activities on behalf of SNS during 2021, No payments made during 2021.
3. Duration of the delegation	30 November 2021 – 31 December 2031
4. Justification of recourse to indirect centralised management	Required by Council Regulation (EU) 2021/2085 (19/11/2021) establishing the SNS Joint Undertaking.
5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis etc)	Set out in Council Regulation (EU) 2021/2085 (19/11/2021) establishing the SNS Joint Undertaking as Union bodies
6. Summary description of the implementing tasks entrusted	<p>The SNS Joint Undertaking shall, inter alia:</p> <ul style="list-style-type: none"> a) provide financial support, mainly in the form of grants, to research and innovation indirect actions, selected following open, transparent and competitive calls except in duly justified cases specified in their work programme in order to set additional conditions requiring the participation of members of the joint undertaking or their constituent or affiliated entities; b) define and implement its work programme;

	<p>c) promote the involvement of SMEs and start-ups in their activities and ensure the provision of timely information to them, in line with the objectives of Horizon Europe;</p> <p>d) identify and report, in line with the common policy feedback framework and with strategies and actions to support the European Green Deal objectives, the relevant knowledge acquired from the management of research and innovation projects and their results to the Commission to serve as input for monitoring, evaluating and rectifying, where necessary, existing policy measures or shaping new policy initiatives and decisions.</p> <p>All the tasks of the SNS Joint Undertaking are listed in Article 5 of Council Regulation (EU) 2021/2085 of 19/11/2021.</p>
--	--

D. European Cybersecurity Competence Centre (ECCC)

1. Programmes concerned	Digital Europe and, under certain conditions, Horizon Europe
2. Annual budgetary amount entrusted /payments made	CONNECT carries out the activities on behalf of the ECCC until its autonomy. The related payments made by CONNECT during 2021 are included in the CONNECT total payments made (as reported in section 2.1.1 of the AAR).
3. Duration of the delegation	As of autonomy, until 2029
4. Justification of recourse to indirect centralised management	Required by Regulation (EU) 2021/887 of the European Parliament and of the Council of 20 May 2021
5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis etc)	Set out by Regulation (EU) 2021/887 of the European Parliament and of the Council of 20 May 2021
6. Summary description of the implementing tasks entrusted	<p>In accordance with Article 5 of Regulation (EU) 2021/887 the European Cybersecurity Competence Centre shall have the following tasks:</p> <p>(a) strategic tasks; and</p> <p>(b) implementation tasks.</p> <p>1. The strategic tasks referred to in point (a) of paragraph 1 shall consist of:</p> <p>(a) developing and monitoring the implementation of the Agenda;</p> <p>(b) through the Agenda and the multiannual work programme, while avoiding any duplication of activities with ENISA and taking into account the need to create synergies between cybersecurity and other parts of Horizon Europe and the Digital Europe Programme:</p> <p>(i) establishing priorities for the work of the Competence Centre in relation to:</p> <p>(1) the enhancement of cybersecurity research and innovation, covering the entire innovation cycle, and the deployment of that research and innovation;</p> <p>(2) the development of cybersecurity industrial, technological and research capacities, capabilities, and infra- structure;</p> <p>(3) the reinforcement of cybersecurity and technology skills and</p>

	<p>competence in industry, technology and research and at all relevant educational levels, supporting gender balance;</p> <ul style="list-style-type: none"> (4) the deployment of cybersecurity products, services and processes; (5) support for the uptake by the market of cybersecurity products, services and processes contributing to the mission set out in Article 3; (6) support for the adoption and integration of state-of-the-art cybersecurity products, services and processes by public authorities at their request, by demand-side industries and by other users; <ul style="list-style-type: none"> (ii) supporting the cybersecurity industry, in particular SMEs, with a view to strengthening Union excellence, capacity and competitiveness with regard to cybersecurity, including with a view to connecting to potential markets and deployment opportunities, and to attracting investment; and (iii) providing support and technical assistance to cybersecurity start-ups, SMEs, microenterprises, associations, individual experts and civic technology projects; <ul style="list-style-type: none"> (c) ensuring synergies between and cooperation with relevant Union institutions, bodies, offices and agencies, in particular ENISA, while avoiding any duplication of activities with those Union institutions, bodies, offices and agencies; (d) coordinating national coordination centres through the Network and ensuring a regular exchange of expertise; (e) providing expert cybersecurity industrial, technology and research advice to Member States at their request, including with regard to the procurement and deployment of technologies; (f) facilitating collaboration and the sharing of expertise among all relevant stakeholders, in particular members of the Community; (g) attending Union, national and international conferences, fairs and forums related to the mission, objectives and tasks of the Competence Centre with the aim of sharing views and exchanging relevant best practices with other participants; (h) facilitating the use of results from research and innovation projects in actions related to the development of cybersecurity products, services and processes, while seeking to avoid the fragmentation and duplication of efforts and replicating good cybersecurity practices and cybersecurity products, services and processes, in particular those developed by SMEs and those using open source software. <p>2. The implementation tasks referred to in point (b) of paragraph 1 shall consist of:</p> <ul style="list-style-type: none"> (a) coordinating and administrating the work of the Network and the Community in order to fulfil the mission set out in Article 3, in particular by supporting cybersecurity start-ups, SMEs, microenterprises, associations and civic technology projects in the Union and facilitating their access to expertise, funding, investment and markets; (b) establishing and implementing the annual work programme, in accordance with the Agenda and the multiannual work programme, for the cybersecurity parts of: <ul style="list-style-type: none"> (i) the Digital Europe Programme, in particular actions related to Article 6 of Regulation (EU) 2021/694; (ii) joint actions receiving support under the provisions that relate to cybersecurity in Horizon Europe, in particular with regard to Section 3.1.3 of Pillar II of Annex I to Decision (EU) 2021/764, in accordance with the multi-annual work programme and the strategic planning process of Horizon Europe; and (iii) other programmes where provided for in the relevant legislative acts of the Union; (c) supporting, where appropriate, the achievement of Specific Objective 4 – ‘Advanced Digital Skills’ as set out in Article 7 of Regulation (EU)
--	--

	<p>2021/694, in cooperation with European Digital Innovation Hubs;</p> <p>(d) providing expert advice on cybersecurity industry, technology and research to the Commission when the Commission prepares draft work programmes pursuant to Article 13 of Decision (EU) 2021/764;</p> <p>(e) carrying out or enabling the deployment of ICT infrastructure and facilitating the acquisition of such infrastructure, for the benefit of society, industry and the public sector, at the request of Member States, research communities and operators of essential services, by means of, inter alia, contributions from Member States and Union funding for joint actions, in accordance with the Agenda, the annual work programme and the multiannual work programme;</p> <p>(f) raising awareness of the mission of the Competence Centre and the Network and of the objectives and tasks of the Competence Centre;</p> <p>(g) without prejudice to the civilian nature of projects to be financed from Horizon Europe, and in accordance with Regulations (EU) 2021/695 and (EU) 2021/694, enhancing synergies and coordination between the cybersecurity civilian and defence spheres, by facilitating the exchange of:</p> <p style="margin-left: 20px;">(i) knowledge and information with regard to dual-use technologies and applications;</p> <p style="margin-left: 20px;">(ii) results, requirements and best practices; and</p> <p style="margin-left: 20px;">(iii) information with regard to the priorities of relevant Union programmes.</p> <p>3. The Competence Centre shall carry out the tasks set out in paragraph 1 in close cooperation with the Network.</p> <p>4. In accordance with Article 6 of Regulation (EU) 2021/695 and subject to a contribution agreement as defined in point (18) of Article 2 of the Financial Regulation, the Competence Centre may be entrusted with the implementation of the cybersecurity parts under Horizon Europe that are not co-funded by the Member States, in particular with regard to Section 3.1.3 of Pillar II of Annex I to Decision (EU) 2021/764.</p>
--	---

E. Active and Assisted Living (AAL II) Joint Programme

1. Programmes concerned	H2020 Societal Challenges – Health, demographic change and well-being
2. Annual budgetary amount entrusted /payments made	EUR 11.16 million
3. Duration of the delegation	2014-2027
4. Justification of recourse to indirect centralised management	Required by co-decision ⁽³⁸⁾ by the European Parliament and the Council concerning the Community participation in the AAL Joint Programme (represented by the AAL Association, an International ASBL under Belgian Law)
5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis etc):	Set out in co-decision by the European Parliament and the Council on the participation of the Union in the AAL Programme jointly undertaken by several Member States

⁽³⁸⁾ Decision 554/2014/EU of 15 May 2014.

<p>6. Summary description of the implementing tasks entrusted.</p>	<p>The AAL JP shall implement the following tasks set out in the co-decision by the European Parliament and the Council ⁽³⁹⁾:</p> <ol style="list-style-type: none"> 1. Support market-oriented research and innovation projects for active and healthy ageing, which shall demonstrate the capability to exploit the project results within a realistic time frame; the financing of those indirect actions under the AAL Programme shall mainly take the form of grants. It may also take other forms such as prizes, pre-commercial procurement, and public procurement of innovative solutions. 2. Implement actions for the purposes of brokerage, programme promotion, in particular outreach activities to countries not currently participating in the AAL Programme, actions to raise awareness of the current capabilities, foster deployment of innovative solutions and connect supply and demand side organisations and facilitating access to finance and investors may be supported. 3. Draw up and implement annual work plans identifying forms of funding and topics for calls for proposals. 4. Consult with relevant stakeholders (including decision-makers from public authorities, user representatives, private-sector service providers and insurance providers as well as industry, including small and medium-sized enterprises) concerning the applied research and innovation priorities to be addressed. 5. Take into account demographic trends and demographic research in order to provide solutions that reflect the social and economic situation across the Union. 6. Take into account the Union's industrial, climate and energy policies. The AAL Programme shall also promote energy efficiency and reflect the need to tackle energy poverty. 7. Due account shall be taken of gender, ethical, social sciences and humanities and privacy issues, in line with the Horizon 2020 principles and rules. Account shall also be taken of relevant Union and national legislation and international guidelines, in particular regarding the rights to privacy and data protection. 8. In line with the close-to-market nature of the AAL Programme and in compliance with the rules set out in Regulation (EU, Euratom) No 966/2012, the AALA shall ensure time-to-grant and time-to-payment in accordance with Regulation (EU) No 1290/2013 and ensure compliance with them by Participating States during the implementation of the AAL Programme. 9. Each Participating State shall strongly promote, from the earliest stage of all research and innovation projects, the participation of organisations representing demand side actors, including end users. 10. Each Participating State shall co-finance its national participants whose proposals are successful through national agencies that shall, in addition, channel the Union co-funding from the dedicated implementation structure, on the basis of a common project description, which forms part of an agreement to be concluded between the respective national programme management agencies and their national participants for each project. 11. After the closure of a call for project proposals, a central eligibility check shall be carried out by the AALA in cooperation with the designated national programme management agencies. That check shall be performed on the basis of the common eligibility criteria for the AAL Programme which shall be published with the call for project proposals.
--	---

⁽³⁹⁾ Annex II of Decision 554/2014/EU of 15 May 2014.

	<p>12. The AALA shall, with the assistance of the national programme management agencies, check the fulfilment of additional national eligibility criteria set out in the calls for project proposals.</p> <p>13. The national eligibility criteria shall relate only to the legal and financial status of the individual applicants and not to the content of the proposal and shall concern the following aspects:</p> <p>13.1. applicant type, including legal status and purpose;</p> <p>13.2. liability and viability, including financial soundness, fulfilment of tax and social obligations.</p> <p>14. Eligible project proposals shall be evaluated by the AALA with the assistance of independent experts, on the basis of transparent and common evaluation criteria, as set out in the published call for proposals, and a list of projects in order of score shall be produced. Projects shall be selected in accordance with that ranking and taking account of available funding. That selection, once adopted by the General Assembly of the AALA, shall be binding on the Participating States.</p> <p>15. If a project participant fails to meet one or more of the national eligibility criteria or if the corresponding national budget for commitment for funding is exhausted, the Executive Board of the AALA may decide that an additional central independent evaluation of the proposal concerned should be carried out with the assistance of independent experts, in order to evaluate the proposal either without the participation of the participant in question or with a replacement participant, as suggested by project participants.</p> <p>16. Legal and financial issues concerning participants in projects selected for funding shall be handled by the designated national programme management agency. National administrative rules and principles shall be applied.</p>
--	--

F. European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT)

1. Programmes concerned	Digital Europe Programme
2. Annual budgetary amount entrusted /payments made	EUR 1.39 million
3. Duration of the delegation	The contribution agreement was signed with EUMETSAT on 15 December 2021 under the new EU MFF (2021-2027) for 30 months.
4. Justification of recourse to indirect centralised management	<p>The new EU 'Destination Earth' aims at developing a very high precision digital model of the Earth to monitor and simulate natural and human activity, which would allow combining prediction and simulation capacities and connecting environmental challenges with socio-economic impacts and hence enhance the ability to anticipate environmental disasters and their impacts on society.</p> <p>The implementation of the Destination Earth Initiative will rely on the cooperation between the Commission and three global leaders in world-class Earth Observation systems, Earth-system modelling and data assimilation, data and services provision, ie: the European Space Agency (ESA), the European Centre for Medium-Range Weather Forecasts (ECMWF) and the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT) with a view to maximise the synergies and the respective expertise.</p>

	Legal basis: Regulation (EU) 2021/694 of the European Parliament and of the Council of 29 April 2021 establishing the Digital Europe Programme and repealing Decision (EU) 2015/2240 (the 'Digital Europe Regulation').
5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis etc)	As a recognised global leader whose key expertise in world-class Earth Observation systems, Earth-system modelling and data assimilation, data and services provision, EUMETSAT is pivotal to the successful implementation of the Destination Earth. In addition, in its capacity as an entrusted entity under the Copernicus programme it will contribute to the creation of synergies foreseen between Copernicus and the Destination Earth initiative.
6. Summary description of the implementing tasks entrusted	End-to-end development, implementation and operation of the Destination Earth Data Lake and dedicated Data Infrastructure, provision of high value data sets and data tailoring services; technical expertise in design, implementation and operation of state-of-the-art cloud and data federations.

G. European Space Agency (ESA)

1. Programmes concerned	Digital Europe Programme
2. Annual budgetary amount entrusted /payments made	EUR 10.5 million
3. Duration of the delegation	The contribution agreement was signed with ESA on 15 December 2021 under the new EU MFF (2021-2027) for 30 months.
4. Justification of recourse to indirect centralised management	<p>The new EU 'Destination Earth' aims at developing a very high precision digital model of the Earth to monitor and simulate natural and human activity, which would allow combining prediction and simulation capacities and connecting environmental challenges with socio-economic impacts and hence enhance the ability to anticipate environmental disasters and their impacts on society.</p> <p>The implementation of the Destination Earth Initiative will rely on the cooperation between the Commission and three global leaders in world-class Earth Observation systems, Earth-system modelling and data assimilation, data and services provision, i.e.: the European Space Agency (ESA), the European Centre for Medium-Range Weather Forecasts (ECMWF) and the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT) with a view to maximise the synergies and the respective expertise.</p> <p>Legal basis: Regulation (EU) 2021/694 of the European Parliament and of the Council of 29 April 2021 establishing the Digital Europe Programme and repealing Decision (EU) 2015/2240 (the 'Digital Europe Regulation').</p>
5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the	As a recognised global leader whose key expertise in world-class Earth Observation systems, Earth-system modelling and data assimilation, data and services provision, ESA is pivotal to the successful implementation of the Destination Earth. In addition, in its capacity as an entrusted entity under the Copernicus programme it will contribute to the creation of synergies foreseen between Copernicus and the Destination Earth

legal basis etc)	initiative.
6. Summary description of the implementing tasks entrusted	ESA is the core developer, system integrator and operator of the core service platform, responsible for providing programmatic framework; design, implementation, integration of the platform with dedicated data infrastructure, supercomputing Infrastructure elements, digital twins and other enabling digital technologies; management of large industrial procurements, implementation of the “AI-everywhere” approach. It will also coordinate the inputs from other implementing entities as described in the Joint Work Plan annexed to the contribution agreements.

H. European Centre for Medium-Range Weather Forecasts (ECMWF)

1. Programmes concerned	Digital Europe Programme
2. Annual budgetary amount entrusted /payments made	EUR 9.4 million
3. Duration of the delegation	The contribution agreement was signed with ECMWF on 15 December 2021 under the new EU MFF (2021-2027) for 30 months.
4. Justification of recourse to indirect centralised management	<p>The new EU ‘Destination Earth’ aims at developing a very high precision digital model of the Earth to monitor and simulate natural and human activity, which would allow combining prediction and simulation capacities and connecting environmental challenges with socio-economic impacts and hence enhance the ability to anticipate environmental disasters and their impacts on society.</p> <p>The implementation of the Destination Earth Initiative will rely on the cooperation between the Commission and three global leaders in world-class Earth Observation systems, Earth-system modelling and data assimilation, data and services provision, i.e.: the European Space Agency (ESA), the European Centre for Medium-Range Weather Forecasts (ECMWF) and the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT) with a view to maximise the synergies and the respective expertise.</p> <p>Legal basis: Regulation (EU) 2021/694 of the European Parliament and of the Council of 29 April 2021 establishing the Digital Europe Programme and repealing Decision (EU) 2015/2240 (the ‘Digital Europe Regulation’).</p>
5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis etc)	As a recognised global leader whose key expertise in world-class Earth Observation systems, Earth-system modelling and data assimilation, data and services provision, ECMWF is pivotal to the successful implementation of the Destination Earth. In addition, in its capacity as an entrusted entity under the Copernicus programme it will contribute to the creation of synergies foreseen between Copernicus and the Destination Earth initiative.
6. Summary description of the implementing tasks entrusted	ECMWF leads the Digital Twin development. It is also responsible for horizontal software layers enabling Earth-system modelling and data assimilation, digital twins and supporting digital technologies; extreme-scale computing and data handling; HPC and big-data hardware infrastructures; tools and datasets for AI, federated cloud computing and

	data management; support interfaces.
--	--------------------------------------

I. United Nations Department of Economic and Social Affairs

1. Programmes concerned	Electronic Communications As per Commission Decision is C(2021)87 Final from 15/01/2021
2. Annual budgetary amount entrusted /payments made	EUR 0.119 million (pre-financing paid in 2021); Annual Budget EUR 0,200 million;
3. Duration of the delegation	The contribution agreement was signed on 27/05/2021 for a duration of 12 months (01/01/2021-31/12/2021)
4. Justification of recourse to indirect centralised management	We are working with an international organisation with Pillar assessed organisation (UNDESA) and the type of “contract” must be a contribution agreement and therefore an indirect management.
5. Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis etc)	The IGF secretariat being hosted by the United Nations is a body of de facto monopoly.
6. Summary description of the implementing tasks entrusted	<p>Commission Decision is C(2021)87 Final from 15/01/2021</p> <p>The IGF Secretariat's activities are funded through extra-budgetary contributions paid to a multi-donor Trust Fund administered by the United Nations Department of Economic and Social Affairs and the funds are not earmarked for specific items or categories of expenditure. However, through constant dialogue with the IGF Secretariat, the Commission makes sure that the funds are used to support activities of relevance for the EU, including:</p> <ul style="list-style-type: none"> ▪ Enabling environment for multi-stakeholder policy dialogue related to the key elements of Internet governance; ▪ Enhanced collaboration among key organisations dealing with different Internet governance issues in support of the EU digital and development goals; ▪ Exchange of information to foster the sustainability, robustness, security, stability and development of the global Internet; ▪ Strengthened capacity of developing country stakeholders to participate effectively in Internet governance. ▪ In addition, the funds will allow supporting enhancements of the IGF model towards an IGF+ in line with the Commission recommendations, including: <ul style="list-style-type: none"> ▪ The careful elaboration of a more focused agenda, based on a limited number of strategic policy issues. ▪ The creation of stronger links among the global Forum and its regional, national, sub- regional and youth initiatives; ▪ A better integration of the programme and intersessional policy development work to support priority areas; ▪ A mechanism to coordinate follow-up action on IGF discussions

	<p>and relay proposed policy approaches and recommendations from the IGF to the appropriate normative and decision-making forums;</p> <ul style="list-style-type: none"><li data-bbox="592 241 1350 376">▪ The elaboration of a strategy for the long-term sustainability of the Forum and the resources necessary for increased participation, through an innovative and viable fundraising strategy.
--	--

ANNEX 12: EAMR of the Union Delegations

Not applicable

ANNEX 13: Decentralised agencies and/or EU Trust Funds

Decentralised agencies

Entity: European Union Agency for Cybersecurity (ENISA)		
Role of DG: Supervision		
Policy area concerned	Contribution to the Operating (administrative) budget	Contribution to the Operational Budget
To achieve a high and effective level of Network and Information Security within the European Union. Together with the EU-institutions and the Member States, ENISA seeks to develop a culture of Network and Information Security for the benefit of citizens, consumers, business and public sector organisations in the European Union.	EUR 14.52 million	EUR 8.30 million

Entity: Office of the Body of European Regulators for Electronic Communications (BEREC)		
Role of DG: Supervision		
Policy area concerned	Contribution to the Operating (administrative) budget	Contribution to the Operational Budget
The main task of the BEREC Office is to support and assist BEREC, the Body of European Regulators for Electronic Communications. BEREC's mission is to contribute to the development and better functioning of the internal market for electronic communications networks and services by aiming to ensure a consistent application of the EU regulatory framework for electronic communications.	EUR 4.97 million	EUR 2.30 million

ANNEX 14: Reporting on the Recovery and Resilience Facility

Not applicable