



Annual Activity Report 2020

DG Maritime Affairs and Fisheries

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THE DG IN BRIEF

The **mission** of the Directorate-General for Maritime Affairs and Fisheries (DG MARE) is to strive for healthy seas and a sustainable use of the oceans and of marine resources in the EU and worldwide. This involves ensuring sustainable fisheries through the full implementation of the Common Fisheries Policy. It also means promoting in the EU an integrated approach to all policies impacting the oceans, including fostering a sustainable blue economy, thus providing jobs and prosperity to coastal communities, and sustainable food, and contributing to a healthy environment for today's and future generations. At the same time, DG MARE projects these policies internationally.

DG MARE's work is guided by the Political Guidelines of the European Commission for 2019-2024¹ and President von der Leyen's mission letter² to the Commissioner for Environment, Oceans and Fisheries, Virginijus Sinkevičius. Internationally, we aim to contribute to the United Nations' Sustainable Development Goals (SDGs), notably SDG 14 dedicated to life below water, SDG 2 on food security and SDG 6 to address climate change and its impacts.

Under the Common Fisheries Policy³, the EU has **exclusive competence** for the conservation of marine biological resources and the sustainable fisheries partnership agreements with third countries. For the areas of **shared competences** between the EU and its Member States⁴ – for example in aquaculture and market policy – the subsidiarity principle⁵ applies. The maritime policy, in particular the sustainable blue economy policy, is the second strand of our actions. The third strand is international ocean governance for safe, secure, clean and sustainably managed oceans in Europe and around the world.

The European Maritime and Fisheries Fund (EMFF 2014-2020) is the main instrument to support the implementation of the Common Fisheries Policy and certain actions under the maritime policy and international ocean governance. Besides spending that the Commission implements under **direct management**, the bulk of the EMFF funds are managed in **shared management** jointly with the Member States who put management and control systems in place to ensure correct programme implementation. The European Fisheries Fund (EFF) was its predecessor for the 2007-2013 programming period.

As to the financial management of DG MARE, the residual error rates for expenditure 2020 under shared management were 1.03% for the European Maritime and Fisheries Fund and 0.00% for the European Fisheries Fund (compared to 0.42% and 0.00% respectively in the Annual Activity Report 2019).

¹ https://ec.europa.eu/info/sites/info/files/political-guidelines-next-commission_en_0.pdf

² https://ec.europa.eu/commission/commissioners/sites/comm-cwt2019/files/commissioner_mission_letters/mission-letter-sinkevicius-2019-2024_en.pdf

³ 3 (1) (d) of the Treaty on the Functioning of the European Union.

⁴ Article 4 (2) (d) of the Treaty on the Functioning of the European Union.

⁵ Article 5(3) of the Treaty on the European Union.

DG MARE has 386 staff members⁶ organised in five directorates⁷ reporting directly to the Director-General, Ms Charlina Vitcheva, who took the position on 1 June 2020. The organisational **values** DG MARE adheres to are translated in a Management Pledge⁸.

This **Annual Activity Report** describes DG MARE's main achievements in 2020 and the challenges it faced. It mirrors the DG MARE management plan 2020, which translates the DG's mission into general and specific objectives. An account is given of how these objectives have been achieved, with the resources DG MARE had at its disposal. Progress on core aspects of our policies and DG MARE's performance is measured through key performance indicators. The Annual Activity Report also covers management aspects and assesses the effectiveness of DG MARE's internal control framework.

⁶ Situation at 31.12.2020: establishment plan posts and external personnel (contract agents and Seconded National Experts).

⁷ The five directorates cover: Maritime Policy and Blue Economy (directorate A), International Ocean Governance and Sustainable Fisheries (B), Fisheries Policy in the Atlantic, North Sea, Baltic and Outermost Regions (C), Fisheries Policy in the Mediterranean and Black Seas (D), and General Affairs and Resources (E).

⁸ Published in June 2017: <https://myintracomm.ec.europa.eu/dg/mare/Management/Documents/mare-management-pledge.pdf>

EXECUTIVE SUMMARY

This Annual Activity Report is a management report of the Director-General of DG MARE to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties⁹.

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

During 2020, DG MARE continued to focus on achieving the **key objectives of the Common Fisheries Policy, the maritime policy and international ocean governance**, with support from the European Maritime and Fisheries Fund. We aimed to ensure that fisheries, aquaculture and the EU blue economy are sustainable in the long-term and that they produce healthy food for EU citizens.

Our deliverables in 2020 were crucial **contributions** to the European Green Deal, the Farm to Fork Strategy, the EU Biodiversity Strategy for 2030, and to the EU Climate Adaptation Strategy adopted in February 2021. Internationally, we contributed to the United Nations' Sustainable Development Goals (SDGs), notably SDG 14 dedicated to life below water, SDG 2 on food security and SDG 6 addressing climate change and its impacts. Our work on international ocean governance and sustainable fisheries worldwide helps making "Europe Stronger in the World".

Following the **departure of the United Kingdom** from the EU, almost all of the key stocks in the North Sea and the North-East Atlantic will have to be managed bilaterally (EU-UK). Given the particular importance of fisheries in the future relationship between the EU and the UK, DG MARE participated throughout 2020 in the negotiations, together with the Commission's UK Taskforce. As a result, a **Trade and Cooperation Agreement**¹⁰ was concluded with the UK at the end of December, including a Heading on Fisheries. The agreement provides amongst others a stable framework for joint management of more than 70 shared fish stocks and continued access of the EU fleet to UK waters. Before its provisional application on 1 January 2021, DG MARE ensured that EU fishing vessels were granted the necessary temporary licences, which allowed continuity of fishing activities. The prolonged negotiations throughout 2020 and the need to prepare the practical implementation of the Agreement on many fisheries-related aspects, including a series of unforeseen issues, meant substantial additional workload in many DG MARE units with the same level of resources.

⁹ Article 17(1) of the Treaty on European Union.

¹⁰ https://ec.europa.eu/info/relations-united-kingdom/eu-uk-trade-and-cooperation-agreement_en

The negotiations for a new **EU-Norway** framework agreement, for which the Commission proposed a negotiating mandate towards the end of 2020, have started early 2021.

Further progress has been achieved in 2020 towards more sustainable fisheries. This is important for the fishers because there are clear indications of a correlation between the sustainable exploitation and management of fisheries and the economic performance of the fleets concerned. In the **North-East Atlantic**, stocks are broadly fished at healthy levels, although some fish stocks remain under pressure. A Commission report shows that the multiannual plan for the **Baltic Sea** reduces uncertainty and gives more transparency to the sector on quota setting, with remedial measures for stocks under pressure. In the **Mediterranean and the Black Sea**, some stocks saw slight recovery, but many remain overexploited. Several MARE actions contribute to addressing this situation. In line with the western Mediterranean multiannual plan, Council reduced the 2021 fishing effort for demersal stocks in that area and Member States concerned agreed on extra measures.

The fisheries rules also aim to avoid and minimise, as far as possible, unwanted catches. To support the implementation of the **landing obligation**, new discard plans were adopted for pelagic and demersal fisheries in North- and South-Western Waters, for pelagic and demersal fisheries in the North Sea and for small pelagic fisheries in the Mediterranean. In addition, **technical measures** for the North Sea and South-Western Waters were introduced through regionalisation.

To achieve the objectives of the Common Fisheries Policy, Member States and the EU must have an **effective control and enforcement system**, ensuring that rules are applied in a harmonised way across all fisheries, both in the EU and internationally. Whenever necessary, enforcement actions were taken to this effect. In 2020, we followed-up and launched new enforcement measures through EU Pilots, infringements, administrative inquiries and action plans to improve fisheries control. We ensured the control and enforcement of weighing measures and the landing obligation through audits. The Commission also continued to support the co-legislators in their discussions on its proposal to revise the Fisheries Control System¹¹ in view of reaching an agreement as soon as possible. If the key objectives and features of the Commission's proposal are agreed by the co-legislators, this revision will modernise controls, strengthen enforcement and enhance the fight against illegal fishing.

Under the Farm to Fork Strategy, **aquaculture** plays a key role in providing sustainable food that is safe, nutritious and of high quality. It is a strong and growing sector in the EU, which already in 2016 exceeded the production target we had set for 2020. We prepared new Strategic Guidelines for sustainable EU aquaculture to be adopted in 2021. The new guidelines will focus on the further sustainable development of the sector in the light of the European Green Deal and the Commission's Farm to Fork Strategy. They also aim to increase the share of organic aquaculture production, although in 2018 we were already close to the milestone of 70,000 tonnes we had set for end 2020.

¹¹ [COM\(2018\)368 final of 30.05.2018: proposal to revise the Fisheries Control System, including the Fisheries Control Regulation, the IUU Regulation and the EFCA founding Regulation](#)

Despite the Covid-19 pandemic and the uncertainties linked to Brexit, there is in most Member States relative progress in implementation of the **European Maritime and Fisheries Fund** 2014-2020 compared to earlier years. By the end of 2020, there was good progress in cumulative net payments to Member States compared to end 2019. Some programmes are lagging behind in financial terms mainly because of institutional or administrative issues, gaps between levels of payments and commitments, and Member States' capacity to generate projects for some Union priorities. DG MARE follows up closely to enhance implementation. The economic fallout of the Covid-19 pandemic strongly affected EU fisheries and aquaculture. To support them, rules on the fund were adapted through co-decision and new temporary support measures introduced.

In December, the co-legislators reached a provisional political agreement on the **European Maritime Fisheries and Aquaculture Fund** 2021-2027, which ensures continued support for sustainable fisheries, the blue economy and international ocean governance. Under the new fund, Member States are encouraged to consider climate actions to deliver at least 30% spending of the EU budget towards EU climate objectives.

Our actions in 2020 supported the transition of the **EU blue economy** towards the objectives of the European Green Deal. The sectors under the blue economy have an important potential to contribute to green recovery. Our 2020 report indicates that the EU blue economy is in good health and creates jobs. Marine renewable energy, notably offshore wind, is in strong expansion and ocean energy plays an increasingly important role. This is reflected in DG MARE's contribution to the Commission's Offshore Renewable Energy Strategy which also aims to reach 100 megawatts of deployed tidal and wave energy projects by 2025. The revised Atlantic action plan, adopted in 2020, will guide further development of a sustainably blue economy in that sea basin. BlueInvest contributed to the financing of innovative companies, including start-ups.

The new **Recovery and Resilience Facility** can support reforms and investments in a sustainable blue economy. While acknowledging the limited potential to include aspects not having been explicitly raised in the European Semester process, DG MARE has identified projects, which fit into one or more of the Flagships. Particularly the hybrid offshore projects or ocean observation need cross-border coordination. The blue economy investments so far included in the plans aim at greening and innovating aquaculture production, monitoring marine and coastal biodiversity, protected areas, coastal adaptation, preparatory investments for offshore energy parks, streamlining of licensing procedures for offshore wind, greening of ports and shipyards and investments into green shipping.

In the EU, 20% of fishing gear is lost at sea. It accounts for about a third of marine litter found in European seas. We developed reporting protocols for fishing gear placed on the market and collected at ports, and prepared a request to standardisation authorities for the **circular design of fishing gear**. During the third **#EUBeachCleanup campaign**, co-branded with the European Green Deal, 57 beach clean actions were held across all continents. The social media challenge - "The ocean starts with you" - was a big success, with global reach exceeding 15 million and 84 million impressions.

Maritime Security is key for successful economic activities in the maritime domain. A report from October 2020 found that implementation of the 2018 EU Maritime Security Strategy Action Plan progresses well; it also proposes new actions for the next years. Together with the European Maritime Safety Agency and Member States, we elaborated a Cooperation Agreement to serve as the legal framework for the **Common Information Sharing Environment** approved in early 2021. Tests demonstrated a good level of connectivity but further actions are needed to develop the network.

In 2020, the Commission made further progress on the **International Ocean Governance Agenda**. We launched a targeted consultation and discussed in the dedicated EU Stakeholder Forum the challenges for ocean sustainability such as climate change, pollution, biodiversity loss and unsustainable use, and ways for better ocean governance. DG MARE continued to engage in the Intergovernmental Conference on an International legally binding instrument under UNCLOS on the conservation and sustainable use of marine biodiversity in areas beyond national jurisdiction (**BBNJ**) to conclude an ambitious agreement, which is also an objective of the EU Biodiversity Strategy for 2030.

The **Arctic** plays a key role in regulating our climate and oceans. As co-coordinators for the EU Arctic Policy, DG MARE and the EEAS launched a public consultation on the question whether the 2016 EU Arctic Strategy requires updating and how. In October, the Council adopted the negotiation mandate on the implementation of the Agreement to prevent unregulated high seas fisheries in the Central Arctic Ocean. We worked with DG TRADE to reach an agreement on fisheries subsidies at the World Trade Organization as provided for in Sustainable Development Goal 14.6. It could not be concluded in 2020 because meetings were cancelled due to the Covid-19 restrictions. In our trade relations, supply for the EU's processing industry was secured by establishing autonomous tariff quotas for 2021-2023.

In the **Regional Fisheries Management Organisations**, we continued to promote sustainable management of stocks in line with scientific advice, compliance and the fight against illegal fishing. We worked to transpose those measures in EU law and promoted the adoption of marine protected areas, with a particular focus on the Southern Ocean, as reflected in the State of the Union Speech of President von der Leyen.

Since 2012, the Commission has conducted dialogues with 65 third countries to foster necessary reforms in their fight against **illegal, unreported and unregulated (IUU) fishing**. The 10th anniversary of the IUU Regulation was celebrated during a high-level event giving visibility to the EU's « zero tolerance » approach. An implementation report of December takes stock of the actions against IUU fishing by the Commission and Member States since 2015.

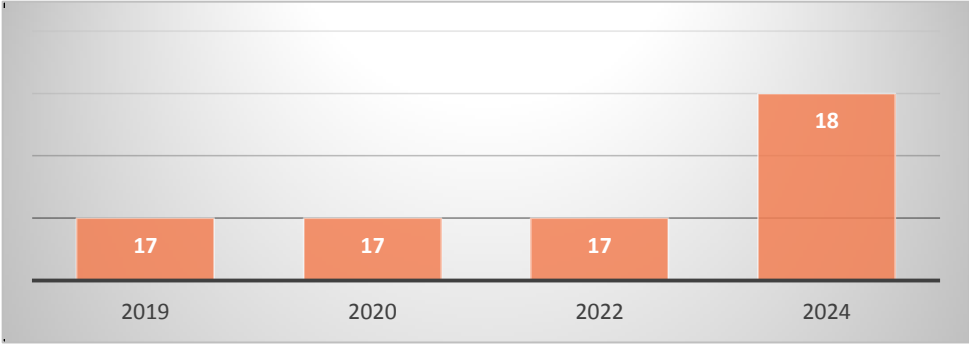
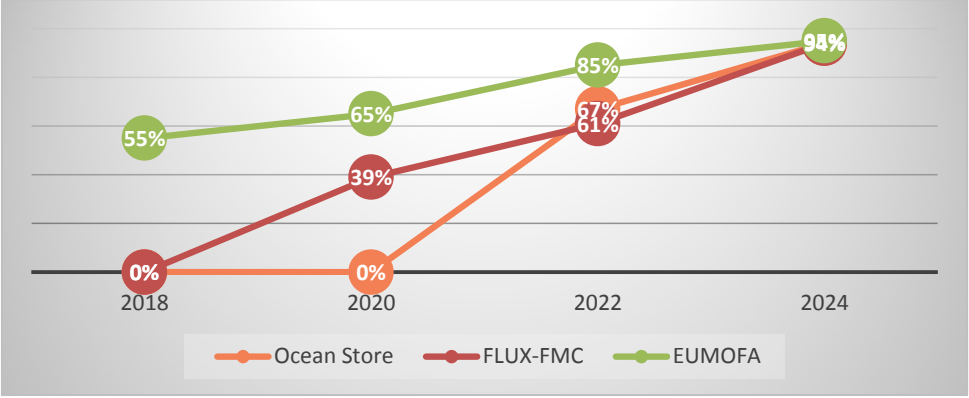
At the end of 2020, 12 **sustainable fisheries partnership agreements** were in force. They give the EU's long-distance fleet access to fishing zones in third country waters. The partner countries receive support to implement better fisheries governance and to sustainably develop their local fishing sector.

In parallel with our policy priorities, DG MARE has in 2020 focused on **modernising the way we work**, taking digitalisation and collaborative methods further, streamlining

workflows and procedures and continuing to reduce our environmental footprint. The Covid-19 restrictions impacted on our activities, but we managed to quickly adapt our working methods to ensure business continuity.

B. Key Performance Indicators (KPIs)

<p>Most relevant KPI 1</p>	<p>Stocks fished at maximum sustainable yield levels</p> <p><i>Fishing pressure relative to the maximum sustainable yield rate in 2003-2019:</i></p> <table border="1"> <caption>Estimated data for Fishing pressure relative to the maximum sustainable yield rate (2003-2019)</caption> <thead> <tr> <th>Year</th> <th>MED&BS: EU waters (n = 35 stocks)</th> <th>NEA: EU waters (n = 44 stocks)</th> <th>NEA: outside EU waters (n = 12 stocks)</th> </tr> </thead> <tbody> <tr><td>2003</td><td>2.2</td><td>1.7</td><td>1.4</td></tr> <tr><td>2004</td><td>2.2</td><td>1.7</td><td>1.4</td></tr> <tr><td>2005</td><td>2.3</td><td>1.6</td><td>1.5</td></tr> <tr><td>2006</td><td>2.3</td><td>1.6</td><td>1.4</td></tr> <tr><td>2007</td><td>2.3</td><td>1.5</td><td>1.4</td></tr> <tr><td>2008</td><td>2.2</td><td>1.4</td><td>1.4</td></tr> <tr><td>2009</td><td>2.2</td><td>1.3</td><td>1.1</td></tr> <tr><td>2010</td><td>2.2</td><td>1.3</td><td>1.2</td></tr> <tr><td>2011</td><td>2.3</td><td>1.2</td><td>1.1</td></tr> <tr><td>2012</td><td>2.3</td><td>1.2</td><td>1.1</td></tr> <tr><td>2013</td><td>2.3</td><td>1.1</td><td>1.0</td></tr> <tr><td>2014</td><td>2.2</td><td>1.2</td><td>1.1</td></tr> <tr><td>2015</td><td>2.2</td><td>1.1</td><td>1.2</td></tr> <tr><td>2016</td><td>2.2</td><td>1.1</td><td>1.2</td></tr> <tr><td>2017</td><td>2.1</td><td>1.1</td><td>1.2</td></tr> <tr><td>2018</td><td>2.1</td><td>1.1</td><td>1.4</td></tr> <tr><td>2019</td><td>2.1</td><td>1.0</td><td>1.8</td></tr> </tbody> </table>				Year	MED&BS: EU waters (n = 35 stocks)	NEA: EU waters (n = 44 stocks)	NEA: outside EU waters (n = 12 stocks)	2003	2.2	1.7	1.4	2004	2.2	1.7	1.4	2005	2.3	1.6	1.5	2006	2.3	1.6	1.4	2007	2.3	1.5	1.4	2008	2.2	1.4	1.4	2009	2.2	1.3	1.1	2010	2.2	1.3	1.2	2011	2.3	1.2	1.1	2012	2.3	1.2	1.1	2013	2.3	1.1	1.0	2014	2.2	1.2	1.1	2015	2.2	1.1	1.2	2016	2.2	1.1	1.2	2017	2.1	1.1	1.2	2018	2.1	1.1	1.4	2019	2.1	1.0	1.8
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<p>Most relevant KPI 4</p>	<p>Sustainable management of main regulated tuna(-like) species fished by the EU fleet under purview of Regional Fisheries Management Organisations of which the EU is a Member</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Number of Cases</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>17</td> </tr> <tr> <td>2020</td> <td>17</td> </tr> <tr> <td>2022</td> <td>17</td> </tr> <tr> <td>2024</td> <td>18</td> </tr> </tbody> </table>	Year	Number of Cases	2019	17	2020	17	2022	17	2024	18										
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<p>Most relevant KPI 5</p>	<p>Degree of implementation of the digital strategy principles by the most important IT solutions</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Ocean Store</th> <th>FLUX-FMC</th> <th>EUMOFA</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>0%</td> <td>0%</td> <td>55%</td> </tr> <tr> <td>2020</td> <td>0%</td> <td>39%</td> <td>65%</td> </tr> <tr> <td>2022</td> <td>67%</td> <td>61%</td> <td>85%</td> </tr> <tr> <td>2024</td> <td>94%</td> <td>94%</td> <td>94%</td> </tr> </tbody> </table>	Year	Ocean Store	FLUX-FMC	EUMOFA	2018	0%	0%	55%	2020	0%	39%	65%	2022	67%	61%	85%	2024	94%	94%	94%
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2020	0%	39%	65%																		
2022	67%	61%	85%																		
2024	94%	94%	94%																		

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

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

To ensure the achievement of policy and management objectives, the Commission has adopted a set of internal control principles, based on international good practice. The financial regulation requires that the organisational structure and the internal control systems used to implement the budget be set up in accordance with these principles. DG MARE has assessed its internal control systems 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 staff allocation (ICP4). Please refer to section 2.1.3 for further details.

In addition, DG MARE has systematically examined the available control results and indicators, including those for supervising entities to which it has entrusted budget implementation tasks, as well as the observations and recommendations issued by the

internal auditor and the European Court of Auditors. These elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives. Please refer to section 2.1 for further details.

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

For the EMFF, the residual total error rate (RTER) without advances to financial instruments of the amount chargeable for the accounting year 2018-2019 and the estimated risk at closure stand at 1.03%. This is in line with the $\leq 2\%$ target for the RTER¹² and estimated risk at closure¹³ in shared management (programming period 2014-2020).

D. Provision of information to the Commissioner

In the context of the regular meetings during the year between the DG and the Commissioner on management matters, the main elements of this report and assurance declaration, including the reservation envisaged, have been brought to the attention of Commissioner Sinkevičius, responsible for Environment, Oceans and Fisheries.

E. Specific actions on COVID-19



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

The fisheries and aquaculture sectors have been severely hit by the drop in demand caused by the Covid-19 pandemic and the lockdown measures in 2020 across the EU. The Commission at the initiative of DG MARE undertook several initiatives to mitigate the impacts of the crisis:

- The **Regulation on the European Maritime and Fisheries Fund** was amended under the Coronavirus Response Investment Initiatives (CRII) I and II. [Regulation \(EU\) 2020/460](#) and [Regulation \(EU\) 2020/560](#) introduced specific measures until 31

¹² The RTER is "the best estimation of the value of the total expenditure which was not in conformity with the applicable regulatory and contractual provisions after corrective measures have been implemented; expressed as a percentage of the total expenditure".

¹³ Estimated risk at closure = RTER minus the necessary financial correction to bring every RTER down to 2%.

December 2020 to mitigate the strong impacts of the crisis in fisheries and aquaculture. It allowed Member States to modify their operational programme by including Covid-19 support measures. The guidance and procedures were adapted for a rapid processing of the amendments. Under the new measures, a compensation can be paid for the temporary cessation of fishing activities, for production and sales losses of aquaculture and processing companies, storage aid to producer organisations and their associations, and increased support for their production and marketing plans.

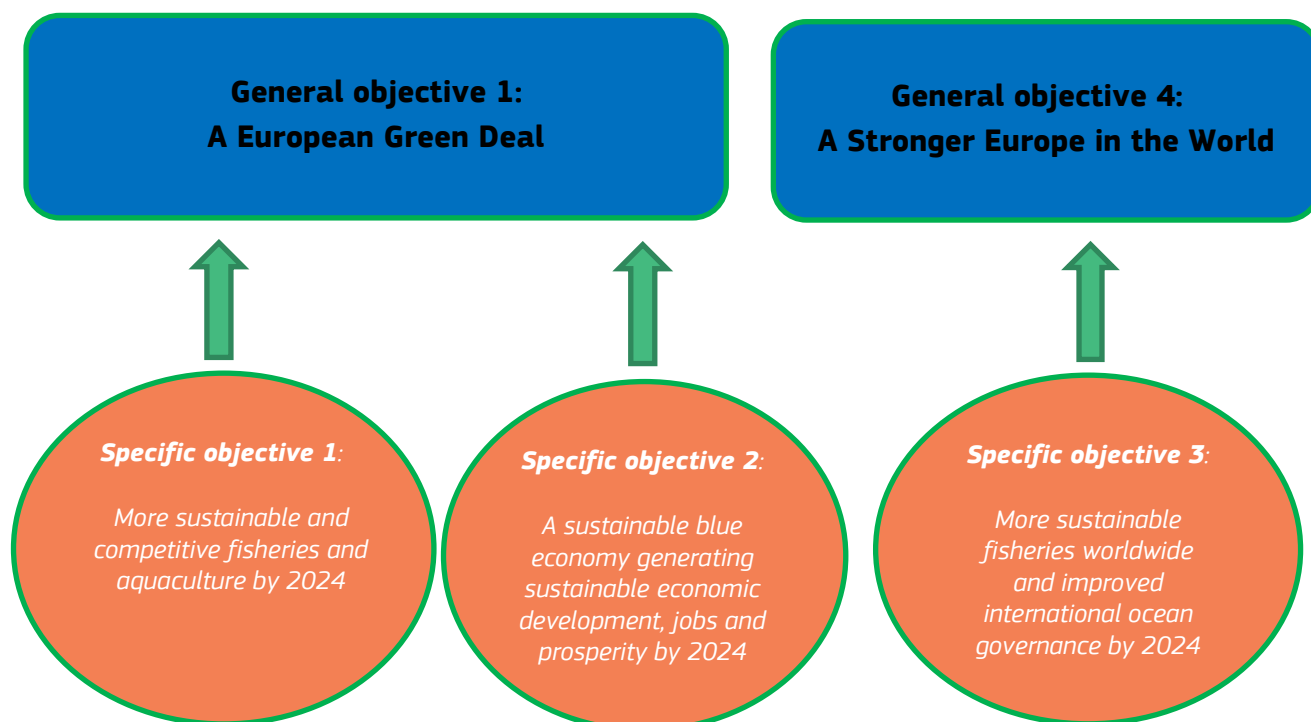
- In addition, Member States benefited from CRII modifications in the **Common Provisions Regulation**, providing them with more cash flow in 2020 (recovery of pre-financing postponed till the closure of the European Maritime and Fisheries Fund operational programmes) and giving them more time to submit their 2019 implementation reports (by 30 September 2020).
- Finally, under a specific **Temporary State Aid Framework**¹⁴, undertakings in the fisheries and aquaculture sector could benefit from State aid up to €120,000.
- In relation to **sound financial management**, DG MARE replaced its on-the-spot audit work by remote audits and combined these with other mitigating actions to effectively limit the assurance risk linked to the Covid-19 outbreak.
- DG MARE adapted its working methods to the Covid-19 restrictions. Fisheries control was ensured by virtual verifications and audits and using best practices for fisheries inspections at sea and landing. The sustainable fisheries partnership agreements were monitored remotely. Our audit plan allowed desk reviews and remote audits whilst keeping close contact with all authorities involved in the implementation of the European Maritime and Fisheries Fund. DG MARE staff moved to teleworking.

¹⁴ https://ec.europa.eu/commission/presscorner/detail/en/ip_21_261

1. KEY RESULTS AND PROGRESS TOWARDS THE ACHIEVEMENT OF THE COMMISSION'S GENERAL OBJECTIVES AND DG'S SPECIFIC OBJECTIVES

In line with President von der Leyen's mission letter¹⁵ to the Commissioner for Environment, Oceans and Fisheries, Virginijus Sinkevičius, DG MARE contributes to **two headline ambitions or general objectives** of the Commission. The general objectives are accompanied by impact indicators to allow performance to be monitored. The general objectives are translated into **three specific objectives**. Progress towards the specific objectives is measured through result indicators.

The following chart illustrates the **links** between the specific objectives and the general objectives to which they contribute:

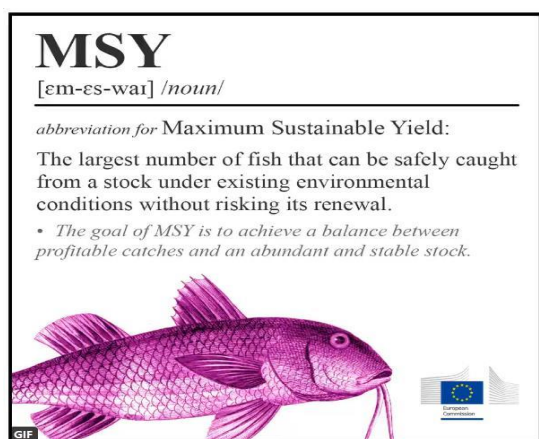


¹⁵ https://ec.europa.eu/commission/commissioners/sites/comm-cwt2019/files/commissioner_mission_letters/mission-letter-sinkevicius-2019-2024_en.pdf

General objective 1: A European Green Deal

Specific objective 1: More sustainable and competitive fisheries and aquaculture by 2024

Result indicator: Stocks fished at maximum sustainable yield (MSY) levels (cf. Annex 2 'Performance tables', p. 6)



Commission Communication “Towards more sustainable fishing in the EU: state of play and orientations for 2021”

Results show that managing fisheries at maximum sustainable yield pays off in terms of profitability of the fleet and jobs. The European Maritime and Fisheries Fund plays a key role by providing funding to fisheries, and aquaculture and coastal communities.

The full implementation of the Common Fisheries Policy is a top priority of Commissioner Sinkevičius' mandate. In 2020, DG MARE therefore continued to work towards achieving the **key objectives of the Common Fisheries Policy**, in particular:

- Bringing to and keeping stocks at healthy levels, i.e. maximum sustainable yield;
- Ending the wasteful practice of discards by implementing the landing obligation for all species subject to total allowable catches limits or minimum conservation reference sizes in the Mediterranean;
- Minimise the negative impact of fishing on the marine environment, including on sensitive species through appropriate technical measures.

Our achievements towards sustainable fisheries are an important contribution to delivering on the objectives of the **European Green Deal** and the **EU Biodiversity Strategy for 2030**. Drawing on the potential of sustainable seafood as a low-carbon food source, we also contribute to the implementation of the **Farm to Fork Strategy**.

Progress towards sustainable fisheries throughout the EU is also important for fishers, as the [2020 Annual Economic Report on the EU Fishing Fleet](https://stecf.jrc.ec.europa.eu/reports/economic/-/asset_publisher/d71e/document/id/2788167)¹⁶ indicates a correlation between the sustainable exploitation and management of fisheries and the **economic returns and profitability in fisheries**. In addition, DG MARE's analysis in support of the fishing opportunities proposals clearly indicates the relevance of sustainable fisheries and management for the economic performance of the fleets concerned.

¹⁶ https://stecf.jrc.ec.europa.eu/reports/economic/-/asset_publisher/d71e/document/id/2788167

In the **North-East Atlantic**, fishing has steadily become more sustainable and the MSY objective broadly attained, although some fish stocks remain under pressure. The fishing pressure relative to the MSY rate (F/F_{msy}) shows an overall downward trend between 2003 and 2019 and is now stabilised close to 1.0¹⁷ (see figure on KPI 1, p. 8). For 12 stocks in the ICES areas¹⁸ jointly managed with other international partners, the trend in EU waters is overall positive until 2014. After 2014, the indicator seems to show more stocks exploited above F_{msy} .

In the **Mediterranean and Black Seas**, after the peak in 2011-2013, the fishing mortality indicator (F/F_{msy}) decreased to around 2.1 in recent years¹⁹. This indicates a small reduction in exploitation, but stocks are exploited on average well above healthy levels (see section B: figure on KPI). Reduced data availability may impact the results. The poor state of stocks in the Mediterranean and the Black Sea is mainly due to the type of conservation measures used, deficiencies in fisheries control, lack of administrative capacities and available funds, biological specificities, specificities in fisheries governance, fleet composition and fleet activity, as well as geopolitical tensions between/with non-EU riparian countries.

To help reverse this situation, DG MARE has engaged vigorously with our partners at **international level**. The reform of fisheries governance launched by the Commission under the 2017 [MedFish4Ever Declaration](#)²⁰ for the Mediterranean and the 2018 [Sofia Declaration](#)²¹ for the Black Sea, and the many measures approved in the context of the General Fisheries Commission for the Mediterranean (GFCM) since then, many of them sponsored by the EU, led to rebuilding of stocks in 2020. According to the 2020 [Report on the State of the Mediterranean and Black Sea Fisheries](#)²², overfished stocks have dropped from 88% in 2014 to 75% in 2018 and the number of stocks assessed with high relative biomass has doubled since 2018. Also, important GFCM measures were applied for the first time: a freeze of the catch levels and a decrease of fishing effort under the updated management plan for blackspot seabream in the Alboran Sea, as well as an allocation scheme of total allowable catches under the multiannual plan for Black Sea turbot. Unfortunately, due to the Covid-19 pandemic, no new GFCM measures could be adopted in 2020, but a high-level ministerial event in November paved the way for an ambitious GFCM strategy for 2021-2025.

Our fourth [report on the state of play of the Common Fisheries Policy and orientations for 2021](#)²³ was the basis for consulting stakeholders on our approach to set the **fishing**

¹⁷ Source: [STECF – 66th Plenary report \(PLEN-21-01\), p. 35-36](#).

¹⁸ Reference to the ICES area or 'North-East Atlantic' covers FAO area 27 and includes the waters of the Baltic Sea, North Sea, Irish Sea, Celtic Sea and adjacent waters.

¹⁹ Source: [STECF – 66th Plenary report \(PLEN-21-01\), p. 35-36](#).

²⁰ https://ec.europa.eu/commission/presscorner/detail/en/IP_17_770

²¹ https://ec.europa.eu/fisheries/sites/fisheries/files/docs/2018-06-07-sofia-declaration_en.pdf

²² <http://www.fao.org/3/cb2429en/CB2429EN.pdf>

²³ COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL Towards more sustainable fishing in the EU: state of play and orientations for 2021 (p. 3-4) ([COM\(2020\)248 final](#) and [SWD\(2020\)248 final](#)).

opportunities for 2021 in the **EU sea basins** (Atlantic and North Sea, Baltic Sea, and the Mediterranean and Black Seas) and beyond EU waters.

The Council set fishing opportunities for 2021 for the fish stocks managed by the EU alone in the **North-East Atlantic**. Eight total allowable catches were brought in line with the maximum sustainable yield, while nine catch quotas followed precautionary advice. For stocks shared with the UK, provisional quotas were set for the first three months of 2021, pending bilateral consultations. The Council also approved fishing opportunities for 2021-2022 for Union vessels fishing for **deep-sea stocks**²⁴.

In the **Baltic Sea**, fishing opportunities were at sustainable levels for 8 out of 10 Baltic total allowable catches²⁵. For two of the stocks, the total allowable catches were set even below the maximum sustainable yield point value or – for stocks where scientists could not give advice on the maximum sustainable yield – in line with their precautionary advice. The agreement came at a difficult time for the Baltic region, which has been struggling with the ongoing environmental threats to the ecosystem and the economic impact of the coronavirus pandemic. The agreement largely followed the Commission's proposal, recognising the need for a comprehensive approach in line with the '[Our Baltic](#)' Ministerial Declaration²⁶ signed by Commissioner Sinkevičius and Ministers of Agriculture, Fisheries and Environment from all Baltic riparian EU Member States earlier in 2020. In September, the Commission adopted a [report on the implementation of the multiannual plan for the Baltic Sea](#)²⁷. It concludes that the plan is a stable instrument for implementing the Common Fisheries Policy in the Baltic Sea, with less uncertainty and more transparency for the sector on quota setting, and with remedial measures for stocks under pressure.

Overall, the Council set 62 out of 78 total allowable catches for 2021 in line with fishing mortality at maximum sustainable yield (Fmsy).

To help improving the state of the stocks and in line with the provisions of the western Mediterranean multiannual plan, Council reduced the fishing effort by 7.5% for demersal stocks in the **western Mediterranean Sea**²⁸. This effort reduction was complemented by commitments by the Member States concerned to close additional fishing areas, increase gear selectivity, and collect additional data on recreational fisheries. Furthermore, the decision included the transposition of measures (e.g. harvest limits for red coral, capacity limits for dolphinfish) from the General Fisheries Commission for the Mediterranean and annual quotas for sprat in the Black Sea.

The Commission withdrew its proposal for a multiannual plan on small pelagic stocks in the Adriatic Sea, following lack of progress in the inter-institutional discussions. The

²⁴ [Council Regulation \(EU\) 2021/91 of 28 January 2021 fixing, for the years 2021 and 2022, the fishing opportunities for Union fishing vessels for certain deep-sea fish stocks.](#)

²⁵ [Council Regulation \(EU\) 2021/92 of 28 January 2021 fixing for 2021 the fishing opportunities for certain fish stocks and groups of fish stocks, applicable in Union waters and, for Union fishing vessels, in certain non-Union waters.](#)

²⁶ https://ec.europa.eu/info/sites/info/files/ministerial_declaration_our_baltic_conference.pdf

²⁷ [COM\(2020\)494 final of 14.09.2020.](#)

²⁸ [Council Regulation \(EU\) 2021/90 of 28 January 2021 fixing for 2021 the fishing opportunities for certain fish stocks and groups of fish stocks applicable in the Mediterranean and Black Seas.](#)

implementation of the Mediterranean Regulation focused on assessing derogation requests by Member States on the basis of scientific advice, and on revising national management plans in order to align them with the objectives of the Common Fisheries Policy.

Discard plans were adopted for pelagic and demersal fisheries in North- and South-Western waters, for pelagic and demersal fisheries in the North Sea and for small pelagic fisheries in the Mediterranean. Discard plans include high survivability and *de minimis* exemptions to facilitate the implementation of the **landing obligation**. The Commission decided based on joint recommendations from the Member States concerned. The Council reduced total allowable catches to reflect these exemptions.

Technical measures for the North Sea and South-Western Waters were introduced through regionalisation under the Basic Regulation²⁹ and the new Technical Measures Regulation³⁰. Particular attention was also paid to the protection of sensitive species, where EU Pilots and infringement procedures were launched against some Member States because of the lack of use of acoustic deterrent devices.

The evaluation of the [Eel Regulation](#) was published in February³¹. The evaluation concluded that the Regulation has been an important milestone towards the recovery of the European eel. Nevertheless, the status of European eel remains critical and its recovery will take many decades. In this respect, further ambition is needed to implement the Regulation with a greater focus on non-fisheries related measures.

Building awareness of and support for the Common Fisheries Policy is a cornerstone of DG MARE's communication strategy for 2020-2024. We proactively reached out to specialised press to provide background and explanation on our proposals, thus countering recurrent misrepresentations. To build better understanding of the Common Fisheries Policy with wider audiences, DG MARE produced the #CFPedia campaign in social media to explain some of the often-used technical terms. Transparency was also increased by a more frequent dialogue with the non-governmental organisations and by the publication of Commission non-papers complementing its proposals on fishing opportunities. All these efforts led to a more balanced representation of outcomes of negotiations and the Commission's position in media reporting.

²⁹ [Regulation \(EU\) No 1380/2013 of the European Parliament and of the Council of 11 December 2013 on the Common Fisheries Policy, amending Council Regulations \(EC\) No 1954/2003 and \(EC\) No 1224/2009 and repealing Council Regulations \(EC\) No 2371/2002 and \(EC\) No 639/2004 and Council Decision 2004/585/EC.](#)

³⁰ [Regulation \(EU\) 2019/1241 of the European Parliament and of the Council of 20 June 2019 on the conservation of fisheries resources and the protection of marine ecosystems through technical measures, amending Council Regulations \(EC\) No 1967/2006, \(EC\) No 1224/2009 and Regulations \(EU\) No 1380/2013, \(EU\) 2016/1139, \(EU\) 2018/973, \(EU\) 2019/472 and \(EU\) 2019/1022 of the European Parliament and of the Council, and repealing Council Regulations \(EC\) No 894/97, \(EC\) No 850/98, \(EC\) No 2549/2000, \(EC\) No 254/2002, \(EC\) No 812/2004 and \(EC\) No 2187/2005.](#)

³¹ SWD(2020)35 and SWD(2020)36 of 17/02/2020. [Council Regulation \(EC\) No 1100/2007 of 18 September 2007 establishing measures for the recovery of the stock of European eel.](#)

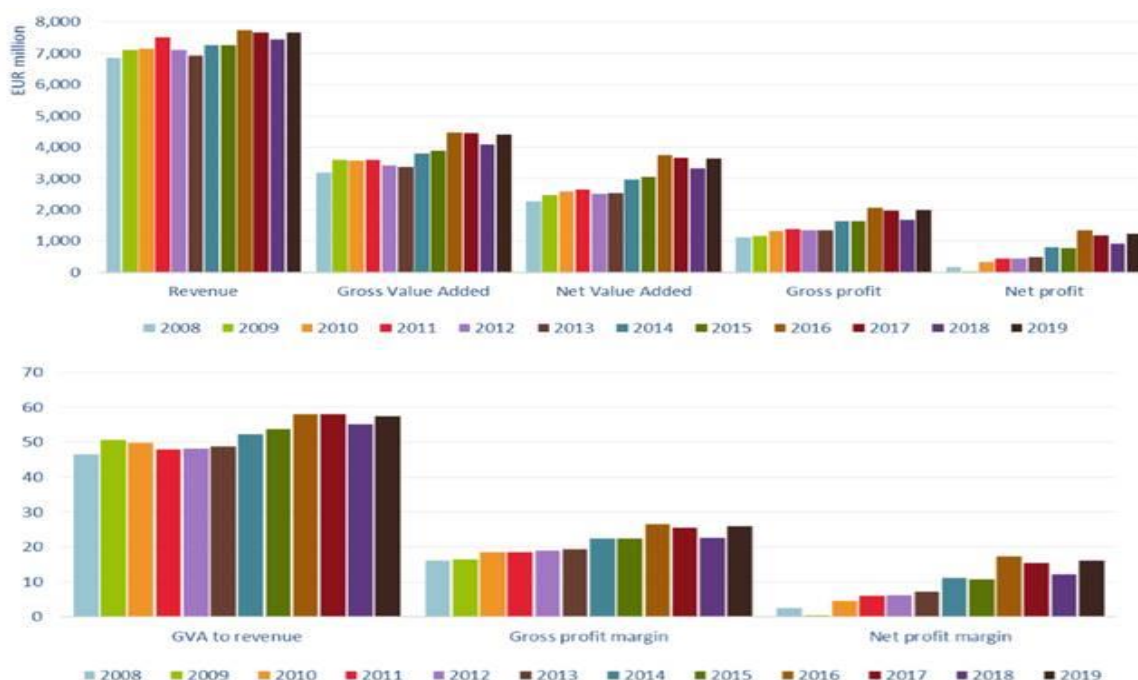
Result indicator: Profitability of the EU fishing fleet (cf. Annex 2 'Performance tables', p. 10)

The findings of the [2020 Annual Economic Report on the EU Fishing Fleet](#)³² clearly indicate that progress towards sustainable fisheries in the different EU sea basins contributes to better economic performance of the EU fishing fleet concerned. **Sustainable fisheries pays off in terms of higher profits of the fleets.** As fish stocks are more abundant, landings per unit of effort – such as the number of fishing days – are higher whilst the operational costs are lower. By contrast, profitability stagnates in the fleet segments that depend on stocks that are still overfished or overexploited.

In 2018 (latest data), the EU fishing fleet counted 81,199 vessels with a combined gross tonnage of 1.56 million tonnes and engine power of 6.3 million kilowatts. There were 63,593 active vessels. Direct employment generated by the fleet amounted to 146,906 fishers earning on average €24,287 in wages per year. The EU fleet spent 6.5 million days-at-sea and consumed 2.3 billion litres of fuel to land 5.2 million tonnes of seafood with a reported value of €7.7 billion. The **Gross Value Added and Gross Profit** (all excl. subsidies and fishing rights) was estimated at €4.4 billion and €1.8 billion, respectively. Gross value added as a proportion of revenue was estimated at 55.5% and gross profit margin at 22.8%. Total net profits were at almost €1 billion in 2018, which is a good level (12%) although lower than in 2017. Estimates suggest that the performance of the EU fishing fleet improved in 2019, but then deteriorated in 2020 mainly due to the Covid-19 pandemic.

Figure: Trends on revenue and profit for the EU fishing fleet

Source: [The 2020 Annual Economic Report on the EU Fishing Fleet \(STECF 20-06\), p. 40](#)



³² [The 2020 Annual Economic Report on the EU Fishing Fleet \(STECF 20-06\).](#)

Result indicators on aquaculture (cf. Annex 2 ‘Performance tables’, p. 11):

- *Volume and value of aquaculture production in the EU*
- *Volume of organic aquaculture production in the EU*
- *Profitability of aquaculture production in the EU*

Aquaculture is a key sector of the EU blue economy. Besides generating economic development in coastal and rural areas, it contributes to food security. Under the **Farm to Fork Strategy for Sustainable Food**, aquaculture plays a key role in providing sustainable food that is safe, nutritious and of high quality.

The EU is the fifth largest producer of fishery and aquaculture products, covering around 3% of worldwide production. The EU is the largest importer of seafood in the world. Its self-sufficiency to meet a **growing demand** for fish and aquaculture products from its own waters is around 45%³³. EU citizens on average consume around 24 kg of seafood and spend around €100 on seafood a year. They consume mainly tuna (mostly canned), cod, salmon, Alaska pollock, shrimps, mussel and herring.

The [2020 Economic Report of the EU Aquaculture sector](#)³⁴ contains the latest data (2018) on the aquaculture sector and its economic performance. The EU aquaculture sector has experienced a slight decrease in all economic performance indicators in 2018 compared to 2017. The negative economic development is driven by the marine fish segment, whereas the segments of freshwater fish and shellfish experienced a slight increase. In addition, results of studies on Covid-19 impacts point to lower income sources and higher cost items. The most affected segment appears to be shellfish, at least in the decrease of incomes. Freshwater aquaculture follows in the rank of impacted segments and marine farming is among the less affected industries.

Overall, aquaculture remains a **strong and growing sector** in the EU, which already in 2016 exceeded the target DG MARE had set for 2020:

- 1.2 million tonnes of seafood were produced and sold in 2018 (+2.4% compared to 2016). The sales value was €4.1 billion (+11% compared to 2016);
- Profits decreased with 23% between 2017 and 2018 from €0.8 billion to €0.6 billion operating profit (8% earnings before interest and taxes in 2018);
- Employment was about 69,000 jobs, but continuously increased in full-time equivalents (from 36,000 in 2013 to almost 39,000 in 2018).

The Farm to Fork Strategy aims at a “significant increase” of the share of **organic aquaculture** production over the coming years. According to Eurostat, overall EU production of organic aquatic organisms was 69,000 tonnes of live weight in 2018 (latest

³³ European Commission (2018). A sustainable Bioeconomy for Europe: strengthening the connection between economy, society and the environment. Updated Bio economy Strategy. Luxembourg: Publications Office of the European Union. KI-04-18-806-EN-C ISBN 978-92-79-94145-0; doi: 10.2777/47838.

³⁴ [STECF - The EU Aquaculture Sector – Economic report 2020 \(STECF-20-12\)](#).

data)³⁵. The new Strategic Guidelines, to be presented in 2021, will include recommendations and actions to achieve this objective. To prepare the new guidelines, DG MARE organized two successful workshops with Member States to exchange experiences on the implementation of the current [Strategic Guidelines](#)³⁶, to share concerns and learn from each other on the key challenges, such as access to space, administrative procedures, climate change, health and animal welfare, research and innovation. An interim evaluation of the Open Method of Coordination on aquaculture³⁷, published in 2020, will also be useful in that context.

The [European Market Observatory for Fisheries and Aquaculture Products \(EUMOFA\)](#)³⁸ provides market intelligence under the [Regulation on the Common Organisation of the Markets in fishery and aquaculture products](#)³⁹. EUMOFA is the world's largest database on trade flows of fishery and aquaculture products, and is considered a reference market observatory on food commodities. EUMOFA is highly responsive and able to respond to sudden information needs of economic operators and policy-makers, as is the case in the context of the Covid-19 pandemic.

Result indicator: Effectiveness of Member States' fisheries control systems measured by the number of control action plans implemented within the deadline set (cf. Annex 2 'Performance tables', p. 14)

The objectives of the Common Fisheries Policy for healthy fisheries and eco-systems, a profitable industry, viable coastal communities and food security can only be achieved if Member States and the EU apply an **effective control and enforcement system**. It contributes to a level playing field, where the rules are applied in all fisheries in the same harmonised way across the EU and internationally. Only a widespread culture of compliance allows fishing operators to compete fairly. Member States must ensure effective control systems and timely fulfil the fisheries control action plans put in place by the Commission to overcome control deficiencies. The Commission checks that Member States fully apply the fisheries and control rules.

In 2020, we followed-up and launched new **enforcement measures** through EU Pilots (23), infringements (4), administrative inquiries (2) and action plans (15, of which 4 new plans). We ensured the control and enforcement of weighing measures and the landing obligation through audits. The study on a pilot project on control schemes for recreational catches of sea bass, requested by the European Parliament, was presented in a very successful webinar on 4 December⁴⁰. The webinar gathered some 160 stakeholders representing national control experts, scientific experts, Members of European Parliament,

³⁵ [The EU Fish Market, 2020 edition \(EUMOFA\), p. 53.](#)

³⁶ [COM\(2013\)229 final of 29.04.2013.](#)

³⁷ SWD(2020)6 and SWD(2020)7 of 14.01.2020.

³⁸ <https://www.eumofa.eu/>

³⁹ [Regulation \(EU\) No 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products, amending Council Regulations \(EC\) No 1184/2006 and \(EC\) No 1224/2009 and repealing Council Regulation \(EC\) No 104/2000.](#)

⁴⁰ https://ec.europa.eu/fisheries/press/webinar-recreational-fisheries-monitoring-and-control_en

Advisory Councils, non-governmental organisations, private companies and trade associations. DG MARE also regularly communicates on fisheries control via social media.

Throughout the year, the Commission continued to support discussions on its **proposal to revise the EU fisheries control system**⁴¹ of May 2018 both in the Council and the European Parliament, in view of adopting their respective positions, before engaging in trilogue negotiations. If the key objectives and features of the Commission's proposal are agreed by the co-legislators, the revised Control Regulation will modernise controls, ensure better quality and sharing of fisheries data and information (including for the small-scale fleet), reduce administrative burden, strengthen the enforcement provisions, enhance the implementation of the landing obligation and the fight against illegal, unreported and unregulated fishing.

*Result indicator: Contribution from the European Maritime and Fisheries Fund (EMFF) for 2014-2020 and 2021-2027 to climate related EU spending (cf. Annex 2 'Performance tables', p. 17)*⁴²

The **European Maritime and Fisheries Fund** (EMFF 2014-2020) supports the full implementation of the Common Fisheries Policy and maritime policy including the EU Blue Economy and international ocean governance.

According to the **EMFF implementation report 2019**⁴³, at the end of 2019, €3.21 billion of EMFF funding had been committed to operations in the Member States (55.8% of the EMFF envelope of €5.69 billion under shared management). €1.73 billion was paid to beneficiaries since 2014 (30.1% of the EMFF envelope). EMFF commitments range between 17.8% and 88.9% of the Member State's allocation whereas payments range between 7.3% and 67.8%.

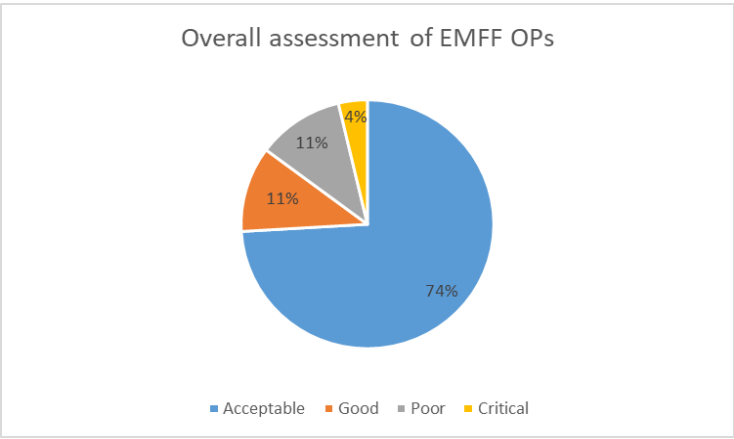
The EMFF contributes to achieving the objectives of the **European Green Deal**, and in particular the EU Biodiversity Strategy for 2030. The 2019 Annual Implementation Reports from the Member States and the Annual Review Meetings end 2020 showed a relative progress in EMFF implementation in most Member States compared to earlier years. External factors such as the Covid-19 crisis, Brexit and declining fish stocks (notably in the Baltic Sea) can however discourage investments and thus demand for support.

⁴¹ [COM\(2018\)368 final and 2018/0193\(COD\) of 30.05.2018](#). This proposal includes amendments to the Control Regulation 1224/2009, the IUU Regulation 1005/2008 and the founding Regulation of the European Fisheries Control Agency (EFCA).

⁴² See also [the Programme statement on the European Maritime and Fisheries Fund for the draft budget 2021 \(p. 395-412\)](#).

⁴³ Published in December 2020: https://ec.europa.eu/fisheries/sites/fisheries/files/emff-implementation-report-2019_en.pdf (see p. 6)

Overall, the **performance of the 27 EMFF programmes** is satisfactory, with 85% of programmes assessed as good or acceptable⁴⁴. Financial implementation in terms of commitments and selected operations is overall on track: at the end of 2019, 56.5% of the EMFF was committed (41.8% end of 2018) and 47,038



operations selected (34,303 at the end of 2018). For 78% of the programmes, progress with regard to output implementation was assessed as acceptable or good, which shows good implementation towards reaching the output indicator targets for 2023. The administrative capacity ranked high and was assessed as satisfactory with 85% of the programmes assessed as good or acceptable.

Some programmes are lagging behind in financial terms mainly due to institutional factors or problems in administrative capacity, gaps between levels of payments and levels of commitments, and the capacity of Member States to generate projects for some Union priorities. Implementation issues are addressed in close cooperation with DG MARE during the regular meetings held with managing authorities, such as annual review meetings, monitoring committee meetings and other bilateral discussions as well as targeted follow-up actions suggested and monitored through the annual implementation review and annual review exercises.

At the end of 2020, cumulative EMFF net payments to Member States totalled just over €2.4 billion. This represents 43% of the total amounts allocated to the programmes, and shows significant progress from the position at the end of 2019 (29%). This trend is comparable to the trend seen for the other European Structural and Investment Funds.

Examples of EU added value of EMFF support:

1. The FISH4FISH project (source: <http://fish4fish.dbcf.unisi.it/>)



The EMFF-funding to the FISH4FISH project is a very tangible contribution to **Europe’s circular and blue economy**. It helps boosting the bio-based sector to introduce a material that can tackle an environmental problem and reduce plastic pollution in the sea. Today, most packaging for processed food is made from single-use plastics, which is a big source of pollution. The food processing industry is

⁴⁴ Data based on 2019 Annual Implementation Report. The 2020 Annual Implementation Reports will be delivered by 31 May 2021. Payments are based on 2020 data.

therefore looking for sustainable alternatives, and the EMFF-funded FISH4FISH project is part of the solution⁴⁵. Six Spanish and Italian partners from the academic world and business produce innovative and sustainable packaging based on chitinolytic derivatives, using marine biomass wastes. This packaging enhances fish shelf-life and, once it is wasted, it can be used as fertilizer and microbial preservatives for plants. The bio-based polymers produced can be exploited for a wide range of other industries.

2. MedAves and the EU help protecting seabirds in Portugal



(source: https://ec.europa.eu/fisheries/press/eu-helps-protecting-seabirds-portugal_en)

Each year, around 200,000 seabirds are accidentally killed in EU waters alone. The extinction of the common murre, the seabird symbol of the Berlenga Nature Reserve off the Portuguese Atlantic coast, is largely due to accidental catches in gillnets. The MedAves project studied two innovative methods to prevent accidental catches. One method, developed by FishTek, uses green LED lights that make the gillnets visible to birds so that they can avoid them.

The other method uses a 'scary bird device' to keep seabirds away from the fishing zone. This device was created by the Fisheries Local Action Group in Oeste and Sociedade Portuguesa para o Estudo das Aves together with fishers. After an awareness campaign, 60 fishers joined the project. The EMFF funding of MedAves contributes significantly to the conservation of sea birds in Berlenga and can be replicated throughout Portugal and in other Member States.

3. For the love of nature: the EU supports a new fish farming business in Austrian mountains

(source: https://ec.europa.eu/fisheries/press/love-nature-eu-supports-new-fish-farming-business-austrian-mountains_en)



For the love of nature, Martin Traxler left his managerial job in Vienna to start a fish farm in the mountains of Styria, Austria. Learning aquaculture by self-study and exchange of experiences with other fish farmers, Martin and his wife Elke set up a successful business that covers the entire value chain: from rearing to marketing and serving products at their restaurant on-site. EMFF funding has helped turning his vision for a different life into a successful reality.

The interim evaluation of the direct management component of the EMFF⁴⁶ confirmed that spending was efficient, effective, relevant and coherent and that it brings EU-added value.

⁴⁵ https://ec.europa.eu/fisheries/press/circular-economy-seafood-waste-sustainable-packaging_en
<http://fish4fish.dbcf.unisi.it/>

It also pointed to the need for key performance indicators and to that end, the IT project for monitoring EMFF was set up.

Throughout 2020, we encouraged Member States to cater for the **impact of the Covid-19 pandemic**, fully using the possibilities created under the revised EMFF. The fisheries, aquaculture and other blue economy sectors - in particular coastal tourism - were severely hit by the economic disruption caused by the pandemic and the lockdown measures across the EU. The closure of sales venues, markets, outlets and distribution channels led to significant reductions in prices and volumes. For an overview of our specific actions on Covid-19, please refer to section E.

On 4 December, after more than two years of negotiations, the co-legislators reached a provisional political agreement on the **European Maritime, Fisheries and Aquaculture Fund** for 2021-2027. In the context of the new fund, Member States are encouraged to consider climate actions to deliver the expected contribution of 30% of the budget towards EU climate objectives during the new programming period.

As regards the **European Fisheries Fund** for 2007-2013, all but four operational programmes of Member States were closed or pre-closed.

Specific objective 2: A sustainable blue economy generating sustainable economic development, jobs and prosperity by 2024

Result indicator: Size of the EU blue economy (cf. Annex 2 'Performance tables', p. 20)

Our actions in the blue economy aimed at contributing to a faster transition towards an EU economy that meets the objectives of the **European Green Deal**. The blue economy has a huge potential in terms of its contribution to a green recovery. For the first time, the Commission's [EU Blue Economy Report 2020](#)⁴⁷ addressed the environmental dimension of the blue economy in detail.

Commissioner Virginijus Sinkevičius: *"Maritime renewable energy, food from the sea, sustainable coastal and maritime tourism, the blue bio-economy and many other activities constituting the blue economy will help us come out of this crisis stronger, healthier, more resilient and more sustainable. We are doing everything we can to cushion the impact of the lockdown, protect the jobs in the blue economy and the wellbeing of our coastal communities, while retaining our environmental ambitions."*

Source: press release of 11 June 2020

The Blue Economy Report 2020 gives an overview of the **size and performance** of the seven established sectors of the EU blue economy⁴⁸. With a turnover of €750 billion in 2018, the EU blue economy is in good health: it generated a gross value added (GVA) of €218.3 billion in 2018, or a 15% increase compared to 2009. Gross operating surplus

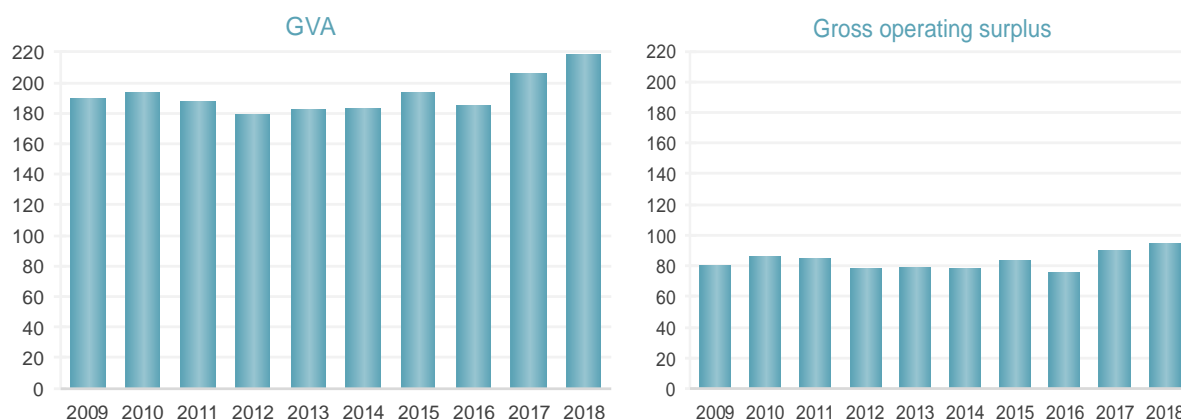
⁴⁶ SWD(2020)221 final and SWD(2020)222 final.

⁴⁷ Issued by DG MARE in cooperation with the Joint Research Centre: https://blueindicators.ec.europa.eu/published-reports_en. Blue indicators online dashboard: https://blueindicators.ec.europa.eu/access-online-dashboard_en

⁴⁸ The seven established sectors considered in this report are *Marine living resources, Marine non-living resources, Marine renewable energy, Port activities, Shipbuilding and repair, Maritime transport and Coastal tourism*.

(profit) at €94.5 billion was 18% higher than in 2009. The total turnover was at €749.7 billion, an increase by 12% (€670.9 billion in 2009).

Figure: Size of the EU Blue Economy, € billion ([THE EU BLUE ECONOMY REPORT 2020](#), p. 15)



Note: Data for 2018 are provisional.

Source of data: Eurostat (SBS), DCF and Commission Services.

As to the social dimension, the EU blue economy directly employed almost 5 million people in 2018; this is a significant increase of 11.6% compared to 2017. This growth in **blue jobs** was mainly driven by coastal tourism. Jobs in the marine renewable energy – a relative young sector in strong expansion – increased eightfold between 2009 and 2018.

Regarding the **Sustainable Blue Economy Finance Principles** presented at the Our Ocean Conference 2018 in Bali, DG MARE continued hosting the principles and gathering commitments from financial institutions and players to the UN Environment Finance Initiative UNEP FI. By December, the number of signatories increased from the 17 founding members to 52.

The EU blue economy is also stimulated at regional and international level:

- On 23 July, the Commission adopted the [revised Atlantic action plan](#)⁴⁹. Four priorities will strengthen cooperation and align funding for a sustainable development of the blue economy in the Atlantic. A task force is dedicated to marine renewable energy in the Atlantic, knowing that it has a high potential.
- The second Conference under the 2015 **Ministerial declaration of the Union for the Mediterranean** to strengthen cooperation on blue economy between EU and non-EU countries was postponed from 2020 to February 2021 due to the Covid-19 pandemic.
- The Commission presented a Methodological Guidance to help **Outermost Regions** in designing their blue economy strategies. It was presented at a webinar in June.

⁴⁹ [COM\(2020\)329 final and SWD\(2020\)140 of 23.07.2020](#).

[BlueInvest Day 2020](#)⁵⁰ provided innovators, business and investors in the EU Blue Economy with a platform for generating business opportunities and visibility for business. The event reached a wide audience beyond its already large stakeholder base, in particular through an active campaign on social media.

Result indicator: Improved marine knowledge measured by the degree of use of the European Marine Observation and Data Network (EMODnet) in terms of the quantity of downloaded data per month (cf. Annex 2 'Performance tables', p. 22)

Efficient and effective **ocean observation** is essential for planning coastal and offshore development and monitor its impact on other activities and on the environment. To prepare a future initiative, a public consultation⁵¹ has been launched. The aim is to provide reliable information that will help Member States look after their waters and communities, and help business adapt to climate change. It will maximise the potential for measuring once and using the data for many purposes and facilitate data sharing between communities and countries.

The [European Marine Observation and Data Network](#) (EMODnet)⁵² provides data and data products for those analysing the seas and oceans. Private parties represent about a quarter of EMODnet usage. During 2020, access to data and data products were improved through a central data gateway. An external [evaluation study](#)⁵³ confirmed that EMODnet adds EU value delivering annual user benefits of €288 million to €407 million from a combined effect of increased productivity, fostered innovation and reduced uncertainty.

Result indicator: Reduction of economic impact of marine litter in the EU measured in terms of median number of litter items per 100 metres of beach in the EU (cf. Annex 2 'Performance tables', p. 24)

The [EU Biodiversity Strategy for 2030](#)⁵⁴ sets out actions for the Commission to reduce pollution as a key driver of biodiversity loss and harmful impact on our health and environment. While a solid EU legal framework is in place to reduce pollution, more efforts are needed to reduce waste including litter and plastics. Pressures from marine litter is addressed under the Marine Strategy Framework Directive and the Water Framework Directive. Pressure from plastics is addressed through the [European Strategy for Plastics in a Circular Economy](#)⁵⁵ and the [new Circular Economy Action Plan](#)⁵⁶.

⁵⁰ <https://webgate.ec.europa.eu/maritimeforum/en/node/4453>

⁵¹ From November 2020 to February 2021: <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12539-Ocean-Observation>

⁵² <https://emodnet.eu/en>

⁵³ <https://op.europa.eu/en/publication-detail/-/publication/5dfd0c1f-8fa2-11ea-812f-01aa75ed71a1>

⁵⁴ [COM\(2020\)380 final of 20.05.2020](#).

⁵⁵ [European Strategy for Plastics in a Circular Economy \(COM\(2018\)28 final of 16.01.2018\)](#).

⁵⁶ [A new Circular Economy Action Plan for a cleaner and more competitive Europe \(COM\(2020\)98 final of 11.03.2020\)](#).

FIGURE: THE MOST COMMON LITTER TYPES AND BEACH LITTER COMPOSITION IN THE EU ([The EU Blue Economy Report 2020, p. 42](#)⁵⁷)



Source: Joint Research Centre, European Commission (2017)

The Commission has taken unprecedented actions to reduce the quantity of plastic reaching the sea. [Directive \(EU\) 2019/904](#) targets the 10 single-use plastic products most often found on Europe's beaches and seas, as well as **lost or abandoned fishing gear containing plastic** and obliges producers of such fishing gear to take responsibility for its safe disposal. [Directive \(EU\) 2019/883](#) on port reception facilities for the delivery of waste from ships⁵⁸ removed incentives to dump waste at sea. To that end, port fees should not depend on the amount of waste delivered. This includes passively fished waste.

In the EU, 20% of fishing gear is lost at sea. It accounts for about a third of marine litter found in European seas; this is over 11,000 tons per year⁵⁹. DG MARE's work in 2020 focused on developing the reporting protocols for fishing gear placed on the market, collected at ports (with separate analysis of passively fished waste) and preparing a request to standardisation authorities for the **circular design of fishing gear**. The Commission implementing decision has been adopted in February 2021.

In August-October, DG MARE co-organised with the EEAS, DG COMM and the United Nations the third **#EUBeachCleanup campaign**. Due to the Covid-19 pandemic, fewer events took place, but with 57 beach clean actions and several thousands of participants worldwide, the result was overall satisfactory. The overwhelming success of the accompanying social media challenge - "The ocean starts with you" - produced nearly 84 million impressions. The campaign gained significant "independent" relevance, as many non-EU organisations started to brand their own actions with the #EUBeachCleanup hashtag.

Result indicator: Maritime security measured by the number of new CISE (Common Information Sharing Environment) connections/nodes (cf. Annex 2 'Performance tables', p. 25)

Successful economic activities in the maritime domain need a secure environment. Maritime Security is a key element of the **Security Union**. The EU Maritime Security Strategy (EUMSS) and its Action Plan, adopted by the Council in 2014, have set the EU agenda for safe and secure seas and oceans. The EUMSS Action Plan was revised in June 2018 to ensure that the policy remains fit for purpose. DG MARE coordinates its implementation in cooperation with the EEAS, EU Agencies and Member States.

⁵⁷ https://blueindicators.ec.europa.eu/sites/default/files/2020_06_BlueEconomy-2020-LD_FINAL-corrected-web-acrobat-pro.pdf

⁵⁸ <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32019L0883>

⁵⁹ https://ec.europa.eu/fisheries/press/euronews-ocean-season-2-episode-9-marine-litter_en

The [implementation report on the EUMSS Action Plan](#)⁶⁰ found that there is significant progress on the five horizontal priorities of the plan⁶¹ as well as on the Regional and Global section. It also proposes actions to make further progress⁶².

In 2020, DG MARE continued its work with the European Maritime Safety Agency and Member States on the **Common Information Sharing Environment** (CISE). A Cooperation Agreement between the CISE members, approved in February 2021, will provide the legal framework for exchanging information. Two successful test campaigns demonstrated a good level of connectivity between CISE nodes and highlighted actions needed to further develop the network. The Covid-19 pandemic has affected the participation of some Member States and this may have slowed down the installation of new CISE nodes.

The **European Coast Guard Forum** Day of 22 October included workshops on Covid-19 and on EUMSS. The European Fisheries Control Agency hosted the Annual European Coast Guard Event on 10 December. In 2020, the Coastguard Cooperation framework⁶³ was further strengthened. The Mediterranean Coast Guard Forum did not convene in 2020 due to the Covid-19 outbreak.

Result indicator: Installed capacity of offshore wind energy and ocean energy in the EU (cf. Annex 2 'Performance tables', p. 26)

The **European Green Deal** emphasises the key role of marine renewable energy, and in particular offshore wind, in the transition to a climate-neutral economy. Renewable ocean energy is also expected to contribute.

DG MARE provided significant input to the [EU Strategy on Offshore Renewable Energy](#)⁶⁴ of November (lead: DG ENER). The objective is to increase the total capacity of:

- **offshore wind** in the **EU-27** from 12 gigawatt today to 60 gigawatt by 2030 and to 300 gigawatt by 2050.
- **ocean energy** to 100 megawatt by 2025, to 1 gigawatt by 2030 and to 40 gigawatt by 2050.

Germany (34%) has the largest installed capacity of offshore wind energy in Europe followed by Denmark (8%), Belgium (7%) and the Netherlands (5.5%). A nascent industry is present in Finland, Sweden, France, Spain, Ireland and Portugal⁶⁵.

⁶⁰ [Joint SWD\(2020\)252 final of 23.10.2020](#).

⁶¹ 1. International Cooperation; 2. Maritime Awareness; 3. Capability Development, Research & Innovation; 4. Risk Awareness and Management; 5. Education and Training.

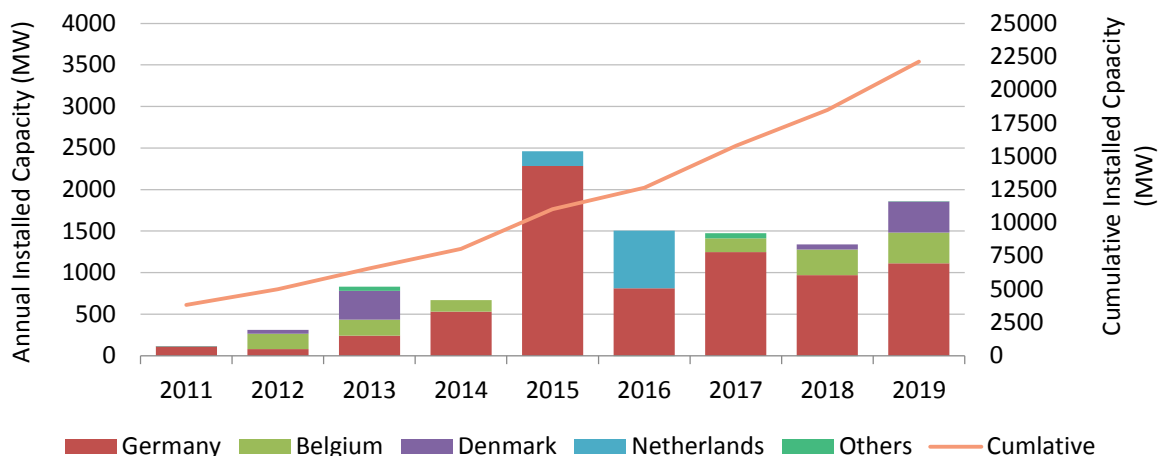
⁶² Reporting by all concerned Member States for a full picture of progress; More targeted reporting on specific actions; Link actions to the wider EU strategic priorities; Member States to better understand and report on the 'championship' concept; Member States to raise awareness of the EUMSS and EU/ national activities.

⁶³ Involving DG MARE, DG HOME, DG MOVE, the European Fisheries Control Agency, the European Maritime Safety Agency and FRONTEX.

⁶⁴ [COM\(2020\)741 final](#) and https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2096

⁶⁵ JRC (2020). Technology Development Report LCEO: Wind Energy.

Figure: EU offshore wind energy installed capacity, megawatt in the EU (without UK)

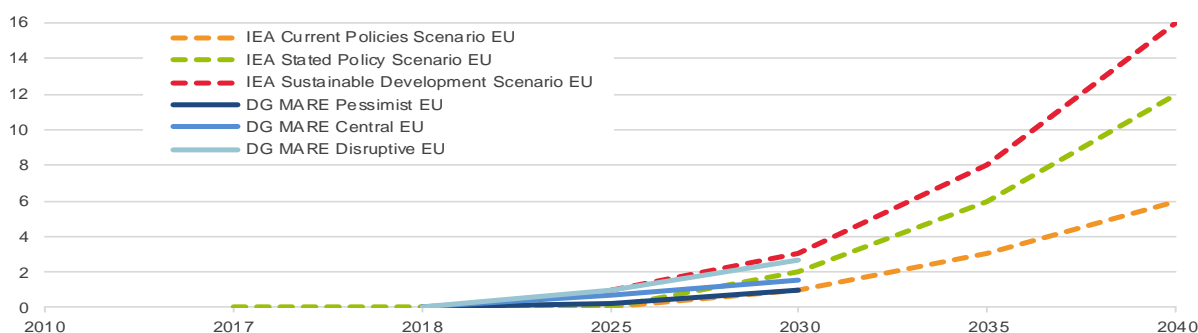


Source: JRC (03/02/2021)

Offshore wind energy is gaining importance in relation to onshore wind energy: new offshore wind capacity increased from 11.5% of the new wind capacity installed in 2016 to 27% in 2019. Offshore wind represents about 11% of the total installed wind energy capacity in the EU, growing from 8% in 2016.

Ocean energy (wave and tidal) can play a key role in decarbonising energy supply and more energy security and economic growth in coastal regions. At the end of 2019, the total installed capacity in ocean energy was 55.8 megawatt, with most of it located in EU waters (39.5 megawatt – figures include the UK)⁶⁶. Market scenarios from the International Energy Agency⁶⁷ indicate that depending on the cost-reduction and policy design, the total EU wide capacity could range between 0.5 gigawatt and 2.6 gigawatt by 2030, in line with previous assessments by the European Commission. To date, about 5 gigawatt is expected for 2030⁶⁸.

Figure: EU wave and tidal energy modelled installed capacity deployments, gigawatt (THE EU BLUE ECONOMY REPORT 2020, P. 115)



Source: JRC, DG MARE, IEA World Energy Outlook 2019

⁶⁶ 27.7 MW of tidal stream, 11.8 MW for wave energy - Ocean Energy Europe (2020) Ocean Energy. Key trends and statistics 2019.

⁶⁷ IEA (2019) World Energy Outlook 2019.

⁶⁸ JRC (2019).

The second call for proposals on environmental monitoring and possible impacts of ocean energy devices was evaluated. The external evaluation of the 2014 “Blue Energy” and the public consultation were finalised in December to feed into a Staff Working Document by March 2021.

To promote the EU strategy on offshore renewables in the context of the European Green Deal, DG MARE together with Euronews have developed a special **OCEAN episode** on the subject and a novel digital “Explainer”, which provided additional background on the strategy and reached an extensive online audience. We continued our partnership with Euronews on the OCEAN magazine. With monthly 2 million viewers, the magazine ensures unprecedented visibility for and provide public service information about all aspects of MARE’s portfolio.



Implementation of the directive on **Maritime Spatial Planning** has been closely monitored by the Commission, in particular as regards the adoption of the national plans by Member States. By the end of 2020, seven Member States (Belgium, Germany, Latvia, Malta, the Netherlands, Portugal and Finland) had already adopted national plans. The deadline is 31 March 2021⁶⁹.

In order to support Member States in the integration of an ecosystem-based approach to their national plans, DG MARE launched a study in 2020, accompanied by several workshops in early 2021. The results of this study⁷⁰ and workshops will also guide Member States when updating their plans in the coming years.

A new pan-Mediterranean maritime spatial planning project kicked off in February 2020. In May, a call was launched for new cross-border projects in the North Sea and the Baltic Sea, the Black Sea and Outermost regions.

General objective 4: A Stronger Europe in the World

Specific objective 3: More sustainable fisheries worldwide and improved international ocean governance by 2024

Our actions for more **sustainable fisheries worldwide** and **better international ocean governance** are an integral part of the EU’s response to the United Nations’ 2030 Agenda on Sustainable Development, notably Sustainable Development Goal 14 on life below water, and of making Europe Stronger in the World and the European Green Deal. In 2020, the Commission made further progress on the **International Ocean Governance Agenda**.

⁶⁹ For further details see: www.msp-platform.eu/msp-practice/countries

⁷⁰ This study is planned to be published around mid-2021.

We worked on actions to fill governance gaps, reduce the pressure on the oceans and increase ocean science and knowledge. Despite the Covid-19 pandemic, the Commission showed leadership on sustainable fisheries and ocean governance worldwide.

DG MARE continued to engage in the fourth Substantive Session of the Intergovernmental Conference on an International legally binding instrument under UNCLOS on the conservation and sustainable use of marine biodiversity in areas beyond national jurisdiction (**BBNJ**) with the aim to conclude an ambitious agreement which is also an important commitment under the external dimension of the EU Biodiversity Strategy for 2030. The Commission organised for delegations a workshop on environmental impact assessment (January, Brussels).

We provided input for a dialogue on oceans under the UN Framework on Climate Change, and contributed to the FAO Global Umbrella Programme to support the implementation of the 2009 **Port State Measures Agreement**. We continued our leadership role in other relevant UN fora, in the annual negotiations of the UN General Assembly's resolutions on Ocean and the Law of the Sea and Sustainable Fisheries, as well in the Food and Agriculture Organisation (FAO), notably to prepare a declaration on Sustainable Fisheries and Aquaculture in the context of the 25th Anniversary of the FAO Code of Conduct on Responsible Fisheries.

We supported the negotiations of a **World Trade Organization agreement on fisheries subsidies** as provided for in Sustainable Development Goal 14.6 with the aim to conclude by 2020. The agreement on fisheries subsidies is a political priority for the EU but it could not be concluded in 2020 mainly because meetings had to be cancelled due to the Covid-19 restrictions. In the context of our trade relations, we secured sufficient supply for the EU processing industry by establishing **Autonomous Tariff Quotas** for 2021-2023.

We prepared the membership of the EU in the International Coral Reef Initiative and a proposal for a negotiating mandate of the seabed mining code by the International Seabed Authority.

The **Arctic** plays a key role in regulating our climate and oceans. As co-coordinator for the EU Arctic Policy, DG MARE jointly with the EEAS launched a public consultation to assess whether the 2016 EU Arctic Strategy requires updating and how. A summary of the replies to the consultation has been published in January 2021⁷¹. In October, the Council adopted the Commission proposal for a negotiation mandate on the implementation of the Agreement to prevent unregulated high seas fisheries in the Central Arctic Ocean.

We prepared the commitments to be announced at the next Our Ocean and UN Ocean Conferences, both postponed due to the Covid-pandemic, and launched a targeted consultation on the International Ocean Governance Agenda. During two productive meetings of the EU Stakeholder **Forum for International Ocean Governance**, challenges for ocean sustainability, such as climate change, pollution, biodiversity loss and unsustainable use, and solutions for better ocean governance were discussed. External

⁷¹ <https://op.europa.eu/en/publication-detail/-/publication/497bfd35-5f8a-11eb-b487-01aa75ed71a1>

communication has been a helpful tool to promote our consultations and for the visibility of the Ocean Governance Forum.

International ocean governance and sustainable fisheries were mainstreamed into the European Green Deal in the context of the Farm to Fork Strategy and the EU Biodiversity Strategy for 2030. They are well reflected in the new EU-Africa Strategy, the new post-Cotonou Agreement and the programming of the new external funding instrument for 2021-2027, the NDICI, both essential for making Europe stronger in the World.

Result indicator: Sustainable management of the main regulated tuna and tuna-like species fished by the EU fleet under the purview of Regional Fisheries Management Organisations of which the EU is a Member (cf. Annex 2 'Performance tables', p. 29)⁷²

Regional Fisheries Management Organisations (RFMOs) are key actors for the joint management of highly migratory and straddling stocks under the Law of the Sea. Their performance is essential to ensure sustainable fisheries worldwide, notably by promoting science-based conservation and sustainable management of those stocks, their ecosystems and marine biodiversity more generally. Despite the mostly virtual format of meetings due to the Covid-19 pandemic the functioning of the RFMOs could be ensured. In some cases even significant progress could be achieved as well as existing monitoring, control and surveillance standards be maintained, not least due to the efforts of the EU. To ensure legal certainty for EU operators, RFMO decisions are being transposed into EU law. 2020 saw significant progress with new proposals for the transposition of RFMO rules into EU law and in the co-decision process for the transposition of the ICCAT bluefin tuna management plan.

Most of the **tuna and tuna-like stocks under the purview of Regional Fisheries Management Organisations** are managed in a sustainable way. Of the total commercial tuna catch worldwide, 87% came from stocks at “healthy” levels of abundance. All skipjack stocks are in good shape and yellowfin has moved from uncertain to healthy in the Eastern Pacific Ocean. However:

- The 2019 measures on **Bigeye tuna in the Atlantic** from the International Commission for the Conservation of Atlantic Tunas (ICCAT) based on scientific advice could not avoid overfishing of the stock. The EU is urging ICCAT to address the situation in 2021, with measures such as an allocation scheme for total allowable catches for bigeye and avoid quota overshoots.
- **Yellowfin tuna in the Indian Ocean** is overfished. The stock is not recovering despite measures from the Indian Ocean Tuna Commission (IOTC) since 2017, many based on EU proposals. Exemptions made these measures ineffective and catches slightly increased compared to the 2014 levels. An effective rebuilding plan based on scientific advice will be discussed in March 2021.

⁷² See also [the Programme statement on the compulsory contributions to Regional Fisheries Management Organisations \(RFMOs\) and other international organisations and Sustainable Fisheries Partnership Agreements \(SFPAs\) for the draft budget 2021 \(p. 444-450\)](#).

- **Pacific bluefin tuna** is overfished. Although the EU fleet does not fish this stock, we supported in RFMOs the adoption of measures to rebuild the stock.
- The situation of the **Mediterranean swordfish** has slightly improved. Although the 2020 assessment confirms that the stock is overfished, the recovery plan adopted by ICCAT in 2016 upon an EU proposal seems to gradually rebuild the stock.

Result indicator: Conservation measures based on scientific advice adopted for the main regulated species fished by the EU fleet under the purview of Regional Fisheries Management Organisations of which the EU is a Member (cf. Annex 2 'Performance tables', p. 32)⁷³

In all meetings of Regional Fisheries Management Organisations, DG MARE continued to promote sustainable management of stocks based on scientific advice, the adoption of adequate monitoring, control and surveillance measures, the fight against illegal, unreported and unregulated fishing and better governance in those organisations, all this in line with the **objectives of the Common Fisheries Policy**. We also promoted the adoption of marine protected areas with particular focus on the Southern Ocean as part of the EU Biodiversity Strategy for 2030 and key priority of the Commission under the European Green Deal as reflected in the State of the Union Speech of President von der Leyen.

In 2020, 32 out of 43 **conservation measures adopted by Regional Fisheries Management Organisations** for the management of the stocks under their purview were **in line with scientific advice** (i.e. 74% of all conservation measures adopted). This outcome is slightly lower than the 2019 results (88%).

The position taken by the EU in Regional Fisheries Management Organisations adhere to the objectives of the EU Biodiversity Strategy for 2030 and the Farm to Fork Strategy but the EU has only a certain leverage to influence the decisions of those organisations that are normally taken by consensus of all members. In addition, the Covid-19 pandemic forced many Regional Fisheries Management Organisations to postpone their annual meetings, organise them in a different format and limit their agenda to essential decisions. At the General Fisheries Commission for the Mediterranean, no conservation measures were adopted in 2020 as no meetings could be held.

Result indicator: Fighting illegal, unreported and unregulated (IUU) fishing measured by the number of non-EU Member States that the Commission has engaged in a dialogue with and the number of countries having addressed their deficiencies (cf. Annex 2 'Performance tables', p. 33)

To achieve the target of Sustainable Development Goal 14.4, eliminate IUU fishing and live up to our commitments under the European Green Deal for a zero tolerance towards IUU fishing, it is in the EU's interest to fight IUU fishing because it has strong detrimental

⁷³ See also [the Programme statement on the compulsory contributions to Regional Fisheries Management Organisations \(RFMOs\) and other international organisations and Sustainable Fisheries Partnership Agreements \(SFPAs\) for the draft budget 2021 \(p. 444-450\)](#).

effects on the stocks, profitability of operators and viability of coastal communities and on food security and undermines conservation efforts.

Using a system of green, yellow and red cards, the EU warns third countries' partners that they could be listed as a non-cooperating country in the fight against IUU fishing, if they do not comply with their **obligations as flag, coastal, port and market State** under international law. The Commission has conducted **IUU dialogues** with 65 third countries (cumulative figure for 2012-2020). This is the same number as in 2019, because we resumed cooperation with countries already subject to dialogues in the past. DG MARE continued the cooperation and dialogue to foster the necessary reforms in all third countries that are subject to the carding system. In 2020, Kiribati, successfully implemented the **action plan** proposed by the Commission leading to a lifting of the yellow card. The lack of cooperation and will to address shortcomings did not allow lifting red cards to the three identified countries: Cambodia (red card November 2013, listing March 2014), Comoros (red card May 2017, listing July 2017, fisheries agreement denounced in 2018 following listing) and Saint Vincent and the Grenadines (red card May 2017, listing July 2017).

The **10th anniversary of the EU IUU regulation** was celebrated during a high-level event organised jointly with the IUU NGO Coalition in December.



On 10 December, the 10th anniversary of the IUU Regulation was celebrated giving visibility to the EU's «zero tolerance» towards IUU fishing

The live-streamed event gave also high visibility to the much-welcomed **[Commission Report on the application of the IUU Regulation](#)**⁷⁴ of December. The report takes stock of the actions undertaken by the Commission and the Member States since the 2015 Commission Communication⁷⁵. It concludes that the IUU Regulation is a comprehensive and effective framework to fight IUU fishing. The catch certification scheme prevents products originating from IUU fishing to enter into the EU market. Dialogues with non-EU countries and the carding system are recognised as strong tools to make sure that non-EU countries abide by their commitments under international law, as flag, port, coastal and market States. To further combat IUU fishing, it is important to adopt and apply the revised EU fisheries control system swiftly.

⁷⁴ [REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL on the application of Council Regulation \(EC\) No 1005/2008 establishing a community system to prevent, deter and eliminate illegal, unreported and unregulated \(IUU\) fishing \(the IUU Regulation\) \(COM\(2020\)772 final\).](#)

⁷⁵ [Communication from the Commission to the European Parliament and the Council On the application of Council Regulation \(EC\) No 1005/2008 establishing a Community system to prevent, deter and eliminate illegal, unreported and unregulated fishing. COM\(2015\)480 final of 01.10.2015.](#)

Result indicator: Control of imports of fisheries products in the EU measured by the number of catch certificates import refusals by Member States (cf. Annex 2 'Performance tables', p. 35)

One of the key elements of the [EU Regulation on the fight against illegal, unreported and unregulated \(IUU\) fishing](#)⁷⁶ is the **EU IUU catch certification scheme**. The scheme aims to ensure that fishery products imported into the EU stem from legal fishing in accordance with international law of the sea and in compliance with national and regional conservation and management measures. Member States are responsible to apply the scheme and, in particular to apply the controls and verifications on imports of fishery products.

In May 2019, the Commission launched **CATCH**, an IT tool used for a digital transmission of catch certificates, processing statements and other relevant processes. In 2020, CATCH functionalities were further developed in close cooperation with Member States. The Commission will continue working with co-legislators to create the legal basis for the mandatory use of CATCH in the context of the revision of the EU fisheries control system.

Due to our efforts, we could safeguard the continuity of trade flows of fishery products upon the entry into force of the Trade and Cooperation Agreement with the UK on 1 January 2021 by ensuring the application of IUU rules (catch certificate) on both sides.

Result indicator: Number of sustainable fisheries partnership agreements (SFPAs) in force (cf. Annex 2 'Performance tables', p. 36)⁷⁷

Sustainable fisheries partnership agreements (SFPAs) give access for the EU long distance fleet to fishing zones in third country waters, and provide support to those third countries for better fisheries governance and ensuring a sustainable development of their local fishing sector. The main added value of SFPAs is that they foster fisheries governance in the partner countries and worldwide. The Blue economy is anchored within the governance framework of the SFPAs.



For example, in Senegal, sectoral support from the SFPAs targets better landing facilities for artisanal fisheries and the creation of artificial reefs. Up to 47% of this budget further supports blue economy activities in coastal fisheries communities.

Source: [The EU Blue Economy Report 2020, p. 69](#).

⁷⁶ [Council Regulation \(EC\) No 1005/2008 of 29 September 2008 establishing a Community system to prevent, deter and eliminate illegal, unreported and unregulated fishing, amending Regulations \(EEC\) No 2847/93, \(EC\) No 1936/2001 and \(EC\) No 601/2004 and repealing Regulations \(EC\) No 1093/94 and \(EC\) No 1447/1999](#).

⁷⁷ See also [the Programme statement on the compulsory contributions to Regional Fisheries Management Organisations \(RFMOs\) and other international organisations and Sustainable Fisheries Partnership Agreements \(SFPAs\) for the draft budget 2021 \(p. 444-450\)](#).

SFPAs also contribute to economic activity and new jobs both in the EU and in the partner countries, in levels depending on the agreement. An OCEAN episode on SFPAs was postponed to 2021, because of Covid-19 travel restrictions.

At the end of 2020, there were **12 SFPAs⁷⁸ in force⁷⁹**. Following the completion of legislative procedures, a new SFPA protocol with the Seychelles has started to be implemented in February. Negotiations took place with Greenland, Mauritania and Gabon and discussions held with Madagascar in view of resuming negotiations. In parallel, due to the Covid-19 pandemic, both the agreement with Mauritania and the one with the Cook Islands were extended for one year to ensure continuity of fishing activities.

An evaluation study in view of the renewal of the SFPA with Mauritius has been launched and a study regarding a possible new agreement with Guinea has been completed.

As some SFPAs could not be renewed in 2020 (e.g. Madagascar, Gabon, Liberia), some ship-owners had to stop their fishing activities or modify their strategies, in the context of sharp global competition between various long distant fishing fleets. However, the impact was limited as ship-owners could find alternative fishing grounds in countries benefiting from an SFPA or sometimes in other countries under [Regulation \(EU\) 2017/2403 on the sustainable management of external fishing fleets⁸⁰](#).

On some occasions, negotiations have taken more time than expected because of unrealistic financial expectations of the partner country (Madagascar) or because of issues related to the non-compliance of the partner country with the EU Regulation on the fight against illegal, unreported and unregulated fishing (Liberia, Kiribati).

The risk of not meeting objectives largely depends on factors that the Commission cannot control and which are inherent to international negotiations, such as the decision-making by the partner country, high financial expectations or political changes.

⁷⁸ Cabo Verde, Cook Islands, Côte d'Ivoire, Greenland (expired on 31.12.2020), Guinea Bissau, Mauritania, Mauritius, Morocco, SãoTomé and Príncipe, Senegal, Seychelles and The Gambia.

⁷⁹ The SFPA with Liberia expired on 08.12.2020.

⁸⁰ [Regulation \(EU\) 2017/2403 of the European Parliament and of the Council of 12 December 2017 on the sustainable management of external fishing fleets, and repealing Council Regulation \(EC\) No 1006/2008.](#)

2. MODERN AND EFFICIENT ADMINISTRATION AND INTERNAL CONTROL

2.1 Financial management and internal control

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

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

- the reports by Authorising Officers by Subdelegation (AOSDs) in accordance with the AOSD Charter, together with questionnaires designed for the preparation of the Annual Activity Report;
- the reports on control results from management/audit authorities in Member States in shared management as well as the result of the Commission supervisory controls on the activities of these bodies;
- the reports from Authorising Officers in other DGs managing budget appropriations in cross sub-delegation;
- the reports on control results from entrusted entities in indirect management, as well as the results of the DG's supervisory controls on the activities of these bodies;
- the contribution by the Director in charge of Risk Management and Internal Control, including the results of internal control monitoring at the DG level;
- the reports on recorded exceptions, non-compliance events and any cases of 'confirmation of instructions' (Article 92.3 of the Financial Regulation);
- the reports of the ex-post audit sector;
- the monthly reports to MARE management on budget implementation;
- the limited conclusion of the Internal Auditor on the state of internal control, and the observations and recommendations reported by the Internal Audit Service (IAS);
- the observations and the recommendations reported by the European Court of Auditors (ECA).

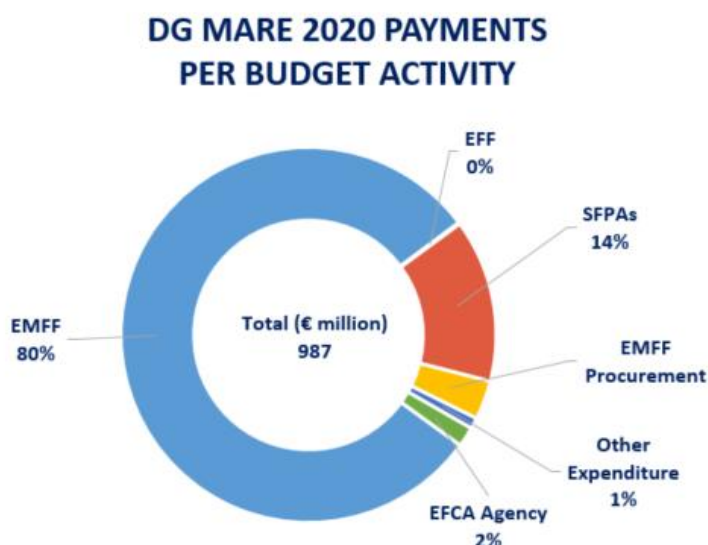
These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a complete coverage of the budget delegated to the Director-General of DG MARE⁸¹.

This section covers the control results and other relevant elements that support management's assurance. It is structured into (a) Control results, (b) Audit observations and

⁸¹ See also section 1 page 22

recommendations, (c) Effectiveness of internal control systems, and resulting in (d) Conclusions on the assurance.

2.1.1 Control results



This section reports and assesses the elements identified by management which support the assurance on the achievement of the internal control objectives⁸². The DG's assurance building and materiality criteria are outlined in AAR Annex 5. Annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

DG MARE 2020 PAYMENTS					
Budget Management Type	Budget Activity	Paid Amount (€)	% of Total Paid Amount	Number of Payments	Average Paid Amount (€)
		(1)	(2)	(3)	(4)
		as per AAR annex 3, table 2	= (1) / Total (1)	as per AAR annex 3, table 6	= (1) / (3)
Shared	EMFF	787,668,074	79.79%	137	5,749,402
	EFF	1,202,752	0.12%	1	1,202,752
Total Shared Management		788,870,826	79.92%	138	5,716,455
Direct	SFPAs	138,842,264	14.07%	28	4,958,652
	EMFF Procurement and Grants	33,224,239	3.37%	383	86,747
	Other Expenditure	9,282,194	0.94%	191	48,598
Total Direct Management		181,348,698	18.37%	602	301,244
Indirect	EFCA Agency	16,900,000	1.71%	3	3
Total Indirect Management		16,900,000	1.71%	3	5,633,333
Total		987,119,523	100%	743	1,328,559

Overview – Shared management (80% of 2020 payments)

The most significant budget activity for DG MARE relates to the programmes under shared management, representing 80% of the DG's executed payments in 2020. Management relies on a number of complementary sources in its assessment of the effectiveness of the systems established by the Member States for the implementation of these programmes.

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

These sources include in particular regular contacts with and reporting by the Member States' programming authorities during negotiations, implementation and closure of the programmes.

Where necessary, DG MARE interrupts or suspends deadlines of payment applications and takes other safeguard measures foreseen by the applicable legislation as appropriate.

European Maritime and Fisheries Fund (EMFF) 2014-2020

The control of programme implementation is carried out by Member States' designated programme authorities. In 2020, €627.4 million were paid in interim payments (the remainder is attributable to annual pre-financing).

European Fisheries Fund (EFF) 2007-2013

Member States submitted their final payment applications by 31 March 2017 together with their closure declarations and final implementation reports. DG MARE concluded its analysis of the closure documents for all 27 Member States in 2020. In 2020, one closing balance was paid out for an amount of €1.2 million.

Overview – Direct Management (18% of 2020 payments)

Sustainable Fisheries Partnership Agreements (14% of 2020 payments)

Sustainable Fisheries Partnership Agreements (SFPAs) are negotiated and concluded by the Commission, on behalf of the European Union. Under an SFPA the EU obtains access to a third country's exclusive economic zone (EEZ) for EU vessels which may carry out fishing activities. In return, the EU provides a financial contribution. This financial contribution is paid to each partner country annually, on the basis of the provisions set in the protocols.

Each year, the Commission identifies in its Draft Budget those agreements that will be in force the following year, together with possible future agreements or renewals of protocols. In 2020, the total amount paid for SFPAs was €138.8 million. While the financial contributions for each SFPA in force are covered by the annual allocation on the operational line, the amounts for new and renewed SFPAs are put in the reserve and only transferred to the operational line once the relevant legal basis enters into force.

EMFF Procurement and Grants (3% of 2020 payments)

MARE implements the EMFF Annual Work Programme by concluding procurement contracts and grant agreements. This expenditure is partially managed directly by DG MARE, while the majority was delegated to the Executive Agency for Small and Medium-sized Enterprises (EASME).

Within the Directorate General, the management of tendering and grants procedures is decentralised to the operational Units of the Directorate General, with independent centralised ex-ante verification performed by the central financial unit.

All open procurement procedures are in addition subject to review by an independent advisory committee within the DG (the Procurement Examination Group).

Other expenditure (1% of 2020 payments)

Other expenditure includes the compulsory contributions to Regional Fisheries Management Organisations (RFMO's), pilot projects as well as routine administrative expenditure.

Budget implementation tasks entrusted to other DGs and entities

Executive Agency – EASME – Direct management

Since 2014, EASME has managed part of the EMFF direct management expenditure relating to the Maritime Policy, Scientific Advice and Fisheries Control and Enforcement.

The delegation to EASME has been governed by a memorandum of understanding (MoU) between EASME and DG MARE. This MoU covers the reporting and supervising arrangements with regard to the functioning of the Agency. DG MARE participates as an observer in the Steering Committee of the Agency, chaired by DG GROW and composed of representatives of all 7 parent DGs.

A dedicated unit in EASME manages grant actions, procurement procedures, calls and evaluations in line with the adopted work programmes.

In 2020, EASME managed 49 actions (with payments totalling €33.7 million) stemming from the 2014 to 2020 DG MARE work programmes.

Union bodies - EFCA - Indirect management (2% of 2020 payments)

Although Union bodies have full responsibility for their own management, a number of reporting and supervising arrangements allow DG MARE to exercise its supervisory role.

The Commission and DG MARE in particular participate at different levels of governance within the Agency, from the Administrative Board to the Joint Deployment Plans. The Commission supervises the EFCA annual and multi-annual work programme, the Staff establishment plan and Budget and adopts an opinion on its draft Single Programming Document. The Commission follows-up the discharge process by participating and, if necessary, intervening in the relevant parliamentary debates.

In 2020, the EU contribution to EFCA amounted to €16.9 million (see annex 12).

2.1.1.1 Effectiveness

(i) Legality and regularity of the transactions

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

DG MARE has no reported cases of confirmation of instructions (art 92.3 FR), cases of derogations from the principle of non-retroactivity (art 193.2 FR). Neither, cases of flat rates for indirect costs exceeding 7% (art 181.6 FR) to disclose and is not concerned by cases of financing not linked to costs (art 125.3) or by Financial Framework Partnerships exceeding 4 years (art 130.4).

2.1.1.1.1 Shared Management

European Maritime and Fisheries Fund (2014-2020)

Control objective

Regarding the legality and regularity of the underlying transactions, the objective is to ensure that the estimated residual total error rate (RTER) does not exceed 2% for each accounting year. Further details on the materiality criteria for issuing a reservation are set out in Annex 5.

Source of information used to build up the assurance

For the 2014-2020 programming period, in addition to the information sources listed below, the main source of information is the assurance package that national authorities must provide each year by 15 February, from 2016 to 2025 included. This comprises the management declaration and annual summary, prepared by the managing authority, the certified accounts, prepared by the certifying authority, and the annual control report and audit opinion, prepared by the audit authority.

DG MARE also uses the following sources of information:

- MARE's audit work on the review of the reliability of the audit authorities;
- MARE's system and thematic audits;
- Relevant audit information received from DG REGIO, DG EMPL and/or the ECA;
- Annual implementation reports from the Member States;
- Monitoring committees and annual review meetings;
- Contacts with regional and national programme managers;
- OLAF.

A. Control results

The annual assurance is mainly based on DG MARE's analysis of the assurance packages provided by the Member States' authorities by 15 February each year from 2016, in

combination with the results from all audit information available throughout the year, such as the assessment of national system audit reports and reports from other Commission services. In particular, the audit authorities report a total error rate (TER), which is the rate prior to corrections, and a residual total error rate (RTER) which represents the error remaining in the accounts after corrections. Further details on the control cycle are disclosed in Annex 7.

Following the travel restrictions due to the COVID-19 outbreak, MARE moved to remote audits for implementing the 2020 audit plan as of March 2020. It should be noted that the desk reviews/remote audits are more cumbersome to implement than on-the-spot audit work, in particular due to practical constraints such as the high volume of complex documentation, the missing direct contact with the auditees and the limited interpretation facilities. While the COVID-19 related risk to the assurance-building process and related audit work is considered significant, the mitigating actions taken by DG MARE are at this stage expected to effectively limit the assurance risk linked to the COVID-19 outbreak. In particular, the risk related to the expenditure declared to DG MARE for the accounting year 2019/2020 (i.e. ending on 30 June 2020) is considered limited since most of the national authorities have been able to carry out their respective controls to a sufficient level. In addition, DG MARE considers having reached an adequate level of assurance through remote audits on those controls.

DG MARE will continue monitoring the situation in the Member States and regularly discusses the issue with the other shared management DGs to ensure a fully coherent approach across this family cluster.

Annual accounts 2018-2019 – Confirmation of error rates reported in 2019 AAR

In the 2019 AAR, DG MARE reported in Annex 7 the error rates as reported by the national audit authorities in the annual control reports relating to each of their respective operational programmes.

The desk review of the assurance packages and the analysis of all other information available, such as Commission audit work carried out throughout previous years and national system audit reports, give DG MARE a good view of the reliability that can be placed on the national audit authorities.

Results of compliance audits

Since the beginning of 2018, DG MARE has carried out compliance audits in 20 Member States. The remaining Member States are planned to be covered during 2021 except for one Member State (for which no expenditure has been declared for the past accounting period).

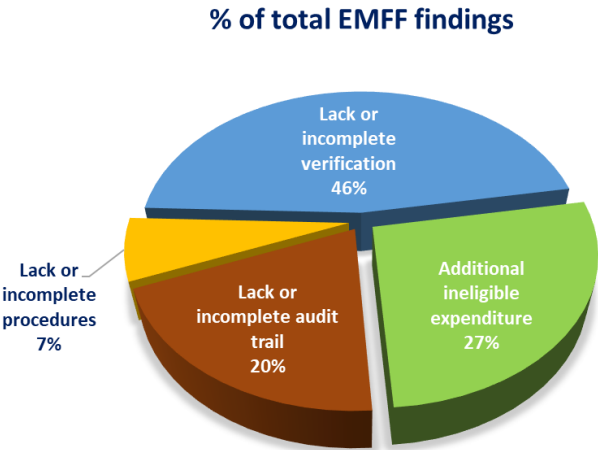
For 2020, DG MARE had identified, via a risk assessment, ten audit authorities for which the desk review of the assurance package was complemented by a compliance audit. In addition, before the compliance audits, four fact-finding missions were carried out in 2020 prior to the receipt of the annual control reports for the accounting year 2018-2019.

In the course of the audit work, the error rates reported by the audit authorities in their annual control reports were verified and confirmed by DG MARE. While some of the error rates reported needed recalculation by DG MARE, all residual error rates as confirmed by DG MARE remained below the materiality threshold. For two Member States, for which the contradictory procedure is ongoing and the outcome of which might have an impact on the final error rates, the worst-case scenarios were assumed. Nonetheless, these scenarios do not exceed materiality.

The confirmed weighted residual total error rate for the accounting year 2018-2019 is 1.03%.

Therefore, DG MARE can conclude with reasonable assurance that, after the control cycle (national and Commission) has been completed, there is no overall material residual risk remaining in the 2018-2019 accepted accounts.

Typology of DG MARE findings (accounting year 2018-2019)

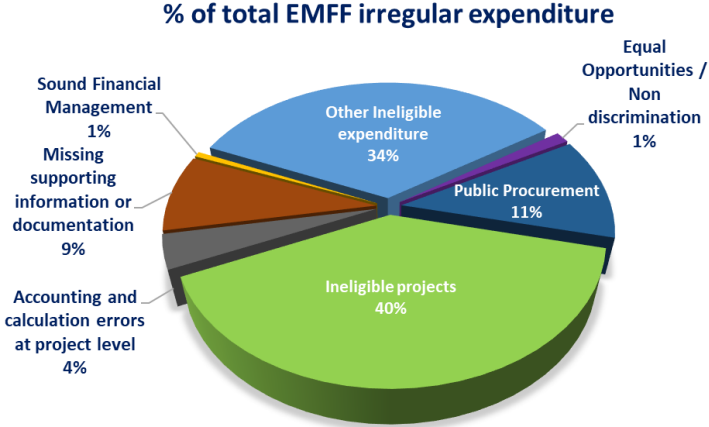


Findings made by DG MARE in relation to the methodology applied and the work carried out by the audit authorities mainly relate to the “lack or incomplete verification” type of finding.

Typology of Audit Authorities’ findings (accounting year 2018-2019)

The audit authorities have reported significant audit coverage through their audits of operations for the accounting year 2018-2019 by auditing 908 out of a total of 19.635 items in the population (payments claims/operations), representing 29% of the total declared expenditure.

This demonstrates that single auditing under shared management allows for a large audit coverage of beneficiaries and expenditure. At the same time the extended methodological guidance on statistical sampling tools recommended by the Commission helps the national



audit authorities to keep a balanced level of audit work.

Moreover, following a common typology agreed and shared with the Commission and aligned with the OLAF data base for reporting irregularities), the audit authorities reported on irregularities found in their audits of operations in accordance with this typology.

Of the total irregularities found relating to accounting year 2018-2019, 40% (in terms of irregular expenditure) relate to the “ineligible project” type of irregularity.

Annual accounts 2019-2020

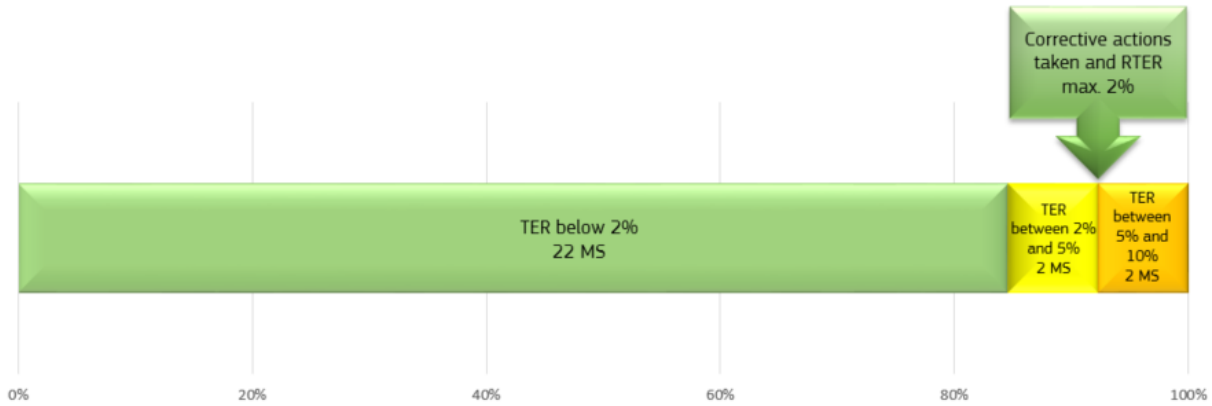
During the last accounting year (from 1 July 2019 to 30 June 2020), expenditure was declared to the Commission by 26 Member States (one MS provided ‘zero accounts’).

26 audit authorities provided unqualified opinions on the accounts all of which are acceptable.

One Member State submitted a disclaimer of opinion and zero accounts, following the withdrawal of all payment applications for the accounting year 2019-2020. However, a non-quantified reservation is made for the related operational programme, due to significant weaknesses in the management and control system (see Annex 7 for further details).

DG MARE has carried out a first preliminary consistency review⁸³ of the error rates reported by the Member States leading to the “reportable” error rates. Prior to this review fact-finding missions complemented the work for five Member States.

For the 26 Member States, the range of total error rates (TER) submitted is as follows:



All four Member States reporting a total error rate above the materiality threshold have taken the necessary corrective actions to reduce the residual error in the population to 2% or below.

The single audit strategy also foresees thematic/targeted audits for programmes to cover horizontal areas. In this context, DG MARE carried out seven audit missions focussing on specific key requirements of the Member States’ management and control systems (i.e. the

⁸³ Details on the checks carried out can be found in Annex 7

selection of operations, adequate management verifications and proportionate anti-fraud measures) and on data collection measures.

While for some of the audits the contradictory procedure is ongoing, the (preliminary) results of all audits are in general positive and have not led to material errors or critical findings.

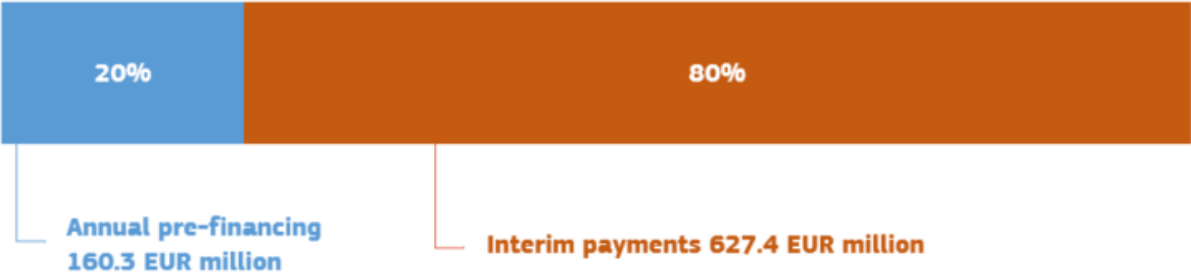
As per 31/12/2020, there was 1 open case of suspension of payment deadlines for a total amount of €20.6 million. The case is currently being followed up in close cooperation with the Member State concerned. Further details are disclosed in Annex 7.

There were no net financial corrections applied under the EMFF in the reporting year.

The reservation issued in the 2019 AAR for the EMFF French operational programme is lifted, following adequate remedial actions implemented by the Member State. Details on the follow-up can be found in Annex 7.

B. Payments made during the reporting year

In 2020, €787.7 million was paid out, of which €160.3 million in pre-financing and €627.4 million in interim payments.



The Commission's assurance varies in accordance with the different types of payments made during the reporting year.

Pre-financing payments

Pre-financing payments can be considered as not being 'at risk' from the legality and regularity perspective, due to the nature of these amounts still being assets of the European Commission which will be only transferred to Member States when 'cleared' in the Commission accounts at closure of programmes or at the moment of the acceptance of the accounts.

Interim payments

DG MARE has analysed the assurance packages received by 15 February 2021⁸⁴, which relate to the interim payments made during the accounting year ended 30 June 2020. As part of its assessment of the legality and regularity of expenditure, DG MARE analyses in

⁸⁴ Including those received by 1 March

depth, and provides its own opinion on, the information provided on the management and control system, the audit strategy, system audits, audits of operations, the audit authority's audit of the accounts, and the overall opinion provided.

In relation to interim payments made in 2020 in respect of the accounting year ending 30 June 2021, reasonable assurance on these payments at this stage of implementation is mainly provided by the retention of 10% for 2014-2020 interim payments. Additional assurance is provided by the effectively functioning management and control systems of the Member States concerned.

C. Conclusion and benefits of controls

DG MARE has reasonable assurance on EU payments made for the 2014-2020 programming period in 2020 since they bear no risk (pre-financing) or, for the interim payments made, adequate mechanisms are in place to ensure that only legal and regular expenditure is included and certified in the annual accounts.

The confirmed EMFF error rate for the amount at risk at payment for the relevant expenditure 2020 is 1.03% and the confirmed error rate for the amount at risk at closure is 1.03%. Details per operational programme are included in Annex 7.

The reservation for one operational programme under the EMFF is duly followed up through the legal procedures available to protect the Union budget. Further details are described in Annex 7.

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

In addition, there are a number of non-quantifiable benefits resulting from the controls operated throughout the various control stages (notably the negotiation procedures of the programmes, which aim to ensure that the financed programmes contributed to the achievement of the policy objectives, the management of the programmes by the operational units of the DG, and the deterrent effect of ex-post controls). At the selection, implementation and monitoring stages, by ensuring compliance with the applicable rules and procedures, it is ensured that the underlying operations are legal and regular.

European Fisheries Fund (2007-2013)

Control objective

Regarding the legality and regularity of the underlying transactions, the objective is to ensure that the estimated residual risk of error does not exceed 2%, at the end of the implementation of each programme.

Control results

By the end of 2020, DG MARE had informed all 27 Member States about the closure proposed.

For 2020, the amount at risk is estimated by applying the residual error rate communicated by the audit authorities at closure and confirmed by DG MARE to the “relevant expenditure”, as set out in Annex 5. During 2020, following the finalisation of the closure procedure, one final balance payments were made amounting to €1.2 million.

The weighted residual risk rate for the EFF is 0.00%, based on relevant expenditure during the reporting year and taking into consideration the confirmed residual risk rates at closure. Details on the amount for the Member State concerned are disclosed in Annex 7.

For the remaining operational programmes, no payments were made during 2020; therefore, there is no amount at risk for these programmes for the reporting year. There were financial corrections applied amounting to €1.1 million under the EFF in the reporting year.

Conclusion

DG MARE has reasonable assurance on EU payments made for the 2007-2013 programming period in 2020.

2.1.1.1.2 Direct Management

Control objective

As regards legality and regularity, the standard quantitative materiality threshold of 2% of the executed payments is applied. In MARE, this applies to all non-compliance events detected throughout the year and with a quantifiable impact on legality and regularity. In addition to this quantitative criterion, significant weaknesses detected in the functioning of the internal control system or entailing significant reputational risks for the DG or the Commission are considered as materiality criteria. In assessing the significance of the weakness, MARE takes into account the nature and scope, duration, as well as the existence of mitigating controls and/or remedial actions. In this respect, MARE would consider as materiality criteria a ‘critical’ recommendation issued by auditors in the context of a final audit report, and which it has accepted, for which insufficient corrective action has been taken to implement the recommendation.

Sustainable Fisheries Partnership Agreements

Payments relating to Sustainable Fisheries Partnership Agreements made during the year totalled €138.8 million, equivalent to 14% of all amounts paid by the DG.

At the end of 2020, a total number of 12 protocols to Sustainable Fisheries Partnership Agreements were in force, compared with 13 at the end of the previous year.

In 2020, SFPA-related negotiations resulted in a new protocol signed with the Seychelles; in addition, the protocols with the Cook Islands and Mauritania were extended by for one year.

Also, the negotiations for a new Agreement and Protocol with Greenland were conducted in 2020, and were successfully completed with an agreement reached in January 2021. Preparatory works in view of future negotiations carried out in 2020 included the ex-ante and ex-post evaluations of SFPAs with the Cook Islands, Liberia and Guinea. The ex-post and ex-ante evaluation for Mauritius's Protocol was also launched, and will be finalised in 2021. Furthermore, the SFPAs global evaluation was launched in December 2021, In addition, negotiation mandates for the renewal of the Protocols with the Cook Islands and Liberia were adopted in 2020.

An essential element of an SFPA is the policy dialogue on fisheries between the EU and the partner country during the negotiation process and the lifetime of the protocol.

Through its controls, the DG ensures that the financial contribution resulting from the negotiations represents a fair balance between the access to third country waters and the positive returns for the EU.

As regards the benefits of the controls carried out, these are very difficult to quantify in monetary terms, but ultimately the intention is to ensure that the financial contribution paid from the EU budget represents a fair balance between the access to third country waters and the positive returns for the EU. In the absence of any significant weakness detected, which could have a material impact as regards the legality and regularity of the financial operations, it is concluded that the relevant control objective has been achieved.

Procurement and Grants

In 2020, DG MARE made payments for an amount of €33.2 million, in relation to procurement and grants implementing the EMFF Annual Work Programme.

A combination of preventive, detective and corrective controls, as detailed in Annex 6, are embedded into the programming and planning, verification, execution and monitoring, management and reporting processes so as to ensure effective mitigation of the financial and management risks. The procurement and grant procedures are subject to regulatory requirements, which cannot be curtailed.

Since a quantitative estimation of the value of errors prevented and detected is not available, it is not possible to quantify the related benefits, other than the amounts recovered as a result of these controls. In consequence, it is not possible to quantify the overall cost-effectiveness of controls by comparing costs with quantifiable benefits.

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

In 2020 a single open procurement procedure was launched, which however did not result in the award of a contract due to the lack of submission of any tenders.

The total late interest recorded in 2020 totalled €1,213 (2019: €1,701).

One exception event (2019: 3 events) was recorded in 2020. Examination of the exception did not reveal any weaknesses in the control system and it was considered not to affect the legality and regularity of the underlying transactions. Mitigating measures were put in place to avoid a similar situation arising in the future.

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

Conclusion on the control effectiveness as regards legality and regularity

DG MARE's portfolio consists of segments with a relatively low error rate. This is, respectively, thanks to the inherent risk profile of the programme and funding modalities and the performance of the related control systems.

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

The estimated overall risk at payment for 2020 expenditure amounts to €7.3 million, representing 0.79% of the DG's total relevant expenditure for 2020. This is the AOD's best, conservative estimation of the amount of relevant expenditure during the year not in conformity with the contractual and regulatory provisions applicable at the time the payment was made.

This expenditure will subsequently be subject to ex-post controls and a proportion of the underlying errors will be detected and corrected in subsequent years. The conservatively estimated future corrections for 2020 expenditure amount to €0.04 million. This is the amount of errors that the DG conservatively estimates will be identified and corrected by controls planned to be carried out in subsequent years.

The difference between those two amounts results in the estimated overall risk at closure of €7.3 million, representing 0.79% of the DG's total relevant expenditure for 2020.

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

The risk at payment (0.79%) remains below materiality like in the previous year. The increase of the current rate compared to the rate of the previous year (0.42%) is mainly due to the application of the highest possible error for two Member States for which the contradictory procedures are ongoing.

The estimated future corrections are negligible, since in particular for the EMFF, which is the main budget activity, all of the confirmed RTERs are below materiality. Therefore, the risk at closure remains similar to the risk at payment.

In light of the results set out in the sections above, MARE considers that the information obtained from its own work and the work of others, in particular the Member States for shared management, is complete and reliable and that the controls in place have functioned effectively. However, reference is made to the qualification of the declaration of assurance by the non-quantified reservation for the EMFF, see section 2.1.4.

TABLE X - ESTIMATED RISK AT CLOSURE

DG MARE	"payments made" (in FY; m€)	minus new prefinancing [plus retentions made] (in FY; m€)	plus cleared prefinancing [minus retentions released and deductions of expenditure made by MS] ¹ (in FY; m€)	= "relevant expenditure" (for the FY; m€)	Average Error Rate (weighted AER; %)	estimated risk at payment (for FY; m€)	Average Recoveries and Corrections (adjusted ARC; %)	estimated future corrections [and deductions] (for FY; m€)	estimated risk at closure (FY; m€)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Budget Activity	as per AAR annex 3, table 2	as per ABAC DWH BO report on prefinancing and SFC2014	as per ABAC DWH BO report on prefinancing and SFC2014	= (2) + (3) + (4)	Detected error rates, or equivalent estimates	= (5) * (6)	based on 5Y-avg historic ARC (as per ABAC DWH BO report on corrective capacity, but adjusted to be the best conservative estimate for the current MFF ^{2, 3, 4})	= (5) * (8)	= (7) - (9)
EMFF shared management	787.7	(90.7)	(9.3)	687.7	1.03%	7.1	0.00%	-	7.1
EFF	1.2	-	42.6	43.8	0.00%	-	0.00%	-	-
Sustainable Fisheries Partnership Agreements	138.8	-	-	138.8	0.00%	-	0.00%	-	-
EMFF Procurement and Grants	33.2	(17.0)	11.3	27.5	0.50%	0.1	0.16%	0.04	0.1
Other Expenditure	9.3	(0.2)	0.7	9.8	0.50%	0.0	0.02%	0.0	0.0
EFCA Agency	16.9	(16.9)	16.5	16.5	0.50%	0.1	0.00%	-	0.1
DG total	987.1	(124.8)	61.9	924.2		7.3		0.0	7.3
						0.79%		0.00%	0.79%

¹ The amounts of the retentions made, released and deductions for the EMFF are detailed in Annex 7.

² Average recoveries and corrections for EFF are set at 0% since no future financial corrections are expected on the relevant expenditure 2020.

³ Average recoveries and corrections for EMFF only apply where the RTER is above 2%.

⁴ Average recoveries and corrections for Procurement and Grants and Other Expenditure are based on the 5Y-avg historic ARC.

Notes to the table

(1) Differentiated for the relevant portfolio segments 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 covered by the Delegated DGs. For Cross-SubDelegations (Internal Rules Article 12), they remain with the Delegating DGs.

(3) New pre-financing actually paid out by the department itself during the financial year (i.e. excluding any pre-financing received as a transfer from another department). "Pre-financing" is covered as in the context of note 2.5.1 to the Commission annual accounts (i.e. excluding "Other advances to Member States" (note 2.5.2) which is covered on a purely payment-made basis).

"Pre-financing paid/cleared" are always covered by the Delegated DGs, even for Cross-SubDelegations.

* For the EMFF, the (10%) retention made.

(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').

* For the EMFF, the retention which is now released by the Commission.

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

(6) In order to calculate the weighted Average Error Rate (AER) for the total relevant expenditure in the reporting year, the detected error rates have been used – or an equivalent (*Residual total error rate (RTER) for the EMFF and residual risk rate (RRR) for the EFF*).

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 subsidies to agencies), it is nevertheless recommended that 0.5% be used as a conservative estimate.

(8) Even though to some extent based on the 7 years historic Average of Recoveries and financial Corrections (ARC), which is the best available indication of the corrective capacity of the ex-post control systems implemented by the DG over the past years, the AOD has adjusted this historic average based on the 5 years historic ARC and the specificities of the underlying relevant expenditure (see table X footnotes No. 2, 3 and 4).

(10) For some multiannual programmes for which corrections are still possible afterwards (e.g. EAFRD and ESIF), all corrections that remain possible are considered for this estimate.

(ii) Fraud prevention, detection and correction

DG MARE has developed and implemented a joint anti-fraud strategy (JAFS) together with DG REGIO and DG EMPL. It was elaborated on the basis of the Commission anti-fraud strategy (CAFS) and the methodology provided by OLAF. The final version of the JAFS was adopted in 2015 for the 2015 - 2020 period and updated following the new 2019 anti-fraud strategy of the Commission (AFS). The update of the JAFS was adopted in December 2019.

The implementation of JAFS is being monitored twice a year with reporting to management (bi-annual report on audit matters to Commissioner).

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

The joint action plan of the updated JAFS foresees several actions for the three DGs, for one of which DG MARE is Chef de file – Development of a new checklist for Key Requirement (KR) 7 agreed by the three DGs. This checklist was drafted by DG MARE and five related thematic audit have already been carried out, three in 2019 and two in 2020/2021. For implementation of the remaining actions, DG MARE is closely cooperating with DG REGIO and DG EMPL, among others through raising fraud awareness during technical meetings with the national authorities.

In addition, in support of Member States' capacity building, the 2020 annual meetings with MS (e.g. annual control meetings and annual review meetings) included an agenda point on fraud-related matters, as necessary. DG MARE also attended regular meetings with counterparts from the OLAF policy and investigative units.

Finally, during 2020, also in accordance with the CAFs action plan, DG MARE continued the follow-up on the five final reports with financial recommendations received from OLAF. Overall, of the total amount for which a financial recovery was recommended by OLAF between 2016 and 2020, 69% has been accepted by DG MARE, while the remaining 31% relates to ineligible/fraudulent expenditure that was not certified to the Commission and therefore is not due for recovery. Of the 69% of expenditure to be recovered 15.6% were fully implemented, 51% are under implementation and 3% are under analysis.

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

2.1.1.2 Efficiency

The principle of efficiency concerns the best relationship between resources employed and results achieved. This section outlines the indicators used to monitor the efficiency of the relevant control systems.

DG MARE closely monitors the efficient processing of payments to ensure that they are made within the legal deadlines. One indicator is defined for all relevant control systems, namely timely payments (% of amounts paid in time), which for MARE stood at 100% in 2020.



Furthermore, the average net time-to-pay of DG MARE in 2020 was 18 days (2019: 22 days). In addition, the specific efficiency indicators per management mode are presented below.

2.1.1.2.1 Shared Management

For shared management, efficiency indicators are defined as a relationship between the resources utilised in DG MARE to meet the deadlines laid down in the Regulation (EU) No 1303/2013.

Time-to-pay

In 2020, the average net time-to-pay was 24 days (2019: 38 days).

Timely assessment of the elements received from the MS throughout the control cycle

By 15 February 2020, full assurance packages were received from 25 Member States and by 1 March 2020 another two assurance packages were submitted to DG MARE. All accounts were accepted (26) or rejected (1) within the regulatory deadline 31 May 2020, in accordance with Article 84 of Regulation (EU) No 1303/2013. The accounts initially rejected were accepted in October 2020, following correction and resubmission by the Member State concerned. Furthermore, all legality and regularity assessments, although not subject to regulatory deadlines, were analysed within the deadlines set in the internal procedures (15th May 2020), except for two assessments for which the internal deadline had been suspended due to the need for additional information and analysis.

Throughout the reporting year, a total of 88 (2019: 58; 2018: 48) national audit reports were received. There is no regulatory deadline for the analysis of these reports but DG MARE's internal procedure foresees in principle a feedback to the Member States within three months. For 87 (2019: 56; 2018: 46) of the reports received the analysis was finalised within the deadline.

For one national system report (2019: two; 2018: five) the analysis was concluded after 95 days instead of 90, due to exceptional circumstances (heavy workload and priority was given to other assurance audit work).

Overall, the average response time is 52 days (2019: 46 days; 2018: 53) for system audit reports which is considered timely and is generally consistent with previous years.

Mitigating and corrective actions taken as necessary

In 2020, significant issues needed remedial actions in six Member States to address the risks identified as regards the assurance for the EMFF. In all cases immediate actions in the form of interruptions of the payment deadlines, as applicable, were taken.

Delivery of DG MARE audit reports within legal deadlines

In 2020, DG MARE issued 25 audit reports, of which 9 were draft and 16 were final audit reports. As in 2019, all reports were delivered in due time, i.e. within the regulatory 3 month period following the audit fieldwork.

2.1.1.2.2 Direct management

Direct managed expenditure in DG MARE is characterised by the presence of an extensive regulatory framework which must be applied.

In DG MARE various financial circuits are being adapted, depending on the associated risks.

In 2020, the average net time-to-pay was 17 days (2019: 19 days).

Sustainable Fisheries Partnership Agreements

In 2020, the Commission continued to closely follow the efficiency of the EU partnership with the third countries in strengthening their fishery sector, in particular with reference to the utilisation of the resources targeted for the sectoral support in each SFPA.

The main risks are:

- in terms of sound financial management (the financial contribution is set at a level that does not reflect real fishing possibilities or fishing possibilities that are or will be fully utilised by EU ship owners); and
- in terms of political coherence (the agreements are negotiated, concluded and implemented without taking sufficiently into account the other external policies of the EU or are not fully consistent with the principles guiding the management of the Common Fisheries Policy within EU waters).

To address the first risk, the Commission implements a strict control before and during the negotiations. These are conducted on the basis of an ex-ante evaluation and an analysis of the impact of the future protocol on sustainability. The results of these evaluations are shared with the stakeholders within the Union and the partner country.

During the negotiations with the third country, there are continuous consultations with Member States with fleets interested in fishing in the EEZ concerned and the Presidency of the Council.

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

In addition, during the lifetime of a SFPA and its protocols, a number of key requirements are monitored on an ongoing basis. For the most important agreements, dedicated staff allocated to the related EU Delegations assess the implementation of the agreements, including the fishing activity of the EU vessels, the implementation of agreed national sectoral programmes, as well as the achievement of agreed targets in the framework of the Joint Committees. Further details of the control system relating to the management of SFPAs are provided in Annexes 6 and 7.

With regard to the second risk, a specific effort has been made to enhance policy coherence between the CFP and development policy in order to address potential criticisms of lack of coherence between the various aspects of the external policies of the EU.

Procurement and Grants

In accordance with the financial circuits established in MARE, all transactions are subject to an ex-ante financial verification, with the exception of payments below €5,000 that are considered to represent low risk. This ex-ante financial verification is carried out by the central financial unit in MARE.

All invoices and cost claims are verified by the Operational Unit against the contract and agreement. In addition, for all the contributions to international organisations, the disbursement of funds takes place after the conclusion of a Pillar assessment, which confirms the reliability of control systems applied by the organisations.

An additional ex ante verification is carried out on each grant and procurement procedure, at various stages of the calls.

In 2020, the average net time-to-pay was 18 days (2019: 20 days).

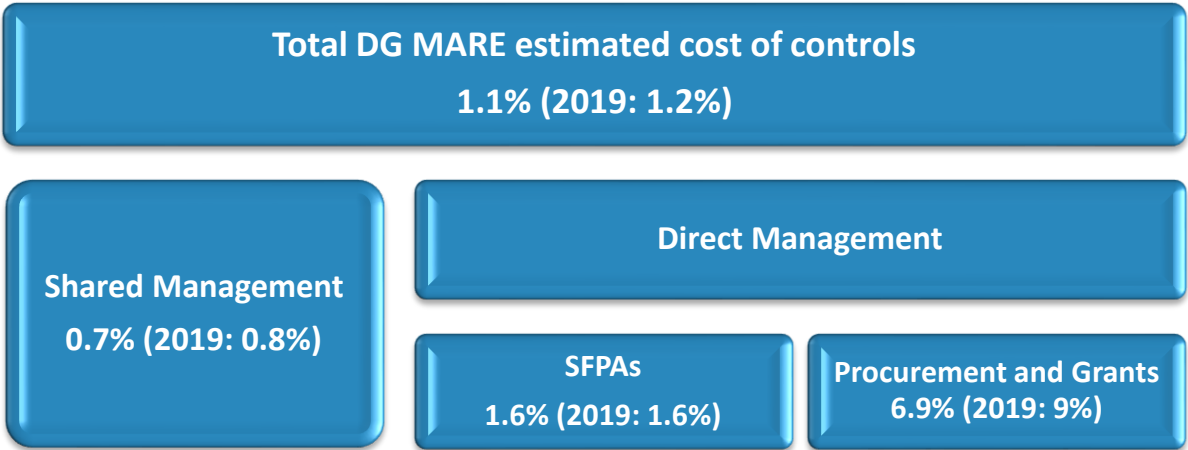
In 2020, DG MARE launched one open call for tenders which however did not result in a contract award. One call for proposals resulted in the signature of four grant agreements. The average time to inform applicants of the outcome of the evaluation of their grant applications was 110 days. The average time to sign grant agreements was 33 days.

DG MARE has obtained significant efficiency gains through the externalisation of the implementation of a substantial part of the directly managed expenditure to the Executive Agency for Small and Medium-sized Enterprises (EASME). In addition, all financial workflows take place in electronic format, thus minimising the duration of the procedures.

In 2020, DG MARE implemented all its procurement procedures above €1,000 through the Procurement Management Tool (PPMT), enabling full electronic management of the processes and a smooth integration with eSubmission and eEvaluation.

2.1.1.3 Economy

This section presents the estimated cost of controls of DG MARE as a total and per relevant control system. In 2020, the total estimated cost of controls of DG MARE (1.1%) decreased slightly compared to 2019 (1.2%).



2.1.1.3.1 Shared Management

In 2020, the estimated costs of controls relating to shared management (0.7%) decreased slightly compared to 2019 (0.8%).

DG MARE quantifies the costs of the resources and inputs required for carrying out the controls described in annex 6. The costs relate to the annual overall Commission costs. They include:

- costs relating to Commission staff who carry out controls throughout the different design, implementation and monitoring phases; and the Commission ex-ante checks of the periodic expenditure declarations (financial circuits);
- the assessment by the Commission of MCS in Member States (including the Commission ex-post audits).

In relation to the cost of controls in Member States, the final report of the study "New assessment of ESIF administrative costs and burden" was issued in October 2018. The study concludes that overall there are considerable variations in administrative costs between ESI Funds and types of operational programmes. For the EMFF, the administrative costs are on average €44,200 per million Euro of eligible public funding (4.4%). This is slightly above the average for ESI Funds (4%), due notably to the significant private expenditure element of the EMFF (20%) which is also subject to controls but which was not taken into account in the study, as well as the relatively small size of the funds. Taking account also of the private element of the EMFF, the percentage of costs of control decreases to 3.5%.

2.1.1.3.2 Direct management

When assessing the costs of controls under direct management similar considerations apply as those set out for shared management.

Sustainable Fisheries Partnership Agreements

The following table provides an estimate of the costs of controls relating to Sustainable Fisheries Partnership Agreements:

Stage	Annual indicator	Indicator
Overall indicator	overall cost of control/amounts paid	1.6%
Programming, evaluation and selection	related cost of control/value contracted	0.5%
Contracting, monitoring of execution, payments	related cost of control/amount paid	1.0%

The 2020 overall indicator (1.6%) remained stable compared to 2019 (1.6%).

Procurement and Grants

The following table provides an estimation of the costs of the main control processes relating to procurement and grants:

Stage	Annual indicator	Indicator
Overall indicator	overall cost of control/amounts paid	6.9%
Programming, evaluation and selection	related cost of control/value contracted	1.1%
Contracting, monitoring of execution, payments	related cost of control/amount paid	3.5%

For 2020 the cost of controls for procurement and grants (6.9%) has decreased compared to 2019 (9%). The simplification measures introduced continue to prove their efficiency. In addition, with the departure of some colleagues in 2020, the controls have been aggregated and distributed differently, leading to concentration of the control tasks to existing positions.

2.1.1.4 Conclusion on the cost-effectiveness of controls

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

2.1.1.4.1 Shared Management

The average residual errors rates for both EMFF and EFF are below materiality. In addition, for the EMFF the retention of 10% from each of the interim payments made by the Commission protects the EU budget. For the EFF, the final payment claims have been interrupted until the identification for each individual operational programme of the final balance to be paid or recovered.

The assurance elements, in particular, assurance packages and national and EU audit reports, were processed in a timely manner and mitigating and corrective actions were taken as necessary. Furthermore, Member States were timely reimbursed. While the COVID-19 related risk to the assurance-building process was assessed as significant, the mitigating actions taken by DG MARE are at this stage expected to effectively limit this risk on the relevant expenditure 2020.

The costs of controls of the Commission and the Member States have been analysed and are in line with the principle of economy. In addition, the benefits of the controls in place are demonstrated by an increased level of assurance through improvements in the MCS and interruption of payment requests for unreliable systems. DG MARE therefore considers that the necessity of these controls is undeniable, as the totality of the appropriations would be at risk were they not in place.

In light of the above, the control strategy applied by DG MARE during the reporting year for the management of the budget appropriations for shared management is considered being the best suited to fulfil the control objectives efficiently and at a reasonable cost.

2.1.1.4.2 Direct management

For SPFAs, and procurement and grants, the control procedures stem to a large degree from regulatory requirements, which cannot be curtailed. In the absence of any significant weakness detected which could have a material impact as regards the legality and regularity of the financial operations, it is concluded that the relevant control objective of effectiveness has been achieved.

In 2020 a number of processes were optimised including the implementation of the Public Procurement Management Tool (PPMT) and its integration with eNotice, eSubmission and eEvaluation, as well as the further development of Advanced Getaway for Meetings (AGM).

As the cost of controls has remained stable over the last years with some decrease for Procurements and Grants, MARE can conclude that the applied control strategy adequately and efficiently fulfilled its control objective.

2.1.2 Audit observations and recommendations

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

Conclusion of the Internal Auditor on the state of internal control in DG MARE

At the end of 2020, the IAS launched two multi-DG audits – “Interruptions and Suspensions for ESIF 2014-2020 by DGs REGIO, EMPL and MARE” with the objective to assess the design and implementation of the interruption and suspension mechanisms of the DGs and “Preparation for the 2020-2027 programming period of ESIF by DGs REGIO, EMPL and MARE” to assess the DGs preparedness for the operational start of the 2021-2027 PP of the ESI funds. The work will be carried out in 2021.

Early 2020, the IAS finalized the audit on “Monitoring the implementation and performance of 2014-2020 OPs by DGs REGIO, EMPL and MARE”. The IAS concluded that although overall the DGs are effectively monitoring the implementation and performance of the programmes and that the performance review was well prepared, there remained important weaknesses. DG MARE was affected by two out of three recommendations relating to assessing programme performance and following up on implementation weaknesses (very important) and to the reporting on data reliability in the annual activity report (important). The very important recommendation has been fully implemented and closed by IAS on 30 October 2020. With the introduction of the “*Assessment of the performance of EMFF operational programmes*” (see Section 1 of this Annual Activity Report under Specific objective 1 of General objective 1) all recommendations relating to this audit are considered by MARE to have been implemented.

For the audit on “Effectiveness of simplification measures under 2014-2020 ESI Funds in DG EMPL, REGIO and MARE”, in its note dated 1/4/2020, the IAS concluded that all recommendations have been adequately and effectively implemented and that the audit had been closed.

Based on all work undertaken by the Internal Audit Service in the period 2018-2020, the IAS concludes that the internal control systems in place for the audited processes are effective.

Audit work of the European Court of Auditors in 2020

2019 Annual Report

The [Annual Report 2019 on the implementation of the EU budget](#) of the European Court of

Auditors was published on 10 November 2020⁸⁵.

For the part of the report that concerns the reliability of the EU consolidated accounts and the regularity of transactions, DG MARE is directly concerned by the following two chapters:

- Chapter 2 “Budgetary and financial management”. As regards ECA’s observation (§ 2.15) on a significant RAL and slower programme implementation compared to the previous programming period, DG MARE notes that EMFF implementation was not far behind that of the ERDF and ESF, and specifically for the EMFF, expenditure had been shifted, at the beginning of the programming period, from direct to shared management, requiring significant adjustments by the national authorities.
- Chapter 6 – Annex 6.1. As regards the overall error rates in the policy area ‘Natural resources’, ECA’s estimated level of error for this policy area continues its downward trend to 1.9% (2.4% in 2018). This is below the materiality threshold of 2% and is consistent with the error rates published in the 2019 Annual Activity Reports of DGs MARE, AGRI, CLIMA and ENV. The error rate concerns one EMFF transaction audited, while another EMFF transaction audited did not lead to any financial error. Both audits are followed up by DG MARE in close cooperation with the national authorities.

For the first time, ECA published a [Report on the performance of the EU budget 2019](#) (13 November⁸⁶). DG MARE is directly concerned by Annex 7.1 on the follow-up of Special Reports 31/2016 on climate spending, 34/2016 on combating food waste, and 36/2016 on the closure of 2007-2013 cohesion and rural development programmes. There are no open issues for DG MARE.

Previous Annual Reports and Special Reports

DG MARE considers that all recommendations relating to previous annual reports are implemented. With regard to Special Reports, DG MARE is following up on the implementation of the recommendations.

[Special Report 26/2020 “Marine environment: EU protection is wide but not deep”](#) (lead: DG ENV, associated: DG MARE, DG REGIO and the JRC).

This special report was published on 27 November 2020⁸⁷. From the five ECA recommendations, two (ENV lead, MARE associated) need to be implemented by end 2022. MARE is in the lead for the three other recommendations to be implemented by end 2023 (for two recommendations ENV is associated and one recommendation concerns the EMFF only). The recommendations are followed up by MARE (and ENV) in view of their full implementation within the deadlines.

⁸⁵ https://www.eca.europa.eu/Lists/ECADocuments/annualreports-2019/annualreports-2019_EN.pdf

⁸⁶ <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=53900>

⁸⁷ <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=57066>

Overall conclusion

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

2.1.3 Assessment of the effectiveness of internal control systems

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

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

Its annual assessment of the effectiveness of its key internal control systems relies on a number of monitoring measures and sources of information including a survey-based management self-assessment; interviews with staff, AOSD management reports, reported instances of exceptions, non-compliance events and internal control weaknesses; relevant audit findings; and the risk assessment process.

Based on the end-of-the-year assessment carried out, no weaknesses were identified which could seriously affect DG MARE compliance in 2020 with any of the characteristics associated with the internal control principles.

Through a wide range of management actions DG MARE has continued to maintain its solid internal control system. In particular, with regard to the specification of suitable objectives (ICP6), the identification and analysis of risks (ICP7), the assessment of fraud (ICP8), the deployment of policies and procedures (ICP12), and internal communication (ICP14).

The critical risk on Brexit and subsequent arrangements following UK's withdrawal from the EU is maintained for 2021. Mitigating measures have been put in place, but DG MARE will continue monitoring the developments closely at the operational level deriving from this specific environment (ICP7).

In line with the Internal Audit Service action plans, MARE addressed in 2020 one very important and one important audit recommendations (see also section 2.1.2). In this respect, MARE's assessment is that the very limited residual risk related to the last open important recommendation does not affect any of the internal control principles or components and therefore does not have an impact on assurance.

DG MARE 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 principle "*The Commission demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives*" (ICP4). Its

effectiveness continued weakening, notably with regard to the deficiencies identified in relation to the staff allocation component, following additional tasks and workload for the DG created by the shifts in policy priorities of the new Commission, combined with steep staff reductions in the previous 5 years (-12%). Mitigating measures continue to be taken, including an in-house workload assessment and more flexible ways of working. Requests for additional staff have also been made at different moments during the year, in particular to deal with the additional tasks resulting from the UK's withdrawal from the EU in the area of fisheries management, but with very limited results.

2.1.4 Conclusions on the assurance

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

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

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

For the 2007-2013 programming period, all 27 closure declarations were accepted with or without the need for additional financial corrections at closure. The estimated risk linked to the 2020 relevant expenditure is 0.00% and thus below materiality.

For the 2014-2020 programming period, €160.3 million was paid in pre-financing, which is risk-free. €627.4 million was paid in interim payments to 26 Member States. The estimated amount at risk at closure for the 2020 payments is 1.03% and thus below materiality.

The necessary protective measures are taken to address the non-quantified reservation for one operational programme under the EMFF.

For the activities under **direct management**, the information (covering internal control, internal audit opinion, ex-ante and ex-post controls) is considered as complete and reliable for the purposes of the declaration of assurance. No material deficiencies were identified affecting the expenditure paid in 2020.

DG MARE has in place a **joint anti-fraud strategy**, together with DG REGIO and DG EMPL, and is regularly following up on OLAF investigations.

Looking at **efficiency and economy of controls**, the main benefits are largely non-quantifiable, in particular as regards shared management where they are demonstrated by an increased level of assurance through improvements in the Member States management and control systems. Similarly, the benefits under direct management stem principally from the optimisation of processes in the past three years. The costs of control remained stable compared to 2019 and DG MARE 's control objective was met.

As regards **indirect management**, a number of reporting and supervising arrangements allow DG MARE to exercise its supervisory role including through its participation at different levels of governance within the EFCA agency, from the Administrative Board to the Joint Deployment Plans.

The assessment of the risks underlying the recommendations issued by **auditors' observations**, together with the management measures taken in response, do not raise any assurance implications. DG MARE can conclude that the **internal control framework** in place functions effectively and **reporting** is reliable.

Overall, the resources for which DG MARE was responsible in 2020 have remained stable and have been managed for their intended purpose and in accordance with the applicable legislation and the Financial Regulation and in particular in accordance with the principles of sound financial management. In addition, the control framework yielded the necessary assurance with respect to legality and regularity of the funds spent.

The reservation for one operational programme under the EMFF does not prevent the Director General from giving reasonable assurance on the use of the resources assigned to the Policy Area as a whole in 2020.

Overall Conclusion

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

2020 AAR - DG MARE overall conclusion table				
Budget Activity	Effectiveness	Efficiency	Economy	Independent information from auditors
EMFF	✓*	✓	✓	✓
EFF	✓	✓	✓	✓
SFPAs	✓	✓	✓	✓
EMFF Procurement and Grants	✓	✓	✓	✓
Other expenditure	✓	✓	✓	✓
EFCA	✓	✓	✓	✓
Overall	✓	✓	✓	✓

✓ Positive assessment

* One reservation for the EMFF

2.1.5 Declaration of Assurance and reservation

DECLARATION OF ASSURANCE

I, the undersigned, Charlina Vitcheva

Director-General of DG Maritime Affairs and Fisheries

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view⁸⁸.

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

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

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

However the following reservations should be noted:

- A reservation concerning the European Maritime and Fisheries Fund management and control systems in one Member State*

Brussels, 23 April 2021

(e-signed)

Charlina Vitcheva

⁸⁸ True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency.

Reservation

DG	Maritime Affairs and Fisheries
Title of the reservation, including its scope	Reservation concerning the EMFF management and control system (2014-2020 programming period) in Slovakia
Domain	Shared management – EMFF
Programme in which the reservation is made and total (annual) amount of this programme	Budget line: 11 06 60 Payments made in 2020: €787,668,074
Reason for the reservation	Significant control system weaknesses: Following their system audit in 2020, the AA assessed the management and control system in category 4 “Essentially does not work”. While all expenditure initially declared to the Commission during the accounting year was withdrawn by the Member State (and therefore zero accounts” were submitted), the audit authority reported a risk of irregularities exceeding 10%.
Materiality criterion/criteria	Deficiencies in key elements of the systems, which could result in/lead to irregularities above 10% and for which no adequate corrective measures to remedy the deficiencies have yet been implemented.
Quantification of the impact (= actual "exposure")	Non-quantified reservation: The financial impact of the reservation is zero since no payments were made for the operational programme affected in the reporting year.
Impact on the assurance	The weaknesses generally affect the legality and regularity of the relevant expenditure for the OP concerned, although not specifically for the reporting year. There is no financial impact as no expenditure was reimbursed. The Commission will take safeguard measures, as necessary (pre-financing, 10% retention, interruption).
Responsibility for the weakness	The expenditure concerned is under shared management, for which the Member State is primarily responsible for putting in place adequate management and control systems, while the Commission supervises the national authorities in this respect.
Responsibility for the corrective action	The corrective actions taken by DG MARE comprise the following: <ul style="list-style-type: none"> - Close contact with and monitoring of the Member State to remedy the system deficiencies - Interruption of payment deadlines, in accordance with Article 83 CPR, as necessary (no payment applications received yet)

2.2 Modern and efficient administration – other aspects

This section covers the key achievements in the fields of Human Resources, Digital transformation, information management and data protection, and Sound environmental management. For an extensive reporting on all outputs identified in the management plan 2020, please refer to Annex 9.

In parallel with our policy priorities, we have in 2020 focused on **modernising the way we work**. This is achieved through our human resources management, moving further towards digitalisation and collaborative methods, further streamlining workflows and procedures and continue to reducing the environmental footprint of DG MARE. Due to the impact of the Covid-19 pandemic on DG MARE activities, some of our actions planned for 2020 were changed, postponed or cancelled.

2.2.1 Human resource management

At the end of 2020, MARE female managers represented 48 % of all managers' population. Due to a limited number of vacant management positions by the end of 2020, DG MARE has not yet reached its target on first female appointments to middle management positions in the DG (1 out of 2). The staff engagement index has been calculated based on Pulse Surveys 13 + 14 and the index for DG MARE is 74%, which is slightly lower compared to the staff survey in 2018. Through the implementation of the MARE Staff Engagement Action plan and HR Strategy development in an inclusive manner, we are doing our utmost to meet the target of 80% for 2024.

Despite the outstanding results of the staff survey in 2018, there are two main areas of concern emerging in DG MARE. The first is workload, which is increasingly being flagged as a serious concern and risk for staff's engagement and well-being in DG MARE. It has been identified as a priority area in both DG MARE Staff Engagement Action plan and our local HR Strategy. The second area refers to career development and mobility.

Regular surveys indicate that MARE staff were overall coping well with the Covid-19 confinement and full teleworking; the situation seemed however to worsen at the end of the year which may be due to cumulative effects of confinement. Indeed, it has affected wellbeing of staff and their work-life balance, with risks of digital overload, isolation and lack of motivation. Working remotely has made it more complicated to keep staff motivated, engaged and feeling connected to their team and organisation.

2.2.2 Digital transformation and information management

During 2020, DG MARE continued working on its **Digital Modernisation Plan** in line with the [Digital Strategy of the European Commission](#)⁸⁹. The main needs identified in the Digital Modernisation Plan are more solutions for collaborative work (videoconference and sharing platforms), tools streamlining the legislative process across EU Institutions, increasing

⁸⁹ C(2018)7118 final of 21.11.2018:
<https://ec.europa.eu/transparency/regdoc/rep/3/2018/EN/C-2018-7118-F1-EN-MAIN-PART-1.PDF>

availability of mobile tools, better external communication platforms and enhanced availability and access to data. We rely for these solutions on support from corporate services and from the corporate governance board.

In order to enhance **corporate and local data management**, we contribute to elaborating corporate rules for managing and providing corporate reference data. This will allow avoiding redundancy in managing data when exchanging/sharing between various entities and partners. Moreover, we ensure that data assets are governed in accordance with corporate rules on data governance. When such databases include personal data, the rules on the protection of personal data laid down in Regulation (EU) 2018/1725 must be complied with.

In November 2018, the North East Atlantic Fisheries Commission adopted the FLUX standard⁹⁰ for data exchanges. With this standard, Regional Fisheries Management Organisations and countries worldwide can use an IT tool to automate the collection and dissemination of fishery catch data for sustainable fisheries management and for detecting and fighting illegal, unreported and unregulated fishing. All exchanges take place via the **FLUX Transportation Layer** (FLUX-TL), a data exchange platform hosted by DG MARE. FLUX-TL is now operational in the Commission and in all 22 Member States concerned. Data exchanges in standard formats and content by using the FLUX standard for fishing activity, sales data, vessel position and aggregated catch data are in place or progressing well in most Member States. For five Member States where insufficient progress was observed an EU Pilot letter was sent early September. The Commission is currently analysing the replies.

From 1 December 2020, the **LICENCE system** allows the exchange of fishing authorisation data between Member States, third parties and the Commission in the FLAP standard, in line with Regulation (EU) 2017/2403 on the sustainable management of external fishing fleets and Commission Implementing Regulation (EU) 2020/38. As required under Regulation (EU) 2011/404, a standard format for the exchange of Inspection Reports between Member States and the Commission has been developed. Detailed procedures have been proposed by the European Fisheries Control Agency and accepted by Member States on 23 January 2020.

Overall, the targets of the different indicators relating to **document management** have been achieved in 2020:

- As a rule, the e-signatory workflow applies on internal and outgoing documents, including the Qualified Electronic Signature as of December 2020 (with exceptions of a handwritten blue ink signature whenever a Qualified Electronic Signature was not available).
- In 2020, the percentage of MARE files/subfiles shared Commission wide or with another DG was 41%. All MARE files are accessible to MARE staff except for the limited files.

⁹⁰ In 2013, DG MARE launched the Fisheries Language for Universal Exchange (FLUX) project in a UN working group to produce a standard for fisheries data management.

- Registered documents were filed except for a percentage of 1.5%.
- Use of internal message in ARES: 154 has much increased since 2019 but the target could not be met despite efforts to persuade colleagues to use it more.
- As regards reducing paper storage in eligible case, due to the restrictions to go to the office during the Covid-19 confinement, the planned transfers of backlog physical archives to the Historical Archives Services could not be done. Whilst preparations were already made, we will resume the situation as soon as a transport service will become available by the Historical Archives or the OIB.

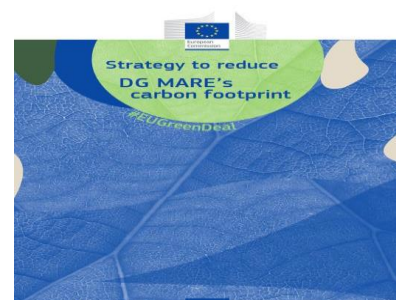
The implementation of the Commission's **Data Protection** Action Plan (C(2018)7432 final) continued to be a priority in 2020. The Data Protection Coordinator of DG MARE ensured transparency and guidance on the implementation of the legislative framework (including Commission Decision (EU) 2019/1862 and the guidance on restrictions of data subjects' rights in analyses and procedures of illegal, unregulated and unreported fishing) and the follow-up of the action plan. This has been done, in particular, through mapping of data protection issues within the remit of DG MARE, reporting to the senior management, keeping up-to-date the register of processing operations of DG MARE (in 2020 all notifications were converted and finalized as published records) and preparing information sessions for units and trainings for all MARE staff.

On 16 July 2020, the judgement in Case C 311/18 (Schrems II) was passed relating to international transfers of personal data. DG MARE contributed to the assessment of the consequences of this judgment undertaken by both Data Protection Officer of the Commission and the European Data Protection Supervisor. A list of concerned international transfers in fisheries and maritime policy was prepared and an inventory of processors of DG MARE located outside the EU and the EEA established. The objective of the Commission is to ensure the compliance with the rules on the protection of personal data, including any changes in the field developed by the case law of the European Court of Justice.

2.2.3 Sound environmental management

In the framework of the European Green Deal it is the objective of DG MARE to contribute to a more environmentally friendly working environment in the Commission.

We therefore actively promote measures to reduce the related day-to-day impact of DG MARE and its work.



In January 2020, DG MARE adopted a package of measures to reduce the environmental footprint of our DG. These measures were developed in an inclusive manner, building on many individual local initiatives put in place in DG MARE in recent years, at the initiative of staff and MARE management.

No data is currently available on energy and resource use and waste generation in the MARE building in 2020, nor on CO2 emissions from staff missions in 2020 or on

commuting modes in the year. However, given the near absence of missions, physical events, and the vastly reduced presence of staff in the office during the Covid-19 confinement, it seems overwhelmingly likely that we have met all our targets. This is mainly linked to the Covid-confinement, so our environmental performance in 2020 cannot meaningfully be compared with previous years to assess whether we are meeting our target of an 8% reduction per year in various areas of environmental management.

2.2.4 Examples of initiatives to improve economy and efficiency of financial and non-financial activities

We strive to continuously improve and optimise the **financial process**. In the second half of 2020, DG MARE introduced eSIGN allowing full electronic signature of contracts and other legal documents. As a result, the exchange of contracts with external parties could proceed very quickly, shortening the time for contract signature significantly.

We further developed the rollout of the Procurement Procedure Managing Tool to all contracts above €1,000. This allowed for a stronger monitoring and overall efficiency gains of all procurement procedures.

Advanced Gateway to your Meetings⁹¹ is an online tool for the organisation of expert meetings in the Commission. Its reporting was formally integrated in WebDOR and allows for strong monitoring of expert reimbursements costs.

During 2020, DG MARE continued its close **cooperation with the Executive Agency for Small and Medium-sized Enterprises** with regard to the actions that have been delegated under the annual work programmes for the European Maritime and Fisheries Fund. This way, timely preparation and delivery could be ensured for the planned actions in several areas: marine knowledge, maritime spatial planning, maritime surveillance, monitoring trends in the blue economy, ocean governance, as well as support for investment for jobs and sustainable growth in innovative and emerging maritime sectors. A major milestone was the publication on 12 November of the 2020 Blue Economy Window call for proposals with an overall budget of €20 million.

⁹¹ https://ec.europa.eu/tools/aqm/what-aqm_en