



Annual Activity Report 2021

Annexes

Directorate-General for Neighbourhood and
Enlargement Negotiations - DG NEAR

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

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

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

31 March 2022

Mark Johnston

“Signed”

⁽¹⁾ C(2017)2373 of 19.04.2017.

ANNEX 2: Performance tables

During 2021, DG NEAR worked towards the achievement of 9 specific objectives, which make a contribution to—5 general objectives of the Van der Leyen Commission.

The Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI) and the Instrument for Pre-accession Assistance III (IPA III) are the key tools facilitating year-to-year progress towards fulfilling the 9 specific objectives. To this end, reference is made under each specific objective to the particular spending programme that supports the objective in the Performance Tables of Annex 2.

Due to the delayed adoption of NDICI – Global Europe² regulation and the IPA III³ regulation, the results of 2021 spending programmes of DG NEAR are linked to the completion of previous programmes, namely the ENI and the IPA II instrument. The respective programme statements for the draft budget 2023, which describe in detail the results of the performance in 2021, are under preparation and are expected to be published on 1 June 2022⁴.

² Regulation (EU) 2021/947 of the European Parliament and of the council of 9 June 2021

³ Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession assistance (IPA III)

⁴ COM(2021) 300 – June 2021 - Draft General Budget of the European Union for the financial year 2022, Working Document Part I: Programme Statements of operational expenditures;

General objective 4: A stronger Europe in the World		
Impact indicator 2: Readiness of enlargement countries on political criteria ⁵		
Source of the data: European Commission/Annual Enlargement Package ⁶		
<p>Explanation: This indicator shows where the enlargement countries stand in terms of their preparations for meeting key areas of the political accession criteria, namely the functioning of the judiciary, fight against corruption, fight against organised crime, freedom of expression and public administration reform. It is given as an overall sum of enlargement countries. It is measured on a scale from 1 to 5.</p> <p>Methodology for calculating the indicator: In each of the areas, the state of play (i.e. the readiness) is assessed according to the following five-tier standard assessment scale:</p> <ol style="list-style-type: none"> 1. Early stage 2. Some level of preparation 3. Moderately prepared 4. Good level of preparation 5. Well advanced 		
Baseline (2019)	Interim Milestone (2022)	Target (2024)
1.99	Increase	Increase
<p>Latest known results (2021):</p> <p>The 2021 value is 2,02. This includes the Western Balkans and Turkey, as the baseline value (1,99) also includes both. For the Western Balkans only, the baseline would be 2,05 and the 2021 value 2,11. The value for this indicator increased slightly thanks to improvements in Albania, North Macedonia and Montenegro. These improvements also compensated for the regression in Turkey.</p>		
Impact indicator 3: Readiness of enlargement countries on economic criteria ⁷		
Source of the data: European Commission		
<p>Explanation: This indicator shows where the enlargement countries stand in terms of their preparations for meeting key areas of the two economic accession criteria, namely the existence of a functioning market economy and the capacity to cope with competitive pressures and market forces within the EU. It is given as an overall sum of enlargement countries. It is measured on a scale from 1 to 5.</p> <p>Methodology for calculating the indicator: In each of the areas, the state of play (i.e. the readiness) is assessed according to the following five-tier standard assessment scale:</p> <ol style="list-style-type: none"> 1. Early stage 2. Some level of preparation 3. Moderately prepared 4. Good level of preparation 5. Well advanced 		
Baseline (2019)	Interim Milestone (2022)	Target (2024)
2.64	Increase	Increase

⁵ There is a similar indicator under the IPA II Programme Statement Specific Objective 1 Composite indicator on the readiness of enlargement countries on fundamental areas of the political accession criteria.

⁶ 2021 Enlargement package: European Commission assesses and sets out reform priorities for the Western Balkans and Turkey (europa.eu)

⁷ There is a similar indicator under the IPA II Programme Statement Specific Objective 2 Composite indicator on the readiness of candidate countries and potential candidates on fundamental areas of the economic criteria.

Latest known results (2021): The 2021 value is 2,68. This includes the Western Balkans and Turkey, as the baseline value (2,64) also includes both. For the Western Balkans only, the baseline would be 2,33 and the 2021 value 2,375. The value for this indicator increased slightly thanks to improvement in the functioning market economy criteria of Serbia. All other indicators remained the same.		
Impact indicator 4: Governance in the EU's neighbourhood ⁸		
Source of the data: The World Bank's Worldwide Governance Indicators (WGI) project compile and summarise information from over 30 existing data sources that report the views and experiences of citizens, entrepreneurs and experts in the public, private and NGO sectors from around the world, on the quality of various aspects of governance		
Explanation: The following three indicators are measured for the eastern and southern neighbourhood countries. They are measured on a scale from 0 to 100 <ul style="list-style-type: none"> - Voice and accountability captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media - Government effectiveness captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies - Political stability and absence of violence / terrorism⁹ captures perceptions of the likelihood of political instability and / or politically-motivated violence, including terrorism 		
Baseline (2017)	Interim Milestone (2022)	Target (2024)
Voice and accountability: Eastern neighbourhood: 33.09 Southern neighbourhood: 27.98	Increase	Increase
Government effectiveness: Eastern neighbourhood: 46.32 Southern neighbourhood: 37.98	Increase	Increase
Political stability and absence of violence / terrorism: Eastern neighbourhood: 27.06 Southern neighbourhood: 13.43	Stabilise	Increase
Latest known results (2021): The data for 2021 is not yet available. In comparison with the baseline the scores deteriorated in Government effectiveness and in the political stability and absence of violence/terrorism in the Eastern neighbourhood.		
Voice and accountability:	Eastern neighbourhood: 39.94 Southern neighbourhood: 28.07	
Government effectiveness:	Eastern neighbourhood: 44.47 Southern neighbourhood: 34.81	
Political stability and absence of violence / terrorism:	Eastern neighbourhood: 24.06 Southern neighbourhood: 15.71	

⁸ There is a similar indicator under the ENI Programme Statement Specific Objective 1 Indicator 2. However this indicator is broader and provides a weighted score based on eight external sources covering also other issues.

⁹ There is a similar indicator under the ENI Programme Statement Specific Objective 5, Indicator 1. However it measures number of countries in a percentile rank above 0-30 (lowest rank).

Impact indicator 5: Rule of law in the EU's Neighbourhood¹⁰		
Source of the data: The World Bank's Worldwide Governance Indicators (WGI) project compile and summarise information from over 30 existing data sources that report the views and experiences of citizens, entrepreneurs and experts in the public, private and NGO sectors from around the world, on the quality of various aspects of governance		
Explanation: This indicator captures perceptions of the extent to which agents have confidence in and abide by the rules of society and in particular the quality of contract enforcement property rights, and the courts, as well as the likelihood of crime and violence		
Baseline (2017)	Interim Milestone (2022)	Target (2024)
Eastern neighbourhood: 33.09	Increase	Increase
Southern neighbourhood: 36.06	Stabilise	Increase
Latest known results (2020): Eastern neighbourhood: 31.65 Southern neighbourhood: 36.88		
Impact indicator 6: Control of corruption in the EU's Neighbourhood¹¹		
Source of the data: The World Bank's Worldwide Governance Indicators (WGI) project compile and summarise information from over 30 existing data sources that report the views and experiences of citizens, entrepreneurs and experts in the public, private and NGO sectors from around the world, on the quality of various aspects of governance		
Explanation: This indicator captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as 'capture' of the state by elites and private interests		
Baseline (2017)	Interim Milestone (2022)	Target (2024)
Eastern neighbourhood: 36.38	Increase	Increase
Southern neighbourhood: 38.99	Increase	Increase
Latest known results (2020): Eastern neighbourhood: 41.27 Southern neighbourhood: 32.31 (the score decreased in comparison with the baseline in most of the countries)		
Specific objective 4.1: The Western Balkans are brought closer to the EU and their economic development is strengthened, based on a credible, merit-based accession perspective and application of the revised enlargement methodology		<i>Related to spending programme: IPA II, IPA III</i>
Result indicator 4.1.1: Degree of readiness of Western Balkans on EU approximation and acquis		
Source of data: Annual Enlargement country reports, European Commission		
Explanation: This indicator shows where the enlargement countries stand in terms of their alignment with the EU acquis across all chapters and EU compatible reforms. It is given as the sum of Western Balkan beneficiaries. It is measured on a scale from 1 to 5.		

¹⁰ Rule of Law is included in the similar indicator under the ENI Programme Statement Specific Objective 1 Indicator 2. However this indicator is broader and provides a weighted score based on eight external sources covering also other issues.

¹¹ Control of corruption is included in the similar indicator under the ENI Programme Statement Specific Objective 1 Indicator 2. However this indicator is broader and provides a weighted score based on eight external sources covering also other issues.

Baseline (2019)	Interim Milestone (2022)	Target (2024)
2.56	Increase	Increase
Latest known results (2021): The 2021 value is 2,59. This includes the Western Balkans and Turkey, as the baseline value (2,56) also includes both. For the Western Balkans only the baseline would be 2,5 and the 2021 value 2,54. The value for this indicator increased slightly thanks to improvements regarding one acquis chapter in Serbia (Competition policy), three acquis chapters in Kosovo (Public procurement, Competition policy, Financial control), four in Montenegro (Fisheries, Enterprise and Industrial Policy, Trans-European Networks, Financial and Budgetary provisions) and five acquis chapters in Albania (Public procurement, Fisheries, Science and Research, Judiciary and Fundamental rights, External Relations).		
Result indicator 4.1.2: Progress of Western Balkans in Public Administration Reform¹²		
Source of data: Annual Enlargement country reports, European Commission		
Explanation: This indicator shows where the Western Balkans stand in terms of the implementation of reforms of public administration to ensure its efficiency and ability to implement and enforce the EU acquis. It is given as the sum of Western Balkan beneficiaries. It is measured on a scale from 1 to 5.		
Baseline (2019)	Interim Milestone (2022)	Target (2024)
2.57	Increase	Increase
Latest known results (2021): The 2021 value is 2,5. This includes the Western Balkans and Turkey as the baseline value (2,57) also includes both. For the Western Balkans only the baseline would be 2,5 and the 2021 value also 2,5 as all countries of the Western Balkans remained at the same level. (NB: Turkey was downgraded after 4 years of backsliding from “moderately prepared” to “some level of preparation/moderately prepared”).		
Result indicator 4.1.3: Implementation of policy guidance in the Economic Reform Programmes		
Source of data: European Commission and European Central Bank		
Explanation: The indicator quantifies the level of implementation of policy guidance agreed in the Joint Conclusions of the annual Economic and Financial Dialogue between the EU and each of the Western Balkans partners as part of the discussion of the annual national Economic Reform Programmes (ERPs). The score is calculated as the average percentage of implementation for all partners.		
Baseline (2020)	Interim Milestone (2022)	Target (2024)
35%	At least 40%	At least 50%
Latest known results (2021): 50.8% The assessment of the implementation of last year’s policy guidance points to an across-the-board improvement in implementing the jointly agreed recommendations mostly linked to the particular short-term character of many recommended crisis-mitigating measures. The average score across the Western Balkans and Turkey has strongly increased, from 35.5 out of 100 for the implementation of the policy guidance adopted in 2020 to 50.8 in 2021. This figure is however artificially high as in 2020 the Policy Guidances (PGs) had been substantially reformulated to short-term emergency measures against the COVID-19 crisis that were easier to implement than the usual more structural and therefore more difficult PGs. Less than one third (30%) of the policy guidance saw no or only limited implementation, which is the lowest share so far. An equal percentage (30%) has been substantially or fully implemented; the highest share since 2017. In terms of individual performances, the scores display some variation, but four out of the WB6 exceed 50. Overall, the implementation of the policy guidance adopted in 2021 is assessed as ‘partial’ for most partners, with North Macedonia achieving the highest score (61.1), whereas Kosovo scored the lowest (35.9)		

¹² Public Administration is part of the IPA II Programme Statement Specific Objective 1 Indicator 1 Composite indicator on the readiness of enlargement countries on fundamental areas of the political accession criteria.

Specific objective 4.1: The Western Balkans are brought closer to the EU and their economic development is strengthened, based on a credible, merit-based accession perspective and application of the revised enlargement methodology		<i>Related to spending programme(s) IPA II, IPA III</i>
Main outputs in 2021:		
Other important outputs		
Output	Indicator	Target
Accession negotiations with Albania and North Macedonia	Launch of screening process once negotiating frameworks adopted	Q1-Q2 2021
	Preparations for opening the fundamentals cluster	Throughout 2021
Latest known results (2021): Albania and North Macedonia continue to fulfil the conditions to open accession negotiations. The official start of accession negotiations has been delayed because of lack of consensus in the Council on the adoption of the negotiating frameworks; discussions continue in view of holding the first Inter-Governmental Conferences (IGCs) as soon as possible.		
Accession negotiations with Serbia and Montenegro: preparation of Benchmark Reports, and Draft Common Positions (DCPs); Monitoring progress in the rule of law area, in view of reporting twice a year to the Member States	Progress on accession negotiations with Montenegro / Serbia through preparation and submission of DCPs and benchmark assessment reports to Council Enlargement Working Party (COELA) on chapters where the necessary conditions have been fulfilled	Throughout 2021
	For Montenegro, preparation of the assessment report on interim benchmarks (once met) and the DCP with the closing benchmarks for chapter 23 and 24	Q3-Q4 2021
	Reporting to Member States on rule of law progress in Montenegro and Serbia	Q2 and Q4
Latest known results (2021): The relevant DCPs and benchmark assessment reports for Montenegro and Serbia have been submitted. Montenegro. All screened chapters are open and Accession negotiations continued during the year. Focus is still required with respect to Montenegro meeting interim benchmarks in Chapters 23 and 24. EU Member State continued to be informed on the state of play on a regular basis. Serbia. Intergovernmental Conferences were held in June and December 2021. Monitoring has continued across all acquis chapters. 22 of the 35 negotiating chapters with Serbia have been opened so far. In December 2021, cluster 4 containing four chapters on the Green Agenda and sustainable connectivity was opened.		
Follow-up to the key priorities set in the Commission Opinion on Bosnia and Herzegovina's application for EU membership and to commitments under the Stabilisation and Association Agreement	Meetings and follow up under the SAA completed	Q4 2021

Latest known results (2021):

The 2021 enlargement report, issued in October, noted no progress or very little progress across most policy chapters and in fulfilling all 14 key priorities from the 2019 Commission Opinion on its EU membership application. The Commission maintained high-level contacts (including at the level of the President and Commissioners) with political leaders to push for reforms on fulfilling the 14 key priorities, and to address the emerging political crises (blockage of State institutions by representatives from RS entity and plans for withdrawal of competences at entity level). The EU, with the US and Council of Europe Venice Commission, also conducted four high-level missions to BiH in July, October, November to facilitate political talks on constitutional and electoral reforms.

Output	Indicator	Target
Progress in delivery of Kosovo reform commitments under the SAA and European Reform Agenda	Meetings and follow up under the SAA completed	Q4 2021

Latest known results (2021):

Kosovo launched the second phase of ERA II which builds on the reforms and progress undertaken to date. The EU-Kosovo SAA and the European Reform Agenda remain the key framework for EU-related reforms

Monitoring of and reporting on accession preparations	Preparations for next enlargement package (communication and individual reports – staff working documents – advanced	Q4 2021
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Latest known results (2021):

The Enlargement Package was adopted on 19 October 2021

Monitoring of Stabilisation and association agreements (SAA) and implementation of structural reforms in the Western Balkans (WB)	SA Council and Committee, SA Sub-committees / Special Groups meetings held with the Western Balkans partners as planned	Each Western Balkans partner: - 1 SA Council - 1 SA Committee 7 subcommittees + 1 PAR Special Group (and 1 Normalisation Special Group for Kosovo)
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Latest known results (2021):

All relevant SA Council and Committee meetings as well as SA subcommittees were held as planned.

- Albania - The 11th SA Council took place in Brussels on 1 March. During the year, 7 SAA sub-committee meetings took place. The Public Administration Reform (PAR) Special Group was held on 28 January 2022. The SA Committee is scheduled for 15 February 2022.
- Bosnia and Herzegovina - The SA Council took place in Brussels on 13 July. The fifth cycle of sub-committee meetings included on-line meetings of the subcommittees on: 1) trade, industry, customs and taxation; 2) agriculture and fisheries; 3) innovation, information society and social policy; 4) transport, energy, environment and regional development; 5) Public Administration Reform Special Group. The meeting of the Stabilisation and Association Committee was postponed due to developing political crisis. The sub-committees on economic and financial affairs and statistics and on justice, freedom and security did not take place either.
- Kosovo - The SA Council took place in December and the SA Committee in October. During the year, there were 7 SAA Subcommittees. The PAR Special Group was held in May.
- Montenegro - During the year there were 7 SAA subcommittees. The SA Committee was held in January 2022. The PAR Special Group also took place.
- North Macedonia - During the year, 7 SAA sub-committee meetings and the Public Administration Reform (PAR) Special Group took place. The SA Committee was held on 29 June.
- Serbia - During the year 2021, seven SAA subcommittees took place. The PAR Special Group meeting was held in January 2022. The SA Council was also held in January 2022.

Output	Indicator	Target
Programming and implementation of bilateral assistance under IPA III	All IPA III bilateral action documents adopted	Q4 2021
Latest known results (2021): All IPA III bilateral annual action plans for 2021 were adopted in December 2021: Albania (EUR 64.9 million) Bosnia and Herzegovina (EUR 73 million) North Macedonia (EUR 90.45 million) Kosovo (EUR 63.96 million) Montenegro (EUR 32.41 million) Serbia (EUR 122.14 million)		
Progress in implementation of the Economic and Investment Plan and Green Agenda	Progress as per action plans to be developed	Dec 2021
Latest known results (2021): <ul style="list-style-type: none"> • Package of 21 investment projects of 3.1 bn presented for adoption • Green Agenda Action Plan adopted by beneficiary countries and implementation launched • Roadmap for reduction of roaming charges between WB and EU prepared • Progress in development of Youth Guarantee strategies in each beneficiary country • Innovation, Research and Youth agenda launched in Brdo Summit 		
Evaluations¹³ and fitness checks		
Output	Indicator	Target
TAIEX evaluation	Evaluation started	Q1 2021
Latest known results (2021): Evaluation started (Q1 2022)		
Country evaluation North Macedonia	Evaluation started	Q1 2021
Latest known results (2021): Draft Final report submitted (Q1 2022)		
Country evaluation Montenegro	Evaluation completed	Q2 2021
Latest known results (2021): Evaluation completed (Q2 2021)		
Country evaluation Serbia	Evaluation completed	Q1 2021
Latest known results (2021): Evaluation completed (Q1 2021)		

¹³ This evaluation is part of the DG NEAR multi-annual strategic evaluations plan. While guided by Better Regulation, it is not an evaluation in the Better Regulation sense.

External communication actions (covers also specific objective 4.2)			
Output/Result	Indicator	Target	Latest known results (2021)
Regional Communication Programme: Campaigns, events and communication activities aimed at improving perception of the EU and EU support in the Western Balkans	Social media		
	Number of impressions	>60,000,000	108,673,575
	Number of followers/fans/subscribers	Facebook: >15,000 Instagram: >5,000	Facebook: 20,137 Instagram: 6,168
	Number of posts	Facebook: >130, Instagram: >150	Facebook: 541 Instagram Feed: 353 Instagram Stories IGTV: 1,438
	Number of engagements	More than 1,200,000	3,613,886
	Number of hashtag mentions	More than 5,000	7,000
	Website (dedicated)		
	Number of visits	More than 650,000	302,987 ¹⁴
	Number of visitors	More than 500,000	220,112 ¹⁵
	Number of page views	More than 500,000	740,888
	Conversion rate	More than 15%	16%
	Number of return visitors	More than 90,000	32,473
	Integrated communication campaigns		
	Reach ¹⁶	More than 12,000,000	6,350,000
	Number of page views	More than 3,500,000	150,000
	Young European Ambassadors (YEA) Network		
	Number of young people acting as YEAs	120	120
	Number of attendees in YEA webinars	125 ¹⁷	297
	Events		
	Number of attendees (Live and online)	More than 500	Public events: 2,351
	Indirect audience reach (Live and online)	More than 35,000	Public events: 80,000 people

¹⁴ decrease is due to impact of Covid19

¹⁵ decrease is due to impact of Covid19

¹⁶ Average – Digital Media and Traditional Media estimation

¹⁷ In the Management Plan 2021, the target value for the YEA webinar attendance was set at 1000 by mistake. The planning value submitted by the contractor dealing with the organisation had been 125 for 2021. This information has now been corrected accordingly.

Latest known results (2021):

The **second communication campaign for the Western Balkans** took place in the autumn 2021, following a research phase including focus groups, to better understand the baseline perceptions and to develop the messages accordingly. Under the slogan #TogetherItsPossible the purpose of the campaign was to raise awareness about the opportunities to come under Economic and Investment Plan for the region, centred around four main areas (Green/ Digital/ Connectivity/ Growth). Combining several platforms, and creation of a range of audio-visual and social media materials, the campaign largely exceeded targets with an overall aggregate reach of 48,5 million people on social, digital and traditional media combined, and 1.7 million video views. Social media results show high engagement rates and an increase in followers of around 20% across channels. The product mix included TV and radio spots, an [‘emotional’ video](#) for social media, six videos featuring local influencers and several animated explainers – complemented by a landing page on the website providing more in-depth information, stories and data.

The **online portal - WeBalkans.eu**- continues to develop. It hosts over 80 inspirational testimonies from people who have benefitted from EU support, and achieved 800,000 page views in 2021. The related WeBalkans social media channels have a very good engagement rates, notably reaching younger audiences.

The **Young European Ambassadors network** has also been active throughout the year, with now 120 young people from diverse backgrounds selected from hundreds of applicants. They are involved in both own-initiative and network-organised events on topical issues, have undertaken training courses on topics such as media literacy, and are actively cooperating with the EU Delegations and the WeBalkans platform to amplify messages towards their peers.

Specific objective 4.2: Regional cooperation and neighbourly relations in the Western Balkans are improved.		<i>Related to spending programme: IPA II, IPA III</i>
Result indicator 4.2.1: Total length of the indicative extension of the TEN-T rail and road core network to the Western Balkans supported by the EU through a) new construction and b) rehabilitation		
Source of data: WBIF Monitoring Information System, WBIF Annual Reports, European Commission; Transport Community Treaty Secretariat		
Explanation: This indicator shows progress in completion of the TEN-T rail and road core network in the Western Balkans supporting connectivity amongst the Western Balkans and between the Western Balkans and the EU. It is measured in kilometers (km).		
Baseline (2019)	Interim Milestone (2022)	Target (2024)
147 km	502 km	748 km
Latest known results (2021): Approved investments under WBIF: Rail 327 km Road: 208 km		
Result indicator 4.2.2: Attitudes on Regional Cooperation and EU Integration		
Source of data: Balkan Public Barometer, Regional Cooperation Council		
Explanation: This indicator measures the attitude of the Western Balkan citizens towards regional cooperation. It aims to capture to what extent they see it as a positive influence on the political, economic or security situation their societies.		
Baseline (2018)	Interim Milestone (2022)	Target (2024)
51%	53%	55%
Latest known results (2021): 77% positive towards regional integration, whereas 66% positive about EU membership		
Result indicator 4.2.3: Percentage of intra-regional trade to GDP		
Source of data: National statistics, Regional Cooperation Council		
Explanation: This indicator measures the regional trade openness as the total of intraregional trade flows as percentage of the region's GDP. It aims at capturing the results of the regional economic integration efforts, whilst taking into account the economic growth of the region.		
Baseline (2018)	Interim Milestone (2022)	Target (2024)
9,6%	10,5%	11,5%
Latest known results (2021): 9.76%		

Specific objective 4.2: Regional cooperation and neighbourly relations in the Western Balkans are improved		<i>Related to spending programme(s) IPA II, IPA III</i>
Main outputs in 2021:		
Other important outputs		
Output	Indicator	Target
Progress in the implementation of the Economic and Investment Plan:		
- Align the Western Balkans Investment Framework to effectively contribute to the implementation of the Economic and Investment Plan for Western Balkans	WBIF Design of new Governance transition to new regulations	Q2-Q4 2021
- Start implementation of Economic and Investment Plan flagships projects	Signature of Delegation Agreement for transfer of funds to the European Western Balkans Joint Fund (EWBJF) for the 2020 Connectivity Package	Q3/Q4 2021
	Commission Decision under IPA III for implementation of connectivity agenda under the Economic and Investment Plan adopted	Adopted by Q4 2021
	Screening of advanced projects pipeline.	Q2 2021
	Approval of more advanced projects	Q4 2021
Latest known results (2021):		
Draft Rules of Procedures and Strategic orientations presented to Strategic Board on 16 December 2021, written procedure launched in January 2022 – which represents the design of new governance and transition to new regulations		
The Contribution Arrangements were signed on 22 December 2021. This is equivalent to the Delegation agreements mentioned in the indicator.		
Commission Decision adopted on 16 December 2021, committing EUR 3,2 billion to the EIP/connectivity agenda		
4 Technical assistance and 21 investment projects positively screened and presented to Operational Board on 17 December 2021, written procedure ongoing. At the time of finalising this report, the projects have been adopted and the procedure is being finalised in 2022.		
Support to the implementation of the Common Regional Market 2021-2024 for the Western Balkans	One operational Mutual Recognition Agreement in place	Q4 2021
	Adoption of a regional agreement on Freedom of Movement and Stay	Q4 2021

Latest known results (2021):

A number of agreements under the Common Regional Market have been completed at the technical level and are ready for adoption. Amongst them are an agreement on travel with ID cards and an agreement on the freedom of movement of third party citizens in the WB as well as the Mutual Recognition Agreement. However, their adoption has been blocked due to the Belgrade-Pristina issues which continues to impede the implementation of the CRM in all its dimensions.

Output	Indicator	Target
Progress in supporting Western Balkans' efforts to strengthen Rule of Law through regional cooperation and cooperation with the EU:		
a) Progress with trial monitoring project for cases of high-level corruption and organised crime	a) Adoption of trial monitoring methodology for cases of high-level corruption and organised crime	a) Q2 2021
b) Assessment of performance of Western Balkans justice systems	b) Results of CEPEJ (Efficiency of Justice of the Council of Europe) and World Bank justice performance actions finalised for inclusion in Enlargement package	b) Q3 2021
c) Deeper links between EU security tools and networks promoted	c) Expertise by EU's Radicalisation Awareness Network provided to Western Balkans	c) Q1-Q4 2021
d) First regional security needs and response mapping produced under the Integrative Internal Security Governance mechanism	d) Mapping produced	d) Q2 2021

Latest known results (2021):

- a) Methodology adopted in Q2 2021 and under implementation for cases of high-level corruption and organised crime
- b) Results of The European Commission for the Efficiency of Justice and World Bank justice performance actions were finalised in mid-2021 and reflected in the overall assessment of performance under Chapter 23;
- c) Expertise provided by the RAN in the Western Balkans through the mapping of radicalisation experts and the launching of events addressing the issue of the reintegration of Foreign Terrorist Fighters.
- d) Mapping of security needs by the Integrative Internal Security Governance in the final stages in Q4 2021 after several rounds of consultations with WB partners and international organisations.

Adoption of 2021 IPA III multicountry action programmes	All IPA III action programmes adopted including on connectivity. Nine crossborder cooperation programmes adopted	Q4 2021
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Latest known results (2021):

All foreseen IPA III multi-country action programmes were adopted at the end of December 2021, including:

- the multi-country multi-annual action programme 2021-2022 for the Western Balkans and Turkey (EUR 191 750 000)
- the multi-country multi-annual action plan in support of the WBIF 2021-2027 and the provisioning of the ELM legacy portfolio for past EIB operations for IPA beneficiaries (EUR 3 194 801 816)
- the multi-country multi-annual action plan on an EU Civil Society Facility and Media Programme in

favour of the Western Balkans and Turkey for 2021-2023 (EUR 218.5 million)

- Additional multi-country support measures for communication and for audit 2021-2023 for an amount of EUR 45 million, and EUR 5.1 million respectively, have been adopted by NEAR A, and NEAR R

Additional 16 amending decisions, including substantial and non-substantial amendments, and updates to programmes were carried out, 4 of them with a direct link to the COVID-19 response, including 4 amendments to facilitate access to COVID-19 vaccines to the Western Balkans.

Progress has been made in the decision-making procedure of an individual measure on migration (EUR 102.25 million), as well as on the 9 IPA III cross border cooperation programmes 2021-2027, for which adoption is expected in 2022

Output	Indicator	Target
Promote deepening of links among civil societies of the Western Balkans, including through the support for the Western Balkans Fund (WBF) projects	Contract with the Western Balkans Fund signed (EUR 1 million for subgranting to small-scale regional initiatives)	Q1 2021

Latest known results (2021):

The contract with the WBF was signed in July 2021, and WBF started to prepare the call for regional projects for which the resources are provided

Strategic engagement and policy dialogue with civil society	Revised DG NEAR guidelines on EU support for civil society under IPA III	Q3 2021
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Latest known results (2021):

During 2021 substantial exchanges were held with civil society and other stakeholders on the revision of the CSO guidelines. In particular, specific virtual consultation meetings were held in all the IPA beneficiaries. The guidelines are to be finalised in early 2022

Implementation of TAIEX activities strengthening regional cooperation	Approximately 15 regional or multi-country activities (online or physical)	Throughout 2021
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Latest known results (2021):

28 activities were carried out in the reporting period

Evaluations¹⁸ and fitness checks

Output	Indicator	Target
Mid-term evaluation of IPA CBC programmes 2014-2020	Evaluation completed	Q1 2021

Latest known results (2021):

Evaluation completed (Q3 2021)

¹⁸ This evaluation is part of the DG NEAR multi-annual strategic evaluations plan. While guided by Better Regulation, it is not an evaluation in the Better Regulation sense.

Specific objective 4.3: A sustainable basis for improved relations with Turkey is ensured		<i>Related to spending programme: IPA II, IPA III</i>
Result indicator 4.3.1: Number of formal high-level dialogues at ministerial level per year (including on migration)		
Source of data: European Commission		
Explanation: This indicator shows the amount of high level meetings between EU and Turkey as a measure of political cooperation.		
Baseline (2019)	Interim Milestone (2022)	Target (2024)
2	Increase	Increase
Latest known results (2021): 3		
Result indicator 4.3.2: Share of EU goods and services in imports to Turkey		
Source of data: Eurostat: https://ec.europa.eu/trade/policy/countries-and-regions/countries/turkey/		
Explanation: This indicator illustrates trade relations between EU and Turkey. If relations are improved, notably through the modernisation of the CU, the share of imports originating from the EU in particular on services should increase.		
Baseline (2018)	Interim Milestone (2022)	Target (2024)
32,3%	Increase	Increase
Latest known results (2021): 33.4%		
Result indicator 4.3.3: Detections of illegal border-crossings at the EU borders with Turkey		
Source of data: Frontex https://frontex.europa.eu/assets/Publications/Risk_Analysis/Risk_Analysis/Annual_Risk_Analysis_2020.pdf		
Explanation: This indicator shows the number of illegal border-crossings detected by EU member states at the EU side of the EU-Turkey border		
Baseline (2019)	Interim Milestone (2022)	Target (2024)
85078	Decrease	Decrease
Latest known results (2021): 32.980 This is the total number of illegal border-crossings detected from Turkey to Greece, Bulgaria, Italy and Cyprus in 2021, which represents an overall increase of 34% compared to 2020 (down 47% for GR, up 200% for IT, 300% for BG and 92% for CY). Overall, the figure has decreased since 2019 (85078) however it has again increased since 2020 (24,488).		

Specific objective 4.3: A sustainable basis for improved relations with Turkey is ensured		<i>Related to spending programme(s) IPA II and IPA III</i>
Main outputs in 2021:		
Other important outputs		
Output	Indicator	Target
Follow up on the European Council conclusions on Turkey from December 2020	Strategic orientations for the agenda agreed, if conditions allow	2021
Latest known results (2021): Follow-up by NEAR on the European Council conclusions adopted in 2021; positive agenda not agreed by the European Council yet		
Continuation of the high level engagement with Turkey	Number of high level meetings, if political situation allows	3 meetings in 2021
Latest known results (2021): 3 meetings in 2021		
Continuous implementation of the EU-Turkey Association Agreement	Number of sub-committee meetings held	7 meetings in 2021
Latest known results (2021): 7 meetings in 2021		
Follow-up on the implementation of the EU-Turkey Customs Union	Number of meetings of the Customs Union Joint Committee held	1 meeting in Q1/Q2
Latest known results (2021): 1 meeting in Q3		
Support DG TRADE in following discussions by Member States on the mandate and perspective of initiating negotiations on the modernisation of the EU-Turkey Customs Union, when political conditions are ripe	Mandate approved by Council	in 2021, if political conditions allow
Latest known results (2021): Mandate not approved, conditions not there yet		
Policy dialogue with Turkey on economic governance	Adoption of joint NEAR/ECFIN/EMPL assessment of Turkey's economic reform programme 2021-2022	Joint assessment adopted in Q2
Latest known results (2021): Joint assessment adopted in Q3		
Monitoring of the implementation of the EU Facility for Refugees in Turkey	Number of meetings of the Facility Steering Committee	Two meetings in 2021; June & December
Latest known results (2021): Two meetings of the Facility Steering committee were held on 30 June and 17 December 2021		

Output	Indicator	Target
Implementation of the funds under NEAR responsibility of the EU Facility for Refugees in Turkey	Progress in Facility implementation as measured in Facility Monitoring Reports	All Facility projects progressing as per their implementation schedule
Latest known results (2021): The implementation of Facility infrastructure projects has been affected by Covid-19. A number of remedial measures have been taken. In August 2021 a non-substantial amendment to the Special measure adopted in 2016 extended the operational implementation deadline until June 2023. The accompanying support measure for monitoring and evaluation, communication and audit activities was extended as well. The Commission continues to closely monitor implementation.		
Programming of possible additional refugee support in Turkey	Special Measures agreed with Turkey and adopted by the Commission if funding is made available	End 2021
Latest known results (2021): Following the June European Council conclusions, the Commission put forward a proposal for the mobilisation of EUR 3 billion of additional support to refugees and host communities in Turkey, as part of a regional package of EUR 5.3 billion overall. EUR 1 billion should be committed per year from 2021 to 2023 budget. In December 2021, DG NEAR adopted an Individual measure to support quality inclusive education in Turkey and financed for EUR 530 million under the NDICI rapid response pillar; another Individual measure of EUR 30 million was adopted under IPA III to support migration and border management in Turkey. The measures from DG NEAR complement assistance made available by ECHO via a Draft Amending Budget to HIP 2021 approved in December, and resources under DG HOME. Programming negotiations on 2022 and 2023 budget will continue in 2022 between the Commission and the Turkish authorities		
Continuous monitoring of developments and providing policy recommendation on democracy, rule of law, judiciary, security as well as fundamental rights and freedoms	Preparations for next country report on Turkey (staff working document as part of Enlargement package) advanced	Q4 2021
Latest known results (2021): Report published in Q4		
Support political priorities through the Instrument for Pre-Accession Assistance	Adoption of the 2021 programme	The assessment of the proposals received from Turkey by end 2021
Latest known results (2021): The Annual Action Plan 2021 was adopted on 16 December 2021		
Implementation of TAIEX and Twinning activities, contributing to improved EU-Turkey relations	Approximately 10 activities (online and physical) implemented in Turkey, depending on beneficiary demand	Throughout 2021
Latest known results (2021): On TAIEX: 11 (10 online, 1 study visit to Italy). On Twinning: 61 activities of ongoing Twinning in 2021		

Specific objective 4.4: Take the Eastern Partnership to the next level		<i>Related to spending programme: ENI, NDICI</i>
Result indicator 4.4.1: Number of partnership priorities, Association agendas, or equivalent documents, which are revised, adopted or agreed		
Source of data: EU Results Framework		
Explanation: The indicator monitors the number of key bilateral policy documents (Partnership priorities, Association Agendas, or equivalent documents) revised and adopted during the period. Since the indicator measures the evolution during 2020-2024 period, the base is set at 0. It does not imply that no action was taken in the past.		
Baseline (beginning 2020)	Interim Milestone (2022)	Target (2024)
0	4	5
Latest known results (2021): 5 Armenia: Partnership Priorities (adopted in 2018) remain in force and guide cooperation. The Comprehensive and Enhanced Partnership Agreement (CEPA) ratification process was completed in 2021 and it entered into force in March 2021. Azerbaijan: Partnership Priorities were extended in August 2021 until 2024. Belarus: The negotiations of a Memorandum of Understanding (equivalent to Partnership Priorities) remain on hold. Georgia: The revision of the Association Agenda covering the period 2021-2027 is ongoing and is expected to be adopted in February 2022. The previous Association Agenda covered the period 2017-2020 and was extended to 2021. Moldova: The revision of the Association Agenda covering the period 2021-2027 is ongoing. The previous Association Agenda covered the period 2017-2020 and was extended to 2021. Ukraine: The Association Agenda (last updated in 2015) remains valid.		
Result indicator 4.4.2: Percentage of Eastern Partnership post-2020 deliverables completed		
Source of data: European Commission		
Explanation: Based on the 5 policy objectives of the EaP post-2020, this new set of deliverables has been prepared in the second half of 2020 and endorsed at the EaP Summit in early 2021. Similar to the current reform agenda, monitoring of the new set of deliverables will be done regularly by the EU together with partner countries in a public report.		
Baseline (2020)	Interim Milestone (2022)	Target (2024)
0	120% of 2020 end results	170% of 2020 end results
Latest known results (2021): 0% The new set of post-2020 targets was laid down in the Joint Staff Working Document of July 2021 and endorsed by the Eastern Partnership Summit in December 2021. Work on the monitoring of the targets starts in 2022, with the first annual report to be published by the end of the year.		
Result indicator 4.4.3: Number of grassroots civil society organisations benefitting from (or reached by) EU support		
Source of data: European Commission		
Explanation: The indicator measures the outreach of our civil society programmes, as a broad base of civil society is crucial for the EU to be an open and receptive foreign policy actor. Grassroots actors often play a vital role in giving voice to citizen's, including in situations of restricted space.		
Baseline (2020)	Interim Milestone (2022)	Target (2024)
approx. 1,200	approx. 1,700	approx. 2,500
Latest known results (2021): Through continuous support programmes, in particular through significant sub-granting schemes operated by Framework Partners, a further 325 civil society organisations benefited from EU support and started new initiatives in 2021. This adds to an overall figure of 1,525 grassroots organisations supported .		

Specific objective 4.4. Take the Eastern Partnership to the next level		<i>Related to spending programme(s) ENI, NDICI</i>
Main outputs in 2021:		
Other important outputs		
Output	Indicator	Target
Report on implementation of 20 Deliverables for 2020	Report approved	Q1 2021
Latest known results (2021): The report was approved at the 6th EaP Summit in December 2021.		
New set of Deliverables post-2020	Approved by EaP Summit	Q1-Q2 2021
Latest known results (2021): The new post-2020 priorities, including new targets to be monitored were approved at the 6th EaP Summit in December 2021.		
Multi-annual Indicative Programmes (MIPs) for EaP countries for the period 2021-2027	Adoption of MIPs	Q3 2021
Latest known results (2021): Armenia MIP adopted on 16 December 2021. Azerbaijan MIP adopted on 31 January 2022. Georgia MIP expected to be adopted before summer 2022. Moldova MIP expected to be adopted before summer 2022. Ukraine MIP adopted on 13 December 2021. Regional MIP adopted on 15 December 2021.		
Adoption and update of 2021 Annual Action Programmes (bilateral and regional), ensuring a strong EU response to Covid-19 pandemic across EaP countries.	Adoption of 2021 Annual Action Programmes	Q4 2021
Latest known results (2021): Armenia AAP (Annual Action Programme): expected to be adopted in February 2022. Azerbaijan IM (Individual Measure) 2021 adopted on 16 December 2021. Georgia IM expected to be adopted in April 2022. Moldova IM expected to be adopted in April 2022. Ukraine AAP (Annual Action Plan) adopted 15 December 2021. Regional Action Programme: part one adopted on 16 December 2021, part 2 expected to be adopted in early Spring 2022.		
Ukraine: EU4Resilient regions	Programme implementation started	Q3 2021
Latest known results (2021): In 2021 a EUR 10 million agreement started the implementation of "EU4Resilient Regions" in order to enhance Ukraine's overall resilience, including to hybrid threats, and to increase its peacebuilding capacity. The project aims at improving the provision of medical, social and administrative services in ten conflict-affected and vulnerable regions, constituting a geographic and thematic expansion of EU conflict response		

Evaluations ¹⁹ and fitness checks			
Output	Indicator	Target	
Evaluation of EU cooperation with Georgia	Evaluation started	Q1 2021	
Latest known results (2021): Evaluation started (Q1 2021)			
Evaluation of EU's cooperation with Republic of Moldova (2014-2020)	Evaluation completed	Q1 2021	
Latest known results (2021): Evaluation completed (Q1 2022)			
External communication actions			
Output/result	Indicator	Target	Latest known results (2021)
Regional Communication Programme: Campaigns, events and communication activities aimed at improving perception of the EU and EU support in the Eastern Neighbourhood	Social media		
	Number of impressions	More than 2,000,000	30 million
	Number of followers/fans/subscribers	180,000	Facebook: 22.7 million Instagram: 6 million Twitter: 1.2 million YouTube: 40,000
	Number of posts	2,000	All: 2000 Facebook: 500 Instagram Feed: 155 Instagram Stories IGTV: 800 Twitter: 400 YouTube: 30
	Number of engagements	7% average	600,000 (2% per impression for 30 million impressions)
	Number of EU Neighbours east mentions on Facebook, Instagram & Twitter	20,000	6,900

¹⁹ This evaluation is part of the DG NEAR multi-annual strategic evaluations plan. While guided by Better Regulation, it is not an evaluation in the Better Regulation sense.

Output	Indicator	Target	Latest known results (2021)
	Website		
	Number of visits	372,890	400,000
	Number of visitors	500,000	296,000
	Number of page views	More than 2,000,000	678,000
	Conversion rate	60,000	Because of the change of websites, it was not possible to calculate an overall total figure
	Number of return visitors	10%	Because of the change of websites, it was not possible to calculate an overall total figure
	Integrated communication campaigns		
	Reach ²⁰	More than 50,000	15 million
	Number of young people acting as Young European Ambassadors (YEAs)	More than 800	680 (total since 2016: 1300)
	Events		
	Number of attendees (Live and online)	More than 10,000	Public events: Through face-to-face engagement in 2021, 8,060 people reached
	Indirect audience reach (Live and online)	100,000	Public events: 1,7 million people

Latest known results (2021)²¹:

In 2021 alone, **EU Neighbours East** has conducted three large-scale regional campaigns focusing on women rebuilding their societies during the pandemic, the adverse impact of COVID-19 disinformation and the significance of the Eastern Partnership summit, including a revamped visual identity. Additionally, 15 smaller scale thematic campaigns were conducted on explaining the EU's cooperation with the EaP countries in the areas of business growth, digital development, energy efficiency and the protection of the environment – and also support through vaccines. The programme contributed also to addressing disinformation, conducting focus groups and opinion polls, developed further its media network, revamped the website and extended substantially its network of Young European Ambassadors to 680 active young people.

²⁰ Average – Digital Media and Traditional Media estimation

²¹ Not all communication targets 2021 were met as a consequence of Covid19

Other important outputs		
Output	Indicator	Target
Civil Society Facility (CSF)		
Continue implementation of strong COVID response package at bilateral and regional level including the emergency response to the continuing health crisis and the response to its medium and long-term social and economic consequences	Programme implementation started	Q3 2021
	COVID response package as integral part of 2021 AAPs	Q1-Q4 2021
Latest known results (2021): <p>The Civil Society Facility is in full implementation, following the signature of all regional projects, including the CSF technical facility project, the CS Forum and two Framework Partner Agreements. In addition, 26 bilateral projects were supported under the Rapid Response Mechanism.</p> <p>Two contracts with the World Health Organisation (WHO) in place and a Team Europe programme for vaccine sharing in the Eastern Partnership launched on 13 December 2021. Under the significant Covid-19 Solidarity Programme, financial support to third parties has been administered and local organisations supported.</p>		

Specific objective 4.5: Stability, resilience, economic development and regional co-operation are reinforced through our cooperation in the Southern Neighbourhood			<i>Related to spending programme: ENI, NDICI</i>
Result indicator 4.5.1: Number of state institutions and non-state actors supported on security, border management, countering violent extremism, conflict prevention, protection of civilian population and human rights			
Source of data: EU Results Framework			
Explanation: This indicator measures the EU assistance to good governance and capacity building in support of security, protection of civil population and enforcement of human rights			
Baseline (2018)	Interim Milestone (2022)	Target (2024)	
Neigh. South: 420	Stable trend	Stable trend	
Latest known results (2021): 875			
Result indicator 4.5.2: Number of countries supported by the EU to strengthen revenue mobilisation, public financial management and/or budget transparency			
Source of data: EU Results Framework			
Explanation: This indicator measures the support of the EU to the Southern Neighbourhood countries for the improvement of public finance management measures			
Baseline (2018)	Interim Milestone (2022)	Target (2024)	
Neigh. South 7	7	7	
Latest known results (2021): 7 countries			
Result indicator 4.5.3: Number of partnership priorities, Association agendas, or equivalent documents, which are revised, adopted or agreed			
Source of data: European Commission			
Explanation: The indicator monitors the number of key bilateral policy documents (Partnership priorities, Association Agendas, or equivalent documents) revised and adopted during the period.			
Baseline (2020)	Interim Milestone (2022)	Target (2024)	
8 documents	8	8	
Latest known results (2021): 8			

Specific objective 4.5: Stability, resilience, economic development and regional integration are reinforced through our cooperation and policy dialogues in the Southern Neighbourhood		<i>Related to spending programme(s) ENI, NDICI</i>
Main outputs in 2021:		
Other important outputs		
Output	Indicator	Target
Commission Work Programme 2021 Initiative: Joint Communication (JC) on Southern Neighbourhood and its economic plan (as annex)	JC and annex issued	Mid-2021
Latest known results (2021): Adopted on 9/02/2021 ²²		
Review/extension of current partnership priorities or equivalent documents	Process launched in the different countries as per instructions	End 2021
Latest known results (2021): Validity of current Partnership Priorities has been extended		
Adoption of multiannual programming documents in line with the partnership priorities	Multiannual programming documents are in line with the Partnership Priorities	Throughout 2021.
Latest known results (2021): Multi-annual programming documents have reach a stage of maturity at the end of 2021, in particular with respect to partnership priorities. Adoption is sought for 2022.		
NDICI annual programmes are adopted	Adoption of NDICI annual programmes using fully corresponding annual budget allocation	Throughout 2021
Latest known results (2021): More than 92% of the funds used, the remaining corresponding to the Umbrella part that will be allocated in the subsequent year		
Explore possibility of organising a Brussels V Conference on the Future of Syria and the Region	If so decided, ministerial conference and consultation with Syrian civil society held; Funding pledges secured.	Mid 2021
Latest known results (2021): Conference held in March 2021		
Provide support to Syrian refugees and vulnerable host communities in particular in Lebanon and Jordan, as an important element of the EU response to the Syrian Crisis; manage transition to next MFF and from the EUTF to NDICI; commit and contract remaining EUTF Syria budget	Development of project pipeline in 2021; Actions adopted, all EUTF contracts signed before the end of the TF.	Throughout 2021

²² JOIN(2021) 2 final

Latest known results (2021):

Throughout 2021, the Trust Fund reached a budget of over EUR 2.38 billion. The new projects pipeline was developed and approved at the Trust Fund Operational Board of 4 March, worth EUR 130 million of operations in Lebanon and Jordan. The actions were identified in line with policy priorities and needs, notably focusing the COVID-19 response and aimed at mitigating the impact of the crisis in Lebanon on most vulnerable refugee and host communities. In October 2021, a written procedure allowed to reallocate EUR 12 million of savings generated by the “dollarisation” and optimisation of the exchange rate for Trust Fund assistance in Lebanon, as well as project closures. 25 contracts, including 6 top ups and worth 286 million EUR were signed before the end of the Trust Fund on 14 December 2021. This brings the total projects portfolio to a value of over EUR 2.36 billion, out of which about EUR 1.8 billion have been paid, EUR 284.3 million only in 2021.

Output	Indicator	Target
Support to the Berlin process on Libya	Technical expertise provided by the Commission; and EU co-chairing the Berlin Economic Working Group	Throughout 2021

Latest known results (2021):

Technical expertise provided and Berlin Eco WG co-chaired by EU

Preparation of a new multi-annual financial decision in favour of United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), in line with the renewed Joint Declaration	Multi-annual Commission decision adopted	Mid 2021
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Latest known results (2021):

Pending the adoption of the European Joint Strategy 2021-2024, the Commission Implementing Decision on the financing of the individual measure in favour of Palestine refugees for 2021 (NDICI-GEO-NEAR/2021/043-022) was adopted on 1 October 2021. The measure allocates EUR 90 million for UNRWA programme budget (which were paid in October 2021) and EUR 2 million for a pilot project on waste water management in a camp in the West Bank.

Support the Union for the Mediterranean (UfM) sector policy dialogue with partner countries	UfM ministerial meetings on Trade, 'Environment and Climate Action, Transport, Energy and Blue Economy are organised. UfM ministerial declarations are followed-up through yearly sector dialogues involving the full range of relevant stakeholders.	Throughout 2021
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Latest known results (2021):

All ministerial conferences took place, and regular technical meetings have been organised

Provide institutional support to the Union for the Mediterranean (UfM)	The secretariat of the UfM is financed through the EC grant. The secretariat implements the annual work programme adopted by Senior Officials.	Throughout 2021
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Latest known results (2021):

The UfM has proceeded according to the 2021 UfM Work Programme, organizing a number of events and three Ministerial meetings (Energy, Blue Economy, Environment and Climate Action). Due to the pandemic, there was a predominance of online and hybrid formats, which had an impact on the budget, as was the case in 2020. On 29 November 2021, the Sixth Regional Forum of the UfM took place in Barcelona, back-to-back with the EU-Southern Neighbourhood Ministerial Meeting. In addition, four SOMs took place from February to December, the last one having approved the 2022 UfM Work Programme and the UfM Operating Grant to support the functioning of the UfMS in 2022.

Output	Indicator	Target
Strengthened security cooperation in line with the Global Strategy and the European Neighbourhood Policy security dimension	Technical expertise on fighting organised crime, provided by key partners such as Interpol and EU Agencies EUROPOL, EUROJUST, FRONTEX/EBCGA and EMCDDA, to justice and law enforcement entities in the partner countries.	Throughout 2021
Latest known results (2021): Support to partner countries from CEPOL/EUROPOL through Euromed Police, from EUROJUST through Euromed Justice, from FRONTEX through EU4BorderSecurity and from EMCDDA through EU4MonitoringDrugs (EU4MD), has continued all year long. Some major high level events were organised such as the 1st Euro-Arab Border Security Conference and the 3rd Forum of Prosecutors General. EU4MD published crucial regional strategic reports on drug markets in the South and in the East and Euromed justice started residential trainings, e-learning and the exchange programme. More and more EU Member States are involved in the implementation, strengthening the cooperation with the South Partner Countries. ECDC, through the programme EU Initiative on Health Security, cooperated with FRONTEX, EASO and EMSA in a workshop on Health and Safety at the Borders and started a new cohort for training epidemiologists.		
EU response to the Covid-19 crisis impact in the Southern Neighbourhood	Amount of EU-funded Programmes committed to provide liquidities and support the health and socio-economic sectors	In 2021: EUR 2.31 billion fully committed for the Southern Neighbourhood, including EUR 1.3 billion to mitigate the socio-economic impact of the crisis
Latest known results (2021): Response to Covid-19 impact committed, EUR 2.3 billion		
Strategic engagement and policy dialogue with civil society	Regular coordination meetings with strategic partners and regional meeting of Civil Society Forum Neighbourhood South	Throughout the year
Latest known results (2021): Consultations with civil society on the programming of MFF 2021-27 held in March 2021. Continuation of regional structured dialogue with civil society within Majalat process, national workshops in May-June 2021 and Civil Society Forum South Neighbourhood held online in July 2021		
Evaluations²³ and fitness checks		
Output	Indicator	Target
Country evaluation Tunisia	Evaluation completed	2nd quarter Q2 2021
Latest known results (2021): Final report submitted (Q1 2022)		
Evaluation of EU Budget support to Morocco	Evaluation completed	3rd quarter Q3 2021
Latest known results (2021): Final report submitted (Q1 2022)		

²³ This evaluation is part of the DG NEAR multi-annual strategic evaluations plan. While guided by Better Regulation, it is not an evaluation in the Better Regulation sense.

External communication actions			
Output/result	Indicator	Target	Latest known results (2021)
Increasing knowledge and public awareness on Euro-Med partnership.	Commission's participation in the Union for the Mediterranean (UfM) communication campaign to commemorate the 25th anniversary of the Barcelona Declaration / number of activities in the communication plan	100% of activities in the communication plan implemented	100% of activities in the communication plan were implemented. The Commissioner took active role in the UfM Regional Forum in Barcelona
	Social media		
Regional Communication Programme: Campaigns, events and communication activities aimed at improving perception of the EU and EU support in the Southern Neighbourhood	Number of impressions	55,000,000 (Facebook, Instagram, Twitter)	Twitter: 870,500 Facebook: 13,641,373 Instagram: 2,785,737 YouTube: 501,000 Total= 17,798,610
	Number of followers/fans/subscribers	450,000 (Facebook, Instagram, Twitter, YouTube)	Facebook: 299,244 Instagram: 34,803 Twitter: 10,335 YouTube: 2,011 Total=
	Number of posts	1,750 (Facebook, Instagram, Twitter)	Facebook: 449 Instagram Feed: 132 Instagram Stories Instagram TV: 208 Twitter: 662 YouTube: 54 (19 from EUTF) Total=
Output	Indicator	Target	Latest known results (2021)
	Number of engagements	1,200,000 (Facebook, Instagram, Twitter)	Twitter: 6,959 Facebook: 1,042,988 Instagram: 16,100 Total: 1,066,047
	Number of hashtag mentions	EU4youth 25,000	Instagram: 109
	Website		
	Number of visits	425,000	403,266
	Number of visitors	350,000	353,682
	Number of page views	800,000	614,024
	Conversion rate	n/a	-
	Number of return visitors	10%	20,391 out of 353,682 = approx. 6%

Output	Indicator	Target	Latest known results (2021)
	Integrated communication campaigns <i>For 4 Thematic campaigns on: Culture, Violence Against Women, Environment and Youth Skills</i>		
	- Reach ²⁴	10,000,000	Approx. 1,800,000
	- Number of young people acting as Young European Ambassadors	48	16
	Events	12	2 ²⁵
	Number of attendees (online)	39,000	41,600
	Indirect audience reach (online)	360,000	520,000

Latest known results (2021)²⁶:

2021 was also the first year of implementation of the new phase of **EU Neighbours South** regional communication programme, built around 4 components: Opinion polls, strategic communication and crisis communication support to the EU Delegations and regional projects, integrated thematic communication campaigns, and focus on multipliers (youth, media/non-media networks). The campaigns covered areas like zero tolerance for violence against women and girls, environment, youth skills, highlighting EU funded projects and a new media award, and were supported also by a network of good will ambassadors and influencers.

²⁴ Average – Digital Media and Traditional Media estimation

²⁵ Because of Covid19, only 2 physical events took place

²⁶ Not all communication targets 2021 were met as a consequence of Covid19

General objective 1: A European Green Deal		
Impact indicator 3: Climate mainstreaming in the European Union budget		
Source of the data: European Commission Draft Budget Reports		
Explanation: Proportion of climate related spending (mainstreaming) in the EU budget		
Baseline (2018)	Interim Milestone (2022)	Target (2024)
21% ²⁷	25% ²⁸	25% ²⁹
Latest known results (2021): 32.5%		
Specific objective 1: The implementation of the external dimension of the European Green Deal is supported in partner countries		<i>Related to spending programme: ENI, NDICI, IPA II, IPA III</i>
Result indicator 1.1: Greenhouse Gas (GHG) emissions avoided (tonnes CO ₂ eq) with EU support		
Source of data: IPA Performance Framework and EU Results Framework		
Explanation: This indicator measures the result of EU supported actions in terms of reduction of greenhouse gas emissions. Since the indicator measures the evolution during the 2020-2024 period, the baseline is set at 0. It does not imply that no action was taken in the past.		
Baseline (2020)	Interim Milestone (2022)	Target (2024)
0	105% of final 2020 results	110% of final 2020 results
Latest known results (2021): It is not possible to provide a synthetic value expressed in % yet by the end of 2021, which would allow for a comparison of results with baseline and milestone and target. For IPA beneficiaries, the greenhouse gas emissions avoided in 2020 are 921,042 tonnes CO ₂ eq. For the neighbourhood, information is available for the 2018-2020 period, and is equivalent to a total of 8,844,639 tonnes CO ₂ eq. This is based on an estimated reduction of 4,294,326 tonnes CO ₂ eq in Eastern Partnership (Armenia, Belarus, Georgia, Moldova, and Ukraine), and 4,550,313 tonnes CO ₂ eq in the Southern neighbourhood (Egypt, Jordan, Lebanon, Morocco, Tunisia, WB Gaza). The first figures available now date from 2020 and form the baseline (2020), to which updated figures by the end of 2022 or 2023 can be compared, i.e. will inform about a % reduction compared to 2020 level.		
Result indicator 1.2: Number of Micro, Small and Medium Enterprise applying Sustainable Consumption and Production practices with EU support.		
Source of data: EU Results Framework		
Explanation: Measures the results of EU supported interventions in order to promote sustainable and production practices at the level of private companies. Since the indicator measures the evolution during the 2020-2024 period, the baseline is set at 0. It does not imply that no action was taken in the past		
Baseline (2020)	Interim Milestone (2022)	Target (2024)
0	105% of final 2020 results	110% of final 2020 results

²⁷ The baseline for ENI: 16% and for IPA: 14%, both for 2019.

²⁸ The milestone for IPA and ENI/NDICI is to achieve an increase in comparison with the baseline

²⁹ The target for ENI/NDICI to achieve 25% or more and for IPA to achieve 16% or more

Latest known results (2021): For this indicator, there are currently no figures for IPA beneficiaries. For the neighbourhood, a total of 637 SMEs received support towards sustainable production in the 2018-2020 period, out of which 593 in the southern neighbourhood (Morocco, Tunisia, Gaza territories), and the remaining in the Eastern Partnership (Armenia, Belarus, Georgia, and Ukraine).		
Result indicator 1.3: Areas of terrestrial and freshwater ecosystems under a) protection, b) sustainable management with EU support (ha).		
Source of data: EU Results Framework		
Explanation: The indicator measures the contribution of the EU to the protection and sustainable management of ecosystems. Since the indicator measures the evolution during the 2020-2024 period, the baseline is set at 0. It does not imply that no action was taken in the past		
Baseline (2018)	Interim Milestone (2022)	Target (2024)
0	105% of final 2020 results	110% of final 2020 results
Latest known results (2021): The data coverage for this indicator is limited. There is no information when it comes to areas of terrestrial and freshwater ecosystems under protection. With respect to terrestrial and freshwater ecosystems under sustainable management practices with EU support, only information from Georgia is available at this stage – where a total of 157 017 ha benefited from EU support in the 2018-2020 period.		
Specific objective 1: The implementation of the external dimension of the European Green Deal is supported in partner countries		Related to spending programme(s) IPA II, IPA III, ENI, NDICI
Main outputs in 2021:		
Other important outputs		
Output	Indicator	Target
Extension of the Covenant of Mayors to Western Balkans and Turkey	Initiative launched	Q2 2021
Latest known results (2021): The initiative was launched in 2021, and activities have already started.		
Implementation of the Green Agenda for the Western Balkans	6 national and 1 regional action plans adopted	Q3 2021
	Launch of EU funded project to support the implementation of the Green Agenda by Western Balkan partners	Q3 2021
Latest known results (2021): The Action Plan for the implementation of the Sofia Declaration on the Green Agenda for the Western Balkans was agreed by the region's leaders and the EU at the Brdo Summit in October 2021. It includes 7 roadmaps addressing the pillars of the Green Agenda. The EU-funded EUR 10 million Multi-Country project, EU4Green Recovery, was launched at the end of 2021 and will support its implementation.		
Ukraine: Strategic Partnership on Green Deal	Initiative launched	Q1 2021
Latest known results (2021): A dedicated focused dialogue on Ukraine's green transition was launched by the Prime Minister of Ukraine and Commission Executive Vice President Timmermans in February 2021, and two high level meetings took place in May and September 2021.		
Ukraine: Climate package for a sustainable economy	Programme implementation started	Q3 2021

Latest known results (2021):

The programme started its implementation. The action prepares grounds for a new comprehensive growth program for Ukraine by implementing feasible measures, in line with the EU Green Deal, EU-Ukraine Association Agreement and with the already adopted Ukrainian policy documents.

Output	Indicator	Target
Priority actions on Energy and Climate Change Policies: Strengthened dialogue and regional actions in the Southern Neighbourhood	Number of meetings with Neighbourhood partners in the framework of the UfM Energy platforms and UfM Climate Change Experts Group	At least one meeting per domain throughout 2021
	<p>Implementation of regional actions for the Southern Neighbourhood on clean energy transition and climate change:</p> <ul style="list-style-type: none"> - Four ongoing projects (with MEDREG association, OME MED TSO association and MEDENER/RCEEE) throughout 2021, supporting improved energy regulatory frameworks (that can better foster foreign and local investments), the enhancement of electrical interconnections, the increased use of untapped renewable energy sources (solar and wind mainly) and energy efficiency measures, and a stronger development and integration of gas markets at regional/sub-regional levels (in particular in the Eastern Mediterranean basin). - 1 ongoing project "Clima-MED" supporting Southern Neighbour partner countries' NDC implementation, as well as development of energy and climate actions at cities' level (more than 80 cities intensively supported technically as well as in their seek for financing sources). - 1 new regional call for proposals called "Climate for Cities" to be launched early 2021 (EUR 19 million) 1 new regional call for proposals called "Climate for Cities" to be launched supporting the concrete implementation of 9-10 cities' Sustainable Energy and Climate Action Plans. 	<ul style="list-style-type: none"> - Studies and training activities to support national regulatory authorities (e.g. training on the digitalisation of energy markets and new role of customers, and study on enhancing the sector regulation in Jordan) throughout 2021. - Initiation of the preparation of a Mediterranean Network Development Plan for 2022 by Q1 2021. - Setup of "Concerted Actions" processes at regional level on energy efficiency for buildings and appliances by Q3 2021. - Studies on potential small scale LNG applications in the Mediterranean region by Q3 2021. - Sustainable Energy and Climate Action Plans are finalised for 80 cities by Q2 2021. - 9-10 cities are awarded EU-funded grant contracts to finance a part of their Sustainable Energy and Climate Action Plans by Q4 2021.

Latest known results (2021):

Several meetings with stakeholders were held in the course of 2021 to prepare the UfM Ministerials on Energy (June 2021) and Environment and Climate Action (October 2021). The drafting of the UfM Energy Roadmap 2022-2023 also progressed.

Several studies, including on LNG application in the Mediterranean region and renewable gases, were concluded, and associated training activities conducted in a virtual format”

The MED TSO association initiated the Mediterranean Network Development Plan for 2022.

The first "Concerted Action" on energy efficiency was planned for December 2021, but postponed to March 2022 (mainly due to logistic considerations).

The Clima-MED project is ongoing, including support to beneficiaries of the Climate for Cities grants. Due to the continued COVID-19 pandemic, a number of activities have been extended until 2025.

With respect to Climate for Cities, the Call for Proposals was launched in early 2021, and following a two step evaluation process, 6 proposals were selected for funding. The 6 contracts were signed in December 2021. The projects will take place in Lebanon (1), Jordan (1), Israel (1), Palestine (1), and Tunisia (2).

Output	Indicator	Target
Priority actions on Environment policies including Circular economy, pollution reduction, biodiversity and water efficient use: strengthened dialogue and regional actions in the Southern Neighbourhood	Number of meetings with neighbourhood partners in the framework of the UfM Environment discussion groups and the water discussion groups	At least one meeting per domain throughout 2021
	Implementation of regional actions for the Southern Neighbourhood on:	Throughout 2021
	a) Implement the Switchmed initiative on circular economy	The national “Business support services” on Circular economy will be equipped with a toolbox to disseminate the CE concept within the industry
	b) Improve the legislative framework within the Neighbourhood South countries to facilitate the reduction of pollution with a special focus on plastics pollution	A Gap analysis on the needs to reduce the plastic pollution in the ENI South countries will be available
	c) Strengthen the Marine Protected Areas in the Mediterranean region.	Organisation of a regional workshop on effective management of MPA
	d) Improve the monitoring of the Mediterranean environmental status	Organisation of specific 3 trainings on IMAP (integrated monitoring and assessment program for the Mediterranean)
	e) Showcase good practices for water efficient use through Demonstration projects and improve the legislative framework within the Neighbourhood South countries to promote the efficient use of water.	Organisation of 3 regional trainings on efficient use of water and communication related to the implementation of 7 demonstration projects on efficient use of water.

Latest known results (2021):

The 11th Meeting of the UfM Water Expert Group was held (online) in April 2021.

Implementation of the SwitchMed project have progressed well, with a complete implementation of the workplan as scheduled, based on the project reporting. [including delivery of toolbox?]

A Gap analysis on the needs to reduce plastic pollution in the Southern neighbourhood was completed in May 2021.

The regional workshop on effective management of Marine Protected Areas has not yet been held, and is scheduled for the next project reporting period.

Several trainings implemented on IMAP by this project managed by UNEP were implemented in the course of 2021, as well as five (5) training sessions were successfully held with the participation of more than 65 people. The trainings offered 15 training hours on: i) Water Harvesting; ii) Natural Water Retention Measures.

Output	Indicator	Target
Priority actions on Climate change: development of enhanced coordination with IFI's in support to cities in the Southern Neighbourhood	Number of meetings of the dedicated IFI working group (set up by DG NEAR B2 in January 2020 in the framework of the regional Clima-MED project).	4 meetings in 2021

Latest known results (2021):

Several meetings were held with the IFI working group, notably in relation to the launch of the Climate for Cities call for proposals.

A side event on climate financing was organised at the margins of the Ministerial on Environment and Climate Action in Cairo, Egypt.

Priority actions on Environment policies including Circular economy, pollution reduction, biodiversity and water efficient use: strengthened dialogue and regional actions in the Eastern Neighbourhood	Number of meetings in conjunction with the Eastern Partnership: Environment and Climate Panel	1 Panel meeting 1 Ministerial meeting
	Definition of post-2020 agenda	Specific targets and activities identified
	Policy dialogue and technical support to the partner countries authorities: <ul style="list-style-type: none"> Overseeing the implementation of the on-going EU4Environment programme: Launch of EU4EMBLAS programme Launch of new regional project on water and environmental data 	Throughout 2021

Latest known results (2021):

Due to discussions around the revised EaP architecture, no Environment and Climate Panel was held in 2021.

Ministerial on Environment and Climate held in June 2021.

The 2021 Joint Staff Working Document on the post-2020 EaP agenda identifies Top Ten Deliverables and other specific targets (including on planned investments under the Economic and Investment Plan).

The successful implementation of EU4Environment continued throughout 2021, while implementation of the EU4EMBLAS project started. The contract for the EU4Environment Water & Data project was signed, and implementation will start in 2022.

Output	Indicator	Target
Priority actions on green investments	Number of meetings related to the ESP multidonor fund	7-9 meetings in 2021
	Number of assessed projects submitted for NIP funding.	At least 2-3 projects

Latest known results (2021):

15 ESP meetings were held in total in 2021: 9 coordination meetings, 5 country-specific steering committee group meetings, and one assembly of donors.

A top up of EUR 45 million has been provided to ESP for UA, MD and GE at the end of 2021 through NIP, which will stimulate a series of investment in the areas of energy efficiency and environment. In addition, there were a number of bilateral green projects for UA.

Evaluations³⁰ and fitness checks

Output	Indicator	Target
Evaluation of the EU's support to climate change and environment in Enlargement and Neighbourhood regions	Evaluation started	Q1 2021

Latest known results (2021):

Evaluation started (Q1 2021)

³⁰ This evaluation is part of the DG NEAR multi-annual strategic evaluations plan. While guided by Better Regulation, it is not an evaluation in the Better Regulation sense.

General objective 3: An Economy that Works for People		
Impact indicator 7: Employment rate of persons aged 20 to 64		
Source of the data: Eurostat (Eurostat online data code: sdg_08_30), based on the EU Labour Force Survey		
Explanation: The employment rate is calculated by dividing the number of persons aged 20 to 64 in employment by the total population of the same age group		
Baseline (2018)	Interim Milestone (2020)	Target (2024)
72.4%	75%	Increase
Latest known results (2020): 71.7% ³¹		
Specific objective 3: Inclusive and sustainable economic growth, better employment and increased connectivity are supported in partner countries.		<i>Related to spending programme: ENI, NDICI, IPA II, IPA III</i>
Result indicator 3.1: Number of direct jobs supported/sustained by the EU		
Source of data: EU results Framework, IPA Performance Framework		
Explanation: The number of jobs supported through EU programmes		
Baseline (2018)	Interim Milestone (2022)	Target (2024)
IPA: 2388	Increase	Increase
Latest known results (2021): IPA: 7521 ³²		
Result indicator 3.2: Number of beneficiaries with access to financial services with EU support: a) firms, b) individuals		
Source of data: EU results Framework, IPA Performance Framework.		
Explanation: This indicator aims at measuring the EU contribution to providing access to financial services to companies and individuals in all partner countries		
Baseline (2018)	Interim Milestone (2022)	Target (2024)
Neigh. East: 2600 Neigh. South: 1700 IPA: 1466	Increase	Increase
Latest known results (2021): Neigh. East: 46.360 ³³ Neigh. South: 69.238 ³⁴ IPA: 250 ³⁵		

³¹ Western Balkan +Turkey: 54,61%
Eastern Partnership: 62,32%,
Neighbourhood South: Data for 2020 not available. Average for available countries 2019: 46,42%

³² ENI: East: (Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine): 34.016
South (Egypt, Morocco, Tunisia, Lebanon, Jordan, West Bank): 50.279

³³ Composed of companies (7179) and individuals (39181)

³⁴ Composed of companies (67.333) and individuals (1.905)

Result indicator 3.3: Total length of road supported by the EU through a) construction, b) rehabilitation, c) maintenance (kms)		
Source of data: IPA Performance Framework and EU Results Framework		
Explanation: This indicator shows how much road construction has been supported through the EU as a measure of increased connectivity within partner countries. Since the indicator measures the evolution during the 2020-2024 period, the baseline is set at 0. It does not imply that no action was taken in the past.		
Baseline (2018)	Interim Milestone (2022)	Target (2024)
0	Increase	Increase
Latest known results (2021): 537km		
Result indicator 3.4: Number of individuals directly benefiting from EU supported interventions that aim to reduce social and economic inequality		
Source of data: EU results Framework, IPA Performance Framework		
Explanation: Measure the contribution of EU support to the reduction on social and economic inequalities in terms of population reached. Since the indicator measures the evolution during the 2020-2024 period, the baseline is set at 0. It does not imply that no action was taken in the past.		
Baseline (2020)	Interim Milestone (2022)	Target (2024)
0	Increase	Increase
Latest known results (2021): New indicator. The data collection for this indicator will start this year, following the delayed adoption of the Global Europe Results Framework		

³⁵ Composed of companies (180) and individuals (70)

Specific objective 3: Inclusive and sustainable economic growth, better employment and increased connectivity are supported in partner countries		<i>Related to spending programme(s) IPA II, IPA III, ENI NDICI...</i>
Main outputs in 2021:		
Other important outputs		
Output	Indicator	Target
DG NEAR contribution to 'Team Europe' package proposed in the 'Joint Communication on Global EU Response to COVID-19'	Communication actions	2021
Latest known results (2021): Octobre 2021 first batch of 17 NEAR Team Europe Initiatives presented to EU Member States.		
Completion of Economic Reform Programmes (ERP) for Enlargement countries and adoption of Council conclusions	2021 ERPs completed and Council conclusions adopted	First semester 2021
Latest known results (2021): Joint Conclusions of the Economic and Financial Dialogue between the EU and the Western Balkans and Turkey adopted on 12 July 2021		
Key Policy Guidance feeds policy dialogue and programming process	Policy Dialogue and programming based on Key Policy Guidance	Second Semester 2021
Latest known results (2021): Economic Reform Programme Policy Guidance was one of the key elements considered in the relevance check of all programming documents.		
Implementation and/or adoption of comprehensive public administration reform (PAR) programmes and public financial management reform programmes (PFM) to support the development of horizontal capacities to implement the acquis	Number of countries involved/participating	By end 2021
	Participation in PAR Special Groups/PAR policy dialogue	All Western Balkans countries and at least 2 ENP countries
	Contribution to preparation and/or participation in PFM Dialogue	At least 5 Western Balkans countries and 1 ENP East country
	Revision of PAR principles – support open consultation process	By end 2021
Latest known results (2021): Public Administration Reform/Public Financial Management (PAR/PFM)programmes: WB 6; ENP East 2; ENP South 3. PAR dialogue: WB 6; ENP East 1. PFM dialogue: WB 5 (except BiH), 2 ENP East Countries (Ukraine, Gerogio and Moldova) PAR principles revision: ongoing		

Output	Indicator	Target
Support socio-economic development: economic growth, private sector development, trade facilitation and regional integration, access to finance is facilitated.	Support partner countries to develop Innovation and Smart Specialisation Strategies endorsed by the Commission:	
	1 Assessment of Innovation and Smart Specialisation National Strategy done by end 2021.	Second Semester 2021
	Training, study on value chains and capacity building to WB by end 2021	Second Semester 2021
	Support to the publication of Competitiveness Outlook Assessment for the WB (OECD)	Second Semester 2021
	Aid-For-Trade Report (DEVCO/NEAR Joint exercise) for all NEAR regions	Second Semester 2021
	Launching Study on Diaspora contribution to socio-economic development	Second Semester 2021
	Launch steps required to make available SOCIEUX+ to WB: Social Protection and Employment EU Member States TA Facility	Second Semester 2021

Latest known results (2021):

Support completed with the first analytical stages for developing Smart Specialisation Strategies in Albania and North Macedonia. Further support is foreseen in 2022. Trainings are completed and one informal assessment was supported with JRC to guide/improve the Smart Specialisation Strategy of Serbia. Value Chains Study completed and will be published early 2022. The Competitiveness Outlook Assessment for the Western Balkans was launched and published during the Western Balkans Summit (July 2021).

The Aid for Trade Report was published on 29 Oct 2021.

A contract to conduct a study of the diaspora in the WB and its potential contribution to the socio economic development of their countries of origin was signed in November 2021 and will run for 14 months.

SOCIEUX+: A co-delegation agreement (3 M EUR) was signed with INTPA for the expansion of the SOCIEUX+ facility to the Western Balkans in November 2021.

Partner countries are supported in building more resilient, efficient and sustainable education systems	Policy dialogue on education with partner countries based on evidence-based diagnosis (reform needs and challenges: governance, financing, quality and resilience aspects):	
	Launching 3 diagnoses in Western Balkans	By end 2021
	Follow up of Neighbourhood-South Diagnosis (1 country)	By end 2021

Latest known results (2021):

Diagnosis in education in the Western Balkans delayed.

Diagnosis Neighbourhood South conducted and completed (education in Lebanon)

Output	Indicator	Target
Support increased socio-economic development and connectivity with Eastern Partnership countries	Adoption of the long-term Eastern Partnership policy objectives beyond 2020 that will include targets in the fields of: transport, energy, environmental & climate resilience, green growth, energy security & nuclear safety, and sustainable & smart mobility	First Semester 2021
Latest known results (2021): EaP Summit conclusions adopted in Dec 2021		
Priority actions on innovation in the Neighbourhood South	Design of new regional initiatives in support of start-ups and cluster cooperation	Actions for EUR 15 million contracted by the end of 2021
Latest known results (2021): Feb 2021 new agenda for the Mediterranean adopted, contracting of EIP flagships underway.		
EuroMed Transport cooperation maintains regional regulatory convergence agenda and connectivity investment frameworks	Regional Transport Action Plan (RTAP) 2014-2020 evaluation finalised	Early 2021
	RTAP 2021-2027 adopted	End 2021
	New EuroMed sustainable connectivity projects launched	End 2021
Latest known results (2021): The evaluation of the Regional Transport Action Plan (RTAP) 2014-2020 was finalised and approved in December 2021 by UfM member States. Preparation of the RTAP 2021-2027 has started, and the plan is scheduled for adoption at the next UfM Ministerial on Transport in 2022. A new EuroMed maritime project is expected to be signed in Q2 2022 (delayed due to late adoption of the Annual Action Programme 2021).		
Western Balkans Guarantee Facility (EFSD+) ³⁶	Draft investment windows Launch of the guarantee call for proposals	Q4 2021
Latest known results (2021): Draft investment windows (common to NEAR and INTPA) were finalised. ISC to be launched in 02/2022 to be followed by the Joint meeting of EFSD+ Operational Boards at which moment the Call for proposals will be launched.		
Western Balkans Guarantee ³⁷	Signature of up to 3 guarantee agreements	Q3 2021
Latest known results (2021): Two (2) guarantee agreements were signed, for a total EUR 110m. Both agreements have suspensive clause delaying the implementation until an agreement is found with the EC Central Services (under SJ and BUDG lead) on EU Restrictive Measures and pass-on obligations.		

³⁶ IPA III

³⁷ IPA II

Output	Indicator	Target
EU support to agriculture and small farm development in Ukraine	Programme implementation started	Q3 2021

Latest known results (2021):

The programme started its implementation supporting legislative processes on the sale and purchase of farmland.

The Institutional and Policy Reform for Smallholder Agriculture (IPRSA) project was launched in Autumn 2021, for a duration of 44 months. It aims to contribute to a more inclusive, sustainable and competitive growth-orientated agricultural sector that respects the environment, increases rural incomes, and slows down migration from rural areas.

EU4BUSINESS: Support to Small and Medium Enterprises (SMEs) in Ukraine	Programme implementation started	Q3 2021
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Latest known results (2021):

The implementation of this EUR 20 million programme started in 2021 aimed at contribution to sustainable and equitable economic growth in Ukraine thereby ensuring better productivity, higher employment, and poverty reduction. The focus in 2021 has been on mitigating the impact of COVID-19 and support to SMEs.

With the outbreak of the Russia's invasion of Ukraine in February 2022, the activities of the programme are repurposed in order to address some of the most urgent needs resulting from the war situation.

Evaluations³⁸ and fitness checks

Output	Indicator	Target
Evaluation of the EU support to local authorities in Enlargement and Neighbourhood regions	Evaluations completed	1st quarter

Latest known results (2021):

Evaluation completed (Q4 2020)

³⁸ This evaluation is part of the DG NEAR multi-annual strategic evaluations plan. While guided by Better Regulation, it is not an evaluation in the Better Regulation sense.

General objective 2: A Europe fit for the digital age		
Impact indicator 2: Digital Skills		
Source of the data: Eurostat (Eurostat online data code: isoc_sk_dskl_i and isoc_sk_cskl_i)		
Explanation: The basic digital skills indicator looks at selected activities performed by individuals aged 16 to 74 on the internet in the four specific areas (information, communication, problem solving, content creation). It is assumed that individuals having performed certain activities have the corresponding skills; therefore, the indicator can be considered as a proxy of the digital competences and skills of individuals. Finally, based on the performance in the four specific areas, an overall digital skills indicator is calculated as a proxy of the digital competences and skills of individuals ('no skills', 'low', 'basic' or 'above basic'). The basic digital skills indicator shows the share of individuals with 'basic' and 'above basic' skills.		
Baseline (2018)	Interim Milestone (2022)	Target (2024)
Basic digital skills: 56% ³⁹	63%	67% ⁴⁰
Latest known results (2019): 56%		
Impact indicator 1: Aggregate score in the Digital Economy and Society Index (DESI)		
Source of the data: DESI		
Explanation: DESI is a composite index that summarises relevant indicators on Europe's digital performance and tracks the evolution of EU Member States in digital competitiveness. Higher values indicate a better performance Methodology for calculating the indicator: The DESI index is calculated as the weighted average of the five main DESI dimensions: 1 Connectivity (25%), 2 Human Capital (25%), 3 Use of Internet (15%), 4 Integration of Digital Technology (20%) and 5 Digital Public Services (15%).		
Baseline (2019)	Interim Milestone (2022)	Target (2024)
Basic digital skills: 43.1 ⁴¹	Increase ⁴²	Increase ⁴³
Latest known results (2021): 50.7		

³⁹ Baselines (only available for IPA): Basic digital skills: WB 21,2%; Turkey 12,0%; Advanced digital skills: WB 9,0%; Turkey: 24,0%.

⁴⁰ Milestones and targets should lead to an increase in overall percentage (both basic and digital skills combined).

⁴¹ It is imperative to improve the reporting situation for the DESI indicator for EU partners, in particular concerning recipients of funding through the Instrument for Pre-Accession Assistance. The baseline in 2019 is that only 1 out of 6 IPA beneficiaries is able to calculate DESI (Serbia). Note that the data on this indicator exists only for IPA region.

⁴² Milestone is to increase coverage in comparison to the baseline.

⁴³ Target for DG NEAR is to have 5 out of 6 IPA beneficiaries covered.

Specific objective 2:		Related to spending
Increased take-up of digital opportunities in partner countries.		programme: NDICI, IPA III
Result indicator 2.1: Proportion of financial assistance on digital opportunities actions under NDICI and IPA III		
Source of data: European Commission		
Explanation: This indicator measures the proportion of EU funding allocated to the support of digital opportunities in DG NEAR partner countries. Rising levels of investment will reflect the EU's strong commitment to support the digital transformation in its neighbourhood. Since the indicator measures the evolution during the 2020-2024 period, the baseline is set at 0. It does not imply that no action was taken in the past.		
Baseline	Interim Milestone	Target
Beginning of 2020	(2022)	(2024)
0	105% of final 2020 results	110% of final 2020 results
Latest known results (2021):		
New indicator. The data collection for this indicator will start in 2022, following delayed adoption of the Global Europe Results Framework.		
Result indicator 2.2: Number of people who have benefited from VET/skills development interventions supported by the EU for ICT skills (disaggregated by gender, region geographic and/or urban/rural, age group).		
Source of data: OPSYS		
Explanation: The development of digital skills is a pre-requisite for the uptake of digital opportunities. This indicator reflects EU support for this key element of a functioning digital economy, and provides a direct link to the impact indicator. Since the indicator measures the evolution during the 2020-2024 period, the baseline is set at 0. It does not imply that no action was taken in the past.		
Baseline	Interim Milestone	Target
Beginning of 2020	(2022)	(2024)
0	110% of final 2020 results	120% of final 2020 results
Latest known results (2021):		
New indicator. The data collection for this indicator will start in 2022, following delayed adoption of the Global Europe Results Framework.		
Total number of people who benefited from VET/Skills development interventions supported by the EU:		
<ul style="list-style-type: none"> • 17.655 in the Eastern neighbourhood (Armenia, Azerbaijan, Georgia, Moldova, Ukraine, Belarus) • 183.027 in the Southern neighbourhood (Egypt, Jordan, Lebanon, Morocco, Libya, Syria, Tunisia, West Bank) • No information s available for IPA beneficiaries. 		
Result indicator 2.3: Number of people who benefit from access to digitalised public and private services thanks to EU support (disaggregated by gender, geographic region,type (urban/rural), age group, type of user i.e. companies, individuals), with specific reference to a digitalised government services; b) digitalised financial services		
Source of data: OPSYS		
Explanation: The availability of digitalised public and private services is a direct indication for the uptake of digital opportunities. In particular, the link between the number of people benefitting from such services and EU support reflects the Commissions' ambition to facilitate the advancement of e-government, e-health, digitalised industry etc. in partner countries. Since the indicator measures the evolution during the 2020-2024 period, the baseline is set at 0. It does not imply that no action was taken in the past.		
Baseline	Interim Milestone	Target
Beginning of 2020	(2022)	(2024)
0	110% of final 2020 results	120% of final 2020 results
Latest known results (2021):		
New indicator. The data collection for this indicator will start in 2022, following delayed adoption of the Global Europe Results Framework.		

Specific objective 2: Increased take-up of digital opportunities in partner countries		<i>Related to spending programme(s) IPA II, IPA III, ENI, NDICI</i>
Main outputs in 2021:		
Other important outputs		
Output	Indicator	Target
Identification of EuroMed Digital priorities	Regional digital projects are programmed on the basis of the 2020 study findings	Mid 2021
Latest known results (2021): This action has been delayed to 2022 as a consequence of Covid19.		
Progress in reducing roaming tariffs among Eastern Partnership countries	Signature of a regional roaming agreement among the 6 Eastern partners	Q2 2021
Latest known results (2021): The text of the regional agreement for reducing roaming tariffs was negotiated by partner countries. The signature is delayed to Spring 2022 following requests for clarifications on the timeline for implementation by partner countries.		
Progress in the development of a new Action to strengthen cybersecurity capacities in the Western Balkans	Finalisation of the study	Q4 2021
Latest known results (2021): Study for identifying actions to strengthen cybersecurity capacities in the Western Balkans is ongoing. Finalisation of the study expected by July 2022.		
Support to the implementation of the Digital Agenda for the Western Balkans	Finalisation of the Roadmap for lowering of the roaming charges between EU and the Western Balkans	Q4 2021
	Introduction of the Roam Like at Home (RLAH) regime	Q2 2021
Latest known results (2021): Roam Like at Home regime amongst the six Western Balkans was launched in July 2021. The draft roadmap for lowering the roaming charges between the EU and the Western Balkans was developed and discussed by leaders and operators. Discussions will continue in 2022		
Progress in developing the cyber-resilience of the EaP countries	Implementation of the Council of Europe's Budapest Convention and the EU's NS Directive	Ongoing
Latest known results (2021): The dedicated regional programme 'EU4Digital: Cybersecurity East' is ongoing		
Harmonisation of Digital Markets	Extend the European Union's Digital Single Market to the Eastern Partner states: develop high-speed broadband and harmonise digital frameworks across society (and eliminating barriers to pan-European online services)	Ongoing
Latest known results (2021): The ongoing EU4Digital umbrella initiative, which is supported by the EU4Digital facility (2019-2022), has been actively contributing to key areas for harmonising the EaP's and EU's digital markets.		

General objective 5: Promoting European Way of Life		
Impact indicator 6: Third countries with migration policies to facilitate orderly, safe, regular and responsible migration and mobility of people		
Source of the data: International Organization for Migration and United Nations Department of Economic and Social Affairs as custodian agencies; Organisation for Economic Cooperation and Development as partner agency		
<p>Explanation: The indicator describes the state of national migration policies. It is based on six policy domains: migrant rights, whole-of-government / evidence-based policies, cooperation and partnerships, socioeconomic well-being, mobility dimensions of crises, as well as safe, orderly and regular migration. The indicator gives the percentage share of governments in the EU's proximity that meet or fully meet the requirements</p> <p>Methodology for calculating the indicator: Explained in the UN metadata file. Data will be available every two years as of 2019. 111 countries have provided data, which have been released at the end of 2019.</p>		
Baseline (2018) ⁴⁴	Interim Milestone (2022)	Target (2024)
Western Balkan: 3 countries: "Meet"; 1 country: "Partially meets" Turkey: "Partially meets" Eastern neighbourhood: 4 countries: "Meet" 2 countries: "Partially meet" Southern neighbourhood: 1 country: "Fully meets"; 1 country: "Partially meets" 1 country "Requires progress"	Increase	Increase
<p>Latest known results (2021):</p> <p>Western Balkans: 3 countries meet; 2 countries partially meet</p> <p>Turkey: Meets</p> <p>Eastern neighbourhood: 5 countries meet; 1 countries partially meet</p> <p>Southern neighbourhood: 1 country fully meets; 2 countries meet; 2 countries partially meet; 2 countries require further progress</p>		
Specific objective 5: Effective migration management with partner countries is in place.		<i>Related to spending programme: NDICI, IPA III</i>
Result indicator 5.1: Number of migration management and/or forced displacement public policies a) developed/revised, and/or b) under implementation with EU support		
Source of data: IPA Performance Framework and EU Results Framework		
<p>Explanation: This indicator measures the plans and strategies on migration management under implementation or revised with EU support as a way of assessing the progress of migration management policies in partner countries.</p>		

⁴⁴ After revision, baseline changed; numerical values were replaced by qualitative ones. Before: Western Balkan 2.75; Turkey 2; Eastern neighbourhood 2.7; Southern neighbourhood 2.3.

Baseline (2018)	Interim Milestone (2022)	Target (2024)
Neigh. East: 9 Neigh. South: 6	Increase	Increase
Latest known results (2021): Neigh. East: 10 Neigh. South: 6 ⁴⁵		
Result indicator 5.2: Number of EU funded assistance interventions reporting improvement of compliance of Border and Security Systems with EU/Schengen Acquis		
Source of data: IPA Performance Framework		
Explanation: This indicator is a proxy for assessing the progress of partner countries in their compliance with EU border and security standards.		
Baseline (2018)	Interim Milestone (2022)	Target (2024)
3	Increase	Increase
Latest known results (2021): 21 12 EU funded assistance interventions in Turkey and 9 in the Western Balkans continue to support border and security standards in the partners countries, monitored through progress towards the chapter 24 acquis in the Western Balkans and Turkey, while support is provided to increase capacities in the Neighbourhood, including through technical assistance.		
Result indicator 5.3: Number of migrants, forcibly displaced people or individuals from host communities protected or assisted with EU support		
Source of data: EU Results Framework		
Explanation: This indicator measures the number of displaced people who have received protection and assistance with EU support, as part of an overall effort in improving migration and displacement management.		
Baseline (2018)	Interim Milestone (2022)	Target (2024)
Neigh. East: 20 000 Neigh. South: 1 002 000	Increase	Increase
Latest known results (2021): Neigh. East: 20,000-24,000 Neigh. South: info available after March 2022 Under the EU Trust Fund for Africa- North of Africa Window 647,040 migrants in transit, refugees/asylum seekers and Internally Displaced People have been protected and/or assisted (This EU result framework indicator will be fully informed by May 31)		

⁴⁵ This is the baseline value (2018) since new data on Neigh. South will only be available after March 2022. Under the EU Trust Fund for Africa – North of Africa Window so far 19 strategies, laws, policies and plans have been developed and/or directly supported.

Specific objective 5: Effective migration management with partner countries is in place		<i>Related to spending programme(s) IPA II, IPA III, ENI, NDICI...</i>
Main outputs in 2021:		
Other important outputs		
Output	Indicator	Target
Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa - North Africa: implementation of the funds and monitoring of the implementation	Implementation of the funds and monitoring of the implementation	Throughout 2021
Latest known results (2021)		
The EUTF has now expired (contracting of operational contracts ended 31/12/21). Implementation and monitoring of ongoing actions have continued		
Implementation of the funds under NEAR responsibility of the EU Facility for Refugees in Turkey ⁴⁶	Progress in Facility implementation as measured in Facility Monitoring Reports	All Facility projects progressing as per their implementation schedule
Latest known results (2021)		
All EUR 6 billion FRIT funds have been contracted. Two recent financing decisions, amounting to EUR 560 million, to support inclusive quality education for refugees in Turkey and access to higher education as well as for migration and border protection, have been adopted in December 2021 as part of an additional EUR3 billion announced by President von der Leyen in June 2021 to continue EU assistance to refugees in Turkey for the period of 2021-2023. Facility projects have started in line with the implementation schedule..		
Monitoring of the implementation of the EU Facility for Refugees in Turkey	Number of meetings of the Facility Steering Committee	Two meetings in 2021; June & December
Latest known results (2021)		
The last FRIT steering committee took place in December 2021, for a total of two steering group meetings in 2021 (the first meeting took place in June 2021)		
EU regional Trust Fund in response to the Syrian Crisis: implementation of the funds and transition to the new MFF and NDICI	Decisions adopted programmes signed, future actions prepared	Throughout 2021
Latest known results (2021)		
Funds implemented (decisions adopted, actions prepared and contracted) and transition to NDICI prepared, in line with the end of Trust Fund Syria mandate (December 2021)		
Programming of additional support on migration and forced displacement (to be defined)	New Measures agreed and adopted	End-2021
Latest known results (2021)		
Under NDICI-GE, a multi-country migration individual measure specific to North Africa was adopted on 17 December 2021. A package of EUR 3 billion has been decided at the June 2021 Council to continue to continue EU assistance to refugees in Turkey for the period of 2021-2023. Moreover, a European Union Border Assistance Mission to the Republic of Moldova and Ukraine, regional programme (EUBAM 13 – Supporting resilience across borders), 5 million € was adopted as well as an EU Support to development of Integrated		

⁴⁶ Outputs for Turkey are covered under objective 4.3 and added here for additional reference

Border Management and Migration in Ukraine (20 million €). In 2021 IPA III, the Action ‘EU Regional Support to Protection-Sensitive Migration Management Systems in the Western Balkans – Phase III’ was adopted for 19.2 million EUR (4 year programme covering all 6 WB). Also, a regional border security Action to be implemented by Frontex for 7 million EUR (4 year programme, covering all 6 WB). A bilateral action for BiH was also adopted ‘EU4 Migration, Border management and Mine Action’ for total 15 million EUR (of which 5 million migration related assistance).

Evaluations⁴⁷ and fitness checks

Output	Indicator	Target
Evaluation of the EU's external action support in the area of migration	Completed	Q1 2021
Latest known results (2021) Evaluation completed (Q1 2021)		
Evaluation of the EU cooperation with the United Nations	Evaluation started	Q1 2021
Latest known results (2021) Evaluation started (Q1 2021)		

⁴⁷ This evaluation is part of the DG NEAR multi-annual strategic evaluations plan. While guided by Better Regulation, it is not an evaluation in the Better Regulation sense.

ANNEX 3: Draft annual accounts and financial reports

Annex 3 Financial Reports - DG NEAR - Financial Year 2021

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 5 Bis: Off Balance Sheet

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated Procedures

Table 12 : Summary of Procedures

Table 13 : Building Contracts

Table 14 : Contracts declared Secret

Table 15 : FPA duration exceeds 4 years

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2021 (in Mio €) for DG NEAR					
			Commitment appropriations authorised*	Commitments made	%
			1	2	3=2/1
Title 05 Regional Development and Cohesion					
05	05 01	Support administrative expenditure of the 'Regional Development and Cohesion' cluster	0,07	0,07	100,00 %
	05 02	European Regional Development Fund (ERDF)	0,00	0,00	0,00 %
	05 03	Cohesion Fund (CF)	0,00	0,00	0,00 %
	05 04	Support to the Turkish-Cypriot community	0,00	0,00	0,00 %
Total Title 05			0,07	0,07	100,00 %
Title 06 Recovery and Resilience					
06	06 02	Recovery and Resilience Facility (incl. Technical Support Instrument)	0,29	0,29	100,00 %
Total Title 06			0,29	0,29	100,00 %
Title 09 Environment and Climate Action					
09	09 02	Programme for the Environment and Climate Action (LIFE)	0,00	0,00	0,00 %
Total Title 09			0,00	0,00	0,00 %
Title 14 External Action					
14	14 01	Support administrative expenditure of the 'External Action' cluster	3,97	1,74	43,98 %
	14 02	Neighbourhood, Development and International Cooperation Instrument (NDICI)	3.359,03	2.008,05	59,78 %
	14 20	Pilot projects, preparatory actions, prerogatives and other actions	5,25	4,84	92,19 %
Total Title 14			3.368,25	2.014,63	59,81 %
Title 15 Pre-accession Assistance					
15	15 01	Support administrative expenditure of the 'Pre-accession Assistance' cluster	28,77	1,23	4,27 %
	15 02	Instrument for Pre-accession Assistance (IPA III)	1.751,18	1.512,04	86,34 %
	15 20	Pilot projects, preparatory actions, prerogatives and other actions	0,00	0,00	0,00 %
Total Title 15			1.779,95	1.513,26	85,02 %
Title 16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework					
16	16 01	Support administrative expenditure outside the annual ceilings set out in the Multiannual Financial Framework	9,26	0,00	0,03 %
Total Title 16			9,26	0,00	0,03 %
Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	0,24	0,20	85,83 %
Total Title 20			0,24	0,20	85,83 %
Total Excluding NGEU			5.158,05	3.528,46	68,41 %
Total DG NEAR			5.158,05	3.528,46	68,41 %

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

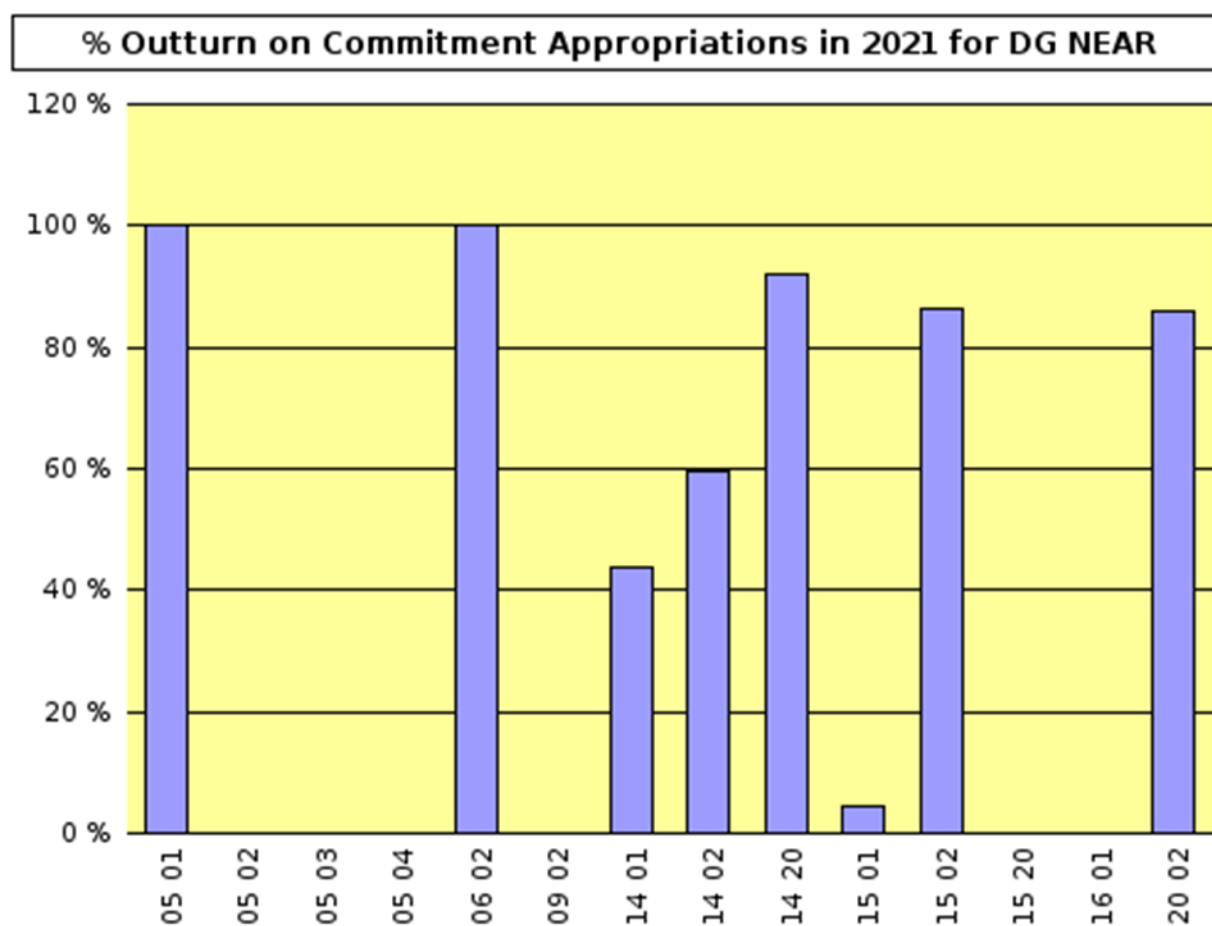


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2021 (in Mio €) for DG NEAR					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 05 Regional Development and Cohesion					
05	05 01	Support administrative expenditure of the 'Regional Development and Cohesion' cluster	0,07	0,03	41,81 %
	05 02	European Regional Development Fund (ERDF)	0,12	0,12	100,00 %
	05 03	Cohesion Fund (CF)	0,06	0,06	100,00 %
	05 04	Support to the Turkish-Cypriot community	0,63	0,63	100,00 %
Total Title 05			0,88	0,84	95,22 %
Title 06 Recovery and Resilience					
06	06 02	Recovery and Resilience Facility (incl. Technical Support Instrument)	0,50	0,44	88,00 %
Total Title 06			0,50	0,44	88,00 %
Title 09 Environment and Climate Action					
09	09 02	Programme for the Environment and Climate Action (LIFE)	0,06	0,06	100,00 %
Total Title 09			0,06	0,06	100,00 %
Title 14 External Action					
14	14 01	Support administrative expenditure of the 'External Action' cluster	5,21	1,62	31,12 %
	14 02	Neighbourhood, Development and International Cooperation Instrument (NDICI)	1.929,21	1.918,49	99,44 %
	14 20	Pilot projects, preparatory actions, prerogatives and other actions	7,93	7,93	100,00 %
Total Title 14			1.942,35	1.928,04	99,26 %
Title 15 Pre-accession Assistance					
15	15 01	Support administrative expenditure of the 'Pre-accession Assistance' cluster	25,53	1,86	7,30 %
	15 02	Instrument for Pre-accession Assistance (IPA III)	1.973,18	1.871,14	94,83 %
	15 20	Pilot projects, preparatory actions, prerogatives and other actions	0,00	0,00	0,00 %
Total Title 15			1.998,70	1.873,00	93,71 %
Title 16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework					
16	16 01	Support administrative expenditure outside the annual ceilings set out in the Multiannual Financial Framework	9,26	0,00	0,00 %
Total Title 16			9,26	0,00	0,00 %
Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	0,26	0,18	67,97 %
Total Title 20			0,26	0,18	67,97 %
Total Excluding NGEU			3.952,02	3.802,56	96,22 %
Total DG NEAR			3.952,02	3.802,56	96,22 %

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

% Outturn on Payment Appropriations in 2021 for DG NEAR

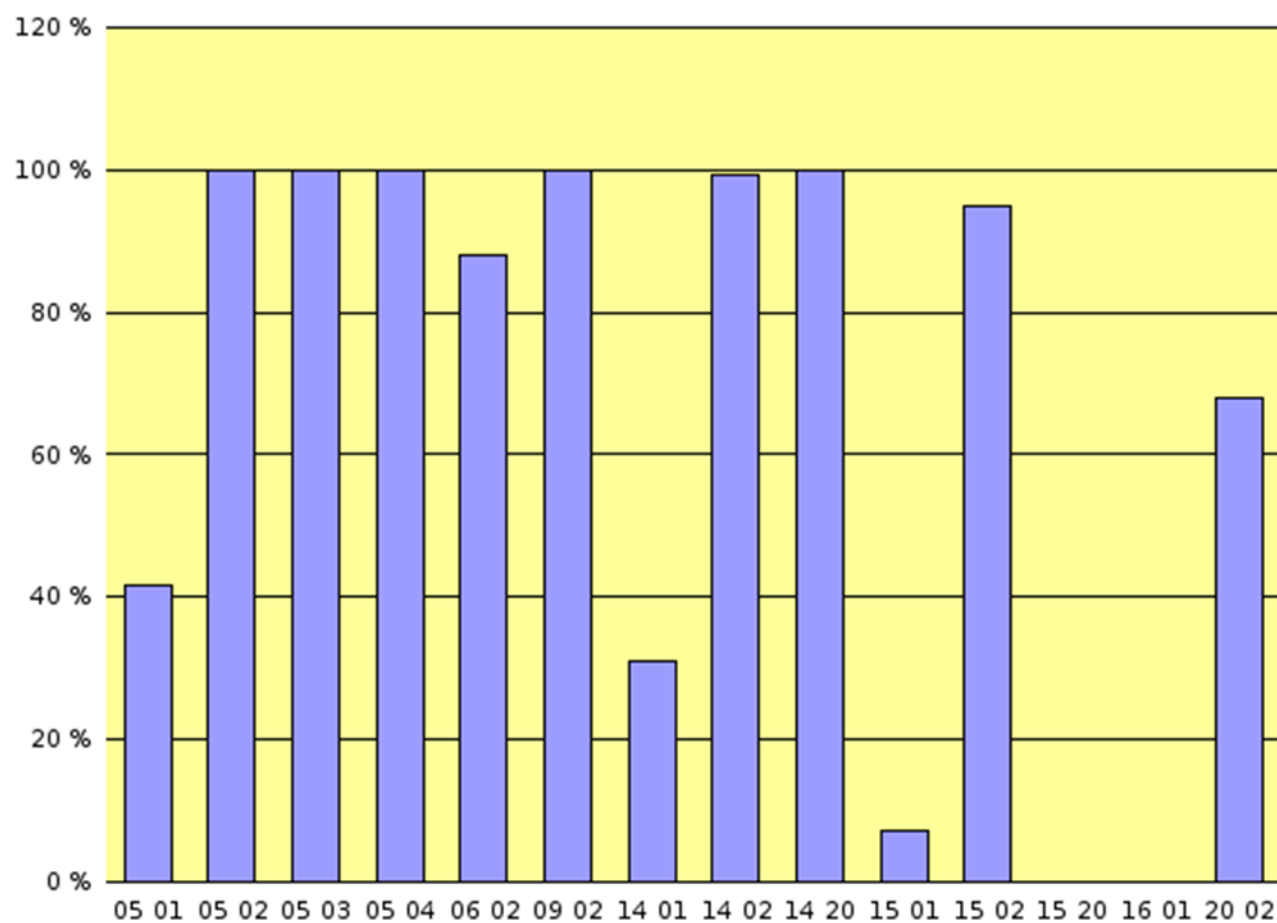


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG NEAR									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
05	05 01	Support administrative expenditure of the 'Regional Development and Cohesion' cluster	0,03	0,03	0,00	0,00%	0,00	0,00	0,01
	05 02	European Regional Development Fund (ERDF)	0,00	0,00	0,00	0,00%	8,36	8,36	47,64
	05 03	Cohesion Fund (CF)	0,00	0,00	0,00	0,00%	0,12	0,12	0,49
	05 04	Support to the Turkish-Cypriot community	0,00	0,00	0,00	0,00%	1,68	1,68	3,85
Total Title 05			0,03	0,03	0,00	0,00%	10,16	10,16	51,99
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG NEAR									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
06	06 02	Recovery and Resilience Facility (incl. Technical Support Instrument)	0,29	0,00	0,29	100,00%	0,49	0,78	1,84
Total Title 06			0,29	0,00	0,29	100,00%	0,49	0,78	1,84
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG NEAR									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
09	09 02	Programme for the Environment and Climate Action (LIFE)	0,00	0,00	0,00	0,00%	0,69	0,69	0,90
Total Title 09			0,00	0,00	0,00	0,00%	0,69	0,69	0,90
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG NEAR									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
14	14 01	Support administrative expenditure of the 'External Action' cluster	1,74	0,81	0,93	53,39%	0,00	0,93	1,15
	14 02	Neighbourhood, Development and International Cooperation Instrument (NDICI)	2.008,05	191,62	1.816,43	90,46%	5.863,56	7.679,99	7.832,67
	14 20	Pilot projects, preparatory actions, prerogatives and other actions	4,84	0,00	4,84	100,00%	19,35	24,19	28,07
Total Title 14			2.014,63	192,43	1.822,20	90,45%	5.882,91	7.705,11	7.861,89
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG NEAR									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
15	15 01	Support administrative expenditure of the 'Pre-accession Assistance' cluster	1,23	0,07	1,15	93,96%	0,02	1,17	2,44
	15 02	Instrument for Pre-accession Assistance (IPA III)	1.512,04	59,12	1.452,91	96,09%	5.173,20	6.626,11	7.091,08
	15 20	Pilot projects, preparatory actions, prerogatives and other actions	0,00		0,00	0,00%	0,00	0,00	0,24
Total Title 15			1.513,26	59,20	1.454,07	96,09%	5.173,22	6.627,28	7.093,76
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG NEAR									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
16	16 01	Support administrative expenditure outside the annual ceilings set out in the Multiannual Financial Framework	0,00		0,00	100,00%	0,00	0,01	0,00
Total Title 16			0,00		0,00	100,00%	0,00	0,01	0,00
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG NEAR									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
20	20 02	Other staff and expenditure relating to persons	0,20	0,18	0,03	12,32%	0,00	0,03	0,03
Total Title 20			0,20	0,18	0,03	12,32%	0,00	0,03	0,03
Total Excluding NGEU			3.528,43	251,84	3.276,58	92,86%	11.067,47	14.344,05	15.010,40
Total for DG NEAR			3528,426503	251,84	3.276,58	92,86%	11.067,47	14.344,05	15.010,40

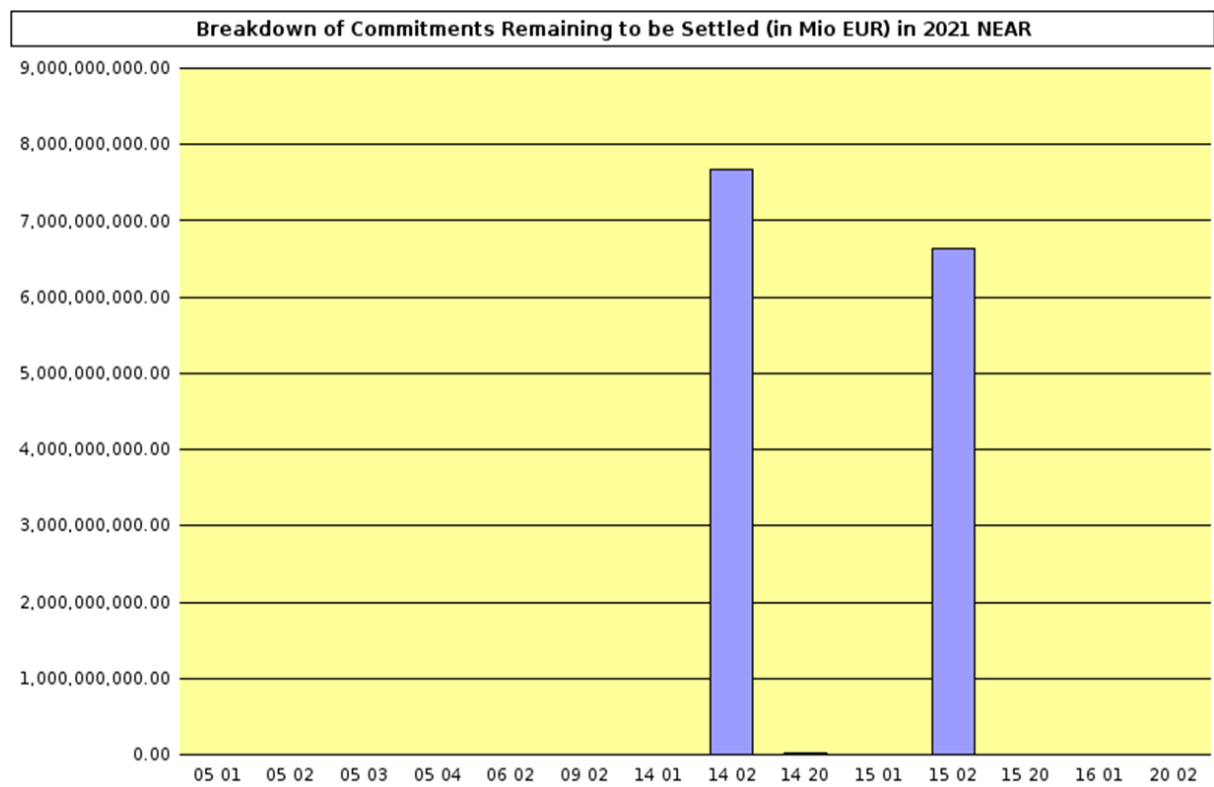


TABLE 4 : BALANCE SHEET for DG NEAR

BALANCE SHEET	2021	2020
A.I. NON CURRENT ASSETS	1.467.720.810,05	1.164.651.828,89
A.I.4. Non-Current Financial Assets	628.729.198,28	484.771.548,74
A.I.5. Non-Current Pre-Financing	756.362.373,57	676.930.693,47
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	82.629.238,20	2.949.586,68
A.II. CURRENT ASSETS	2.024.526.389,50	1.876.303.059,35
A.II.1. Current Financial Assets	18.349.205,72	11.223.450,88
A.II.2. Current Pre-Financing	1.732.497.709,24	1.576.715.723,33
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	75.033.024,97	46.286.176,35
A.II.6. Cash and Cash Equivalents	198.646.449,57	242.077.708,79
ASSETS	3.492.247.199,55	3.040.954.888,24
P.I. NON CURRENT LIABILITIES	-8.031.687,90	-25.025.619,92
P.I.2. Non-Current Provisions	-336.764,05	-21.500.169,05
P.I.3. Non-Current Financial Liabilities	-7.694.923,85	-3.525.450,87
P.III. NET ASSETS/LIABILITIES	0,00	-37.331.641,42
P.III.1. Reserves	0,00	-37.331.641,42
P.II. CURRENT LIABILITIES	-1.049.862.343,56	-1.089.551.694,68
P.II.2. Current Provisions	-875.880,73	-61.449.356,33
P.II.3. Current Financial Liabilities	-2.583.149.512,34	-64.250,28
P.II.4. Current Payables	2.384.379.583,05	-238.400.960,12
P.II.5. Current Accrued Charges & Defrd Income	-850.216.533,54	-789.637.127,95
LIABILITIES	-1.057.894.031,46	-1.151.908.956,02
NET ASSETS (ASSETS less LIABILITIES)	2.434.353.168,09	1.889.045.932,22

P.III.2. Accumulated Surplus/Deficit	19.566.549.182,48	16.007.163.042,71
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Non-allocated central (surplus)/deficit*	-22.000.902.350,57	-17.896.208.974,93
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TOTAL DG NEAR	0,00	0,00
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It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

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

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG NEAR

STATEMENT OF FINANCIAL PERFORMANCE	2021	2020
II.1 REVENUES	-220.910.283,40	-17.212.921,08
II.1.1. NON-EXCHANGE REVENUES	-13.357.340,86	-8.737.307,85
II.1.1.6. RECOVERY OF EXPENSES	-12.147.517,09	-5.277.611,91
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-1.209.823,77	-3.459.695,94
II.1.2. EXCHANGE REVENUES	-207.552.942,54	-8.475.613,23
II.1.2.1. FINANCIAL INCOME	-194.010.603,75	-5.266.491,59
II.1.2.2. OTHER EXCHANGE REVENUE	-13.542.338,79	-3.209.121,64
II.2. EXPENSES	4.064.299.954,70	3.725.822.778,92
II.2. EXPENSES	4.064.299.954,70	3.725.822.778,92
II.2.10. OTHER EXPENSES	13.205.636,88	40.001.443,74
II.2.1. EXP IMPL BY MEMBER STATES (SHARED)	22.935.372,10	-8.598.010,84
II.2.2. EXP IMPL BY COMMISS&EX.AGENC. (DM)	1.878.391.802,60	2.486.870.120,86
II.2.3. EXP IMPL BY OTH EU AGENC&BODIES (IM)	6.289.873,81	854.813,10
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	1.401.307.722,33	983.931.358,12
II.2.5. EXP IMPL BY OTHER ENTITIES (IM)	315.572.532,94	200.035.112,75
II.2.8. FINANCE COSTS	426.597.014,04	22.727.941,19
STATEMENT OF FINANCIAL PERFORMANCE	3.843.389.671,30	3.708.609.857,84

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

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

TABLE 5bis : OFF BALANCE SHEET for DG NEAR

OFF BALANCE	2021	2020
OB.1. Contingent Assets	153.002.115,89	181.274.842,37
GR for performance	26.574.598,09	32.812.213,70
GR for pre-financing	120.733.140,32	132.439.478,99
OB.1.3. CA Other	5.694.377,48	16.023.149,68
OB.2. Contingent Liabilities	-33.190.564.994,73	-25.006.614,18
OB.2.1. Guarantees given for EU FI	-124.501.767,57	-15.644.962,25
OB.2.2. Budgetary Guarantees given	-20.834.521.314,29	
OB.2.6. Budg Guar given - Signed,not yetdistr	-12.191.032.317,68	
OB.2.7. CL Legal cases OTHER	-40.509.595,19	-9.361.651,93
OB.3. Other Significant Disclosures	-46.189.394.713,63	-13.990.507.255,35
OB.3.2. Comm against app. not yet consumed	-13.163.841.081,75	-13.990.507.255,35
OB.3.3.8.Budgetary Guarantees Ceiling	-33.025.553.631,88	
OB.4. Balancing Accounts	79.226.957.592,47	13.834.239.027,16
OB.4. Balancing Accounts	79.226.957.592,47	13.834.239.027,16
OFF BALANCE	0,00	0,00

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

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

TABLE 6: AVERAGE PAYMENT TIMES in 2021 for NEAR

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
30	955	882	92,36 %	12,71	73	7,64 %	54,21	26.357.798,28	3,56%
34	1	1	100,00 %	30,00				0,00	0,00%
39	2				2	100,00 %	53,00	117.473,09	100,00%
45	69	61	88,41 %	28,34	8	11,59 %	114,75	352.515,42	0,43%
47	1	1	100,00 %	38,00				0,00	0,00%
52	2	2	100,00 %	38,00				0,00	0,00%
56	19	19	100,00 %	49,47				0,00	0,00%
60	1355	1273	93,95 %	35,82	82	6,05 %	98,39	12.065.017,26	2,78%
73	1	1	100,00 %	42,00				0,00	0,00%
77	1	1	100,00 %	31,00				0,00	0,00%
90	1166	1112	95,37 %	49,44	54	4,63 %	120,09	333.246.268,14	17,21%

Total Number of Payments	3572	3353	93,87 %		219	6,13 %		372.139.072,19	11,52 %
Average Net Payment Time	37,57			34,20			89,20		
Average Gross Payment Time	56,46			51,88			126,59		

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	50	1351	37,82 %	3572	1.313.292.149,69	40,67 %	3.229.407.037,93

Late Interest paid in 2021			
DG	GL Account	Description	Amount (Eur)
NEAR	65010000	Interest expense on late payment of charges	9.448,20
NEAR	65010100	Interest on late payment of charges New FR	28.957,82
			38.406,02

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2021 for DG NEAR

Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	7=3-6
33	Other administrative revenue	10.123.500,00	276.749,76	10.400.249,76	5.101.250,00	282,78	5.101.532,78	5.298.716,98
40	Revenue from investments and accounts	138.165,51	1.475.759,33	1.613.924,84	50.814,18	814.081,96	864.896,14	749.028,70
65	Neighbourhood and the world	83.196.949,20	0,00	83.196.949,20	79.273.403,32	0,00	79.273.403,32	3.923.545,88
66	Other contributions and refunds	10.441,67	0,00	10.441,67	10.441,67	0,00	10.441,67	0,00
67	Completion for outstanding recovery orders prior to 2021	-543.481,42	46.616.907,07	46.073.425,65	-922.428,44	11.175.778,19	10.253.349,75	35.820.075,90
Total DG NEAR		92.925.574,96	48.369.416,16	141.294.991,12	83.513.480,73	11.990.142,93	95.503.623,66	45.791.367,46

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2021 Year of Origin (commitment)	Irregularity		OLAF notified		Total undue payments recovered		Total transactions in recovery context (incl. non- qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2005							1	90.800,00		
2006	3	8.832.813,68			3	8.832.813,68	3	8.832.813,68	100,00%	100,00%
2007	1	325.000,50			1	325.000,50	1	325.000,50	100,00%	100,00%
2009							1	1.633.791,88		
2010			2	982.631,65	2	982.631,65	3	1.096.507,58	66,67%	89,61%
2011	5	183.440,72			5	183.440,72	10	875.352,93	50,00%	20,96%
2012	11	256.277,00	2	120.113,80	13	376.390,80	16	819.136,41	81,25%	45,95%
2013	12	237.588,54			12	237.588,54	31	40.988.348,10	38,71%	0,58%
2014	21	278.976,84	1	771.620,20	22	1.050.597,04	35	1.733.678,14	62,86%	60,60%
2015	28	689.086,30	3	1.317,91	31	690.404,21	53	5.098.445,42	58,49%	13,54%
2016	14	439.175,81	2	9.767,00	16	448.942,81	38	5.117.987,05	42,11%	8,77%
2017	13	807.622,48			13	807.622,48	50	5.276.003,69	26,00%	15,31%
2018	1	796.588,17			1	796.588,17	21	3.774.548,91	4,76%	21,10%
2019	4	388.466,23			4	388.466,23	23	4.705.157,52	17,39%	8,26%
2020	1	1.628,52	1	216.800,00	2	218.428,52	7	249.479,71	28,57%	87,55%
No Link	1	17.176,59			1	17.176,59	8	10.358.992,43	12,50%	0,17%
Sub-Total	115	13.253.841,38	11	2.102.250,56	126	15.356.091,94	301	90.976.043,95	41,86%	16,88%

EXPENSES BUDGET	Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context(incl. non- qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES							2	27.617,69		
NON ELIGIBLE IN COST CLAIMS	257	39.189.250,05			257	39.189.250,05	284	39.617.755,05	90,49%	98,92%
CREDIT NOTES	195	10.106.916,73			195	10.106.916,73	210	12.112.159,31	92,86%	83,44%
Sub-Total	452	49.296.166,78			452	49.296.166,78	496	51.757.532,05	91,13%	95,24%
GRAND TOTAL	567	62.550.008,16	11	2.102.250,56	578	64.652.258,72	797	142.733.576,00	72,52%	45,30%

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

	Number at 01/01/2021	Number at 31/12/2021	Evolution	Open Amount (Eur) at 01/01/2021	Open Amount (Eur) at 31/12/2021	Evolution
2005	2	2	0,00 %	267.184,00	267.184,00	0,00 %
2006	1	1	0,00 %	300.000,00	300.000,00	0,00 %
2007	5	5	0,00 %	644.073,07	644.073,07	0,00 %
2008	2	1	-50,00 %	108.498,53	90.443,53	-16,64 %
2009	1	1	0,00 %	82.866,00	82.866,00	0,00 %
2010	1	1	0,00 %	71.964,00	71.964,00	0,00 %
2011	4	4	0,00 %	1.568.697,49	1.568.697,49	0,00 %
2012	7	7	0,00 %	838.085,26	838.085,26	0,00 %
2013	8	7	-12,50 %	2.540.006,62	2.466.501,92	-2,89 %
2014	15	14	-6,67 %	2.328.648,28	2.317.351,01	-0,49 %
2015	12	11	-8,33 %	4.052.187,28	4.035.336,68	-0,42 %
2016	12	12	0,00 %	1.906.874,61	1.906.874,61	0,00 %
2017	26	25	-3,85 %	7.148.103,93	7.140.803,93	-0,10 %
2018	34	28	-17,65 %	5.615.070,07	4.870.101,74	-13,27 %
2019	31	21	-32,26 %	8.014.521,52	6.480.494,99	-19,14 %
2020	75	20	-73,33 %	13.302.600,19	3.703.398,81	-72,16 %
2021		58			9.412.094,23	
	236	218	-7,63 %	48.789.380,85	46.196.271,27	-5,31 %

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

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
0	3233210050	3242102804	-71.090,16	Other Public Bodies		

Total DG NEAR	-71.090,16
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Number of RO waivers	1
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There are 14 waivers below 60 000 € for a total amount of -128,970.10 €.

0: In view of the ongoing conflict in Eastern Ukraine and the fact that the legal entity of Luhansk City Council has ceased to exist and access to project funds was blocked, there were no other options than to waive the debt of EUR 71 090.16 for reasons of cost-efficiency, applying Article 101.2 (a) of Regulation 1049/2018 (Financial Regulation).

TABLE 11 : Negotiated Procedures in 2021 for DG NEAR

External Procedures > € 20,000

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Annex 1 - 11.1 (b) - Artistic/technical reasons or exclusive rights or technical monopoly/captive market	5	1.464.551,43
Annex 1 - 11.1 (c) - Extreme urgency caused by unforeseeable events not attributable to the contracting authority	6	1.543.659,21
Annex 1 - 11.1 (e) - New services/works consisting in the repetition of similar services/works	9	6.369.551,00
Annex 1 - 11.1 (f) (i) - Supplies of additional deliveries	1	77.251,00
Annex 1 - 39.1 (a) - Services entrusted to public-sector bodies or non-profit institutions or organisations	3	1.234.640,00
Annex 1 - 39.1 (b) - Tender procedure unsuccessful	10	25.477.650,40
Art. 134.1(e) (Without prior publication) New services or works consisting in the repetition of similar services or works	2	7.416.000,00
Art. 268.1(c) (External Actions - supply) Additional deliveries by the original supplier	1	156.465,00
Total	37	43.739.768,04

TABLE 12 : Summary of Procedures in 2021 for DG NEAR

External Procedures > € 20,000

Procedure Legal base	Number of Procedures	Amount (€)
Exceptional Negotiated Procedure without publication of a contract notice (Art. 134 RAP)	2	7.416.000,00
(Ext. act) Service - International Restricted Procedure with prior publication (Art. 265.1(a)(i) & 2 RAP)	2	1.793.400,00
(Ext. act) Supply - Exceptional Negotiated Procedure with a single offer (Art. 268 RAP)	1	156.465,00
Local open procedure - Supplies between EUR 100 000-300 000 - Works between EUR 300 000-5 000 000 - (local) publication (Annex 1 - 38.1 (c))	27	16.785.150,07
Negotiated procedure without prior publication (Annex 1 - 11.1)	23	11.284.802,28
Negotiated procedure with single tender (Annex 1 - 39.1)	13	26.712.290,40
Open procedure - As provided for in FR 164(1)(a) - Services/Supplies as from EUR 300 000 - Works as from EUR 5 000 000 - publication (Annex 1 - 38.1 (b))	18	30.482.750,02
Restricted procedure - As provided for in FR 164(1)(b) - Services/Supplies as from EUR 300 000 - Works as from EUR 5 000 000 - publication (Annex 1 - 38.1 (a))	41	110.961.310,67
Simplified procedure - Services/Works < EUR 300 000 - Supplies < EUR 100 000. Legal services as in Annex 1 - 38.6. (Annex 1 - 38.1 (d))	26	5.101.986,92
Total	153	210.694.155,36

Internal Procedures > € 60,000

Procedure Legal base	Number of Procedures	Amount (€)
Competitive dialogue - Follow-up of an open/restricted procedure where only irregular/unacceptable tenders have been submitted (Annex 1 - 12.1 (a))	1	1.951.000,00
Open procedure (FR 164 (1)(a))	1	1.939.973,99
Total	2	3.890.973,99

TABLE 13 : BUILDING CONTRACTS in 2021 for DG NEAR

Legal Base	Procedure subject	Contract Number	Contractor Name	Contract Subject	Contracted Amount (€)
Annex 1 - 11.1 (g) - Building contracts	EUROPEAID/424771/00/8NN/WKS	SCR.LCM.424771.01	KRAPI COM SHPK	SCR.LCM.424771.01 - "COMPLETION OF THE WORKS FOR CONSTRUCTION OF ZVECAN/ZVEčAN SPORT HALL"	1.629.789,64
		1			1.629.789,64

TABLE 14 : CONTRACTS DECLARED SECRET in 2021 for DG NEAR

Legal Base	LC Date	Contract Number	Contract Subject	Contracted Amount (€)
DG NEAR has no contracts declared secret in 2021				

TABLE 15 : FPA duration exceeds 4 years - DG NEAR

None of DG NEAR's FPA (if any) exceeds 4 years

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

DG NEAR has no commitments co-delegation type 3 in 2021

Annex 3 Financial Reports - for T004 - Financial Year 2021 for DG NEAR

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 5 Bis: Off Balance Sheet

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated Procedures

Table 12 : Summary of Procedures

Table 13 : Building Contracts

Table 14 : Contracts declared Secret

Table 15 : FPA duration exceeds 4 years

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS until 2021 for T004 for DG NEAR						
Budget Title		Cumulative Commitment appropriations authorised	Commitment appropriations authorised in the year	Cumulative Commitments made	Commitments made in 2021	%
		1		2		3=2/1
01	Administrative expenditure	17,89	1,28	17,88	4,87	99,99 %
04	Civil society, local authority	39,97	0,00	39,97	0,00	100,00 %
07	Democracy & human rights	36,53	0,00	36,53	0,00	100,00 %
08	Education	716,82	3,03	716,82	6,56	100,00 %
09	Employment and social inclusion	312,61	45,00	312,61	45,00	100,00 %
12	Food & nutrition security	17,00		17,00	0,00	100,00 %
14	Gender equality	8,00	8,00	8,00	8,00	100,00 %
16	Health	341,14	28,57	341,14	29,00	100,00 %
20	Migration	35,38		35,38	0,00	100,00 %
24	Water & sanitation	349,95	39,00	349,95	39,00	100,00 %
26	Humanitarian aid (emergency response)	10,00		10,00	0,00	100,00 %
27	Civil protection	10,00		10,00	0,00	100,00 %
97	Multisector / Cross-cutting activities	476,30	5,98	476,24	6,06	99,99 %
98	Horizontal Operational Expenses	11,23	1,26	11,12	1,15	99,02 %
99	Reserves/unallocated Reserves/unallocated	2,06	-112,61			0.00%
Total DG T004		2.384,87	19,51	2.382,64	139,64	99,91 %

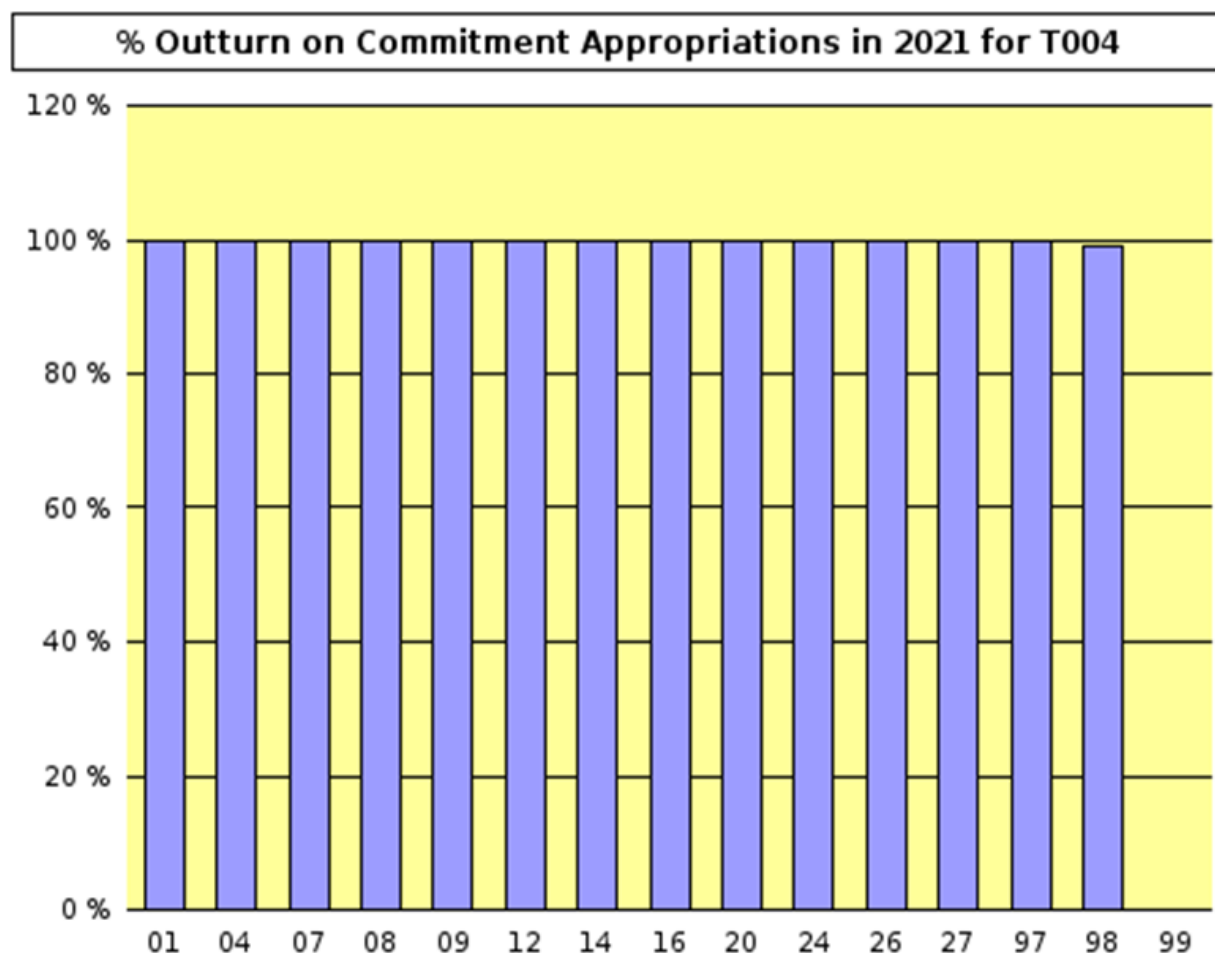


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS for T004 until 2021 (in Mio €) for DG NEAR						
Budget Title		Cumulative Payments appropriations authorised	Payment appropriations authorised in the year	Cumulative Payments made	Payments made in 2021	%
		1		2		3=2/1
01	Administrative expenditure	17,89	1,28	16,61	3,60	92,87 %
04	Civil society, local authority	29,43	7,55	28,97	7,09	98,43 %
07	Democracy & human rights	28,66	4,98	28,66	6,31	100,00 %
08	Education	574,02	62,67	574,02	62,67	100,00 %
09	Employment and social inclusion	207,79	34,12	207,79	34,12	100,00 %
12	Food & nutrition security	16,89		16,89		100,00 %
14	Gender equality	0,30	0,30			
16	Health	295,89	69,40	295,89	69,82	100,00 %
20	Migration	35,10		35,08	1,31	99,96 %
24	Water & sanitation	194,23	43,48	194,23	43,48	100,00 %
26	Humanitarian aid (emergency response)	7,97		7,97		100,00 %
27	Civil protection	9,00		9,00		100,00 %
97	Multisector / Cross-cutting activities	391,16	68,14	377,49	54,48	96,51 %
98	Horizontal Operational Expenses	6,63	1,50	6,63	1,50	100,00 %
99	Reserves/unallocated Reserves/unallocated	41,33	18,04			
Total DG T004		1.856,27	311,47	1.799,22	284,38	96,93 %

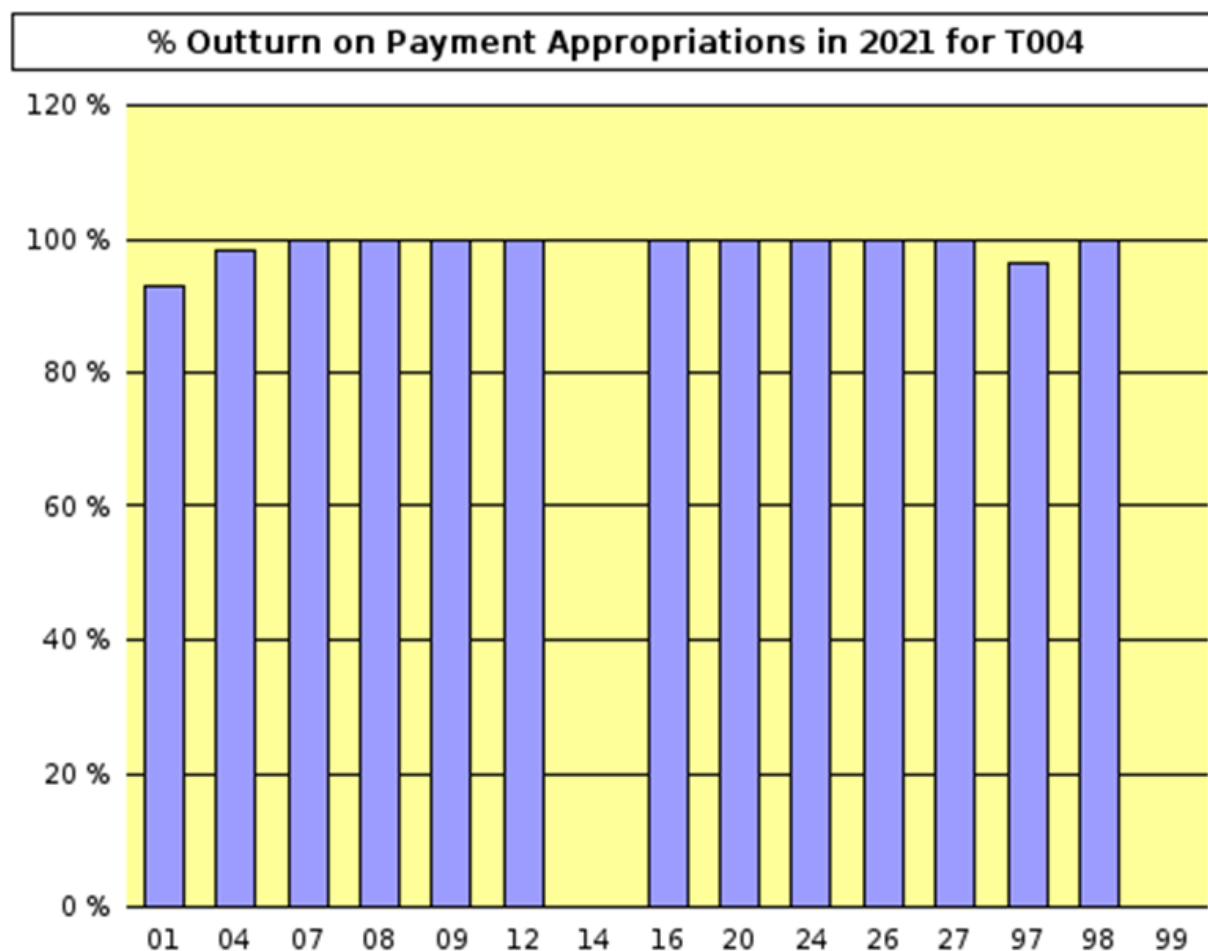


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 for T004 (in Mio €) for DG NEAR								
Budget Title		Commitments	Contracted	Payments	% to be settled	to be settled at end 2021	to be settled at end 2020	RAL Evolution %
		1		2	3 = 2/1	4 = 2-1	5	3=2/1
01	Administrative expenditure	17,88	17,88	16,61	92,88%	1,27	0,00	459,487,40%
04	Civil society, local authority	39,97	39,97	28,97	72,47%	11,00	18,09	-39,19%
07	Democracy & human rights	36,53	36,53	28,66	78,46%	7,87	14,18	-44,48%
08	Education	716,82	716,44	574,02	80,08%	142,81	198,91	-28,21%
09	Employment and social inclusion	312,61	312,54	207,79	66,47%	104,82	93,95	11,58%
12	Food & nutrition security	17,00	17,00	16,89	99,34%	0,11	0,11	0,00%
14	Gender equality	8,00	8,00			8,00		
16	Health	341,14	340,62	295,89	86,74%	45,25	86,08	-47,43%
20	Migration	35,38	35,08	35,08	99,16%	0,30	1,61	-81,50%
24	Water & sanitation	349,95	349,95	194,23	55,50%	155,72	160,20	-2,80%
26	Humanitarian aid (emergency response)	10,00	10,00	7,97	79,71%	2,03	2,03	0,00%
27	Civil protection	10,00	10,00	9,00	90,00%	1,00	1,00	0,00%
97	Multisector / Cross-cutting activities	476,24	476,18	377,49	79,27%	98,75	147,17	-32,90%
98	Horizontal Operational Expenses	11,12	11,11	6,63	59,60%	4,49	4,84	-7,16%
Total DG T004		2.382,64	2.381,31	1.799,22	75,51%	583,42	728,16	80,12%

Breakdown of Commitments Remaining to be Settled (in Mio EUR) at 31/12/2020

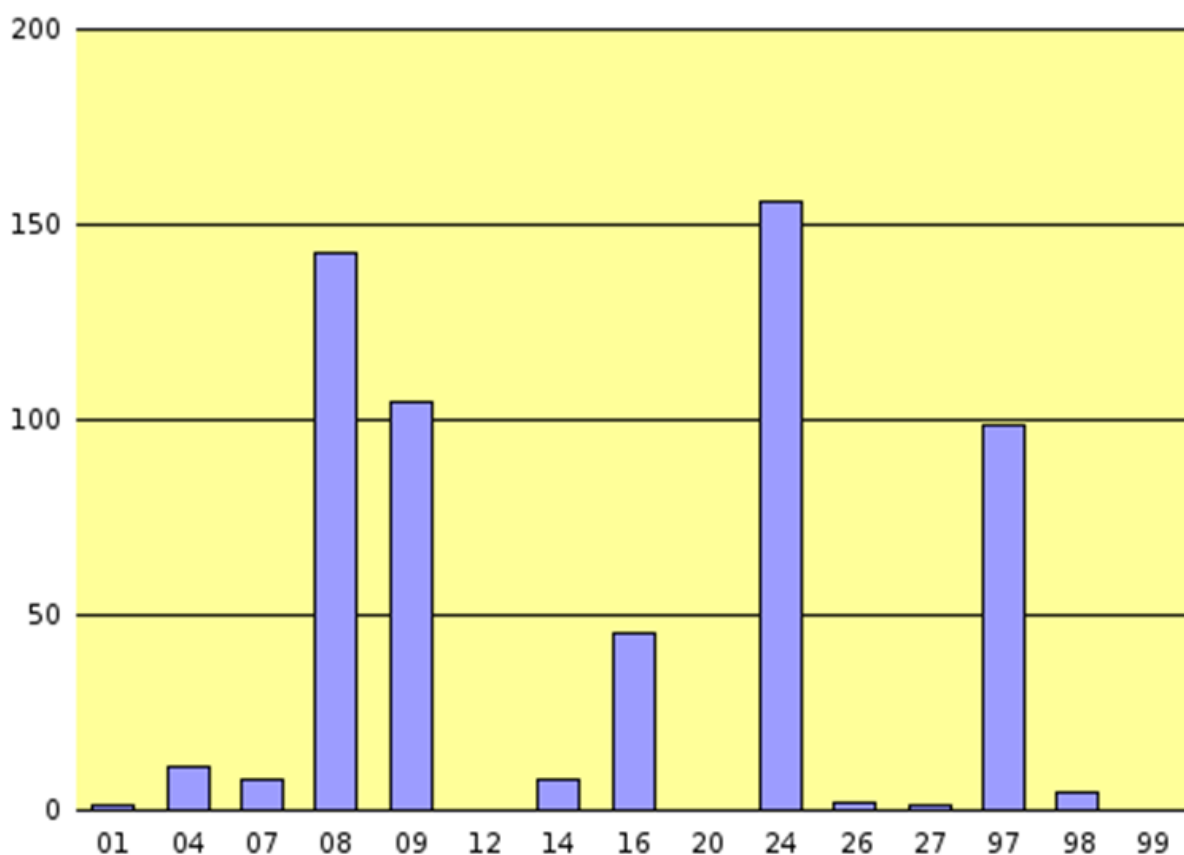


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 for T004 (in Mio €) for DG NEAR

Budget Title		Commitments outstanding at the end of previous				Commitments of the current year			Total commitm. outstanding at the end of the year
		Commitm. carried forward from	Decommitm./ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commitm./ Decommitm./ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	
		1	2	3	4=1+2-3	5	6	7=5-6	
01	Administrative expenditure	0,00	0,01	0,01	0,00	4,86	3,59	1,27	1,27
04	Civil society, local authority	18,09		7,09	11,00				11,00
07	Democracy & human rights	14,18	0,00	2,62	11,55		3,68	-3,68	7,87
08	Education	198,91	-10,44	44,10	144,37	17,00	18,57	-1,57	142,81
09	Employement and social inclusion	93,95	0,00	0,50	93,45	45,00	33,63	11,37	104,82
12	Food & nutrition security	0,11	0,00		0,11				0,11
14	Gender equality					8,00		8,00	8,00
16	Health	86,08	0,00	49,51	36,57	29,00	20,32	8,68	45,25
20	Migration	1,61	0,00	1,31	0,30				0,30
24	Water & sanitation	160,20	0,00	17,30	142,89	39,00	26,18	12,82	155,72
26	Humanitarian aid (emergency response)	2,03	0,00		2,03				2,03
27	Civil protection	1,00			1,00				1,00
97	Multisector / Cross-cutting activities	147,17	-0,84	51,96	94,36	6,90	2,51	4,39	98,75
98	Horizontal Operational Expenses	4,84	0,00	1,33	3,51	1,15	0,17	0,98	4,49
Total DG T004		728,16	-11,27	175,73	541,15	150,91	108,65	42,26	583,42

TABLE 4 : BALANCE SHEET for T004

BALANCE SHEET	2021	2020
A.I. NON CURRENT ASSETS	27.190.730,20	34.748.998,85
A.I.5. Non-Current Pre-Financing	27.190.730,20	34.748.998,85
A.II. CURRENT ASSETS	321.294.965,81	273.791.468,82
A.II.2. Current Pre-Financing	257.292.765,81	238.318.866,08
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	7.418.933,42	5.651.256,54
A.II.6. Cash and Cash Equivalents	56.583.266,58	29.821.346,20
ASSETS	348.485.696,01	308.540.467,67
P.I. NON CURRENT LIABILITIES	-299.974.767,05	-245.660.593,81
P.I.3. Non-Current Financial Liabilities	-299.974.767,05	-245.660.593,81
P.II. CURRENT LIABILITIES	-48.510.928,96	-62.879.873,86
P.II.4. Current Payables	-490.281,70	-3.614.328,09
P.II.5. Current Accrued Charges & Defrd Income	-48.020.647,26	-59.265.545,77
LIABILITIES	-348.485.696,01	-308.540.467,67
NET ASSETS (ASSETS less LIABILITIES)	0,00	0,00

P.III.2. Accumulated Surplus/Deficit	0,00	0,00
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Non-allocated central (surplus)/deficit	0,00	0,00
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TOTAL DG NEAR	0,00	0,00
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It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

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

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for T004

STATEMENT OF FINANCIAL PERFORMANCE	2021	2020
II.1 REVENUES	-265.583.880,27	-416.138.666,89
II.1.1. NON-EXCHANGE REVENUES	-256.450.295,13	-415.658.948,06
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-256.450.295,13	-415.658.948,06
II.1.2. EXCHANGE REVENUES	-9.133.585,14	-479.718,83
II.1.2.1. FINANCIAL INCOME	-1.760,55	0,00
II.1.2.2. OTHER EXCHANGE REVENUE	-9.131.824,59	-479.718,83
II.2. EXPENSES	265.583.880,27	416.138.666,89
II.2. EXPENSES	265.583.880,27	416.138.666,89
II.2.10. OTHER EXPENSES	3.778.032,42	10.928.139,24
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	261.559.599,79	404.954.705,68
II.2.8. FINANCE COSTS	246.248,06	255.821,97
STATEMENT OF FINANCIAL PERFORMANCE	0,00	0,00

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

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

TABLE 5bis : OFF BALANCE SHEET for T004

OFF BALANCE	2021	2020
OB.1. Contingent Assets	547.680,00	547.680,00
GR for pre-financing	547.680,00	547.680,00
OB.3. Other Significant Disclosures	-522.091.744,92	-498.166.695,79
OB.3.2. Comm against app. not yet consumed	-522.091.744,92	-498.166.695,79
OB.4. Balancing Accounts	521.544.064,92	497.619.015,79
OB.4. Balancing Accounts	521.544.064,92	497.619.015,79
OFF BALANCE	0,00	0,00

TABLE 6: AVERAGE PAYMENT TIMES in 2021 for T004 for DG NEAR

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	21	18	85,71 %	12,67	3	14,29 %	332,67
60	8	7	87,50 %	28,71	1	12,50 %	69,00
90	30	27	90,00 %	67,07	3	10,00 %	118,33

Total Number of Payments	59	52	88,14 %		7	11,86 %	
Average Net Payment Time	62,07			43,08			203,14
Average Gross Payment Time	76,98			58,83			211,86

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	38	23	38,98 %	59	101.877.980,11	40,56 %	251.199.614,90

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2021 for T004									
Revenue Type	RO created during 2021			RO created before 2021			Total		
	Issued	Cashed	Open amount	Open amount at the beginning of the year	Cashed	Open amount	Issued	Cashed	Open amount
	1	2	3 = 1 - 2	4	5	6 = 4 - 5	7 = 1 + 4	8 = 2+5	9 = 3 + 6
Contributions	335,76	310,76	25,00	0,00	0,00	-0,00	335,76	310,76	25,00
Interests	-0,19	0,00	-0,19	-0,05	0,00	-0,05	-0,25	0,00	-0,25
Returns	0,90	0,90	0,00	0,00	0,00	0,00	0,90	0,90	0,00
Total T004	336,47	311,66	24,81	-0,05	0,00	-0,05	336,42	311,66	24,75

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2021 for T004					
Financial Year	Issuing year	Revenue Type	Issued	Cashed	outstanding
2021	2021	Contributions	335,76	310,76	25,00
	2021	Interests	-0,19	0,00	-0,19
	2021	Returns	0,90	0,90	0,00
	2020	Contributions	462,71	0,00	0,00
	2020	Interests	-0,18	0,00	0,00
	2020	Returns	2,00	0,00	0,00
2021			801,00	311,66	24,81
2020	2020	Contributions	462,71	462,71	0,00
	2020	Interests	-0,18	0,00	-0,18
	2020	Returns	2,00	2,00	0,00
	2019	Contributions	287,36	0,00	0,00
	2019	Interests	0,00	0,00	0,00
	2018	Contributions	30,00	0,00	0,00
	2016	Contributions	0,43	0,00	0,00
2020			782,32	464,71	-0,18
2019	2019	Contributions	287,36	287,36	0,00
	2019	Interests	0,00	0,00	0,00
	2018	Contributions	299,28	5,00	-5,00
	2018	Interests	0,00	0,00	0,00
	2017	Contributions	20,25	0,00	0,00
	2016	Contributions	0,43	0,43	-0,43
2019			607,33	292,79	-5,43
2018	2018	Contributions	299,28	294,28	5,00
	2018	Interests	0,00	0,00	0,00
	2017	Contributions	188,47	20,25	-20,25
	2016	Contributions	0,43	0,00	0,00
2018			488,19	314,53	-15,25
2017	2017	Contributions	188,47	168,22	20,25
	2016	Contributions	258,23	0,00	0,00
	2016	Interests	0,13	0,00	0,00
	2015	Contributions	7,86	0,00	0,00
2017			454,69	168,22	20,25
2016	2016	Contributions	258,23	257,80	0,43
	2016	Interests	0,13	0,00	0,13
	2015	Contributions	46,79	7,86	-7,86
	2015	Interests	0,00	0,00	0,00
2016			305,15	265,66	-7,30
2015	2015	Contributions	46,79	38,93	7,86
	2015	Interests	0,00	0,00	0,00
2015			46,79	38,93	7,86
		Total for T004	3.485,47	3.485,47	24,75

TABLE 8 : RECOVERY OF PAYMENTS in 2021 for T004
(Number of Recovery Contexts and corresponding Transaction Amount)

Year of Origin (commitment)	Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2016			1	1.797.053,92		
Sub-Total			1	1.797.053,92		

EXPENSES BUDGET	Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES										
NON ELIGIBLE IN COST CLAIMS	5	224.450,89			5	224.450,89	6	1.224.450,89	83,33%	18,33%
CREDIT NOTES										
Sub-Total	5	224.450,89			5	224.450,89	6	1.224.450,89	83,33%	18,33%
GRAND TOTAL	5	224.450,89			5	224.450,89	7	3.021.504,81	71,43%	7,43%

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2021 for T004 for DG

	Number at 01/01/2021	Number at 31/12/2021	Evolution	Open Amount (Eur) at 01/01/2021	Open Amount (Eur) at 31/12/2021	Evolution
2021		1			25.000.000,00	
		1			25.000.000,00	

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2021 for T004

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
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Total DG NEAR	0,00
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Number of RO waivers	0
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TABLE 11 : Negotiated Procedures in 2021 for T004

Internal Procedures > € 60,000

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Annex 1 - 11.1 (e) - New services/works consisting in the repetition of similar services/works	1	1.012.324,31
Total	1	1.012.324,31

TABLE 12 : Summary of Procedures in 2021 for T004

Internal Procedures > € 60,000

Procedure Legal base	Number of Procedures	Amount (€)
Negotiated procedure without prior publication (Annex 1 - 11.1)	1	1.012.324,31
Total	1	1.012.324,31

TABLE 13 : BUILDING CONTRACTS in 2021 for T004

Legal Base	Procedure subject	Contract Number	Direct or Specific?	Contractor Name	Contract Subject	Amount (€)
T004 has no building contracts in 2021						

TABLE 14 : CONTRACTS DECLARED SECRET in 2021 for T004

Legal Base	Direct or Specific?	LC Date	Contract Number	Contract Subject	Contracted Amount (€)
T004 has no contracts declared secret in 2021					

TABLE 15 : FPA duration exceeds 4 years for T004 in 2021

None of T004's FPA (if any) exceeds 4 years in 2021

Annex 3 Financial Reports - for LIGA - Financial Year 2021 for DG NEAR

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 5 Bis: Off Balance Sheet

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated Procedures

Table 12 : Summary of Procedures

Table 13 : Building Contracts

Table 14 : Contracts declared Secret

Table 15 : FPA duration exceeds 4 years

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS until 2021 for LIGA for DG NEAR						
Budget Title		Cumulative Commitment appropriations authorised	Commitment appropriations authorised in the year	Cumulative Commitments made	Commitments made in 2021	%
		1		2		3=2/1
04.0401		32.651,53	32.651,53	32.651,53	32.651,53	100,00 %
Total DG NEAR		32.651,53	32.651,53	32.651,53	32.651,53	100,00 %

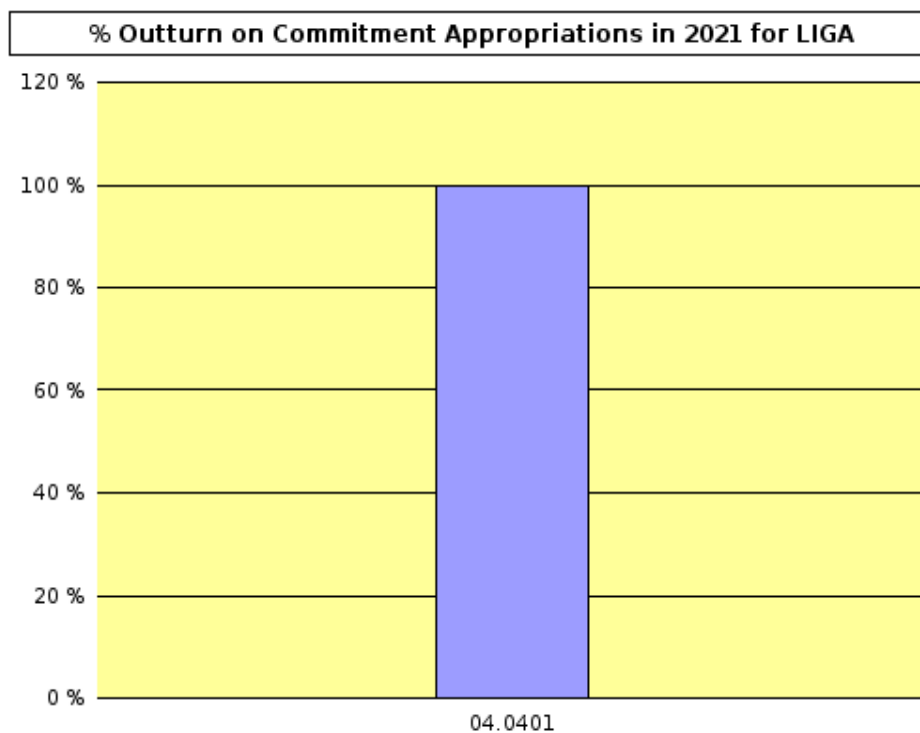


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS for LIGA until 2021 (in Mio €) for DG NEAR						
Budget Title		Cumulative Payments appropriations authorised	Payment appropriations authorised in the year	Cumulative Payments made	Payments made in 2021	%
		1		2		3=2/1
04.0401		80,00	80,00	66,59	66,59	83,24 %
Total DG NEAR		80,00	80,00	66,59	66,59	83,24 %

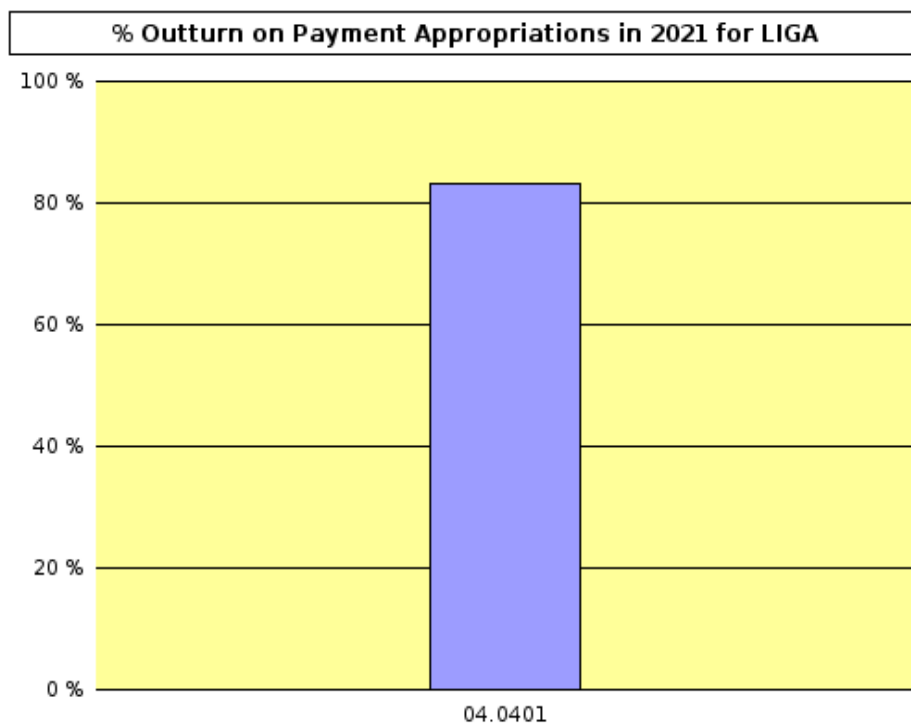


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 for LIGA (in Mio €) for DG NEAR								
Budget Title		Commitments	Contracted	Payments	% to be settled	to be settled at end 2021	to be settled at end 2020	RAL Evolution %
		1		2	3 = 2/1	4 = 2-1	5	3=2/1
04.0401		32.651,53	32.292,71	66,59	0,20%	32.584,94		
Total DG NEAR		32.651,53	32.292,71	66,59	0,20%	32.584,94		

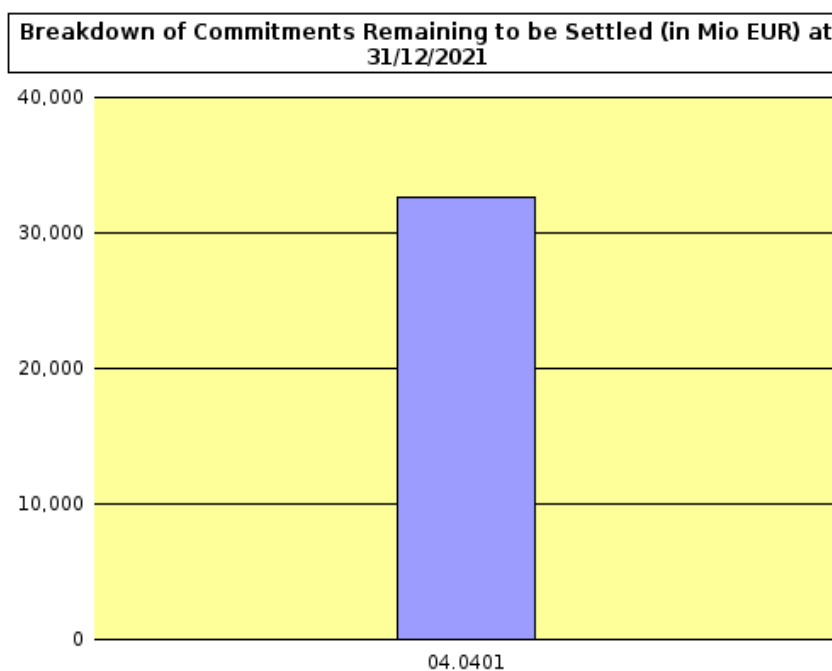


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 for LIGA (in Mio €) for DG NEAR									
Budget Title		Commitments outstanding at the end of previous				Commitments of the current year			Total commitm. outstanding at the end of the year
		Commitm. carried forward from	Decommitm./ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commitm./ Decommitm./ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	
		1	2	3	4=1+2-3	5	6	7=5-6	
04.0401						32.651,53	66,59	32.584,94	32.584,94
Total DG NEAR						32.651,53	66,59	32.584,94	32.584,94

TABLE 4 : BALANCE SHEET for LIGA

BALANCE SHEET	2021	2020
A.II. CURRENT ASSETS	91.634.923,43	0,00
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	91.634.923,43	
A.II.6. Cash and Cash Equivalents	0,00	0,00
ASSETS	91.634.923,43	0,00
P.II. CURRENT LIABILITIES	-91.725.090,03	0,00
P.II.4. Current Payables	-91.725.090,03	0,00
P.II.5. Current Accrued Charges & Defrd Income	0,00	
LIABILITIES	-91.725.090,03	0,00
NET ASSETS (ASSETS less LIABILITIES)	-90.166,60	0,00
P.III.2. Accumulated Surplus/Deficit		
Non-allocated central (surplus)/deficit*	90.166,60	0,00
TOTAL DG NEAR	0,00	0,00

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

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

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for LIGA

STATEMENT OF FINANCIAL PERFORMANCE	2021	
II.1 REVENUES	-151,11	
II.1.2. EXCHANGE REVENUES	-151,11	
II.1.2.2. OTHER EXCHANGE REVENUE	-151,11	
II.2. EXPENSES	90.317,71	
II.2. EXPENSES	90.317,71	
II.2.10.OTHER EXPENSES	90.317,71	
STATEMENT OF FINANCIAL PERFORMANCE	90.166,60	

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

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

TABLE 5bis : OFF BALANCE SHEET for LIGA

	2021	2020
No entries in Off Balance Sheet for LIGA		

TABLE 6: AVERAGE PAYMENT TIMES in 2021 for LIGA for DG NEAR

Legal Times				
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)
90	6	6	100,00 %	22

Total Number of Payments	6	6	100,00 %	
Average Net Payment Time	22			22
Average Gross Payment Time	22			22

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
				6			47.036.701,53

TABLE 7 : SITUATION ON REVENUE AND INCOME in LIGA for DG NEAR									
Revenue Type	RO created during 2021			RO created before 2021			Total		
	Issued	Cashed	Open amount	Open amount at the beginning of the year	Cashed	Open amount	Issued	Cashed	Open amount
	1	2	3 = 1 - 2	4	5	6 = 4 - 5	7 = 1 + 4	8 = 2+5	9 = 3 + 6
Total									

TABLE 7 : SITUATION ON REVENUE AND INCOME in for					
Financial Year	Issuing year	Revenue Type	Issued	Cashed	outstanding
		Total for			

No revenue and/or income in LIGA for DG NEAR in 2021

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

Year of Origin (commitment)	Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
Sub-Total						

EXPENSES BUDGET	Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES										
NON ELIGIBLE IN COST CLAIMS							1	2.474,50		
CREDIT NOTES										
Sub-Total							1	2.474,50		
GRAND TOTAL							1	2.474,50		

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

	Number at 01/01/2021	Number at 31/12/2021	Evolution	Open Amount (Eur) at 01/01/2021	Open Amount (Eur) at 31/12/2021	Evolution

No ageing balance of recovery orders for LIGA

TABLE 10 : Recovery Order Waivers >= 60 000 € in for LIGA

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
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Total DG NEAR	0,00
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Number of RO waivers	0
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TABLE 11 : Negotiated Procedures in for LIGA in 2021

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

No negotiated procedures in 2021 for LIGA

TABLE 12 : Summary of Procedures in for LIGA in 2021

Procedure Legal base	Number of Procedures	Amount (€)
Total		

No procedures in 2021 for LIGA

TABLE 13 : BUILDING CONTRACTS in for LIGA in 2021

Legal Base	Procedure subject	Contract Number	Direct or Specific?	Contractor Name	Contract Subject	Amount (€)

No building contracts in 2021 for LIGA

TABLE 14 : CONTRACTS DECLARED SECRET in for LIGA in 2021

Legal Base	Direct or Specific?	LC Date	Contract Number	Contract Subject	Contracted Amount (€)

No secret contracts in 2021 for LIGA

TABLE 15 : FPA duration exceeds 4 years for LIGA in 2021

None of LIGAs FPA (if any) exceeds 4 years in 2021

ANNEX 4: Financial Scorecard

DG NEAR

The Annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the Annual Activity Report 2021, 10 standard financial indicators are presented below, each with its objective and result for the Commission service and for the EC as a whole (for benchmarking purposes)⁴⁸:

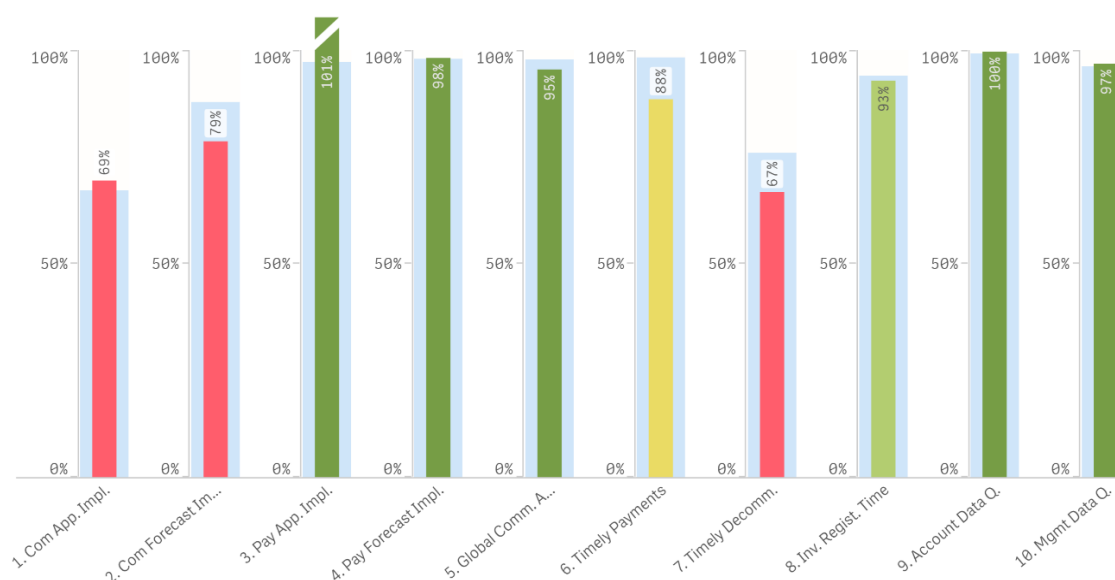
- Commitment Appropriations (CA) Implementation
- CA Forecast Implementation
- Payment Appropriations (PA) Implementation
- PA Forecast Implementation
- Global Commitment Absorption
- Timely Payments
- Timely Decommits
- Invoice Registration Time
- Accounting Data Quality
- Management Data Quality

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

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

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

NEAR Indicator Scores 2021



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

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

⁴⁸ If the EC service did not perform any transaction in the area measured by the indicator or the information is not available in the central financial system, the indicator is not calculated (i.e. displayed as “-”) in this Annex.

Indicator	Objective	Comment ⁴⁹	NEAR Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year	2021 was a challenging year for budget management. Not only the Draft Budget 2021 preparations were done when the legal basis were still under negotiations, the execution of operational credits started late as the NDICI – Global Europe and IPA III regulations were adopted only during the budgetary year, respectively on 9 June and 15 September 2021, while the IPA III Programming Framework on 10 December 2021. Despite this, DG NEAR executed 69% of available C1 credits after Global and end of year transfers. EUR 1.6 billion has been carried-over to 2022 based on the Article 30 of the NDICI – Global Europe regulation, out of which EUR 1.1 billion is expected to be committed in early 2022.	69%	67%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year		79%	88%
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year	*PA Implementation higher than 100% is a result of DG NEAR consuming payment appropriations of a different DG under a co-delegation, which were not transferred to DG NEAR.	101%	97%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year		98%	98%
5. Global Commitment Absorption ⁵⁰	Ensure efficient use of already earmarked commitment appropriations (at L1 level)		95%	98%
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	Several factors have impacted slower pace of processing of payments in 2021: in HQ use of OPSYS system for the first time, which generated automatic invoices without notification to the finance and contract unit; in some Delegations political and economic situation, together with the difficulties exacerbated by the pandemic, affected negatively on the timing to approve payments related to Indirect management contracts with the Beneficiary County; technical issues/bugs in IT systems and workload problems during prolonged vacancies/absences (Covid).	88%	98%

⁴⁹ An explanation behind the indicator result can be provided, e.g. the comment about the achievement itself, reference to the whole Commission performance (better or worse), reasons behind this achievement. The comment is mandatory for the 'Timely payments' indicator. For the rest of indicators the comment is mandatory only if the score is equal or below the target of 80%.

⁵⁰ Due to technical limitation, the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	At the end of 2021 DG NEAR had outstanding RAL of 37,6mln EUR. Of which 5mln RAL was decommitted on 07/12/2021 (not included in the indicator). For several contracts final balance cannot be paid until the clearance of accounts is finalised. Around 9mln of RAL is linked to the decision that has been suspended and the RAL cannot be de-committed. Remaining RAL is being processed for decommitment.	67%	76%
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC		93%	94%
9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts		100%	99%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions		97%	96%

EU REGIONAL TRUST FUND IN RESPONSE TO THE SYRIAN CRISIS

The Annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the Annual Activity Report 2021, 10 standard financial indicators are presented below, each with its objective and result for the Commission service and for the EC as a whole (for benchmarking purposes)⁵¹:

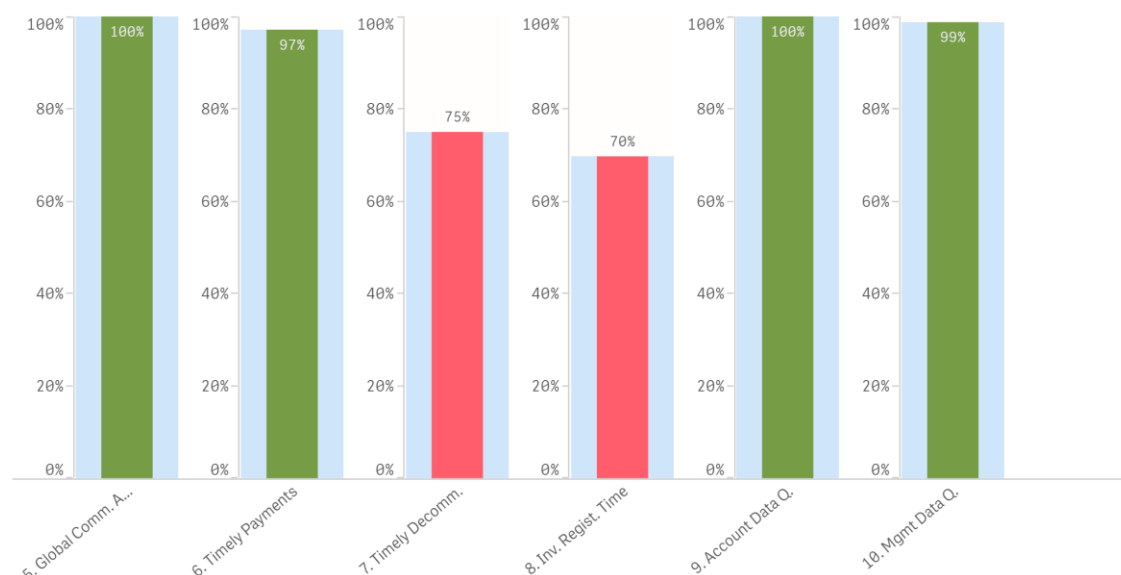
- Commitment Appropriations (CA) Implementation
- CA Forecast Implementation
- Payment Appropriations (PA) Implementation
- PA Forecast Implementation
- Global Commitment Absorption
- Timely Payments
- Timely Decommitments
- Invoice Registration Time
- Accounting Data Quality
- Management Data Quality

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

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

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

NEAR Indicator Scores 2021



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

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

⁵¹ If the EC service did not perform any transaction in the area measured by the indicator or the information is not available in the central financial system, the indicator is not calculated (i.e. displayed as “-”) in this Annex.

Indicator	Objective	Comment ⁵²	NEAR Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year	The indicator is not applicable for DG NEAR in YEAR due to the lack of underlying transactions recorded by DG NEAR in 2021.	–	–
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	The indicator is not applicable for DG NEAR in YEAR due to the lack of underlying transactions recorded by DG NEAR in 2021.	–	–
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year	The indicator is not applicable for DG NEAR in YEAR due to the lack of underlying transactions recorded by DG NEAR in 2021.	–	–
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year	The indicator is not applicable for DG NEAR in YEAR due to the lack of underlying transactions recorded by DG NEAR in 2021.	–	–
5. Global Commitment Absorption ⁵³	Ensure efficient use of already earmarked commitment appropriations (at L1 level)		100%	100%
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	The good result was achieved through regular monitoring.	97%	97%
7. Timely Decommittments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	TF MADAD had only 8 transactions for this indicator in 2021 and the score 75% is caused by 2 commitments that were not decommitted in time.	75%	75%
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC	10 out of 33 invoices were not registered in time. Efforts will be made to improve the indicator in the future.	70%	70%

⁵² An explanation behind the indicator result can be provided, e.g. the comment about the achievement itself, reference to the whole Commission performance (better or worse), reasons behind this achievement. The comment is mandatory for the 'Timely payments' indicator. For the rest of indicators the comment is mandatory only if the score is equal or below the target of 80%.

⁵³ Due to technical limitation, the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts		100%	100%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions		99%	99%

EU TRUST FUND FOR AFRICA, NORTH OF AFRICA WINDOW

The Annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the Annual Activity Report 2021, 10 standard financial indicators are presented below, each with its objective and result for the Commission service and for the EC as a whole (for benchmarking purposes)⁵⁴:

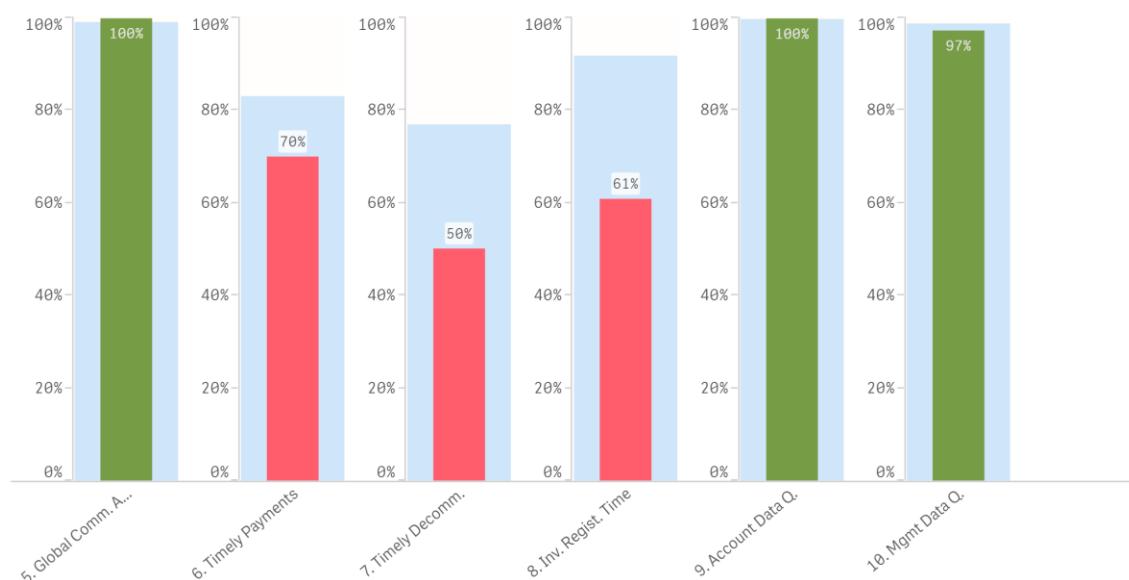
- Commitment Appropriations (CA) Implementation
- CA Forecast Implementation
- Payment Appropriations (PA) Implementation
- PA Forecast Implementation
- Global Commitment Absorption
- Timely Payments
- Timely Decommittments
- Invoice Registration Time
- Accounting Data Quality
- Management Data Quality

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

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

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

NEAR Indicator Scores 2021



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

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

⁵⁴ If the EC service did not perform any transaction in the area measured by the indicator or the information is not available in the central financial system, the indicator is not calculated (i.e. displayed as “-”) in this Annex.

Indicator	Objective	Comment ⁵⁵	NEAR Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year	The indicator is not applicable for DG NEAR in YEAR due to the lack of underlying transactions recorded by DG NEAR in 2021.	–	–
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	The indicator is not applicable for DG NEAR in YEAR due to the lack of underlying transactions recorded by DG NEAR in 2021.	–	–
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year	The indicator is not applicable for DG NEAR in YEAR due to the lack of underlying transactions recorded by DG NEAR in 2021.	–	–
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year	The indicator is not applicable for DG NEAR in YEAR due to the lack of underlying transactions recorded by DG NEAR in 2021.	–	–
5. Global Commitment Absorption ⁵⁶	Ensure efficient use of already earmarked commitment appropriations (at L1 level)		100%	99%
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	Several pre-financings could have been paid in time but were slightly delayed for technical reasons and 1 pre-financing suffered from late registration of the invoice.	70%	83%
7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	The indicator consists of only 2 L2 commitments, from which one has still open RAL therefore the value of the indicator is 50%. The amount of still open RAL is 111 EUR.	50%	77%
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC	11 out of 28 invoices were not registered in time. Efforts will be made to improve the indicator in the future.	61%	92%

⁵⁵ An explanation behind the indicator result can be provided, e.g. the comment about the achievement itself, reference to the whole Commission performance (better or worse), reasons behind this achievement. The comment is mandatory for the 'Timely payments' indicator. For the rest of indicators the comment is mandatory only if the score is equal or below the target of 80%.

⁵⁶ Due to technical limitation, the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts		100%	100%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions		97%	99%

ANNEX 5: Materiality criteria

The criteria used by DG NEAR to determine the materiality of potential weaknesses have been established in line with the Standing Instructions for the 2021 AAR. These instructions propose a standard quantitative materiality threshold of maximum 2% for the authorised payments of the reporting year, but also allow a multi-annual approach. Because of their multiannual nature, the effectiveness of DG NEAR's control strategy can only be fully measured and assessed once all audits, checks and controls have been fully implemented and systematic errors have been detected and corrected.

Whether DG NEAR is on track towards the control objective of legality and regularity is reassessed annually, taking into account both the frequency and importance of the errors found as well as a cost/benefit analysis of the effort needed to detect and correct them. Notwithstanding the multiannual span of DG NEAR's control strategy, its Director-General is required to sign a statement of assurance for each financial reporting year. In order to determine whether to qualify this statement of assurance with a reservation, the effectiveness of the control systems in place needs to be assessed not only for the year of reference but also with a multiannual perspective, to determine whether it is possible to reasonably conclude that the control objectives will be met in the future as expected.

The identification and potential correction of internal control weaknesses (and in particular errors with financial impact), the criteria for making a decision on whether there is material error in the expenditure of the DG and the question of whether to make a reservation in the AAR will therefore be based on the full range of internal controls described in this AAR and on the level of error identified in the RER Studies on a multi-annual basis and in the Annual Reports by the ECA.

In quantitative terms

DG NEAR ensures that the RER, i.e. the level of errors which remain undetected and uncorrected, does not exceed 2% by the end of the management cycle. DG NEAR considers that a weakness is quantitatively significant and deserves to be disclosed as a reservation to the Declaration when the value of the transactions affected by this weakness represents more than 2% of all the transactions of the same nature (instrument, method of implementation) closed during the period under review (1/9/2020 – 31/8/2021).

De minimis' threshold for financial reservations

Since 2019⁵⁷ a 'de minimis' threshold for financial reservations has been introduced. Quantified AAR reservations, related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed.

⁵⁷ Agreement of the Corporate Management Board of 30/4/2019.

In qualitative terms

DG NEAR considers issuing a reservation if (i) significant errors, taking into account their frequency of occurrence, or (ii) significant weaknesses in the Internal Control have been identified.

The identification of significant weaknesses in the Internal Control system comes from various sources, such as the annual assessment of internal controls, the periodic risk assessments, the conclusions from reports issued by the various control bodies (ECA, IAS) and major issues that have been outlined by the various control bodies or situations where a significant reputational risk may occur (e.g. major fraud cases or decisions with a significantly negative political impact).

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

DG NEAR has categorised its portfolio and described five major relevant control systems (RCS) corresponding to methods of implementation⁵⁸:

- **Direct Management**
 - **Grants in Direct Management (RCS 1)**
 - **Procurement in Direct Management (RCS 2)**
 - **Budget Support (RCS 3)**
- **Indirect Management**
 - **Indirect management with Beneficiary/ partner countries (RCS 4)**
 - **Indirect management with Entrusted Entities (RCS 5).**

6.1. Direct Management

Under Direct Management, funds are channelled to the final recipients through contracts signed directly by the Commission as contracting authority. Under Direct Management, the control environments are Grants in Direct Management (RCS 1); Procurement in Direct Management (RCS 2); Budget Support (RCS 3); in addition, the Pegase mechanism to channel Direct Financial Support to the Palestinian institutions includes a specific set of controls which has been reviewed in recent years by the ECA.

6.1.1 Grants in Direct Management (RCS 1)

Grants are financial contributions awarded as donations to third parties to co-finance actions intended to help achieve a Union policy objective (action grants), or the functioning of a body which has an objective forming part of, and supporting, a Union policy (operating grants). Grants are based on the reimbursement of eligible costs actually incurred by the beneficiaries, or on financing not linked to the costs of the relevant operations, on unit costs, on lump sums, on flat-rate financing, or on any combination of these forms. Whatever the form of the grant, the latter aims at co-financing the cost of the activities carried out by the beneficiaries for implementing the concerned actions or work programmes. The results of the action remain the property of the beneficiaries.

⁵⁸ As a general rule, a new RCS is developed when the total amount contracted or paid represents at least 10% of the total DG's amount.

Stage 1: Prior to Contracting

Grants are subject to the publication of work programmes on the Commission websites⁵⁹ and implemented principally through calls for proposals⁶⁰. Calls for proposals are based on a standard template and regularly updated in accordance inter alia with the changes in the Financial Regulation and relevant case law. Applicants are expected to present proposals for actions that correspond to stated objectives and fulfil the required conditions set in each call. All applications are examined and assessed based on eligibility and evaluation criteria (selection and award) that were clearly announced in the calls for proposals. This includes an assessment, by an Evaluation Committee composed in majority of DG NEAR staff, of the technical and financial capacity of the applicant, as well as of the relevance, impact, sustainability and cost effectiveness of the proposals. To prevent any potential conflict of interest, each member of the Evaluation Committee must sign a declaration of impartiality and confidentiality. At the end of the evaluation process, DG NEAR notifies all applicants to inform them of the final decision concerning their proposals. Grants may also be concluded following a direct award.

⁵⁹ The Action Documents annexed to the Commission Implementing Decisions adopting Annual Action Programmes constitute the work programmes and the publication consists therefore on making available on Commission website the Action Documents. Additionally, calls for proposals may be announced on the concerned Delegations websites for those that concern the corresponding countries.

⁶⁰ Part of the grants portfolio is made of grants concluded following direct award, in accordance with the relevant legal provisions (Article 190 of the Rules of Application of the Financial Regulation). The RCS1 described in this report also applies mutatis mutandis to those grants directly awarded.

A – Identification and formulation of action to be co-financed including choice of instrument and implementation modality

Main control objectives: Ensuring that the Commission selects the most appropriate instrument in its cooperation with partner countries in line with the policy objectives (effectiveness); compliance (legality and regularity) and ensuring the proper type of support and modalities specific to each partner country.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The instrument and/or implementation modality is not well suited to work towards the identified objectives and/or lead to a substantial increase of implementation risks.	Quality Review	100%	Economy: Estimation of cost of controls of grant operations up to the identification and formulation, including staff costs. External costs of control are based on values of respective contracts and related disbursements.

B - Preparation, adoption and publication of the Annual Work Programmes and Calls for proposals

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The annual work programmes and the subsequent calls for proposals do not adequately reflect the policy objectives, priorities, are incoherent and/or the essential eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals.	Hierarchical validation within the authorising department. Explicit allocation of responsibility to individual officials (reflected in task assignment or function descriptions). Centralised checklist-based verification	If risk materialises, all grants awarded during the year under this work programme or call would be irregular, inadequate and/or ineffective. Possible impact 100% of budget involved and significant reputational consequences. Coverage / Frequency: 100%. Depth: Checklist includes a list of the requirements of the regulatory provisions identified.	Effectiveness: Number of calls published and grants awarded. Efficiency: Time to prepare and adopt calls and time for publication. Number of clarifications needed. Economy: Estimated cost of controls of grant preparation adoption and publication.

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

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures, the policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria defined in the annual work programme and subsequent calls for proposals.	Assignment of staff (e.g. programme officers) and/or Selection and appointment of expert assessors. Transparent publication of calls.	100% vetting for technical expertise and independence (e.g. conflicts of interests, nationality bias, ex-employer bias, collusion).	Effectiveness: Number of requests of clarification or corrigendum regarding the call. Errors identified during RER exercise and/or DAS sampling. Efficiency: Time to grant, time to inform, need to relaunch. Economy: Estimation of cost of controls of grant selection.
	Redress procedure.	100% of contested decisions are analysed by AOSD services.	

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

DG NEAR establishes and signs contracts with successful applicants. For this, proposals (description of the action and the budget) are reviewed to remove possible arithmetical errors and ineligible costs, and to bring clarifications and minor corrections where relevant. A standard grant contract model is used for all EU-financed grant contracts for external actions.

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The description of the action in the grant agreement includes tasks which do not contribute to the achievement of the programme objectives and/or that the budget foreseen overestimates the costs necessary to carry out the action.</p> <p>The beneficiary lacks operational and/or financial capacity to carry out the actions.</p> <p>Procedures do not comply with regulatory framework.</p>	<p>Project Officers implement evaluators' recommendations, including elimination of ineligible costs and arithmetical errors in budgets in a dialogue with the selected applicants during the contract preparation stage. Hierarchical validation of proposed adjustments.</p> <p>Validation of beneficiaries (operational and financial viability).</p> <p>Signature of the grant agreement by the AO.</p> <p>In-depth financial verification and taking appropriate measures for high-risk beneficiaries.</p> <p>Reinforce financial and contractual circuits.</p>	<p>100% of the selected proposals and beneficiaries are scrutinised.</p> <p>Coverage: 100% of draft grant agreements.</p> <p>Depth may be determined after considering the type or nature of the applicant (e.g. large internationally recognized NGOs or local organizations multiple co-applicants, and/or of the modalities (e.g. part of human resources or equipment compared to the total cost of the action) and/or the total value of the grant.</p>	<p>Effectiveness: Final eligible costs accepted, need for riders to facilitate implementation.</p> <p>Efficiency: Budget savings, reallocation to next ranked proposals.</p> <p>Economy: Estimation of cost of controls related to contracting.</p>

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

All payment requests and related reports are verified and approved by DG NEAR staff (ex-ante controls). Before any transaction (payment, rider, etc.) is authorised, the operational and financial aspects are initiated and verified by two different (operational/financial) entities. This is the "four eyes" principle of the Financial Regulation, which DG NEAR, taking into consideration the specific high-risk environment of external aid actions, reinforces by requiring controls by two separate agents for each of these two stages. Checklists and types of controls are regularly updated in accordance with the results of the risk analyses as well as changes in the regulatory environment or feedback from field users.

The first pre-financing payment, which covers either 80% of the amount of the contract or 100% of the EU's part of the first annual budget for the first year of implementation, is paid after both parties have signed the contract. For multi-annual actions, an interim report (technical and financial) and payment request are sent once a year. The balance is paid on approval of the final report. If it appears that actual eligible costs are lower than anticipated or declared, the grant is reduced proportionately, and any unused amount is recovered.

When required by the grant contract, payment requests or final reports are accompanied by an expenditure verification report of an independent external auditor contracted by the grant beneficiary. DG NEAR has developed standard Terms of Reference including a reporting model for expenditure verifications that are part of the standard annexes of the standard grant contracts. They reinforce the verification of compliance with the contract terms including those relating to procurement by the beneficiary. These templates are reviewed on a regular basis to ensure the highest efficiency as well as compliance with changes in the relevant legal framework (e.g. Financial Regulation).

Expenditure verifications are compulsory for:

- Any request for payment of the balance in the case of grants of more than EUR 100.000.
- Any request for further (annual) pre-financing payments in case of grants of EUR 5.000.000 or more.

Additional audits to be carried out by external auditors can be contracted by DG NEAR as part of DG NEAR's annual audit plans based on risk analyses or as deemed appropriate by the AOSD.

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions.	Operational and financial checks in accordance with the financial circuits. Transaction authorisation by the AO. For riskier operations, ex-ante in-depth and/or on-site verification.	100% of the projects are controlled, including only value-adding checks. Riskier operations subject to in-depth and/or on-site controls. The depth depends on risk criteria.	Effectiveness: Delivered output, sustainability. Efficiency: KPI on Ineligible amount detected through ex-ante controls, number of contracts suspended, amount of penalties, monitoring missions and projects' visits. Economy: Estimation of cost of controls related to monitoring of implementation.
	For high-risk operations, reinforced monitoring. Risk assessment to identify potential ROM, evaluations and on-the-spot (OV and/or FV) monitoring visit. Earmark projects for <i>risk-based</i> system audits (during the first phase of implementation of the project) and financial audits (after receiving at least one interim payment or at the end of the project). See below annual control plans.	High risk operations identified by risk criteria. Red flags: delayed interim deliverables, suspicion of plagiarism, unstable co-applicants set-up requesting many amendments, Early Detection and Exclusion System (EDES), etc.	
	If needed: application of Suspension/interruption of payments, Penalties. Referring grant to OLAF.	Depth: depends on results of controls.	
	Expenditure verification accompanying <ul style="list-style-type: none"> Any request for payment of the balance in the case of grants of more than EUR 100.000. Any request for pre-financing payments per financial year in case of grants of EUR 5.000.000 or more. Annual Control Plans: Audits and expenditure verifications are planned annually for ongoing and closed operations of DG NEAR overall portfolio. The operations to be verified or audited are determined through risk analyses. These controls can take place before or after disbursements recognizing expenditure.	Coverage: > 10% of ongoing or very recently closed operations.	Efficiency: KPIs on implementation of audit plans, and on ineligible expenditure detected through ex post controls. Economy: Estimation of cost of controls related to audits and verifications.

Stage 4 - Ex-Post controls and Follow-up

Payments for grants in direct management are included in the population of the RER study undertaken each year for DG NEAR on a representative sample of closed contracts. Findings from the risk-based audits and from the RER study are systematically followed up by DG NEAR, taking the necessary actions for the recovery of non-eligible expenditures where appropriate.

A - Reviews, audits and monitoring

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The ex-ante controls (as such) fail to prevent, detect and correct erroneous payments or attempted fraud. The ex-post controls focus on the detection of residual errors.	Through a residual error rate (RER) study a representative sample of closed operations is reviewed to determine the effectiveness of the pyramid of controls put in place by the DG. Findings are validated with fund recipients, used for possible ex-post corrections (i.e. recoveries), taken into consideration for improvements of ex-ante controls, and referred to OLAF where needed.	MUS sample sufficiently representative to draw valid management conclusions.	Effectiveness: Residual error rate below tolerable threshold. Efficiency: time to deliver RER results, on time for the assurance of the AAR. Economy: Estimation of cost of RER controls of grant operations.
	Supervision missions to Delegations by independent staff not involved in the operational and financial circuits.	Size and composition of sample are determined in accordance with the cooperation portfolios managed by the visited Delegations.	Effectiveness: Number of supervision mission, number of SMART recommendations accepted and described in an action plan. Efficiency: Time to prepare supervision missions. Economy: Estimated cost of supervision missions.

B - Implementing results from ex-post audits/controls

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The errors, irregularities and cases of fraud detected are not addressed or not addressed timely.	Systematic registration of audit / control results to be implemented. Financial operational validation of recovery in accordance with financial circuits. Authorisation by AO.	Coverage: 100% of final audit results with a financial impact.	Effectiveness: All RER detected are recorded in the audit module, followed up and closed. Efficiency: Time to close audit module RER entries, amount recovered and time to implement action plans following supervision missions. Economy: Estimation of cost of follow up of financial recommendations on grant operations.

6.1.2 Procurement in Direct Management (RCS 2)

Procurement contracts are commercial contracts concluded in writing between economic operators and one or more contracting authorities to obtain the execution of works, the supply of goods or the provision of services. In direct management, procurement contracts with third parties are awarded and managed directly by DG NEAR in accordance with the applicable rules and procedures. There are three types of procurement contracts: service contracts (fee based or global price), supply contracts and works contracts.

Stage 1: Prior to Contracting

The basic means of awarding contracts is competitive tendering. All contract awards must obey the principles of transparency, proportionality, equal treatment, non-discrimination and sound financial management. Standard tender procedures are used according to predefined thresholds per type of contract. The selection of the contractor is made by an evaluation committee composed of DG NEAR staff (and possibly one voting member from the beneficiary country) based on pre-defined eligibility, capability (selection) and award criteria. In order to prevent any potential conflict of interest, each member of the Evaluation Committee must sign a declaration of impartiality and confidentiality. At the end of the evaluation process, DG NEAR notifies all tenderers of the final decision concerning their offers.

A – Identification and formulation of action to be financed including choice of instrument and implementation modality

Main control objectives: Ensuring that the Commission selects the most appropriate instrument in its cooperation with partner countries in line with the policy objectives (effectiveness); compliance (legality and regularity) and ensures the proper type of support and modalities specific to each partner country.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The instrument and/or implementation modality is not well suited to work towards the identified objectives and/or lead to a substantial increase of implementation risks.	Quality Review	100%	Economy: Estimation of cost of controls of procurement operations up to the identification and formulation, including staff costs. External costs of control are based on values of respective contracts and related disbursements.

B - Planning the procurement

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The needs are not well defined (operationally and economically) and that the decision to procure was inappropriate to meet the operational objectives. Discontinuation of the services or of works provided, or of the delivery of supplies due to a late contracting (poor planning and organisation of the procurement process).	Validation by AO(S)D of justification (economic operation) for launching a procurement process. Publication of intended procurements.	100% of the forecast procurements.	<p>Effectiveness: Number of planned tenders that were cancelled.</p> <p>Efficiency: Time to prepare and adopt calls and time for publication. Number of clarifications and corrigendum needed. Total cost of controls of process / total expenditure executed during the year.</p> <p>Economy: Estimated cost of controls of the planning and publication of procurement operations.</p>

C - Needs assessment, selection of the offer and evaluation

Main control objectives: Effectiveness, efficiency and economy; compliance (legality and regularity); prevention of Fraud (anti-fraud strategy).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The best offer/s are not submitted due to the poor definition of the tender specifications.	AOSD supervision and approval of specifications.	100% of the calls for tenders including the technical specifications are verified ex-ante by Commission staff.	Effectiveness: Number of requests of clarification regarding the tender. Number of complaints. Number of litigation cases filed. Errors identified during RER exercise and/or DAS sampling. Efficiency: Time to identify the best offer, time to inform, need to relaunch. Economy: Estimation of cost of controls of the supervision of specifications and procurement selection.
	Call for tenders which are technically complex are elaborated by external experts contracted through service contracts and then verified by Commission staff.		
The most economically advantageous offer not being selected, due to a biased, inaccurate or 'unfair' evaluation process.	Formal evaluation process: Opening committee and Evaluation committee.	100% of the offers analysed. and all documents transmitted.	
	Opening and Evaluation Committees' declaration of absence of conflict of interests.	100% of the members of the opening committee and the evaluation committee.	
	Exclusion decisions documented.	100% checked and required documents provided are consistent.	

Stage 2 - Contracting: Transformation of selected offers into legally binding contracts

DG NEAR establishes and signs contracts with successful tenderers using standard contract models.

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The contractor lacks operational and/or financial capacity to carry out the actions. Procedures do not comply with regulatory framework.	Validation of substantiating documents and experience provided and declared by contractors. Signature of contracts by the AO. Financial and contractual circuits.	100% of tenders are scrutinised.	Effectiveness: Final eligible costs accepted, need for riders to facilitate implementation. Economy: Estimation of cost of controls related to contracting.

Stage 3 – Monitoring Implementation / Financial transactions

All invoices and related documents (reports, certificates, guarantees etc.) are verified and approved by DG NEAR staff (ex-ante controls). Before any transaction is authorised, the operational and financial aspects are initiated and verified by two different (operational/financial) entities. This is the "four eyes" principle of the Financial Regulation, which DG NEAR, taking into consideration the specific high-risk environment of external aid actions, reinforces by requiring controls by two separate agents for each of these two stages. Checklists and types of controls are regularly updated in accordance with the result of risk analyses as well as changes in the regulatory environment or feedback from field users.

Disbursement of pre-financing is subject to contractual conditions (e.g. if an advance exceeds a specified threshold, the contractor must provide a financial guarantee for the full amount of the pre-financing payment; performance and retention guarantees may also be required above certain thresholds for supply and works contracts). The release of intermediary and final payments is subject to verification/validation of expenditure⁶¹:

⁶¹ These invoices may be subject to additional ex-ante audits contracted as part of NEAR's annual control plans by the Commission as deemed appropriate by the Authorising Officer by Sub-delegation.

- **Service contracts:** All invoices must be accompanied by an interim or final report. All invoices for a fee-based contract must also be accompanied by an up-to-date financial report. Before payments are made for a fee-based contract, an external auditor, contracted by the contractor must examine and verify the invoices and the financial reports sent by the contractor to the Commission. DG NEAR has developed standard Terms of Reference including a reporting model for expenditure verifications which are part of the standard annexes of the standard service contracts.
- **Supply contracts:** The supplies are not accepted until the prescribed verifications and tests have been carried out. The supplies are taken over by the beneficiary when they have been delivered in accordance with the contract, have satisfactorily passed the required tests, or have been commissioned, and after a certificate of acceptance has been issued and has been endorsed by the contracting authority project manager, i.e. the legal or natural person responsible for monitoring the execution. Origin of the supplies is also verified prior to payment where relevant.
- **Works contracts:** The works are not accepted until the prescribed verifications and tests have been carried out. The works are taken over by the partner country beneficiary authorities when they have satisfactorily passed the tests on completion and a certificate of acceptance has been issued or is deemed to have been issued by the Supervisor i.e. the legal or natural person responsible for monitoring the execution of the contract on behalf of the Contracting Authority.

Additional audits to be carried out by external auditors can be contracted by DG NEAR as part of DG NEAR's annual audit plans based on risk analyses or as deemed appropriate by the AOSD.

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The services/supplies/ works foreseen are not, totally or partially, provided in accordance with the technical description and requirements foreseen in the contract and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions. Business discontinues because contractor fails to deliver.	Operational and financial checks in accordance with the financial circuits. Transaction authorisation by the AOSD For riskier operations, ex-ante in-depth and/or on-site verification.	100% of the projects are controlled, including only value-adding checks. Riskier operations subject to in-depth and/or on-site controls. The depth depends on risk criteria.	Effectiveness: Delivered output, Number of riders, amount of liquidated damages, sustainability. Efficiency: KPI on Ineligible amount detected through ex-ante controls, number of contracts suspended, amount of penalties. Economy: Estimation of cost of controls related to monitoring of implementation.
	For high-risk operations, reinforced monitoring. Risk assessment to identify potential ROM, evaluations and on-the-spot (OV and/or FV) monitoring visit. Earmark projects for <i>risk-based</i> system audits (during the first phase of implementation of the project) and financial audits (after receiving at least one interim payment or at the end of the project) See below annual control plans.	High risk operations identified by risk criteria. Red flags: delayed interim deliverables, suspicion of plagiarism, unstable consortium, requesting many amendments, Early Detection and Exclusion System (EDES), etc.	
	If needed: application of suspension/ interruption of payments, penalties or liquidated damages. Referring procurement contract to OLAF.	Depth: depends on results of controls.	
	Expenditure verification accompanying most service interim and final invoices (following contractual conditions); acceptance certificates for supplies; role of supervisor on works monitoring; Annual Control Plans: Audits and expenditure verifications are planned annually for ongoing and closed operations of DG NEAR overall portfolio. The operations to be verified or audited are determined through risk analyses. These controls can take place before or after disbursements recognizing expenditure.	Coverage: > 10% of ongoing or "recently" closed operations	Efficiency: KPIs on implementation of audit plans, and on ineligible expenditure detected through ex post controls. Economy: Estimation of cost of controls related to audits and verifications.

Stage 4 – Ex-Post controls

Tender procedures and payments for procurement contracts in direct management are included in the population of the RER study undertaken each year for DG NEAR on a representative sample of closed contracts. Findings from the risk-based audits and from the RER study are systematically followed up by DG NEAR taking the necessary actions for the recovery of non-eligible expenditures where appropriate.

A - Reviews, audits and monitoring

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The ex-ante controls (as such) fail to prevent, detect and correct erroneous tender procedures, payments or attempted fraud. The ex-post controls focus on the detection of residual errors.	Through a residual error rate (RER) study a representative sample of closed operations is reviewed to determine the effectiveness of the pyramid of controls put in place by the DG. Findings are validated with fund recipients, used for possible ex-post corrections (i.e. recoveries), taken into consideration for improvements of ex-ante controls, and referred to OLAF where needed.	MUS sample sufficiently representative to draw valid management conclusions.	Effectiveness: Residual error rate below tolerable threshold. Efficiency: Time to deliver RER results, on time for the assurance of the AAR. Economy: Estimation of cost of RER controls of grant operations.
	Supervision missions to Delegations by independent staff not involved in the operational and financial circuits	Size and composition of sample are determined in accordance with the cooperation portfolios managed by the visited Delegations.	Effectiveness: number of supervision mission, number of SMART recommendations accepted and described in an action plan. Efficiency: Time to prepare supervision missions. Economy: Estimated cost of supervision missions.

B - Implementing results from ex-post audits/controls

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The errors, irregularities and cases of fraud detected are not addressed or not addressed timely.	Systematic registration of audit / control results to be implemented. Financial operational validation of recovery in accordance with financial circuits. Authorisation by AO.	Coverage: 100% of final audit results with a financial impact. Findings of systemic errors are considered for corrections of non-audited projects by the same contractor, taken into account for future projects.	Effectiveness: All RER detected are recorded in the audit module, followed up and closed. Efficiency: time to close audit module RER entries, amount recovered and time to implement action plans following supervision missions. Economy: Estimation of cost of follow up of financial recommendations.

6.1.3 Budget Support in Direct Management (RCS 3)

Budget support (BS) is the transfer of financial resources from the Commission to the National Treasury of a partner country, following the fulfilment of jointly agreed conditions for disbursement. The financial resources received become part of the global resources of the partner country and are consequently used in accordance with the public financial management system of the partner country.

As it generally (except for targeted budget support) contributes to financing the totality of a country's budget and not a specific subset of budgeted expenditures, Budget Support is accompanied by a dialogue on the overall approach of budget policy and the functioning of public financial management in a context of harmonisation and alignment. This dialogue frequently leads to agreement on capacity development measures.

The Commission implements budget support directly and performs most control functions. The assessment of the achievement of disbursement conditions is generally performed by the EU Delegations with the support of external experts contracted by the Commission.

Stage 1: Identification and formulation

In line with the legal framework, Commission communication COM(2011) 638/2 ('The Future Approach to EU budget support To Third Countries') sets the four main budget support eligibility criteria as follows:

- Public policy: There is a credible and relevant national/sector policy that supports the overall objectives of poverty eradication and inequality reduction, sustainable and inclusive growth and job creation, the consolidation of democracies and peaceful societies, and the promotion of gender equality.
- Macroeconomic: There is a credible and relevant programme to restore and/or maintain macroeconomic stability.
- Public Financial Management (PFM): There is a credible and relevant programme to improve PFM.
- Budget transparency: the government has published either the executive's proposal or the enacted budget within the previous or current budget cycle.

When designing budget support programmes, DG NEAR relies on a framework based on clear policy objectives of the partner country, priorities and results to be achieved, their consistency with budgetary allocations, and the capacity of the partner to implement them. This framework is the basis for the policy dialogue with the partner country, which can be fed when relevant by the assessment of performance which ultimately trigger disbursements.

Main control objectives: Ensuring that the Commission selects the most appropriate instrument in its cooperation with partner countries in line with the policy objectives (effectiveness); compliance (legality and regularity) and ensuring the proper type of support and modalities specific to each partner country.

Overall control efficiency indicator: Estimated cost of controls of budget support operations divided by total amount of expenditure under budget support operations in the year.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The Commission supports partner countries which do not meet the criteria on fundamental values and/or the 4 eligibility criteria.</p> <p>The programme is wrongly formulated to meet the general objectives for budget support programmes.</p> <p>The programme's specific objectives and indicators are not aligned with partner countries own development policies, are not coordinated with other aligned donors, are not consistent with EU development policy or will have no impact on the on-going reforms.</p>	Quality Review in HQ to analyse the draft action document of the project (FIP).	100% of BS FIP	<p>Economy: Estimation of cost of controls of identification and formulation.</p>
	Quality Review in HQ to analyse the action document, specific annexes related to BS (i.e. public policy, PFM and budget transparency report) of the programme and the draft annex on budget support indicators (part of the Financing agreement - FA).	100 % of BS FAs	
	DG NEAR step by step financial circuit for level one commitments in budget support operations.	100 % of BS FAs	
	RISK assessment framework for budget support operations: Implemented by the Delegation and reviewed in the FAST ⁶² for substantial or high-risk BS programmes. Political dialogue with all partner countries authorities donor coordination by EU Delegation, internal coordination inside the Commission (Delegation, DG NEAR, Line DGs) and involvement of EEAS.	Substantial or high-risk BS FAs.	

⁶² Financial Assistance Steering Committee.

Stage 2 – Contracting

DG NEAR concludes standard Financing Agreements (FA) with partner countries benefitting from budget support. These FA include objectives, expected results, main activities, financing plan/budget, implementation modalities, monitoring of performance and criteria for disbursement.

Main control objectives: Ensuring that the main parameters of the budget support transaction are correctly encoded in the contract database.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
Important parameters relevant for disbursements under budget support operations are wrongly encoded.	DG NEAR step by step financial circuit for level two commitments in budget support operations.	100% of parameters.	Economy: Estimation of cost of controls of staff verifying the main parameters.

Stage 3 – Monitoring of the implementation – operational, financial and reporting aspects

The budget support eligibility conditions at the time of implementation are differently formulated compared to the eligibility assessment at the time of formulation. Satisfactory progress in the implementation is expected for three of the conditions:

- Public policy: satisfactory progress in the implementation of [cite appropriate public policy/strategy document] and continued credibility and relevance of that or any successor strategy.
- Macroeconomic: maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.
- Public financial management: satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme.
- Budget Transparency: satisfactory progress regarding the public availability of accessible, timely, comprehensive, and sound budgetary information.

Disbursements only take place once the above-mentioned budget support eligibility criteria and indicators are met, and for variable tranches if the agreed measurable results (e.g. policy reforms or service delivery targets) have been achieved by the deadline set in the FA. Thus, the ex-ante transactional checks performed by Commission staff at the point of payment claims on continuing eligibility and fulfilment of disbursement performance criteria are fundamental to the budget support control structure. In case of partial or weak fulfilment of disbursement conditions, the

Commission may decommit/ withhold or reduce disbursements, often in a co-ordinated manner with other donors, until corrective measures are undertaken by the partner government and agreed conditions are finally fulfilled.

Senior management level governance over budget support is ensured by the **FAST (Financial Assistance Steering committee)**, which is a committee chaired by the Director-General ensuring coherence and consistency in programming and implementation across the three regions within DG NEAR's competence. The FAST for Budget Support includes other relevant services, as EEAS, ECFIN, INTPA and possibly line DGs in charge for the supported reforms. A key tool for the FAST to maintain strategic oversight over budget support are country specific strategic discussions, which are conducted in low/medium risks beneficiaries. These discussions typically cover the ongoing portfolio of budget support programmes and disbursements, as well as the outlook for the new operation together with the context, challenges, opportunities and key benefits of budget support in the country. In addition, the FAST reviews payments, discusses the conditions for possible disbursements and approves the disbursements to beneficiaries.

The FAST validates also the Risk Management Frameworks (RMFs) for the budget support beneficiaries. The **risk management framework** is part of DG NEAR's decision-making process regarding budget support operations. Building on an identification of major risks and ways to mitigate them, the risk management framework systematically (at least annually) informs the policy dialogue with partner countries on the strategic level, as well as focussing on key issues.

Eligibility criteria have to be met both prior to and throughout the subsequent life of a budget support programme. The continuous assessment of the eligibility criteria enables the Commission to ensure the legality and efficiency of the programmes, from commitments through to disbursements.

Main control objectives: Ensuring that the operational results meet the conditions, objectives and expected results (effectiveness and efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality and regularity); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The Commissions fails to identify a significant deterioration of fundamental values and/or wrong assessment on the 4 eligibility criteria before BS payments are released.</p> <p>The Commission makes a wrong calculation of the amount to be disbursed for the variable tranches</p> <p>Risk that transfers of funds into the Treasury account have not respected the terms of the financing Agreement on exchange rate and treasury credit delay.</p>	<p>Policy structured dialogue.</p> <p>EEAS and thematic expert assessment of Human Rights (HR) and Fundamental Values (FV) situation.</p> <p>All budget support disbursement files are shared ('standard review process') with NEAR thematic teams, EEAS, ECFIN and INTPA for their review and comments to limit the rate of error and ensure a coherent interpretation of the level of compliance of general conditions. The substantial/high risks countries are also submitted to the FAST Committee review and strategic steer adding an additional layer of oversight.</p> <p>On eligibility, risk assessment framework and policy performance framework.</p> <p>DG NEAR step by step financial circuit for payments in BS operations.</p> <p>Clear and unambiguous calculation methods for variable tranches are introduced in the financing agreements (e.g. amounts paid in proportion of the fulfilment of criteria and objectives set in a policy matrix).</p> <p>Risk assessment framework implemented by the Delegations and reviewed in the FAST for substantial or high-risk BS programmes.</p> <p>Beneficiary's obligation to confirm date of credit and exchange rate used.</p>	<p>100% of BS payments or substantial or high risks BS payments.</p>	<p>Economy: Estimation of cost of controls of monitoring.</p>

Stage 4 – Ex post controls

Payments for budget support are included in the population of the RER study undertaken each year by DG NEAR on a representative sample of closed contracts. Findings from the RER study are systematically followed up by DG NEAR, taking necessary actions for the recovery of non-eligible amounts where appropriate.

A – Ex-post controls and follow-up

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The ex- ante controls fail to prevent, detect and correct erroneous disbursements or fraud. The ex-post controls focus on the detection of residual errors.	Residual error rate study.	BS payments are included in the scope of the RER study (MUS sample).	Effectiveness: Residual error rate below tolerable threshold. Efficiency: Time to deliver RER results, on time for the assurance of the AAR. Economy: Estimation of cost of RER controls of grant operations.
	Review of sample transactions during supervision missions to Delegations.	Size and composition of sample are determined in accordance with the cooperation portfolios managed by the visited Delegations.	Effectiveness: Number of supervision mission, number of SMART recommendations accepted and described in an action plan. Efficiency: Time to prepare supervision missions. Economy: Estimated cost of supervision missions.

B - Implementing results from ex-post audits/controls

Main control objectives: Ensuring that the results from ex-post controls lead to appropriate corrective measures (legality and regularity; anti-fraud strategy).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The deficiencies, errors, and irregularities detected through ex-post controls are not addressed (timely).	Systematic registration of ex-post control outcomes to be implemented. Authorisation by AOSD.	Coverage: 100% of ex-post control outcomes <i>with a financial impact</i> . Findings of systemic errors might be extended to non-audited BS schemes with the same partner country.	Effectiveness: All RER detected are recorded in the audit module, followed up and closed. Efficiency: Time to close audit module RER entries, amount recovered and time to implement action plans following supervision missions. Economy: Estimation of cost of follow up of financial recommendations.

6.2 Indirect Management

Indirect management is a method of implementation under which the final recipient receives EU funds through an agreement concluded with an intermediary entity to which the tasks of selecting the final recipients and managing the resulting contracts have been entrusted by the Commission. The recipient is either an Indirect Management Entrusted Entity (IMEE – RCS 5) such as an International Organisation or a Member State Agency; or an Indirect Management with beneficiary/ partner country (IMBC – RCS 4). For the reasons explained below, Cross-Border Cooperation (CBC) is included under IMBC.

6.2.1 Indirect management with Beneficiary/ partner countries (RCS 4)

The Commission may entrust the implementation of EU funds to third countries (or to entities designated by them) under indirect management. The scope of delegation of the budget-implementation tasks may vary. There are 4 options of indirect management with third countries: (i) partial delegation, (ii) full delegation with programme estimates, (iii) conferral of management powers and entrustment of budget implementation tasks under IPA II and IPA III (referred to as indirect management with IPA beneficiary countries) and (iv) pool funds for sector wide programmes (the latter is not currently used in ENI or IPA).

Under the IPA instrument the entrustment is full, including payments, while under the ENI instrument, the entrustment to a beneficiary country is usually only partial as payments are still made directly by the Commission, except for limited imprest accounts schemes, under certain thresholds, in the framework of programme estimates (PE). For PE, such payments relate to the ordinary operating costs of the PE, direct labour and small size contracts.

It is important to note that budget support to a beneficiary/partner country is another way of transferring resources to a beneficiary/partner country. Budget support, however, is implemented directly by the Commission (direct management) and does not fall under indirect management (see RCS 3).

Indirect management with a third country is, regardless the scope of delegation, a transfer of budget-implementation tasks from the Commission to the third country. The policy choices have been made by the Commission. The Commission remains politically responsible, within the framework of the discharge of the EU budget, for how the third country carries out the budget implementation tasks entrusted to it. For this reason, the Commission puts in place controls on the entity that carries out these tasks.

In line with the scope and methodology of the RER study, DG NEAR includes under the RCS4 all the Cross-Border Cooperation programmes, which are usually implemented under indirect management in the Enlargement (see section 6.2.1a below) and under shared management in the Neighbourhood (see the specific section 6.2.1.c).

6.2.1.a Indirect management with IPA beneficiary countries (RCS 4)

Under IPA IMBC, the entities designated by IPA beneficiary countries are entrusted by the Commission with the implementation of the IPA assistance. The Commission remains ultimately responsible for the EU budget, in line with Article 317 TFEU and informs the European Parliament and the Council of the operations carried out by the entities and persons in charge. This method of implementation relies on the (pre-assessed) conditions and systems of the third countries (complemented since 2016 by the RER) and the efficiency of these systems depends on the state of development of administrative capacity in the country concerned. This section covers as well the CBC programmes implemented under indirect management in the IPA countries.

All IPA beneficiary countries implementing the budget under indirect management are required to respect some ground rules such as ensuring sound financial management, the absence of conflict of interest, the respect of the principle of transparency and the setting up of an effective and efficient internal control system when implementing the EU budget. In addition, they shall provide to the Commission an annual management declaration, implementation reports and annual accounts followed by an audit activity report and opinion.

Stage 1 – Prior to contracting: Programming, evaluation and selection of proposals

In order to safeguard the financial interests of the Union, the IPA Framework Agreements signed with the IPA beneficiary countries require them to:

- a) set up and ensure the functioning of an effective and efficient internal control system;
- b) use an accounting system that provides accurate, complete and reliable information in a timely and regular manner clearly distinguishing costs accepted and payments made;
- c) provide for the structures and authorities referred to in Article 10(1) and (2) of the IPA II Framework Agreement being subject to an independent external audit, performed in accordance with internationally accepted auditing standards by an audit authority functionally independent of the structures and authorities concerned;
- d) apply appropriate rules and procedures for providing financing from IPA II assistance through grants, procurement and financial instruments.

The IPA beneficiary shall further:

- a) ensure the ex-post publication of information on recipients of IPA assistance;

- b) ensure a reasonable protection of personal data as laid down in Directive 95/46/EC of the European Parliament and the Council and Regulation (EC) No 45/2001 of the European Parliament and the Council.

Before the Commission signs a financing agreement entrusting the implementation of IPA assistance, it reviews the request by the National Authorising Officer and the established structures and authorities and, for the purposes of the ex-ante assessment pursuant to Article 154.1.3. of the Financial Regulation 2018/1046 (repealing the Financial Regulation 966/2012), obtains evidence that the requirements set out in points (a) to (d) of Article 12(3) and those of Annex B to the IPA Framework Agreement are fulfilled. This review may include on-the-spot verifications by the Commission. Moreover and as a rule, all contracts must be awarded and implemented in accordance with the procedures and standard documents laid down by the Commission for its external operations, in force at the time of the launch of the procedure in question (with ex-ante or ex-post control by the Commission).

Ex-ante control means that the EU delegations carry-out controls at regular steps during the procedure (for calls for tenders or proposals) and give their approval at all important stages and before the award of a contract, as detailed in the 'Procurement and Grants for European Union external actions – A practical Guide' (PRAG). This represents an important mitigating element in the overall assessment of the functioning of IPA management, control and supervision systems in the IPA beneficiary countries. In case where the approval cannot be granted, the corresponding activities are not eligible for IPA funding.

A - Preparation, adoption and publication of the Programming decision(s) (including choice of method of implementation), publication

Main control objectives: Ensuring that the Commission selects the implementation mode and subsequently the proposals/offers that contribute the most towards the achievement of the policy or programme objectives (effectiveness); compliance (legality and regularity) and prevention of fraud (anti-fraud strategy).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The Decision(s) do not adequately reflect the policy objectives, priorities. For IPA, the establishment (or prolongation) of the mandate of the beneficiary country is affected by issues, which would undermine the basis for the management of the related EU funds (via that particular entity).	Hierarchical validation within the authorising department. Inter-service consultation, including all relevant DGs. Adoption by the Commission. Systems audits and/or verification missions (for IMBC under IPA): systematic and standard desk-review and risk-based field visit verification, ex-ante control by EU delegations.	If risk materialises risk that some or all costs would be irregular. Possible impact on budget involved and significant reputational consequences. Coverage / Frequency: 100% Depth: systematic control of the necessary requirements	Effectiveness: Findings following verification by the Commission; consumption rate of commitment credits Economy: Cost of control for the programming phase.

B - Selecting and awarding: Evaluation and selection of proposals/offers

Main control objectives: Ensuring that the best proposals / best value for money offers for meeting the policy objectives are among (a good balance of) the proposals / are the offers selected (effectiveness) by IPA beneficiary countries; compliance (legality and regularity) and prevention of fraud (anti-fraud strategy) by IPA beneficiary countries.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The evaluation, ranking and selection of proposals/offers is not carried out in accordance with the policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria defined in the Decisions and subsequent calls for proposals/tenders. Eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals/offers.	Assignment of staff (e.g. Task Managers). For IMBC, ex-ante controls by EU Delegations.	100%	Effectiveness: Appropriate planning of selection and award of contracts within the deadlines. Efficiency: Rejection rates ⁶³ . Economy: Cost of control for the evaluation phase.

⁶³ Ratio between the number of rejections of tender, evaluation, and contracts documents submitted by National Implementing Agencies (IAs) for the Commission's ex ante control and the absolute number of submissions of documents for approval in the reporting year.

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

The national Contracting Authority establishes and signs agreements with the organisations /entities assessed and identified under stage 1. Standard agreement models are used for all EU-financed operations under IMBC. The endorsement of a contract by the Commission prior to its conclusion by the Contracting authority signals the Commission's agreement to the financing of the contract. In the event of a failure to comply with the procedures, the Commission may refuse its approval for a given transaction and thereby refuse EU funding for the transaction in question.

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The description of the action in the grant agreement /contracts includes tasks which do not contribute to the achievement of the operational objectives and/or that the budget foreseen overestimates the costs necessary to carry out the action. The recipient /contractor does not meet eligibility criteria or lack financial capacity to carry out the actions.	Assignment of staff (e.g. Task Managers). Standard and systematic verification missions, for IMBC ex-ante control by EU Delegations.	100% of the selected proposals / offers and recipients / candidates are scrutinised. Coverage: 100% of draft grant agreements / contracts.	Effectiveness: Contracting rates within the D+3 deadline. Efficiency: Rejection rates; derogations, prior approvals and other exceptions authorised. Economy: Cost of control for the contracting phase.

Stage 3 - Monitoring implementation

This stage covers the monitoring the operational, financial and reporting aspects related to the projects following the principles and using the controls laid down in the framework agreements. At IPA beneficiary countries level, the summary of the daily control framework is the following:

- The **Contracting Authority** performs management verifications before declaring expenditure to the National Fund, ex ante documentary checks on all payment claims and on the spot checks on sampled transactions;
- The **National Authorising Officer**, supported by the Management Structure, analyses the documentation and reports from the previous level of verification before certifying the legality and regularity of expenditure declared to the Commission. He/she takes steps to satisfy him/herself that adequate controls have been made by the Contracting Authority, including carrying out his/her own checks (such as monitoring missions and risk based on the spot checks) when deemed necessary.

The **Audit Authority** has the responsibility to design an audit strategy to perform audits of the management, control and supervision systems and ex post audits of representative samples of operations, as well as complementary audits on high-risk operations where necessary. The Audit Authority provides the Commission an Annual Activity Report and an annual audit opinion on the functioning of the management, control and supervision systems, and, of the quality and effectiveness of the verification by contracting authorities and the management structure, and the error rate resulting from its audit of sampled transactions and the assurance provided by the NAO.

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement /contract and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions (ineligible/irregular).	Operational monitoring in accordance with the responsibilities of the Commission. For high/very high projects this may include on the spot missions.	100% of the projects are monitored; Verification mission by Commission staff.	Effectiveness: Delivered output, sustainability. Efficiency: Irregularities reported by the National authorities; Verification recommendations by the Commission and audit findings by the NAO and Audit Authority. Economy: Cost of control for the monitoring phase.
	If needed: application of interruption of payments or penalties. Referring contractors to OLAF and management of reported cases of irregularities.	Depth: depends on results of ex ante controls / risk assessment.	

Stage 4 - Ex-Post controls⁶⁴

Closed contracts of operations in IPA IMBC are included in the population of the RER study of the DG.

A - Reviews, audits and monitoring

Main control objectives: Measuring the effectiveness of ex-ante controls; detect and correct any error or fraud remaining undetected after the implementation of ex-ante controls (legality and regularity; anti-fraud strategy); ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The ex-ante controls fail to prevent, detect and correct erroneous payments or attempted fraud.	Specific statistically representative RER study for IMBC.	Methodology developed by an external auditor.	Effectiveness: Residual error rate below tolerable threshold. Efficiency: time to deliver RER results, on time for the assurance of the AAR. Economy: Estimation of cost of RER controls of grant operations.
The audit strategy focus on the detection of external errors (e.g. made by recipients) and do not consider any internal errors made by staff or embedded systematically in the own organisation.	Audit Authority to establish an audit strategy, performed by independent staff not involved in the operational and financial circuits.	The representative sample enables drawing valid conclusions about the entire population.	Effectiveness: substantiated audit opinion by the audit authority. Economy: Estimation of cost of controls to review AA structure design and operating effectiveness.

⁶⁴ As of year 2019, contracting in all IPA IMBC countries is also subject to full ex-ante control by the EU Delegations.

B - Implementing results from ex-post audits/controls

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The errors, irregularities and cases of fraud detected are not addressed or not addressed timely.	Systematic registration of audit / control results to be implemented. Financial operational validation of recovery in accordance with financial circuits and Authorisation by the relevant AOSD	Coverage: Final audit results with a financial impact.	Effectiveness: All RER detected are followed up and closed. Efficiency: time to close audit module RER entries, amount recovered. Economy: Estimation of cost of follow up of financial recommendations.

6.2.1.b Indirect management with partner countries in the Neighbourhood region (RCS 4)

Under Indirect Management, the entities designated by partner countries are entrusted by the Commission with the implementation of the assistance. Indirect management with a third country is, regardless the scope of delegation, a transfer of budget-implementation tasks from the Commission to the third country. The policy choices have been made by the Commission

The Commission remains ultimately responsible for the EU budget, in line with Article 317 TFEU and informs the European Parliament and the Council of the operations carried out by the entities and persons in charge. This method of implementation relies on the (pre-assessed) conditions and systems of the third countries and the efficiency of these systems and depends on the state of development of administrative capacity in the country concerned. The Commission puts in place controls on the entities and persons that carry out these tasks.

All third countries implementing the budget under indirect management are required to either have in place procedures which provide a level of assurance equivalent to the Commission's own (i.e. ensuring sound financial management, the absence of conflict of interest, the respect of the principle of transparency and the setting up of an effective and efficient internal control system) or they are requested to follow the Commission's own External Action procedures, by following the "Practical Guide on contract procedures for European Union external action (PRAG)".

In the latter case, all contracts must be awarded and implemented in accordance with the procedures and standard documents laid down by the Commission for its external actions, in force at the time of the launch of the procedure in question (with ex-ante control by the Commission at regular steps during the procedure). Ex-ante control means that the Commission must give its prior approval at all important stages in a contract award procedure, as detailed in the Practical guide to contractual procedures for EU external actions (PRAG).

The endorsement of a contract prior to its conclusion by the Commission signals the Commission's agreement to the later financing of the contract⁶⁵, provided that no errors in the procurement and grant award procedures are discovered later. In the event of a failure to comply with the procedures, the Commission may at any time refuse its approval for a given operation and thereby refuse EU funding for the operation in question.

In addition, the Commission exercises control through audits or verifications of ongoing and closed projects contracted as part of DG NEAR's annual audit and verification plans, so ex-post controls are also possible.

The EU financial interests are therefore safeguarded, in addition to all the other possible means offered by the Financial Regulations, by the Commission's ex-ante control of individual transactions as well as subsequent controls or audits and resulting recovery of any unduly disbursed funds where the agreed procedures have not been respected, or where the activities were not eligible for EU financing.

Despite the delegation to partner country to conduct procurement or grant procedures, as concerns payments, the entrustment to a partner country can either be full (when the partner country is authorised to directly make payments to contractors and grant beneficiaries out of an EU-funded account called "imprest account") or only partial (when payments requests are validated by the partner country, but finally made directly by the Commission). The full delegation is only possible in the context of so called Programme Estimates (PE), which may entail different implementation methods (e.g. procurement, grants) and different (partial and full) level of delegation⁶⁶. In any case, the partner countries cannot be entrusted with the management of financial instruments or budgetary guarantees.

The overview of the specificities of indirect management with the countries of the neighbourhood region is presented in the table below by degree of delegation. There are two main options: (i) partial delegation and (ii) programme estimates. The use of programmes estimates is being phased out, while partial delegations are still in use.

⁶⁵ Contracts within a programme-estimate are only submitted by the partner country to the European Commission for endorsement if they entail derogations to standard provisions.

⁶⁶ Most activities within a programme estimate are managed under indirect management, i.e. the partner country (or a body designated by it) acts as contracting authority, with partial (so-called specific commitments) or full (so-called imprest component) delegation. However, certain contracts (e.g. for expenditure verifications/audit and evaluation), will be implemented by the Commission acting as the contracting authority under direct management.

Degree of delegation	Operation	Programme Estimates	Partial Delegation
Full Delegation	<i>Procurement/ Grants</i>	Contracts below EUR 100 000 are subject to ex-post checks only. Contracts between EUR 100 000 and EUR 300 000 are also subject to ex-ante endorsement by the EUD.	<i>Not allowed</i>
	<i>Payments</i>	Payments for contracts below EUR 300 000 are executed by the partner country.	
Partial Delegation	<i>Procurement/ Grant</i>	All contracts above EUR 300 000 ("specific commitments") are subject to ex-ante endorsement by the EUD as well as ex-post checks.	Contracts are managed by the partner country, subject to ex-ante endorsement by the EUD, as well as ex-post checks.
	<i>Payments</i>	All payments for specific commitments are executed by the EUD.	All payments are executed by the EUD.
Direct Management	<i>Procurement</i>	Audits and Evaluation contracts are directly contracted by the EUD.	<i>Not applicable</i>

The following two sections provide more details on Partial delegation and Programme estimates in indirect management with the countries of the neighbourhood region.

Partial delegation

Responsibility for the procurement and grant award procedures is transferred to the partner country. The contracting authority assumes full responsibility for its actions and is accountable for them in any subsequent audit or investigation. In this scope of delegation, it is the Commission, and not the contracting authority, which makes all payments directly to the contractors and grant beneficiaries. Therefore, this delegation is partial: it does not include the delegation of the budget-implementation task of carrying out payments.

In several Neighbourhood countries twinning programmes are also implemented via indirect management, whereby the partner country acted as contracting authority for the grant contracts with Member States. The final choice of the twinning partner is left to the partner country's authorities. The procurement and contract are managed by the partner country, while the payments are processed by the EU Delegation. Therefore, all contracts under "partial delegations" are also named "endorsed procurement" or "endorsed grant".

The Commission's ex-ante control of the procurement and grant award procedures is defined in the PRAG (Practical Guide to Contract Procedures for EU External Actions). The endorsement of a contract prior to its conclusion by the Commission signals the Commission's agreement to the later

financing of the contract, provided that no errors in the procurement and grant award procedures are discovered later. In the event of a failure to comply with the procedures, the Commission may at any time refuse its authorisation for a given operation and thereby refuse EU funding for the operation in question.

Programme estimates

A PE is a work programme implemented by the partner country, which complements a corresponding Financing Agreement and usually covers the latter's lifetime. A single PE will therefore be multi-annual and it is subject to regular revision, including its extension, when required by the beneficiary country and if justified by the periodic financial reports. A programme estimate is designed to implement a project or programme covered by a financing agreement. It is a level-2 commitment that implements the level-1 commitment constituted by Commission Decision / Financing Agreement. Contracts awarded under a PE can never exceed EUR 300 000 (see table below).

The use of programmes estimates is being phased out. The last PE contracts were signed by DG NEAR in 2018. The End Date of Activity (EDAs) for the PEs ranges from 2015 to 2022.

The programme estimate is a mixed form of financial implementation that may include activities entailing different levels of delegation. It is the value of the contract to be concluded, as defined in the Programme Estimate Guide which determines which form of delegation is allowed. Certain service contracts, e.g. expenditure verification/audit and evaluation, will be implemented by the Commission in direct management. The programme estimate may also contain a component that the ENI partner country executes directly using staff it employs or it recruited, so-called 'direct labour'. Finally, operating costs of the partner country's implementing structure may be eligible on conditions stipulated in the Programme Estimate Guide. The difference between these operating costs and direct labour is that the latter concern operational activities of the action while the former cover the administrative costs of managing the programme estimate.

The programme estimate's budget will usually include two components:

In all cases:

- a) the imprest component which will be implemented by the imprest administrator and the imprest accounting officer appointed by the partner country (it may also include direct labour and operating costs).

Where appropriate:

b) the part of the work programme which will be implemented:

- through specific commitments by the relevant representative of the partner country(ies) or public bodies commissioned (being payments made by the European Commission) and/or
- through procurement contracts managed by the European Commission as Contracting Authority under direct management, such as expenditure verification/audit and evaluation and framework contracts in the interest of the partner country.

As a rule, EU contractual and financial procedures are used and the contracting authority does not manage substantial amounts of EU funds.

The contracting authority uses EU procurement and grant procedures (except for covering administrative costs of the partner country's implementing entity), as reflected in the PRAG. If the procurement and/or grant rules of the implementing body of the partner country have been positively assessed by the Commission, the relevant body may use its own rules and procedures for contracts within the imprest component (this option is available but it has never been actually implemented).

Procurement award procedures above the threshold set in the Programme Estimate Guide and grant award procedures will be subject to ex-ante controls by the Commission.

Within an imprest component of a programme estimate, the payments under contracts (procurement, grants) and for regular operating costs and direct labour included within this imprest component will be carried out by the partner country or the body designated by it. Hence, the delegation in this case will be full. By consequence, the programme estimate indicates which contracts will be covered by the imprest component.

The partner country has to provide implementation and financial reports as well as expenditure verification reports - by default - on an annual basis. The programme estimate is thus the main document by which the Commission can verify the progress of the project carried out by the partner country under the terms of the financing agreement.

Stage 1 – Prior to Contracting

A - Identification and formulation of action to be financed including choice of instrument and implementation modality

Main control objectives: Ensuring that the Commission selects the most appropriate instrument in its cooperation with partner countries in line with the policy objectives (effectiveness); compliance (legality & regularity) and ensures the proper type of support and modalities specific to each partner country.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The instrument and/or implementation modality is not well suited to work towards the identified objectives and/or lead to a substantial increase of implementation risks.</p> <p>The establishment (or prolongation) of the mandate of the partner country is affected by issues, which would undermine the basis for the management of the related EU funds (via that particular entity).</p>	<p>Hierarchical validation within the authorising department.</p> <p>Inter-service consultation, including all relevant DGs, if applicable.</p> <p>Verification of the programme estimate by the steering committee, where applicable.</p> <p>Adoption by the Commission.</p> <p>Systems audits and/or verification missions.</p> <p>Systematic and standard desk-review and risk-based field visit verification, ex-ante control by EU delegations.</p>	<p>If risk materialises risk that some or all costs would be irregular. Possible impact on budget involved and significant reputational consequences.</p> <p>Coverage / Frequency: 100%</p> <p>Depth: systematic control of the necessary requirements</p>	<p>Effectiveness: Findings following verification by the Commission; consumption rate of commitment credits</p> <p>Economy: Cost of control for the programming phase.</p>

B – Planning, selecting and awarding

Main control objectives: Ensuring that the most promising proposals / best value for money offers for meeting the policy objectives are among (a good balance of) the proposals / are the offers selected (effectiveness) by beneficiary countries; compliance (legality and regularity) and prevention of fraud (anti-fraud strategy) by beneficiary countries.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The planning and programming is not carried out in accordance with the applicable rules, established procedures and with the policy objectives and priorities.</p> <p>The needs are not well defined (operationally and economically) to meet the policy objectives.</p> <p>The evaluation, ranking and selection of proposals/offers is not carried out in accordance with the applicable rules, established procedures, policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria.</p> <p>Eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals/offers.</p>	<p>Assignment of staff with explicit allocation of responsibility to individual officials (e.g. Task Managers).</p> <p>AO(S)D supervision and approval.</p> <p>Ex-ante controls by EU Delegations.</p> <p>Formal evaluation process.</p> <p>Declaration of absence of conflict of interests by the members of the evaluation committees.</p> <p>Exclusion decisions documented.</p> <p>Redress procedures.</p> <p>Publication of intended procedures/ programmes.</p> <p>Review and endorsement by the AO(S)D of the work programme to be implemented by a partner country.</p> <p>For the implementation of the imprest component of the programme estimate, appointments by the partner countries of the imprest administrator and the imprest accounting officer.</p>	100%	<p>Effectiveness: Appropriate planning of selection and award of contracts within the deadlines.</p> <p>Efficiency: Rejection rates.</p> <p>Economy: Cost of control for the evaluation phase.</p>

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

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The description of the action in the grant agreement /contracts includes tasks which do not contribute to the achievement of the operational objectives and/or that the budget foreseen overestimates the costs necessary to carry out the action.</p> <p>The recipient /contractor does not meet eligibility criteria or lack operational or financial capacity to carry out the actions.</p> <p>Procedures do not comply with regulatory framework.</p>	<p>Assignment of staff with explicit allocation of responsibility to individual officials (e.g. Task Managers).</p> <p>For the implementation of the imprest component of the programme estimate, appointments by the partner countries of the imprest administrator and the imprest accounting officer.</p> <p>AOSD supervision and approval.</p> <p>Standard and systematic verification missions.</p> <p>Ex-ante control by EU Delegations.</p>	<p>100% of the proposal/ offers/ recipient/ candidates/ grant agreements/ contracts are scrutinised.</p> <p>Coverage: 100% of draft grant agreements / contracts.</p>	<p>Effectiveness: Contracting rates within the D+3 deadline.</p> <p>Efficiency: Rejection rates; derogations, prior approvals and other exceptions authorised.</p> <p>Economy: Cost of control for the contracting phase.</p>

Stage 3 - Monitoring implementation

This stage covers the monitoring the operational, financial and reporting aspects related to the projects following the principles and using the controls foreseen in the framework agreements.

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement /contract and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions (ineligible/irregular).	Operational monitoring, financial checks and authorisations in accordance with the responsibilities of the Commission. For the implementation of the imprest component of the programme estimate, appointments by the partner countries of the imprest administrator and the imprest accounting officer. Expenditure verification reports. On the spot missions and in-depth controls for high/very high projects/ operations. Approval of the proposed amendments to the programme estimates.	Coverage: 100% of the projects are monitored; 100% of the payments are controlled. Verification mission by Commission staff.	Effectiveness: Delivered output, sustainability. Efficiency: Irregularities reported by the National authorities; Verification recommendations by the Commission and audit findings by the NAO and Audit Authority. Economy: Cost of control for the monitoring phase.
	If needed: application of interruption of payments or penalties, call of financial guarantees, referring contractors to OLAF and management of reported cases of irregularities.	Depth: depends on results of ex ante controls / risk assessment.	

Stage 4 - Ex-Post controls

Closed contracts of operations in IMBC are included in the population of the RER study of the DG.

A - Reviews, audits and monitoring

Main control objectives: Measuring the effectiveness of ex-ante controls; detect and correct any error or fraud remaining undetected after the implementation of ex-ante controls (legality and regularity; anti-fraud strategy); ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The ex-ante controls fail to prevent, detect and correct erroneous payments or attempted fraud.	RER study of a representative sample of closed operations determines the effectiveness of ex-ante controls. Findings are validated with fund recipients, used for possible ex-post corrections (i.e. recoveries), taken into consideration for improvements of ex-ante controls, and referred to OLAF where needed.	Methodology developed by an external auditor.	Effectiveness: Residual error rate below tolerable threshold. Efficiency: time to deliver RER results, on time for the assurance of the AAR. Economy: Estimation of cost of RER controls of grant operations.

B - Implementing results from ex-post audits/controls

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The errors, irregularities and cases of fraud detected are not addressed or not addressed timely.	Systematic registration of audit / control results to be implemented. Financial operational validation of recovery in accordance with financial circuits and authorisation by the relevant AOSD	Coverage: final audit results with a financial impact.	Effectiveness: All RER detected are followed up and closed. Efficiency: time to close audit module RER entries, amount recovered. Economy: Estimation of cost of follow up of financial recommendations.

6.2.1.c Cross-Border Cooperation (CBC) programmes in the Neighbourhood (RCS 4)

This section applies to the CBC programmes implemented in the Neighbouring partner countries. The CBC programmes implemented in the IPA beneficiary countries are covered in the previous section 6.2.1a. In this section, if not differently specified, CBC is intended for the programmes implemented in the Neighbourhood.

The CBC involves cooperation between the Member States and partner countries in region adjacent to their shared part of the external border of the European Union for the development of an area of prosperity and good neighbourliness. The CBC programmes are intended to:

- promote economic and social development in regions on both sides of common borders
- address common challenges in fields such as environment, public health and the prevention of and fight against organised crime
- ensure efficient and secure borders
- promote local cross-border “people to people” actions.

The CBC Programmes are usually implemented under shared management in the Neighbourhood. Despite the management mode, however, the contractual procedures applicable to the projects financed as part of the CBC are the ones applicable to the external actions. The implementation is entrusted to a local, national or regional authority jointly selected by all countries participating in the programme (Joint Managing Authority - JMA). In addition, payments from the Commission to the programmes are done only as pre-financings paid at the request of the JMAs. CBC programmes are adapted to the specificities of the EU external cooperation and are based on balanced partnership between the participating countries on either side of a border: Member States and Neighbouring partner countries have an equal say in the programme decisions and projects receive funding only if implemented by partners on both sides. They are responsible, within the appointed Joint Monitoring Committee, for checking that funds are used in accordance with the rules and principles governing programme management.

In the Neighbourhood region⁶⁷, there are:

- 16 CBC programmes under ENI for the period 2014-2020. In January 2020, they were transferred to DG Regional and Urban Policy.

⁶⁷ Please note that there are as well CBC programmes in the IPA region, which are managed by DG REGIO.

- 13 CBC programmes under the ENPI for the period 2007-2013 and still under DG NEAR's remit. Out of these 13 Programmes managed by DG NEAR, 12 are operationally closed while the remaining one is open only because of administrative issues related to the external audit of the accounts (this is preventing DG NEAR from establishing the final amount of eligible costs and close the programme). For all the 13 CBC programmes, DG NEAR is not going to process any new payments. Indeed, only clearings were carried out in 2020 and 2021.

Considering the above factors, the creation of a new separate RCS for CBC programmes in the Neighbourhood is not justified. Actually, CBC programmes can be assimilated to IMBC in IPA countries: in both cases, national authorities implement EU funds using their own administrative structures. Therefore, in order to avoid an excessive artificial split of its relevant control systems, DG NEAR has decided to include CBC programmes in the Neighbourhood region under the current RCS4, in line also with the scope and methodology of the RER study and together with the CBC programmes under IMBC with IPA countries, which are covered in the previous section 6.2.1.a.

For each CBC programme:

- a joint operational programme for the whole duration is defined by common agreement of all the participating countries and submitted to the Commission for adoption through a Commission decision.
The joint operational programme identifies the body entrusted by the participating countries to perform the role of Joint Managing Authority and describes the structure to be set up for the management of the programme, including details about the internal control systems to be put in place in line with best international practices.
The adoption of each joint operational programme by the Commission is the ex ante accreditation of the management and control structures set up by the Joint Managing Authority.
- a financing agreement is agreed between the Commission and each participating country;
- a Joint Monitoring Committee, a Joint Managing Authority and a Joint Technical Secretariat are established.
In particular, the organisation of the JMA is based on international best practice in management and internal control ensuring that its operations comply with laws, other rules and principle of sound financial management.

As a rule, all contracts must be awarded and implemented in accordance with the procedures and standard documents laid down by the Commission for its external operations, in force at the time of the launch of the procedure in question. The assurance over the legality and regularity of operations that are conducted by Member States designated authorities is built on work carried out at different levels:

- Each year, the internal audit service of the JMA implements a control programme to check the internal circuits and ensure procedures have been correctly applied within the JMA.
- Each year, the JMA shall draw up an audit plan for the projects that it finances.
- Besides the external audits of the JMA undertaken by the administration of the country in which the JMA is established, the Joint Managing Authority shall call upon an independent public body or contract an independent approved auditor who is a member of an internationally recognised supervisory body for statutory auditing to carry out each year an ex post verification of the revenue and expenditure presented by in its annual financial report.
- Member States may set up a control system making it possible to verify the soundness of the expenditure declared for operations or parts of operations implemented on their territories.
- The Commission, OLAF, the European Court of Auditors and any external auditor authorised by these institutions may verify, by examining the documents or conducting on-the-spot checks, the use of Community funds by the Joint Managing Authority and the various project beneficiaries and partners.
- Closed contracts of operations in CBC are included in the population of the RER study of DG NEAR.

Stage 1 – Prior to Contracting

A - Preparation, adoption and publication of the Programming decision(s) – joint operational programmes

Main control objectives: Ensuring that the Commission selects the implementation mode and subsequently the proposals/offers that contribute the most towards the achievement of the policy or programme objectives (effectiveness); compliance (legality and regularity) and prevention of fraud (anti-fraud strategy).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The Decision(s) do not adequately reflect the policy objectives, priorities. The establishment (or prolongation) of the mandate of the joint managing authority is affected by issues, which would undermine the basis for the management of the related EU funds (via that particular entity).	Hierarchical validation within the authorising department. Inter-service consultation, including all relevant DGs. Adoption of the joint operational programmes by the Commission which shall be taken as an ex ante accreditation by the Commission of the management and control structures. Establishment of the Joint Monitoring Committee, of the Joint Managing Authority and of the Joint Technical Secretariat. Systems audits and/or verification missions. Mid-term evaluation of the joint operational programme to be carried out by the Commission itself and which may lead to adjustments in the programme. Additional evaluation of the joint operational programme, or a part thereof, likely to be carried out at any moment by the Commission	Coverage / Frequency: 100% Depth: systematic control of the necessary requirements	Effectiveness: Findings following verification by the Commission; consumption rate of commitment credits Economy: Cost of control for the programming phase.

B – Planning, selecting and awarding

Main control objectives: Ensuring that the most promising proposals / best value for money offers for meeting the policy objectives are among (a good balance of) the proposals / are the offers selected (effectiveness) by beneficiary countries; compliance (legality and regularity) and prevention of fraud (anti-fraud strategy) by beneficiary countries.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The planning and programming is not carried out in accordance with the applicable rules, established procedures and with the policy objectives and priorities.</p> <p>The needs are not well defined (operationally and economically) to meet the policy objectives.</p> <p>The evaluation, ranking and selection of proposals/offers is not carried out in accordance with the applicable rules, established procedures, policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria.</p> <p>Eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals/offers.</p>	<p>All projects financed as part of the CBC are subject to the contractual procedures applicable to external actions financed by the European Commission.</p> <p>Examination by the Commission of the joint operational programme in order to verify that it contains all the elements referred to in Article 4 of the CBC implementing rules and <i>inter alia</i> that the programme complies with the Community legislation applicable.</p> <p>Setting-up of an internal audit service of the JMA required to implement each year a control programme to check the internal circuits and ensure procedures have been correctly applied within the JMA.</p> <p>Joint Monitoring Committee's supervision and approval of the projects and of the amounts granted to them.</p> <p>The Commission is invited to each meeting of the Joint Monitoring Committee and is informed of the results of its deliberations. It may take part in all or part of each committee meeting on its own initiative, as an observer.</p> <p>The JMA is responsible for ensuring that decisions of the Joint Monitoring Committee comply with the applicable rules.</p> <p>A technical assistance service contract is signed by the Commission in order to help and accompany the Programmes in the correct application of the EC external action procedures.</p>	<p>100%</p>	<p>Effectiveness: Appropriate planning of selection and award of contracts within the deadlines.</p> <p>Efficiency: Rejection rates.</p> <p>Economy: Cost of control for the evaluation phase.</p>

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

The JMA establishes and signs agreements with the organisations assessed and identified under stage 1. **Main control objectives:** Ensuring that the actions and fund allocation is optimal (best value for public money; effectiveness, economy, efficiency); Compliance (legality and regularity); prevention of fraud (anti-fraud strategy).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The description of the action in the grant agreement /contracts includes tasks which do not contribute to the achievement of the operational objectives and/or that the budget foreseen overestimates the costs necessary to carry out the action. The recipient /contractor does not meet eligibility criteria or lack operational or financial capacity to carry out the actions. Procedures do not comply with regulatory framework.	Supervision of the selection process by the Joint Monitoring Committee. Prior approval of the Commission is required for: decisions on the selection criteria, final decision on projects and on the amounts granted to them, decisions of the Joint Monitoring Committee to not follow all or part the recommendations of the selection committee. Audit of the JMA annual accounts which certifies that stated expenditure has actually been incurred and is accurate and eligible.	100% of the proposal/ offers/ recipient/ candidates/ grant agreements/ contracts are scrutinised. Coverage: 100% of draft grant agreements / contracts.	Efficiency: Rejection rates; derogations, prior approvals and other exceptions authorised. Economy: Cost of control for the contracting phase.

Stage 3 - Monitoring implementation

This stage covers the monitoring the operational, financial and reporting aspects related to the projects following the principles and using the controls foreseen in the framework agreements. The summary of the daily control framework is the following:

- At JMA level: ex ante financial verifications before declaring expenditure eligible and follow up of audits by external auditors. The accounts established by the JMA are subject to an annual external audit carried out by an independent organisation.
- At Commission level: the analysis is based on National Authority system audit reports; Independent public body/external auditor opinion on the annual accounts; relevant information from ECA and OLAF, any other information, formal or informal, acquired by the Commission in the context of day-to-day management of the programmes.

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement /contract and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions (ineligible/irregular).</p>	<p>Projects financed by the JMA are subject to audits, on the basis of annual audit plans prepared by the JMA. The controls include examination of the documents and on-the-spot checks of a sample of projects selected by the JMA based on a random statistical sampling method and taking account internationally recognized audit standards (in particular having regard to risk factors related to the projects' value, type of operations, type of beneficiary or other relevant elements). The sample should be sufficiently representative to warrant a satisfactory level of confidence in relation to the direct controls carried out by the JMA on the existence, accuracy and eligibility of expenditure claimed by the projects.</p> <p>Yearly ex post verification of the revenue and expenditure presented by the JMA in its annual financial report by an independent public body or an independent approved auditor. The scope of the external audit shall cover the JMA's direct expenditure. The external audit report shall certify the statement of revenue and expenditure presented by the JMA in its annual financial report, and in particular it shall certify that stated expenditure has actually been incurred and is accurate and eligible.</p> <p>Expenditure verification reports at contract/ projects level.</p> <p>Member States may also set up a control system making it possible to verify the soundness of the expenditure declared for operations or parts of operations implemented on their territories, and the compliance of such expenditure and of related operations, or parts of those operations, with Community rules.</p>	<p>Coverage: 100% of the projects are monitored; 100% of the payments are controlled, representative sample of projects is audited.</p>	<p>Effectiveness: Delivered output, sustainability.</p> <p>Efficiency: Irregularities reported by the National authorities; Verification recommendations by the Commission and audit findings by the NAO and Audit Authority.</p> <p>Economy: Cost of control for the monitoring phase.</p>
	<p>If needed: application by the JMA of interruption of payments or penalties, call of financial guarantees, referring contractors to OLAF and management of reported cases of irregularities.</p>	<p>Depth: depends on results of ex ante controls / risk assessment.</p>	

Stage 4 - Ex-Post controls

Closed contracts of operations in CBC are included in the population of the RER study of the DG.

A - Reviews, audits and monitoring

Main control objectives: Measuring the effectiveness of ex-ante controls; detect and correct any error or fraud remaining undetected after the implementation of ex-ante controls (legality and regularity; anti-fraud strategy); ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The ex-ante controls fail to prevent, detect and correct erroneous payments or attempted fraud.	RER study of a representative sample of closed operations determines the effectiveness of ex-ante controls. Findings are validated with fund recipients, used for possible ex-post corrections (i.e. recoveries), taken into consideration for improvements of ex-ante controls, and referred to OLAF where needed.	Methodology developed by an external auditor.	Effectiveness: Residual error rate below tolerable threshold. Efficiency: time to deliver RER results, on time for the assurance of the AAR. Economy: Estimation of cost of RER controls of grant operations.

B - Implementing results from ex-post audits/controls

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The errors, irregularities and cases of fraud detected are not addressed or not addressed timely.	Systematic registration of audit / control results to be implemented. Financial operational validation of recovery in accordance with financial circuits and authorisation by the relevant AOSD	Coverage: final audit results with a financial impact.	Effectiveness: All RER detected are followed up and closed. Efficiency: time to close audit module RER entries, amount recovered. Economy: Estimation of cost of follow up of financial recommendations.

6.2.2 Indirect management with entrusted entities (RCS 5)

Under indirect management with entrusted entities, the implementation of the budget is entrusted by the Commission to this type of entity in the form of programmes or actions. Candidate entities to be entrusted with budget-implementation tasks (the candidate delegatee) must demonstrate a level of financial management and protection of the EU financial interests equivalent to that required when the Commission manages European Union funds. This is verified by carrying out an ex-ante assessment ("pillar assessment") for which the entities concerned must have been assessed positively.

Entrustment to EIB (European Investment Bank), EIF (European Investment Fund), International Financial Institutions (IFIs) and Development Financial Institutions (DFIs) is also covered by this RCS. This entrustment may cover the implementation of grants, the most common type of financial support, but also the implementation of financial instruments and budgetary guarantees:

- A Financial Instrument (FI) is a measure of financial support provided from the budget to address one or more specific policy objectives of the Union which may take the form of equity or quasi-equity investments, loans or guarantees, or other risk-sharing instruments. A FI may, where appropriate, be combined with other forms of financial support from other donors. These measures of support all have as a common feature that they are reimbursable. Therefore, the FIs must be registered and valued in the general accounting. They must be registered as assets or liabilities in the balance sheet of the entity responsible, i.e. the General Budget of the European Union (GBEU) or any trust fund (TF).
- Budgetary guarantees (BG) are provided by the Commission, on behalf of the Union, to the EIB, IFIs and DFIs aiming at achieving Union's policy objectives. The contingent financial liability arising from the BGs under EFSD (2017-2020) and EFSD+ (2021-2027) is covered by a provisioning set aside in the Common Provisioning Fund (CPF), managed by DG BUDGET. The amount of provisioning is determined by the provisioning rate set out in the EFSD and NDICI-Global Europe regulations respectively, between 9% and 50%.

Apart from the guarantee agreements signed between 2018 and 2020 under the EFSD, and the upcoming agreements to be financed under the EFSD+, DG NEAR also manages the legacy of the EIB's External Lending Mandates (ELM), as well as the legacy agreements supporting financial instruments under the Neighbourhood Investment Platform (NIP) and the Western Balkans Investment Facility (WBIF).

Overall, IMEE represent 37% of the payments value and 16% of the contracted value managed by DG NEAR in 2021. On the other hand, FIs and BGs have a share of 2.2% of payments and 3.1% of contracted value in 2021. In particular, no commitments and payments have been registered under the European Fund for Sustainable Development - EFSD/ EFSD+ - which is in a start-up phase under the lead of DG INTPA (the commitment period of EFSD ended on 31 December 2020, only EFSD+ guarantee agreements are signed during the period 2021-2027). Payments have been registered only

under the legacy instrument ELM, which has been transferred from EIB to DG NEAR as of 1 August 2021, the NIP and WBIF. In general, the logic and the related risks and controls under FIs and BGs are not significantly different from all the other entrustments provided to IFIs, based on grants. Indeed, several projects include FIs but also other activities (such as technical assistance and investment grants).

Therefore, considering all the above elements, in order to avoid an artificial excessive split of its RCSs, DG NEAR has decided to keep the entrustment related to FIs and BGs under RCS 5. This decision will be reviewed in 2022.

Stage 1 – Prior to Contracting

Eligible counterparts to be entrusted with implementation tasks have to demonstrate a level of financial management and protection of the EU financial interest equivalent to that of the Commission when it implements the Budget in direct management. This is verified by carrying out an ex-ante assessment, a pillar assessment of the entity. Pillars are the broad areas covered by this assessment. Following changes brought by the 2018 Financial Regulation and the subsequent adoption of a revised pillar assessment methodology on 17 April 2019, these are:

- Basic pillars (compulsory): (1) internal control, (2) accounting, (3) independent external audit;
- Operational pillars (optional): (4) grants (including certain aspects from the discontinued sub-delegation pillar), (5) procurement, (6) financial instruments and BGs;
- New pillars (compulsory): (7) exclusion from access to funding, (8) publication of information on recipients, (9) protection of personal data.

The section on BGs under pillar (6) and pillar (7) has been introduced in the revised pillar assessment methodology in 2019. IFIs and DFIs already pillar assessed for EFSD had to carry out for EFSD+ an update of their pillar assessment.

As regards BGs, the proposals for investment programmes (PIPs), made by eligible counterparts, are assessed taking into account the expert advice of the technical risk assessment group on the risk and banking-related aspects of the proposals. Following this technical screening by the Commission, the proposals are discussed with all eligible counterparts during Technical Assessment Meetings. Once a proposal is considered sufficiently mature, it is submitted to the EFSD+ Operational Boards for opinion (the commitment period of EFSD ended on 31 December 2020, only EFSD+ guarantee agreements are signed during the period 2021-2027). Following the opinion of the Operational Boards, the selected PIPs are adopted by a Commission decision.

As regards FIs, one or more Commission Decisions, based on priorities stemming from the regional indicative programmes and from policy dialogue with relevant partner countries, allocate financing to the blending facility or platform from the various regional envelopes. After this decision, the specific blending framework governance is used to select projects. Following the positive opinion of the relevant blending framework board, the related contribution agreements for FIs will be signed.

A – Ex-ante (re)assessment of the entrusted entity’s financial and control framework (towards “budget autonomy”; “financial rules”).

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The financial and control framework deployed by the entrusted entity is not fully mature to guarantee achieving all 5 ICOs (<i>legality and regularity, sound financial management, true and fair view reporting, safeguarding assets and information, anti-fraud strategy</i>).	Ex-ante pillar assessment, conditional to granting budget autonomy. Hierarchical validation within the authorising department. Requiring justification and prior consent for any deviating financial rules. Postponing the budget autonomy. Obligation to notify any subsequent changes embedded in Board proceedings. Appropriate supervisory measures are foreseen to address potential weaknesses detected by the pillar assessment. Pillar assessment to be updated each time that there is a material change in the management and control systems of the eligible counterpart.	Coverage/frequency: 100% of entrusted entities/once by one DG appointed as lead, but valid for all Commission DGs. Depth may be determined after considering the <u>type or nature</u> of the entrusted entity and/or the <u>value</u> of the budget concerned.	Effectiveness: All pillar assessments finalized when opportunity and legal checks are validated. Efficiency: Time to assess the pillars of an entity. Economy: Estimation of cost of controls implemented by DG NEAR staff.

B - Identification and formulation

Main control objectives: Ensuring that the Commission selects the most appropriate instrument in its cooperation with partner countries in line with the policy objectives (effectiveness); compliance (legality and regularity) and ensures the proper type of support and modalities specific to each partner country

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The instrument and/or implementation modality does not adequately address the policy objectives set out in the applicable regulations and/or is not well suited to work towards the identified objectives and/or lead to a substantial increase of implementation risks.	<p>Quality Review</p> <p>NDICI Committee validates multiannual indicative plans (MIPs) and the choice of implementation modalities, under Commission's proposal.</p> <p>The areas of intervention for blending and BG under EFSD/EFSD+ (Strategic Orientations, investment windows) are submitted to Commission decision, after inter-services consultation and opinion from Strategic Board and Operational Board(s).</p> <p>Hierarchical validation (incl. at DG level) of annual work plan and delegation Agreements (CAFIS), including notably the ex-ante evaluation (required by FR art. 209).</p> <p>Inter-service consultation (including all relevant DGs, horizontal and operational).</p> <p>Opinion of advisory bodies and of Operational Board(s).</p> <p>Adoption by Commission Decision.</p> <p>A detailed assessment criteria grid is followed for the assessment of the Proposed Investment Programmes (PIPs).</p> <p>One or more technical assessment meetings (TAMs) held with eligible counterparts having submitted proposals.</p> <p>Assessment of financial risks carried out by independent risk experts.</p> <p>Ex ante evaluation (Article 209 of FR) for the corresponding financial instrument or budgetary guarantee, individually or as part of a programme containing explanations concerning the choice of the type of financial operation taking into account the policy objectives pursued and the associated financial risks and savings for the budget.</p>	<p>Coverage/frequency: 100%.</p> <p>Depth: full consideration of programming documents. Detailed assessment criteria grid and credit risk model agreed with DG Budget and DG ECFIN for BG.</p>	<p>Effectiveness Coverage of thematic and geographic priorities established in the investment programmes.</p> <p>Efficiency: Time to assess and select proposals.</p> <p>Economy: Estimation of cost of controls in the identification and formulation phases.</p>

Stage 2 – Contracting (i.e. Establishment (or prolongation) of the mandate to the entrusted entity (“delegation act”/ “contribution agreement” / “guarantee agreement” / etc...)

DG NEAR establishes and signs agreements with the organisations assessed and identified under the previous stage. A standard agreement model is used for most of the EU-financed operations under indirect management with entrusted entities, except for agreements extending BGs, which are for the moment drafted on a case-by-case basis. Where relevant, specificities of eligible entities are addressed in framework agreements and, in some specific cases, through the use of separate templates (e.g. World Bank Group, EIB, EIF) or, in the case of guarantees, through agreements tailor-made for each situation based on the requirements set out in Art. 38 of the NDICI-Global Europe Regulation.

In particular, for the establishment of the financial and risk provisions in the guarantee agreements, as well as the pricing of the EU guarantee, DG NEAR takes into account the expert advice of the technical risk assessment group advising on risk and banking-related aspects of the proposals. In 2021 a joint Risk Management Unit for DG INTPA and DG NEAR was set up for this purpose. Its role is to assess and manage risks associated with the guarantee operations. It builds on close co-operation with partner financial institutions, by hosting risk experts and providing a collaborative platform for impartial and inclusive, high quality risk management function. The assessment is based on the Risk management framework, which sets out the guiding principles for the risk management of the External Action Guarantee. Prior to the signature by the Director General, the draft guarantee agreements are submitted to Inter-service consultation with all relevant DGs, including DG Budget and Legal Service.

Main control objectives: Ensuring that the legal framework for the management of the relevant funds is fully compliant and regular (legality and regularity), delegated to an appropriate entity (best value for public money, economy, efficiency), without any conflicts of interests (anti-fraud strategy, alignment of interest); ensuring that contingent liabilities created at the signature of agreements on BGs do not expose the Commission to an unacceptable credit risk.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The establishment (or prolongation) of the mandate of the entrusted entity is affected by legal issues, which would undermine the legal basis for the management of the related EU funds (via that particular entity).	The establishment of the agreements concerned (PAGoDAs, Delegation Agreements, Contribution Agreements, Guarantee Agreements, etc.) is submitted to hierarchical validation within the authorising department and to Inter-service consultation, including all relevant DGs.	Coverage: 100%. Frequency: once. If risk materialises, all funds delegated during the year(s) to the entrusted entity would be irregular. Possible impact 100% of budget involved and significant reputational consequences.	
The Commission has not sufficient information from independent sources on the entity's management achievements, which prevents drawing conclusions on the assurance for the budget entrusted to the entity – which may reflect negatively on the Commission's governance reputation and quality of reporting.	Agreements specify the control, accounting, audit, publication, etc. related requirements in strict observance of the EU Financial Regulation -ad hoc clauses in framework agreements - potential escalation of any major governance-related issues with entrusted entities - referral to OLAF.	Coverage: 100%.	Economy: Estimation of cost of controls of the mandate.
The Commission receives insufficient or incorrect information related to the credit risk of the operations of the entity to be guaranteed.	The credit risk team is independently assessing, before and during the lifetime of the guarantee agreement, the credit risk for the Commission related to each operation or portfolio of operations, so that the risk is kept at an acceptable level.	Coverage: 100%. Frequency: several simulations before the signature of each agreement.	Economy: Estimation of cost of the credit risk team, including its IT systems and data.
The CAFIs (Contribution Agreement for Financial Instruments) are inadequate in coverage of operational and management provisions. The design of the accounting and reporting arrangements would not provide sufficient transparency (True & Fair View) Insufficient alignment of interests among the EU, the implementing partner, the financial intermediaries (if any) and the final beneficiaries. The remuneration of the implementing partner or the guarantee fee and the risk-sharing conditions are too generous to the implementing partner.	The template for the CAFI and the draft guarantee agreements are submitted to inter-services consultation, hierarchical validation and signature by the AO. The implementing partner accepts "skin in the game" (i.e. the financial alignment of interest between the EU and the partner by co-sharing the risk at the same level). Guarantee fee discounts are provided for the achievement of thematic or geographic priorities, which are the main objective of the support. Risk assessment carried out by independent risk experts. Pricing of the guarantee and financial conditions based on the risk assessment. NCJ/AML clauses are always included in contribution and guarantee agreements, subject to inter-services consultation. Rules for accounting, reporting and other steps of the implementation are specified in contractual provisions.	Coverage: 100% of CAFIs or guarantee agreements. Frequency/depth: at the signature of each guarantee agreement and related amendments.	Effectiveness: Terms and conditions in line with the guidelines established for FIs and for guarantee agreements by BUDG, INTPA, NEAR and ECFIN. Efficiency: Time to negotiate and sign guarantee agreements. Economy: Estimated costs of control.

Stage 3 – Monitoring the implementation

All payment requests, recoveries and related reports are verified and approved by DG NEAR staff (ex-ante controls). Before any transaction is authorised, the operational and financial aspects are initiated and verified by two different (operational/financial) services.⁶⁸ This is the "four eyes" principle of the Financial Regulation, which DG NEAR, taking into account the specific high-risk environment of external aid actions, reinforces by requiring controls by two separate agents for each of these two stages. Checklists and types of controls are regularly reviewed and updated to respond to feedback from risk analyses and from field users as well as changes to the regulatory environment.

Additional verification missions to be carried out by external auditors can be contracted by DG NEAR on the basis of a risk analysis. The underlying financial risks of each guarantee agreement and their evolution through time are regularly assessed by the joint Risk Management Unit for DG INTPA and DG NEAR, supported by the technical risk assessment group, based on quarterly reports that are submitted by implementing partners for each guarantee agreement.

The agreements with EE contain the obligation to provide with every report, a Management Declaration following the template annexed to the contract. However, it is possible to agree with the Commission to send annually the Management Declaration covering all the Contribution and Delegation agreements signed with the Commission. In this case, the organisation sends within the year N (this could be either the calendar year or the financial year of the organisation) the Annual Management Declaration for year N-1 covering all contracts implemented in year N-1 (calendar year or financial year of the Organisation, as indicated in the Annual Management Declaration). This Management Declaration is valid until the end of year N+1 (calendar year or financial year of the Organisation), i.e. it serves as Management Declaration for payment requests/reports submitted until this point in time. In case the Management Declaration is missing or does not cover the relevant/correct period, the reports will be considered as incomplete and the respective payment can be suspended. The organisation shall indicate in every report submitted (either progress or final) whether the Management Declaration is attached to the report, or sent annually to Headquarters.

⁶⁸ These payment requests may be subject to additional ex-ante verifications contracted as part of NEAR's annual audit plans by the Commission as deemed appropriate by the Authorising Officer by Sub-delegation.

A - Operations: monitoring, supervision, reporting (“representation” / “control with or around the entity”).

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
<p>Due to weak "modalities of cooperation, supervision and reporting", the Commission is not (timely) informed of relevant management issues encountered by the entrusted entity, and/or does not (timely) react upon notified issues by mitigating them or by making a reservation for them – which may reflect negatively on the Commission’s governance reputation and quality of accountability reporting.</p> <p>The reimbursement of any exceptional costs and costs for technical assistance or additional tasks would not be in line with the Sound Financial Management objective (e.g. admin fees unjustifiably high)</p>	<p>Agreement specifying the control, accounting, audit, publication, etc. related requirements – <i>incl. the <u>modalities on reporting back relevant and reliable control results.</u></i></p> <p>Monitoring or supervision of the entrusted entity (e.g. ‘regular’ monitoring meetings at operational level; <u>review of reported control results and any underlying mngt/audit reports</u>; representation and intervention at the board, scrutiny of annual report, etc.).</p> <p>Management review of the supervision results.</p> <p>Annual audit plans.</p> <p><u>If appropriate/needed:</u></p> <ul style="list-style-type: none"> - reinforced monitoring of operational and/or financial aspects of the entity - intervention, e.g. via own audits on-the-spot, by IAS - potential escalation of any major governance-related issues with entrusted entities - referral to OLAF. 	<p>Coverage: 100% of the entities are monitored / supervised.</p> <p>Frequency: meetings take place regularly depending on the delegated activities and delegated entities, reports submitted at least annually (depending of contractual provisions).</p> <p><u>In case of</u> operational and/or financial issues, measures are being reinforced.</p> <p>The depth depends on the <u>mandate</u> of the (type of) entity, inter alia whether the Commission has full access to the entity’s internal control information.</p>	<p>Effectiveness: KPIs related to the implementation of projects</p> <p>Efficiency: KPIs related to the implementation of the annual audit plans</p> <p>Economy: Estimation of cost of controls related to monitoring of implementation of operations.</p>

B – Commission contribution: payment or suspension/interruption.

Main control objectives: Ensuring that the Commission fully assesses the management situation and the financial risks at the entrusted entity, before either paying out the (next) contribution for the operational and/or operating budget of the entity, or deciding to suspend/interrupt the (next) contribution (legality and regularity, sound financial management, anti-fraud strategy).

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The Commission pays out the (next) contribution to the entrusted entity or default calls on guarantees, while not being aware of the management issues that may lead to financial and/or reputational damage.	Agreement specifying the control, accounting, audit, publication, etc. Related requirements – incl. reporting back. Management review of the supervision results. Ex-ante OV and FV, 'in-depth' if need be. Hierarchical validation of contribution payment and recovery of non-used operating budget subsidy Provisions in the guarantee agreements that specify the rights of "clawback" (payment reimbursement) of the Commission when cases of wrong calls or fraud are detected. The credit risk team is independently assessing, during the lifetime of the guarantee agreement, the credit risk for the Commission related to each operation or portfolio of operations, so that the risk is prevented from going beyond the acceptable threshold. If appropriate/needed: suspension or interruption of payments.	Coverage: 100% of the contribution payments. Frequency: usually annually but can be more frequent depending on the contractual provisions. Several simulations every six months or every year by the credit risk team during the implementation of BGs. The depth depends on the <u>mandate</u> of the (type of) entity, inter alia whether the Commission has full access to the entity's internal control information.	Efficiency: KPIs on implementation of audit plans, payments within contractual deadlines and on ineligible expenditure detected through ex post controls. Economy: Estimation of cost of controls related to audits and verifications or to the credit risk team.
	Annual Control Plans: Verification of expenditure are planned annually for ongoing and closed operations of DG NEAR overall portfolio. The operations to be verified are determined through risk analyses. These controls can take place before or after disbursements recognizing expenditure.	Coverage: > 10% of ongoing or "recently" closed operations.	
Potential downgrade of the Union's top credit rating due to a failure to honour a guarantee call within the agreed deadline. Failure to recover in time amounts due to the Union and assigned to the provisioning (e.g. guarantee fees, recovered amounts by implementing partners on defaulted operations).	Agreement specifying the claims and payments terms, the fees terms (rate, date due, deadlines) and the recovery conditions. Ex-ante OV and FV, 'in-depth' if need be. Alert system on deadlines for the payment of guarantee calls. Hierarchical validation of guarantee calls payments and recovery of amounts due. Clawback clause on amounts paid.	Coverage: 100% of financial transactions. Frequency: permanent. Depth: defined in applicable checklists.	Efficiency: KPIs on implementation of audit plans, payments within contractual deadlines and on ineligible expenditure detected through ex post controls. Economy: Estimation of cost of controls related to audits and verifications or to the credit risk team.

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
An unforeseen additional EU contribution is needed to replenish the CPF due to a fail to detect potential losses above the estimate of losses embedded in the provisioning rate, or because of an unforeseen major event, such as a war in borrowing countries.	<p>Risk assumptions taken during the assessment of operations and their estimated risk profile are regularly verified and all the deviations recorded and assessed.</p> <p>Quarterly reports foreseen by the guarantee agreements include a full set of financial and risk data.</p> <p>Monitoring at portfolio level and for individual guarantee operations of the build-up of contingent liabilities and their risk over time, based on use of the credit risk model.</p> <p>Verification of the consistency of the actual risk profile of operations with the one initially estimated; identification of corrective actions where possible and if necessary.</p>	<p>Coverage: 100% of guarantee agreements.</p> <p>Frequency: quarterly and annually, can be more frequent if worrying patterns are detected.</p> <p>Depth full set of risk data and parameters requested from implementing partners.</p> <p>All CAFIs</p>	<p>Effectiveness No additional EU contribution to the provisioning requested within a horizon of less than 3 years.</p> <p>Efficiency Risk reporting dates met. Timely detection of abnormal risk patterns.</p> <p>Economy: Costs of control: staff costs of control will be estimated using approximations based on analyses of the organigram, job descriptions and programme/project portfolios</p>
Excessive balances are held on fiduciary accounts and may generate negative interests to be paid by the Commission.	<p>Strategies have to be put in place by partners entrusted with the implementation of FIs in order to minimize negative interest.</p> <p>Furthermore, instructions were addressed to AOs reminding them of the necessity to make sure that the payment of the EU contribution to the account is based on the disbursement forecast corresponding to the real operational needs, with an objective to minimise the balance and any related cost.</p>	All payment requests for FIs.	

Stage 4 - Ex-Post controls and Follow-up

Payments for operations in Indirect Management with entrusted entities are included in the population of the RER study undertaken each year for DG NEAR on representative sampling of closed contracts. Findings from the risk based audits and from the RER study are systematically followed up by DG NEAR, which takes necessary actions for the recovery of non-eligible expenditures where appropriate.

A - Reviews, audits, verifications and monitoring

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The ex-ante controls (as such) fail to prevent, detect and correct erroneous payments or attempted fraud. The ex-post controls focus on the detection of residual errors.	Through a residual error rate (RER) study a representative sample of closed operations is reviewed in order to determine the effectiveness of ex-ante controls. Findings are validated with fund recipients, used for possible ex-post corrections (i.e. recoveries), taken into consideration for improvements of ex-ante controls, and referred to OLAF where needed.	MUS sample sufficiently representative to draw valid management conclusions.	Effectiveness: Residual error rate below tolerable threshold. Efficiency: time to deliver RER results, on time for the assurance of the AAR. Economy: Estimation of cost of RER controls of grant operations.
	Supervision missions to Delegations by independent staff not involved in the operational and financial circuits.	Size and composition of sample are determined in accordance with the cooperation portfolios managed by the visited Delegations.	Effectiveness: number of supervision mission, number of SMART recommendations accepted and described in an action plan. Efficiency: Time to prepare supervision missions. Economy: Estimated cost of supervision missions

B - Implementing results from ex-post controls

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

Main risks <i>It may happen (again) that...</i>	Mitigating controls	Coverage, frequency and depth of controls	Possible Cost effectiveness indicators (3Es)
The errors, irregularities and cases of fraud detected are not addressed or not addressed timely.	Systematic registration of control results to be implemented. Financial operational validation of recovery in accordance with financial circuits. Authorisation by AO.	Coverage: 100% of final audit results with a financial impact. Depth: findings of systemic errors are considered for corrections of other projects by the same organisation, taken into account for future projects.	Effectiveness: All RER detected are recorded in the audit module, followed up and closed. Efficiency: time to close audit module RER entries, amount recovered and time to implement action plans following supervision missions. Economy: Estimation of cost of follow up of financial recommendations.

ANNEX 7: Specific annexes related to "Financial Management"

1) Controls supporting the achievement of the objectives

The controls⁶⁹ put in place by DG NEAR management provide reasonable assurance that the internal control objectives are achieved, the risks related to financial management are adequately managed and the legality and regularity of underlying transactions is ensured. They take into account the multiannual character of the DG programmes as well as the nature of the payments concerned.

In line with its Internal Control Strategy, DG NEAR's assurance is based on a number of controls, which are implemented either ex ante or ex post.

1 - Financial circuits: as in all DGs, the level of 'ex-ante' controls (before the approval of the AOSD) consists of the strict supervision and checks of all operational and financial aspects of transactions based on the financial circuits of the DG, assisted by very comprehensive and detailed checklists. This is a major source of detection of errors.

2 - Supervision missions: these represent a management tool at the level of Directors. They provide assurance to the AOSD, as well as insight into the Delegations' capacity to manage EU external assistance and to achieve their goals. The supervision missions are carried out in a cooperative and constructive spirit, aimed at enhanced mutual understanding between Headquarters and the Delegation, at the exchange of information as well as at the improvement of the Delegations' management of EU external assistance.

3 - Control plan: in direct management (IPA and ENI) DG NEAR carries out a robust risk assessment at project-level each year, which is the basis of the control plan. The objective is to have an additional layer of controls which the AOSD activates if s/he perceives specific risks. It consists in a list of financial verifications and operational controls.

- The **financial verifications** are

3a contractual verifications launched by the Commission (explicitly required in contractual documents). These verifications concern mainly the Southern Neighbourhood EUDs (Pegase, programme estimates).

3b risk based verifications (based on perceived risks that are not already mitigated by a contractual control). Since March 2018⁷⁰, financial audits have been replaced by expenditure verifications focusing on legality/regularity of expenditure reported rather than on delivering an 'opinion'. These verifications can be coupled in specific cases with system verifications; in indirect management with International Organisations,

⁶⁹ Where appropriate, these controls also apply to all the contributions of the EU Trust funds.

⁷⁰ Ares(2018)1155969 of 01.03.2018

verifications consist in agreed upon procedures, where controls are strictly determined in agreements such as Financial and Administrative Framework Agreements (FAFAs) and in which auditors issue 'reports on factual findings'.

All Financial verifications are listed in an **Audit Plan** validated by the FAST Committee and are monitored in the Audit Module until all recommendations are followed up.

- The **operational controls** are

3c Results-Oriented Monitoring (ROM): a tool to report on the performance and results of EU funded projects and programmes. It makes reference to four criteria (relevance, efficiency, effectiveness, sustainability). This provides basic information to generate future monitoring/evaluation/verification and to take management decisions at project/programme level,

3d Evaluations: systematic and objective assessments of ongoing or completed projects, programmes or policies, their design, implementation and results. Evaluations are usually performed by independent, external experts who scrutinise an intervention against defined criteria such as relevance, efficiency, effectiveness; sustainability, coherence and EU added value (OECD DAC and European Commission Better Regulation evaluation criteria).

3e On the spot checks: such checks complement monitoring in that they ensure that contract / project deliverables are adequately verified on the spot, along with aspects of legality and regularity, to support the operational visa ('certified correct') or to provide supplementary assurance in IMBC that the monitoring and controls of the national authorities / entrusted entities to support their payment visas can be relied upon. On the spot checks can include an operational and a contractual/financial dimension, in which case they involve both operational and contracts and finance staff.

4 - Contractual verifications launched by the beneficiaries: these mandatory expenditure verifications accompanying requests for payment are explicitly required in contractual documents launched by the beneficiary. The terms of reference for such controls are now fully aligned with those of financial verifications launched by the Commission. Auditors are requested to deliver the list of all items checked. This should increase transparency, reliability and allow for re-performance. This is an important mitigating measure in view of the current reservation on grants in direct management.

5 - Pillar assessments of Entrusted Entities: the Commission may entrust budget implementation tasks in indirect management to entrusted entities (IMEE) that demonstrate a level of financial management and protection of the EU's financial interest equivalent to that of the Commission. This ability is verified by carrying out an ex-ante pillar assessment of the entity. These assessments are supervised either by DG NEAR or other Commission services. It is a sine qua non condition to sign agreements with these entities, but is not an ex-ante validation of the legality/regularity of future costs to be submitted to the Commission. In addition, after the signature, in terms of assurance, entrusted entities, including International Financial Institutions, have the obligation from the Delegation and

Contribution Agreements to submit periodic **Management Declarations** and/or **Control or Audit Opinion**.

6 - Controls in indirect management with Beneficiary countries IPA: the Commission can entrust budget implementation tasks in indirect management to beneficiary countries (IMBC). Before signing a financing agreement, DG NEAR carries out system verifications in order to assess the effective and efficient functioning of the control system in the beneficiary country in accordance with the requirements set in the FR and the IPA regulation, transposed in a framework agreement signed with each beneficiary country. These verifications constitute the key element giving assurance to the AOSD on the readiness of the IMBC structures. These systems are reassessed on an annual basis. Additional assurance is obtained by ex-ante/ex-post controls⁷¹ in procurement and grant processes, review of the system/transactional audits of the beneficiary country's audit authority and the clearance of accounts procedure.

7 - IAS and ECA: controls are also performed by the external audit bodies, the Internal Audit Service (IAS) and the European Court of Auditors (ECA), and come in reinforcement of the control system of the DG.

8 - Residual Error Rate: the residual error rate (RER) study enables the effectiveness of the overall control framework to be evaluated, and forms an important part of the information at the Director General's disposal when signing the Declaration of Assurance. Residual errors are those that have evaded all prevention, detection and correction controls in the existing control framework. The RER study is an agreed upon procedure, which reports on factual findings. **The RER study is not an audit providing an audit opinion.** However, the DG reaches its own conclusions based on the auditor's report of factual findings. The RER indicator is designed to identify residual errors that have not been detected by the internal control system and conclude on its effectiveness. A RER below the materiality threshold of 2% is a strong signal that the controls put in place at all levels of the DG are effective. Moreover, besides the overall error rate, the RER study reveals the common types of errors and therefore helps to avoid them in the future. The RER methodology is regularly updated in order to take into account the recommendations of the ECA and the IAS. The methodology takes into account the multiannual nature of DG NEAR's programmes, as the contracts closed during the said period are considered for monetary unit sampling.

⁷¹ As of 2019 full ex ante controls will be applied on contracting in all IPA IMBC countries

2) Reports on Financial Management and Internal Control

The main reports produced are the following:

- Monthly financial reports;
- The Management Plan 2021 of the Directorate General;
- The Management Plan 2021 of the Delegations;
- Reports by the Authorising Officers by Sub-Delegation (AOSD) made at year end (by Directors to the Director General), detailing the results of Key Performance Indicators (KPIs) in HQ as well as a summary of KPIs in the Delegations under the responsibility of the AOSDs. These reports also include the statement of assurance signed by each Director, in addition to information about significant control weaknesses or other key issues;
- The External Assistance Management Reports (EAMRs) prepared by the delegations, with the statement of assurance signed by each Head of Delegation. As per Financial Regulation, this statement includes information on the efficiency and effectiveness of the internal control systems put in place in the Delegations, as well as information on the management of the operations sub-delegated to them, thus providing their assurance to the relevant Director in accordance with the sub-delegation received;
- The AOSD report of the EU Trust Fund in response to the Syrian Crisis and North of Africa window of the EU Emergency Trust Fund for Africa;
- The reports from authorising officers in other DGs managing budget appropriations via cross sub-delegations;
- Ad hoc reports from the Management Information System (MIS) (on risk assessment, financial forecasts);
- The inventory of findings and recommendations for Indirect Management with Beneficiary Countries (IMBC) in support of the decision of entrustment;
- The management declarations, reports, and control results from management/audit authorities under IMBC;
- The reports on control results from management authorities for Cross Border Cooperation (CBC) programmes;
- The pillar assessment reports: International Organisations and National Agencies need to undergo pillar assessments, pursuant to the Financial Regulation to be able to sign delegation agreements under indirect management. These assessments aim to check whether the European Commission can entrust budget implementation tasks to entities that demonstrate a level of financial management and protection of the EU's financial interest equivalent to that of the Commission;
- The management declarations from International Organisations and Member States agencies. Management declarations from the International Financial Institutions cover the European Western Balkans Joint Fund (EWBJF) grants;
- The annual reports and progress reports for financial instruments;
- The supervision mission reports on Delegations visited during the year;
- The follow-up of supervision mission performed in the year(s) before;
- The 2021 RER study;

- The reports on recorded exceptions, non-compliance events and any cases of 'confirmation of instructions' (Art 92.3 Financial Regulation);
- The report on the implementation of OLAF financial recommendations to OLAF and DG BUDG;
- The periodic follow-up and reporting on the implementation of the action plans for AAR reservations, from the DG Risk Register and in relation to previous internal control deficiencies;
- The observations and recommendations reported by the ECA and the IAS;
- 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 report on OLAF cases and on the implementation of the DG Anti-Fraud Strategy to the Commissioner, to the DG and to senior management;
- The accounting Officer's reports on the validation of local financial management systems;
- The mid-year internal control assessment issued by the Director RMIC.
- The contribution by the Director in charge of Risk Management and Internal Control (RMIC), including the results of internal control monitoring at the DG level.

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

NEAR	Ex ante controls			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR	EC total costs	Related payments made	Ratio (%) (a)/(b)	EC total costs	Total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%) (g)/(b)
RCS1 Grants in Direct Management	20 535 356 €	825 913 539 €	2.5%	512 815 €	234 225 400 €	0.2%	21 048 171 €	2.5%
RCS2 Procurement in Direct Management	11 482 105 €	276 037 957 €	4.2%	272 390 €	287 490 195 €	0.1%	11 754 495 €	4.3%
RCS3 Budget Support	8 403 887 €	469 936 221 €	1.8%	204 613 €	21 800 648 €	0.9%	8 608 501 €	1.8%
RCS4 Indirect Management with Beneficiary Countries	14 082 599 €	756 192 857 €	1.9%	351 024 €	415 433 297 €	0.1%	14 433 624 €	1.9%
RCS5 Indirect Management with Entrusted Entities	24 805 853 €	1 331 488 261 €	1.9%	612 069 €	127 602 748 €	0.5%	25 417 922 €	1.9%
- Others not related to a RCS	2 677 263 €	31 026 959 €	8.6%	75 271 €	101 660 771 €	0.1%	2 752 534 €	8.9%
OVERALL total estimated cost of control at EC level for expenditure	81 987 065 €	3 690 595 794 €	2.2%	2 028 182 €	1 188 213 059 €	0.2%	84 015 247 €	2.3%

NB. The absolute values are presented in EUR.

In line with previous years, the verification of expenditure is considered in DG NEAR to be ex ante control, while only the RER study⁷² is considered ex-post. For HR related costs, DG NEAR assumes that ex ante control represents 98 % of total control and ex post 2 %. Evaluation costs have been included only if related to a specific project/ contract, in line with the Commission guidelines. Costs of controls are attributed to each RCS using a weighting key - 80 (total payments)/ 20 (number of contracts) – in case a direct attribution cannot be performed. Tasks and costs not attributable to any RCS can be attributed to Others. Costs are linked to all the payments made in 2021 under EC Budget and EUTF MADAD.

⁷² Following a change in the payment schedule of the contract for the RER study, only 50% of the cost of the annual study has been paid in 2021.

4) Results of the control and risk analysis for the relevant control systems (RCSs)

The section below provides further details about the results in terms of control and risk analysis for the relevant control systems (RCS).

A. Direct Management

Under Direct Management, funds are channelled to the final recipients through contracts signed directly by the Commission as the contracting authority. Under Direct Management, the control environments are Grants in Direct Management (RCS 1); Procurement in Direct Management (RCS 2); Budget Support (RCS 3). In addition, the Pegase mechanism to channel Direct Financial Support to the Palestinian institutions includes a specific set of controls (which has been reviewed in recent years by ECA) and for this reason is not considered under Direct Management.

RCS 1: Grants in Direct Management

Under Direct Management, funds are made available to the final recipients through contracts signed directly by the Commission as the contracting authority. Under Grants (RCS 1), the control results and risk analysis are the following:

- With a residual error rate for grants that has been above the materiality threshold of 2% in the previous years (2017: 2.80%, 2018: 2.26%, 2019: 2.65%, 2020: 3.34%), DG NEAR assesses that there is an inherent risk related to grants in its portfolio. However, grants are a key modality to implement DG NEAR's policy objectives through reaching out, amongst others, to smaller, local and grass-roots non-governmental organisations in fields such as civil society development, human rights or media. In most countries covered by DG NEAR, the space in which civil society organisations operate has been shrinking over the years, with increasing restrictions on their establishment, operations, development and independence contributing to additional difficulties in managing EU-funded projects. DG NEAR's willingness to accept risks when it comes to grants in direct management is therefore higher than for other implementation modalities because of their importance to the achievement of its policy objectives. The risk is inherent in the nature of the activities.
- Furthermore, the grant reimbursement mechanism is based on eligible actual costs and reimbursement claims submitted by the beneficiaries. Root causes of errors in grants are mainly due to misunderstanding or misinterpretation of the relatively complex contractual provisions. In several instances, they relate to the lack of safeguarding of the financial documentary evidence after project completion or the lack of response to the RER auditors. Grants are mostly implemented by non-profit organisations based in partner countries. These entities sometimes lack the necessary expertise for the rigorous application of the general and specific conditions of the grant contracts.
- Another cause of errors may also result from the quality of some expenditure verification reports prepared by auditors contracted by the fund recipients as part of their contractual obligations. Conclusions of these reports have been questioned on

occasion by the ECA or by external auditors contracted by DG NEAR. The Terms of Reference now include an obligation to provide better information on sampling methods used, the identification of verified transactions in complete transaction listings, and the identification of changes between draft and final verification reports.

- Considerable efforts have been made in 2021 and in previous years to address the causes of errors and these continue to have a positive impact in 2022. In particular, DG NEAR has enhanced the analysis and increased awareness on the types of errors. A detailed analysis of the typology of errors was sent to all Authorising Officers by Sub-delegation, who were asked to monitor and enhance the controls on the implementation of grants. In addition,
 - Information sessions were organised to raise awareness of the main types of errors, the lessons learnt and the controls to be enhanced in order to prevent them;
 - Monthly meetings with the Head of Finance and Contracts in the EUDs and HQ took place, to ensure coordination and to raise awareness of key processes including the sampling of grants supporting documents;
 - A detailed instruction note was sent to all Delegations, including a comprehensive list of additional measures to be undertaken in the management of grants;
 - Information sessions (kick-off meetings) with (new) grantees were organised to explain their contractual obligations and provide clear information on the most frequent sources of errors in grant management;
 - Guidance recommending additional measures to reduce the errors on grants was prepared, such as:
 - to request supporting documents on a sample basis, at least once, during the implementation period of grant contracts;
 - to perform reinforced controls (such as increased monitoring and/or on the spot checks) on actions/contracts or beneficiaries where there is a higher risk or where material errors were previously detected or where no previous audits, verifications or sample checks were performed;
 - to ensure the materiality threshold of the sample checks at both contract and payment level;
 - to remind grantees about their obligations to retain the grant supporting documents for the period specified in the General Conditions;
 - a standard template for detailed breakdown of expenditure allowing early detection of most frequent errors was tested in 2021 and is being proposed as good practice;
 - the 2021 Control Plan included implementation of systems audits in case of relevant audit findings or significant risks (e.g. actions in the early phases of implementation, new grantees, beneficiaries with recurring findings or likely to receive new grants in the future);
 - the inclusion on ENI and IPA Finance and Contracts SharePoint of a dedicated part on best practices and guidance on grant contract management. Closer collaboration between the two DG NEAR Contracts and Finance units covering the Neighbourhood and Enlargement regions respectively, has led to harmonised approaches towards same grantees and information sharing on problematic cases, common audits, etc.
- As a result, the indicative error rate for RCS1 (based only on the grants included in the main sample) is 1.94% while the grant error rate derived from the grants tested in the additional grant sample (statistically representative since selected from a population of

grants under direct management) is 0.34%. Hence, in line with the approach followed since the introduction of the additional grant sample, no reservation in respect of grants in direct management is made because the error rate is below the materiality threshold.

RCS 2: Procurement in Direct Management

Control results and risk analysis:

- Contractual procedures are transparent, well established, and main contractors are very familiar with them.
- Review of the results of ECA reports of recent years shows that procurement operations have a low risk.
- This is confirmed by the result of the 2021 RER study, which identified few errors in procurement contracts.
- The 2021 indicative residual error rate calculated for this RCS is 0.55%.

RCS 3: Budget Support in Direct Management

Control results and risk analysis:

- Review of the results of recent ECA reports shows that budget support operations have a very low risk. This is confirmed by the result of the 2021 RER study, where the indicative residual error rate calculated for this RCS is 0%.
- The system of ex ante controls, including the high-level steering mechanism put in place by DG NEAR for Budget Support operations, which prevents any disbursement from being made unless all required pre-conditions and targets have been met by the Beneficiary Countries, significantly reduces the risk associated with these transactions.

B. Indirect Management

Under indirect management, the final recipient receives EU funds through a contract signed with an intermediary to which the Commission has entrusted the tasks of selecting the final recipients and managing the resulting contracts (budget-implementation tasks). The recipient is either an Indirect Management Entrusted Entity (IMEE), such as an International Organisation or Member State Agency, or an Indirect Management Beneficiary/ partner Country (IMBC). In particular, Cross-Border Cooperation (CBC) programmes are included under IMBC. The significant control environments identified and described below are then those of IMBC (RCS 4) and IMEE (RCS 5).

RCS 4: Indirect management with beneficiary/ partner countries (IMBC)

Control results and risk analysis:

- The indicative residual error rate for the RCS IMBC is 1.46%.
- The 2021 RER study includes a representative sample of IPA transactions under IMBC. The result of the study shows a total RER for IMBC-IPA of 0.02%.

- DG NEAR receives annual management declarations, annual audit activity reports and annual audit opinions from all IPA beneficiary countries⁷³.
- In order to safeguard the financial interest of the Commission, the internal control systems of all IPA beneficiary countries are assessed annually by DG NEAR to support the entrustment decisions.
- In 2021, there were full ex ante controls by the EU Delegations over procurement and grant procedures managed under IMBC.
- In 2021, IMBC verification missions were conducted through desk reviews and videoconferences.
- RCS 4 also covers indirect management under the ENI instrument, including Cross-Border Cooperation.
 - In the neighbourhood, partner countries are entrusted with budget implementation. The delegation can be partial, when the Commission makes payments, or complete, when partner countries make payments to contractors and grant beneficiaries. This way of working is referred as programme estimates. Programme estimates are being phased out.
 - The Commission puts in place controls on the entities and persons that carry out these tasks. All third countries implementing the budget under indirect management are required to either have in place procedures which provide a level of assurance equivalent to the Commission's own (i.e. ensuring sound financial management, the absence of conflict of interest, the respect of the principle of transparency and the setting up of an effective and efficient internal control system) or they are requested to follow the Commission's own External Action procedures, by following the "Practical Guide on contract procedures for European Union external action (PRAG)".
 - In the programming period 2007-2013, DG NEAR was responsible for Cross-Border Cooperation programmes between EU Member States and Neighbourhood countries. In January 2020, the ongoing CBC programmes under ENI were transferred to DG Regional and Urban Policy, The previous programmes under ENPI are being closed, hence only clearings were processed in 2020 (no payments).
 - The assurance over the legality and regularity of operations that are conducted by Member States designated authorities, in accordance with their own rules, is built on work carried out at two levels:
 - At Joint Managing Authority level, the daily control framework includes ex ante financial verifications before declaring expenditure eligible and follow up of audits by external auditors. The annual report is audited by the national audit authority of the host country.
 - At Commission level, the analysis is based on National Authority system audit reports; Audit Authority opinion on the annual accounts; relevant information from ECA and OLAF, any other information, acquired by the Commission in the context of day-to-day management of the programmes.

⁷³ All the documents received cover the year 2021.

RCS 5: Indirect management with entrusted entities

Control results and risk analysis:

- The RER study includes a representative sample of IMEE transactions.
- The 2021 indicative residual error rate calculated for this RCS is 0.75%.
- DG NEAR received annual management declarations at project level⁷⁴ from the entities it works with under indirect management, unless the latter have agreed with the Commission to send an Annual Management Declaration covering all contracts implemented in the previous year. The management declarations from the International Financial Institutions also cover the European Western Balkans Joint Fund (EWBJF) grants.

A key factor when assessing DG NEAR's relationship with International Organisations (IOs) are certain peculiarities in the field of financial and operational reporting. Reports submitted by some IOs do not necessarily allow for an in-depth assessment of the reported expenditure, due to differences (identified and acknowledged through the positive assessment of the relevant pillars) between the accounting systems and costs structure of these organisations and those of the Commission.

Based on the above elements, DG NEAR puts in place the following measures:

- Continue clarifying and simplifying rules, procedures, agreement templates, and framework agreements that apply to its relations with IOs. As of April 2020, the ToR for verifications of IOs were streamlined and unified with those for expenditure verification of grants and service contracts.
- Remain involved in a global assessment of terms of reference and verification missions with all UN Agencies and other External Actions DGs to implement the verification clause as set in the new FAFA⁷⁵. A Common Understanding on the use of verification ToRs, clarifying the sampling procedures and supporting documents, also entered into force as of April.
- Undertake regular in-house analysis of non-financial findings stemming from verification missions to international organisations.

In addition, following the entry into force of Regulation (EU, Euratom) 2018/1046 (the Financial Regulation), the Commission requested all entities to be entrusted with EU budget implementation to complete complementary pillar assessments (ex ante checks on management and control systems) by 31/12/2021. The pillar assessments of the main partners are expected to be completed within the first half of 2022, as the large majority

⁷⁴ Delegation Agreements contain the obligation to provide a Management Declaration following the template annexed to the contract with every report. However, it is possible to agree with the Commission to send annually the Management Declaration covering all the agreements signed with the Commission. In this case, the organisation sends within the year n (this could be either the calendar year or the financial year of the organisation) the Annual Management Declaration for year n-1 covering all contracts implemented in that year. This Management Declaration is valid until the end of year n+1, i.e. it serves as the Management Declaration for payment requests/reports submitted until this point in time.

⁷⁵ Financial and Administrative Framework Agreement.

of the final reports have been received, and are currently under analysis in order to assess whether additional supervisory measures are needed.

Although new contribution agreements cannot be concluded before the pillar assessments are finalised, and a few Financial Framework Partnership Agreements are still being negotiated, mitigating measures were put in place to minimise the impact on the implementation of indirect management interventions. Such measures include the following:

- ✓ Substantial increase in contacts with the entities (mostly UN agencies) to accelerate the process. The main result is that as of March 2022 all pillar assessments with major partners are finalised or at an advanced stage;
- ✓ Specific conditions (supervisory measures) for signing contracts with these entities in duly justified and exceptional cases have been set, to ensure compliance with the Commission rules.

Moreover, the implementation of ongoing contracts continued as normal and amendments were still possible.

C. Expenditure not covered by a specific RCS

Pegase

The protracted crisis situation linked to the stagnation of the Middle East Peace Process continues to require specific temporary support measures to contribute to maintaining the viability of the two-state solution. One measure is the PEGASE Direct Financial Support (DFS) programme, designed to support the building of a Palestinian state in a highly secured and controlled way. The programme helps the Palestinian Authority (PA) in the delivery of essential public services to the Palestinian population.

Through PEGASE, the EU has contributed substantially to the recurrent expenditure of the PA national budget, with systematic, predictable and unconditional contributions.

PEGASE is mainly active in three areas, namely:

- Contribution to the payment of salaries and pensions to the PA civil servants in Palestine (West Bank and Gaza Strip) - (PEGASE "Civil Servants and Pensioners" (CSP) window). A part of this amount will only be disbursed if the PA meets agreed benchmarks for reforms.
- Contribution to the provision of social allowances to poor and vulnerable families in the West Bank and the Gaza Strip (PEGASE Cash Transfer Programme (CTP) window).
- Contribution to the payment of invoices of six East Jerusalem hospitals to which the Ministry of Health refers medical cases for the provision of specialised health care services (PEGASE "East Jerusalem hospitals" (EJH) window).

The European Commission also uses PEGASE to support the resilience of the Palestinian agricultural and industrial sectors, in both the West Bank and Gaza.

Rigorous safeguard systems are in place to ensure the efficient, effective and predictable support to Palestinians, while protecting the interests of donors participating in PEGASE by ensuring that funds are disbursed with full transparency and accountability. Payments to final beneficiaries (i.e. civil servants, pensioners, poor families, hospitals) are made by the PA after the prior authorisation of the Commission. To this end, robust ex ante verifications are carried out including in-depth screenings to identify eligible beneficiaries and/or invoices based on prior agreed eligibility criteria. Ex post control activities confirm that funds have been duly disbursed to the eligible beneficiaries.

Every payment made by the European Commission, e.g. to support the payment of salaries or of pensions, of the social allowances or of the referrals' bills for the East Jerusalem Hospital, is accompanied by a financial contribution of the Palestinian Authority.

Following a recommendation issued by the European Court of Auditors, in 2018 the EU started applying a system of incentives to PEGASE CSP, specifically by linking part of the disbursements to real progress by the PA on public finance management reform, or other key policy areas jointly agreed by the PA and the EU.

DG NEAR contribution to the EU Trust Fund - Syria

The Director General of DG NEAR is Delegated Authorising Officer for the EU Regional Trust Fund in Response to the Syrian Crisis. Related activities and expenditure are therefore reported in the Annual Activity Report of DG NEAR and covered by the Declaration of Assurance signed by the Director-General. He also receives a cross sub-delegation from DG INTPA for the North of Africa window of the EU Emergency Trust Fund for Africa.

The Commission retains full responsibility for the establishment and the management of EU Trust Funds (TF) for external actions; it sets up the TF and chairs its board (composed of representatives of the Commission and of the donors).

The TFs are managed in full compliance with the applicable provisions of the Financial Regulation, and in particular the principles of sound financial management, transparency, proportionality, non-discrimination and equal treatment.

The EU TFs operate in the general system of internal control defined by the Commission. The rules and procedures developed by DG NEAR for the management and implementation of its operations are equally applicable to the EUTF⁷⁶.

Once approved by the Operational Board, actions are implemented in accordance with the implementing procedures provided for in the applicable Commission rules and regulations. The TFs' accounts are subject to an annual external audit.

⁷⁶ As detailed in the breakdown of payments made by DG NEAR in 2020, a large proportion of the EU TF Madad is implemented through Indirect Management with Entrusted Entities (75%) and Direct Management - grants (19%).

The TF Managers take into account reports and recommendations of the different control bodies, notably the IAS and ECA, to provide an assessment of the effectiveness of risk management, control and governance processes, in addition to the results of the audits carried out at the level of contractors/beneficiaries.

5) European Court of Auditors

During the second half of 2021, the ECA carried out a follow up audit following the Special Report on EU pre-accession assistance to Turkey published in 2018. The ECA assessed all the recommendations as fully implemented.

In November 2021, DG NEAR reported full implementation of the actions under its lead to address the six recommendations stemming from the Special report 27/2018 on the Facility for Refugees in Turkey.

In 2021, **two Special Reports** on DG NEAR policies were published:

- SR no. 17/2021: EU readmission cooperation with third countries
- SR no. 23/2021: Reducing grand corruption in Ukraine

The Commission has (fully or partially) accepted all recommendations and the corresponding action plans have been adopted.

In addition, **five performance audits** involving DG NEAR were in progress, including an audit for which DG NEAR was in the lead, EU support for the rule of law in the Western Balkans (SR published in January 2022). The Commission accepted all four recommendations (two fully and two partially) and the corresponding action plan has been developed in early 2022.

DG NEAR is also associated to four audits:

- Territorial cooperation across the EU's external borders;
- EU financial architecture;
- The Commission's management of services provided by external consultants;
- Programming of NDICI.

'Territorial cooperation across the EU's external borders'

The ECA launched a new performance audit in the first quarter of 2021 with the aim of assessing whether the ENI CBC programmes have effectively enhanced territorial cooperation across the EU's external borders. ECA has selected the three largest programmes. The audit focuses on clearly identified needs and priorities of the programmes, efficient and effective selection of projects and the monitoring and evaluation mechanisms used by the Commission and Managing Authorities. During 2021, the Commission has been facilitating the ECA's work at the preliminary, planning, and fieldwork stages of their audit. The publication of the ECA's Special Report is planned for Q2-Q3 2022.

'The Commission's management of services provided by external consultants'

The ECA launched a new performance audit in the final quarter of 2020, with a focus on the Commission's use of external consultants. As part of this, the ECA reviewed the internal regulatory framework governing consultancy services, as well as how the Commission uses the outputs of these services. During 2020 and 2021, the Commission has been facilitating

the ECA's work at the preliminary stage of their audit. The publication of the ECA's Special Report is planned for Q1 2022.

'EU financial architecture'

The ECA launched the performance audit on the EU financial architecture in Q2 2021 with a view to assess whether the current EU financial architecture, including the EU budget and other EU financial mechanisms, is adequate for funding the EU policies. During 2021, the Commission has been facilitating the ECA's work at the preliminary, planning, and fieldwork stages of their audit. The publication of the ECA's Special Report is planned for Q3 2022.

'Programming of NDICI'

The ECA launched this performance audit in the last quarter 2021, with a view to assess the methodology applied by the Commission and the EEAS to allocate the NDICI funds, including the assessment of situation and needs prior to selection of the areas of cooperation and the provisions for results-oriented monitoring of the NDICI programming documents. During 2021, the Commission has been facilitating the ECA's work at the preliminary and planning stages of their audit; fieldwork should start in March 2022. The publication of the ECA's Special Report is planned for December 2022.

6) Internal Audit Service audits – overview of the open critical or very important recommendations

There are no open critical or very important recommendations.

7) KPIs Analysis

Summary

Results at global level

In 2021, despite the continuing COVID-19 pandemic, the **targets for 23 KPIs (out of 28) were met**, corresponding to an overall success rate of 82% compared to 92% in 2020. The global performance of DG NEAR has in some cases improved and exceeded the good results already achieved in 2020. In particular, the target for KPI 12 (Reduction of Old RAL) was met, while progress was made for KPIs 5 (Time to Grant), 10 (Reduction of Old Pre-financing), 12 (Reduction of Old RAL), 24 (% Implementation of the Annual Audit Plan: year N-1) and 27 (% Reduction of Expired Unclosed Audits). 55% of the Delegations have met more than 80% of the targets for the KPIs, while 91% met at least 60% or more of the targets. Overall, these results indicate a high degree of stability in DG NEAR's performance in financial management and control. For more details on KPIs, please see Annex 7.

A – Sound financial management and Effective Use of EC Resources

2021 was a challenging year for budget management and forecasting and the targets for two KPIs could not be met.

KPI 2 (Accuracy of initial annual financial forecast for contracts): DG NEAR achieved 111%, thus slightly over performing the benchmark of 90%-110%. This is mainly due to unforeseeable projects triggered by extraordinary circumstances, such as, for example, operations set up at the end of 2021 to address the energy crisis or operations in Lebanon and Jordan in response to the Syrian crisis.

KPI 3 (Accuracy of initial annual financial forecast for decisions) has decreased compared to 2020 and the value of 73% falls below the 90%-110% target range. The Draft Budget 2021 preparations were done while the legal bases were still under negotiation. In addition, the execution of operational credits started late as the NDICI – Global Europe and IPA III regulations were only adopted, on 9 June and 15 September 2021, respectively, while the IPA III Programming Framework was adopted on 10 December 2021.

The target for the new **KPI 9** (% of primary interventions completed on time⁷⁷) of at least 35% was not met. The actual 2021 result was 23.57%. This was due mainly to the COVID-

⁷⁷ The KPI intends to measure the timely completion of primary intervention, calculated as the percentage of those that were closed without any extension of the implementation period.

19 restrictions and to the difficult political or economic context in some countries which delayed project implementation. However, another related indicator (KPI 8: % of completed primary interventions with green flag traffic light for achieving results⁷⁸) that measures as well the successful completion of projects, reached 86%, well above the benchmark of at least 80%.

Finally, the target for **KPI 12** (Reduction of Old RAL) at least 35% was met. This is a significant improvement compared to 2020, when 23% of the Old RAL was reduced.

KPI Name ⁷⁹		KPI result 2021	Annual Target/Benchmark	KPI result 2020
A - Sound financial management and efficient use of EC resources				
K01	Accuracy of initial annual financial forecast for payments	92.79%▲	Between 90% and 110% ⁸⁰	113.69%▼
K02	Accuracy of initial annual financial forecast for contracts	111.37%▲	Between 90% and 110% ⁸¹	120.45%▼
K03	Accuracy of initial annual financial forecast for decisions	73.00%▼	Between 90% and 110%	99.74%▲
K04	RAL absorption period	3.56▼	Less than 4 years	3.33▲
K05	Time to Grant	41.24▲	No more than 90 days	50.77▼
K06	% of primary interventions ⁸² with red traffic light for implementation progress	2.42%▲	Not more than 10%	2.84%▲
K07	% of primary interventions with a red traffic light for achieving Results	2.97%▼	Not more than 10%	2.76%▲
K08	% of completed primary interventions with green flag traffic light for achieving results	85.95%	At least 80%	N/A
K09	% of primary interventions completed on time	23.57%	At least 35%	N/A
K10	Reduction of Old Pre-financing	51.20%▲	At least 35%	38.10%▲
K11	Expired Contracts as a % of the contract portfolio	10.38%▲	No more than 15%	11.80%▲
K12	Reduction of Old RAL	36.79%▲	At least 35%	23.13%▼
K13	% of payments paid within the contractual deadline	93.75%▲	At least 90%	92.94%▲
K14	% of invoices registered within 7 days	94.13%▲	At least 90%	93.60%▲
K15	Use of INTPA/NEAR staff and respect of the flexibility arrangements	100.00% =	At least 95%	100.00% =

⁷⁸ The KPI intends to measure the successful completion of primary interventions, calculated as the percentage of those that received a green traffic light for achieving objectives at the end of their operational activities.

⁷⁹ Explanation of the table: the arrows indicate the trend compared to the previous reporting period in terms of improvement (upwards) or deterioration (downwards).

⁸⁰ In 2020, the target was “at least 90”.

⁸¹ In 2020, the target was “at least 90”.

⁸² Primary Intervention replaced the notion of “project” in the KPIs. A Primary Intervention is a way to define a coherent set of activities and results structured in a logical framework format. It allows to group actions or contracts for a more effective performance monitoring. It can be one action or several actions or one contract or several contracts, depending on the logical framework scope

B – Effectiveness of internal control systems

As in 2020, the targets for 6 out of 7 KPIs were met, showing that an appropriate internal control environment and risk management systems are in place.

Only the target for **KPI 22** (Undue payments prevented by ex-ante controls as a % of the claimed amount), was not met. The result for 2021 (1.44%) fell below the target of at least 2%, with a total amount of undue payments prevented of EUR 56 million. However, a significant part of the DG's payments relates to methods of implementation, such as Indirect Management with Beneficiary/ partner Countries and with Entrusted Entities or Budget Support, where ineligible costs are rarely registered by ex-ante controls. For example, for Budget Support operations, when necessary, the payments are temporarily suspended, until the conditions are met, and no ineligible cost is encoded. Furthermore, contractors and other partners are regularly and carefully guided in the financial management of contracts and preparation of financial reports and are informed about best control practices. This results in better quality reports and implementation, and therefore in a reduction of the potentially ineligible costs to be identified by ex-ante controls.

KPI Name ⁸³		KPI result 2021	Annual Target/Benchmark	KPI result 2020
B – Effectiveness of internal controls				
K16	ICF – Control Environment	96.36%▲	At least 80%	94.18%▲
K17	ICF – Risk Assessment	96.14%▲	At least 80%	95.00%▲
K18	ICF – Control Activities	95.15%▲	At least 80%	94.55%▲
K19	ICF – Information and Communication	96.67%▲	At least 80%	96.06%▲
K20	ICF – Monitoring Activities	96.82%▲	At least 80%	95.91%▲
K21	% of primary interventions visited by Commission staff and/or the HoD, by primary intervention value	81.43%▼	At least 80%	85.54%▼
K22	Undue payment prevented by ex-ante controls	1.44%▲	At least 2%	1.09%▼

⁸³ Explanation of the table: the arrows indicate the trend compared to the previous reporting period in terms of improvement (upwards) or deterioration (downwards).

C – Effectiveness of audit systems

KPI Name ⁸⁴		KPI result 2021	Annual Target/Benchmark	KPI result 2020
C – Effectiveness of audit systems				
K23	% contracted of the Annual Audit Plan: year N	81.02%▲	At least 70%	79.93%▲
K24	% implementation of the Annual Audit Plan: year N-1 ⁸⁵	72.10%▲	At least 70% ⁸⁶	65.48%▼
K25	% implementation of the Annual Audit Plan: year N-2 ⁸⁷	85.45%▼	At least 80%	87.50%▲
K26	Ineligible amounts identified by audits as a % of the audited amount	1.90%▼	At least 2%	3.38%▲
K27	% reduction of expired unclosed audits	57.24%▲	At least 40%	47.56%
K28	% of timely follow up action of audit ineligible amounts	45.66%	At least 35%	N/A

⁸⁴ Explanation of the table: the arrows indicate the trend compared to the previous reporting period in terms of improvement (upwards) or deterioration (downwards).

⁸⁵ KPI 24 is the satisfactory implementation of the previous year's Audit Plan, measured as the percentage of planned audits that have been implemented. In this case, an audit is considered to have been implemented when the draft audit report has been received.

⁸⁶ The target of KPI 24 has been changed from "at least 60%" to "at least 70%" in 2021.

⁸⁷ KPI 25 is the satisfactory implementation of the Audit Plan of 2019, measured as the percentage of planned audits that have been implemented. In this case, an audit is considered to have been implemented when the final audit report has been received.

Priorities for 2022

At DG NEAR level, 5 KPIs did not meet the benchmark set.

KPI 2 – Accuracy of initial annual financial forecast for contracts

In 2020, the KPI value was 120.45% which resulted in a green result as the benchmark was set to at least 90%. In 2021, the benchmark has changed from at least 90% to a target range of 90%-110%. Despite the fact that the accuracy and thus the KPI value of KPI 2 has improved to 111.37%, it falls just out of the target range. This is mainly due to unforeseeable projects triggered by extraordinary circumstances, such as, for example, operations set up at the end of 2021 to address the energy crisis or operations in Lebanon and Jordan in response to the Syrian crisis.

In total, 15 out of 22 Delegations did not meet this target range. 5 of these Delegations did not meet the bottom benchmark of 90%, mainly because of delays in the approval process of contracts due to various reasons (e.g. political crisis, decision of HQ, withdrawal of other parties involved). The remaining 10 Delegations exceeded the top benchmark of 110%, mainly because of unforeseen last-minute contracts and exceptional commitments shown by the key beneficiaries and implementing partners to speed up the contracting process.

KPI 3 – Accuracy of initial annual financial forecast for decisions

In 2020, DG NEAR realised 99.74% of its financial forecasts for decisions (EUR 3,590 million against a total of EUR 3,811 million). As this fell within the target range of 90%-110%, the KPI value was green. In 2021, the accuracy of the financial forecast for decisions fell to 73% (EUR 3,663 million against a total of EUR 5,017 million), which means the KPI turned orange in the reporting period.

2021 was a challenging year for budget management. Not only the Draft Budget 2021 preparations were done when the legal basis were still under negotiations, the execution of operational credits started late as the NDICI – Global Europe and IPA III regulations were adopted only during the budgetary year, respectively on 9 June and 15 September 2021, while the IPA III Programming Framework on 10 December 2021. Despite this, DG NEAR executed 69% of available C1 credits at the end of 2021. EUR 1.6 billion has been carried-over to 2022 based on the Article 30 of the NDICI – Global Europe regulation, out of which EUR 1.1 billion is expected to be committed in early 2022.

KPI 9 – % of primary interventions completed on time

This new KPI was introduced in 2021 and reached a value of 23.57% in the reporting period. 18 out of 22 Delegations did not meet the target of at least 35%, which can mainly be explained by the COVID-19 restrictions, affecting many primary interventions that have been delayed but also by a sensitive political context in some Delegations. As a result, a number of primary interventions were extended beyond the expected end date of operational activities.

However, a better understanding of COVID-19 induced challenges going forward, intensified dialogue with primary interventions counterparts and closer monitoring and follow up of

primary interventions to reduce delays are mitigating measures that have been identified by the Delegations and that will be implemented throughout 2022.

KPI 22 – Undue payments prevented by ex-ante controls

At DG NEAR level, the percentage of ineligible amounts identified by ex-ante controls at the end of 2021 is 1.44% (EUR 56.38 million undue payments prevented against a total amount of EUR 3,923 million that was subject to verification), which is below the benchmark set at 2%. However, this is a slight improvement compared to 2020, where the KPI was only at 1.09%. 13 out of 22 Delegations did not meet this target. This is mainly due to the eligibility and quality of the invoiced or reported amounts and to the diligent controls carried out to prevent the occurrence of ineligible costs, which confirms the efficiency and effectiveness of the controls in place. Moreover, the contract portfolio consists of different types of contracts, some of which have a very low possibility to identify a high value of ineligible amounts given the nature of these contracts (e.g. payments and clearings with indirect management usually do not result in ineligible amounts as the contractors are pillar-assessed or supply contracts rarely lead to significant ineligible expenditure).

KPI 26 – Ineligible amounts identified by audits as a % of the audited amount

In 2021, DG NEAR achieved 1.90% on this KPI (EUR 23.13 million ineligible expenditure amounts on a total expenditure audited amount of EUR 1,219 million), which is below the target of at least 2%. Compared to 2020, the KPI has significantly decreased, coming from a value of 3.38% (EUR 24.01 million ineligible expenditure amounts on a total expenditure audited amount of EUR 710.49 million). The absolute value of ineligible expenditure amounts identified is in line, but the total expenditure audited amount has increased with about EUR 500 million. 15 out of 22 Delegations did not meet the benchmark, mainly because of the same reasons highlighted in KPI 22 as both KPIs are highly interrelated.

Based on the analysis, different causes and corrective actions have been identified by the Delegations. They will focus on the improvement of the 5 KPIs (with the reserves linked to reaching the targets for KPI 22 and KPI 26) which did not reach their targets in 2021. They will try to solve the problems of certain contracts which negatively influence the outcome of the KPIs. However, improving the results will also depend on other important factors like the evolution of political conflicts and the COVID-19 pandemic.

Results at Delegation level

Good results have been achieved at Delegation level despite the impact of the COVID-19 pandemic, but with a decreased number of Delegations meeting targets compared to last year. 55% of the Delegations have met more than 80% of the KPIs, while 91% met at least 60% or more KPIs.

% of green KPIs	2019		2020		2021	
	# of EUD	%	# of EUD	%	# of EUD	%
Total Delegations	22		22		22	
80% and more	19	86%▲	14	64%▼	12	55%▼
60% and more	21	95% =	20	91%▼	20	91% =
Less than 60%	1	5% =	2	9% ▼	2	9% =

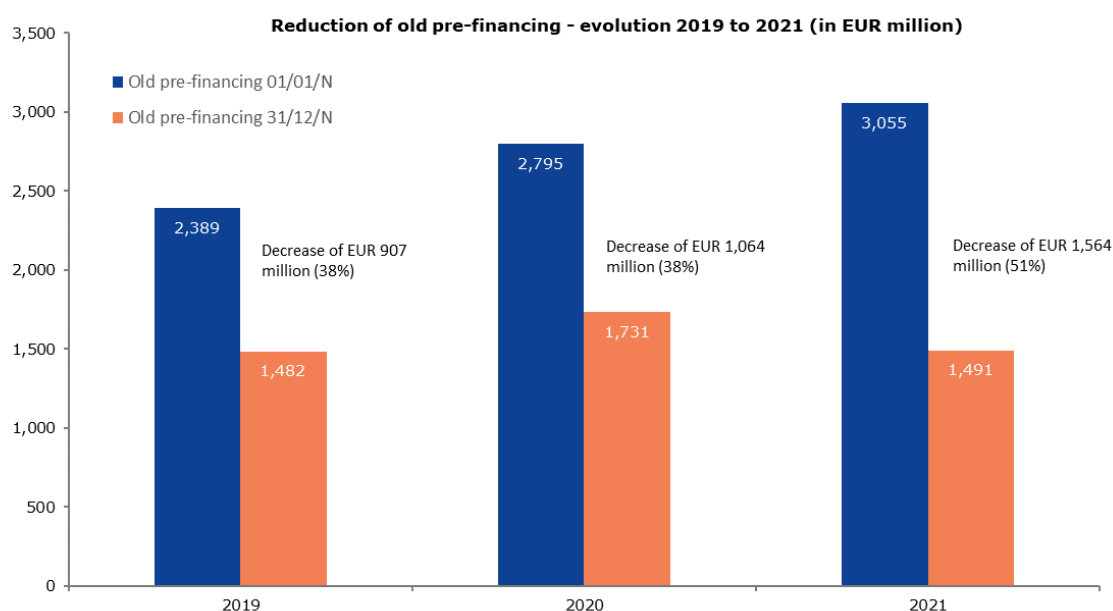
Only two Delegations, Belarus and Lebanon, did not achieve the benchmark of more than 60% of green KPIs. For more details, please see section III - Detailed Analysis.

Overall Green KPI Result	2019	2020	2021
Albania	87%	92%	85%
Algeria	73%	78%	65%
Armenia	83%	83%	70%
Azerbaijan	83%	91%	80%
Belarus	83%	61%	56%
Bosnia & Herzegovina	83%	92%	81%
Egypt	87%	78%	77%
Georgia	91%	83%	81%
Israel	78%	57%	81%
Jordan	96%	71%	65%
Kosovo	83%	75%	67%
Lebanon	83%	54%	44%
Moldova	91%	96%	89%
Montenegro	87%	88%	89%
Morocco	91%	96%	74%
North Macedonia	87%	92%	85%
Palestine	96%	83%	78%
Serbia	91%	91%	85%
Syria	50%	78%	78%
Tunisia	87%	96%	85%
Turkey	83%	83%	81%
Ukraine	96%	96%	81%

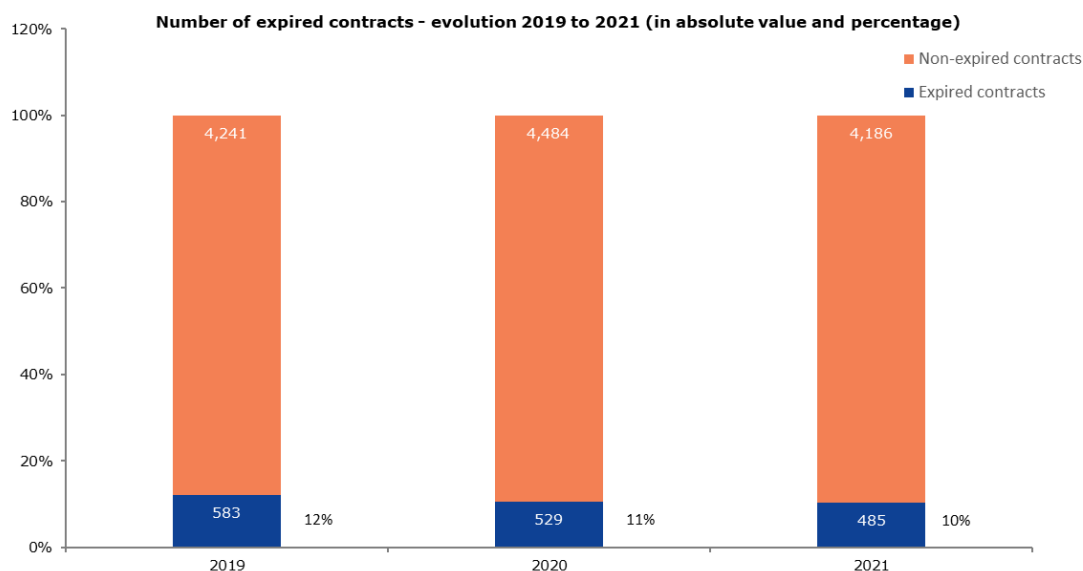
Results at KPI level

- **KPI 1** - Accuracy of initial annual financial forecast for payments - met the target range of 90%-110%. In 2021, DG NEAR achieved 92.79% of its annual financial forecast for payments (EUR 4,175 million out of a total of EUR 4,499 million forecasted), compared to 113.69% in 2020 and 98.78% in 2019.
- **KPI 2** - Accuracy of initial annual financial forecasts for contracts - did not meet the target range of 90%-110%. In 2021, DG NEAR achieved 111.37% of its financial forecasts for contracts (EUR 3,055 million out of a total of EUR 2,743 million forecasted), compared to 120.45% in 2020 and 101.01% in 2019.
- **KPI 3** - Accuracy of initial annual financial forecasts for decisions - did not meet the target range of 90%-110%. In 2021, DG NEAR realised 73% of its financial forecasts for decisions (EUR 3,663 million against a total of EUR 5,017 million), compared to 99.74% in 2020 and 97.62% in 2019.
- **KPI 4** - The KPI on RAL absorption period met the target benchmark of less than 4 years for the second consecutive year. The KPI value is at 3.56 years, which is a small deterioration compared to prior year, when the KPI value was at 3.33 years. However, it's a significant improvement compared to the earlier reporting periods (2019: 4.32 and 2018: 4.35).
- **KPI 5** - The average time to grant - met the target benchmark of no more than 90 days. In 2021, DG NEAR signed grant agreements or notified grant decisions within 41.24 days, which is an improvement of 9.5 days compared to 2020. Given the special situation caused by the COVID-19 crisis, this is actually a very good result.
- **KPI 6 and KPI 7** - are forward looking and risk-based indicators calling for attention on primary interventions not performing as expected (primary interventions with red or orange traffic lights). The actual performance on these KPIs is within the target of maximum 10% of primary interventions flagged "red", with respectively 2.42% and 2.97%. KPI 6 has improved compared to last year (2.84% in 2020) while KPI 7 has slightly increased (2.76% in 2020) being impacted by delays due to the COVID-19 pandemic. In addition to the usual benchmarks on the primary interventions flagged "red" for KPI 6 and KPI 7, the EAMRs report on moderately problematic primary interventions ("orange" flagging). While the number is higher than the primary interventions flagged "red", they provide an indication of primary interventions ambitions in terms of results.
- **KPI 8** - % of completed primary interventions with green flag traffic light for achieving results - met the target benchmark of at least 80%. This KPI cannot be compared to last year as it was introduced in 2021. The percentage of primary interventions that reached the end of their period of operational activities is very good with a value of 85.95%.

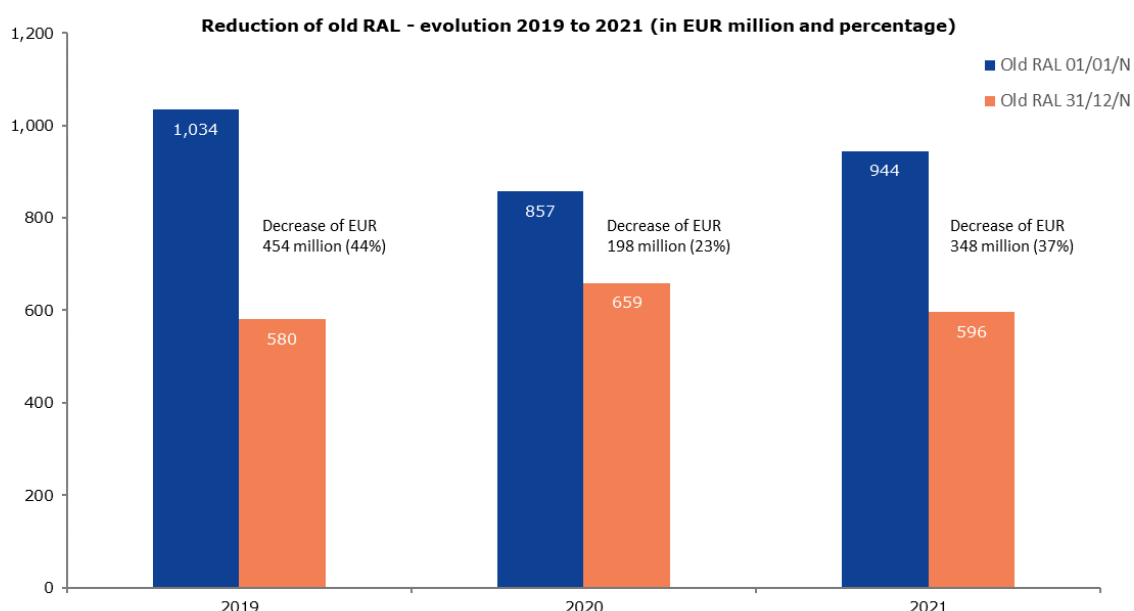
- **KPI 9** - % of primary interventions completed on time - is also a new KPI with a value of 23.57% in the reporting period. This KPI did not meet the target of at least 35%, which can mainly be explained by the COVID-19 restrictions which affected many primary interventions that have been delayed.
- **KPI 10** – Building further on the good results of previous years, DG NEAR has managed to decrease old pre-financing by 51.23%, meeting the set benchmark of at least 35%. This is a huge improvement compared to prior year, where the KPI value was 38.10%. The graph below illustrates the evolution of reduction of old pre-financing in percentage and in absolute amount. It shows that in 2021, DG NEAR has achieved the highest reduction in both absolute value and in percentage.



- **KPI 11** – Since 2019, great efforts have been made to reduce the backlog of old contracts, which resulted in a positive evolution of KPI 11. The benchmark of less than 15% has been met for the third consecutive year. In 2021, DG NEAR was able to decrease the number of expired contracts as a percentage of the total contract portfolio to 485 contracts which corresponds to 10.38%. This percentage is in line with the percentages of reporting period 2020 (11.80%) and 2019 (12.09%). The evolution in terms of percentage and numbers is illustrated in the graph below.

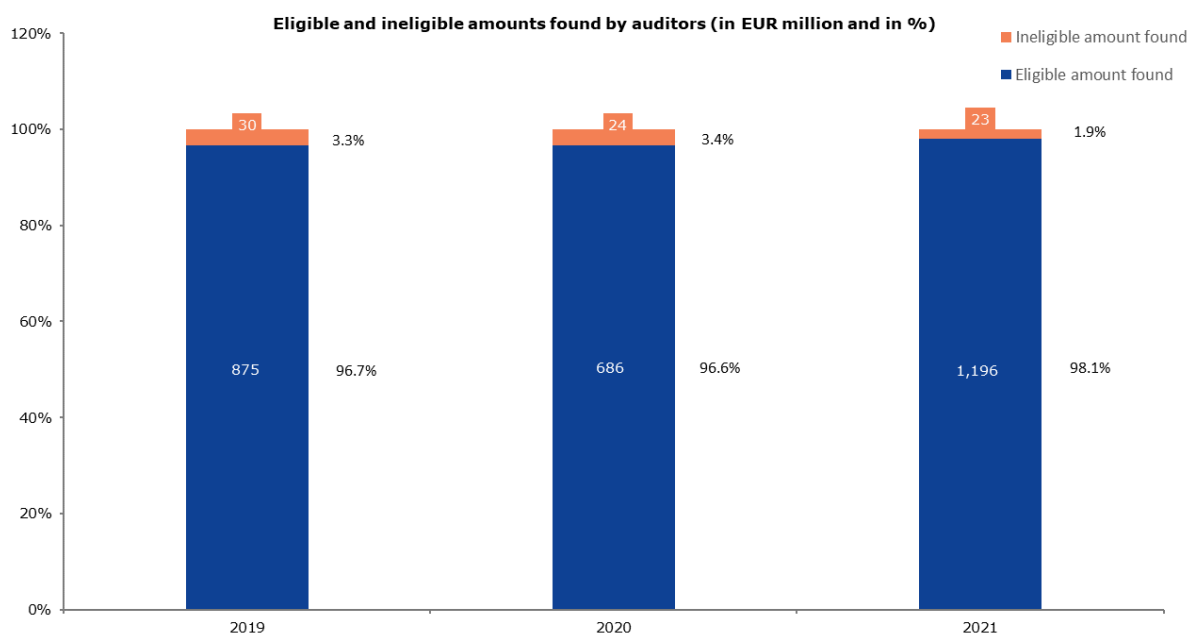


- **KPI 12** – After missing the benchmark of at least 35% reduction of old RAL in 2020 (23.13%), DG NEAR met the target in 2021 with a KPI value of 36.79%. The graph below shows the evolution of reduction of Old RAL in absolute value and in percentage over the last 3 reporting periods.



- **KPI 13** – In 2021, DG NEAR was able to reach 93.75% of payments paid within the contractual deadline, which meets the benchmark of at least 90%. This KPI is a slight improvement compared to 2020 (92.94%) and 2019 (92.25%).
- **KPI 14** – Regarding the timely registration of invoices (i.e. within 7 days), DG NEAR maintained the excellent results of the previous years, meeting the benchmark of at least 90% with a value of 94.13%. This is even a slight improvement compared to the previous two reporting periods (2020: 93.60% and 2019: 91.69%).

- **KPI 15** – In line with the results of 2019 and 2020, DG NEAR has 100% satisfactory cooperation with EEAS in delegations in 2021, based on the respect of the flexibility arrangements regarding the use of DG NEAR staff.
- **KPI 16 to 22** – Except for KPI 22, all KPIs related to the Effectiveness of Internal Control Systems have been met at DG NEAR level in 2021. For KPI 22, the undue payments prevented by ex-ante controls as a percentage of the total invoiced amount is equal to 1.44%, which is below the benchmark of at least 2%. 59% of the Delegations did not meet this benchmark. However, this is still an improvement compared to 2020, where the value for this KPI was only 1.09% and 68% of Delegations did not meet the 2% benchmark.
- **KPI 23 to 28** – Except for KPI 26, all KPIs related to Effectiveness of the Audit System have met their target at DG NEAR level in 2021. KPI 26 – Ineligible amounts identified by audits as % of the audited amount - decreased significantly compared to the previous year and fell just below the benchmark of at least 2%. In 2020, 3.38% was identified by the auditors, while in 2021 this was only 1.90%. The graph below illustrates the evolution of this KPI over the past three years.



At Delegation level, 15 out of 22 Delegations did not meet the benchmark of at least 2% for KPI 26 in 2021. Overall, the Directorate General's results on the various KPIs prove that sound financial management is in place and internal controls and audit systems functions are effective.

Detailed analysis

KPI 1 – Accuracy of initial annual financial forecast for payments

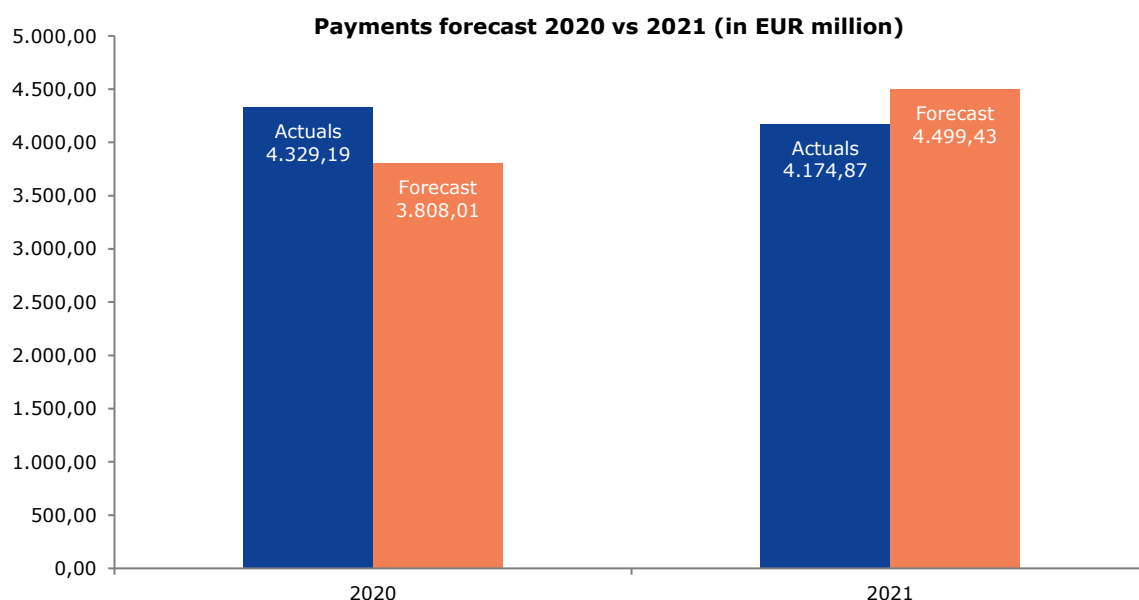
In 2021, DG NEAR achieved 92.79% of its annual financial forecast for payments (EUR 4,175 million out of a total of EUR 4,499 million forecasted), meeting the KPI benchmark of between 90% and 110%. In 2020, DG NEAR achieved 113.69%⁸⁸ on this KPI (EUR 4,329 million out of a total of EUR 3,808 million forecasted for payments).

For the results per Directorate, refer to the table below.

92.79% ▲	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF Madad	TF NoA ⁸⁹	Total
KPI Value (in %)	94.19	91.23	118.41	98.77	100	81.28	95.91	60.19	91.51	92.79
Actuals (in EUR million)	29.04	2,238	476.52	768.61	115.20	1.89	153.93	226.28	165.76	4,175
Forecasts (in EUR million)	30.83	2,453	402.42	778.19	115.20	2.32	160.50	375.97	181.14	4,499
Variance (in EUR million)	-1.79	-215.22	74.10	-9.59	0.00	-0.43	-6.57	-149.68	-15.37	-324.55

⁸⁸ The target of KPI1 was changed from “between 90% and 110%” to “at least 90%” in 2020 to consider the impact of the COVID-19 crisis. This was agreed by DG DEVCO and DE NEAR and valid only in 2020.

⁸⁹ Trust Fund North of Africa



- **KPI not calculated⁹⁰:** 5 HQ Units (NEAR A 05, NEAR B 04, NEAR D 02, NEAR D 03, NEAR D 04)
- **Target met:** 14 Delegations (Bosnia & Herzegovina, Morocco, Palestine, Syria, Ukraine, Israel, Armenia, Serbia, Algeria, Azerbaijan, Albania, Turkey, North Macedonia, Montenegro), 8 HQ Units (NEAR A 01, NEAR A 02, NEAR A 03, NEAR A 04, NEAR D 01, NEAR D 05, NEAR DGA2, NEAR R 05) and TF NoA
- **Target not met:** 8 Delegations (Tunisia, Kosovo, Jordan, Lebanon, Georgia, Belarus, Moldova, Egypt), 8 HQ Units (NEAR B 01, NEAR B 02, NEAR B 03, NEAR C 01, NEAR C 02, NEAR C 03, NEAR R 03, NEAR SGUA) and TF MADAD

Payments forecast – KPI value outside the target of between 90%-110%				
Delegation	KPI	ACTUALS (in EUR million)	FORECASTS (in EUR million)	VARIANCE (in EUR million)
Tunisia	43.03%	116.59	270.97	-154.38
Kosovo	85.27%	64.21	75.31	-11.10
Jordan	87.09%	96.61	110.93	-14.32
Lebanon	115.09%	55.56	48.37	7.19
Georgia	126.77%	91.03	71.81	19.22
Belarus	126.99%	17.97	14.15	3.82
Moldova	152.66%	171.77	112.63	59.14
Egypt	171.59%	134.52	78.40	56.12

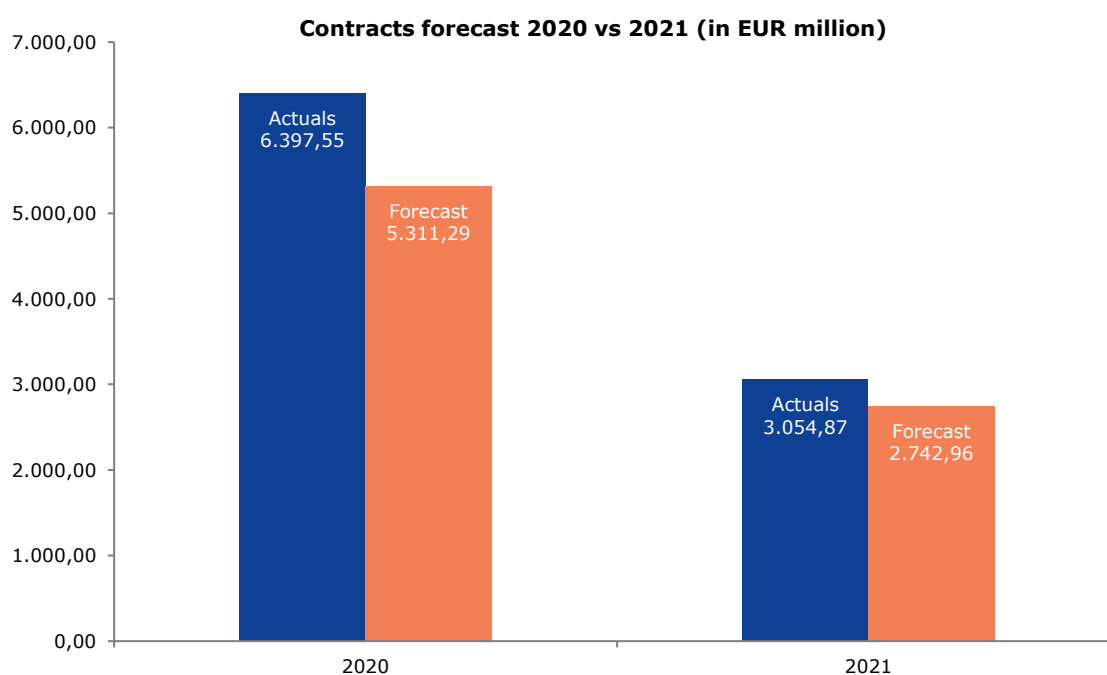
⁹⁰ “KPI not calculated” means that certain KPI had no value for some entities in 2021 and were therefore not calculated. This comment is valid for the whole analysis.

KPI 2 – Accuracy of initial annual financial forecast for contracts

In 2021, DG NEAR achieved 111.37% of its financial forecasts for contracts (EUR 3,055 million out of a total of EUR 2,743 million forecasted), not meeting the KPI benchmark set between 90% and 110%. In 2020, DG NEAR achieved 120.45% of its financial forecasts for contracts (EUR 6,397 million against a total of EUR 5,311 million forecasted for contracts) meeting the target of above 90%.

For the results per Directorate, refer to the table below.

111.37%▲	NEAR A	NEAR B	NEAR C	NEAR D	NEAR R	NEAR DGA2	NEAR SGUA	TF Madad	TF NoA	Total
KPI Value (in %)	114.03	105.92	141.29	91.13	83.18	N/A ⁹¹	136.12	199.54	114.68	111.37
Actuals (in EUR million)	30.66	1,047.86	451.67	931.71	0.74	N/A	212.34	278.96	100.92	3,054.87
Forecasts (in EUR million)	26.89	989.25	319.67	1,022.45	0.89	N/A	156.00	139.80	88.00	2,742.96
Variance (in EUR million)	3.77	58.61	132.00	-90.74	-0.15	N/A	56.34	139.16	12.92	311.91



⁹¹ "N/A" means that certain KPI had no value for that entity in 2021 and were therefore not calculated. This comment is valid for the whole analysis.

- **KPI not calculated:** 10 HQ units (NEAR A 05, NEAR B 01, NEAR B 04, NEAR C 03, NEAR D 02, NEAR D 03, NEAR D 04, NEAR DGA2, NEAR R 05, NEAR SGUA)
- **Target met:** 7 Delegations (North Macedonia, Montenegro, Albania, Turkey, Azerbaijan, Tunisia, Jordan) and 3 HQ Units (NEAR A 03, NEAR A 04, NEAR D 05)
- **Target not met:** 15 Delegations (Palestine, Bosnia & Herzegovina, Serbia, Morocco, Kosovo, Georgia, Algeria, Ukraine, Lebanon, Belarus, Armenia, Israel, Syria, Egypt, Moldova), 8 HQ Units (NEAR A 01, NEAR A 02, NEAR B 02, NEAR B 03, NEAR C 01, NEAR C 02, NEAR D 01, NEAR R 03), TF MADAD and TF NoA

Delegations outside the 90%-110% benchmark				
Delegation	KPI	ACTUALS (in EUR million)	FORECASTS (in EUR million)	VARIANCE (in EUR million)
Moldova	228.58%	113.73	49.76	63.98
Palestine	76.52%	183.16	239.38	-56.22
Ukraine	135.47%	211.34	156.00	55.34
Serbia	81.58%	224.33	274.99	-50.65
Egypt	222.07%	76.65	34.52	42.13
Bosnia & Herzegovina	78.41%	72.72	92.74	-20.02
Lebanon	135.93%	72.85	53.60	19.26
Syria	177.98%	30.80	17.30	13.49
Morocco	89.69%	89.70	100.01	-10.31
Armenia	155.76%	21.21	13.61	7.59
Georgia	114.38%	57.21	50.02	7.19
Belarus	141.67%	22.35	15.78	6.58
Kosovo	89.79%	54.92	61.17	-6.25
Algeria	127.17%	26.98	21.21	5.76
Israel	171.82%	4.28	4.28	3.07

KPI 3 – Accuracy of initial annual financial forecast for decisions

In 2021, DG NEAR achieved 73.00% of its financial forecast for decisions (EUR 3,663 million against a total of EUR 5,017 million), not meeting the KPI benchmark set between 90%-110%. In 2020, DG NEAR realised 99.74% of its financial forecasts for decisions (EUR 3,590 million against a total of EUR 3,811 million).

KPI 3 can only be calculated on a Directorate level in 2021 as the forecasts on Decisions level are done centrally at the HQs. On Delegation level, there is no forecast of future decisions done.

For an overview of the performance on Directorate level, refer to the table below.

73.00% ▼	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF MADAD	TF NoA	Total
KPI Value (in %)	N/A	59.14%	29.14%	92.31%	N/A	N/A	101.97%	N/A	N/A	73.00%
Actuals (in EUR million)	74.55	1,585	222.07	1,323	165	1.70	143.78	138.30	8.55	3,663
Forecast (in EUR million)	N/A	2,681	761.97	1,433	N/A	N/A	141.00	N/A	N/A	5,017
Variance (in EUR million)	74.55	-1,096	-539.90	-110.16	165	1.70	2.78	138.30	8.55	-1,355

2021 was a challenging year for budget management. Not only the Draft Budget 2021 preparations were done when the legal basis were still under negotiations, the execution of operational credits started late as the NDICI – Global Europe and IPA III regulations were adopted only during the budgetary year, respectively on 9 June and 15 September 2021, while the IPA III Programming Framework on 10 December 2021. Despite this, DG NEAR executed 69% of available C1 credits at the end of 2021. EUR 1.6 billion has been carried-over to 2022 based on the Article 30 of the NDICI – Global Europe regulation, out of which EUR 1.1 billion is expected to be committed in early 2022.

KPI 4 – RAL Absorption Period

Once a new project is decided, the amount necessary for covering the related expenditure for the entire duration of the project (usually 3 to 6 years) is put aside by the Commission ("commitment"). The RAL absorption period is the implementation capacity estimated as the number of years needed to pay the full amounts committed.

When dividing the RAL amount at the end of the year by the annual amount of payments made during the year, it should arrive at an implementation period of less than 4 years which is considered normal considering the multi-annularity of EU projects. Please note that KPI 4 related to RAL absorption is not benchmarked at HQs Units level. The benchmark is only applied at Delegation and DG levels. This is explained by the contracts of centrally managed decisions which are usually managed by different entities.

The paid amount is attributed to these entities whereas the decided amount that is left to be contracted is attributed to the unit managing the decision. As a result, the KPI calculation for these units is not relevant and the benchmark cannot be applied.

The RAL absorption is a snapshot of the situation of each Delegation at the end of the year.

It can be exceptionally high at one point of time as a result of a combination of high financial amounts committed during the year (for example, as a result of an emergency) and low level of payments performed during the reporting year. In these cases, the RAL absorption period will quickly improve as the amount of payments will increase month after month.

The global result for DG NEAR at year-end 2021 stands at 3.56 years, which marks the KPI as green as it is lower than the benchmark of 4 years. Expressed in amounts, this is EUR 4,251 million of payments done in 2021 against EUR 15,117 million of RAL. In 2020, the global RAL Absorption Period of DG NEAR was slightly better at a level of 3.33 years (EUR 4,829 million of annual payments against EUR 16,080 million of RAL).

For the results per Directorate, refer to the table below.

3.56 years ▼	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF Madad	TF NoA	Total
KPI Value (in years)	7.48	3.32	2.84	5.67	1.47	4.46	4.37	2.05	1.26	3.56
RAL amount (in EUR million)	330	7,434	1,351	4,357	169	10	672	583	211	15,117
Annual amount of payments (in EUR million)	44	2,238	477	769	115	2	154	284	167	4,251
Variance (in EUR million)	286	5,196	875	3,588	53	8	518	299	44	10,866

At Delegation level, the TOP 5 and BOTTOM 5 Delegations are as follows:

TOP 5 Delegations	KPI result
Moldova	1.09 years
Palestine	1.94 years
Syria	1.95 years
Montenegro	2.01 years
Turkey	2.51 years

BOTTOM 5 Delegations	KPI result
Tunisia	9.12 years
Algeria	6.48 years
Belarus	6.13 years
Lebanon	6.11 years
Kosovo	5.69 years

- **Target met at Delegation level:** 8 Delegations (Moldova, Palestine, Syria, Montenegro, Turkey, Georgia, Serbia, Albania)
- **Target not met at Delegation level:** 14 Delegations (Tunisia, Algeria, Belarus, Lebanon, Kosovo, Morocco, Azerbaijan, Bosnia & Herzegovina, Israel, Egypt, Jordan, Ukraine, North Macedonia, Armenia)

KPI 5 – Average Time to Grant

In 2021, DG NEAR signed grant agreements or notified grant decisions within 41.24 days, which is below the target of no more than 90 days. The KPI has improved with about 9.5 days compared to 2020, coming from an average time to grant of 50.77 days.

The table below gives an overview of the KPI 5 values and the average delay for signing agreements or notifying grant decision by Directorate.

41.24 days ▲	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF MADAD	TF NoA	Total
KPI Value (in days)	N/A	47.52	33.82	34.61	N/A	N/A	58.41	N/A	N/A	41.24
Days taken	N/A	2,566	1,116	2,457	N/A	N/A	1,285	N/A	N/A	7,424
Grants	N/A	54	33	71	N/A	N/A	22	N/A	N/A	180

At Delegation level, the TOP 5 and BOTTOM 5 Delegations are as follows:

TOP 5 Delegations	KPI result
Kosovo	8.14 days
Tunisia	12.00 days
Serbia	17.25 days
Lebanon	24.00 days
Armenia	29.80 days

BOTTOM 5 Delegations	KPI result
Jordan	167.00 days
Albania	60.18 days
Ukraine	58.41 days
Israel	57.25 days
Turkey	56.50 days

- **KPI not calculated:** Algeria, Azerbaijan, Belarus, Bosnia & Herzegovina, Egypt
- **Target met:** Kosovo, Tunisia, Serbia, Lebanon, Armenia, Moldova, North Macedonia, Georgia, Montenegro, Palestine, Syria, Morocco, Turkey, Israel, Ukraine, Albania
- **Target not met:** Jordan

KPI 6 – % of primary interventions with red traffic light for implementation progress

The primary intervention's traffic light corresponds to the answer to this question in the PINTV List: Q1. *What is the expected level of scheduled resources the primary intervention will be able to use before the end of the primary intervention (< 75% = red; 75% - 90% = orange; > 90% = green)?*

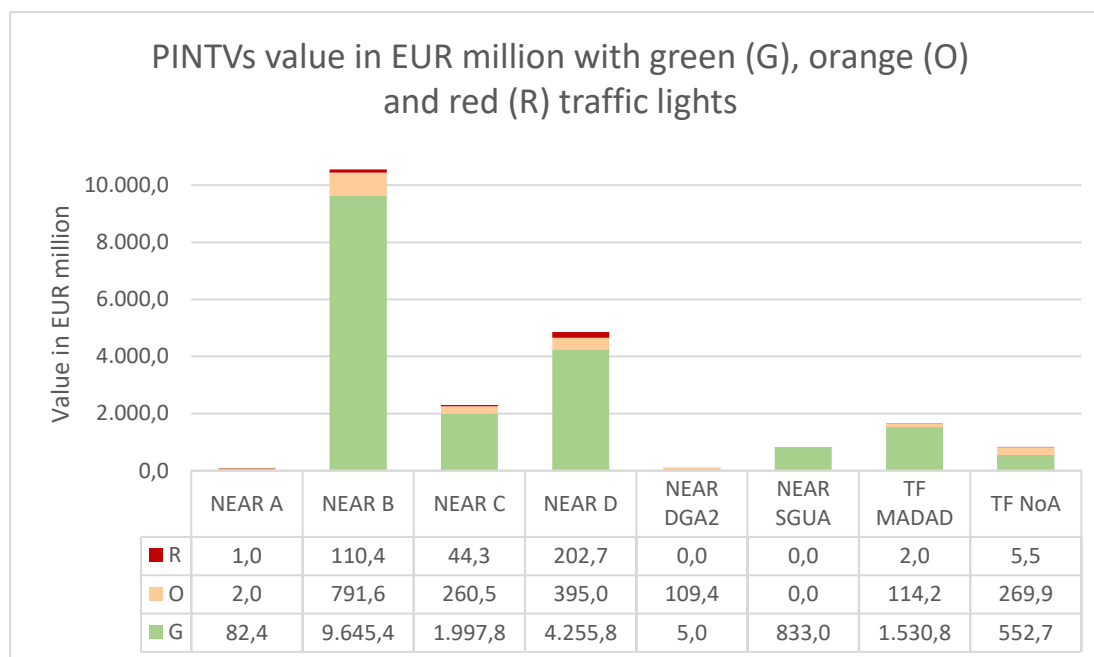
DG NEAR met the benchmark of “no more than 10 % primary interventions with a red traffic light” with a score of 2.42% in 2021 compared to 2.84% in 2020.

2.42% ▲	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF MADAD	TF NoA	Total
KPI result	9.09%	2.73%	3.15%	2.12%	N/A	N/A	0.00%	1.33%	1.41%	2.42%
PINTVs with red traffic light for implementation progress	1	19	15	11	N/A	N/A	0	1	1	48
All PINTVs	11	697	476	519	N/A	N/A	135	75	71	1,985
PINTVs value with red traffic light (in EUR million)	1	110.35	44.35	202.66	0	N/A	0	2	5.50	365.86
Total PINTVs value (in EUR million)	85.37	10,547	2,303	4,854	5	N/A	942.41	1,647	828,13	21,211
Contextual indicator	1.17%	1.05%	1.93%	4.18%	0.00%	N/A	0.00%	0.12%	0.66%	1.72%

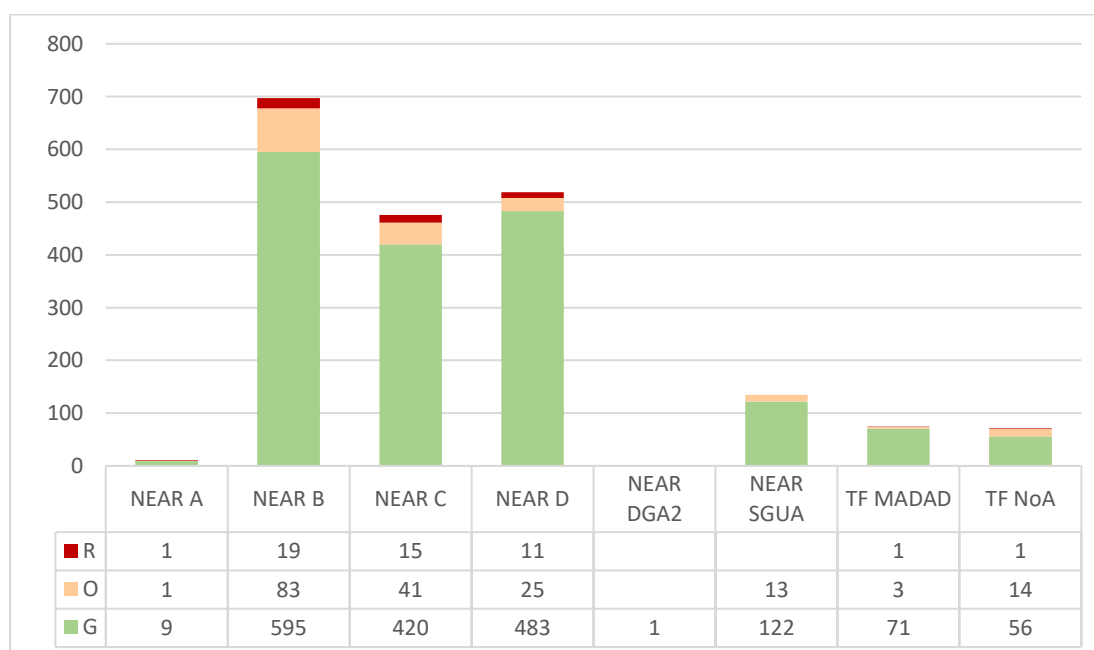
KPI 6 and KPI 7 are forward looking as they assess the probability to fully use the primary intervention resources and to reach the expected level of outputs and outcomes at the end of the primary interventions. Orange and red traffic lights call for attention and indicate if corrective actions are envisaged and if risks on implementation and on achieving results remain.

A primary intervention can be given an orange traffic light if a risk remains, even if it is on schedule. On the other hand, a primary intervention behind schedule may be given a green traffic light if constraints or issues have been solved and the primary intervention will now continue at full speed and make up for delays. A primary intervention is defined as problematic if one of KPI 6 and/or KPI 7 is orange or red.

The graph below shows the total primary interventions (PINTVs) value (in EUR million) with green (G), orange (O) and red (R) traffic lights for Implementation Progress per directorate.



The graph below shows the number of primary interventions (PINTVs) with green (G), orange (O) and red (R) traffic lights for Implementation Progress per directorate.



Out of the total number of primary interventions (1,985) with total value of EUR 21,211 million, 1,757 (88.51%) received a green traffic light for a total value of EUR 18,903 million (89.12%); 180 primary interventions (9.07%) were flagged orange with a total value of EUR 1,943 million (9.16%) and 48 primary interventions (2.42%) were flagged red with a total value of EUR 365.86 million (1.72%).

KPI 7 – % of Primary interventions with a red traffic light for achieving results

KPI 7 is calculated based on the following two questions for each primary intervention:

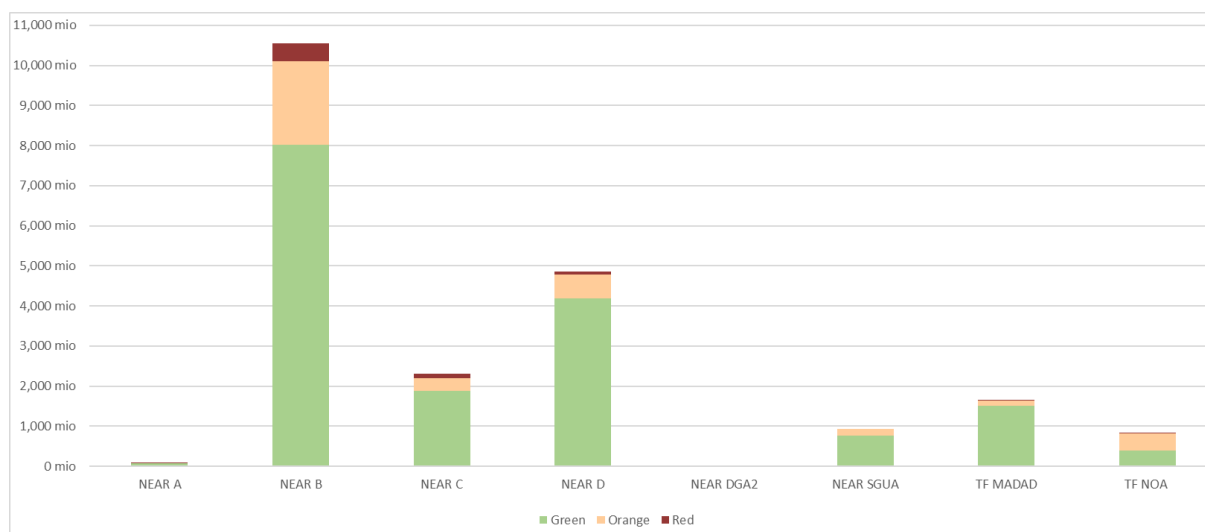
7.1. What is the likely level that the primary interventions will achieve in terms of output targets (< 75% = red; 75% - 90% = orange; > 90% = green)?

7.2. What is the risk that - regardless of any outputs achieved - the intended outcome of the primary intervention will not be achieved (high = red; medium = orange; low = green)?

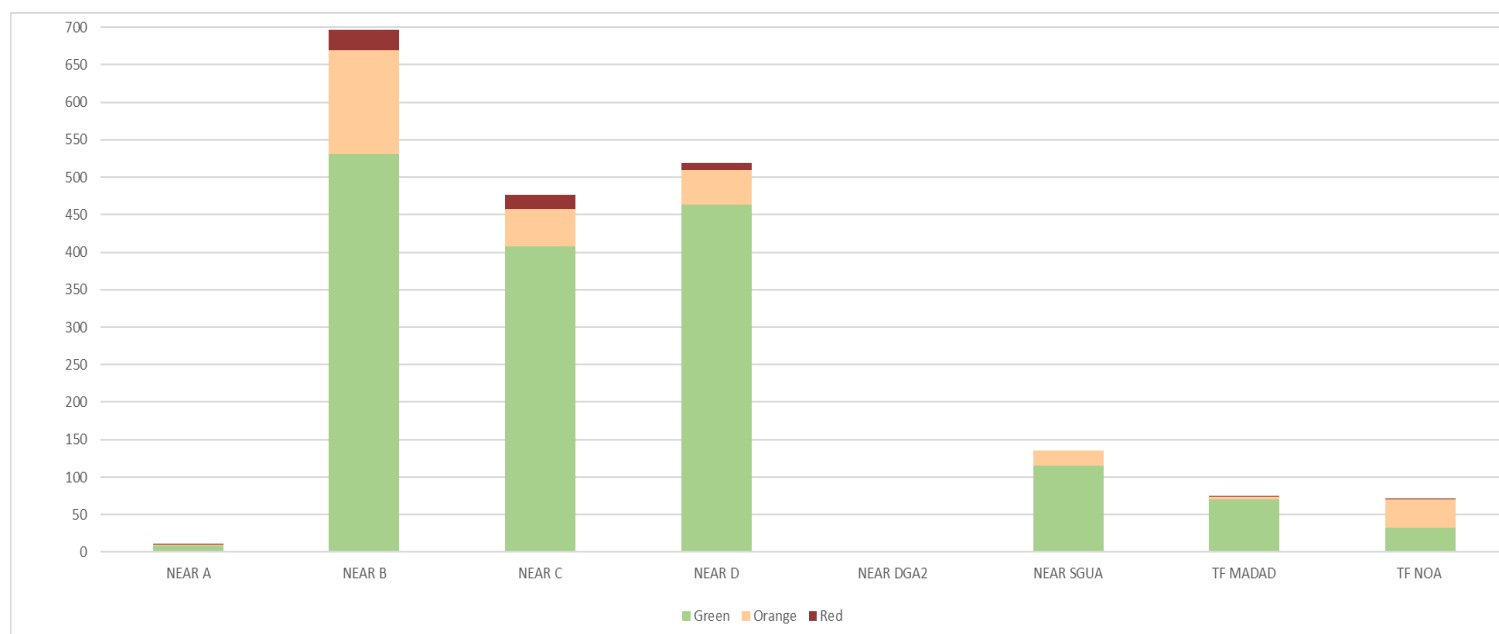
The traffic light corresponds to the least favourable of the answers to these two questions. DG NEAR met the benchmark of “not more than 10% of primary interventions with a red traffic light” with a score of 2.97% in 2021, which is a slight decrease compared to 2020 (2.76%).

2.97%▼	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF MADAD	TF NoA	Total
KPI result (in %)	9.09%	3.87%	3.99%	1.93%	0.00%	N/A	0.00%	1.33%	1.41%	2.97%
Number of primary interventions with red traffic light for achieving objectives	1	27	19	10	0	0	0	1	1	66
All primary interventions	11	697	476	519	1	0	135	75	71	2,395
Primary intervention value with red traffic light (in EUR million)	1.00	444.25	101.07	65.93	0.00	0	0.00	2.00	5.00	392.71
Total primary intervention value (in EUR million)	85.37	10,547	2,303	4,854	5.00	0	942.41	1,647	828.13	19,075
Contextual indicator	1.17%	4.21%	4.39%	1.36%	0.00%	N/A	0.00%	0.12%	0.66%	2.06%

The graph below shows the total primary intervention value (in EUR million) with green (G), orange (O) and red (R) traffic lights for “Achieving Objectives” per Directorate.



The graph below shows the number of primary interventions with green (G), orange (O) and red (R) traffic lights for “Achieving Objectives” per directorate.



Out of the total number of primary interventions (1,985) with a total value of EUR 21,211 million:

- 1,631 (82.17%) received a green traffic light for a total value of EUR 16,871 million (79.54%)
- 295 primary interventions (14.86%) were flagged orange with a total value of EUR 3,720 million (17.54%)
- 59 primary interventions (2.97%) were flagged red with a total value of EUR 620 million (2.92%)

The table below shows the 10 Delegations having the highest value of problematic (orange and red) primary interventions (in EUR million).

Delegations	Total value of portfolio (in EUR million)	Green primary interventions (in EUR million)	Orange primary interventions (in EUR million)	Red primary interventions (in EUR million)	Problematic primary interventions (orange or red in EUR million)
Turkey	4,706.61	4,141.39	565.22	0.00	565.22
Palestine	808.40	315.92	191.37	301.12	492.49
Tunisia	1,219.78	757.96	403.09	58.73	461.82
Morocco	1,165.34	857.44	306.60	1.30	307.90
North Macedonia	518.71	245.82	272.88	0.00	272.88
Egypt	676.20	468.93	184.67	22.61	207.28
Ukraine	924.19	760.11	164.09	0.00	164.09
Lebanon	268.11	122.19	117.80	28.12	145.92
Georgia	526.25	405.35	82.05	38.85	120.90
Jordan	561.64	446.43	103.11	12.09	115.20

The table below shows the 10 Delegations having the highest number of problematic (orange and red) primary interventions.

Delegations	Total number of primary interventions	Total number of green primary interventions	Total number of orange primary interventions	Total number of red primary interventions	Total number of problematic primary interventions	Total value of problematic primary interventions (in EUR million)
Tunisia	98	60	34	4	38	461.82
Egypt	94	72	19	3	22	207.28
Ukraine	131	112	19	0	19	164.09
Palestina	101	83	15	3	18	492.49
Jordan	65	47	11	7	18	115.20
Lebanon	41	24	11	6	17	145.92
Belarus	36	20	5	11	16	38.04
Georgia	116	101	12	3	15	120.90
Morocco	71	56	13	2	15	307.90
Armenia	67	53	14	0	14	111.50

The table below shows the 10 Delegations having the highest percentage in total value (EUR million) of problematic (orange and red) primary interventions.

Delegations	Green primary interventions (in EUR million)	Orange primary interventions (in EUR million)	Red primary interventions (in EUR million)	Problematic primary interventions (orange or red in EUR million)	Total value of portfolio (in EUR million)	% of problematic primary interventions value
Palestine	315.92	191.37	301.12	492.49	808.40	60.92%
Lebanon	122.19	117.80	28.12	145.92	268.11	54.42%
North Macedonia	245.82	272.88	0.00	272.88	518.71	52.61%
Belarus	52.32	20.11	17.93	38.04	90.36	42.09%
Kosovo	158.26	86.03	24.64	110.67	268.93	41.15%
Tunisia	757.96	403.09	58.73	461.82	1,219.78	37.86%
Armenia	218.45	111.50	0.00	111.50	329.95	33.79%
Egypt	468.93	184.67	22.61	207.28	676.20	30.65%
Syria	55.18	24.00	0.00	24.00	79.18	30.31%
Algeria	127.16	33.28	20.28	53.57	180.73	29.64%

The table below shows the 15 green primary interventions with the largest EU contribution (in EUR million).

Country/Unit	Title of primary intervention	EU contribution (in EUR million)	Budget Support Flag Y/N
Turkey	Promoting Integration of Syrian Kids into Turkish Education System (PIKTES II)	400.00	N
Turkey	Multi-annual country Action Programme for Turkey on Transport	346.10	N
Turkey	Annual Action Programme for Turkey for the Year 2014 - Objective 1	324.06	N
Turkey	Multi-annual Action Programme for Turkey on Environment and Climate Action	307.43	N
Turkey	Improving the health status of the Syrian population under temporary protection and related services provided by Turkish authorities	300.00	N
Turkey	Multi-annual Action Programme for Turkey on Employment, Education and Social policies	275.10	N
Turkey	Education for all in times of crisis II	255.00	N
Turkey	Multiannual Action Programme for Turkey on Competitiveness and Innovation	221.10	N
Turkey	Supporting Migrant Health Services in Turkey	210.00	N
NEAR D 05	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework	207.26	N
Turkey	Action Programme for Turkey 2016 - Objective 1	205.65	N
NEAR D 05	EU Support to the Western Balkans Investment Framework – Infrastructure Project Facilities – IPF 11	203.16	N
NEAR D 05	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework	202.68	N
NEAR D 05	Additional support to the Regional Housing Programme (RHP)	202.35	N
Turkey	Annual Action Programme for Turkey for the Year 2015 - Objective 1	186.66	N

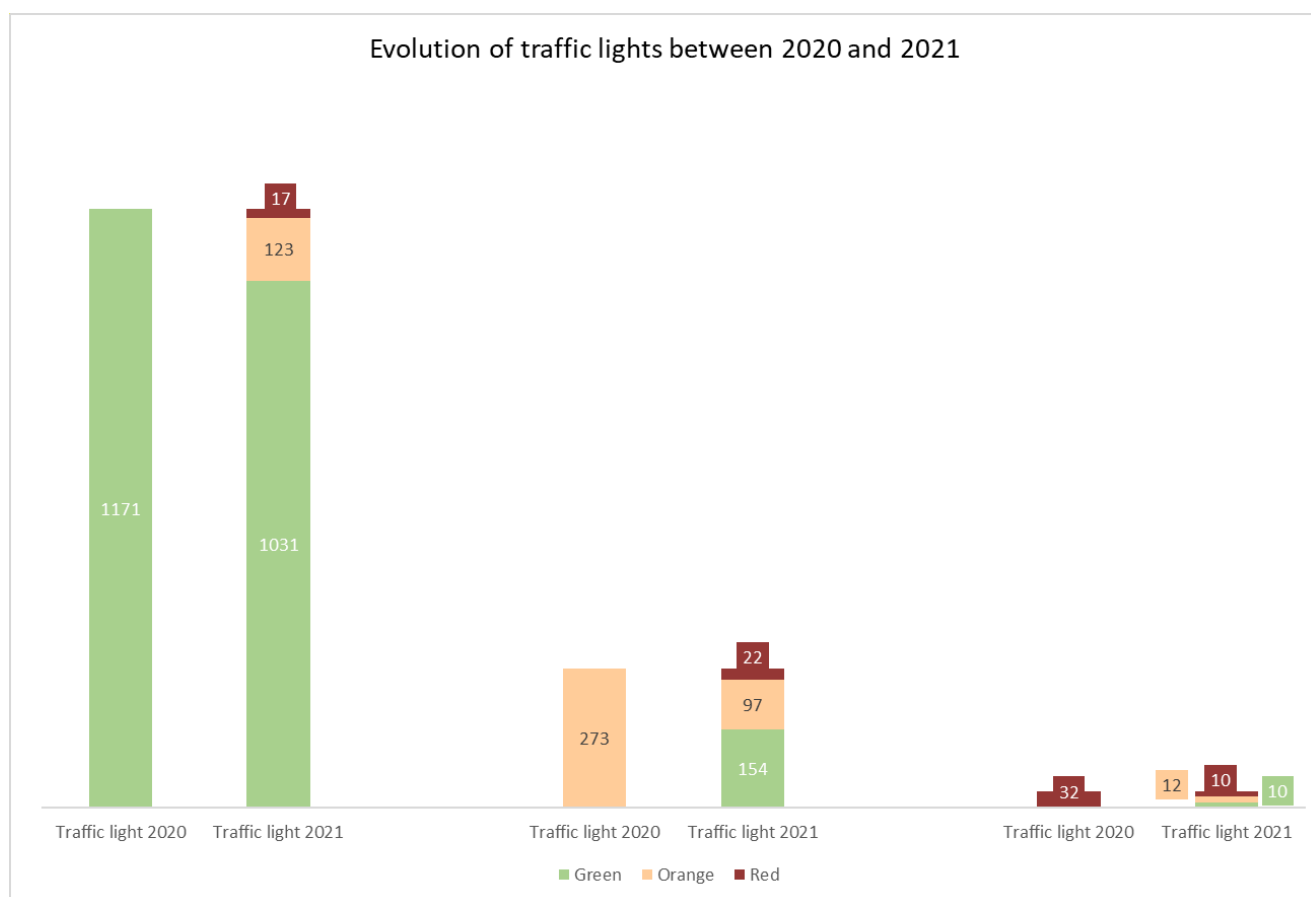
The table below shows the 15 orange primary interventions with the largest EU contribution (in EUR million).

Country/Unit	Title of primary intervention	EU contribution (in EUR million)	Budget Support Y/N
North Macedonia	IPA II 2014-2020 Multi-annual Country Action Programme on Environment and Transport, the Republic of North Macedonia	225.87	N
Turkey	Construction and rehabilitation of water supply and waste water systems and related soft measures to improve water management efficiency	214.82	N
Palestine	PEGASE: Direct Financial Support to Recurrent Expenditures of the Palestinian Authority 2018, 2019 and 2020	155.05	N
Turkey	Municipal Services Improvement Project	140.18	N
Morocco	PROGRAMME D'APPUI A LA CROISSANCE ET LA COMPETITIVITE AU MAROC- PACC	99.80	Y
Turkey	Support for Transition to Labor Market Project	80.00	N
Ukraine	Support to Comprehensive Reform of Public Administration in Ukraine (budget support component)	75.15	Y
TF MADAD	T004 - DELEGATION AGREEMENT 'TECHNICAL ASSISTANCE AND INVESTEMENT SUPPORT FOR THE MUNICIPAL RESILIENCE FACILITY (MRF)' WITH EIB	71.81	N
Tunisia	Programme d'appui à la jeunesse en Tunisie -EU4YOUTH	60.00	N
TF NoA	CONTRIBUTION AGREEMENT T05-EUTF-NOA-REG-04 / T05.800 "FACILITY FOR MIGRANT PROTECTION AND REINTEGRATION IN NORTH AFRICA" WITH IOM	58.00	N
TF NoA	T05 EUTF-NOA-REG-07 (T05.519) DELEGATION AGREEMENT WITH ICMPD "BORDER MANAGEMENT PROGRAMME FOR THE MAGHREB REGION" - 55M EUR	55.00	N
Tunisia	Contrat de performance de réforme sectorielle - Appui budgétaire au Programme d'appui à la compétitivité et aux exportations	52.75	Y
NEAR B 02	EU Trade and Competitiveness Programme for Morocco, Tunisia, Egypt and Jordan - EIB component	51.90	N
Turkey	Agricultural Employment Support for Refugees and Turkish Citizens through Enhanced Market Linkages Project	50.22	N
Turkey	Parallel EC - World Bank Partnership Program for Europe and Central Asia Programmatic Single-Donor Trust Fund (No. TF072780) Turkey - Employment Support for Syrians under Temporary Protection and Host Communities	50.00	N

The table below shows the 15 red primary interventions with the largest EU contribution (in EUR million)

Country/Unit	Title of primary intervention	EU contribution (in EUR million)	Budget Support Y/N
Palestine	Individual commitment for payment of Component 2 – Civil Servants and Pensioners (CSP) - 2020	300.50	N
Tunisia	Contrat de performance de réforme sectorielle - PARJ3	54.07	Y
NEAR C 01	EIB DCFTA INITIATIVE EAST GUARANTEE FACILITY – PHASE II	41.55	N
Albania	Sector Reform Contract for Public Administration Reform	26.90	Y
Kosovo	Sector Reform Contract for Public Administration Reform	22.24	Y
Georgia	Economic and Business Development in Georgia - Budget Support contract	21.25	Y
Egypt	Egypt Electricity Grid Reinforcement Project	20.47	N
Algeria	Programme d'Appui à la Transition de l'Algérie vers une Economie Verte et Circulaire	20.00	N
Georgia	Programme for Energy Efficiency in Public Buildings in Georgia – KfW part	12.65	N
Lebanon	Kesrwan Wastewater project	10.36	N
Belarus	Helping Belarus address the phenomenon of increasing numbers of irregular migrants	6.95	N
Jordan	"Technical Assistance and Investment Support for the NEPCO Green Corridor Project"	6.30	N
Bosnia & Herzegovina	Building an Effective and Citizen-friendly Judiciary	5.95	N
TF NoA	T005 CONVENTION DE CODELEGATION AVEC AECID ET FIAPP - VIVRE ENSEMBLE SANS DISCRIMINATION: UNE APPROCHE BASEE SUR LES DROITS DE L'HOMME ET LA DIMENSION DE GENRE -T05-EUTF-NOA-MA-01	5.50	N
Georgia	Investment Support to the Kutaisi Waste Water Project (KWWP)	4.95	N

The table below shows the changes in total numbers of primary interventions per flag between 2020 and 2021 for those primary interventions which were listed in both the 2020 and 2021 EAMRs.



Of the 32 primary interventions flagged red in 2020, 22 were upgraded to green or orange and from the 273 orange primary interventions in 2020, 154 were upgraded to green, partly because of the remedial actions taken by the project managers in the different EU Delegations.

On the other hand, 140 primary interventions which were green in 2020, were downgraded to orange or red in 2021, partly because of the challenging political situation in some Delegations and the changing primary intervention context because of the COVID-19 pandemic.

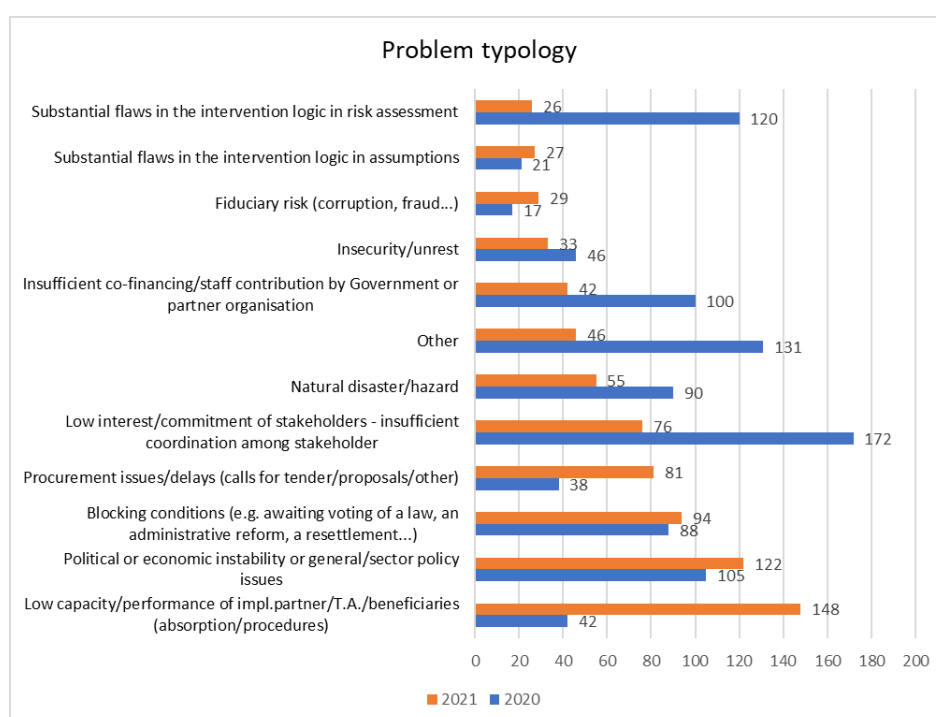
10 primary interventions were flagged red in both 2020 and 2021.

If primary interventions are flagged orange or red on KPI 6 and/or KPI 7, problem typologies (12 different options) and the main corrective measures (10 different options) should be indicated by the Delegations.

The table below shows the main problem typologies for the primary interventions flagged orange or red on KPI 6 and/or 7. Please note that Delegations can indicate between 1 and 5 problem typologies per problematic primary intervention.

Problem Typology	Orange		Red		Orange or red	
	Count	%	Count	%	Count	%
Low capacity/performance of impl.partner/T.A./beneficiaries (absorption/procedures)	123	38%	25	37%	148	38%
Political or economic instability or general/sector policy issues	108	33%	14	21%	122	31%
Blocking conditions (e.g. awaiting voting of a law, an administrative reform, a resettlement...)	78	24%	16	24%	94	24%
Procurement issues/delays (calls for tender/proposals/other)	70	21%	11	16%	81	21%
Low interest/commitment of stakeholders - insufficient coordination among stakeholder	60	18%	16	24%	76	19%
Natural disaster/hazard	51	16%	4	6%	55	14%
Other	35	11%	11	16%	46	12%
Insufficient co-financing/staff contribution by Government or partner organisation	34	10%	8	12%	42	11%
Insecurity/unrest	33	10%	0	0%	33	8%
Fiduciary risk (corruption, fraud...)	25	8%	4	6%	29	7%
Substantial flaws in the intervention logic in assumptions	20	6%	7	10%	27	7%
Substantial flaws in the intervention logic in risk assessment	21	6%	5	7%	26	7%
Total number of primary interventions	327		67		394	

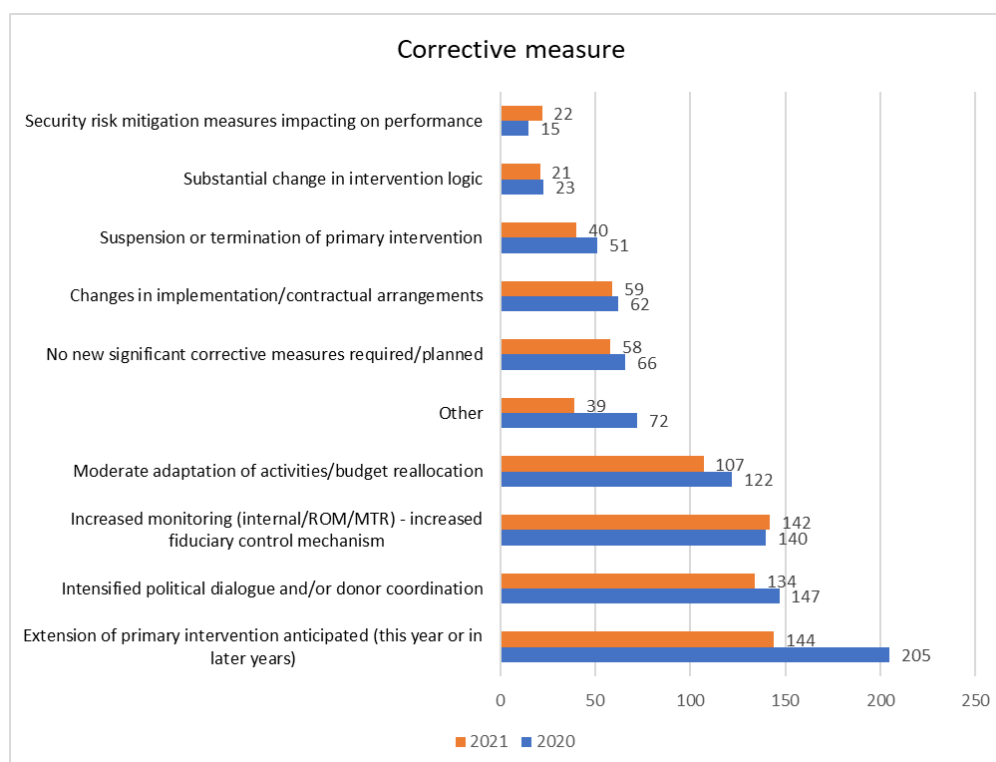
The chart below shows the comparison between 2020 and 2021 by problem typologies for problematic primary interventions.



The table below shows the main corrective measures for the primary interventions flagged orange or red on KPI 6 and/or 7. Please note that Delegations can indicate between 1 and 5 corrective measures per problematic primary intervention.

Corrective Measures	Orange		Red		Orange or red	
	Count	%	Count	%	Count	%
Extension of primary intervention anticipated (this year or in later years)	130	40%	14	21%	144	37%
Increased monitoring (internal/ROM/MTR) - increased fiduciary control mechanism	129	39%	13	19%	142	36%
Intensified political dialogue and/or donor coordination	118	36%	16	24%	134	34%
Moderate adaptation of activities/budget reallocation	98	30%	9	13%	107	27%
Changes in implementation/contractual arrangements	53	16%	6	9%	59	15%
No new significant corrective measures required/planned	50	15%	8	12%	58	15%
Suspension or termination of primary intervention	10	3%	30	45%	40	10%
Other	27	8%	12	18%	39	10%
Security risk mitigation measures impacting on performance	21	6%	1	1%	22	6%
Substantial change in intervention logic	18	6%	3	4%	21	5%
Total number of primary interventions	327		67		394	

The chart below shows the comparison between 2020 and 2021 by corrective measures for problematic primary interventions. As can be seen on the chart, the proportions of the different corrective measures are in line with previous year.



Financial Memorandums

Financial Memorandum (FM) types of contracts consist of local contracts managed by the Beneficiary Countries. Information on those local contracts is not available in CRIS IT system. For the 2021 EAMR exercise a special algorithm was prepared to facilitate the assessment of Financial Memorandums by the IPA Delegations. Each local contract per Financial Memorandum, that was ongoing during the year 2021, was assessed by the Delegation separately using the same rules as for other primary interventions in the primary intervention list and then a weighted average was used to assess Financial Memorandum globally.

Below tables show for each IPA Delegation the total value of FMs compared with local contracts still active in 2021 as well as the assessment made in relation to KPI 6 and 7 and a global assessment for each FM.

In 2021, there are no Financial Memorandums in the primary intervention selection of the EAMR for Montenegro, Kosovo, Albania and Bosnia & Herzegovina.

North Macedonia

Primary Intervention Reference	Primary Intervention Title	Primary Intervention Amount	KPI 6 assessment	KPI 7 + 8 assessment
CTR383610	Country Action Programme for the former Yugoslav Republic of Macedonia for the year 2015 - Objective 1 (IMBC)	6,825,719	100%	100%
CTR394213	Country Action Programme for the former Yugoslav Republic of Macedonia for Year 2016 - Objective 1 (IMBC)	7,109,906	100%	100%
CTR403253	Annual Action Programme for the Former Yugoslav Republic of Macedonia for the Year 2017 - Objective 1 (IMBC)	5,834,173	100%	100%
CTR410822	Annual Action Programme for the former Yugoslav Republic of Macedonia for the year 2018	6,101,614	100%	100%
CTR418027	Annual Action Programme for the Republic of North Macedonia for the Year 2020 - Objective 1	7,700,000	100%	100%

Turkey

Primary Intervention Reference	Primary Intervention Title	Primary Intervention Amount	KPI 6 assessment	KPI 7 assessment
CTR345751	NP 2013	15,285,029	84%	94%
CTR372188	AAP 2014-Obj.1	81,361,647	94%	93%
CTR383655	AAP 2014-Obj.2	0	0%	0%
CTR374449	AAP 2015-Obj.1	111,794,108	95%	94%
CTR383657	AAP 2015-Obj.2	39,729,935	95%	95%
CTR394877	AAP 2016-Obj.1	89,894,395	97%	96%
CTR395424	AAP 2016-Obj.2	3,119,950	91%	96%
CTR403081	AAP 2017-Obj.1	4,471,220	N/A	N/A
CTR414228	AAP 2018-Obj.2	1,262,250	N/A	N/A
CTR383606	MAAP Competitiveness	101,957,745	96%	3%
CTR383607	MAAP Employment	286,301,766	100%	83%
CTR383605	MAAP Environment	238,400,927	98%	96%
CTR383608	MAAP Transport	196,975,921	93%	95%

Serbia

Primary Intervention Reference	Primary Intervention Title	Primary Intervention Amount	KPI 6 assessment	KPI 7 + 8 assessment
CTR388029	Action Programme for Serbia under IPA 2014 - Democracy and Rule of Law - Indirect Management with Serbia	32,550,000	95%	95%
CTR388033	Action Programme for Serbia under IPA 2014 - Competitiveness and Growth - Indirect Management with Serbia	33,040,000	92%	93%
CTR395223	Country Action Programme for Serbia for the year 2016 - Objective 1 - Indirect Management	17,354,000	95%	85%
CTR395224	Cross-border Cooperation Action Programme Serbia - Bosnia and Herzegovina for the years 2015, 2016 and 2017, 2016 allocation	2,000,000	87%	87%
CTR395225	Cross-border Cooperation Action Programme Serbia - Montenegro for the years 2015, 2016 and 2017, 2016 allocation	1,200,000	95%	95%
CTR395227	Cross-border Cooperation Action Programme Serbia - the Former Yugoslav Republic of Macedonia for the years 2016 and 2017, 2016 allocation	560,000	95%	95%
CTR404666	Country Action Programme Serbia IPA 2017 - Democracy and Governance	18,822,861	95%	92%
CTR404667	Country Action Programme Serbia IPA 2017 - Environment	28,600,000	94%	94%
CTR404668	Country Action Programme Serbia IPA 2017 - Energy	49,600,000	65%	95%
CTR411099	Annual Action Programme for Serbia for 2018 - Objective 1: Democracy and Governance	27,385,000	95%	95%
CTR414336	Annual Action Programme 2018 Serbia - Objective 2 (Competitiveness and Social housing) - IMBC part	15,000,000	95%	95%

KPI 8 – % of completed primary interventions with green flag traffic light for achieving results

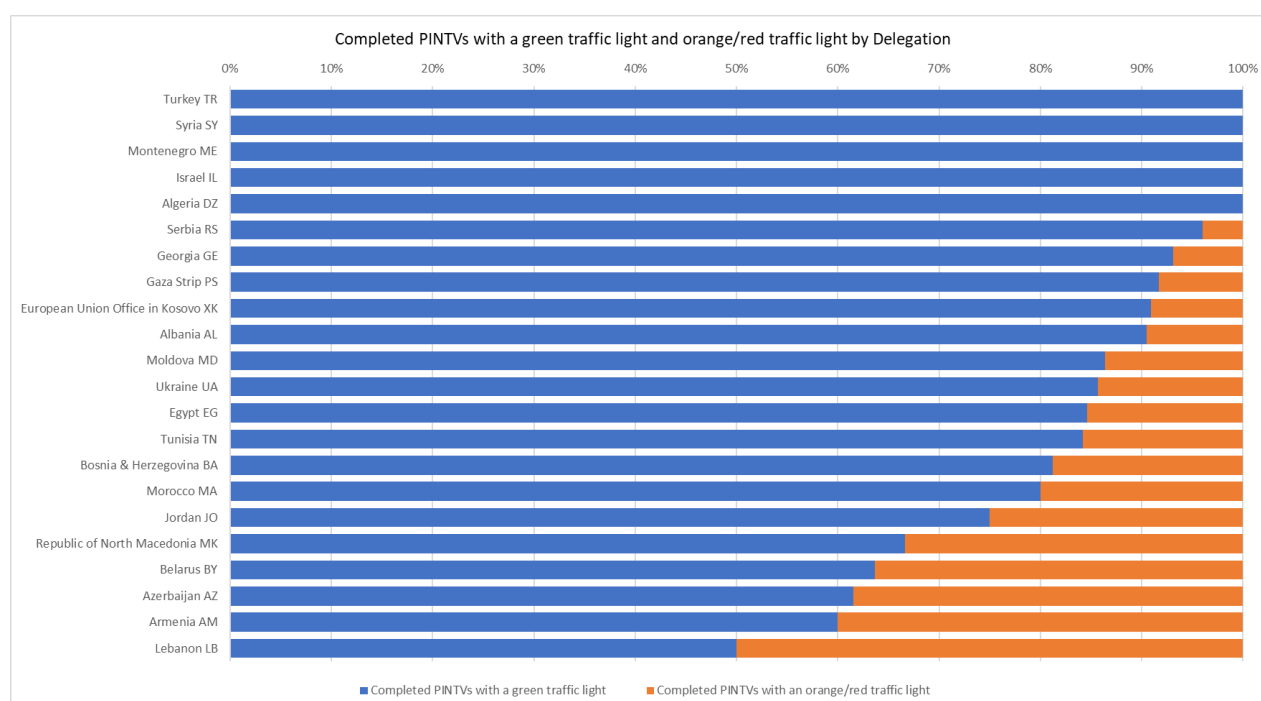
KPI 8 measures the successful completion of primary interventions, calculated as the percentage of Primary Intervention List interventions that reached the end of their period of operational activities during the reporting year and that received a green traffic light for achieving objectives for the year. This KPI was introduced in 2021.

At DG NEAR level, 85.95% of all completed primary interventions were completed with a green traffic light, which means the KPI met the benchmark of at least 80%.

For the results per Directorate, refer below.

85.95%	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF MADAD	TF NoA	Total
KPI Value (in %)	100 %	84.35%	83.93%	89.92%	N/A	N/A	85.71%	100%	0.00%	85.95%
Primary Interventions completed with green traffic light	1	124	94	116	0	0	24	2	0	361
All completed primary interventions	1	147	112	129	0	0	28	2	1	420

At Delegation level, 16 of the 22 Delegations reached the benchmark of at least 80%. Of these 16, 5 even reached a KPI value of 100%.



In the tables below, we have sorted the TOP 5 and BOTTOM 5 Delegations based on the number of primary interventions completed with a green traffic light.

TOP 5 Delegations	PINTV with green traffic light completed in 2021	All PINTV completed in 2021	KPI result
Georgia	27	29	93.10%
Bosnia & Herzegovina	26	32	81.25%
Ukraine	24	28	85.71%
Serbia	24	25	96.00%
Egypt	22	26	84.62%

BOTTOM 5 Delegations	PINTV with green traffic light completed in 2021	All PINTV completed in 2021	KPI result
Montenegro	2	2	100%
North Macedonia	2	3	66.67%
Israel	4	4	100%
Algeria	5	5	100%
Lebanon	5	10	50.00%

In the tables below, we have sorted the TOP 5 and BOTTOM 5 Delegations based on the value of the primary interventions completed with a green traffic light (in EUR million).

TOP 5 Delegations	PINTV with green traffic light completed in 2021	All PINTV completed in 2021	%
Turkey	509.73	509.73	100%
Tunisia	213.79	217.14	98.46%
Morocco	137.72	158.78	86.75%
Serbia	127.45	128.36	99.29%
Ukraine	84.88	95.97	88.45%

BOTTOM 5 Delegations	PINTV with green traffic light completed in 2021	All PINTV completed in 2021	%
Israel	3.11	3.11	100%
Montenegro	3.75	3.75	100%
Azerbaijan	4.57	7.46	61.33%
Armenia	10.70	58.36	18.34%
Belarus	13.71	19.56	70.09%

KPI 9 – % of primary interventions completed on time

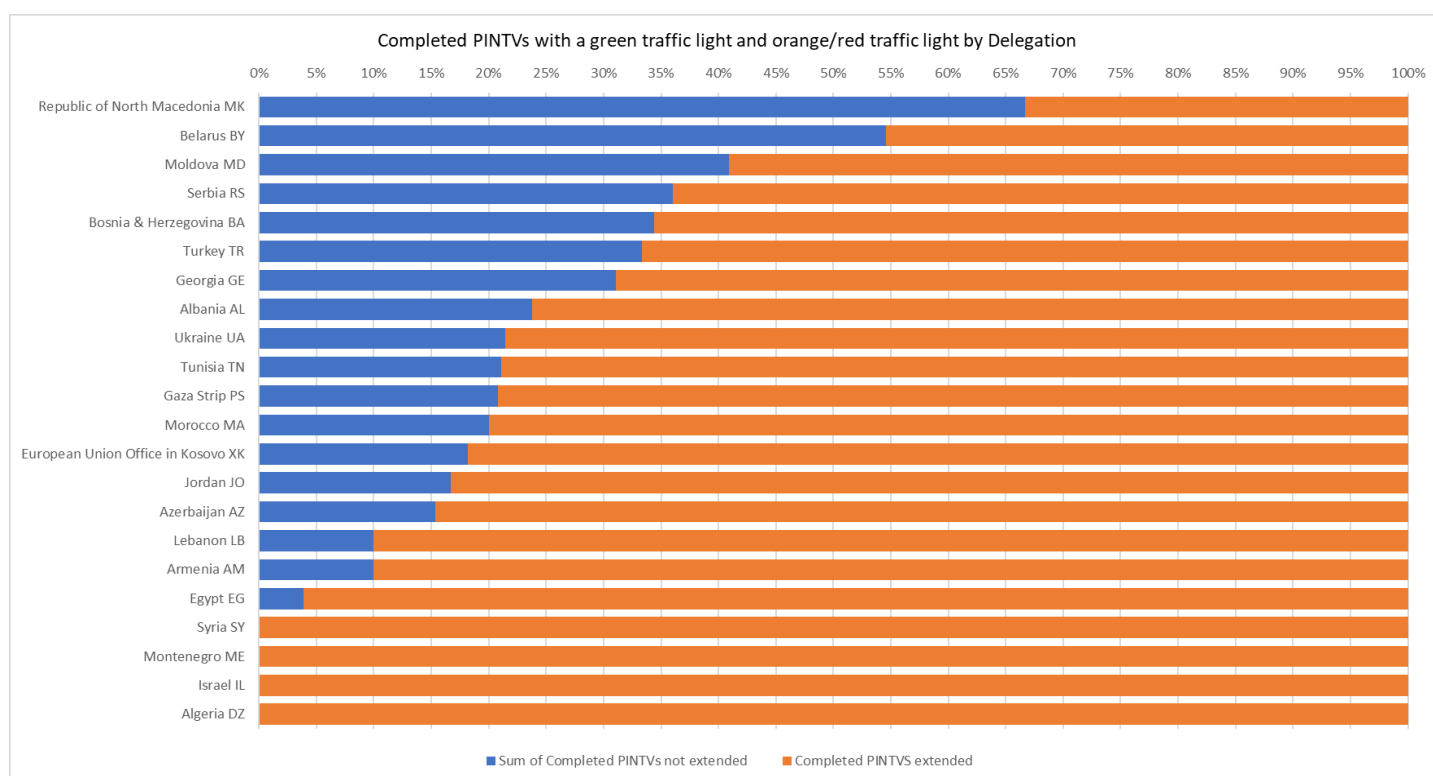
KPI 9 measures the timely completion of primary interventions, calculated as the percentage of Primary Intervention List interventions that reached the end of their period of operational activities during the year (= completed) and did not receive any extension of that date. This KPI is a new KPI as of 2021.

At DG NEAR level, 23.57% of all completed primary interventions were completed with a green traffic light, which means the benchmark of at least 35% was not met.

For the results per Directorate, refer below.

23.57%	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF MADAD	TF NoA	Total
KPI Value (in %)	0.00 %	14.29%	32.14%	25.58%	N/A	N/A	21.43%	100%	100%	23.57 %
Completed primary interventions not extended	0	21	36	33	0	0	6	2	1	99
All completed primary interventions	1	147	112	129	0	0	28	2	1	420

At Delegation level, only 4 of the 22 Delegations reached the benchmark of at least 35%. 4 of the 18 Delegations that did not meet the benchmark even have a KPI value of 0%.



- **Target met:** North Macedonia, Belarus, Moldova, Serbia
- **Target not met:** Syria, Montenegro, Israel, Algeria, Egypt, Lebanon, Armenia, Azerbaijan, Jordan, Kosovo, Morocco, Palestine, Tunisia, Ukraine, Albania, Georgia, Turkey

In the tables below, we have sorted the TOP 5 and BOTTOM 5 Delegations based on the number of primary interventions completed with a green traffic light.

TOP 5 Delegations	PINTV completed on time	All PINTV completed in 2021	KPI result
Bosnia & Herzegovina	11	32	34.38%
Georgia	9	29	31.03%
Serbia	9	25	36.00%
Moldova	9	22	40.91%
Ukraine	6	28	21.43%

BOTTOM 5 Delegations	PINTV completed on time	All PINTV completed in 2021	KPI result
Syria	0	6	0.00%
Montenegro	0	2	0.00%
Israel	0	4	0.00%
Algeria	0	5	0.00%
Lebanon	1	10	10.00%

In the tables below, we have sorted the TOP 5 and BOTTOM 5 Delegations based on the value of the primary interventions completed with a green traffic light (in EUR million).

TOP 5 Delegations	PINTV completed on time	All PINTV completed in 2021	%
Tunisia	191.64	217.14	88.26%
Morocco	117.17	158.78	73.79%
Serbia	69.62	128.36	54.24%
Moldova	66.88	89.69	74.57%
North Macedonia	30.22	48.22	62.67%

BOTTOM 5 Delegations	PINTV completed on time	All PINTV completed in 2021	%
Syria	0.00	17.19	0.00%
Montenegro	0.00	3.75	0.00%
Israel	0.00	3.11	0.00%
Algeria	0.00	14.87	0.00%
Egypt	0.19	55.15	0.34%

KPI 10 – Reduction of Old Pre-financing

At DG NEAR level, the total amount of old pre-financing has decreased from EUR 3,055 million on 01/01/2021 to EUR 1,491 million on 31/12/2021, which is a decrease of 51.20% and thus well above the benchmark of at least 35%.

For the results per Directorate, refer to the table below.

51.20% ▲	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF MADAD	TF NoA	Total
KPI Value (in %)	52.86%	49.16%	74.63%	40.15%	0.00%	99.70%	35.41%	43.30 %	38.48%	51.20%
Old pre-financing 01/01/2021 (in EUR million)	1.94	1,158	675.86	512.25	4.42	3.78	204.29	360.44	133.64	3,055
Old pre-financing 31/12/2021 (in EUR million)	0.91	588.78	171.48	306.59	4.42	0.01	131.95	204.37	82.22	1,491
Reduction (in EUR million)	1.03	569.24	504.39	205.66	0.00	3.77	72.34	156.07	51.42	1,564

- **Target met:** 18 Delegations (Moldova, Turkey, Azerbaijan, Kosovo, Algeria, Georgia, Albania, Armenia, Lebanon, Serbia, Egypt, Palestine, Bosnia & Herzegovina, Tunisia, Israel, Ukraine, Morocco, Syria)
- **Target not met:** 4 Delegations (Montenegro, Belarus, Jordan, North Macedonia)

The tables below show the TOP 5 and BOTTOM 5 Delegations in terms of KPI value, highest cleared amount in EUR million and lowest open amount at year-end in EUR million.

TOP 5 Delegations	KPI Value
Moldova	65.61%
Turkey	62.59%
Azerbaijan	62.35%
Kosovo	61.77%
Algeria	60.85%

TOP 5 Delegations	Cleared amount in EUR million
Turkey	329.46
Ukraine	72.34
Egypt	65.40
Serbia	43.20
Moldova	32.02

TOP 5 Delegations	Open amount in EUR million
Azerbaijan	1.54
Israel	4.46
Bosnia & Herzegovina	8.37
Algeria	10.08
Montenegro	10.66

BOTTOM 5 Delegations	KPI Value
Montenegro	14.43%
Belarus	15.95%
Jordan	30.28%
North Macedonia	31.17%
Syria	35.15%

BOTTOM 5 Delegations	Cleared amount in EUR million
Montenegro	1.98
Azerbaijan	2.54
Israel	2.67
Belarus	4.02
Bosnia & Herzegovina	5.39

BOTTOM 5 Delegations	Open amount in EUR million
Turkey	196.79
Ukraine	127.60
Egypt	97.79
Serbia	64.54
North Macedonia	64.42

KPI 11 - Expired contracts as a % of the contract portfolio

Expired contracts are those that are still open more than 18 months after the end of their operational activities. At the end of 2021, 485 contracts or 10.38% of the total number of open contracts (4,671) were expired. Two Directorates did not meet the benchmark target of less than 15% of expired contracts for this KPI.

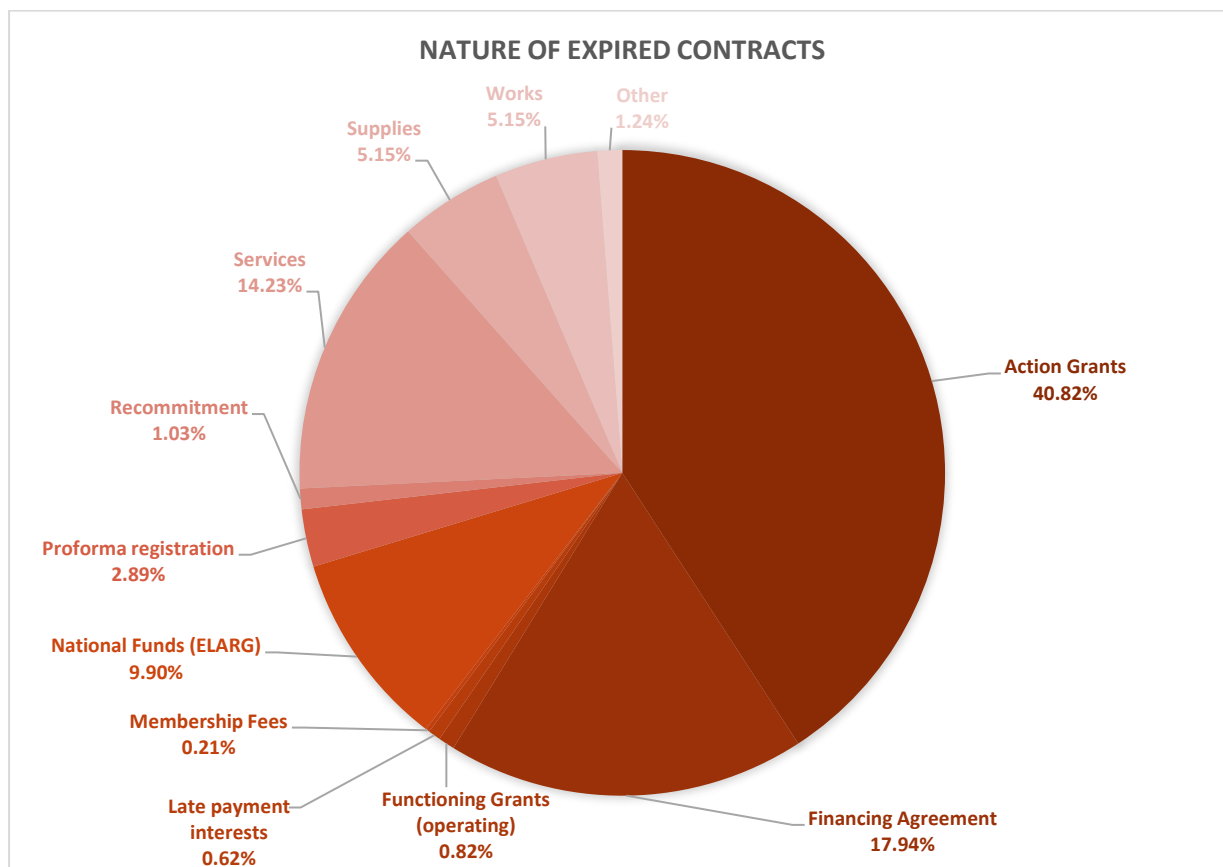
10.38% ▲	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF MADAD	TF NoA	Total
KPI value	2.08 %	13.21 %	7.43 %	9.22 %	61.54 %	49.12 %	3.38 %	3.64 %	2.15 %	10.38 %
N° of expired contracts	1	229	60	145	8	28	8	4	2	485
All contracts	48	1,733	807	1,573	13	57	237	110	93	4,671

Values of expired contracts per Directorate are presented in the below table:

16.34%	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF MADAD	TF NoA	Total
Expired contracts (in million)	11	3,098	391	472	178	562	16	122	6	4,855
All contracts (in million)	143	15,894	3,110	5,785	265	566	1,193	1,888	872	29,716

NEAR Delegations Top 10 expired contracts	31/12/2021	
Managing Entity	N° Expired contracts	KPI
Lebanon	57	30.81%
Kosovo	35	10.03%
Palestine	30	13.04%
Morocco	26	12.81%
Serbia	24	8.57%
Turkey	19	10.27%
Algeria	18	19.15%
Egypt	18	8.91%
North Macedonia	18	7.69%
Bosnia & Herzegovina	17	7.69%

Action Grants, Financing Agreements and Services contracts account for 73% of the number of expired contracts:



Audited contracts

A total of 7 out of the 485 expired contracts have an ongoing audit by end 2021. We note an slight improvement compared to last year (10 out of the 529 expired contracts had an ongoing audit by end of 2020).

Special efforts have been made to speed up the contradictory phase with the auditee and the recovery of ineligible expenditure or unspent pre-financing.

The table below shows the KPI results by contract type.

Nature	Expired Contracts	Exp. Ctr. with Ongoing Audit	Total ongoing contracts	KPI by Contract Nature
Action Grants	198	0	1786	11.09%
Administrative Arrangements	0	0	7	0.00%
Financing Agreement	87	0	799	10.89%
Functioning Grants (operating)	4	0	45	8.89%
Late payment interests	3	0	17	17.65%
Membership Fees	1	0	2	50.00%
National Funds (ELARG)	48	7	141	34.04%
Pro forma registration (Program Estimates, Budget Support)	14	0	97	14.43%
Recommitment	5	0	8	62.50%
Services	69	0	1303	5.30%
Specific contract (ex-letter of contract, order form etc)	0	0	11	0.00%
Supplies	25	0	163	15.34%
Works	25	0	89	28.09%
Other	6	0	203	2.96%
Total	485	7	4671	

KPI 12 – Reduction of Old RAL

The overall result of 36.79% meets the minimum target of 35% with regard to the reduction of Old RAL. Two Directorates have not reached the benchmark of 35% (NEAR B and DGA2). Although orange, actual performance for NEAR B is not far from the target and has significantly improved since last year (from 17% to 33%).

36.79% ▲	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	Total
KPI 12 old RAL	56.21%	33.32%	43.05%	43.31%	0.00%	70.82%	41.65%	36.79%
Old RAL on 01/01/2021 (in EUR million)	0.12	628.26	171.49	127.73	2.62	10.26	3.06	943.54
Old RAL remaining on 31/12/2021 (in EUR million)	0.06	418.92	97.67	72.41	2.62	2.99	1.79	596.46
Reduction achieved in amounts (in EUR million)	0.06	209.34	73.82	55.32	0.00	7.27	1.28	347.09

At Delegation level, below tables present the TOP 10 delegations ranked from highest KPI value to lowest, the TOP 10 delegations in terms of cleared amount and the delegations having the highest old RAL to clear on 31/12/2021:

TOP 10 Delegations	KPI result	Cleared amount (in EUR million)
Syria	99.98%	1.25
Bosnia & Herzegovina	98.46%	0.29
Montenegro	93.89%	0.86
Israel	93.27%	0.40
Kosovo	57.63%	18.82
North Macedonia	53.55%	5.57
Ukraine	49.78%	1.28
Azerbaijan	44.52%	0.33
Belarus	44.34%	0.58
Turkey	43.29%	46.45

TOP 10 Delegations	Cleared amount (in EUR million)
Egypt	117.63
Turkey	46.45
Kosovo	18.82
Tunisia	14.92
Serbia	14.37
Moldova	9.36
Albania	9.11
Armenia	7.80
Morocco	5.63
North Macedonia	5.57

TOP 10 Delegations	Old RAL 31/12/2021 (in EUR million)
Egypt	217.79
Turkey	60.85
Armenia	36.04
Palestine	32.14
Tunisia	27.30
Serbia	26.03
Albania	15.11
Lebanon	14.10
Kosovo	13.83
Moldova	12.49

KPI 13 – % of payments paid within the contractual deadline

DG NEAR made 93.75% of the payments within the contractual deadline which is above the benchmark of 90%. The table below gives an overview by Directorate on KPI 13 value.

The average delay for the registration of invoices at the end of 2021 is 6.8 days compared to 7.6 in 2020. In total, 3,566 invoices have been paid in 2021 including 3,343 invoices paid within the contractual deadline.

93.75% ▲	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF MADAD	TF NoA	Total
KPI value in %	87.93	92.54	93.82	94.98	100.00	86.96	99.45	88.14	85.42	93.75 %
Number of payments paid within the contractual deadline	51	1,129	638	1,230	1	20	181	52	41	3,343
Total of payments	58	1,220	680	1,295	1	23	182	59	48	3,566

18 out of 22 Delegations reached the benchmark. The TOP 10 Delegations in terms of KPI results are presented in the table below.

TOP 10 Delegations	KPI result
Armenia	100.00%
Ukraine	99.45%
Montenegro	98.98%
North Macedonia	98.88%
Georgia	97.96%
Tunisia	97.48%
Moldova	97.17%
Bosnia & Herzegovina	96.13%
Kosovo	96.03%
Israel	95.65%

TOP 10 Delegations	Highest no. of invoices	KPI result
Kosovo	302	96.03%
Serbia	292	89.38%
Ukraine	181	99.45%
Bosnia & Herzegovina	181	96.13%
North Macedonia	179	98.88%
Palestine	175	94.86%
Turkey	167	89.22%
Tunisia	159	97.48%
Georgia	147	97.96%
Albania	142	91.55%

KPI 14 – % of invoices registered within 7 days

DG NEAR registered 94.13% of the invoices within 7 days of the Commission reception date which is above the benchmark of 90%. The table below gives an overview by Directorate on KPI 14 value. The average delay for the registration of invoices at the end of 2021 is 7,52 days. In total, 4,326 invoices have been registered including 4,072 invoices registered within 7 days of the Commission reception date.

94.13% ▲	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF MADAD	TF NoA	Total
KPI value	92.54 %	93.74 %	94.78 %	94.74 %	100 %	100%	97.92 %	84.09 %	80.56 %	94.13 %
Total number of invoices registered on time	62	1,423	744	1,440	7	29	235	74	58	4,072
All invoices	67	1,518	785	1,520	7	29	240	88	72	4,326

TOP 10 Delegations	KPI result	TOP 10 Delegations	Highest no. of payments
Jordan	98.31%	Kosovo	357
Moldova	98.26%	Serbia	256
Ukraine	97.90%	Tunisia	245
Israel	97.78%	Ukraine	241
North Macedonia	97.69%	North Macedonia	217
Belarus	97.40%	Turkey	211
Armenia	97.35%	Bosnia & Herzegovina	197
Azerbaijan	96.92%	Georgia	180
Montenegro	96.75%	Palestine	177
Tunisia	95.88%	Albania	170

21 out of 22 NEAR's Delegations reached the benchmark as in 2020. The Delegation of Syria with KPI's value of 77.46% is the only one below the benchmark of 90%. The TOP 10 Delegations in terms of KPI result and highest number of payments are presented in the table below.

KPI 15 – Use of DEVCO/NEAR staff and respect of the flexibility arrangements

Global NEAR result of 100.00% is far above the benchmark of 80%.

100.00%	Directorate	KPI result
	NEAR A	N/A
	NEAR B	100.00%
	NEAR C	100.00%
	NEAR D	100.00%
	NEAR SGUA	100.00%

KPI 16 – ICF – Control Environment

Global NEAR result of 96.36% is far above the benchmark of 80%.

96.36%	Directorate	KPI result
	NEAR A	N/A
	NEAR B	95.60%
	NEAR C	97.60%
	NEAR D	96.00%
	NEAR SGUA	100.00%

KPI 17 – ICF – Risk assessment

Global NEAR result of 96.14% is far above the benchmark of 80%.

96.14%	Directorate	KPI result
	NEAR A	N/A
	NEAR B	95.00%
	NEAR C	97.00%
	NEAR D	96.67%
	NEAR SGUA	100.00%

KPI 18 – ICF – Control activities

Global NEAR result of 95.15% is far above the benchmark of 80%.

95.15%	Directorate	KPI result
	NEAR A	N/A
	NEAR B	96.00%
	NEAR C	88.00%
	NEAR D	98.89%
	NEAR SGUA	100.00%

KPI 19 – ICF – Information and Communication

Global NEAR result of 96.67% is far above the benchmark of 80%.

96.67%	Directorate	KPI result
	NEAR A	N/A
	NEAR B	96.00%
	NEAR C	96.00%
	NEAR D	97.78%
	NEAR SGUA	100.00%

KPI 20 – ICF – Monitoring activities

Global NEAR result of 96.82% is far above the benchmark of 80%.

96.82%	Directorate	KPI result
	NEAR A	N/A
	NEAR B	95.00%
	NEAR C	98.00%
	NEAR D	98.33%
	NEAR SGUA	100.00%

KPI 21 – % of primary interventions visited by Commission staff and/or the HOD, by primary intervention value

In 2021, 75.21% of the primary interventions were visited, which represents 81.43% in value of the primary interventions. The benchmark of “at least 80% in value” has therefore been reached. However, due to the COVID-19 restrictions, the overall results of 2021 are lower than the previous year (78.20% of the primary interventions with a total value of 85.54% were visited).

For an overview of the performance on Directorate level, refer to the table below.

81.43% ▼	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF MADAD	TF NoA	Total
KPI result (in %)	96.13	77.99	76.15	89.76	N/A	N/A	81.50	100.00	52.48	81.43
Value of visited primary interventions (in EUR million)	82.07	8,226	1,754	4,356	N/A	N/A	768	1,647	434.59	17,273
Value of all primary interventions (in EUR million)	85.37	10,547	2,303	4,854	N/A	N/A	942.41	1,647	828.13	21,211
Number of Visited primary interventions	8	510	343	422	N/A	N/A	90	75	44	1,493
Number of all primary interventions	11	697	476	519	N/A	N/A	135	75	71	1,985
Contextual indicator (in %)	72.73	73.17	72.06	81.31	N/A	N/A	66.67	100	61.97	75.21

- **Target met:** 16 Delegations (Moldova, Montenegro, North Macedonia , Syria, Albania, Azerbaijan, Serbia, Palestine, Algeria , Morocco, Israel, Turkey, Georgia, Kosovo, Bosnia & Herzegovina, Ukraine)
- **Target not met:** 6 Delegations (Jordan, Lebanon, Tunisia, Belarus, Egypt, Armenia)

At Delegation level, the TOP 5 and BOTTOM 5 Delegations are as follows:

TOP 5 Delegations	KPI result
Moldova	100.00%
Montenegro	100.00%
North Macedonia	99.37%
Syria	99.37%
Albania	97.31%

BOTTOM 5 Delegations	KPI result
Armenia	48.60%
Egypt	53.51%
Belarus	55.11%
Tunisia	58.85%
Lebanon	60.88%

The table below shows the BOTTOM 10 Delegations in % of primary interventions visited by value.

Country	Visited	Not visited	Total primary interventions	% visited by number	% visited by value
Armenia	48	19	67	71.64%	48.60%
Egypt	68	26	94	72.34%	53.51%
Belarus	13	23	36	36.11%	55.11%
Tunisia	73	25	98	74.49%	58.85%
Lebanon	24	17	41	58.54%	60.88%
Jordan	44	21	65	67.69%	76.62%
Ukraine	88	43	131	67.18%	82.25%
Bosnia & Herzegovina	86	21	107	80.37%	83.62%
Kosovo	69	10	79	87.34%	84.12%
Georgia	78	38	116	67.24%	85.56%

KPI 22 – Undue payments prevented by ex-ante controls

KPI 22 measures the ex-ante expenditure verification, which is measured as the percentage of the amount claimed that was refused because it was not due.

At DG NEAR level, the percentage of undue payment prevented by ex-ante controls by the end of 2021 is 1.44% which is below the benchmark of 2%. It represents a total amount of EUR 56.39 million of undue amount of the invoices. However, this is a slight improvement compared to 2020, where the KPI was only at 1.09%.

For an overview of the performance on Directorate level, refer to the table below.

1.44%▲	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGAZ	NEAR R	NEAR SGUA	TF MADAD	TF NoA	Total
KPI result	0.68%	1.79%	2.12%	0.77%	0.00%	4.06%	0.33%	0.45%	0.85%	1.44%
Invoiced amount (in EUR million)	36.28	1,790	756.03	614.22	115.49	6.65	212.55	271.89	118.96	3,923
Undue amount (in EUR million)	0.25	32.12	16.06	4.76	0.00	0.27	0.70	1.22	1.01	56.39

- **Target met:** 9 Delegations (Algeria, Georgia, Morocco, Montenegro, Azerbaijan, Armenia, Tunisia, Israel, Egypt)
- **Target not met:** 13 Delegations (Moldova, Syria, Ukraine, Turkey, Serbia, Belarus, Albania, Palestine, Kosovo, Bosnia & Herzegovina, North Macedonia, Lebanon, Jordan)

The TOP Delegations in terms of KPI result (all delegations reaching the 2% benchmark), are presented in the table below.

TOP Delegations (above 2%)	Ex-ante ineligible amount (in EUR million)	Invoiced amount (in EUR million)	KPI
Algeria	4.88	31.58	15.44%
Georgia	13.04	103.25	12.63%
Morocco	13.70	148.16	9.25%
Montenegro	1.79	23.96	7.47%
Azerbaijan	0.81	12.55	6.47%
Armenia	1.74	32.51	5.35%
Tunisia	3.20	76.29	4.19%
Israel	0.20	5.25	3.74%
Egypt	4.13	185.37	2.23%

Delegations with the lowest KPI value (below 1%) are presented in the table below.

BOTTOM Delegations (below 1%)	Ex-ante ineligible amount (in EUR million)	Invoiced amount (in EUR million)	KPI
Moldova	0.02	152.91	0.01%
Syria	0.06	51.78	0.11%
Ukraine	0.71	210.85	0.34%
Turkey	2.11	618.22	0.34%
Serbia	0.42	120.42	0.35%
Belarus	0.04	11.32	0.35%
Albania	0.32	81.92	0.39%
Palestine	0.59	141.34	0.42%
Kosovo	0.26	59.87	0.43%
Bosnia & Herzegovina	0.43	76.42	0.56%
North Macedonia	0.62	76.71	0.80%

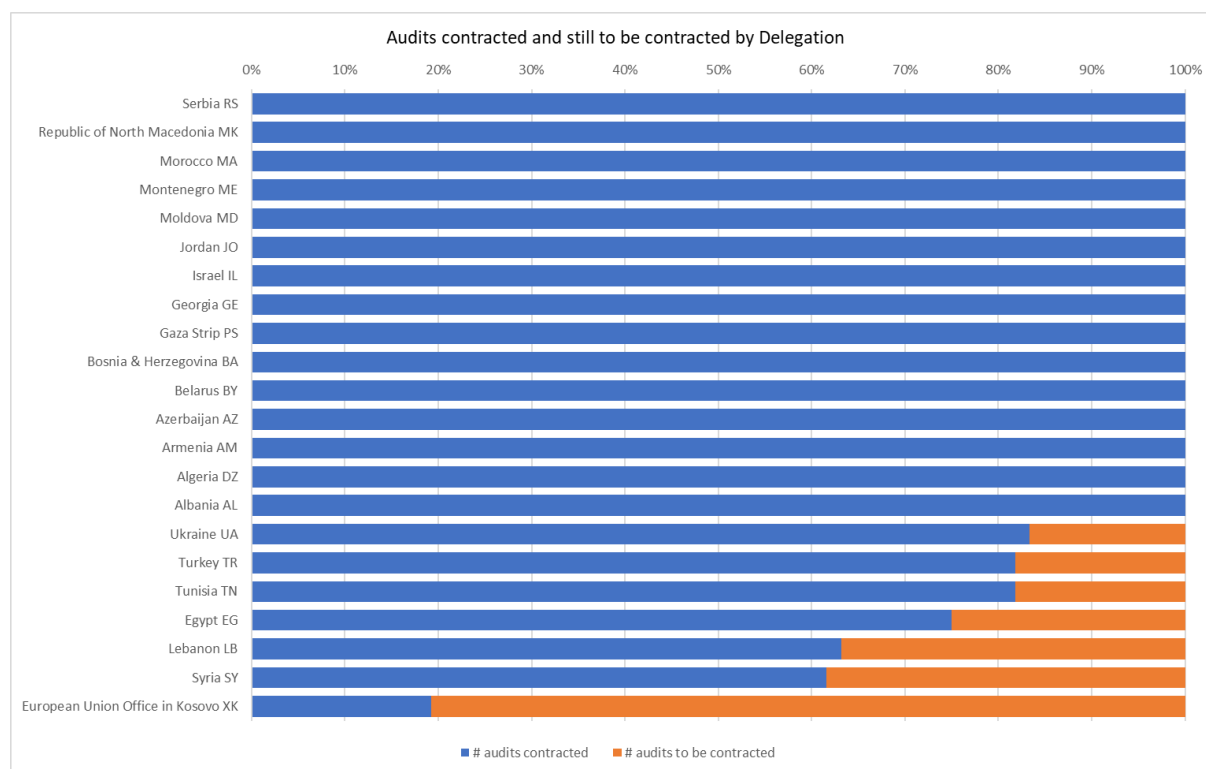
KPI 23 – % contracted of the Annual Audit Plan: year N

KPI 23 measures the on-track implementation of the current year's Audit Plan, based on the percentage of planned audits that have been contracted. At DG NEAR level, 81.02% of the audits foreseen in the Annual Audit Plan year 2021 have been contracted and the value is well above the benchmark of 70%. The KPI value has slightly improved compared to 2020, coming from 79.93%.

For an overview of the performance on Directorate level, refer to the table below.

81.02% ▲	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF MADAD	TF NoA	Total
KPI value (in %)	100%	81.05%	91.30%	81.20%	N/A	N/A	83.33%	0.00%	0.00%	81.02%
Number of audits contracted	3	77	42	95	0	0	5	0	0	222
Number of audits planned in the Annual Audit Plan 2021	3	95	46	117	0	0	6	3	4	274
Number of audits still to be contracted	0	18	4	22	0	0	1	3	4	52

At Delegation level, 19 out of the 22 Delegations reached the benchmark of 70%. Of these 19, 15 even reached an implementation rate of 100%.



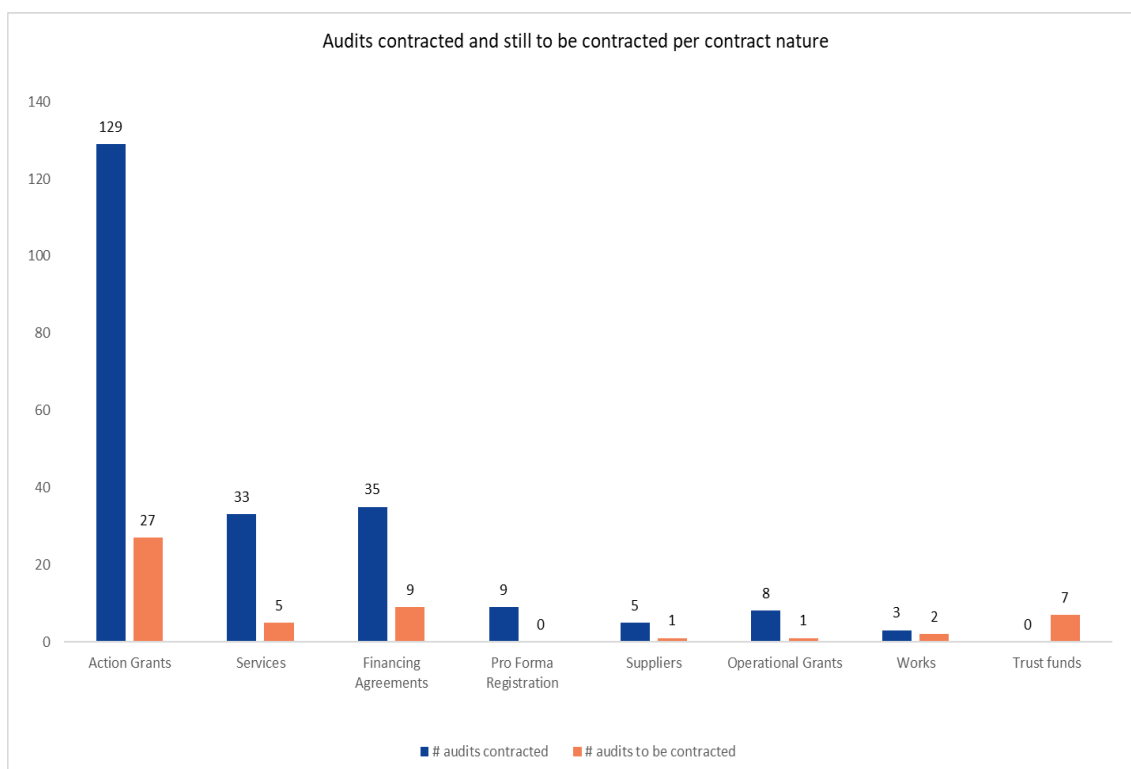
- **Target met:** 19 Delegations (Serbia, North Macedonia, Morocco, Montenegro, Moldova, Jordan, Israel, Georgia, Palestine, Bosnia & Herzegovina, Belarus, Azerbaijan, Armenia, Algeria, Albania, Ukraine, Turkey, Tunisia, Egypt)
- **Target not met:** Kosovo, Syria, Lebanon

In the tables below, we have sorted the TOP 10 Delegations based on the highest total number of audits planned in the audit plan of year N and the BOTTOM 10 Delegations based on the highest number of audits still to be contracted.

TOP 10 Delegations	Total number of audits	KPI result
Serbia	31	100%
Kosovo	26	19.23%
Lebanon	19	63.16%
North Macedonia	17	100%
Syria	13	61.54%
Tunisia	11	81.82%
Turkey	11	81.82%
Bosnia & Herzegovina	9	100%
Albania	8	100%
Morocco	8	100%

BOTTOM 10 Delegations	Number of audits still to be contracted	KPI result
Kosovo	21	19.23%
Lebanon	7	63.16%
Syria	5	61.54%
Tunisia	2	81.82%
Turkey	2	81.82%
Egypt	1	75.00%
Ukraine	1	83.33%
Albania	0	100%
Algeria	0	100%
Armenia	0	100%

In the graph below, an overview is presented of the different types of audits contracted and to be contracted. Like in the previous reporting period, action grants represent the highest number of audits contracted as well as the highest number of audits to be contracted.



KPI 24 – % implementation of the Annual Audit Plan: year N-1

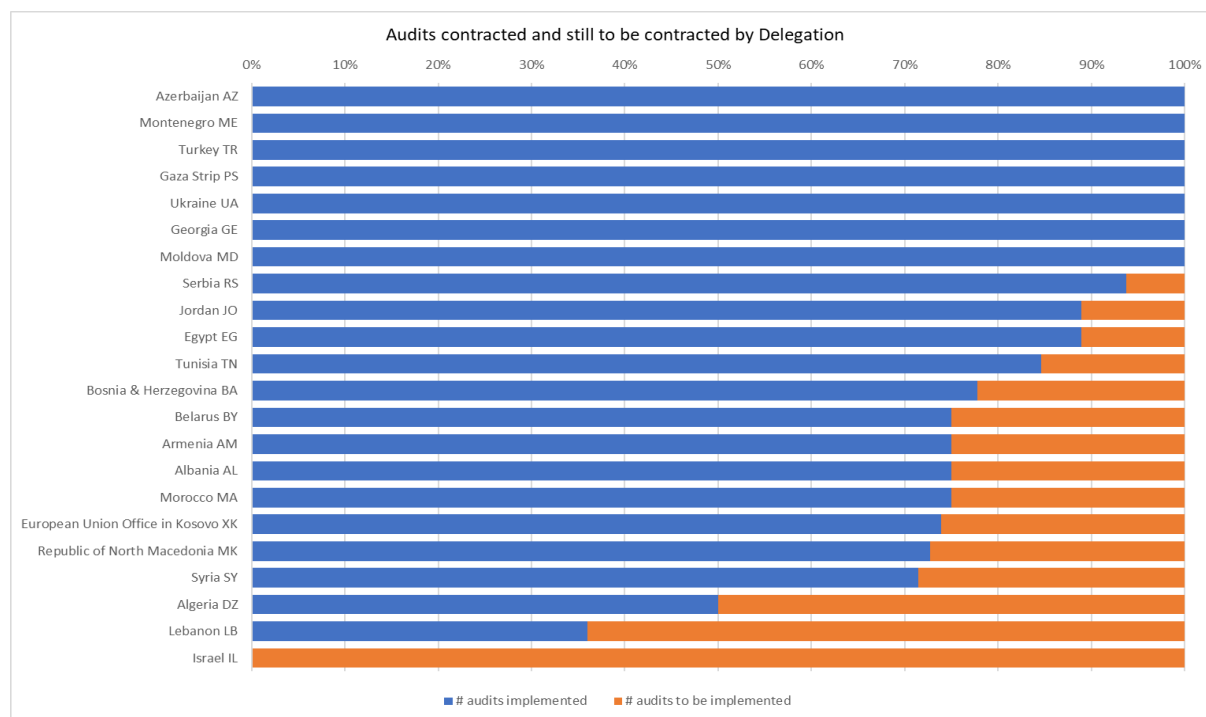
KPI 24 is defined as the satisfactory implementation of the previous year's Audit Plan, measured as the percentage of planned audits that have been implemented. An audit is considered to have been implemented when the draft audit report has been received.

At DG NEAR level, 72.10% of the audits foreseen in the Annual Audit Plan of 2020 have been implemented at year-end 2021. This result is above the benchmark of 70%. Additionally, it is important to mention that the KPI has increased significantly compared to prior year, coming from a value of 65.48%. Near B has the biggest gap with 43 audits still to be contracted.

For an overview of the performance on Directorate level, refer to the table below.

72.10%▲	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGAZ	NEAR R	NEAR SGUA	TF MADAD	TF NOA	Total
KPI value (in %)	N/A	65.04%	82.26%	73.49%	N/A	N/A	100%	N/A	0.00%	72.10%
Number of audits in audit plan N-1	0	123	62	83	0	0	7	0	1	276
Number of audits implemented	0	80	51	61	0	0	7	0	0	199
Number of audits to be implemented	0	43	11	22	0	0	0	0	1	77

At Delegation level, 19 out of the 22 Delegations reached the benchmark of 70%. Of these 19, 7 Delegations even reached an implementation rate of 100%.

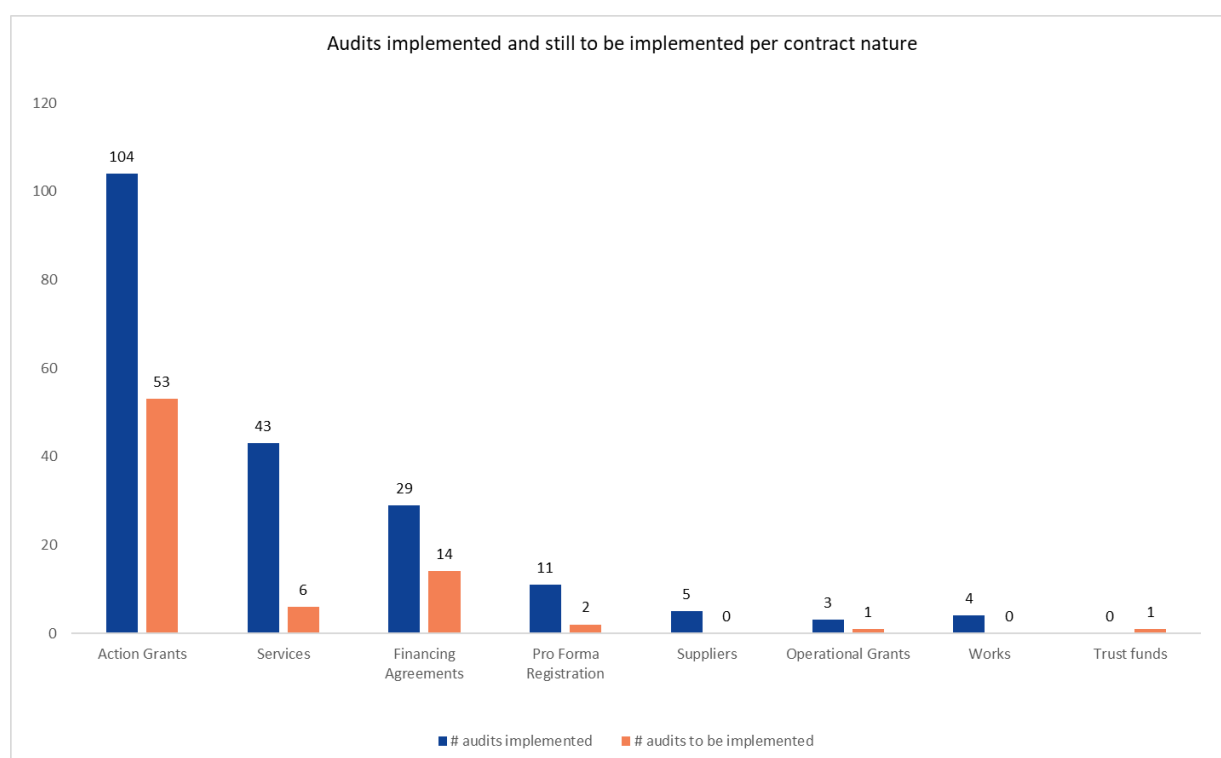


- **Target met:** 19 Delegations (Moldova, Georgia, Ukraine, Palestine, Turkey, Montenegro, Azerbaijan, Serbia, Egypt, Jordan, Tunisia, Bosnia & Herzegovina, Morocco, Albania, Armenia, Belarus, Kosovo, North Macedonia, Syria)
- **Target not met:** 3 Delegations (Israel, Lebanon, Algeria)

In the tables below, we have sorted the TOP 10 Delegations based on the highest total number of audits planned in the audit plan of year N-1 and the BOTTOM 10 Delegations based on the highest number of audits still to be implemented.

TOP 10 Delegations	Total number of audits	KPI result	BOTTOM 10 Delegations	Number of audits still to be implemented	KPI result
Lebanon	25	36.00%	Lebanon	16	36.00%
Kosovo	23	73.91%	Kosovo	6	73.91%
Morocco	16	75.00%	Algeria	6	50.00%
Serbia	16	93.75%	Israel	5	0.00%
Moldova	15	100.00%	Morocco	4	75.00%
Tunisia	13	84.62%	North Macedonia	3	72.73%
Georgia	13	100.00%	Tunisia	2	84.62%
Algeria	12	50.00%	Bosnia & Herzegovina	2	77.78%
North Macedonia	11	72.73%	Albania	2	75.00%
Bosnia & Herzegovina	9	77.78%	Armenia	2	75.00%

In the graph below, an overview is presented of the different types of audits planned and implemented. Like in the previous reporting period, action grants represent the highest number of audits implemented as well as the highest number of audits to be implemented.



KPI 25 – % implementation of the Annual Audit Plan: year N-2

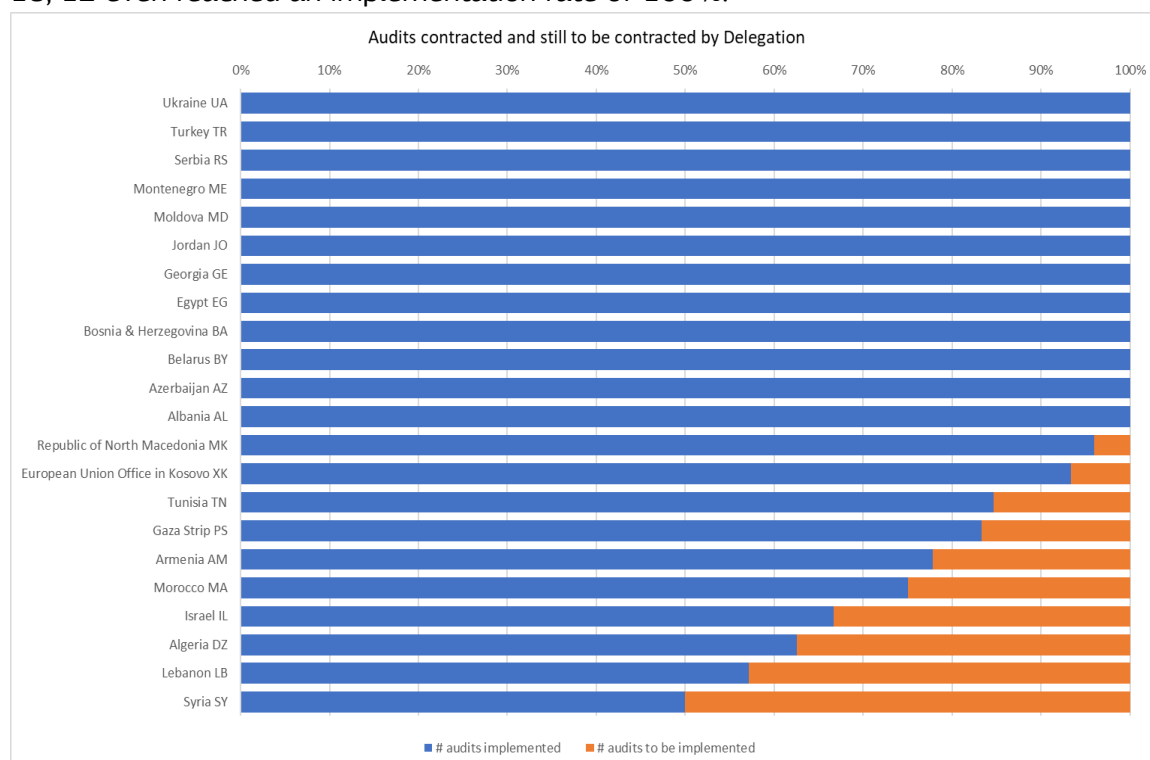
KPI 25 is defined as the satisfactory implementation of the Audit Plan of year N-2, measured as the percentage of planned audits that have been implemented. In this case, an audit is considered to have been implemented when the final audit report has been received.

At DG NEAR level, 85.45% of the audits foreseen in the Annual Audit Plan of 2019 have been implemented at year-end 2021. This result is well above the benchmark of 80%, although the KPI has slightly decreased compared to prior year, coming from a value of 87.50%. Near B has the biggest gap with 28 audits still to be contracted.

For an overview of the performance on Directorate level, refer to the table below.

85.45%▼	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF MADAD	TF NoA	Total
KPI value (in %)	100%	77.24%	90.74%	95.24%	N/A	N/A	100%	100%	0.00%	85.45%
# audits in audit plan year N-2	1	123	54	84	0	0	6	4	3	275
# audits implemented	1	95	49	80	0	0	6	4	0	235
# audits to be implemented	0	28	5	4	0	0	0	0	3	40

At Delegation level, 16 out of the 22 Delegations reached the benchmark of 80%. Of these 16, 12 even reached an implementation rate of 100%.



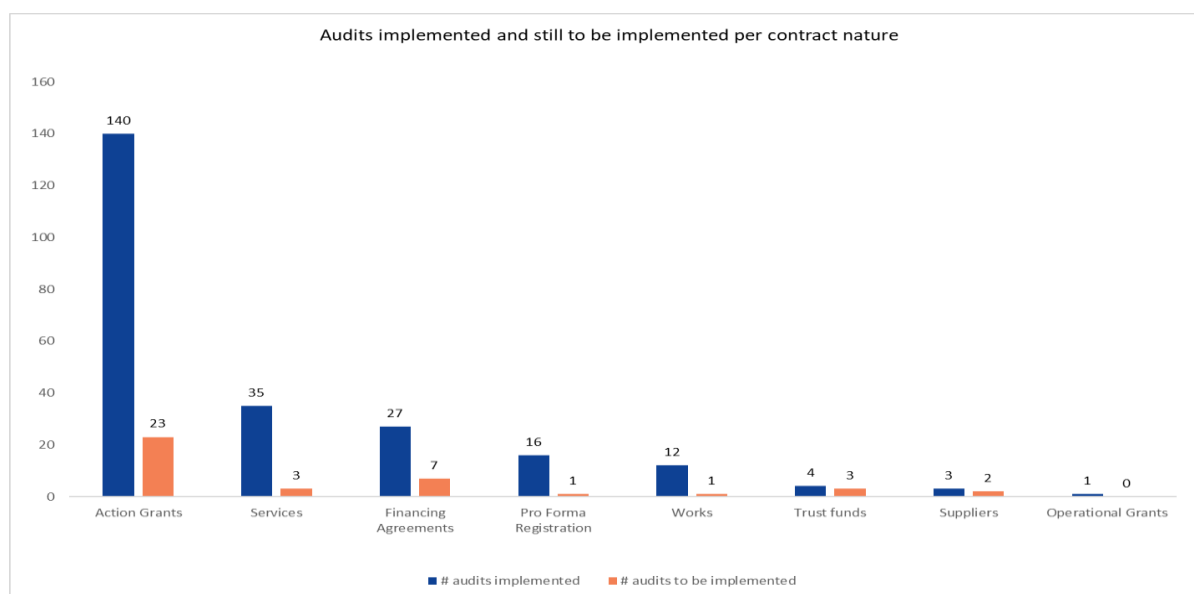
- **Target met:** 16 Delegations (Ukraine, Turkey, Serbia, Montenegro, Moldova, Jordan, Georgia, Egypt, Bosnia & Herzegovina, Belarus, Azerbaijan, Albania, North Macedonia, Kosovo, Tunisia, Palestine)
- **Target not met:** 6 Delegations (Syria, Lebanon, Algeria, Israel, Morocco, Armenia)

In the tables below, we have sorted the TOP 10 Delegations based on the highest total number of audits planned in the audit plan of year N-2 and the BOTTOM 10 Delegations based on the highest number of audits still to be implemented.

TOP 10 Delegations	Total number of audits	KPI result
North Macedonia	25	96.00%
Algeria	24	62.50%
Morocco	16	75.00%
Kosovo	15	93.33%
Georgia	15	100%
Lebanon	14	57.14%
Tunisia	13	84.62%
Israel	12	66.67%
Bosnia & Herzegovina	12	100%
Azerbaijan	10	100%

BOTTOM 10 Delegations	Number of audits still to be implemented	KPI result
Algeria	9	62.50%
Lebanon	6	57.14%
Morocco	4	75.00%
Israel	4	66.67%
Tunisia	2	84.62%
Armenia	2	77.78%
North Macedonia	1	96.00%
Kosovo	1	93.33%
Palestine	1	83.33%
Syria	1	50.00%

In the graph below, an overview is presented of the different types of audits planned and implemented. Like in the previous reporting period and also in line with KPI 24, action grants represent the highest number of audits implemented as well as the highest number of audits to be implemented.



KPI 26 – Ineligible amounts identified by audits as % of the audited amount

KPI 26 measures the ineligible amounts identified by the audits as a % of the total audited amount for all audits that verified expenditure and that delivered their results during the reporting period⁹².

In 2021, DG NEAR achieved 1.90% on this KPI (EUR 23.13 million ineligible amounts on a total audited amount of EUR 1,219 million), which is below the target of a at least 2%. Compared to 2020, the KPI has significantly decreased, coming from a value of 3.38% (EUR 24.01 million ineligible amounts on a total amount of EUR 710.49 million).

For an overview of the performance on Directorate level, refer to the table below.

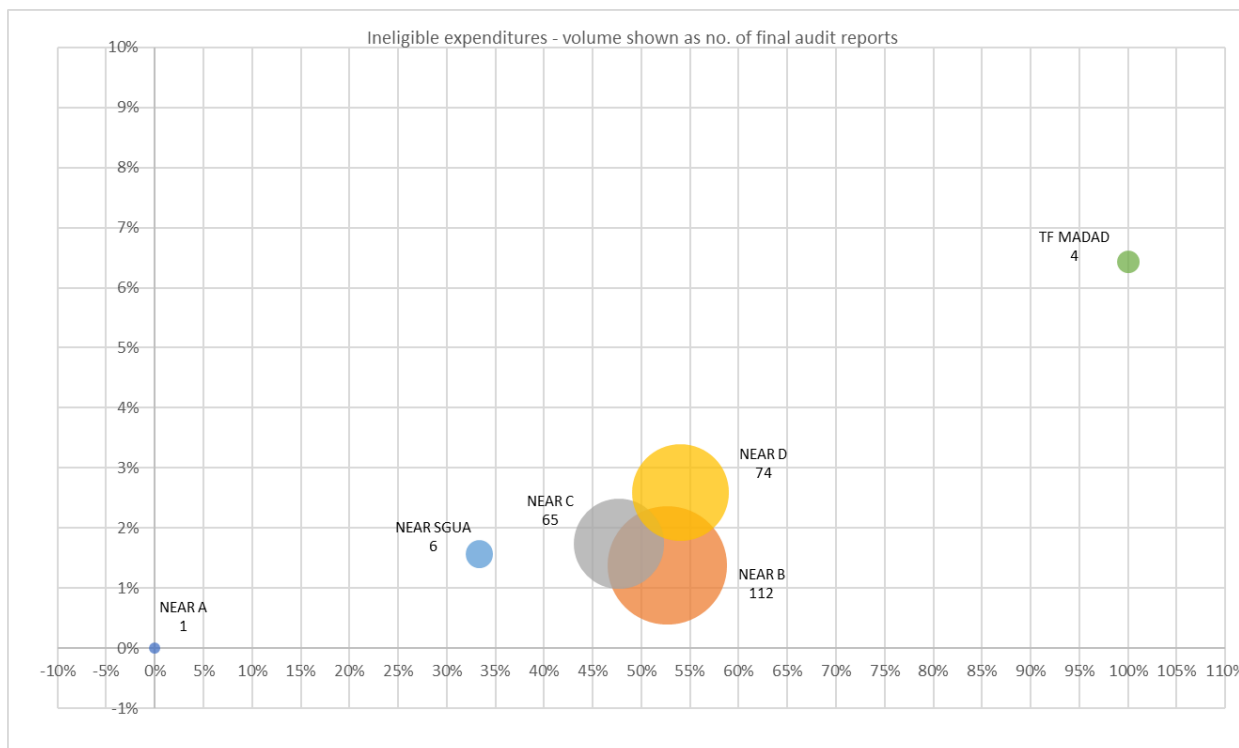
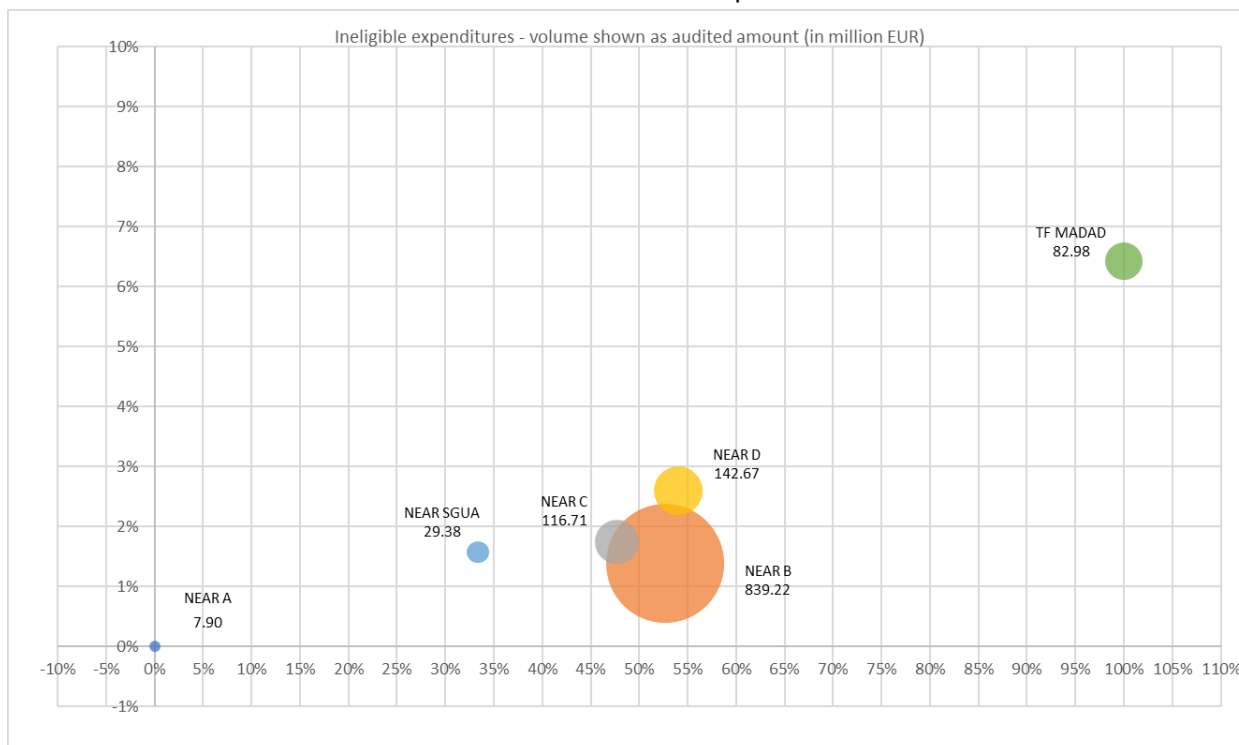
1.90% ▼	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGAZ	NEAR R	NEAR SGUA	TF MADAD	TF NoA	Total
Ineligible amounts identified by audits as % of audited amount	0.00%	1.38%	1.74%	2.60%	N/A	N/A	1.57%	6.43%	N/A	1.90%
Ineligible amounts identified (in EUR million)	0	11.60	2.03	3.70	0	0	0.46	5.34	0	23.13
Total audited amount (in EUR million)	7.90	839.22	116.71	142.67	0	0	29.38	82.98	0	1,219

- **Target met:** 7 Delegations (Syria, North Macedonia, Lebanon, Moldova, Tunisia, Jordan, Israel)
- **Target not met:** 15 Delegations (Montenegro, Palestine, Serbia, Belarus, Albania, Morocco, Egypt, Algeria, Turkey, Azerbaijan, Georgia, Bosnia & Herzegovina, Armenia, Kosovo, Ukraine)

⁹² Based upon receipt of the final audit report.

Below, there are two charts showing the performance of the Directorares with:

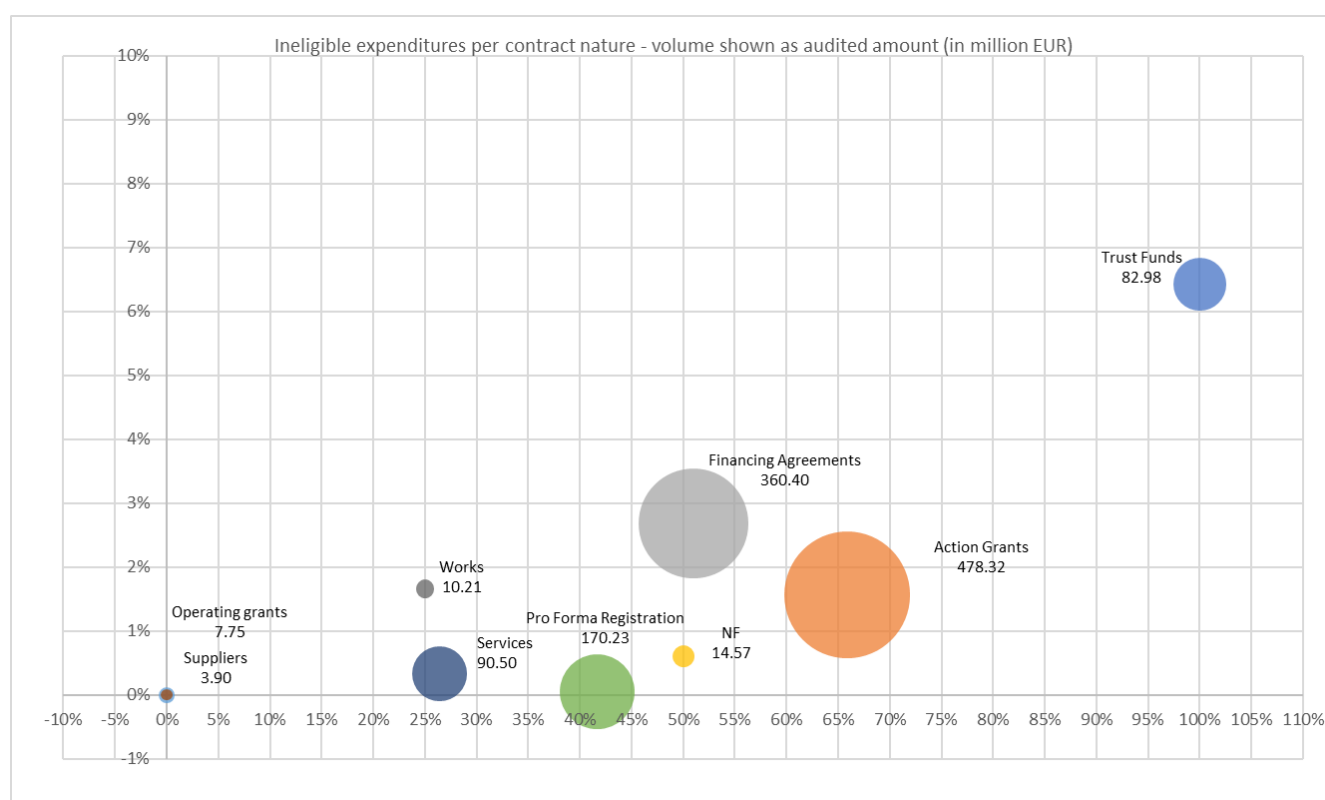
- X-axis: percentage of final audit reports with ineligible expenses for both charts
- Y-axis: ineligible amount as percentage of total audited amount (KPI 24) for both charts
- Size of the bubbles
 - o First chart: volume of audited amounts (in million EUR)
 - o Second chart: number of final audit reports



Even though NEAR B and NEAR C were not able to reach the benchmark of 2%, they have shown efforts to identify ineligible amounts. At NEAR B, a total number of 112 final audit reports were received for a total audited amount of EUR 839.22 million. Ineligible amounts were identified during 59 of these audits, for a total amount of EUR 11.60 million. At the level of NEAR C, 65 final audit reports were received during the reporting period for a total amount of EUR 116.71 million. In 31 of these reports, ineligible amounts have been identified for a total of EUR 2.03 million.

The graph below reflects the results of KPI 26 per contract nature. Trust funds have the highest percentage in terms of ineligible amounts found (6.43%), while the lowest percentages of ineligible amounts were found in the operating grants (0.00%), supplier contracts (0.00%) and pro forma registration contracts (0.05%).

Regarding the percentage of final audit reports in which ineligible amounts were found, the rates were the highest for the trust funds (100%) and the action grants (66%), while the rates were the lowest for the supplier contracts and the operating grants (both 0.00%).



For an overview of the top 5 and bottom 5 Delegations based on the KPI result, please refer to the tables below.

TOP 5 Delegations	KPI result
Syria	11.82%
North Macedonia	6.85%
Lebanon	5.00%
Moldova	3.42%
Tunisia	2.76%

BOTTOM 5 Delegations	KPI result
Montenegro	0.00%
Palestine	0.00%
Serbia	0.20%
Belarus	0.27%
Albania	0.31%

KPI 27 – % reduction of expired unclosed audits

This KPI aims at achieving the timely closure (subsequent to all follow-up actions and their recording in the Audit Module) of all audits under expired audit plans (i.e. those equal and prior to N-3).

At DG NEAR level, a 57.24% reduction of expired unclosed audits (145 audits expired on 01/01/2021 of which 83 have been closed during 2021) has been achieved, which is well above the target of at least 40%. This KPI has further improved compared to prior year, coming from a value of 47.56%.

For an overview of the performance on Directorate level, refer to the table below.

57.24%▲	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF MADAD	TF NoA	Total
KPI value (in %)	N/A	53.77%	53.33%	77.27%	N/A	N/A	50.00%	N/A	N/A	57.24%
Expired audits closed in 2021	0	57	8	17	0	0	1	0	0	83
Expired audits not closed on 01/01/2021	0	106	15	22	0	0	2	0	0	145

On Delegation level, the results are as follows:

- **KPI not calculated:** Azerbaijan, Belarus, Georgia, Jordan, North Macedonia, Serbia
- **Target met:** 15 Delegations (Turkey, Syria, Egypt, Bosnia & Herzegovina, Albania, Montenegro, Armenia, Algeria, Palestine, Moldova, Ukraine, Tunisia, Israel, Lebanon, Morocco)
- **Target not met:** Kosovo

For the TOP and BOTTOM 5 Delegations regarding their performance on this KPI, refer to the tables below.

TOP 5 Delegations	Audits closed during 2021	Audits open on 01/01/2021	KPI result
Albania	7	7	100%
Bosnia & Herzegovina	3	3	100%
Egypt	6	6	100%
Syria	8	8	100%
Turkey	3	3	100%

BOTTOM 5 Delegations	Audits closed during 2021	Audits open on 01/01/2021	KPI result
Kosovo	1	3	33.33%
Morocco	5	12	41.67%
Lebanon	13	31	41.94%
Israel	3	7	42.86%
Tunisia	4	8	50.00%

KPI 28 – % of timely follow up action of audit ineligible amounts

This KPI measures the % of follow-up action taken within 6 months after the receipt of the final audit report in regard to ineligible expenditure identified by audits and verifications.

At DG NEAR level, a 45.66% timely⁹³ follow up of audit ineligible amounts is achieved, meeting the benchmark of at least 35%. As this is a new KPI as of 2021, we cannot compare it to the previous reporting period.

⁹³ Timely is defined as within 6 months of receipt of the final audit report.

For an overview of the performance on Directorate level, refer to the table below.

45.66%	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF MADAD	TF NoA	Total
KPI value (in %)	N/A	32.95%	68.75%	50.98%	N/A	N/A	100%	N/A	N/A	45.66%
Number of audits with ineligible amounts timely closed in 2021	0	29	22	26	0	0	2	0	0	79
Total number of audits with ineligible amounts closed in 2021	0	88	32	51	0	0	2	0	0	173

On Delegation level, the results are as follows:

- **Target met:** 14 Delegations (Belarus, Jordan, Ukraine, Moldova, Israel, North Macedonia, Syria, Bosnia & Herzegovina, Georgia, Montenegro, Serbia, Armenia, Tunisia, Egypt)
- **Target not met:** 8 Delegations (Turkey, Morocco, Azerbaijan, Lebanon, Palestine, Algeria, Kosovo, Albania)

For the TOP 5 and Bottom 5 Delegations, refer to tables below.

TOP 5 Delegations	Number of audits with ineligible amounts timely closed in 2021	Total number of audits with ineligible amounts closed in 2021	KPI result
Belarus	5	5	100%
Jordan	3	3	100%
Ukraine	2	2	100%
Moldova	10	11	90.91%

BOTTOM 5 Delegations	Number of audits with ineligible amounts timely closed in 2021	Total number of audits with ineligible amounts closed in 2021	KPI result
Turkey	0	7	0.00%
Morocco	0	10	0.00%
Azerbaijan	0	1	0.00%
Lebanon	3	11	27.27%
Palestine	2	7	28.57%
Israel	4	6	66.67%

I1 - Time to inform

The Financial Regulation (FR 2018 Art 194.2) states that a call for proposals must specify the planned date by which all applicants are to be informed of the outcome of the evaluation of their application. It can be no later than six months from the final date for submission of complete proposals.

In 2021, DG NEAR achieved an average time to inform of 87.35 days. For an overview of the performance on Directorate level, refer to the table below.

87.35 days	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF MADAD	TF NOA	Total
Indicator value (days)	N/A	84.89	89.02	85.44	N/A	N/A	98.65	N/A	N/A	87.35 days
Days to inform applicants	0	12,309	5,697	16,661	0	0	5,426	0	0	40,093
Total number of completed applications	0	145	64	195	0	0	55	0	0	459

On Delegation level, the results are as follows:

- **KPI not calculated:** Algeria, Azerbaijan, Belarus, Egypt, Jordan, Tunisia
- **Target met:** Albania, Armenia, Bosnia & Herzegovina, Kosovo, Palestine, Georgia, Israel, Lebanon, Moldova, Montenegro, Morocco, North Macedonia, Serbia, Syria, Turkey, Ukraine
- **Target not met:** None

For an overview of the TOP 5 and BOTTOM 5 Delegations regarding their performance on this indicator, refer to the tables below.

TOP 5 Delegations	Indicator value
Georgia	57.39 days
North Macedonia	59.28 days
Albania	62.84 days
Morocco	63.50 days
Palestine	69.38 days

BOTTOM 5 Delegations	Indicator value
Montenegro	144.86 days
Bosnia & Herzegovina	119.62 days
Israel	115.50 days
Serbia	115.07 days
Ukraine	98.65 days

I2 – Timely debt collection (%)

Timely debt collection (as a %) monitors the timely cashing in of the recovery orders (RO) and is calculated by comparing the Recovery orders (ROs) with due date elapsed in the reporting year and cashed in time, compared to all the ROs with a due date elapsed in the reporting year.

In 2021, DG NEAR achieved a timely debt collection % of 72.47%.

For an overview of the performance on Directorate level, refer to the table below.

72.47%	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF MADAD	TF NOA	Total
Indicator value (%)	100%	62.26%	82.69%	75.00%	N/A	83.33%	77.78%	84.21%	0.00 %	72.47%
ROs with due date elapsed cashed in time	2	66	43	69	0	5	7	16	0	208
All ROs with due date elapsed	2	106	52	92	0	6	9	19	1	287

For an overview of the TOP 5 and BOTTOM 5 Delegations regarding their performance on this indicator, refer to the tables below.

TOP 5 Delegations	Number of ROs with due date elapsed cashed in time	Value of ROs with due date elapsed cashed in time	Number of all ROs with due date elapsed	Value of all ROs with due date elapsed	Indicator value
Belarus	3	6,561	3	6,561	100%
Serbia	4	103,855	4	103,855	100%
Georgia	15	555,226	17	559,895	88.24%
Bosnia & Herzegovina	15	814,567	17	855,126	88.24%
Palestine	6	1,383,744	7	1,528,194	85.71%

BOTTOM 5 Delegations	Number of ROs with due date elapsed cashed in time	Value of ROs with due date elapsed cashed in time	Number of all ROs with due date elapsed	Value of all ROs with due date elapsed	Indicator value
Azerbaijan	1	12,426	4	34,112	25.00%
Lebanon	3	175,240	8	1,827,769	37.50%
Tunisia	5	191,489	13	410,682	38.46%
Algeria	4	74,661	10	127,747	40.00%
Egypt	9	374,939	16	961,858	56.25%

15 – % implementation of the Annual Audit Plan: year N-1

Indicator 5 measures the satisfactory implementation of Audit Plan of year N-1, which is measured as the percentage of planned audits that have been implemented. In this case, an audit is considered to have been implemented when the final audit report has been received.

In 2021, DG NEAR achieved a % implementation of the Audit Plan: year N-1 of 45.29%. For an overview of the performance on Directorate level, refer to the table below.

45.29%	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGAZ	NEAR R	NEAR SGUA	TF MADAD	TF NOA	Total
Indicator value (%)	N/A	34.15%	74.19%	42.17%	N/A	N/A	28.57%	N/A	0%	45.29%
Audits fully implemented: year N-1	0	42	46	35	0	0	2	0	0	125
Audits planned: year N-1	0	123	62	83	0	0	7	0	1	276

For an overview of the TOP 5 and BOTTOM 5 Delegations regarding their performance on this indicator, refer to the tables below.

TOP 5 Delegations	Indicator result
Azerbaijan	100%
Moldova	93.33%
Georgia	92.31%
Egypt	77.78%
Armenia	75.00%

BOTTOM 5 Delegations	Indicator result
Israel	0%
Montenegro	0%
Algeria	8.33%
Syria	14.29%
Lebanon	16.00%

16 – % implementation of the Annual Audit Plan: year N

Indicator 6 measures the satisfactory implementation of Audit Plan of year N, which is measured as the percentage of planned audits that have been implemented. In this case, an audit is considered to have been implemented when the final audit report has been received.

In 2021, DG NEAR achieved a % implementation of the Audit Plan: year N of 6.20%.

For an overview of the performance on Directorate level, refer to the table below.

6.20%	NEAR A	NEAR B	NEAR C	NEAR D	NEAR DGA2	NEAR R	NEAR SGUA	TF MADAD	TF NOA	Total
Indicator value (%)	0.00%	7.37%	15.22 %	0.85%	N/A	N/A	33.33 %	0.00%	0.00%	6.20%
Audits fully implemented: year N	0	7	7	1	0	0	2	0	0	17
Audits planned: year N	3	95	46	117	0	0	6	3	4	274

For an overview of the TOP 5 and BOTTOM 5 Delegations regarding their performance on this indicator, refer to the tables below.

TOP 5 Delegations	Indicator result
Egypt	75.00%
Azerbaijan	60.00%
Georgia	42.86%
Ukraine	33.33%
Turkey	18.18%

BOTTOM 5 Delegations	Indicator result
Albania	0%
Algeria	0%
Belarus	0%
Bosnia & Herzegovina	0%
Palestine	0%

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

The annual assessment of effectiveness of the internal control systems has been carried out based on the following sources.

1. Self-assessment by the DG

Review of the selected internal control monitoring criteria (ICMC)

The selection of ICMC was revised during 2021 and 46 criteria were identified to monitor the effectiveness of the internal control system of the DG. The criteria are consistent with the indicators in terms of sound financial management and fraud risk management in the Annual Management Plan (AMP) and have been peer reviewed by Central Services.

The review of the results achieved in 2021 in respect of the targets did not lead to the identification of any **major control deficiencies**. In four cases, the targets were not achieved but they do not represent control deficiencies.

Overall results achieved in terms of KPIs

Results at DG level

The results achieved by the other 18 Key Performance Indicators adopted by DG NEAR and not included as ICMC did not result in the identification of any control deficiency, as also confirmed by the analysis of the EAMR annual reports prepared by each Delegation and Directorate.

Overall, 23 KPIs out of 28 fully reached the aggregated 2021 targets at DG level corresponding to an overall success rate of 82% (92% in 2020). In particular, KPI 12, Reduction of old RAL, met the target of at least 35%. This is a significant improvement compared to 2020, when only 23% of the Old RAL was reduced. For more details please see section 2.1.1.2 of the body about Efficiency of controls.

Results at Delegation level

% of green KPIs	2018		2019		2020		2021	
	# of EUD	%	# of EUD	%	# of EUD	%	# of EUD	%
Total Delegations	22		22		22		22	
80% and more	17	77%▲	19	86%▲	14	68%▼	12	55%▼
60% and more	21	95% =	21	95% =	20	91%▼	20	91% =
Less than 60%	1	5% =	1	5% =	2	9%▼	2	9% =

Despite the impact of the COVID-19 pandemic, Delegations made significant efforts to achieve good results in 2021. 55% of the Delegations met more than 80% of the KPI

targets, while 91% of the Delegations met at least 60% or more KPI targets. Only two Delegations did not achieve the benchmark of more than 60% of green KPIs.

There has been a slight deterioration in the results achieved by the Delegations, mostly due to the COVID-19 general impact on contracting, project implementation and monitoring, depending also on the restrictions and measures applied in the partner countries. Some results were affected by specific local issues (e.g. in Belarus or Ukraine).

EAMR/ AOSD Reports of EU Delegations and HQ Directorates

The accountability and reporting chain in DG NEAR is organised as a pyramid, through which the statements of assurance signed by each Head of Delegation set the basis for the assurance provided by the other sub-delegated Authorising Officers at the upper levels of the pyramid. All Authorising Officers by sub-delegation substantiate their statements of assurance in their annual reports taking into account the results achieved for the 28 KPIs.

All annual reports prepared by the EU Delegations and by HQ Directorates have been analysed. No reservation or significant control weakness having an impact on assurance was reported.

Survey on Internal Control for Delegations

The synthetic results of the survey on Internal Control filled in by all Delegations are already included as ICMC at the level of the five IC components. The results have also been analysed in detail and did not lead to the identification of any significant issues.

DG NEAR Anti-Fraud Survey

An anti-fraud staff survey was launched in November 2021 and closed in January 2022. 774 staff members participated - participation rate was 51%.

The results showed, in general, a good status of the anti-fraud culture and environment in the DG. No deficiencies were identified, but the following areas for improvement were noted:

- Participation to fraud trainings: the training offer will be enhanced, in cooperation with OLAF, and become more flexible (e.g. lunch seminars, presentations in Delegations, e-learning courses). Management will be asked to encourage staff to enrol.
- Limited awareness on some topics such as red-flags and disclosure and use of OLAF reports. The training offer will also be adapted to take into account the topics where, based on the results of the survey, staff would need to increase awareness.

Staff Survey

In 2021, the Commission also launched a staff survey. The analysis of the results of the 13 questions which are considered potential internal control monitoring criteria did not lead to the identification of any significant control weakness.

In general, while the participation rate decreased at DG level, the results in respect of the

previous 2018 survey are more or less stable. There is a slight deterioration in terms of average positive reply (-1%) mostly due to the two questions related to the role of senior management. Without these two questions, the trend would have been positive. An additional potential area for improvement is related to the career path, which is partly dependent on the design of the Commission policies (under the remit of DG HR). The results of the individual DGs are affected by different staff composition (Officials vs Contractual Agents vs Local Agents) and location (HQ in Brussels vs Delegations).

Risk assessment

DG NEAR regularly updated its risk register during the year. All risks were closely monitored and no significant issues have materialised, due also to the implementation of the mitigating actions included in the action plan. In particular:

- No new critical risks were identified;
- The residual level of the two critical COVID-19 related risks (on the impact of the pandemic on partner countries and on implementing partners) have been reassessed as significant. Several mitigating actions have been implemented, such as the mobilisation of over EUR 4.5 billion, or the access given to the NEAR partner countries to vaccines.
- The former critical risks related to misinformation/ hostile communication and to third country data transfer have also been downgraded to significant, based on the implementation of the related action plans at DG NEAR and at Commission level;
- At the end of the year, the critical risks remain the following :
 - inadequate monitoring of projects in Syria and Libya (linked to a reservation and potentially affecting ICP 12 - “The Commission deploys control activities through corporate policies that establish what is expected and in procedures that put policies into action”). Several measures (e.g. remote monitoring, contracts with independent experts to monitor projects in the field, risk-based review of the contract portfolio or cross-checking of information from different sources) were taken to have an increased understanding of local dynamics and a quicker and better reaction to address a very unstable and erratic environment. Without the Commission’s own presence on the ground, these measures have allowed to mitigate the risk, which so far has not yet materialised. However, the countries remain two active conflict zones. Therefore, the main elements justifying the AAR reservation are still valid and the risk is still considered critical.
 - migratory pressures (not resulting in a control deficiency). DG NEAR continued to play a pivotal role in supporting effective migration management in cooperation with partner countries. Programmes have been adapted to support migrants, refugees, the forcibly displaced and host communities in the context of the continuous impact of the COVID-19 pandemic.

The Risk Register, including the action plan, will be reviewed and followed up during 2022.

2. Exceptions, non-compliance events and confirmations of instruction

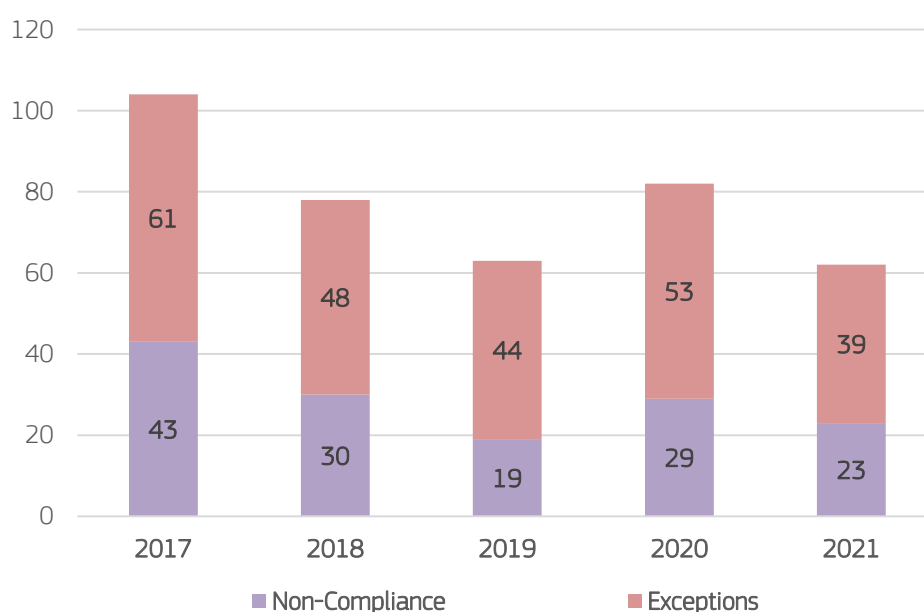
In 2021, overall 57 non-compliance (NCE) and exception (EXC) events were approved in CRIS, while 5 were registered for the EUTF MADAD. No confirmation of instructions was registered. The table below presents the distribution in terms of Domain.

EXC and NCE 2021 – Domain

Domain	EXC	NCE	TOT
ENI	16	6	18
ENPI		3	3
EUTF MADAD		5	5
IPA	24	9	33
IPA III	1		1
NDICI⁹⁴	2		2
Total	39	23	62

Despite the impact of the COVID-19 factors, the numbers of EXC and NCE are in line with the previous years and decreased compared to 2020. The only domain registering an increase is IPA, mainly because of the impact of COVID-19 crisis or measures (e.g. for urgent delivery of medical equipment) and the need to adapt the Contribution Agreement template to specific situations (e.g. Financial Instruments). Close monitoring of the COVID-19 impact will continue. The remaining events are isolated errors and do not point to any pattern or to any particular internal control weaknesses that would require dedicated corrective actions.

Trends in closed EXC and NCE 2017 – 2021



⁹⁴ Including NDICI Geographic and Thematic.

3. Ongoing monitoring of the implementation of control and anti-fraud strategies

RER Study

The RER study 2021 has been completed as planned, mainly through desk reviews and remote meetings but also through fieldwork, depending on the local measures in place.

The study concluded that the DG NEAR global residual error rate is below 2%. In addition, the overall rate for the DG and for the five relevant control systems remain below 2%, including for grants in direct management.

Supervision missions

Due to the COVID-19 related travel restrictions, a temporary methodology was established in May 2020 allowing to complete supervision missions through online/ remote desk-reviews if necessary.

Seven supervision missions took place and their reports confirmed a satisfactory level of regularity checks and compliance with financial regulations and internal rules and procedures. No significant control deficiency was detected.

The Enlargement (IPA) Delegations are subject to regular supervision missions every two or three years, as recommended by the DG NEAR Supervision Mission Manual.

Two missions to Neighbourhood (ENI) were postponed to 2022, due to the overall political or security situation in the countries and due to an overlap with an EEAS supervision mission. As a result, the backlog accumulated in previous years could not be entirely eliminated and the last supervision missions for seven Neighbourhood (ENI) Delegations took place more than four years ago (minimum frequency recommended by DG NEAR Manual for Supervision Missions). According to the current plan, most of these Delegations will be subject to a supervision mission in 2022. The average number of years between visits for the ENI Delegations remains around 5 years. Mitigating measures are in place to contain impact to the DG assurance.

Anti-fraud strategy

DG NEAR has developed and implemented its anti-fraud strategy (AFS) since 2014. The anti-fraud strategy was last updated in March 2021. Its implementation is being monitored and reported to the Commissioner and to management at least twice a year. All actions included in the 2021 action plan have been implemented.

DG NEAR also contributed to the Commission anti-fraud strategy and its action plan. In particular, action 33, for which DG NEAR was in the lead with DG INTPA and DG ECFIN, has been implemented. The action concerned the implementation of anti-fraud measures for budget support. The DG also provided the necessary support for actions 35 and 57 under the lead respectively of DG BUDG and of OLAF/ Legal Service. There is no outstanding action under the remit of DG NEAR.

Sensitive Functions

Following the adoption of the new Commission's Guidance on Sensitive Functions, DG NEAR has performed a complete review of its approach and practices. After taking into account any possible compensating measure, only the **genuinely** sensitive functions have been identified, with a consistent approach across the DG, covering Headquarters and EU Delegations. The DG NEAR subdelegation policy was updated. A register of sensitive posts has been put in place, in line with Commission guidance, and a regular process to review and confirm DG NEAR's sensitive functions has been defined. In this respect, four cases of derogations to the planned mandatory mobility of five years have been identified, out of which only one under the direct remit of DG NEAR. The remaining three will be addressed by the Commission at corporate level.

Implementation of the remedial actions for previously identified internal control deficiencies

Two **major deficiencies** were identified in the context of the 2021 annual assessment in relation to ICP 10 and 12.

ICP 10 The Commission selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels

RER Grants: Considerable efforts have been made in 2021 and in previous years to address the root causes of the deficiencies leading to the reservation and these will continue to have a positive impact in 2022. In particular:

- A detailed analysis of the typology of errors was sent to all Authorising Officers by Sub-delegation, who were asked to monitor and enhance the controls on the implementation of grants
- Information sessions were organised to raise awareness of the main types of errors, the lessons learnt and the controls to be enhanced in order to prevent them
- Monthly meetings with the Heads of Finance and Contracts in the EUDs and HQ took place, to ensure coordination and to raise awareness of key processes including the sampling of grants supporting documents
- A detailed instruction note was sent to all Delegations, including a comprehensive list of additional measures to be undertaken in the management of grants
- Information sessions (kick-off meetings) with (new) grantees were organised to explain their contractual obligations and provide clear information on the most frequent sources of errors in grant management
- Guidance recommending additional measures to reduce the errors on grants was prepared, such as:
 - to request supporting documents on a sample basis, at least once, during the implementation period of grant contracts
 - to perform reinforced controls (such as increased monitoring and/or on the spot checks) on actions/contracts or beneficiaries where there is a higher risk or where material errors were previously detected or where no previous audits, verifications or sample checks were performed

- to ensure the materiality threshold of the sample checks at both contract and payment level (the consolidated total verified amount should represent at least 5% of the contract value and if the sample check is performed on only one financial report at least 20% of incurred expenditure should be verified) and
- to remind grantees about their obligations to retain the grant supporting documents for the period specified in the General Conditions
- a standard template for detailed breakdown of expenditure allowing early detection of most frequent errors was tested in 2021 and is being proposed as good practice
- the 2021 Control Plan included implementation of systems audits (focused on the design and/or operating effectiveness of an entity's internal control system) in case of relevant audit findings or significant risks (e.g. actions in the early phases of implementation, new grantees, beneficiaries with recurring findings or likely to receive new grants in the future)
- the inclusion on ENI and IPA Finance and Contracts SharePoint of a dedicated part on best practices and guidance on grant contract management. Closer collaboration between the two DG NEAR Contracts and Finance units covering the Neighbourhood and Enlargement regions respectively, has led to harmonised approaches towards same grantees and information sharing on problematic cases, common audits, etc.

All these efforts resulted in an error rate below 2% in 2021. Therefore, **the reservation on Direct Management Grants can be lifted** together with the related internal control deficiency.

Critical risks linked to COVID-19: As explained above, the action plans to contain and mitigate the identified risks have been successfully implemented and the risks have been downgraded to significant. The impact of the COVID-19 crises on partner countries, beneficiaries, contractors and intermediaries, including the measures taken in response, will continue to be closely monitored in 2022.

Opsys: DG NEAR has closely monitored and, when necessary, intervened in the developments of the IT tool by broad and active participation in the Opsys governance structures. To mitigate insufficient maturity of the tool, a revision of the Memorandum of Understanding was agreed, extending the development period until end 2022 (from 2020). Clear stop-or-go moments have been identified, and appropriate back-up arrangements have been designed. In addition, to ensure business continuity, the legacy tools remain available (e.g. MIS for forecasting and risk assessments). The level of the related significant risk has been downgraded, but the risk will continue to be monitored in 2022.

Sensitive functions: As explained above, the overall approach to sensitive functions in DG NEAR has been reviewed, following the new guidelines at Commission level. An overall risk assessment has been conducted, leading to a streamlined consistent identification of sensitive functions in the DG, covering HQ and Delegations. The issues in terms of mandatory mobility have almost completely been solved, outstanding issues are outside DG NEAR's remit and will be addressed at Commission corporate level.

ICP 12 The Commission deploys control activities through corporate policies that establish what is expected and in procedures that put policies into action

Monitoring of projects in Syria and Libya: the measures included in the action plans linked to the reservation' have been implemented and, without Commission presence on the ground, have allowed to mitigate the systemic risks related to the operations. However, the two countries remain active conflict zones, so a reservation has been maintained also in 2021.

IAS critical or very important recommendations: As explained also below (see the IAS section), an action plan has been adopted in February 2021 to address the four recommendations (one critical) concerning Pillar Assessment; all actions have been implemented and are considered closed by the IAS. Regarding the Annual Audit Plans and the Neighbourhood Investment Facility and Western Balkans Investment Facility, actions have been completed to address the four very important recommendations in line with the updated deadlines.

Supervision missions: Supervision missions have been performed on the spot or in hybrid format (on the spot and remotely) whenever possible. Plans had to be adapted for reasons outside the control of DG NEAR in relation to the changing risks and evolution in the countries, due to the political or security situation, or to an overlap with an EEAS mission. As a result, as explained above, the last supervision missions for seven ENI Delegations took place more than four years ago (minimum frequency recommended by DG NEAR Manual for Supervision Missions). According to the current plan, most of these Delegations will be subject to a supervision mission in 2022.

Directorates have enhanced and will continue their supervision and monitoring on these Delegations through the following activities:

- on programming: quality review of programming, policy dialogue and adaptation of the programmes to the country's circumstances
- on performance: regular follow-up of the KPI dashboard, systematic monitoring of the implementation of assistance programmes, enhanced monitoring on large commitments, regular portfolio reviews
- in general: regular videoconferences (VTCs) with EUDs, specific instructions or notes to the Delegations, support through helpdesk.

In addition, **minor deficiencies** were identified in relation to internal control principles 5, 8 and 15.

ICP 5 The Commission holds individuals accountable for their internal control responsibilities in the pursuit of objectives

Lack of specialised expertise in the new financial instruments/ guarantees/ loans:

DG NEAR has identified staff allocations to reinforce the units mostly concerned. The reinforcement plan comprises internal transfers as well as transfers from EUDs to HQ, and is progressively implemented (expected to be completed by autumn 2022) in line with the increasing implementation of the guarantee component. Trainings were also provided to staff on the EFSD+, financial instruments, guarantees and blending and DG NEAR has also

requested a competition for specialists in financial guarantees. Finally, a close follow-up has been put in place to allow for regular reassessment of the guarantee/ grants share in the Neighbourhood South, Eastern Partnership and Western Balkan budgets. The related risk in the DG risk register will continue to be monitored in 2022.

ICP 8 The Commission considers the potential for fraud in assessing risks to the achievement of objectives

Assessment of OLAF recommendations: a note has been addressed by the DG to all senior and middle management highlighting the need to complete the assessment within 3 months. In addition, as explained below, regular reminders were sent to the concerned AOSDs. The deadline was respected in 70% of the cases (compared to 33% in 2020) and in the remaining cases it was duly justified. See the OLAF section for more details.

ICP 15 The Commission communicates with external parties about matters affecting the functioning of internal control

Misinformation and hostile communication on EU policies, objectives and actions: the action plan related to the critical risk has been implemented. The residual risk has been reassessed and has been downgraded to significant; it will be monitored in 2022.

4. Audit conclusions, findings and recommendations

ECA

Statement of Assurance (DAS)

The limited findings in the 2020 ECA annual report, published in the last quarter 2021, are reflected in two recommendations targeting DG NEAR:

1. Take steps so that international organisations provide the ECA with complete, unlimited and timely access to documents necessary to carry out our task in accordance with the TFEU, and not just in read-only format.
2. Establish obligations for the RER study contractor to report to the Commission any suspected fraud against the EU budget detected during its work on the RER study.

The first recommendation is being addressed through initiatives coordinated with DG INTPA and partner organisations to raise awareness on the need to ensure access to documents for audit purposes. The second recommendation has been addressed during the review of the RER methodology completed in December 2021.

All previous recommendations addressed directly to DG NEAR have been dealt with.

Performance reports closed in 2021 and follow up of closed audits

Seven performance audits (Rule of Law in Western Balkans; Rule of Law in Ukraine; External consultants; EU Financial Architecture; Cross-border cooperation in the Neighbourhood; Programming of development aid; Readmission cooperation) were completed in 2021, in addition to the annual report on performance. The ECA also carried

out a follow-up audit to assess the implementation of the recommendations addressed to DG NEAR in the Special Report 7/2018 EU pre-accession assistance to Turkey. The auditors concluded that all recommendations had been implemented in full or in most respects.

Reporting on the implementation of recommendations stemming from previous ECA performance audits continued in 2021. The implementation of action plans is in progress, no action is overdue and in 2021 DG NEAR closed a total of 23 recommendations for which it was in the lead and 25 for which it was associated.

Finally, the audit on the reliability of accounts and accounting systems for the financial year 2020 concluded with no findings.

IAS

Two audits were completed in 2021: Indirect management with entrusted entities and Pillar assessment.

The first one concluded with no critical or very important recommendation, while the audit on Pillar assessment included one critical recommendation and three very important recommendations to DG NEAR. The actions to address these recommendations were implemented in a timely manner and the recommendations closed by the IAS in 2021.

The actions to address IAS recommendations from previous years are being implemented, and reporting on the corresponding action plans is up-to-date. There are no very important or critical recommendations overdue for more than 6 months.

OLAF

Cooperation with OLAF was maintained throughout 2021 in line with the administrative agreement. In addition, the periodic reporting to the Commissioner and to NEAR senior management has been ensured.

Regular reminders to the competent AOSDs have been sent, both about the initial assessment of the OLAF recommendations and about the implementation of outstanding OLAF recommendations. The assessment by the AOSDs of the OLAF recommendations was completed within 3 months in 70% of the cases (increasing from 33% in 2020). In addition, the cases requiring more than three months were complex, did not allow a straightforward assessment and have numerous financial, operational and legal aspects to consider.

Overall in 2021:

- 42 new cases were opened by OLAF (compared to 57 and 32 in 2020 and 2019 respectively); most of these cases (24) have already been dismissed by OLAF, while the rest are under selection or investigation;
- 49 cases were closed because they were dismissed/ closed without recommendation by OLAF (42) or because DG NEAR completed the follow-up of the recommendations (7).

Concerning financial recommendations, DG NEAR has contributed to the two financial monitoring exercises launched by OLAF during 2021, covering 35 and 28 recommendations

in total. In addition, when it comes to the 34 financial recommendations issued in 2017-2021, at the end of 2021:

- 26% have been fully implemented (DG NEAR recovered **100% or more** of the amounts initially recommended by OLAF)
- 18% have been partially implemented and are closed
- 41% have been partially implemented but the implementation is still ongoing (cases are still open for follow-up)
- 15% are under analysis by the competent AOSDs. Except one case issued by OLAF in December 2021, the remaining cases required the AOSDs to take additional steps (e.g. to launch audits or consultations) or to wait for the outcome of other procedures (such as the exclusion of the concerned entities). These additional steps are necessary to ensure that the action to be taken is duly substantiated and justified.

The main reasons why recommendations are not fully implemented are:

- For the closed cases: rectifications of the amount recommended by OLAF, for example in order to reflect the actual EU contribution (instead of the total budget of the project), and insufficient/ inadequate legal justification to impose financial penalties;
- For the ongoing cases: difficulties with enforcement of recoveries undertaken by DG BUDG and/ or the Legal Service (e.g. entities in liquidation or bankruptcy) and recoveries disputed by the concerned entities (e.g. litigation cases).

For the cases which have been closed (partially or fully implemented), DG NEAR was able to recover 111% in respect of the initial amounts recommended by OLAF (EUR 4.3 million). Considering all the financial recommendations issued between 2017 and 2021 (including closed, ongoing and under analysis), 25% of the recommended amounts have been recovered at the end of 2021.

Finally, the additional significant results achieved during the year due to the anti-fraud measures in place can be summarised as follows:

- 70% of OLAF recommendations issued in 2021 have been assessed by the competent AOSDs within three months (compared to less than 35% in 2020)
- 9 outstanding OLAF recommendations have been closed in 2021, as a result of the systematic follow-up and monitoring in place
- 23 administrative recommendations issued between 2016 and 2020 were subject to the first stock-taking monitoring exercise run by OLAF:
 - 20 are considered closed by DG NEAR
 - Three are ongoing, all related to the inclusion of the concerned economic operators in the Early Detection and Exclusion System (EDES). The EDES panel decisions are pending.
- in terms of fraud prevention, several awareness-raising initiatives (training, staff seminars, conferences, instruction notes, survey) have been organised for staff and implementing partners. Four staff seminars on the DG's anti-fraud strategy were attended by more than 300 staff members while more than 750 staff members participated in the new anti-fraud survey.

DG BUDG analysed the accounting data quality review programme, the results of the ECA's reliability of accounts and systems audit and the follow-up on the open recommendations stemming from several system validation reports and assessed the accounting risk as low. In addition, they welcomed the work on the accounting data quality, which is summarised by DG NEAR's accounting correspondent in the annual synthesis note.

Four reports on the validation of local systems were finalised by DG BUDG in 2021 with overall nine recommendations:

- eight recommendations related to three reports (Reflows from financial instruments, Identification, registration and recovery of receivable, Management of pre-financing) were fully implemented and closed during the year
- a very recent recommendation was issued in December 2021 in the framework of the report on financial guarantees; an action plan was prepared in January 2022 with the aim to close the recommendation by end of June 2022.

The systems audit carried out by the ECA at the beginning of the year in relation to the accounts and the accounting control environment (the systems for recording and checking data and the organisation and implementation of accounting tasks) did not lead to recommendations. DG NEAR delivered the best possible result, scoring "1 - satisfactory" in all areas covered.

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

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

Table Estimated risk at payment and at closure

DG	'payments made' (2021;MEUR)	minus new prefinancing [plus retentions made] (in 2021;MEUR)	plus cleared prefinancing [minus retentions released and deductions of expenditure made by MS] (in 2021;MEUR)	'relevant expenditure' (for 2021;MEUR)	Detected error rate or equivalent estimates	estimated risk at payment (2021;MEUR)	Adjusted Average Recoveries and Corrections (adjusted ARC, %)	estimated future corrections [and deductions] (for 2021;MEUR)	estimated risk at Closure (2021;MEUR)
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
RCS 1 - Grants in direct management	825.91	- 745.08	761.04	841.88	2.12% - 2.12%	17.85 - 17.85	0.18% - 0.18%	1.52 - 1.52	16.33 - 16.33
RCS 2 - Procurement in direct management	276.04	- 48.21	53.09	280.92	0.73% - 0.73%	2.05 - 2.05	0.18% - 0.18%	0.51 - 0.51	1.55 - 1.55
RCS 3 - Budget support	469.94	0.00	0.00	469.94	0.00% - 0.00%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
RCS 4 - Indirect management with beneficiary/ partner countries	756.19	- 610.92	590.10	735.37	1.64% - 1.64%	12.06 - 12.06	0.18% - 0.18%	1.32 - 1.32	10.74 - 10.74
RCS 5 - Indirect management with entrusted entities	1 331.49	-1 266.65	936.79	1 001.62	0.93% - 0.93%	9.32 - 9.32	0.18% - 0.18%	1.80 - 1.80	7.51 - 7.51
Other	31.03	- 10.86	1.66	21.82	1.23% - 1.23%	0.27 - 0.27	0.18% - 0.18%	0.04 - 0.04	0.23 - 0.23
DG total	3 690.60	-2 681.73	2 342.67	3 351.54		41.54 - 41.54	0.15% - 0.15%	5.19 - 5.19	36.36 - 36.36
					Overall risk at payment in %	1.24% - 1.24% (7) / (5)		Overall risk at closure in %	1.08% - 1.08% (10) / (5)

Additional information to be provided by the DGs managing EDF and contributing to and/or managing EUTF

0	'payments made' (2021;MEUR)	minus new prefinancing (in 2021;MEUR)	plus cleared prefinancing (in 2021;MEUR)	'relevant expenditure' (for 2021;MEUR)
-1	-2	-3	-4	-5
Total EDF	0.00	0.00	0.00	0.00
Total EC Budget	3 802.56	2 432.90	2 107.61	3 477.27
of which Africa	130.20	0.00	0.00	130.20
of which Syrian Crisis (Madad)	266.15	0.00	0.00	266.15
Net EC Budget (excluding EUTF)	3 406.21	2 432.90	2 107.61	3 080.92
T004 : Syrian Crisis (Madad)	284.38	248.82	235.07	270.63
Total EU Trust Funds	284.38	248.82	235.07	270.63
Total = sub-total (a) + sub-total (b)	3 690.60	2 681.73	2 342.67	3 351.54

Notes to the table Estimated risk at payment and at closure

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

(2) Payments made or equivalent, e.g. expenditure registered in the Commission's accounting system, accepted expenditure or cleared pre-financing. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle. In all cases of Co-Delegations (Internal Rules Article 3), "payments made" are reported by the Delegated DGs. For Cross-SubDelegations (Internal Rules Article 12), the reporting remains with the Delegating DGs. Transactions under the technical code LIGA (Liquidity Fund for Guarantee Agreements) related to the financial guarantees from the External Lending Mandate (ELM) are excluded. These transactions - paid from the Common Provisioning Fund (CPF) following guarantee calls - are already captured under the CPF provisioning (in the same or previous years). Accordingly, for the purpose of the AAR, the amounts corresponding to budgetary guarantees should be reported only on the side of the provisioning of the CPF rather than on that of the guarantee calls paid out of the CPF.

(3) New pre-financing actually paid by out by the department itself during the financial year (i.e. excluding any pre-financing received as a transfer from another department). as per note 2.5.1 to the Commission annual accounts thus excluding "Other advances to Member States" which are covered on a purely payment-made basis (note 2.5.2). Pre-financing paid/cleared" are always covered by the Delegated DGs, even for Cross-SubDelegations. The amount includes EUR 1 million paid in 2020 as normal payment which was transformed, via a correction performed in 2021, into pre-financing and EUR 3 million of pre-financing in relation to a contract under the remit of DG MOVE, but which was wrongly attributed to DG NEAR as profit center in accounting (a correction will be performed in 2022).

(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'). The amount does not include EUR 495 078.98 of cleared pre-financing (related to a contract which belonged to DG INTPA), which was not completely transferred to DG NEAR (accounting-wise). The remaining open amount to be cleared of the same pre-financing will be transferred to DG NEAR in 2022.

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to legality and 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 and adds the pre-financing actually cleared during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.

(6) The detected error rate is based on the estimated risk at payment (column 7) on the relevant expenditure (column 5).

(7) The estimated risk at payment is based on risk estimated at closure (column 10) plus the estimated future correction (column 9).

(8) The adjusted average recovery and corrections percentage is based on the historic recovery orders issued by NEAR for the reimbursement of undue payments identified by ex post controls (recovery orders encoded with recovery context "errors", "irregularity" or "OLAF notified") in 2021 and 2020.

(9) The Average of Recoveries and financial Corrections (ARC) in percentage multiplied by the 2021 relevant expenditure.

(10) This column provides the estimated risk at closure based on the indicative error rates per RCS from the main sample of the residual error rate study.

2) Reservations

A. Reservation Monitoring projects in Syria and Libya

DG	NEAR
Title of the reservation, including its scope	Difficulties in monitoring adequately all projects in Libya and in Syria (Non-quantified reservation)
Domain	Direct Management Grants and Procurements, Indirect Management with Entrusted Entities.
Programme in which the reservation is made and total amount of this programme	Part of the programmes specifically targeting Syria (EUR 49 million paid in 2021) and Libya (EUR 22 million paid in 2021) under the Budget that is implemented inside these two countries.
Reason for the reservation	<p>Providing financial assistance through ENI and NDICI in Libya and Syria is politically and operationally important in the context of several DG objectives (notably stabilisation, counter-terrorism and migration). Developments on the ground are however making it difficult to adequately monitor all parts of projects implemented in-country. The Delegations cannot implement standard monitoring and evaluation activities due to the virtual impossibility to conduct in-country project site visits by its staff or other verifications in the vast majority of locations due to the security, political and lately COVID-19 constraints.</p> <p>In particular, providing financial assistance through ENI/NDICI in Libya is of high political importance in the context of the establishment of relations with this strategic country (security and migration). However, there are systemic risks linked to the difficulties to monitor the programmes in a conflict context and without the presence of the Delegation in the country.</p> <p>Similarly, the ENI/NDICI contribution for Syria is important for the implementation of the EU policy with a focus on addressing some triggers for migration and violent extremism, and ensuring some sort of stability and inclusion at the local level. The security context remains volatile, especially along the northern borders, and direct monitoring of projects inside Syria is increasingly difficult.</p>
Materiality criterion/criteria	The legality and regularity-related criterion of 2%.
Quantification of the financial impact (amount at risk)	There is no quantification of the impact. For the time being, there is no indication of material infringement of legality and regularity in these programmes; however, DG NEAR cannot perform all the monitoring of activities it needs to perform, due to the instability in the countries.
Impact on the assurance	<p>Resources may potentially not be used for the intended purpose.</p> <p>Principles of sound financial management may potentially not be respected.</p> <p>The legality and regularity of financial transactions may be compromised.</p>
Responsibility for the weakness	Instability and conflict situation in the concerned countries.
Responsibility for the corrective action	<p>The following measures will be continued in order to mitigate the risk:</p> <ol style="list-style-type: none"> 1. sound management of risk and resources across the portfolio, despite the significant constraints such as access and remote management, military movements and the COVID 19 pandemic; 2. to launch audits and expenditure verifications missions; 3. to carry out a risk based review of the contract portfolio when circumstances allow, with a view to determining which contracts should be subject to further audits and verifications, re-orientation or suspension, depending on developments on the ground; 4. triangulation of oral, written and visual information obtained from partners, interlocutors, like-minded donors; 5. to get ad-hoc updates and analyses from implementing partners, in order to have more frequent and regular information and field views on the implementation of

projects in between the annual progress reports;
6. to commission research and analysis to increase the DG NEAR's understanding of local dynamics, allowing a closer and more effective project monitoring and management.

Libya:

7. to train independent experts in order to monitor projects and provide feedback; at the same time, the Delegation (now partially relocated to Tripoli) will continue to gradually do more monitoring visits, mostly in Tripoli;

8. to continue third party monitoring (TPM) in order to improve monitoring capacities, increase the understanding of local dynamics in the country and react quicker and better to address the evolving needs on the ground;

9. projects in Libya implemented under the ENI Budget and the Trust Fund remain also subject to audits, expenditure verifications, evaluations as well as ROM (Results-Oriented-Monitoring) monitoring.

Syria:

10. to continue ensuring compliance with the EU's Restrictive Measures, which remains a contractual obligation of each and every partner;

11. to accentuate dialogue with partners to ensure that the EU's political parameters for engagement in Syria are well-understood and respected; all implementing partners are required to provide regular updates, analyses and risk assessments;

12. all projects are subject to a compulsory audit or expenditure verification, in addition to TPM and less frequently ROM. However, since the environment remains difficult, audit effectiveness could be impacted;

13. to organise spot visits where possible and to continue TPM with less reliance on online approaches. One contract is on-going to assure the monitoring of EU-funded programmes inside Syria, to assess the related risks and to support the EU Delegation in taking operational and programmatic decisions;

14. to ensure access to political context and risk awareness analysis, location and entity checks, vetting of local partners and beneficiaries and overall conflict and thematic analyses. Two contracts are on-going. One in the field of urban recovery and another one with the European University Institute (EUI) to improve the overall response of the EU to the Syrian crisis at both the operational and strategic levels;

15. to participate in Technical Working Group with other donors on risk assessment and management, including for instance on the exchange rate manipulation and arbitrage by the Syrian Central Bank (SCB), or on Parameters and Principles for engagement with the United Nations.

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

HUMAN RESOURCE MANAGEMENT

Objective 1: DG NEAR employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the Commission's priorities and core business

Indicator 1: Number and percentage of first female appointments to middle management positions

Source of data: SEC(2020)146

Baseline (2019)	Target (2022) + (2024)	Latest known results (2021)
39%, 9 out of 23	2022: 1 female appointment achieved 2024: still to be defined	No female appointments in 2021. Target already achieved with female appointments in 2020 and 2022 respectively ⁹⁵ .

Indicator 2: DG NEAR staff engagement index

Source of data: Commission staff surveys 2018 and 2021

Baseline (2018)	Target (2024)	Latest known results (2021)
65% ⁹⁶	At least $\geq 72\%$ and maintain above the Commission average (72% in 2021)	67% ⁹⁷ compared to the Commission average of 72%

Main outputs in 2021:

Description	Indicator	Target	Latest known results
Actions to maintain or increase staff satisfaction	Number and Type of actions of HQ development plan completed	Majority of actions implemented	Majority of actions <u>implemented</u> : Examples in HQ: -more opportunities for EC financed individual training courses in the interest of the service, -360° evaluation for middle managers coupled with coaching and leadership programme opportunities offered to several managers; -an induction package for newcomers and introducing job

⁹⁵ Target of second first female management appointment was completed 1 February 2022.

⁹⁶ 69%. For staff in HQ and 59% for staff in EU Delegations.

⁹⁷ As per provisional results of the Staff engagement survey 2021

			<p>shadowing in the DG</p> <p>Examples in EU Delegations:</p> <p><i>Well being/work/life balance:</i></p> <ul style="list-style-type: none"> -Improved work patterns in EU Delegations; -Improved well being/working conditions; -spouse specific measures; -anti harassment measures <p><i>Communication and collaboration</i></p> <ul style="list-style-type: none"> -team building exercise completed in Delegations; -missions letters for Heads of Delegations revised, -information sharing increased; <p><i>Career and Learning</i></p> <ul style="list-style-type: none"> -increased training budget in EU Delegations; -targeted management training;
Increase number of women appointed to first time middle management functions	Number and percentage of first female appointments to middle management positions ⁹⁸	2 first female appointments (by 2022)	Achieved with the appointment of a second female manager in February 2022
Promote awareness of fit@home campaign including mental and physical health & wellbeing activities	Staff attend and participate in activities which increase staff understanding of the importance of mental and physical health to their overall well being	<p>At least 3 fit@home workshops organised for DG NEAR on:</p> <ul style="list-style-type: none"> • Ergonomics • Mental health • Digital overload 	Seminar organised in June 2021 to discuss a new digital etiquette that includes aspects of digital overload and mental fitness. The etiquette was later adopted in July 2021

⁹⁸ Source of data: SEC(2020) 146

DIGITAL TRANSFORMATION AND INFORMATION MANAGEMENT

Objective 4: DG NEAR is using innovative, trusted digital solutions for better policy-shaping, information management and administrative processes to forge a truly digitally transformed, user-focused and data-driven Commission

Indicator 1: Degree of implementation of the digital strategy principles by the most important IT solutions⁹⁹

Source of data: DG NEAR

Baseline (2020)	Target (2024)	Latest known results (2021)
55%	75%	61%

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

Source of data: [DG NEAR – key data asset inventory (in units C3, R1 and R5)]

Baseline (2020)	Target (2022)	Latest known results (2021)
25%	60%	40%

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

Source of data: HR AMC and Data Protection Controller (DPC)

Baseline (2019)	Target (2024)	Latest known results (2021)
12.5%	100% ¹⁰⁰	35%

Main outputs in 2021:

Description	Indicator	Target	Latest known results
Improve implementation of digital solutions modernisation plan (DSMP)	DG NEAR DSMP available	December 2021	Approach changed to corporate DSMP
Improved IT security of local NEAR applications	Positive DIGIT Vulnerability Assessment Report for TMS Back-Office applications	December 2021	Postponed to Q4 2022 because of other priorities

⁹⁹ The European Commission Digital Strategy (C(2018)7118) calls on Commission services to digitally transform their business processes by developing new innovative digital solutions or make evolve the existing ones in line with the principles of the strategy. At the beginning of the year N+1, the Solution Owner and IT Investments Team will assess the progress made on the basis of the proposed modernisation plan. For each of the 3 solutions, a table will reflect – per principle – the progress achieved during the last year.

¹⁰⁰ To reach the 100% at the end of 2024 the calculation is as follows:

2020 – 15% - (15 % means % 2019 +2020)

2021 – 20% - (35% means % 2019 + 2020 +2021)

2022 – 25% - (60% means % 2019 + 2020 + 2021 + 2022)

2023 – 20% - (80% means % 2019 + 2020 + 2021 + 2022 + 2023)

2024 – 20% - (100% means % 2019 + 2020 + 2021 + 2022+ 2023 + 2024)

Description	Indicator	Target	Latest known results
Improve digital way of working	Number of AOSDs for commitments with Qualified Electronic Signature (QES) enabled	90%	61%
Improve digital way of working	number of contract-related documents signed electronically (outside OPSYS)	120 ¹⁰¹	169 documents signed with QES in Ares
Increase information sharing	% of NEAR files available in reading to all Commission	2% (baseline 2020: 0%)	0.71%
Stimulate use of collaborative tools	Number of Active MS Teams users in DG NEAR HQ	500 (baseline Oct 2020: 339)	Not able to report on because of personal data protection constraints
Improve implementation of corporate data governance policy	Sharing of meta data of key data assets in COM data catalogue	December 2021	Metadata included in the COM data catalogue
Improve digital skills	% colleagues in HQ having followed introductory course on use of Teams	80 (December 2021)	156 (October 2021)
Improve data protection compliance	% of staff attending awareness raising activities	20%	20% ¹⁰²

SOUND ENVIRONMENTAL MANAGEMENT

Objective 5: DG NEAR takes full account of its environmental impact in all its actions and actively promotes measures to reduce the related day-to-day impact of the administration and its work

Main outputs in 2021:			
Description	Indicator	Target	Latest known results
Reduced waste production	Waste production per person	0,18 ton/person	N/A
Reduced CO2 emission	CO2 emission per person for missions by air	1,7 tonnes/person	N/A
Raised environmental awareness of staff	Number of thematic local action plans developed	5	N/A

¹⁰¹ Baseline is 36

¹⁰² This is the result of awareness raising activities of 2021 only, whereas the result of 35% reported under the indicator 3 is a cumulative result including activities carried out in 2019+2020+2021). Yearly and cumulative targets have been achieved.

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

Contract Number	Contract Title	Programmes concerned (Instrument)	Benefitting zone	Legal Commitment Type description	Complete Name of Legal Entity	Contract Start date	Contract End date	Contract Accepted Amount (EUR)	Justification of the recourse to indirect centralised management	Justification of the selection of the bodies	Summary description of the implementing tasks entrusted to these bodies
390535	Projet pilote de développement local intégré	ENI	Tunisia	Delegation agreement	INTERNATIONAL LABOUR ORGANIZATION	01-12-2017	31-05-2025	1.000.000,00	Covid related top-up to an existing contract to support local authorities	Project structures already in place and capacity to rapidly deploy EU Covid related assistance at the local level.	Support to local authorities to cope with the consequences of Covid-19 : procurement of equipments (protection of public workers, sanitation of public places - incl. markets-, coffins, funerals, etc.) and socio-economic assistance to the population.

Contract Number	Contract Title	Programmes concerned (Instrument)	Benefitting zone	Legal Commitment Type description	Complete Name of Legal Entity	Contract Start date	Contract End date	Contract Accepted Amount (EUR)	Justification of the recourse to indirect centralised management	Justification of the selection of the bodies	Summary description of the implementing tasks entrusted to these bodies
391269	Enhancing domestic resource mobilisation in Egypt through a better tax and exchange of information system.	ENI	Egypt	Delegation agreement	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT	01-01-2018	31-12-2022	110.000,00	The project is funded under the FA EU Facility for inclusive growth and job creation (AAP 2016 + 2017). During 2017 it happened that the formulation of activities under the above-mentioned FA revealed the need to modify some implementation modalities for the results expected under the AAP 2016 component. Notably for the taxation programme, the introduction of indirect management was identified as the preferred aid modality for implementing a programme with OECD.	Justification is mainly based on 1) the specialized expertise of OECD in the area of international taxation and tax avoidance issues; and 2) the support to Egypt in making full use of international taxation related conventions to which it is party, such as on "Exchange of information between tax agencies" and on "Measures to combat Base Erosion and Profit Shifting", which are OECD-sponsored arrangements. Additionally, in August 2016 Egypt joined the Global Forum on Transparency and Exchange of Information which is served by a dedicated secretariat based at the OECD. Given that the programme funded by the EU is a joint exercise of the Global Forum and OECD's Centre for Tax Policy and Administration (CTPA), the choice of OECD as implementing partner will provide a significant added value.	The entrusted entity would carry out the following budget-implementation tasks: contracting of services and supplies, and sub-granting.

Contract Number	Contract Title	Programmes concerned (Instrument)	Benefitting zone	Legal Commitment Type description	Complete Name of Legal Entity	Contract Start date	Contract End date	Contract Accepted Amount (EUR)	Justification of the recourse to indirect centralised management	Justification of the selection of the bodies	Summary description of the implementing tasks entrusted to these bodies
398605	EU Support to the East of Ukraine: Recovery, Peacebuilding and Governance	ENI	Ukraine	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	01-08-2018	31-12-2022	16.500.000,00	Financing decision ENI/2020/42816 aim to enhance Ukraine's resilience overall and to hybrid threats explicitly and contribute to strengthening its reform progress and country-widesocietal cohesion	As per selection creteria in the financing decision	To contribute to peace, economic revitalization and reconciliation in Eastern Ukraine through social and economic recovery. More specifically, to enhance local capacity for gender-responsive decentralization and administrative reforms; stimulate employment and economic growth by providing assistance to SME and VET development; enhance social cohesion and reconciliation; and support healthcare reform.

Contract Number	Contract Title	Programmes concerned (Instrument)	Benefitting zone	Legal Commitment Type description	Complete Name of Legal Entity	Contract Start date	Contract End date	Contract Accepted Amount (EUR)	Justification of the recourse to indirect centralised management	Justification of the selection of the bodies	Summary description of the implementing tasks entrusted to these bodies
399131	Strengthening nexus coherence and responsiveness in the Palestinian social protection sector	ENI	Palestine (occupied territory)	Contribution Agreement	INTERNATIONAL LABOUR ORGANIZATION	01-07-2021	30-06-2023	1.500.000,00	Indirect management with ILO in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012.	As a tripartite and standard-setting organization, ILO bring its rights-based approach to social protection extension using the national social protection floors concept outlined in international labour standards and, in particular, the ILO Recommendation concerning national floors of social protection (2012), No. 202, and the ambition of the SDSS to progressively implement a Palestinian social protection floor. The Action will rely on ILO's normative and conceptual framework for social protection policies as well as specialized technical expertise, tools and methodologies for social protection costing and financing and ample experience in strengthening policy and legal frameworks through social and national dialogue. Under its commitments to the follow-up of the World Humanitarian Summit and the Grand Bargain, the ILO is working to increase collaboration between humanitarian and development actors with the aim of mainstreaming social protection and other world of work issues in crisis situations. This work draws from the ILO's extensive body of international labour and social security standards, including Recommendation No. 205 on Employment and Decent Work for Peace and Resilience, which aims, among other initiatives to, better link humanitarian cash and national social protection systems for more sustainable and nationally-owned results.	Budget implementation tasks

Contract Number	Contract Title	Programmes concerned (Instrument)	Benefitting zone	Legal Commitment Type description	Complete Name of Legal Entity	Contract Start date	Contract End date	Contract Accepted Amount (EUR)	Justification of the recourse to indirect centralised management	Justification of the selection of the bodies	Summary description of the implementing tasks entrusted to these bodies
404319	European Union Confidence Building Measures Programme V (2019-2023)	ENI	Moldova	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	01-01-2019	30-06-2023	4.000.000,00	The bulk of the overall EU-CBM V Action (under the Commission Implementing Decision on the Annual Action Programme 2018 in favour of the Republic of Moldova, and its amendment processed in December 2020), is implemented in indirect management with the international organisation United Nation Development Programme (UNDP). The programme components managed by UNDP through Contribution Agreement are: 1. Support to Economic development and entrepreneurship, 2. Community development and cross-river NGO' sectoral platforms, 3. Support to cultural heritage, 5. Support to media cooperation (NB: Component 4. Health Modernisation is implemented by a consortium GIZ-CZDA under a separate Contribution Agreement). Indirect management is justified in the Action Document (Annex 2 of the a.m. Commission Decision) based on necessity to use existing cooperation and implementation arrangements of proven efficiency and effectiveness, able to secure timely and qualitative implementation of the Action, which is multi-sectorial complex and sensitive.	The indirect management implementation modality by the entrusted entity UNDP is justified in the Action Document of the Decision based on: - the extensive experience of UNDP , which has developed since 2009 exclusive competences in implementing projects in the framework of Confidence Building Measures in Moldova; - the added value in post conflict situation management as a UN agency, neutral and not involved in the 5+2 political negotiation.	The EU-CBM V (2019-23) has five components, out of which four are implemented in indirect management by UNDP (whereas only component 4 is with GIZ-CzDA): - Component 1: Economic development and entrepreneurship - Component 2: Community development and cross-river NGO sectoral platforms- Component 3: Cultural development and historical heritage- Component 4: Health sector modernization- Component 5: Support to media local content developmentThe entrusted entity UNDP (as well as GIZ and CzDA in their component) carries out manage the programme implementation and carries out budget-implementation tasks: organising the public procurement and grant award procedures; concluding and managing the resulting contracts, including making of related payments.

Contract Number	Contract Title	Programmes concerned (Instrument)	Benefitting zone	Legal Commitment Type description	Complete Name of Legal Entity	Contract Start date	Contract End date	Contract Accepted Amount (EUR)	Justification of the recourse to indirect centralised management	Justification of the selection of the bodies	Summary description of the implementing tasks entrusted to these bodies
405997	EU4Digital: Improving cyber resilience in the Eastern Partnership countries - Cybercrime component	ENI	Eastern Europe Region	Contribution Agreement	CONSEIL DE L' EUROPE	21-06-2019	20-12-2023	1.000.000,00	Financing decision ENI/2018/41179 contributes to improving the cyber-resilience and criminal justice response of EaP Partner countries and focuses on cybersecurity and cybercrime.	As per in the annex 1 of the financing decision C(2018)8184, art. 5.3.2	Enhancing the criminal justice response to cybercrime and electronic evidence
409495	Sawasya II - Promoting the Rule of Law in Palestine	ENI	Palestine (occupied territory)	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	01-01-2021	30-06-2023	3.000.000,00	Indirect management with the United Nations Development Programme (UNDP) in joint programme with UN Women and UNICEF (the Sawasya II programme) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation is justified because this multi-donor action with EU Member States (the Netherlands, Sweden and Spain) is the only significant operational tool available for concerted efforts to promote long-standing crucial reforms for the rule of law and justice.	The three agencies have the mandate, ability and plans to simultaneously reach out to and link Gaza and the West Bank; support structured dialogue between Palestinian Authority institutions and civil society on legal aid; and the possibility to gather data and conduct good quality research to stimulate political and policy dialogue.	The Administrative Agent will channel funds to each participating UN organisation on the basis of their pillar assessed procedures and the objectives and results to be achieved by each agency. The entrusted entity would carry out the following budget-implementation tasks: launching calls for tenders and for proposals; definition of eligibility, selection and award criteria; evaluation of tenders and proposals; award of grants, contracts and financial instruments; acting as contracting authority concluding, monitoring and managing contracts, carrying out payments, and recovering moneys due.

Contract Number	Contract Title	Programmes concerned (Instrument)	Benefitting zone	Legal Commitment Type description	Complete Name of Legal Entity	Contract Start date	Contract End date	Contract Accepted Amount (EUR)	Justification of the recourse to indirect centralised management	Justification of the selection of the bodies	Summary description of the implementing tasks entrusted to these bodies
411467	Améliorer la mobilisation des ressources intérieures à travers la mise en place d'un système fiscal efficace et d'une transparence fiscale améliorée	ENI	Tunisia	Contribution Agreement	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT	11-11-2019	10-11-2024	822.000,00	Coherence with the Decision (a budget support programme)	Reputational and political legitimacy + technical expertise	Lead policy dialogue in conjunction with DPs, technical assistance and contracting of goods and services
413280	Support to Advancing Technical Capacities for Ensuring Human Security	ENI	Georgia	Contribution Agreement	UNITED NATIONS OFFICE FOR PROJECT SERVICES	11-01-2020	10-07-2024	2.600.000,00	Decision ENI/2018/ 041-443 - allowed indirect centralised	Specific expertise; logistical-management capacities	The overall objective of the project is to contribute to the increased efficiency, effectiveness and accountability of institutions in the security sector - through provision of technological solutions and equipment to security sector institutions (originally Euro 3.9 mln) and (the present top-up of Euro 2.6 mln) technical assistance to the Emergency Management Service of Georgia.
414178	SME Competitiveness Programme in Eastern Partnership (2019 funds)	ENI	Eastern Europe Region	Contribution Agreement	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	19-12-2019	18-12-2028	27.951.000,00	Blending operations require such partners and indirect management in order to leverage private funding	EBRD proposal was selected by the NIP board in line with its RoP. EBRD's expertise in the field and it is a continuation of a successful programme done by EBRD	Incentive payments for SMEs and Technical Assistance

Contract Number	Contract Title	Programmes concerned (Instrument)	Benefitting zone	Legal Commitment Type description	Complete Name of Legal Entity	Contract Start date	Contract End date	Contract Accepted Amount (EUR)	Justification of the recourse to indirect centralised management	Justification of the selection of the bodies	Summary description of the implementing tasks entrusted to these bodies
416309	EU-EBRD Local Currency	ENI	Eastern Europe Region		EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT			6.216.000,00	Blending operations require such partners and indirect management in order to leverage private funding	EBRD proposal was selected by the NIP board in line with its RoP. International organisations such as EBRD have proven and unique expertise for such private sector support.	Guarantee passed to EBRD to increase access to local currency funding
417373	European School in Georgia	ENI	Eastern Europe Region	Contribution Agreement	UNITED NATIONS OFFICE FOR PROJECT SERVICES	01-01-2021	31-08-2027	3.000.000,00	Indirect management mode is justified by the internationally recognised role and experience of UNOPS in support, design, supervision and procurement of large infrastructure projects as well as in the provision of project supplies and delivery of services and also monitoring. The entity has a clear mandate for the implementation of international cooperation activities and is guided by international standards in project procurement and implementation, and has a network of technical experts deployed worldwide. The entity has demonstrated transparency, impartiality, and the absence of conflict of interest, in other cooperation programmes with the EU.	UNOPS has been implementing successfully the phase I (pilot phase) of the project "European School in Georgia" through a delegated agreement and has started to implement Phase II through a contribution agreement. UNOPS has established an office in Tbilisi. The Georgia Office is part of the Vienna Multi-Country Office (VIEMCO), which ensures that projects are executed to the highest standards, providing a shared knowledge base and ensuring that best practices and lessons learned are disseminated between business units and projects across the region. VIEMCO provides specialists in operations, infrastructure, project management and communications, as part of an effort to share resources at the sub-regional level to facilitate cost and time efficient and effective delivery.	UNOPS will support the establishment of a European School in Georgia: a full-fledged high school, operating under the aegis of the Government of Georgia and offering the full secondary cycle, through a two-track approach. The School would offer students the choice of obtaining a national diploma or an IB diploma, both of which will have a focus on European studies. The school will reach out to students in all Eastern Partnership countries, providing scholarship programme, funded by the EU, for students aged 16-17 from all EAP to obtain the International Baccalaureate Diploma with a focus on European Studies.

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417573	European Union for Improving Environmental Monitoring in the Black Sea – EU4EMBLAS	ENI	Eastern Europe Region	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	01-04-2021	31-03-2024	2.000.000,00	UNDP has worked with partner organisations in the beneficiary countries through several phases of this programme.	A neutral platform for cooperation with EaP and non-EaP countries in the Black Sea was necessary.	UNDP will procure services and goods in order to implement the programme.
417640	Création d'un Institut de Formation aux Métiers de l'Alphabétisation au Maroc (IFMA)	ENI	Morocco	Contribution Agreement	UNITED NATIONS EDUCATIONAL SCIENTIFIC AND CULTURAL ORGANIZATION	01-06-2021	31-05-2023	800.000,00	Specific added value of the partner in the sector. Indirect management in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012.	Specific expertise in the field and the country	Development of a non-physical Institute for Training in Alphabetisation (IFMA). The aim is to develop an electronic platform for distance learning with clear methods and standards for the certification of the profession of literacy, thus enabling the professionalisation of the training staff.
417701	EU4schools (Phase II)– post earthquake recovery in the educational sector	ENI	Albania	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	04-11-2020	03-05-2024	10.000.000,00	The main reason is related to the nature of the action. Institutional support to recovery is an area that UN agencies are specialized	The reason for choosing an international organisation (UNDP) was the need to quickly and properly respond to the recovery needs of Albania. UNDP has similar experience in provision of post-eartquake infrastructure and equipment, based on similar experiences and knowledge in other parts of the world.	The Programme intends to support the recovery of albanian educational facilities after the November 2019 earthquake. It implies equipment and provision of facilities to support modernsation (ICT) and wellbeing (health and psychosocial rooms). The programme consists of 63 facilities, 22 under the phase I and the rest under the phase II.

Contract Number	Contract Title	Programmes concerned (Instrument)	Benefitting zone	Legal Commitment Type description	Complete Name of Legal Entity	Contract Start date	Contract End date	Contract Accepted Amount (EUR)	Justification of the recourse to indirect centralised management	Justification of the selection of the bodies	Summary description of the implementing tasks entrusted to these bodies
418044	EBRD Advice for Small Businesses, Team Europe EaP window	ENI	Eastern Europe Region	Contribution Agreement	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	15-12-2020	14-06-2026	9.976.000,00	Blending operations require such partners and indirect management in order to leverage private funding	EBRD proposal was selected by the NIP board in line with its RoP. International organisations such as EBRD have proven and unique expertise for such private sector support.	Incentive payments for SMEs and Technical Assistance
418311	Safeguarding Children's Rights in East Jerusalem	ENI	Palestine (occupied territory)	Contribution Agreement	UNITED NATIONS CHILDREN'S FUND	01-07-2021	30-06-2024	1.000.000,00	Indirect management with UNICEF in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012.	The implementation is justified because of UNICEF's: (i) specific mandate from the United Nations General Assembly to advocate for the protection of children's rights; and (ii) they are the only organisation that has established communications channels with all duty bearers.	The entrusted entity would carry out the following budget-implementation tasks: conducting procurement and grant award procedures and managing the resulting contracts and carrying out payments to contractors and beneficiaries.
418548	Decentralisation, Accountability, Integrity at Local Level in Jordan (DAILL)	ENI	Jordan	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	21-06-2020	20-12-2024	5.000.000,00	Entrusted entity with specific expertise in local development both at central and local level in Jordan.	Its experience of the Jordanian context in the specific area of integrated development. The active involvement of the entity at both central and sub-national levels. The institutional network and trust established by the entity with key stakeholders, in particular the Ministry of Interior, The Ministry of Local Administrations, The Ministry of Finance, the Department of Statistics. The involvement in localisation of SDGs.	Provide TA to Jordan to (i) improve or put in place accountability mechanism for public administrations' actions at all levels, (ii) better link financial planning and funding with policy making, (iii) improve service delivery.

Contract Number	Contract Title	Programmes concerned (Instrument)	Benefitting zone	Legal Commitment Type description	Complete Name of Legal Entity	Contract Start date	Contract End date	Contract Accepted Amount (EUR)	Justification of the recourse to indirect centralised management	Justification of the selection of the bodies	Summary description of the implementing tasks entrusted to these bodies
419147	Enhanced Equal Access to and Completion of Pre-University Education for Children in Need of Additional Support in Education	IPA	Serbia	Contribution Agreement	UNITED NATIONS CHILDREN'S FUND	01-06-2021	31-05-2024	4.499.821,00	Specific expertise available in the UN system. Pillar assessed IO.	UNICEF is the global leader in promoting and protecting children's rights in 190 countries, including Serbia. UNICEF has been a key partner of the Ministry of education in achieving strategic priorities in inclusive education, through joint implementation of different crucial interventions aiming at improving accessibility, quality, equity, and inclusion in pre-university education	Enhanced equal access to and quality of pre-university education for disadvantaged children (inclusive education for every child).
419310	Social dialogue for formalization and employability in the Southern Neighbourhood Region (SOLIFEM)	IPA	Mediterranean Region	Contribution Agreement	INTERNATIONAL LABOUR ORGANIZATION	01-03-2021	31-08-2024	4.000.000,00	DG NEAR has entrusted the administration of this operation to ILO as it has been pillar assessed and has a clear mandate and expertise in this field (see next column).	The only tripartite U.N. agency, the ILO brings together representatives of governments, employers and workers in its 187 member States to set labour standards, develop policies and implement programmes to promote decent work for all women and men, the core purpose of this operation.	Support the tripartite partners to develop enabling policy frameworks through social dialogue to facilitate informal workers' transition to the formal economy
419629	Extension of support to the United Nations Human Rights Monitoring Mission to Ukraine- 2021-22	IPA	Ukraine	Contribution Agreement	UNITED NATIONS HIGH COMMISSIONER FOR HUMAN RIGHTS	01-08-2021	31-07-2023	3.000.000,00	Financing decision ENI/2020/42381 also includes specific focus on support to human rights monitoring, civil society support and parliamentary development.	As per selection criteria in the financing decision	To increase protection of human rights in Ukraine, including in territory controlled by armed groups, government controlled territory and Crimea, in the context of the COVID-19 pandemic response

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419938	Programme pour la mise en oeuvre de la stratégie nationale de l'amélioration de l'intermédiation sur le marché de l'emploi	IPA	Tunisia	Contribution Agreement	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	07-12-2020	02-06-2025	5.500.000,00	Coherence with the Decision (a budget support programme)	Technical expertise and ongoing contract with ministry	Technical assistance to national employment agency to support digitalisation of services

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420694	EU for Gender Equality-Implementation of the EU Gender Equality acquis	IPA	Albania	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	27-03-2021	26-03-2023	700.000,00	The main reason is related to the nature of the action. Institutional support to Gender Equality is an area that UN agencies (in particular UN Women) is specialized and it has a long experience in Albania	The reason for choosing an international organisation is that the beneficiary needs support from a specialised institutional partner with comparative expertise and relevant project management capacity. The selection criteria were (i) experience of the potential delegatee entity in the area and with the beneficiary; (iii) technical expertise, logistical & management capacities of potential delegatee entity, including at the local level; (iv) impact, results, leverage effect of cooperation with other entities/donors, also covering effectiveness of the delegation of tasks included in Albania; and (v) reduced transaction costs level by the potential delegatee entity.	The main tasks include: - Provision of gender mainstreaming expertise and gender input for the revision process of national strategies, post-COVID-19 recovery and development programmes, and plans; - Introducing and disseminating sector-specific UN and EU gender mainstreaming Guidance among relevant actors and stakeholders (ministerial Gender Equality Officers, IPMGs/Thematic Working Groups, CSOs, external gender experts, parliamentarians, etc.) - Communicating EU and Gender Equality to the larger public (such as infographics, spots, coordinated with GoA, EUD, UN agencies) - Logistics and support for networking, knowledge transfer, and exchange of good practice on gender mainstreaming in the EU accession process. - Technical support, coaching and guidance to LGU signatories of the European Charter for Equality of women and men in local life for revising/updating their Local Gender Action Plan - Expertise, guidance and support for implementing tailored, gender-responsive women's economic inclusion and empowerment initiatives in up to 5 LGUs - Provide narrative and financial report

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420918	EU and EBRD for Energy Efficiency in Belgrade	IPA	Serbia	Contribution Agreement	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	23-12-2021	22-03-2025	11.000.000,00	The action is implemented in indirect management with the EBRD in accordance with Article 62.1(c) of Regulation (EU, Euratom) No 1046/2018, in conjunction with Article 154(3) of the same regulation. Pillar assessed IO.	EBRD was selected using the following criteria: financial and operational capacity; years of experience and active involvement in the implementation of energy efficiency measures in Serbia or the region through multi-country REEP programmes; in depth expertise in the field of EU standards in the area of energy efficiency, climate change or air pollution reduction and relevant networks in Serbia, region and EU Member States.	The action aims to support and build capacity of the City of Belgrade to manage energy efficiency through pilot infrastructure intervention in retrofit of four public buildings and technical assistance to the City secretariats for roll out of financing mechanisms for promoting energy efficiency investments.
421746	Supporting Decentralisation in Ukraine in 2020-2021: Identifying the success factors for effective decentralisation and cross-government investment coordination	IPA	Ukraine	Contribution Agreement	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT	18-03-2021	17-09-2022	500.000,00	Financing decision ENI/2020/42381 also provides policy advice, advice on legal approximation process with the EU, and capacity building in priority reform areas.	Since the beginning of the decentralization reform in 2014, OECD has been heavily involved in analytical support of the reform by preparation of comprehensive reports with recommendations,	To help Ukrainian policy-makers and officials at national and local levels implement effective decentralisation reforms and strengthen investment capabilities across the country, replicating the success stories and overcoming identified challenges.

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422127	Strengthening the operational capacities of the EAM to deliver the active policy on employment of Montenegro through digitalisation (EAM 4.0)	IPA	Montenegro	Contribution Agreement	INTERNATIONAL LABOUR ORGANIZATION	15-02-2021	14-08-2022	294.173,00	Specific expertise available in the UN system. Pillar assessed IO.	ILO was selected using the following criteria: financial and operational capacity; years of experience and active involvement in the sector and in country; in depth expertise in the social and labour sector.	The action aims to support and build capacity in the country's public employment service - so to better manage its key role to provide work focused assistance throughout the country.
422229	EU for better business environment	IPA	Serbia	Contribution Agreement	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	09-06-2021	31-07-2025	5.500.000,00	IBRD has operational implementation responsibility under the PartII Europe 2020 Programmatic Single-Donor Trust Fund.	The envisaged entity has been selected using the following criteria: excellent results in similar initiatives implemented in the previous period (such as within the framework of the Competitiveness and Jobs Project); the strong role of the World Bank in monitoring the implementation of policies and economic growth through tools such as the Doing Business Index of Competitiveness and others; the complementarity with the WB Country Strategy 2020-23 related to a new growth agenda.	The Contribution shall be used to finance the activities set forth in the "Part II Europe 2020 Programmatic Single-Donor Trust Fund Description".

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422325	Strengthening health systems resilience in the Western Balkans	IPA	Westerns Balkans region	Contribution Agreement	WORLD HEALTH ORGANIZATION	11-02-2021	10-02-2024	7.000.000,00	The action is implemented in indirect management with the WHO in accordance with Article 62.1(c) of Regulation (EU, Euratom) No 1046/2018, in conjunction with Article 154(3) of the same regulation - Pillar assessed IO - specific mandate/expertise	The envisaged entity has been selected using the following criteria: key international organisation with a mandate to direct, coordinate and support health systems across the world, which is necessary for supporting the region to tackle its health challenges. The organisation further demonstrates financial and operational capacities.	The implementation entails management and implementation of all aspects of the action, including budget implementation tasks (procurement and grant award procedures as relevant). Activities include a) technical assistance at the regional and central levels to develop and strengthen the preparedness and response capacities of the Western Balkans against all-hazard health emergencies, b) generation of evidence and analysis to inform national action plans, policy dialogues and policy development on health financing, as a key component for ensuring universal health coverage, and c) technical assistance for the design and activation of necessary procedures and measures to ensure efficient roll out of COVID-19 vaccines.

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422827	YOUTH LEADS: Youth Political and Civic Participation in Palestine	IPA	Palestine (occupied territory)	Contribution Agreement	UNITED NATIONS POPULATION FUND	13-11-2021	12-11-2024	1.350.000,00	i) thematic expertise and multiannual experience in supporting the youth agenda in the Middle East and North Africa, including youth economic empowerment and employability programmes as well as assistance to the Palestinian Authority and national coordination mechanisms; ii) ability to quickly mobilise specialised quality experts on these topics; iii) strong leading role in the area of policies and follow-up of political commitments in field youth/child rights, globally and in Palestine; iv) recognised role and leverage in the youth national and international arenas	1) Strong leading role in the area of policies and follow-up of political commitments in field youth rights, globally and in Palestine. Especially in view of international agreements signed by Palestine. 2) Specialized expertise on youth programming and leading agency for the UN Thematic Group on Youth in Palestine; 3) UNFPA is well established in Palestine with operations running for decades. 4) UNFPA has a leading role in bringing the worldwide best practices of Youth programming into the local context.	Budget implementation tasks
422943	Supporting the Palestinian Authority in Public Administration Reform	IPA	Palestine (occupied territory)	Delegation agreement	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT	01-05-2021	30-04-2024	2.500.000,00	The Action's specific objectives and outputs required a implementing with proven technical competence and specialisation, which was identified in OECD. OECD was pillar assessed and received its favourable final assessment in 2015 making it eligible for indirect management.	OECD was selected in recognition of i) its thematic expertise and experience in supporting the development of regulatory reforms in the Middle East and North Africa, including assistance to the Palestinian Authority; ii) its ability to quickly mobilise specialised good quality experts on the topic of policy and law making.	Budget implementation tasks

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423361	Technical contract related to contract 2020/418-228 - EU Support to COVID-19 Response in Bosnia and Herzegovina (second contribution)	IPA	Bosnia and Herzegovina	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	03-04-2020	17-11-2021	764.211,50	This is technical contract used to increase the value of the contract 2020/418-228.	Very specific services (emergency response to fight COVID-19).	Linked to Contract 2020/418-228, related to procurement of medical and protective equipment to fight COVID-19.
423502	Mediation and Arbitration for Resolving Disputes	IPA	Georgia	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	01-04-2021	31-12-2021	250.000,00	Decision ENI/2017/40318 allowed for indirect centralised management	Specific expertise - it was a continuation of 402-646 under the same decision	The objective is to promote fairer and faster commercial dispute resolution via efficient and accessible mediation and arbitration as alternatives to judiciary proceedings
423617	Himaya + Agir pour prévenir les risques & renforcer la protection des enfants en contact avec la loi	IPA	Morocco	Contribution Agreement	UNITED NATIONS CHILDREN'S FUND	15-03-2021	29-12-2022	1.500.000,00	Specific added value of the partner in the sector. The contract is a continuation to a previous successful EU-UNICEF project (ENI/2015/372-258)	Specific expertise in the field and the country: UNICEF plays a strategic role as a UN agency that has developed comprehensive specific indicators for juvenile justice implemented in countries in the region with the support of the EU. The considerable work carried out by this agency in this area represents an added value to the balance between the various actors involved in the reform of the justice system, towards particular attention to vulnerable groups and a guarantee of sustainability for the reform of juvenile justice in Morocco, as recommended by the UN Committee on the Rights of the Child.	The program aims to support children in need of protection, in particular children in contact with the law, in accordance with international standards and guidelines of the Integrated Public Policy on Child Protection.

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424026	Market Study of the Ukrainian Electricity Sector	IPA	Ukraine	Contribution Agreement	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT	01-07-2021	30-04-2023	1.488.575,03	Financing decision ENI/2020/42381 also provides policy advice, advice on legal approximation process with the EU, and capacity building in priority reform areas.	Since the beginning of the decentralization reform in 2014, OECD has been heavily involved in analytical support of the reform by preparation of comprehensive reports with recommendations,	Assessment of potential competition issues in the electricity sector, arising from structural factors, regulatory distortions or market behaviour.
424050	Supporting the Effective Implementation of Turkish Constitutional Court Judgments in the Field of Fundamental Rights	IPA	Turkey	Contribution Agreement	CONSEIL DE L'EUROPE	17-09-2021	16-09-2025	4.950.000,00	Central decision to re-centralise our support.	Action with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power	Implementation of all tasks stipulated in the Contribution Agreement

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424105	Advice for Small Businesses in Belarus-Phase II	IPA	Belarus	Contribution Agreement	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	01-12-2021	30-11-2025	4.000.000,00	Indirect management is justified by the fact that the entrusted entity has an internationally recognised role and experience in the support, design, supervision of programmes supporting private sector and business development in the EaP region. The organization has a long lasting experience in delivering services such as training, capacity building, advisory services for the entire range of the private sector. The entity has a clear and long lasting mandate in EaP. The entity has a clear mandate for the implementation of international cooperation activities and is guided by international standards in project procurement and implementation, and it has a strong network in EaP region. The entity has demonstrated transparency, impartiality, and the absence of conflict of interest, in other cooperation programmes with the EU	EBRD has been implementing successfully and effectively the first phase of ASB Programme; EBRD provide to have the quality and the expertise to implement a second phase of the programme; EBRD strong and sound network in the region is an essential factor for being selected as implementer.	Originally, EBRD has been selected to support private sector, SMEs/companies in Belarus. Originally, EBRD has been selected to provide advisory services (upon demand) to companies located in Belarus. However, following the recent developments in Ukraine and in Belarus, the scope of the programme may be revised and re-adapted. Discussions toward this direction are still ongoing.

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424241	Specific Sector Gender Analysis	IPA	Lebanon	Contribution Agreement	UNITED NATIONS ENTITY FOR GENDER EQUALITY AND THE EMPOWERMENT OF WOMEN	28-04-2021	27-08-2021	95.000,00	Interest to entrust an entity with wisesound expertise in gender in Lebanon	UN WOMEN has extensive experience in working on gender analysis. In Lebanon, UN WOMEN has been working on large number of gender analysis and has established its position as knowledge hub on gender equality and women's empowerment issues.	UN WOMEN should provide a context analysis of gender equality issues in Lebanon against the EU GAP III thematic areas and produce practical and actionable recommendations on key priority areas for the period 2021-2027
424379	Support to Quality Infrastructure in Armenia	IPA	Armenia	Contribution Agreement	UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION	01-01-2022	31-03-2025	4.000.000,00	UNIDO can mobilise the required services of the related technical, administrative and financial departments at UNIDO Headquarters and the UNIDO field office.	Specific expertise	UNIDO can mobilise the required services of the related technical, administrative and financial departments at UNIDO Headquarters and the UNIDO field office.
424390	WE Act	IPA	Ukraine	Contribution Agreement	UNITED NATIONS POPULATION FUND	01-05-2021	31-10-2022	1.000.000,00	Financing decision ENI/2020/042-796 component on increase of capacity of CSO	As per selection criteria in the financing decision	To strengthen women's rights, opportunities and resilience by mitigating the aftermath of COVID-19, improve capacities of CSOs to promote gender equality.
424473	Serbia Advancing Innovation and Entrepreneurship - BETF part	IPA	Serbia	Contribution Agreement	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	31-05-2021	30-12-2025	13.000.000,00	IBRD has operational implementation responsibility under the PartII Europe 2020 Programmatic Single-Donor Trust Fund.	The envisaged entity has been selected using the following criteria: excellent results in similar initiatives implemented in the previous period (such as within the framework of the Competitiveness and Jobs Project); the strong role of the World Bank in monitoring the implementation of policies and economic growth through tools such as the Doing Business Index of Competitiveness and others; the complementarity with the WB Country Strategy 2020-23 related to a new growth agenda.	To support the Innovation Fund of the Republic of Serbia in increasing innovation activities of relevant individuals and businesses through improved access of early stage companies to funds, markets, and the knowledge necessary for their growth. And to supporting the Ministry of Education, Science and Technological Development and the Science Fund of the Republic of Serbia in improving the relevance and excellence of scientific research in Serbia.

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424514	STAR 3 - Sustaining and Advancing Local Governance Reform	IPA	Albania	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	01-07-2021	31-12-2022	2.500.000,00	The main reason is related to the nature of the action. Local governance is an area that UNDP Albania is specialized on and it has a long experience about (pool funds have already supported two previous phases of the same project)	The reason for choosing an international organisation is that the beneficiary needs support from a specialised institutional partner with comparative expertise and relevant project management capacity. The main selection criteria were (i) experience of the potential delegated entity in the area and with the beneficiary; (ii) technical expertise, logistical & management capacities of potential delegated entity at the local level; (iii) impact, results, leverage effect of cooperation with other entities/donors.	The main tasks relate to: i. Strengthen institutional and administrative capacities of local administrations, ii. Increase local service delivery efficiency, iii. Enhance local democracy through fostering citizen-oriented governance and participatory decision-making.
424534	"Support to the Implementation of the Mobility Partnership with Azerbaijan (MOBILAZE 2)"	IPA	Azerbaijan	Contribution Agreement	THE INTERNATIONAL CENTRE FOR MIGRATION POLICY DEVELOPMENT	01-06-2021	31-05-2024	3.000.000,00	In order to proceed with implementation of the Mobility Partnership facilitated since the beginning by the ICMPD recourse was taken to indirect centralised management.	Continuation of an existing programme	To contribute to the development and implementation of the evidence-based migration and border management policy agenda in the Republic of Azerbaijan.

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424541	Support to Sustainable Urban Mobility Planning in Turkey	IPA	Turkey	Contribution Agreement	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	09-06-2021	08-06-2024	2.500.000,00	Central decision to re-centralise our support.	Technical capacity and diverse international experience in the area of sustainable urban mobility in the developing countries	the Bank provides technical assistance in the framework of the Trust Fund with the specific objective of promoting sustainable, efficient and safe transport in Turkey, as well as improving the technical capacity of selected Turkish municipalities for preparing, procuring and adopting Sustainable Urban Mobility Plans (SUMPs).
424589	Administration Agreement between the European Commission on behalf of the EU and the International Bank for Reconstruction and Development concerning the Part II Europe 2020 Programmatic Single-Donor Trust Fund, Trust Fund (No. TF073628).	IPA	Eastern Europe Region	Contribution Agreement	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	28-05-2021	30-11-2022	330.000,00	This AA agreement was signed to conduct Public Expenditure and Financial Accountability Assessment (PEFA). PEFA is a methodology for assessing public financial management performance. It identifies 94 characteristics (dimensions) across 31 key components of public financial management (indicators) in 7 broad areas of activity (pillars).	PEFA is a partnership program, initiated and managed by seven international development partners: the European Commission, International Monetary Fund, the World Bank, French Ministry of Foreign Affairs, Norwegian Ministry of Foreign Affairs, Swiss State Secretariat for Economic Affairs, and the UK's Department for International Development. However, the World Bank (IBRD) has wide experience in conducting the assessment. The PEFA Secretariat is housed in the World Bank, Washington DC, and is legally operating as a part of the Bank. The Head of Secretariat is accountable to the World Bank's Practice Manager. This arrangement for World Bank conducting the assessment assures the quality and results.	The PEFA program provides a framework for assessing and reporting on the strengths and weaknesses of public financial management (PFM) using quantitative indicators to measure performance. Last PEFA assessment for Moldova was conducted in 2015. The revised assessment was supposed to take place in 2020, however due to the COVID-19 pandemic it was postponed. For the same reason the validity of the country's Public Finance Management Strategy was extended till end 2022. The World Bank is finalising the assessment and plans to share the document for the peer review by end of March. Following the finalisation of the PEFA assessment it will be used, together with other sectoral policy assessments, to develop the new Public Finance Management Reform Programme.

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424628	"Increased capacities for labour market inclusion of disadvantaged women as COVID-19 response measure"	IPA	Montenegro	Contribution Agreement	INTERNATIONAL LABOUR ORGANIZATION	28-05-2021	27-10-2022	200.000,00	Specific expertise available in the UN system. Pillar assessed IO.	ILO was selected using the following criteria: financial and operational capacity; years of experience and active involvement in the sector and in country; in depth expertise in the social and labour sector.	The action aims to support and build capacity to support the employment perspectives of disadvantaged women by helping the country establish a number of key services.
424843	Support to the Food Safety and Sanitary & PhytoSanitary (SPS) Sector in Georgia under ENPARD IV (European Neighbourhood Programme for Agriculture and Rural Development in Georgia Phase IV)	IPA	Georgia	Contribution Agreement	THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS	18-12-2021	17-11-2025	9.000.000,00	Decision ENI/2019/41937 modality for budget support complementary measures	Specific expertise Presence-experience in the country Logistical-mngmt capacities Continuation of an existing programme International mandate	Support to the Food Safety and Sanitary & PhytoSanitary (SPS) Sector under European Neighbourhood Programme for Agriculture and Rural Development in Georgia Phase IV sector budget support programme
424863	EU Support to Strengthening IBM in Ukraine	IPA	Ukraine	Contribution Agreement	INTERNATIONAL ORGANIZATION FOR MIGRATION	01-06-2021	30-09-2022	2.930.000,00	Financing decision ENI/2020/42381 aims at also capacity building for Ukrainian public authorities to implement reforms	As per selection criteria in the financing decision	Contribute to the efforts of the Ukrainian Government to enhance people's mobility across the borders and to better integrate the economic operators into the world economic exchange flows while ensuring a high-level of security and prevention of cross-border crime.

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424887	Study and Research on Election Media Coverage for the 2021 Local Government Elections in Georgia. Short title: Media Monitoring for 2021 Local Elections.	IPA	Georgia	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	03-05-2021	02-05-2022	317.000,00	Decsion ENI/2020/042-675 - allowed indirect centralised management. UNDP was selected as it met all criteria for the selection of the implementing partner: substantial experience in preparation, follow-up, monitoring, audit and/or evaluation.	Specific expertise	implementatio and management of the media monitoring of the local self-government electsion 2021
425067	Support for enhancing the fight against the illegal possession, misuse and trafficking of small arms and light weapons (SALW) in the Western Balkans	IPA	Westerns Balkans region	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	01-09-2021	31-08-2024	4.996.576,88	Pillar-assessed organisation	Specific expertise linked to mandate	Implementation entails undertaking all necessary actions, including through direct implementation of activities and conducting budget implementation tasks to achieve the outcomes of the action.

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425096	EU Support to Migration Management in Serbia – Improving reception capacity, protection services and access to education II	IPA	Serbia	Contribution Agreement	INTERNATIONAL ORGANIZATION FOR MIGRATION	01-10-2021	30-06-2022	2.500.000,00	Specific expertise available in the UN system. Pillar assessed IO.	IOM was selected using the following criteria: it has the mandate to support the Government in migration management policy implementation, which is essential for bringing the action on the ground quickly and to the highest professional standards. IOM has offices and sufficient administrative capacities in Serbia; it has the capacity to respond without delays and ensure business continuity in the provision of already provided services; it has a proven track record and expertise in migration management related programmes in Serbia; it has experience with all tasks that are required under the action and it has successfully completed the EU 'pillar assessment'.	The tasks entail operational and technical support to the authorities in the area of migration, including the maintenance and infrastructural improvements of accommodation facilities with appropriate living conditions including refurbishment, furniture and additional equipment needed; support in ensuring access to quality education to migrant and refugee children in Serbia; assisted voluntary return and reintegration.
425122	Belarus COVID-19 Action Program (BeCAP)a Joint Action for Recovering Better through Strengthening Health, Social Services and Community Resilience in Belarus	IPA	Belarus		UNITED NATIONS DEVELOPMENT PROGRAMME			2.500.000,00	MPTFO (UNDP), UNICEF, UNFPA, WHO are pillar assessed, are neutral in current EU-BY/Ru context	UN agencies have extensive experience with relevant governmental bodies in Belarus., numerous successfully implemented actions, including a joint BELMED where all mentioned agencies took part	UN joint efforts are aimed at support Belarus population in COVID times, to strengthen the capacity of Belarusian society to respond to the still on-going COVID-19 public health emergency, strengthening stronger public participation at local level in the provision of health care.

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425232	Sustaining and enhancing the delivery of basic education and TVET training to Palestine refugee students in Syria	IPA	Syria	Contribution Agreement	UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST	01-07-2021	30-09-2022	3.000.000,00	For historical reasons, there are very few organisations providing specific assistance to Palestine refugees in Syria. A key condition for proper implementation was to have an implementing partner with specific experience in education and TVET with Palestine refugees and being present in as many Palestine refugee camps/settlements as possible to ensure broad coverage and flexibility in the design and use of resources.	UNRWA was the only organisation meeting the criteria in terms of expertise, experience and presence, see negotiation report. Also the project is building on the results achieved by UNRWA under previous DG NEAR funding.	The entrusted entity will carry out any of the following budget-implementation tasks: (i) procurement procedures and (ii) awarding, signing and executing resulting contracts, notably accepting deliverables, as well as carrying out payments and recovering funds unduly paid.
425235	Electoral Support Project in Armenia 3 (2021)	IPA	Armenia	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	10-05-2021	31-03-2022	399.038,09	Specific expertise	Specific expertise	
425292	Administration Agreement with IBRD concerning Part II Europe 2020 Programmatic SDTF No. TF073433 ; Support to Economic Governance, Business Environment and Justice Functional Review	IPA	Armenia	Contribution Agreement	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	19-06-2021	31-12-2023	2.500.000,00	Specific expertise	Specific expertise	The AA covers 9 portfolios and WB/IRBD could mobilise the necessary expertise for the implementation of the Administration Agreement with relevant experience. Moreover, WB is present in Armenia and aware of the country's circumstances.

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425788	Administrative Agreement concerning the Lebanon Financing Facility for Reform, Recovery and Reconstruction Multi-Donor Trust Fund (No. TF073612)	IPA	Lebanon	Contribution Agreement	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	15-07-2021	10-12-2025	10.000.000,00	Immediate and coordinated response was needed after the Beirut Port Blast 4/08/20. The World Bank (EBRD) administers the Lebanon Financing Facility (LFF), multi-donor TF created to channel funds to the EU-WB-UN Reform, Recovery and Reconstruction Framework (3RF).	The World Bank (EBRD) administers the Lebanon Financing Facility (LFF), multi-donor TF created to channel funds to the EU-WB-UN Reform, Recovery and Reconstruction Framework (3RF). The LFF is a key element of the 3RF process in Lebanon, in which the EU plays a prominent role. EU contribution to LFF via the WB is considered an exception to the established EU-WB collaboration framework. EBRD is one of the WB organizations	The Bank is entrusted to administrate the funds provided to the Trust Fund Lebanon Financing Facility (LFF) in order to support immediate socio-economic recovery of vulnerable people and businesss following the explosion in Beirut's port 4/08/2020
425816	Drafting of a National IBM Strategy and Updating of the "National Action Plan to Implement Turkey's IBM Strategy" (EU4IBMTR)	IPA	Turkey	Contribution Agreement	THE INTERNATIONAL CENTRE FOR MIGRATION POLICY DEVELOPMENT	25-11-2021	24-05-2024	2.000.000,00	(i) Sensitivity of the subject, (ii) type of expertise needed	Uniqueness of expertise: (i) entity has prepared IBM strategies for severall European contries; (ii) EC tasked ICMPD with the development of the IBM concept in the 1990s.	Implementation of all tasks stipulated in the Contribution Agreement

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425845	EU support for vaccine deployment in the Eastern Partnership	IPA	Eastern Europe Region	Contribution Agreement	WORLD HEALTH ORGANIZATION	11-02-2021	10-02-2024	40.000.000,00	The partnership with the World Health Organization ensured the availability of both technical expertise and capacity for logistical management. Moreover, this ensured economies of scale and access to supplies in a globally stranded market.	Prevention of vaccine preventable diseases is a key element of WHO responsibility on a global level, in particular as concerns the management of the global regime for controlling the international spread of communicable diseases. WHO has been selected by the Commission's services based on the fact that the entity has strong expertise and knowledge of the health sector in the EaP countries.	Rapid vaccination is key to contain the COVID-19 pandemic and enable socio-economic recovery, as well as contribute to post-pandemic longer-term resilience of health systems. The overall objective of this Action is to reduce the COVID-19 health impacts in the Eastern Partnership countries. This will be achieved through ensuring a rapid and safe deployment of COVID-19 vaccines in the short term, but also strengthening of routine immunisation systems for longer term health resilience.
426058	"Anti-Corruption for Trust in Lebanon"	IPA	Lebanon	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	01-09-2021	31-08-2024	4.000.000,00	The entity should be able to execute budget-implementation tasks: supervise, manage and implement undertaking of the action and enter into contracts and/or Grant Agreements in accordance with third parties.	UNDP has more than 15 years of experience in supporting anti-corruption efforts in Lebanon, exhibited through technical support provided on multidimensional levels. UNDP has the logistical and management capacities to implement the project fully and efficiently. It has the human and technical resources, in-house, that is ready to deliver. UNDP has extensive experience in managing conflict/crisis situations with renown neutrality, being and integral principle of the UN system.	UNDP is responsible for the implementation of the action with the objective to enable the adoption and measurable progress in the implementation of an integrated and targeted approach to preventing and combating corruption that is in line with the National anti-corruption strategy (NACS), priorities set out in 3RF.

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426092	Top-Up au Programme d'appui à une protection sociale intégrée et sensible aux enfants au Maroc (CTR n°ENI/2017/394-764)	IPA	Morocco	Contribution Agreement	UNITED NATIONS CHILDREN'S FUND	01-10-2021	30-09-2023	300.000,00	Specific added value of the partner in the sector. The contract is a continuation to a previous successful EU-UNICEF project (ENI/2017/394-764)	Specific expertise in the field and the country	New activities are added to the existing contract (ENI/2017/394-764) in order to support the government in the generalisation of family allowances in a context of integration of the informal sector and enhanced coordination of social assistance.
426264	Minimizing the impact of the COVID-19 outbreak in Georgia through telemedicine and digital health solutions	IPA	Georgia	Contribution Agreement	WORLD HEALTH ORGANIZATION	13-08-2021	12-08-2024	4.500.000,00	Decision ENI/2020/042-545 indirect centralised management. WHO, UNICEF, UNOPS and UNFPA were selected as they met all selection criteria set in the decision for implementing partners: 1. Expertise and experience in the field; 2. In-depth understanding of the situation in Georgia in the healthcare field and telehealth and its strengths and weaknesses, including the capacity to mobilise sufficient expertise in short time and presence in the country. 3. Added value as well as innovative approaches proposed by the organisation to effectively reach sustainable results. 4. Adherence to EU values and principles such as transparency, absence of conflict of interests and attention to cross-cutting issues, in particular as regards gender and human rights. 5. Co-financing. 6. Organisational, human and management capacity.	Specific experience	implementation and management of the project aimed at to contribute to reducing the negative impact of the COVID-19 pandemic on the health of the population and health care system in Georgia and in the longer-term contribute to building a resilient and robust PHC system with telemedicine capacities to ensure equitable access to services for people in remote areas, and contribute to progress towards Universal Health Coverage (UHC).

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426300	Accountable Institutions and Human Rights Protection in Armenia	IPA	Armenia	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	20-05-2021	19-05-2023	2.000.000,00	Specific expertise	Specific expertise	UNDP/UNFPA/UNICEF and OSCE possess extensive experience and provided support to rule of law and justice initiatives, among others including police and constitutional reforms and human rights.
426363	Enhancing Migration and Citizenship Services in Armenia (E-MICS)	IPA	Armenia	Contribution Agreement	THE INTERNATIONAL CENTRE FOR MIGRATION POLICY DEVELOPMENT	01-09-2021	31-08-2022	341.989,95	Specific expertise	Specific expertise	The ICMPD was selected due to its extensive experience with migration related matters, inter alia, integrated border management and relevant tools, promotion of international best practices, policy debate and guidance, promotion of international cooperation on migration and international protection related issues, diaspora relations and other migration related cross-cutting issues, as well as its logistical and management capacities
426461	Special Measure to support the response to the refugee and migrant situation in BiH Phase III	IPA	Bosnia and Herzegovina	Contribution Agreement	INTERNATIONAL ORGANIZATION FOR MIGRATION	01-04-2020	31-03-2022	10.649.667,00	Expertise is migration management.	Continuation of the project - Phase III of project.	This Action is designed to respond to the most urgent needs such as food, accommodation, medical assistance and access to education and social protection. The Action will contribute to further upgrade reception centres. Special attention will be put on the specific needs of vulnerable groups.
426512	Soutien au processus électoral	IPA	Tunisia	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	01-07-2019	31-12-2022	500.000,00	Multi-donor Basket Fund	Reputational and political legitimacy + technical expertise	Lead policy dialogue in conjunction with DPs, technical assistance and contracting of goods and services

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426881	European Union Contribution to the UNRWA 2021 Programme Budget	IPA	Palestine (occupied territory)	Contribution Agreement	UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST	01-01-2021	31-12-2021	90.000.000,00	Action has specific characteristics requiring a specific type of implementer with proven technical competence and specialisation.	UNRWA, established by the United Nations General Assembly, is the UN Agency mandated to provide services to Palestine refugees. In the absence of a solution to the Palestine refugee problem, the UN General Assembly has repeatedly renewed UNRWA's mandate, most recently until 2023.	The entrusted entity would carry out the following budget-implementation tasks: provision of cash transfers to refugee families, procurement of supplies and services, including tendering, contracting and making payments.
427048	Study of the diasporas' contributions to the socio-economic development in the Western Balkans.	IPA	Westerns Balkans region	Contribution Agreement	THE INTERNATIONAL CENTRE FOR MIGRATION POLICY DEVELOPMENT	10-11-2021	09-01-2023	300.000,00	We are working with a pillar-assessed international organisation.	The organisation, ICMPD, has an extensive track record in combining research, policy analysis and migration dialogue. It has an extensive network of international organizations, think tanks, CSOs, academia and government contacts, and is present throughout the Western Balkan region.	No implementing task. The organisation is only required to delivered a study.
427059	Joint EU-UN Programme for Rural Development in Abkhazia, Phase III (ENPARD IV)	IPA	Georgia	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	01-01-2022	30-06-2024	1.750.000,00	Decision ENI/2019 / 041-937 allowed for indirect management.	Presence in the region. Continuation of precious intervention.	The overall objective of the Joint EU-UN Programme (henceforth "project") is to contribute to improved quality of life and socio-economic conditions of the rural population in Abkhazia, both of men and women in equal manner as well as specific target groups such as individuals with disabilities, or vulnerable groups, with special focus on agriculture.

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427228	Strengthening Migration Management Capacities to Support the Government Reform Agenda in line with CEPA	IPA	Armenia	Contribution Agreement	INTERNATIONAL ORGANIZATION FOR MIGRATION	01-01-2022	31-12-2023	657.000,00	Specific expertise	Specific expertise	IoM/UNHCR were selected due to its extensive experience in migration and right to international protection related matters, research projects and capacity building activities on migration management related issues, promotion of international best practices and relevant migration related legislation, policy recommendations to governmental agencies, as well as its logistical and management capacities.
427396	European Union for Local Development Programme - EU PRO Plus Addendum 1	IPA	Serbia	Contribution Agreement	UNITED NATIONS OFFICE FOR PROJECT SERVICES	01-01-2024	30-06-2024	10.000.000,00	Specific expertise available in the UN system. Pillar assessed IO.	UNOPS has been selected using the following criteria: extensive experience in Serbia, from 2010 to 2018, as an implementing partner of three major EU funded regional and local development area-based actions worth over EUR 60 million. Extensive knowledge and experience with area-based development while applying integrated responses to diverse needs of the beneficiaries	To improve development planning in targeted municipalities and introduction of the Integrated Territorial Investment (ITI) concept; To enhance economic growth in targeted municipalities; To improve social infrastructure and social cohesion in targeted municipalities.

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427626	Contribute to a Stronger and Enhanced Performance for Primary Health Care Centres in Libya – a STEP for PHCs in Libya	IPA	Libya	Contribution Agreement	WORLD HEALTH ORGANIZATION	12-11-2021	11-11-2023	2.200.000,00	WHO was considered the best implementing partner for this action and agreements with WHO are implemented through indirect management.	WHO was chosen because of its specific technical competence and specialisation, results achieved with previous cooperation in Libya and elsewhere, its capacity to deploy in the field and its weight in policy fora.	Overall objective: Improve the health status of the Libyan population. Specific objective 1 – Health workforce strategic planning and governance are improved. - Specific objective 2 – Health information systems are strengthened, and high-quality data are available and monitored. - Specific objective 3 – Robust national health financing methodology is developed and supported.
427915	Egypt Micro and Small Financial Inclusion Programme	IPA	Egypt		EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT			12.560.000,00	It is a project on access to finance to support MSMEs led by youth and women, especially after the aggravation of the situation with the COVID. Using blending as aid modality with a EDB seemed to be the best option to be able to target underserved groups by the commercial banks, offering favourable loans + Advisory services, and then reach out a large number of potential final beneficiaries.	EBRD is well established in Egypt and has a solid portfolio and expertise in this kind of projects in the region with very good reputation. For example, the regional project were they have been providing advisory services to MSMEs, with very good results in the region and Egypt. The EBRD approached the EUD with a proposal that was already very mature and in line with the EUD objectives to support MSMEs in a post COVID period.	EBRD is implementing the proposal in line with the agreement between the EBRD and EU concretised in the contract' special conditions and Annex I

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428274	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework	IPA	Westerns Balkans region		EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT		28-10-2029	136.000.000,00	The entrusted entities, EBRD and the EIB are the Managers of the European Western Balkans Joint Fund. The Contribution finances the Connectivity Agenda package of 2020 implemented through the WBIF and in particular the EWBJF.	EIB and EBRD have been long-standing partners in the inception, realisation and implementation of the WBIF. Over the 10 years of operation of the WBIF, the EIB, and the EBRD, have in partnership with the Commission successfully prepared and implemented infrastructure projects and demonstrated the capacity to be entrusted with the implementation of the action. The entrusted entities will implement the action in close coordination with the lead IFIs of the projects.	The entrusted entities (EIB, EBRD) are responsible for the tasks as identified in the General Conditions of the Joint Fund, in particular:- Managing IPA Funds through the Joint Fund;- Disbursing funds from the Joint Fund to the lead IFIs;- Channelling funds recovered from lead IFIs;- Compiling reports on the Joint Fund;- Collecting reports from lead IFIs and submitting these reports to Commission and WBIF stakeholdersThe lead IFIs (EIB, EBRD, WB, KfW) accept the tasks that are necessary to manage the implementation of the grants covering projects assigned to them by the WBIF Steering Committee. These entrusted tasks would typically include:- Managing the implementation of the projects approved by the Steering Committee under the lead IFIs own rules and procedures;- Assuming responsibility and accountability for the funds disbursed to them by the Joint Fund managers including recovery;- Providing reporting according to the requirements defined in the General Conditions of the Joint Fund.

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428277	Contribution Arrangement with respect to the European Western Balkans Joint Fund under the Western Balkans Investment Framework	IPA	Westerns Balkans region		EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT		26-11-2028	915.108,00	The entrusted entities, EBRD and the EIB are the Managers of the European Western Balkans Joint Fund. The Contribution finances the Connectivity Agenda package of 2020 implemented through the WBIF and in particular the EWBJF.	EIB and EBRD have been long-standing partners in the inception, realisation and implementation of the WBIF. Over the 10 years of operation of the WBIF, the EIB, and the EBRD, have in partnership with the Commission successfully prepared and implemented infrastructure projects and demonstrated the capacity to be entrusted with the implementation of the action. The entrusted entities will implement the action in close coordination with the lead IFIs of the projects.	The entrusted entities (EIB, EBRD) are responsible for the tasks as identified in the General Conditions of the Joint Fund, in particular:- Managing IPA Funds through the Joint Fund;- Disbursing funds from the Joint Fund to the lead IFIs;- Channelling funds recovered from lead IFIs;- Compiling reports on the Joint Fund;- Collecting reports from lead IFIs and submitting these reports to Commission and WBIF stakeholdersThe lead IFIs (EIB, EBRD, WB, KfW) accept the tasks that are necessary to manage the implementation of the grants covering projects assigned to them by the WBIF Steering Committee. These entrusted tasks would typically include:- Managing the implementation of the projects approved by the Steering Committee under the lead IFIs own rules and procedures;- Assuming responsibility and accountability for the funds disbursed to them by the Joint Fund managers including recovery;- Providing reporting according to the requirements defined in the General Conditions of the Joint Fund.

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428281	EU4Environment in the Eastern Partnership: Water Resources and Environmental Data – implementation by UNECE	IPA	Eastern Europe Region		UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE	01-01-2022	30-06-2024	1.573.500,00	The programme includes support for the implementation of multilateral environmental agreements under the UNECE umbrella.	UNECE has first-hand technical knowledge, especially as concerns transboundary river management.	UNECE will procure services necessary for the implementation of the relevant international conventions in the partner countries.
428283	EU4Environment in the Eastern Partnership: Water Resources and Environmental Data – implementation by OECD	IPA	Eastern Europe Region	Contribution Agreement	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT	01-01-2022	30-06-2024	1.620.000,00	OECD has worked on water economics in both EU MS and the partner countries.	OECD offers a credible and neutral platform for working on water economics.	OECD will procure services necessary for improving the economic aspects of water management in line with EU Water Framework Directive.

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428465	Support to implementation of education policies in Moldova	IPA	Eastern Europe Region	Contribution Agreement	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT	01-01-2022	30-06-2023	250.000,00	The "Support for the implementation of education policies in Moldova" initiative is implemented in indirect management modality with a pillar assessed international organisation, "Organisation for Economic Co-operation and Development" (OECD). In compliance with the criteria laid out in Section 5.3.3 of the Action Document ENI/2020/042-675 "East Global Allocation 2020" (substantial experience in preparation, follow-up, monitoring, audit and/or evaluation activities that are directly necessary for the implementation of the action), the rationale for implementing the action in indirect management with OECD as entrusted entity, is justified by opportunity to have a rigorous sector analysis, which are carried out according to internationally recognised quality standards and methodologies by OECD and the UNESCO-IIEP. Both organisation have in fact been considered and invited to negotiations, resulting eventually in selecting OECD for reasons explained in the negotiation report.	The overall conditions governing the award of agreements in indirect management to entrusted organisations (set out in Article 62.1 (c) and Articles 154, 155 and 156 of the Financial Regulation 2018) provides for either identifying the entrusted entity already in the Financing Decision or to describe the criteria to be used to select the entity (Article 110(3)(f) FR) at a later stage. In both cases, the choice of entrusted entity has to be documented using a specific assessment sheet. In compliance with the requirements, the responsible service (the Delegation of the European Union to the Republic of Moldova) completed and submitted the assessment for approval by the competent geographical Director NEAR C - Eastern Partnership, who in turn approved the identified implementer (Ares(2021)7002760 - 15/11/2021) based on the following rationale:- substantial experience in preparation activities necessary for the implementation of the action, - substantial experience in follow-up activities necessary for the implementation of the action, - substantial experience in monitoring, audit and/or evaluation activities necessary for the implementation of the action.	The entrusted entity OECD support the national education sector authorities of Moldova to fine-tune and implement the education development strategy and its accompanying policies and programmes, in line with national development goals and those of the EU Eastern Neighbourhood Policy and the EU regional- and bilateral programmes for education, training and youth. The OECD provides support through: - in depth analysis of selected themes that are central to the success of education reforms with a focus on the nexus policy design vs policy implementation ; - formulation of strategic advice, based on relevant international experiences, and adapted to the context of Moldova; - Identification of practical and directly implementable advices. A team of experts is mobilised to carry out a diagnostic study on the selected domains to ensure that Moldova's education stakeholders 1) have developed strategic approaches and operational methodologies to overcome constraints to policy implementation in priority domains of educational reform; and 2) have developed a set of concrete policy implementation actions in selected domains to support the implementation of Moldova's education development strategy 2021-30. Throughout the implementation of the Action, OECD engages with the Ministry of Education and education stakeholders in Moldova to seek their views, promote the exchange of knowledge and good practices and though a participatory approach identify concrete actions for effective policy implementation; thereby developing further buy-in, ownership and active support for the implementation of the new education development strategy.

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428482	Border and Migration Management Action for Georgia (BMMAG)	IPA	Georgia	Contribution Agreement	INTERNATIONAL ORGANIZATION FOR MIGRATION	01-01-2022	30-09-2023	2.650.000,00	Decision 2020 / 042-545 allowed for indirect management.	specific expertise. Presence in the region. Neutrality. Capacity.	Supporting the Government of Georgia in the Further Development of Border and Migration Management Capacities, including immigration and asylum management in Georgia, labour migration and reintegration.
428485	Strengthening Development Impact of Migration in Georgia (STREAMinG)	IPA	Georgia	Contribution Agreement	THE INTERNATIONAL CENTRE FOR MIGRATION POLICY DEVELOPMENT	01-01-2022	30-06-2023	1.350.000,00	Decision 2020 / 042-545 allowed for indirect management.	specific expertise. Presence in the region. Capacity.	The objective is to contribute to increasing the positive impact of migration on development of Georgia by mainstreaming migration into development processes and by empowering civil society actors to participate in migration policy debates
428492	"Strengthening Covid-19 surveillance capacity in Montenegro"	IPA	Montenegro	Contribution Agreement	WORLD HEALTH ORGANIZATION	04-12-2021	03-09-2022	299.600,00	Specific expertise available in the UN system. Pillar assessed IO.	The WHO has been chosen due to its unique position in the country to assess the needs of the Ministry of Health in its efforts to combat the COVID-19 pandemic and to organise the most efficient and effective way of setting up the epidemiological monitoring system in the country. No other organisation has the technical capacity and insight knowledge of the pandemic dynamics to implement this system successfully.	The action aims to support and build capacity in the Ministry of Health and Institute of Public Health so to better manage their roles in preparing for and combatting the spread of virus' and disease - in this case COVID-19.

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428513	EU Support to Enhanced Administrative and Public Economic Governance in Egypt	IPA	Egypt		ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT			10.000.000,00	Availing the possibility to partially resque AAP 2020 ENI/2020/042-982 due to the unavailability of the beneficiary country to sign related Financial Agreement.	The envisaged entity has been selected using the following criteria: high degree of specialisation in public policy design and implementation, including administrative reforms, sustainable development governance; strategic partnership between MoPMAR and OECD; Since 2005, MoPMAR has been representing Egypt as participant in the OECD's Public Governance Committee (Egypt has been a founding member, former chair and current national co-ordinator of the MENA-OECD Governance Programme). MoPMAR expressed strong interest in benefiting from OECD's experience representing 36 member States. MoPMAR has shown particular interest to benefit from the OECD's global hub for the SDGs and from its expertise in strengthening governance system. The experience of the MENA-OECD Governance Programme would be an added value especially with regard to providing Egypt with an exposure to reform experiences in MENA. Through the OECD MENA Programme, OECD has implemented several projects, combining elements of institutional assessments and capacity building on implementation of governance and public administration reform. OECD has an important experience in implementing projects in Egypt, including in areas of institutional development, gender mainstreaming, and rule of law, and therefore it has gained an important recognition by key national entities.	The entrusted entity would carry out the following budget-implementation tasks: contracting of services and supplies, and sub-granting.

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428582	Advancing Decentralized, Effective and Inclusive Governance in Georgia	IPA	Georgia	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	27-12-2021	26-09-2025	2.000.000,00	Decision 2019/041-934	Specific expertisePresence-experience in the countryLogistical-mngmt capacities	Support the Government in the implementation of the Pilot Integrated Regional Development Programme (PIRDP) for Guria, Imereti, Kakheti and Racha-Lechkhumi and Kvemo Svaneti and the Decentralisation Strategy 2020-2025.
428588	Pour une réponse intégrée aux violences fondées sur le genre	IPA	Tunisia	Contribution Agreement	UNITED NATIONS POPULATION FUND	01-12-2021	30-06-2026	2.000.000,00	Coherence with the Decision (a budget support programme)	Reputational and political legitimacy + technical expertise	Lead policy dialogue in conjunction with DPs, technical assistance and contracting of goods and services
428769	Towards a Decentralised Waste Management Integrated Response	IPA	Lebanon	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	01-05-2021	30-11-2024	19.750.000,00	Wish to entrust an entity with specific expertise in wastewater sector in Lebanon	UNDP longstanding experience with the design and implementation of municipal and hazardous waste management in Lebanon. UNDP has the logistical and management capacities to implement the project fully and efficiently. It has the human and technical resources required to deliver an action of this size and scope.	The Anti-Corruption for Trust in Lebanon Project implemented by UNDP is to enable the adoption and measurable progress in the implementation of an integrated and targeted approach to preventing and combating corruption in line with the National anti-corruption strategy and Pillar 1 : governance and accountability of the Reform, Recovery and Reconstruction framework (3RF) through four outputs: 1. Capacity to oversee and monitor national anti-corruption strategy institutionalized and supported, 2. Specialized anti-corruption legislations enacted and supported for effective implementation, 3. National Anti-Corruption Institution operationalized and strengthened, 4. Corruption risk management mechanisms integrated in key vulnerable sectors.

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428796	Private sector transition to a green and circular economy in Lebanon	IPA	Lebanon		UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION	01-01-2022	30-11-2025	3.700.000,00	Wish to entrust an entity with specific expertise in the promotion of inclusive and sustainable industrial development in Lebanon	UNIDO mandate to promote sustainable industrial development, its consolidated working relationship with the Lebanese Ministry of Industry and the successful implementation by UNIDO of similar interventions in Lebanon.	UNIDO is entrusted to implement the project in order to support the transition of the private sector in Lebanon to achieve a green and circular economic recovery; contributing to the Reform, Recovery and reconstructions Framework.
429059	QUDSI R4R - Quality Urban Development and Sustainable Interventions for Jerusalem's Old City. Rehabilitation for Revitalization	IPA	Palestine (occupied territory)	Contribution Agreement	UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME	01-01-2022	30-06-2027	7.000.000,00	The action is a complex and comprehensive rehabilitation project which requires technical and managerial competence and specialisation. Due to the political situation in East Jerusalem very few number of implementing partners have experience and capacity to operate in that environment.	UN-Habitat is one of the few actors that still operate in East Jerusalem with capacity to implement a complex action. UN-Habitat has strong experience and has undertaken several interventions during the last 8 years in the Old City of Jerusalem that were similar in nature to the QUDSI project in their focus on rehabilitation, community engagement and improving socio-economic conditions for Palestinians living and/or working in the Old City.	Budget implementation tasks: conducting procurement, contracting works and supervision services, carrying out payments to contractors.
429150	EU for Green Agenda in Serbia: Get Started, Take Action, Scale-up	IPA	Serbia	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	10-01-2022	09-01-2024	3.599.884,00	UNDP is pillar assessed is best placed to implement the project following the call for expression of interest.	UNDP was chosen based on the selection and award criteria stipulated in the underlying Commission Implementing Decision (C(2020)8284 final of 23.11.2020).	Implementation of pilot measures for environmental policy and climate change.

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429158	Azerbaijan Rapid Technical Assistance Facility (AZTAF)	IPA	Azerbaijan	Contribution Agreement	INTERNATIONAL BANK FOR RECONSTRUCTIO N AND DEVELOPMENT	04-12-2021	03-12-2024	5.250.000,00	WB is a pillar assessed organization with very relevant expertise advising Governments on economic governance and public sector reforms	Specific expertise	The Development Objective (DO) of the Azerbaijan Rapid Technical Assistance Facility (AZTAF) is to provide advisory support to the Government of the Republic of Azerbaijan in line with the Azerbaijan 2030 National Priorities, aiming at strengthening SOE and public sector governance, spurring economic reforms, enhancing social inclusion and connectivity, and facilitating an effective COVID-19 recovery.
429201	EU4Business support to CEFTA for NTM monitoring and reporting and support to the implementation of the CEFTA Dispute Settlement Mechanism	IPA	Westerns Balkans region	Contribution Agreement	UNITED NATIONS CONFERENCE ON TRADEAND DEVELOPMENT	01-06-2022	31-05-2025	1.700.000,00	Pillar-assessed organisation	Specific expertise linked to mandate	Implementation entails support to the implementation of the Additional Protocol 7 (Dispute Settlement) and addressing Non-Tarif Measures
429879	Contribution Agreement between the EC and UNOPS for Construction of the Faculty of Mathematics and Natural Sciences (FMNS) of the University of Pristina (UP)	IPA	Kosovo (under UNSCR 1244/99)	Contribution Agreement	UNITED NATIONS OFFICE FOR PROJECT SERVICES	14-12-2021	13-06-2025	8.900.000,00	Experience and networking in the country/specialised organisation relative to the context of the contract	Experience in the country/region	Preparation of the Detailed Design and Construction of the new premises for the Faculty of Mathematics and Natural Sciences of the University of Pristina

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429992	Support for the implementation of judicial reform in Serbia	IPA	Serbia		CONSEIL DE L' EUROPE	01-01-2022	31-12-2024	3.000.000,00	Council of Europe is pillar assessed is best placed to implement the project following the call for expression of interest.	CoE has been chosen as an entrusted entity based on the selection and award criteria stipulated in the underlying Commission Implementing Decision (C(2019)8731 of 28.11.2019).	Support to the enhancement of the independence, accountability and professionalism of judiciary in the Republic of Serbia in line with EU requirements.
430016	Supporting the Ministry of Local Development in Decentralization and Integrated Local Development with special emphasis on Upper Egypt	IPA	Egypt		UNITED NATIONS DEVELOPMENT PROGRAMME			7.000.000,00	Availing the possibility to partially resque AAP 2020 ENI/2020/042-982 due to the unavailability of the beneficiary country to sign related Financial Agreement.	High degree of specialisation in development, including local development, strategic partnership between the Ministry of Local Development (MoLD) and UNDP with the signature of a "framework agreement" in 2018.	The project aims at supporting MoLD's mission of creating a modernized and decentralized local administration system at the central and local levels that adheres to good governance, and whose function is to support and promote improved local public services delivery and promoting local economic and social development. The intervention includes four outputs: OP1 - Policy Framework for Local Development endorsed; OP2 - Effective Local Development systems are active to support local development; OP3 - Institutional Development of MoLD and Local Administration; OP4 - Enhanced capacity of Local Administration systems.

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430066	Enterprise Expansion Fund (ENEF) II Technical Assistance & the Star Venture Programme under the Western Balkans Enterprise Development and Innovation Facility (WB EDIF)	IPA	Westerns Balkans region	Contribution Agreement	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	23-12-2021	22-06-2028	11.000.000,00	The action is implemented in indirect management with the EBRD in accordance with Article 62.1(c) of Regulation (EU, Euratom) No 1046/2018, in conjunction with Article 154(3) of the same regulation - Pillar assessed IO - technical expertise	The envisaged entity has been selected using the following criteria: teams for managing of TA already in place, experience from supervising and advising equity fund management, ability to mobilise variety of local and international consultants, network of experts and partnerships with investors and investee companies already in place.	This implementation entails the provision of technical assistance services to accompany investee companies under ENEF II as investment advisor of ENEF and provider of advisory services
430070	EU and EBRD for energy efficiency in Serbia	IPA	Serbia	Contribution Agreement	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	23-12-2021	22-02-2026	4.500.000,00	The action is implemented in indirect management with the EBRD in accordance with Article 62.1(c) of Regulation (EU, Euratom) No 1046/2018, in conjunction with Article 154(3) of the same regulation. Pillar assessed IO.	EBRD was selected using the following criteria: financial and operational capacity; years of experience and active involvement in the implementation of energy efficiency measures in Serbia or the region through multi-country REEP programmes; in depth expertise in the field of EU standards in the area of energy efficiency, climate change or air pollution reduction and relevant networks in Serbia, region and EU Member States.	To implement energy efficiency investments in line with EU standards thus laying the ground for the convergence with relevant EU policies. To achieve sustainable energy savings and carbon emission reductions. To retrofit buildings in line with the energy performance standards set out in the Energy Performance of Buildings Directive.

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430075	Technical capacity facility for the implementation of Action Plans for Chapters 23 and 24	IPA	Serbia	Contribution Agreement	UNITED NATIONS OFFICE FOR PROJECT SERVICES	01-09-2022	28-02-2025	5.000.000,00	UNOPS is pillar assessed is best placed to implement the project following the call for expression of interest.	UNOPS has been chosen as an entrusted entity based on the selection and award criteria stipulated in the underlying Commission Implementing Decision (C(2019)8731 of 28.11.2019).	The overall objective of the project is to contribute to enhancement of the rule of law system in Serbia in line with the EU standards and best practices. The specific objective is to enhance technical capacities of Serbia in the process of achieving its obligations stemming from Chapter 23 "Judiciary and Fundamental Rights" and from Chapter 24 "Justice, Freedom and Security" in line with the EU acquis and relevant interim benchmarks.
430089	Cultural Heritage as a Driver for Economic Revival of Janjevo/Janjevo	IPA	Kosovo (under UNSCR 1244/99)	Contribution Agreement	UNITED NATIONS DEVELOPMENT PROGRAMME	15-12-2021	14-12-2024	1.999.991,00	Experience and networking in the country/specialised organisation relative to the context of the contract	Experience in the country/region	Rehabilitate the historic center of Janjevo/Janjevo, by improving primary infrastructure, improvement of public spaces and living environment through conservation of selected buildings, as well as promotion of tourism-based economy.
430144	Reinforcing Effectiveness of National Asylum Procedures in Compliance with International Principles and National Legislation	IPA	Turkey	Contribution Agreement	UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES	01-01-2022	31-12-2024	3.000.000,00	The nature and type of activities (institutional capacity development, transfer of know-how), are best placed in a set up where an expert pillar assessed agency implements the project in IMEE modality	UNHCR's mandate and experience in the field of protection and asylum, and its proven competence to deliver effective capacity building support to PMM	Implementation of all tasks stipulated in the Contribution Agreement. Mainly technical assistance activities: training of staff, development of institutional procedures and knowledge platforms of PMM, digitalisation of asylum procedures, on the job visits to provinces.

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430183	Elargir la Couverture Sanitaire Universelle dans le cadre de l'Appui à l'inclusion sociale en Tunisie	IPA	Tunisia	Contribution Agreement	WORLD HEALTH ORGANIZATION	16-12-2021	15-12-2025	1.500.000,00	As indicated in the Financing Agreement, recourse to an international institution highly specialised in health, particularly in targeting universal health coverage	The selected body has the competences to deal with specific programme requirements; at central level (support to health strategies and regulation, and universal health coverage roadmap development), and at decentralised level for their implementation	The selected body will specifically contribute to 4 products : health system regulation, family medicine, case-management and health care referrals, and hospital management tools). It will also contribute to sector policy dialogue, especially towards universal health coverage.
430278	Enterprise Expansion Fund II under the Western Balkans Enterprise Development and Innovation Facility	IPA	Westerns Balkans region	Financial Instruments	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	23-12-2021	22-06-2034	19.000.000,00	The action is implemented in indirect management with the EBRD in accordance with Article 62.1(c) of Regulation (EU, Euratom) No 1046/2018, in conjunction with Article 154(3) of the same regulation - Pillar assessed IO - technical expertise	The envisaged entity has been selected using the following criteria: the entity invests in ENEF II and has experience in implementing EU programmes; EBRD acts also as investment advisor of the fund.	This implementation entails, among others, channelling the IPA allocation and the EU representation to the governing structures to the equity fund.
430304	Addendum N.1 - Increase of the value	IPA	Kosovo (under UNSCR 1244/99)	Delegation agreement	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	20-12-2017	19-10-2023	1.000.000,00	Experience and networking in the country/specialised organisation relative to the context of the contract	Experience in the country/region	Strengthen the competitiveness of Kosovar SMEs in national, regional and international markets

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430361	Additional contribution to Administrative Agreement concerning the Lebanon Financing Facility for Reform, Recovery and Reconstruction Multi-Donor Trust Fund (No. TF073612)	IPA	Lebanon	Contribution Agreement	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	15-07-2021	10-12-2025	8.000.000,00	Immediate and coordinated response was needed after the Beirut Port Blast 4/08/20. The World Bank (EBRD) administers the Lebanon Financing Facility (LFF), multi-donor TF created to channel funds to the EU-WB-UN Reform, Recovery and Reconstruction Framework (3RF).	The World Bank (EBRD) administers the Lebanon Financing Facility (LFF), multi-donor TF created to channel funds to the EU-WB-UN Reform, Recovery and Reconstruction Framework (3RF). The LFF is a key element of the 3RF process in Lebanon, in which the EU plays a prominent role. EU contribution to LFF via the WB is considered an exception to the established EU-WB collaboration framework. EBRD is one of the WB organizations	The Bank is entrusted to administrate the funds provided to the Trust Fund Lebanon Financing Facility (LFF) in order to support immediate socio-economic recovery of vulnerable people and businesses following the explosion in Beirut's port 4/08/2020
430429	EU Support for Energy Efficiency and Environment Projects in Ukraine, Georgia and Moldova	IPA	Eastern Europe Region		EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT		31-12-2029	50.460.000,00	Financing decision ENI/2020/42597, and the indicative pipeline	As per approval of NIP board	The Action aims to support energy efficiency and environment projects in Ukraine, Georgia and Moldova. The Action will have the objective of providing a harmonised and effective delivery of financial support over several years for supporting energy efficiency and environmental projects.
430435	Go Digital in Bosnia and Herzegovina	IPA	Bosnia and Herzegovina	Contribution Agreement	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	31-12-2021	21-09-2026	9.000.000,00	Distributpn of direct support to a large number of MSMEs.	Sectoral and regional experience as well as provision of leverage MSME lending.	Business advisory and know how transfer to 117 MSMEs for digital transformation of products/ processes via 35 MEUR EBRD credit line.

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430495	Women in Business in the EaP - Phase 2	IPA	Eastern Europe Region		EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT			8.440.000,00	Blending operations require such partners and indirect management in order to leverage private funding	EBRD proposal was selected by the NIP board in line with its RoP. International organisations such as EBRD have proven and unique expertise for such private sector support.	Guarantee for local banks to provide loans to underserved women-led SMEs
430530	Banja Luka Water Project	IPA	Bosnia and Herzegovina	Contribution Agreement	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	21-12-2021	20-12-2026	4.000.000,00	IPA funds (4 MEUR) compliment the EBRD grant (10 MEUR) to implement the Banja Luka Water Project on expansion and rehabilitation of water supply and sewage network in Banja Luka.	IPA funds (4 MEUR) are co-financing the EBRD loan (10 MEUR).	IPA 2020 funds will co-finance implementation of Banja Luka Water Project on expansion and rehabilitation of water supply and sewage network in Banja Luka, with the amount of Euro 4.0 million grant funds. The Project will be financed through EBRD loan of 10 million EUR aiming to improve water services for 186.000 inhabitants. (EBRD loans: Phase 1 - EUR 4.0 million; Phase 2 - EUR 6.0 million).
430708	Protecting vulnerable children in Kosovo	IPA	Kosovo (under UNSCR 1244/99)	Contribution Agreement	UNITED NATIONS CHILDREN'S FUND	01-01-2022	31-12-2024	2.200.000,00	Experience and networking in the country/specialised organisation relative to the context of the contract	Experience in the country/region	Enhance the child protection system in Kosovo through strengthened institutional capacities to provide quality social services with a focus on vulnerable girls and boys.

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430835	Support to strengthening sustainable and multipurpose forest management to improve rural livelihoods and address climate change in Kosovo	IPA	Kosovo (under UNSCR 1244/99)	Contribution Agreement	THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS			1.500.000,00	Experience and networking in the country/specialised organisation relative to the context of the contract	Experience in the country/region	Provide an efficient management of Kosovo Forests through a multi-purpose, participatory approach, strengthened in accordance with relevant rules on forests and supported with gender-responsive value-chains for poverty alleviation
430998	EU Regional Support to Protection-Sensitive Migration Management Systems in the Western Balkans – Phase III (contract 3)	IPA III	Western Balkans region	Contribution Agreement	INTERNATIONAL ORGANIZATION FOR MIGRATION	01-01-2022	31-12-2025	5.688.980,27	Pillar-assessed organisation	Specific expertise linked to mandate	Implementation entails undertaking all necessary actions, including through direct implementation of activities and conducting budget implementation tasks to achieve outcomes 1,3,4 and outputs 1,2,7 and 8 of the "EU regional support to protection-sensitive migration management systems in the Western Balkans - PHASE III" programme.

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431201	European Union Border Assistance Mission to the Republic of Moldova and Ukraine - Resilience Across Borders (EUBAM - Phase 13)	NDICI	Eastern Europe Region	Contribution Agreement	INTERNATIONAL ORGANIZATION FOR MIGRATION	01-04-2022	31-03-2023	5.000.000,00	Indirect management allows for selecting a pillar assessed organisation, which has proven track record and specific expertise in the area covered by the programme. This management mode has been used for previous phases of EUBAM.	IOM have significant capacity in border management projects in Moldova and Ukraine, with a large portfolio of ongoing border management projects in both countries financed by the EU, individual EU Member States and the USA. IOM's EU-funded border and migration management projects have been consistently highly evaluated in Ukraine and Moldova, by the EU Delegations, the Commission financial auditors, and the respective Governments. The IOM also has managed the EUBAM Phases 10, 11 and 12. As such, they have a familiarity with all aspects of the administrative, contractual, financial and logistical running of the Mission, and have proven their managerial competency in these matters with the EUBAM over the preceding seven years. Through their projects, the IOM has forged strong partnerships with the Customs and Border agencies in both countries, ideal for supporting the EUBAM's operations with its key stakeholders as and when needed.	Day-to-day technical and financial monitoring of the implementation of this action through a permanent internal, technical and financial monitoring system.
108							Sum:	761.645.115,72			

ANNEX 12: EAMR of the Union Delegations

22¹⁰³ DG NEAR Delegations have submitted an EAMR report for the year 2021:

NEAR B	DZ	Algeria	ENI
NEAR B	EG	Egypt	ENI
NEAR B	PS	West Bank and Gaza Strip	ENI
NEAR B	IL	Israel	ENI
NEAR B	JO	Jordan	ENI
NEAR B	LB	Lebanon	ENI
NEAR B	MA	Morocco	ENI
NEAR B	SY	Syria	ENI
NEAR B	TN	Tunisia	ENI
NEAR B	TR	Turkey	IPA
NEAR C	AM	Armenia	ENI
NEAR C	AZ	Azerbaijan	ENI
NEAR C	BY	Belarus	ENI
NEAR C	GE	Georgia	ENI
NEAR C	MD	Moldova	ENI
SGUA	UA	Ukraine	ENI
NEAR D	AL	Albania	IPA
NEAR D	BA	Bosnia and Herzegovina	IPA
NEAR D	XK	Kosovo*	IPA
NEAR D	ME	Montenegro	IPA
NEAR D	MK	The Republic of North Macedonia	IPA
NEAR D	RS	Serbia	IPA

¹⁰³ For 2 countries (Libya and Russia) out of 24 countries in which DG NEAR operates the authorizing officer functions are performed at HQ

ANNEX 13: EU Trust Funds

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Annexes to EU Trust Fund Syria



Annex 1_List of
derogations.pdf



Annex 2_KPI
report.pdf



Annex 3_9th
ResultRep.pdf



Annex
4_Non-substantial mc



Annex 5_Projects
monitoring_2.pdf