



2019

Annual Activity Report

Annexes

SRSS
Structural Reform
Support Service



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

The Director of the SRSS, who is entrusted with the functions of Authorising Officer by Sub-delegation and Director responsible for Risk Management and Internal Control, signs the following statement in respect of the completeness and reliability of all management reporting, including the implementation of the SRSS operational and administrative support expenditure in 2019.

The implementation of the SRSS global envelope until December 2019 falls under the statement of the Director in charge of Risk Management and Internal Control of the Secretariat-General.

"I declare that in accordance with the Commission's communication on the internal control framework¹, I have reported my advice and recommendations on the overall state of internal control in the SRSS 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."

In Brussels, 27 March 2020

(signed)

Mary McCarthy

¹ C(2017)2373 of 19.04.2017.

ANNEX 2: Reporting – Human Resources, Better Regulation, Information Management and External Communication

This annex is the annex of section 2.2 "Other organisational management dimensions". Any major discrepancies between targets and achievements are justified under section 2.2.

A. Human resources management

Objective: The Service deploys effectively its resources in support of the delivery of the Commission's priorities and core business; a competent and engaged workforce, which is led by an effective and gender balanced management and which can deploy full potential within supportive and healthy working conditions			
Indicator 1: Percentage of female representation in middle management			
Source of data: Analytics platform			
Baseline (2016)	Target (2019)	Latest known results(2019)	
20%	40%	22% ² (31% of women eligible for management positions)	
Indicator 2: Percentage of staff who feel that the Commission cares about their well being			
Source of data: Commission staff survey			
Baseline (2014)	Target (2019)	Latest known results(2018)	
EC: 34.9%	Above the Commission's average score in future staff surveys	54%	
Indicator 3: Staff engagement index			
Source of data: Commission staff survey			
Baseline (2014)	Target (2019)	Latest known results(2018)	
EC: 65%	Above the Commission's average score in future staff surveys	74%	
Main outputs in 2019:			
Output	Indicator	Target	Latest known results(2019)
Foster female applications for management positions	% female candidates interviewed for middle management positions	>30%	22%
SRSS Development Plan as a follow up to the issues identified in the 2019 Staff	Approval of the Plan by the DG % of implementation of actions in 2019	1 st half 2019 50%	Yes 77%

² Percentage referring to the period January-November 2019.

Survey			
SRSS fit@work activities	Number of activities organised	3	0 ³
Streamlined internal communication activities	SRSS internal communication strategy	Q2 2019	Strategy not yet developed

B. Better Regulation

Cf. 2.2.2 and results under specific objectives 1.1 and 1.3 under Performance tables – annex 12

C. Information management

Objective: Information and knowledge in your DG is shared and reusable by other DGs. Important documents are registered, filed and retrievable

Indicator: Percentage of registered documents that are not filed (ratio)

Source of data: Hermes-Ares-NomCom (HAN)⁴ statistics

Baseline 2016	Target 2016-2020	Latest known results (2019)
22.5%	<1%	0.11% (9.7% in 2017 and 2.8% in 2018)

Indicator: Number of HAN files readable/accessible by all Units in the DG

Source of data: Hermes-Ares-NomCom (HAN) statistics

>90%	>90%	98.25% (99.6% in 2017 and 99.4% in 2018)
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Indicator: Number of HAN files shared with other DGs

Source of data: Hermes-Ares-NomCom (HAN) statistics

<1%	>20%	0% (0% in 2017; <1% in 2018)
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Main outputs in 2019:

Description	Indicator	Target	Latest known results (2019)
<i>Increased staff awareness about the use of ARES, including registration</i>	<i>% of unfiled documents</i>	<i>Decreasing rate</i>	0.11% (9.7% in 2017 and 2.8% in 2018)

³ In 2019, fit-at-work initiatives were organised at corporate level by the relevant Account Management Centre (AMC).

⁴ Tools designed to implement the document management policy in the Commission known under the acronym e-Domec (electronic archiving and document management in the European Commission).

<i>of important emails via AresLook and use of e-signataire</i>	<i>% emails registered by AresLook</i>	<i>Increasing rate</i>	38.2% (39.6% in 2017 and 38% in 2018)
	<i>Number of registered documents with a fully approved e-signatory (no paper circulation)</i>	<i>Increasing rate</i>	95.5% (93.1% in 2017 and 92% in 2018)
<i>Better use of electronic workflows, to reduce errors caused by double circulation and to reduce paper storage eligible cases</i>	<i>Number of registered documents with a fully approved e-signatory (no paper circulation in parallel)</i>	<i>70% of registered documents approved in full electronic mode (without paper circulation)</i>	95.5% (92.9% mid-term review June 2019)
<i>Errors identified in JIRA</i>	<i>Reports to management on the errors identified in JIRA</i>	<i>Regular reports to management</i>	Decreasing number of errors: from 242 (June 2019) to 131 week 45 (November 2019).
<i>Increased staff usage of Connected</i>	<i>Number of active users (users who have viewed at least 1 item in the last 30 days)</i>	<i>Increasing rate</i>	152 active users (Nov-Dec.2019) compared to 148 active users in the same period.

D. External communication

Objective: Citizens perceive that the EU is working to improve their lives and engage with the EU. They feel that their concerns are taken into consideration in European decision making and they know about their rights in the EU.

Indicator: Percentage of EU citizens having a positive image of the EU

Source of data: Standard Eurobarometer

Baseline (2014)	Target (2020)	Latest known results (2019)	
Total 'positive': 39% Neutral: 37% Total 'negative': 22%	Positive image of the EU $\geq 50\%$	'positive': 45% 'neutral': 37% 'negative': 17% (2019 Eurobarometer 91)	
Main outputs in 2019:			
Output	Indicator	Target	Latest known results (2019)
<i>Implementation of the SRSS communication</i>	<i>% actions implemented from the SRSS communication</i>	<i>90% by end 2019</i>	92%

<i>action plan</i>	<i>action plan</i>		
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In 2019 the SRSS made no specific expenditure on external communication.

ANNEX 3: Draft annual accounts and financial reports

AAR 2019 Version 1

Annex 3 Financial Reports - DG SRSS - Financial Year 2019

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 2019 (in Mio €) for DG SRSS					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 01 Economic and financial affairs					
01	01 02	Economic and monetary union	0.11	0.00	0.00 %
Total Title 01			0.11	0.00	0.00 %
Title 04 Employment, social affairs and inclusion					
04	04 02	European Social Fund (ESF)	0.45	0.00	0.05 %
Total Title 04			0.45	0.00	0.05 %
Title 13 Regional and urban policy					
13	13 01	Administrative expenditure of the 'Regional and urban policy' policy area	2.66	0.69	25.91 %
	13 03	European Regional Development Fund and other regional operations	0.47	0.00	0.00 %
	13 04	Cohesion Fund (CF)	0.23	0.00	0.00 %
	13 07	Aid Regulation	36.30	35.44	97.63 %
	13 08	Structural Reform Support Programme - Operational technical assistance	78.78	78.68	99.87 %
Total Title 13			118.44	114.81	96.93 %
Title 25 Commission's policy coordination and legal advice					
25	25 01	Administrative expenditure of the 'Commission's policy coordination and legal advice' policy area	0.05	0.00	0.00 %
Total Title 25			0.05	0.00	0.00 %
Total DG SRSS			119.05	114.81	96.44 %

* 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).

% Outturn on Commitment Appropriations in 2019 for DG SRSS

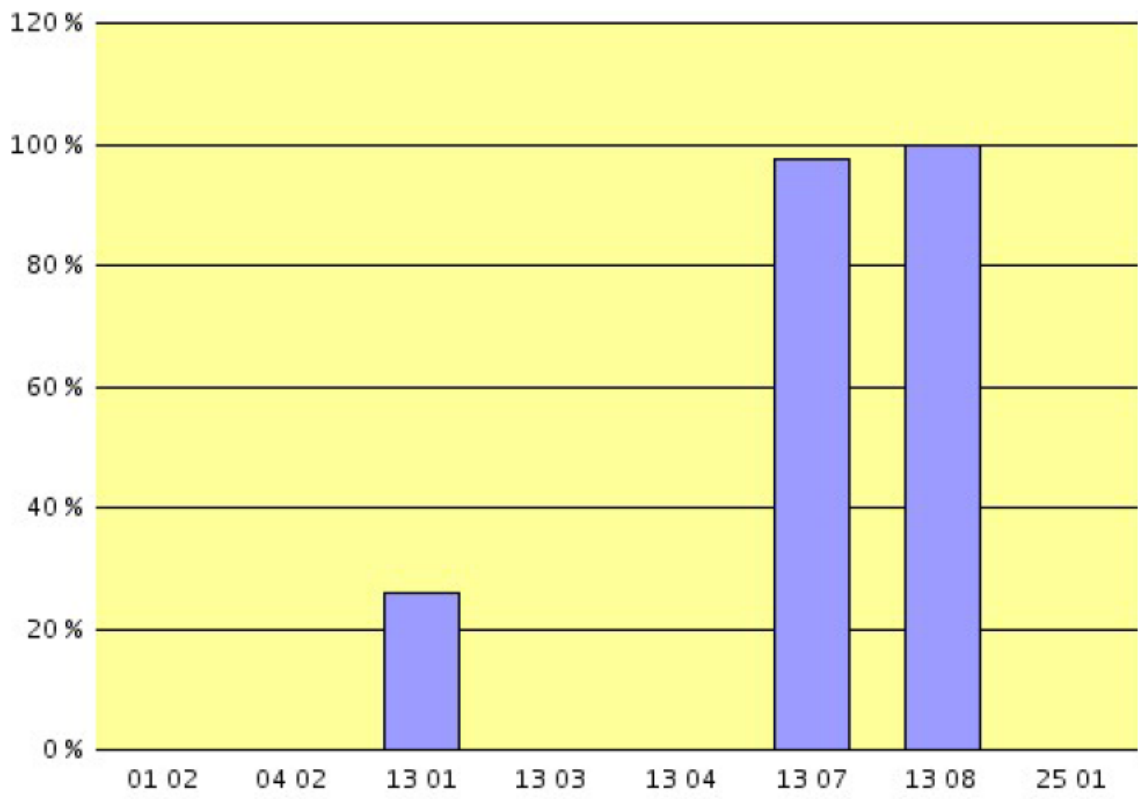


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2019 (in Mio €) for DG SRSS					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 01 Economic and financial affairs					
01	01 02	Economic and monetary union	0.16	0.11	67.00 %
Total Title 01			0.16	0.11	67.00%
Title 04 Employment, social affairs and inclusion					
04	04 02	European Social Fund (ESF)	3.67	3.61	98.35 %
Total Title 04			3.67	3.61	98.35%
Title 13 Regional and urban policy					
13	13 01	Administrative expenditure of the 'Regional and urban policy' policy area	3.82	0.69	18.18 %
	13 03	European Regional Development Fund and other regional operations	9.04	9.04	100.00 %
	13 04	Cohesion Fund (CF)	1.77	1.06	60.10 %
	13 07	Aid Regulation	34.04	34.04	100.00 %
	13 08	Structural Reform Support Programme - Operational technical assistance	34.86	34.62	99.31 %
Total Title 13			83.53	79.46	95.13%
Title 25 Commission's policy coordination and legal advice					
25	25 01	Administrative expenditure of the 'Commission's policy coordination and legal advice' policy area	0.40	0.00	0.00 %
Total Title 25			0.40	0.00	0.00%
Total DG SRSS			87.76	83.18	94.78 %

* 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 2019 for DG SRSS

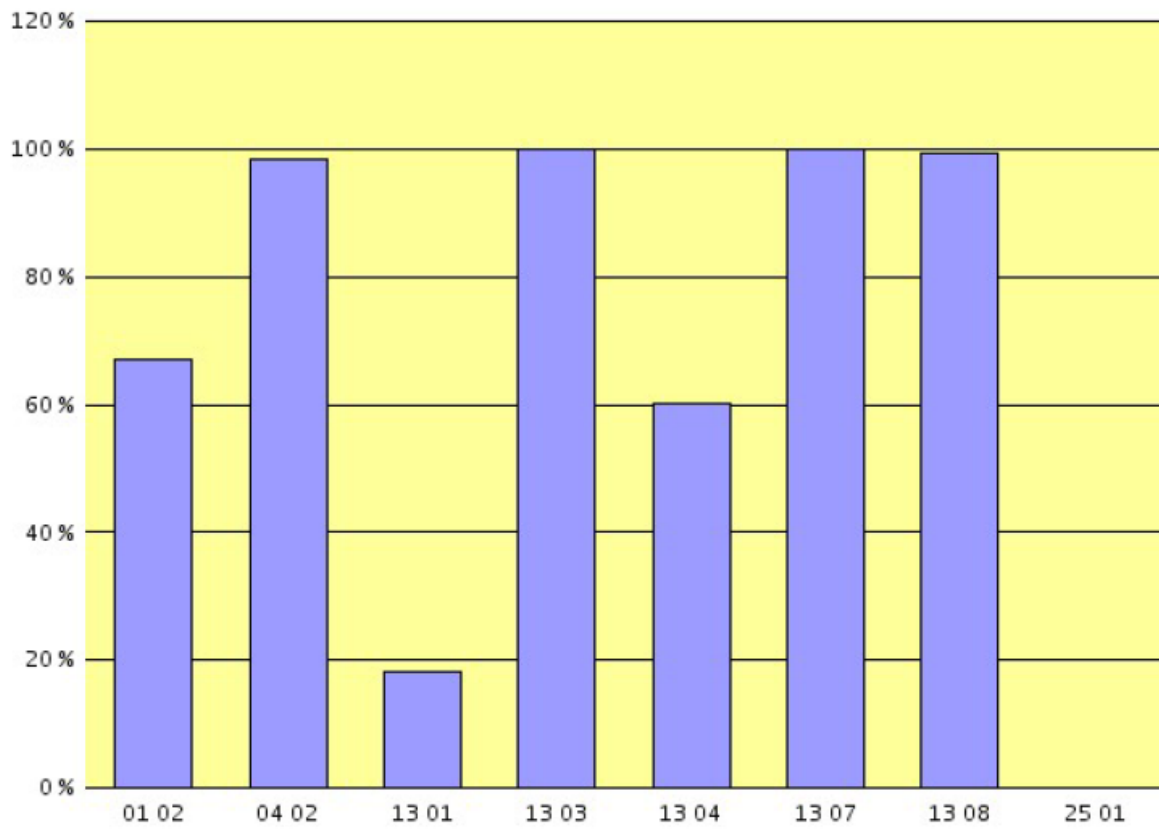


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG SRSS									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 02	Economic and monetary union	0.00	0.00	0.00	0.00%	0.04	0.04	0.25
Total Title 01			0.00	0.00	0.00	0.00%	0.04	0.04	0.25

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG SRSS									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
04	04 02	European Social Fund (ESF)	0.00	0.00	0.00	0.00%	6.11	6.11	9.81
Total Title 04			0.00	0.00	0.00	0.00%	6.11	6.11	9.81

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG SRSS									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
13	13 01	Administrative expenditure of the 'Regional and urban policy' policy area	0.69	0.05	0.64	92.26%	0.08	0.72	0.72
	13 03	European Regional Development Fund and other regional operations	0.00	0.00	0.00	0.00%	7.94	7.94	17.13

13 04	Cohesion Fund (CF)	0.00	0.00	0.00	0.00%	0.94	0.94	2.00
13 07	Aid Regulation	35.44	2.40	33.05	93.24%	98.07	131.12	134.30
13 08	Structural Reform Support Programme - Operational technical assistance	78.68	18.12	60.55	76.96%	16.25	76.80	33.00
Total Title 13		114.81	20.57	94.23	82.08%	123.28	217.52	187.14

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2019 (in Mio €) for DG SRSS

Chapter		Commitments to be settled				Commitments to be settled from financial years previous to 2018	Total of commitments to be settled at end of financial year 2019	Total of commitments to be settled at end of financial year 2018
		Commitments	Payments	RAL	% to be settled			
		1	2	3=1-2	4=1-2/1	5	6=3+5	7
25	25 01	Administrative expenditure of the 'Commission's policy coordination and legal advice' policy area						
Total Title 25								
Total for DG SRSS		114.81	20.57	94.23	82.08 %	129.43	223.66	197.21

Breakdown of Commitments Remaining to be Settled (in Mio EUR) at 31/12/2019 for DG SRSS

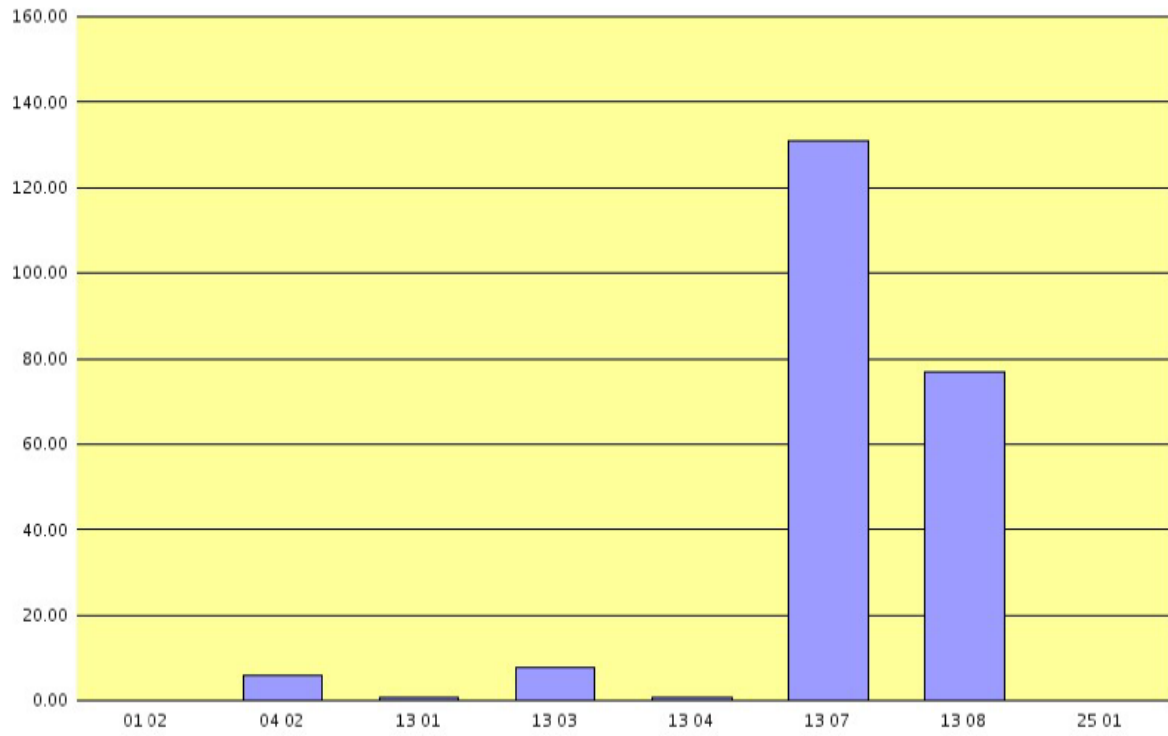


TABLE 4 : BALANCE SHEET for DG SRSS

BALANCE SHEET	2019	2018
A.II. CURRENT ASSETS	96,332,311.50	81,261,548.92
A.II.2. Current Pre-Financing	96,301,821.84	81,056,695.11
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	30,489.66	204,853.81
ASSETS	96332311.5	81261548.92
P.II. CURRENT LIABILITIES	-1204517.07	-306532.26
P.II.2. Current Provisions		0.00
P.II.4. Current Payables	-1,204,517.07	-306,532.26
P.II.5. Current Accrued Charges & Defrd Income	0.00	
LIABILITIES	-1204517.07	-306532.26
NET ASSETS (ASSETS less LIABILITIES)	95,127,794.43	80,955,016.66
P.III.2. Accumulated Surplus/Deficit	56,714,131.25	19,041,017.41
Non-allocated central (surplus)/deficit*	-151,841,925.68	-99,996,034.07
TOTAL DG SRSS	0.00	0.00

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

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

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG SRSS

STATEMENT OF FINANCIAL PERFORMANCE	2019	2018
II.1 REVENUES	161,485.85	-6,103,674.46
II.1.1. NON-EXCHANGE REVENUES	-71,124.69	-6,300,915.71
II.1.1.5. RECOVERY OF EXPENSES	-71,124.69	-915.71
II.1.1.6. OTHER NON-EXCHANGE REVENUES		-6,300,000.00
II.1.2. EXCHANGE REVENUES	232610.54	197241.25
II.1.2.1. FINANCIAL INCOME	-13,440.76	-33,758.75
II.1.2.2. OTHER EXCHANGE REVENUE	246,051.30	231,000.00
II.2. EXPENSES	67,388,790.19	43,776,788.30
II.2. EXPENSES	67,388,790.19	43,776,788.30
II.2.10. OTHER EXPENSES	378,597.23	156,809.52
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	61,506,761.17	31,317,280.11
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	5,502,410.00	8,378,219.95
II.2.5. EXP IMPLM BY OTHER ENTITIES (IM)		3,921,554.00
II.2.8. FINANCE COSTS	1,021.79	2,924.72
STATEMENT OF FINANCIAL PERFORMANCE	67,550,276.04	37,673,113.84

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

TABLE 5bis : OFF BALANCE SHEET for DG SRSS

OFF BALANCE	2019	2018
OB.1. Contingent Assets	8,199,100.40	4,550,872.56
GR for performance	4,785,666.48	1,547,240.75
GR for pre-financing	3,413,433.92	3,003,631.81
OB.2. Contingent Liabilities	-15,902,209.87	-15,902,209.87
OB.2.7. CL Legal cases OTHER	-15,902,209.87	-15,902,209.87
OB.4. Balancing Accounts	7,703,109.47	11,351,337.31
OB.4. Balancing Accounts	7,703,109.47	11,351,337.31
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 2019 for SRSS

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	141	134	95.04 %	13.61	7	4.96 %	37.43
45	1				1	100.00 %	48.00
60	238	211	88.66 %	30.59	27	11.34 %	74.19
90	74	70	94.59 %	35.51	4	5.41 %	92.50

Total Number of Payments	454	415	91.41 %		39	8.59 %	
Average Net Payment Time	29.62			25.94			68.79
Average Gross Payment Time	34.67			29.99			84.54

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	29	79	17.40 %	454	8,702,673.01	10.47 %	83,143,808.35

Late Interest paid in 2019			
DG	GL Account	Description	Amount (Eur)
REFORM	65010100	Interest on late payment of charges New F	1 021.79
			1 021.79

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2019 for DG SRSS

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	
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	13,440.76	0.00	13,440.76	13,440.76	0.00	13,440.76	0.00
57	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTION	331,248.20	119,404.12	450,652.32	331,248.20	119,404.12	450,652.32	0.00
66	OTHER CONTRIBUTIONS AND REFUNDS	901,324.61	156,920.69	1,058,245.30	870,834.95	122,249.69	993,084.64	65,160.66
Total DG SRSS		1,246,013.57	276,324.81	1,522,338.38	1,215,523.91	241,653.81	1,457,177.72	65,160.66

TABLE 8 : RECOVERY OF PAYMENTS in 2019 for DG SRSS
(Number of Recovery Contexts and corresponding Transaction Amount)

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2019 Year of Origin (commitment)	Irregularity		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
2009	1	37,436.24	1	37,436.24	6	479,116.93	16.67%	7.81%
2010	4	0.00	4	0.00	4	0.00	100.00%	#DIV/0
2011	2	0.00	2	0.00	2	0.00	100.00%	#DIV/0
2013	6	0.00	6	0.00	6	0.00	100.00%	#DIV/0
2014	1	31,154.31	1	31,154.31	2	62,417.28	50.00%	49.91%
2015	1	9,240.16	1	9,240.16	7	170,082.78	14.29%	5.43%
2016					11	163,198.28		
2017					11	415,700.84		
2018					1	99,980.00		
No Link					2	844.19		
Sub-Total	15	77,830.71	15	77,830.71	52	1,391,340.30	28.85%	5.59%

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	4	12,512.53			4	12,512.53	7	246,651.19	57.14%	5.07%
CREDIT NOTES	4	513.78			4	513.78	20	1,070,868.05	20.00%	0.05%
Sub-Total	8	13,026.31			8	13,026.31	27	1,317,519.24	29.63%	0.99%
GRAND TOTAL	23	90,857.02			23	90,857.02	79	2,708,859.54	29.11%	3.35%

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2019 for DG SRSS

	Number at 01/01/2019	Number at 31/12/2019	Evolution	Open Amount (Eur) at 01/01/2019	Open Amount (Eur) at 31/12/2019	Evolution
2009	1		-100.00 %	13,600.00		-100.00 %
2011	1		-100.00 %	13,600.00		-100.00 %
2012	1		-100.00 %	9,600.00		-100.00 %
2014	1	1	0.00 %	34,671.00	34,671.00	0.00 %
2017	2		-100.00 %	118,628.61		-100.00 %
2018	3		-100.00 %	86,225.20		-100.00 %
2019		2			33,828.54	
	9	3	-66.67 %	276,324.81	68,499.54	-75.21 %



TABLE 10 :Recovery Order Waivers >= 60 000 € in 2019 for DG SRSS

	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
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Total DG SRSS	
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Number of RO waivers	
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There are 16 waivers below 60 000 € for a total amount of -182,310.1

The amount refers to 16 waivers of issued for grant agreements signed under the Aid Programme signed since 2007 and whose recoveries could not be cashed in. The AOSD assessed that the costs linked to a legal proceeding would exceed the amounts to be recovered. The recovery was not worth pursuing from a cost-benefit angle, and the waivers were not consider in this case to be at risk of harming the image of the Union.

TABLE 11 :Negociated Procedures in 2019 for DG SRSS

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	1	125,000.00
Annex 1 - 11.1 (e) - New services/works consisting in the repetition of similar services/works	2	3,297,261.00
Art. 134.1(e) (Without prior publication) New services or works consisting in the repetition of similar services or works	1	794,416.00
Total	4	4,216,677.00

Internal Procedures > € 60,000

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Annex 1 - 11.1 (b) - Artistic/technical reasons or exclusive rights or technical monopoly/captive market	1	730,000.00
Total	1	730,000.00

The above mentioned amounts (ABAC source) refer to the contracts initial amounts

TABLE 12 : Summary of Procedures in 2019 for DG SRSS

External Procedures > € 20,000

Procedure Legal base	Number of Procedures	Amount (€)
Exceptional Negotiated Procedure without publication of a contract notice (Art. 134 RAP)	1	794,416.00
Negotiated procedure without prior publication (Annex 1 - 11.1)	3	3,422,261.00
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))	1	20,500,842.33
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))	2	3,773,318.00
Total	7	28,490,837.33

Internal Procedures > € 60,000

Procedure Legal base	Number of Procedures	Amount (€)
Negotiated procedure middle value contract (Annex 1 - 14.2)	26	2,917,825.95
Negotiated procedure without prior publication (Annex 1 - 11.1)	1	730,000.00
Open procedure (FR 164 (1)(a))	1	100,000,000.00
Total	28	103,647,825.95

TABLE 13 : BUILDING CONTRACTS in 2019 for DG SRSS

Legal Base	Procedure subject	LC/FW?	Contract/FW Number	Contractor Name	Contract/FW Subject	Amount (€)

None

TABLE 14 : CONTRACTS DECLARED SECRET in 2019 for DG SRSS

Legal Base	Procedure subject	LC/FW?	LC Contract/Grant type or FW type	LC Date	Contract/FW Number	Contractor Name	Contract/FW Subject	Amount (€)

None

TABLE 15 : FPA duration exceeds 4 years - DG SRSS

None

ANNEX 4: Materiality criteria

The following provides an explanation of the SRSS definition of the materiality threshold as a basis for determining whether significant weaknesses should be subject to a formal reservation to the Authorising Officer's declaration.

Several factors are considered in qualitative and quantitative terms to determine the significance of any weakness: the nature and scope of the weakness, its duration, the financial impact and the monetary value linked to the weakness, the existence and functioning of mitigating controls reducing the impact of the weakness and any corrective measures already taken.

Based on such elements, management should conclude that the weaknesses incurred in the reporting year are significant and deserve to be disclosed in the form of a formal reservation to the Authorising Officer by Delegation's declaration of assurance, where:

- the error rate for the activities of the Service exceeds 2% of the authorised payments of the reporting year of activity. It should be noted that as of 2019⁵, a 'de minimis' threshold for financial reservations is introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed. This is without prejudice to maintaining a reservation for its reputational reasons if applicable.
- if the errors or problems identified concern key controls linked to the underlying expenditure or a specific type of expenditure, and they are systematic and wide ranging in the occurrence;
- the significance of the exceptions made in the year and the non-compliance events (i.e. internal control weaknesses) is high in monetary (value of linked operations) and qualitative terms (e.g. risks taken resulting from the deviations from the legality and regularity provisions; the reputational risk for the Service and the Commission; repetitive or systemic errors that have gone uncorrected; inadequate functioning of the controls);
- the audit coverage is insufficient and /or inadequate information is available from the internal control system;
- any critical issues and fraud issues are reported by the Court of Auditors, the Internal Audit Service or OLAF;
- there are high risks concerning the nature of the weakness in terms of impact on the reputation of the Service, the breadth of awareness of the event, and the duration of the impact on a reputation for the EU Institutions, which would lead to the conclusion that the weakness is significant.

⁵ Agreement of the Corporate Management Board of 30/4/2019.



ANNEX 5: Relevant Control Systems for budget implementation (RCSs)

DIRECT MANAGEMENT – grant direct management (SRSP and Aid programme)

Stage 1: Programming, evaluation and selection of proposals - Main control objectives: Ensuring that the Commission (COM) selects the actions that contribute the most towards the achievement of the policy objectives (effectiveness); that funds are allocated optimally (best value for public money, effectiveness, efficiency, economy) and in compliance (legality & regularity; prevention of fraud)

A-Preparation and adoption of the work programme and call for proposals

Main risks	Mitigating controls	Coverage, Frequency and depth of controls	Cost-effectiveness indicators (3 Es)
<p>The annual work programmes and the subsequent actions do not adequately reflect the policy objectives and priorities and are incoherent. The implementation modality is not well suited for the identified objectives and /or lead to an increase of risks linked to the implementation of the project.</p> <p>The eligibility, selection and award criteria are not adequate to ensure appropriate evaluation of proposals.</p>	<ul style="list-style-type: none"> - Analysis of the requests for support submitted by the MS in line with the criteria set out in the SRSP regulation - Quality control review including operational financial and legal aspect - Inter-service consultation on Financing Decisions including all relevant DGs - Adoption by the Commission - Centralised verification in the SRSS - Ex-post lessons learnt through programme evaluation 	<p>100%</p> <p>All work programmes are thoroughly reviewed at all levels, including for operational and legal aspects.</p>	<p>Effectiveness: % budget execution rate grant commitments</p> <p>Benefit: The (average annual) total budgetary amount of the annual work programmes or calls with significant errors detected and corrected.</p> <p>Amount of the work programme concerned.</p> <p>Efficiency: estimated costs of controls of grant operations up to the selection of grants divided by the operational credits available for contracting</p> <p>Economy: estimation of costs of staff involved in the preparation and validation of annual work programme and calls up to the selection of grants.</p>

B –Selecting and awarding: evaluation and selection of call for proposals

Main risks	Mitigating controls	Coverage, Frequency and depth of controls	Cost-effectiveness indicators (3 Es)
<p>The evaluation, ranking and selection of proposals is not carried out in accordance with the essential eligibility, or with the selection and award criteria defined in the financing decision and subsequent call for proposals. (Only Applicable to the Aid programme)</p> <p>The selection of beneficiaries of directly awarded grants is not justified and/or appropriately documented.</p>	<p>For the Aid Programme only: an evaluation committee is appointed by the AOSD and composed of at least 5 persons. The evaluation committee includes two members from the Financial Unit with no voting rights and at least three Voting Members from the operational unit who, together, ensure the correct implementation of the applicable procedures during the evaluation process.</p> <p>In case of directly awarded grants the exception to call for proposal is submitted to the AOSD for approval before signature of the legal commitment. The FD authorizes the conclusion of directly awarded grants.</p> <p>A verification is performed by the Financial Unit on the evaluations and exception to call for proposal prior to budgetary and legal commitments.</p> <p>Centralized checklist based verification on the regulatory requirements.</p>	<p>100% of proposals are evaluated.</p> <p>100% of evaluations and exception to call for proposals are centrally checked by the financial unit</p>	<p>Effectiveness: No litigation case.</p> <p>Number of official, valid complaints filed.</p> <p>Number of supervisory control failures. Amount of the budget of the call concerned and amount of the budget of directly awarded grants.</p> <p>Efficiency:</p> <p>% costs for evaluation and selection over the annual amount of grants awarded.</p> <p>Time to publication of selection results</p> <p>Economy: estimation of the costs of staff involved in the evaluation of proposals.</p>

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

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

Main risks	Mitigating controls	Coverage, Frequency and depth of controls	Cost-effectiveness indicators (3 Es)
<p>-The description of the action in the grant agreement includes tasks, which do not contribute to the achievement of the programme objectives.</p> <p>The budget 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>- For the directly awarded grants the proposals are adjusted in line with the project officers' (evaluators') recommendations.</p> <p>Operational and financial checks in accordance with the financial circuits.</p> <p>Financial verification of the budget.</p> <p>Validation of beneficiaries (operational and financial).</p> <p>- Reinforced financial circuit with second level ex-ante verification according to risk assessment</p> <p>- Signature of grant agreement by the AO(S)D</p> <p>Verification of validity of pillar assessment in case of signature with pillar assessed organisations.</p>	<p>100% of the selected proposals and beneficiaries are scrutinised.</p> <p>100% of draft grant agreements are scrutinised.</p> <p>The depth of controls depend on the type of beneficiary and the type of expenditures foreseen in the budget.</p>	<p>Effectiveness: % of selected proposals with recommendations implemented in grant agreement. Amount of proposed costs rejected.</p> <p>Benefit: difference between the budget value of the selected proposals and that of the corresponding grant agreements.</p> <p>Efficiency: estimated costs of controls related to contracting over the commitments made</p> <p>-Time-to-Contract</p> <p>Economy: estimation of cost of staff involved in the contracting process.</p>

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

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

Main risks	Mitigating controls	Coverage, Frequency and depth of controls	Cost-effectiveness indicators (3 Es)
<p>- The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement.</p> <p>-The amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions.</p>	<p>Kick-off meetings and "launch events" involving the beneficiaries in order to avoid project management and reporting errors</p> <p>- Operational and financial checks in accordance with the financial circuits and predefined checklists.</p> <p>- Operation authorisation by the AO</p> <p>- For SRSP risk based ex-ante desk check reviews</p> <p>- For the Aid Programme expenditure verification reports for grants over EUR 100,000</p> <p>- Monitoring visits</p> <p>When needed: application of suspension/interruption of payments, penalties or liquidated damages, earmark projects for risk-based ex-post audit, refer grant/beneficiary to OLAF</p>	<p>100% of the projects are controlled</p> <p>In depth checks (ex-ante desk review or site visits) for the projects presenting higher risks.</p>	<p>Effectiveness: Number of projects with cost claim errors; budget amount of the cost items rejected, budget amount of errors concerned. Amount of the liquidated damages or penalties, % of value of cost claims items adjusted over cost claims value.</p> <p>Benefit: budget value of the costs claimed by the beneficiary but rejected by SRSS. Budget value of the part of the grant not paid out as pre-financing for projects that have been stopped by the Commission. Budget value of penalties and liquidated damages.</p> <p>Efficiency: % costs over annual amount of payments made under grants.</p> <p>Time to payment.</p> <p>Economy (costs): estimation of cost of staff involved in the actual management of running projects.</p>

Stage 4: Ex post controls

a) Review and audits

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 & regularity; anti-fraud strategy); addressing systemic weaknesses in the ex-ante controls, based on the analysis of the findings (sound financial management)

Main risks	Mitigating controls	Coverage, Frequency and depth of controls	Cost-effectiveness indicators (3 Es)
<p>The ex-ante controls fail to prevent, detect and correct erroneous payments or attempted fraud.</p> <p>The ex-post controls focus on the detection of external errors (e.g. made by beneficiaries) and do not consider any internal errors made by staff or embedded systematically in the own organisation.</p>	<p>-Ex-post control strategy: Carry out audits of a sample of operations to determine effectiveness of ex-ante controls.</p> <p>Carry out audits or desk reviews of a sample of operations to determine effectiveness of ex ante controls</p> <p>-Validate audit results with beneficiary.</p> <p>-Consider results of audits for improving the ex-ante controls.</p> <p>-Establish an ex-post supervision strategy, performed by independent staff not involved in the operational and financial circuits</p> <p>- If needed: refer the beneficiary or grant to OLAF</p>	<p>Sample: random or MUS sample sufficiently large e to draw valid management conclusions during the programme's lifecycle.</p>	<p>Effectiveness: Detected error rate. Residual error rate below materiality. Amount of budget of errors concerned. Number of projects or/and transactions with errors; budget amount of the errors detected.</p> <p>Benefits: Amount of the errors detected by the auditors</p> <p>Efficiency: total (average) annual cost of audits and staff involved in ex-post supervision compared with benefits (ratio).</p> <p>Economy (costs): estimation of cost of staff involved in the coordination and execution of the audit strategy. Cost of the outsourced audits.</p>

b) Implementing results from ex-post audits

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

Main risks	Mitigating controls	Coverage, Frequency and depth of controls	Cost-effectiveness indicators (3 Es)
<p>The errors, irregularities and cases of fraud detected are not addressed or not addressed in a timely manner.</p>	<p>Systematic registration of audit / control results to be implemented. Financial and operational validation of recovery in accordance with financial circuits. - Authorisation by AO - Notification to OLAF and regular follow up of detected fraud</p>	<p>Coverage: 100% of final audit results with a financial impact.</p>	<p>Effectiveness: Amounts being recovered and offset. Benefit: amount of the errors detected by ex-post controls, which have actually been corrected. Efficiency: Number/value/% of audit results pending implementation Number/value/% of audit results implemented. Time-To-Recover Economy: % cost of control for all stages over annual amount disbursed in grants</p>

DIRECT MANAGEMENT – Procurement direct management (SRSP and Aid programme)

Stage 1:

a) Planning and Need assessment

Main internal control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity).

Main risks	Mitigating controls	Coverage, Frequency and depth of controls	Cost-effectiveness indicators (3 Es)
<p>The procurement needs are not clearly defined or justified from an economic or operational point of view.</p> <p>Discontinuation of the services provided due to poor/late planning and organisation of the procurement process.</p> <p>Lack of expert knowledge and experience in the highly regulated field of procurement which may lead to the wrong choice of procedure/thresholds and the splitting of purchases</p> <p>Conflict of interests</p> <p>Risk of not obtaining value for money due to lack of market analysis and/or poor definition of selection criteria</p> <p>The best offer/s are not submitted due to the poor definition of the tender specifications.</p>	<p>Publication of intended procurements</p> <p>Validation of clear definition and justification of procurement needs by AOSD before call launch</p> <p>Quality review by the central financial unit.</p> <p>-For the Aid Programme call for tenders, which are technically complex are elaborated by external experts contracted through service contacts.</p> <p>Regular information on ethics, integrity and fraud awareness to all staff involved in the procurement process</p>	<p>100% of the forecast procurements are justified in a note addressed to the AOSD.</p> <p>100% of the specifications are scrutinised.</p> <p>Depth may be determined by the amount and the nature of the call for tender (service /supply or work needed).</p>	<p>Effectiveness: Number of procedures where only one or no offers were received.</p> <p>Quantified Benefits:</p> <ul style="list-style-type: none"> - Amount of rejection of unjustified purchases <p>Non Quantified Benefits:</p> <ul style="list-style-type: none"> - Avoidance of litigation <p>Efficiency: estimated costs of controls divided by operational credits available for contracting</p> <p>Economy: estimation of costs of staff and related contract values</p>

b) Selection of the offers and evaluation

Main internal control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity).

Main risks	Mitigating controls	Coverage, Frequency and depth of controls	Cost-effectiveness indicators (3 Es)
<p>The most economically advantageous offer not being selected, due to a biased, inaccurate or 'unfair' evaluation process.</p> <p>Considerable use of resources (human and financial) due to errors or mismanagement leading to award decisions being contested (resulting in Court and Ombudsman cases)</p> <p>Damage to the DG's reputation if fraud or criminal behaviour is discovered (conflict of interest)</p>	<p>-All evaluations involve the use of opinions of more than one qualified official. The evaluation process is more regulated and formalised as the contract value increases.</p> <p>- Formal appointment of evaluation committee for open and restricted tenders: Opening committee and Evaluation committee.</p> <p>-Documented evaluation report for all procurement procedures.</p> <p>-Analysis of eligibility, selection and award criteria documented in the evaluation report.</p> <p>-Quality review (checklist) of the evaluation process and evaluation report before submission to the AOSD.</p> <p>-Declaration of confidentiality and absence of conflict of interests</p> <p>-Standstill period, opportunity for unsuccessful tenderers to put forward their concerns on the decision.</p>	<p>100% of the offers are analysed by an appointed committee if required and analysis is documented in the evaluation report.</p> <p>100% of evaluation reports are reviewed.</p> <p>100% of evaluators provide a declaration.</p> <p>Standstill period always applied if required.</p>	<p>Effectiveness: Numbers of 'valid' complaints or litigation cases filed.</p> <p>Benefits:</p> <p>(a) Difference between the most onerous offer and the selected one.</p> <p>(b): Potential irregularities/ inefficiencies prevented</p> <p>(c) Amount of contracts for which the control prevented the risk of litigation or fraud.</p> <p>(d) Avoid contracting with excluded economic operators</p> <p>(e) Amount of procurements successfully challenged during standstill period.</p> <p>Non quantified Benefits:</p> <p>- Compliance with FR</p> <p>- Best value for money</p> <p>Efficiency:</p> <p>Time-To-Contract</p> <p>estimated costs of controls divided by commitments made</p> <p>Economy: estimation of costs of staff</p>

Stage 2 –Financial transactions:

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

Main risks	Mitigating controls	Coverage, Frequency and depth of controls	Cost-effectiveness indicators (3 Es)
<p>The products/services/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.</p> <p>Business discontinues because contractor fails to deliver</p>	<p>Operational and financial checks in accordance with the financial circuits.</p> <p>Operation authorisation by the AO</p> <p>Close monitoring of contracts, with possible on-site verifications</p>	<p>100% of the contracts are controlled, according to the applicable checklist</p>	<p>Effectiveness:</p> <p>% budget execution rate – total amount committed/paid versus total budget envelope % of contracts implemented n° of open critical and/or very important audit recommendations</p> <p>Benefits: Amount of irregularities, errors and overpayments prevented by the controls</p> <p>Efficiency: % cost over annual amount of payments made under procurement contracts Time-to-payment Late interest payment and damages paid (by the Commission).</p> <p>Economy (costs): % cost over annual amount of payments made under procurement contracts.</p>

Stage 3 –Supervisory measures

Main internal control objectives: Ensuring that any weakness in the procedures (tender and financial transactions) is detected and corrected

Main risks	Mitigating controls	Coverage, Frequency and depth of controls	Cost-effectiveness indicators (3 Es)
<p>An error or non-compliance with regulatory and contractual provisions, including technical specifications, or a fraud is not prevented, detected or corrected by ex-ante control, prior to payment.</p>	<p>Supervisory desk review of procurement procedures. Review of ex post results and exceptions reported</p> <p>Ex-post publication (possible reaction from tenderer / potential tenderer such as whistle blowing).</p> <p>System and transaction audits by IAS, ECA and subsequent monitoring of implementation of recommendations for improvement</p>	<p>Samples of concluded procurement procedures are reviewed</p> <p>100% review of ex-post results and exceptions reported.</p> <p>Review of any systemic problem identified in procurement procedures at least once a year.</p> <p>100% publication of award notice.</p>	<p>Effectiveness: Amounts associated with errors detected (related to fraud, irregularities and error). In % over total checked.</p> <p>Number system improvements made.</p> <p>Benefits: Amounts detected associated with fraud & error.</p> <p>Efficiency: Costs of the ex post controls and supervisory measures with respect to the 'benefits'.</p> <p>Economy: estimation of cost of staff involved/audited values</p>

INDIRECT MANAGEMENT

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

Main internal control objectives: Ensuring that the legal framework for the management of the relevant funds is fully compliant and regular (legality & regularity), delegated to an appropriate entity (best value for public money, economy, efficiency), without any conflicts of interests (anti-fraud strategy).

Main risks	Mitigating controls	Coverage, Frequency and depth of controls	Cost-effectiveness indicators (3 Es)
<p>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).</p>	<ul style="list-style-type: none"> -ex ante assessment (rely on other DGs) -The establishment of a delegated act is submitted to hierarchical validation within the SRSS and is subject to centralised checklist –based verification before signature by AOSD. - Inter-service consultation on Financing Decisions including all relevant DGs 	<p>100%</p>	<p>Effectiveness: Quality of the legal work (FD or delegated act): number of Initially negative CIS opinions.</p> <p>Quality of the selection process: N° of candidates challenging the selection, no litigation case, no ECA criticism.</p> <p>Benefit: The (average annual) total budget amount entrusted to the entity, possibly at 100% if significant errors would otherwise be detected.</p> <p>Efficiency: estimated costs of controls related to the delegated act with an entrusted entity over the operational credits available for commitments</p> <p>Economy: estimation of costs of staff involved in the preparation, adoption and selection work</p>

Stage 2 – Monitoring, supervision reporting.

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

Main risks	Mitigating controls	Coverage, Frequency and depth of controls	Cost-effectiveness indicators (3 Es)
<p>Due to weak "modalities of cooperation, supervision & 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>Low quality programme results, delayed programme implementation, non- achievement of policy objectives / desired impact on society.</p>	<p>Contribution agreement specifying the control, accounting, audit, publication, etc. related requirements – incl. the modalities on reporting back relevant and reliable control results.</p> <p>Monitoring or supervision of the entrusted entity (e.g. 'regular' monitoring meetings at operational level; review of reported control results and any underlying mngt/audit reports)</p> <p>Require timely notification by the Entrusted Entity of any changes to its financial or control systems subsequent to the signature of the DA</p> <p>Hierarchical validation within the SRSS (authorising department)</p> <p>Detailed analysis of all reports submitted by the Entrusted Entity; if necessary, request additional ad hoc reports</p>	<p>100% of the entities are monitored/supervised.</p> <p>Frequency: at least annually</p>	<p>Effectiveness: Relevance and reliability of control data reported back; number of regular monitoring actions, DA objectives achieved on time number of serious IAS and ECA findings of control failures.</p> <p>Benefit: the total budget amount entrusted to the entity, possibly at 100% if significant errors would otherwise be detected.</p> <p>Efficiency: no amendments to DA to extend programme implementation deadline</p> <p>Economy: estimation of cost of staff involved in the regular monitoring of the resources to the entrusted entities Management fees to the entrusted entities</p>

Stage 3 – Commission contribution payment

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

Main risks	Mitigating controls	Coverage, Frequency and depth of controls	Cost-effectiveness indicators (3 Es)
<p>The Commission pays out the (next) contribution to the entrusted entity, while not being aware of the management issues that may lead to financial and/or reputational damage.</p>	<ul style="list-style-type: none"> - Delegation Act/ Contribution agreement/etc. specifying the control, accounting, audit, publication, etc. related requirements – incl. reporting back -Checklist based approval - If appropriate/ needed: suspension or interruption of payments 	<p>Coverage: 100% of contribution payments</p> <p>Frequency: usually annually</p>	<p>Effectiveness: amount of any unused operating budget recovered, budget amount of the suspended/interrupted payments (if any).</p> <p>Benefit: the total budget amount entrusted to the entity, possibly at 100% if significant errors would otherwise be detected. In case of recovery or suspension, the amount recovered or not paid out.</p> <p>Efficiency: % of costs over annual amount delegated.</p> <p>Time to pay/recover.</p> <p>Economy: estimation of costs of staff involved in the controls over payments/recovery to entrusted entities.</p>

Stage 4 – Audit and evaluation

Main internal control objectives: Ensuring that assurance building information on the entrusted entity’s activities is being provided through independent sources as well, which may confirm or contradict the management reporting received from the entrusted entity itself

Main risks	Mitigating controls	Coverage, Frequency and depth of controls	Cost-effectiveness indicators (3 Es)
<p>The Commission has not sufficient information from independent sources on the entrusted 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 accountability reporting.</p>	<p>Delegation Act/Contribution agreement/etc. specifying the control, accounting, audit, publication, etc. related requirements – incl. independent audit function and cooperation with IAS and ECA</p>	<p>Coverage: 100%</p>	<p>Effectiveness: Assurance being provided (via mngt/audit reporting); number of transactions with errors, budget amount of the errors detected.</p> <p>Efficiency: total (average) annual cost of own audits compared with total budget amount entrusted.</p> <p>Economy (costs) estimation of cost of staff involved in the coordination and execution of the own audits (which may include missions, if applicable). Cost of the appointment of audit firms for the outsourced audits (if any).</p>

ANNEX 6: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission

This annex includes information about the tasks to entrusted entities in 2019 under indirect management.

Source of funds	Entrusted entity	Duration of the delegation agreement	Justification of the selection of the bodies (i.e. reference of the legal basis)	Summary description of the implementing tasks entrusted to these bodies
Annual budgetary amount entrusted (EUR)				
Structural Reform Support Programme				
2,299,716	NORTHERN IRELAND CO-OPERATION OVERSEAS	01/07/2019 - 30/06/2021	Work programme for operational technical assistance managed by the Commission on the request of the Hellenic Republic Regulation (EU) 2017/825 C(2018) 3748	EFKA REFORM PROJECT
2,530,000	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	25/04/2019 - 24/04/2022	SRSP Programme - Regulation (EU) 2017/825 C(2019)1542	SUPPORT TO MEMBER STATES IN THE IMPLEMENTATION OF STRUCTURAL REFORMS
2,925,000	COUNCIL OF EUROPE	04/06/2019 - 03/06/2022	SRSP Programme - Regulation (EU) 2017/825 - C(2019)1542	SUPPORT TO MEMBER STATES IN THE IMPLEMENTATION OF STRUCTURAL REFORMS

EUR 400,000	NORTHERN IRELAND CO-OPERATION OVERSEAS	21/06/2019 - 20/10/2020	SRSP Programme - Regulation (EU) 2017/825 C(2019)1542	DEVELOPING A NEW "AUTOMATIC ENROLMENT" WORKPLACE RETIREMENT SAVINGS SYSTEM FOR IRELAND
EUR 291,311.30	INTERNATIONAL ORGANIZATION FOR MIGRATION	20/07/2019 - 19/03/2021	SRSP Programme - Regulation (EU) 2017/825 C(2019)1542	EVALUATION OF THE NATIONAL CENTRES FOR MIGRANT INTEGRATION
EUR 250,000	DEUTSCHE GESELLSCHAFT FUR INTERNATIONALE ZUSAMMENARBEIT	11/07/2019 - 10/10/2020	SRSP Programme - Regulation (EU) 2017/825 C(2019)1542	ENHANCING CROATIAN AUTHORITIES' OPERATIONAL CAPACITY ON REGULATORY METHODOLOGIES AND PROCESSES
EUR 300,000	INTERNATIONAL LABOUR ORGANIZATION	01/09/2019 - 30/11/2020	SRSP Programme - Regulation (EU) 2017/825 C(2019)1542	SUPPORT TO STRENGTHENING THE INTER- INSTITUTIONAL GOVERNANCE IN THE FIELD OF LABOUR EXPLOITATION
EUR 370,208	THE BRITISH COUNCIL ROYAL CHARTER	17/09/2019 - 16/12/2020	SRSP Programme - Regulation (EU) 2017/825 C(2019)1542	SUPPORT TO THE EFFECTIVE IMPLEMENTATION OF THE COMPREHENSIVE CURRICULUM REFORM
EUR 500,000	AGENCE FRANCAISE D'EXPERTISE TECHNIQUE INTERNATIONALE	28/09/2019 - 27/09/2021	SRSP Programme - Regulation (EU) 2017/825 C(2019)1542	PERFORMANCE BASED BUDGETING AND IMPLEMENTATION OF SPENDING REVIEW RECOMMENDATIONS
EUR 220,000	THE INTERNATIONAL CENTRE FOR	15/09/2019 -	SRSP Programme - Regulation (EU)	DEVELOPING A STRATEGY FOR THE IMPLEMENTATION OF TALENT POLICY IN

	MIGRATION POLICY DEVELOPMENT	14/10/2020	2017/825 C(2019)1542	LITHUANIA
EUR 81,000	SUOMEN TASAVALTA*REPUBLIQUE DE FINLANDE REPUBLIC OF FINLAND	03/10/2019 - 02/12/2020	SRSP Programme - Regulation (EU) 2017/825 C(2019)1542	INCREASING EFFICIENCY OF THE INSTITUTIONS OF THE INTERIOR SECTOR IN LATVIA (PHASE 2)
EUR 300,000	UNITED NATIONS CHILDREN'S FUND	15/10/2019 - 14/10/2021	SRSP Programme - Regulation (EU) 2017/825 C(2019)1542	MONITORING AND EVALUATION OF SUBSTITUTE CARE FOR CHILDREN IN SLOVAKIA
EUR 300,000	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	02/12/2019 - 01/06/2021	SRSP Programme - Regulation (EU) 2017/825 C(2019)1542	ACTIVATION OF NON-OPERATING ASSETS IN STATE-OWNED ENTERPRISES
EUR 350,000	INTERNATIONAL ORGANIZATION FOR MIGRATION	01/01/2020 - 31/07/2021	SRSP Programme - Regulation (EU) 2017/825 C(2019)1542	SLOVAKIA: TECHNICAL SUPPORT FOR THE DEVELOPMENT OF A LABOUR MOBILITY SCHEME
<i>Sub-total EUR 11,117,235.30</i>				
Aid Programme				
EUR 5,200,000	UNITED NATIONS DEVELOPMENT PROGRAMME	28/11/2019 - 27/01/2023	Aid Programme Regulation (EU) 389/2006 (C(2017)7156; C(2018) 6695;	Support to cultural heritage monuments of great importance for Cyprus – Phase 7

			C(2019) 6531	
EUR 2,600,000	UNITED NATIONS DEVELOPMENT PROGRAMME	12/12/2019 – 31/12/2020	C(2019) 6531	Support to the Committee on Missing Persons in Cyprus, Phase 11
EUR 1,000,000	UNITED NATIONS DEVELOPMENT PROGRAMME	09/04/2019 – 08/04/2021	C(2018) 6695	Support facility to the bi-communal Technical Committees
EUR 2,500,691	THE BRITISH COUNCIL	22/11/2018-21/06/2022	AAP 2017 C(2017) 7156 ⁶	EU Scholarship Programme for the Turkish Cypriot Community 2019-2021
<i>Sub-total EUR 11,300,691</i>				
Total EUR 22,417,926.30				

⁶ Allowing for additional resources on the original agreement for EUR 2,499,309

ANNEX 7: EAMR of the Union Delegations

Not applicable

ANNEX 8: Decentralised agencies and/or EU Trust Funds

Not applicable

ANNEX 9: Evaluations and other studies finalised or cancelled during the year

Not applicable

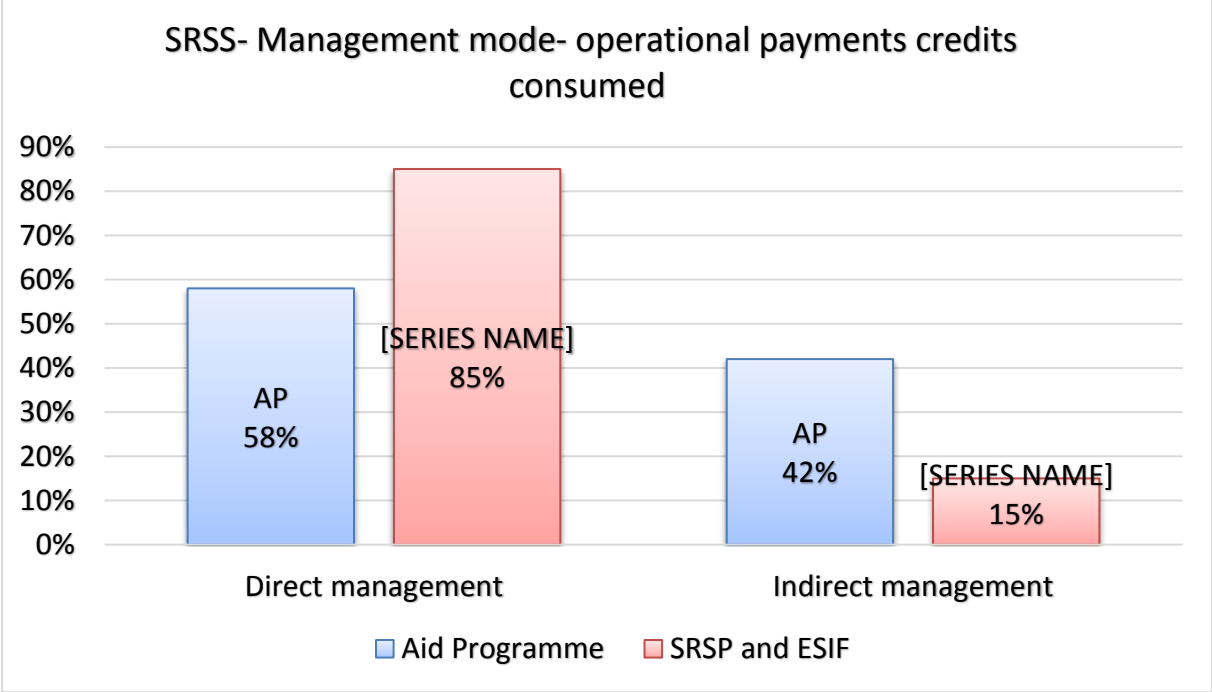
ANNEX 10:

Specific annexes related to "Financial Management"

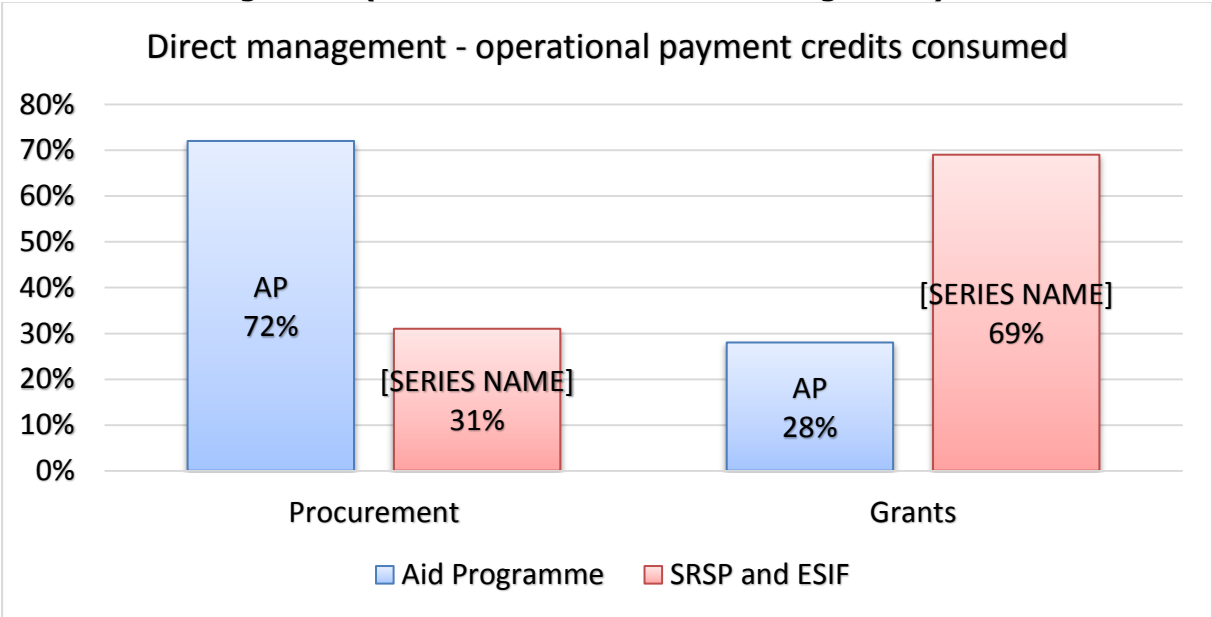
Section 2.1.1 'Control results'

A. Control effectiveness as regards legality and regularity of the transactions

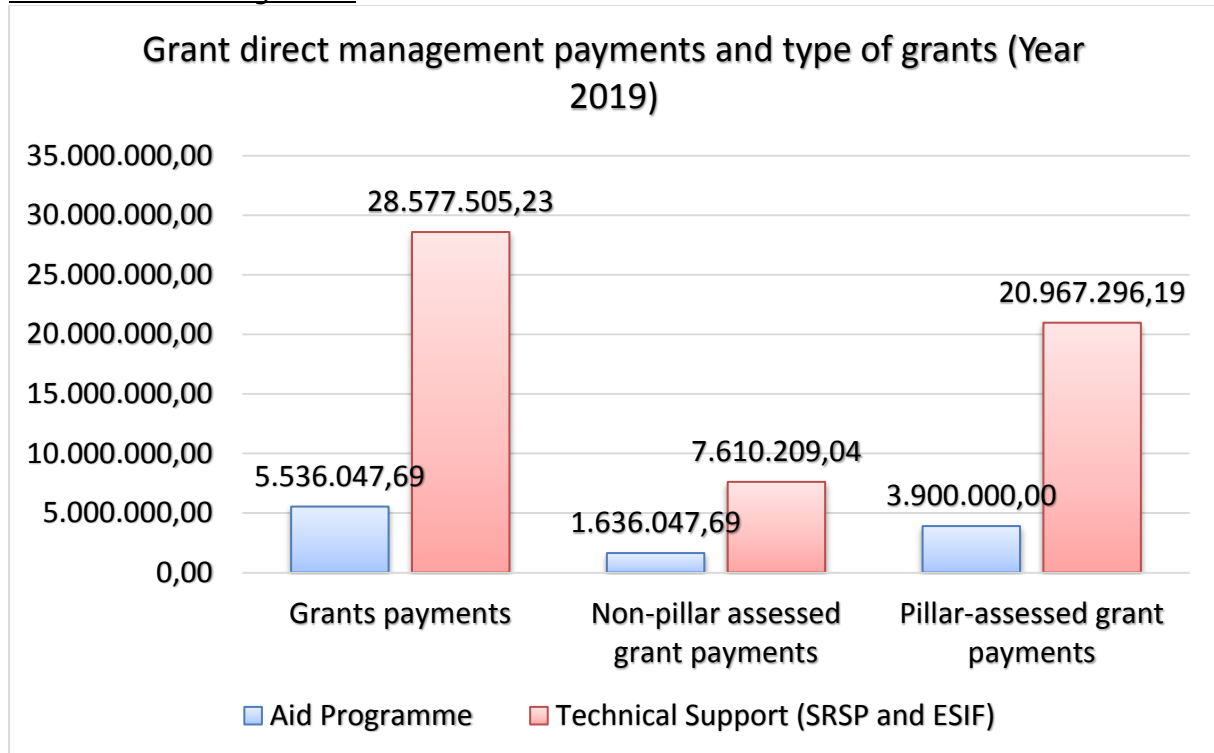
SRSS operational expenditure - management modes



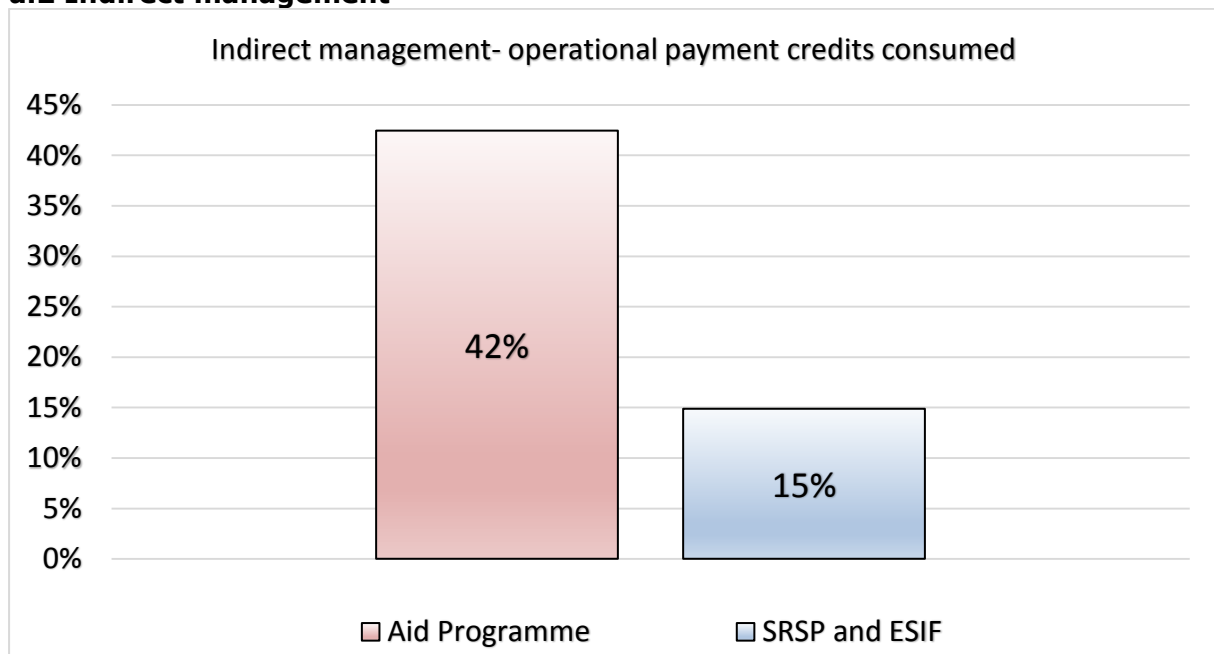
a1. Direct management (Procurement and Grant management)



Grant direct management



a.2 Indirect management



B. Fraud prevention, detection and correction

Not applicable

C. Control efficiency

Not applicable

D. Control economy: the cost of controls

Methodology for estimating the cost of controls

The estimates of the costs of controls are made on the basis of the number and cost of the staff (full-time equivalent) intervening in financial management and in the operational dimensions of controls for the execution of the programmes, budget planning and monitoring, legal support, internal control, strategic planning and programming and anti-fraud activities. Other costs, such as the cost of external audits and IT tools used for the implementation of the expenditure, are also included in the estimates of costs of controls. The estimates (%) of the costs of controls are proportionate to the volume of operations and the risks of the different control stages as compared to the funds managed.

Table 10.1 - Overview of the estimated cost of controls at Commission (EC) level:

Title of the Relevant Control System (RCS)	Ex ante controls			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	EC total costs ⁷ (in EUR)	funds managed (in EUR) ⁸	Ratio (%)* (a)/(b)	EC total costs ⁹ (in EUR)	total value verified and/or audited (in EUR)	Ratio (%) (d)/(e)	EC total estimated cost of controls (in EUR) (a)+(d)	Ratio (%) (g)/(b)
Procurement – direct management	1,701,505.26	27,414,504.97	6.2%	119,630	23,053,108	1%	1,821,135.26	6.6%
Grant –direct management	1,362,018.46	34,113,552.92	4%	49,352.66	2,101,263	2.3%	1,411,371.12	4%
Indirect management¹⁰	762,319.77	21,652,173.64	3.5%	N/A	N/A	N/A	762,319.77	3.5%
OVERALL total estimated cost of control at EC level	3,825,843.49	83,180,231.53	4.6%	168,982.66	25,154,371	0.7%	3,994,826.15	4.8%

⁷ Referring to all stages ('planning and programming', 'contracting' and 'payments') under each management mode and including, as appropriate, a percentage of the cost for IT tools, legal, financial, operational, planning and programming and internal control.

⁸ Funds managed = total payments made under each RCS and overall.

⁹ Referring to all stages ('planning and programming', 'contracting' and 'payments') under each management mode and including the costs of the audits procured and the EC ex-post controls.

¹⁰ Ex-ante costs of controls of delegation/contribution agreements (planned/contracted and paid) controlled like the procurement and grant files.

10.2 SRSS ex-post control strategy: SRSS sampling methodology for the grant agreements audited on the spot

The audits on the spot allowed the Contracting Authority to measure the detected errors, which contribute to the calculation of the error rate.

A sample of grant agreements was selected for Technical Support and the Aid Programme applying the MUS-Monetary Unit Sampling methodology and the application of this sampling method was considered adequate to enable conclusions to be drawn from that process. It has to be noted that auditing rather small value of contracts it was considered not to be cost-effective.

Considering the data at our disposal (a maximum expected detected error rate of 4% - based on the estimate for 2017- and a typical audit cost of e.g. EUR 8,000¹¹), the audit on the spot is considered cost-effective if the audited value is higher than EUR 200,000. Nevertheless, sample units with low value need to be sufficiently represented in the sample in order to provide a reasonable assurance about the legality and regularity of all transactions. Therefore the sub-population (of agreements to be audited on the spot) will be divided in two strata, one above and one below the value of EUR 200,000 and both strata will be represented in the sample with a participation of, respectively, 80% for the upper stratum and 20% for the lower one.

Based on this assumption the following common sampling principles were applied:

- each sub-population is divided in two strata, one above and one below EUR 200,000;
- the sample is selected by drawing 80% from the upper stratum and 20% from the lower one, the aim being to cover both strata in order to have reasonable assurance.

In 2019, all the relevant grant agreements closed in 2018 were audited.

10.2.1 Multi-annuality

Considering the multi-annual nature of the projects financed by SRSS, the service applies a multiannual approach to the control strategy. This approach takes into consideration the fact that potential errors can only be detected and corrected at a later stage in a project lifecycle (e.g. after the finalisation of the 2-year project, an audit is performed during the 3rd year and the corrections are made during the 4th year). In such cases, evaluating the cumulative budgetary impact of any residual error over the whole programming period (MFF) makes more sense than maintaining a strictly annual approach. Over the years, the residual error rate is based on the accumulated payments, which are increasing in absolute value.

The starting year for applying the multiannual approach is 2018.

10.2.2 Methodology for the desk review of procurement procedures:

The SRSS ex-post control strategy does not foresee audits on contracts and related payments. Assurance on the payments made under the Aid Programme is achieved by the fact that payments are made following the conclusion of expenditure verification reports submitted with the request for payment for fee-based contracts. Moreover, the SRSS considers that there is a low risk for the contracts implemented under Technical Support since these are mainly middle- and low-value contracts and specific contracts under established framework contracts and, therefore, the potential level of errors is smaller.

¹¹ Estimate of the cost of an audit based on historical data.

Nonetheless, the SRSS performs internal annual desk reviews on procurement procedures under the Technical Support and the Aid Programme.

10.3 Actions implemented as a follow-up of the reservation on grant direct management with non-pillar assessed organisations (Annual Activity Report 2018)

ACTION PROPOSED IN THE AAR	IMPLEMENTATION
<p>AAR reservation – point 1 Continue to apply the ex-ante desk checks strategy for grant payments under Technical Support.</p>	<p>In 2018, the SRSS developed an ex-ante control strategy on payments including in-depth ex-ante checks to be performed on final payments to non-pillar-assessed organisations. This procedure aims at detecting errors before a payment is processed to ensure that amounts requested from and paid to grant beneficiaries are made in accordance with the applicable contractual conditions on the eligibility of the costs.</p> <p>In 2019, the SRSS performed a deeper verification of 25% of the interim and final payments related to grant agreements to non-pillar-assessed organisations for a total value of EUR 0.42 million.</p>
<p>AAR reservation – point 2: Continue to ensure training for all financial actors.</p>	<p>The financial actors active in the financial circuits have been trained or have enrolled for upcoming training sessions on grants and procurement management. Additional/refresher training courses are followed on an ongoing basis by the relevant staff members, as necessary.</p> <p>The Finance and Budget Unit keeps a monitoring table with relevant training followed by the financial actors operating in the financial circuits and ensures that the concerned staff members are enrolled in the appropriate compulsory training as foreseen in the document "training passport for SRSS staff".</p> <p>Moreover, the Internal Control (IC) function of the SRSS performs reviews based on a sample of staff on the training attended by the operational and financial agents participating in the SRSS financial circuits, to verify that they have adequate capacity to perform the operations related to grant and procurement management. Such reviews also are intended to duly prompt attendance at the relevant financial training, as necessary.</p> <p>The detected deviations were notified to the relevant operational units and regular participation in appropriate training was recommended.</p>
<p>AAR reservation – point 3: Set out an audit plan for 2019, which will cover all 4 grants to non-pillar-assessed organisations closed in 2018 in order to maximise the corrective capacity.</p>	<p>The planned external audits on all the (4) grants to non-pillar-assessed organisations closed in 2018 were organised. The total value of these grants (EUR 2,101,262.92) represents 100% of the payments made under grants with non-pillar-assessed entities closed in 2018 and 15% of payments made under all grants closed in 2018 under Technical Support (SRSS Ex-post Controls Plan for 2019 of 10/04/2019).</p> <p>Finally, the errors detected by the auditors in 2018 translated in a recovery order for a total amount of EUR 32,857.95 (cashed in).</p>
<p>Additional actions taken to mitigate errors under grants</p>	<p>The SRSS revised the procedures for grants, which are available to all staff. The SRSS developed templates to streamline the implementation of direct grants, e.g. the invitation letter to the</p>

direct management (ESIF and SRSP)	beneficiary of a direct grant provides comprehensive information on the eligibility of costs and a model financial statement. The results of the ex-post results performed were systematically disseminated to the relevant Units for lessons to be learned.
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ANNEX 11: Specific annexes related to "Assessment of the effectiveness of the internal control systems"

Not applicable

ANNEX 12: Performance tables

General objective 'A new Boost for Jobs, Growth and Investment'			
Impact indicator: Employment rate population 20-64			
Source of the data: Eurostat			
Baseline (2014)		Target 2020	Latest known results (year 2018)
69.2%		At least 75%	73,2%
Specific objective 1.1. 'Help Member States to prepare and implement growth-enhancing administrative and structural reforms, in particular in the context of EU economic governance process, through the provision of relevant technical support'		Related to spending programme(s) yes	
Result indicator: The extent to which the support provided helps Member States prepare and implement structural reforms, inter alia, reforms related to Country-Specific Recommendations (CSRs). This indicator measures – for each Member State concerned – the help of technical support in the preparation and implementation of reforms (notably but not exclusively those indicated in the CSRs) based on the assessment carried out by the SRSS. The assessment may also benefit from the feedback of the Member States and of the European Semester Country Teams, which are part of the Commission coordination mechanism.			
Source of data: European Semester Country Teams, (quantitative and qualitative information); consultation with Member States, missions and reporting on support projects, other data.			
Baseline 2015 (Setting of SRSS)	Interim Milestone 2018	Target 2020	Latest known results 2019
51% (2017)	Increasing extent (55%)	Increasing extent (at least 50%)	58%
Main outputs in 2019:			
Delivery on legislative proposals pending with the legislator			
Output description	Indicator	Target	Latest known results (situation on 31/12/2019)
<i>Proposal of the Reform Support Programme (post-2020 period)</i>	<i>Adoption by the co-legislators</i>	Q4 2019	The inter-institutional negotiations are ongoing. Adoption is expected in Q4 2020.
All new initiatives / significant evaluations from the Commission Work Programme			
<i>SRSP Annual Work Programme for 2019</i>	<i>Adoption by the Commission</i>	Q1 2019	The European Commission adopted the work programme for 2019 on 27.2.2019
<i>Technical support projects delivered, agreed under SRSP2017, SRSP2018</i>	<i>Number of projects related to structural reforms that have at least started</i>	<i>100% of the project selected for funding under SRSP 2017, 85% of the project</i>	100% of the projects selected for funding under SRSP 2017, 100% under

<i>and SRSP2019</i>	<i>(procurement procedures or other means of implementation concluded)</i>	<i>selected for funding under SRSP 2018* and 70% of the projects selected for funding in SRSP2019 will be ongoing or closed by Q4 2019</i>	SRSP 2018 and 99% under SRSP 2019 at least started by 31/12/2019 (data of 10/01/2020)
<i>Mid-Term evaluation of the SRSP</i>	<i>Staff Working Document to be published</i>	Q3 2019	Staff Working Document due for publication in Q1 2020.

*cancelled requests are excluded from the calculation

Specific objective 1.2. ‘Efficient steering and coordination of technical support provision to Member States across different Commission services as well with respect to external actors in the field’		Related to spending programme(s) yes	
Result indicator: Feedback on the efficiency of the coordination mechanism			
Source of data: SRSS monitoring data, information available from Commission coordination mechanism, other data.			
Baseline 2015		Target 2020	Latest known results 2019
No baseline as this is a new service providing a new typology of activities		Positive assessment (by internal and/or external stakeholders) of the efficiency of the coordination mechanism	100%
Main outputs in 2019:			
Output description	Indicator	Target	Latest known results (situation on 31/12/2019)
<i>Ensure effective functioning of the Commission internal coordination mechanism</i>	<i>Country-specific coordination: technical support strand is integrated in the European Semester country teams for all countries that have requested support under the SRSP 2017, 2018 and 2019</i>	<i>SRSS country coordinators participate regularly in the European Semester country team meetings.</i>	Country meetings were regularly organised and attended by the SRSS country coordinators (From a sampled review performed on 14 Country Coordinators, it has emerged that an average of 3.7 meetings were attended out of an average of 5.5 country team meetings organised between Jan.-June

			2019).
	<i>Horizontal coordination: regular meetings of the Technical Support Working Group taking place to monitor the roll-out of SRSP</i>	<i>4 meetings by the end of 2019</i>	<i>4 meetings in January, March, June, and October 2019.</i>
	<i>Steering: regular meetings of the High Level Steering Committee taking place to provide strategic guidance on the roll-out of SRSP</i>	<i>1 meeting by the end of 2019</i>	<i>2 meetings in January and June 2019.</i>
<i>Coordination with international organisations</i>	<i>Number of operational arrangements with international organisations</i>	<i>Increased number in respect to 2018</i>	<i>3 in place in 2019</i>
<i>Coordination with Member States</i>	<i>Meetings with Member-State coordinating authorities to take stock of the provision of technical support and ensure coordination of the support</i>	<i>1 meeting by the end of 2019</i>	<i>A video-conference meeting with coordinating authorities was held in October 2019 to ensure coordination of requests for support for SRSP 2020 at Member-State level.</i>

Specific objective 1.3. "Provision of assistance to the Turkish Cyprus community and efficient coordination of the Commission's efforts to support the process led by the United Nations for the reunification of Cyprus." Related to spending programme(s) yes

Result indicator 1: Tendency to trust the EU as an institution (category: Turkish Cypriot community (TCc))

Source of data: Eurobarometer

Baseline (Eurobarometer 84-2015)	Interim Milestone 2018	Target 2020	Latest known results 2019
51%	56%	60%	47% <i>The difference is explained by lack of progress in the resolution of the Cyprus problem and TCc perception of the EU siding with the Republic of Cyprus on many issues, including</i>

			hydrocarbons.
Result indicator 2: Feedback on the efficiency of the coordination mechanism for the activities of the Commission related to support of the UN-led process for the reunification of Cyprus			
Source of the data: DGs focal points, coordination mechanism and SRSS monitoring data.			
Baseline 2015		Target 2020	Latest known results 2019
No baseline		Positive assessment by the members of the coordination mechanism	N/A
Result Indicator 3: Number of enterprises having received EU support in the form of a grant			
Source of data: KOBIGEM/EUPSO			
Baseline 2015	Interim Milestone 2017	Target 2020	Latest known results 2019
330	370	420	407 <i>The difference is explained by the Call for proposals on Rural development, for whose grant agreements will be signed in 2020.</i>
Main outputs in 2019:			
Important items from work programmes/financing decisions/operational programmes			
Output description	Indicator	Target	Latest known results (situation on 31/12/2019)
<i>Social/economic development actions in the Turkish Cypriot community</i>	<i>Number of major social/economic development actions contracted</i>	<i>65 by the end of 2019¹²</i>	<i>29 (27 grant agreements in connection to the SME call for proposals, and 2 administrative agreements with the World Bank).</i> <i>The difference is explained by the Call for proposals on Rural development whose grant agreements</i>

¹² Indicative estimates given the uncertainty regarding timely conclusion of grant agreements in the context of call for proposals.

			<i>will be signed in 2020.</i>
<i>EU acquis preparation of the Turkish Cypriot community and monitoring of the implementation of the Green Line Regulation</i>	<i>Number of TAIEX actions, with specific reference to independent expert Green-Line missions (fresh fish, honey, phytosanitary issues)</i>	<i>200 TAIEX actions, of which 12 Green Line missions by end-2019</i>	142 <i>The difference is explained by the limit of actions set to be undertaken in a given year and a slower uptake of the instrument by the beneficiary.</i>
<i>Increase EU visibility within the Turkish Cypriot community</i>	<i>Number of communication actions</i>	<i>200 by end of 2019</i>	343
All new initiatives / significant evaluations from the Commission Work Programme			
Evaluation of the Aid Programme to the Turkish Cypriot community provided during the period 2013- 2018	Staff Working Document to be published	Q4 2019	Publication of the SWD postponed to 2021.