



# Annual Activity Report 2022

Directorate General Neighbourhood and  
Enlargement Negotiations

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## THE DG IN BRIEF

The **mission** of DG Neighbourhood and Enlargement Negotiations (hereinafter DG NEAR) is to take forward the EU's neighbourhood and enlargement policies. The DG primarily serves the Commissioner for Neighbourhood and Enlargement Negotiations, Olivér Várhelyi, and the High Representative/Vice-President, as well as the President of the Commission, the Vice-Presidents and other Commissioners where appropriate. DG NEAR works closely with the European External Action Service (EEAS) and the policy DGs in charge of thematic priorities.

The DG is based in Brussels and has 1473 **staff members**<sup>1</sup>, of whom one third is located in Headquarters and two thirds in the EU Delegations/Offices in the partner countries.

In the **neighbourhood region**, DG NEAR is responsible for co-ordinating across the Commission the implementation of the **European Neighbourhood Policy** (ENP), working closely with the EEAS and DG for International Partnerships (DG INTPA). Under the ENP, DG NEAR contributes to the resilience in European Union's direct neighbourhood through support to political and economic reforms with the aim of creating a space of stability, security and prosperity. Through its financial assistance, the EU supports key priorities of the ENP with its neighbouring countries covering democracy and rule of law, sustainable economic development, security and migration and mobility.

In the **enlargement area**, DG NEAR assists those countries with a perspective of joining the EU in meeting the criteria defined by the Treaty on European Union and the European Council. It closely monitors the progress of enlargement countries and supports accession negotiations. It manages the bilateral relations of the Union with candidate countries and potential candidates on their path to the EU, frontloading reforms on rule of law, economic governance and strengthening democratic institutions, including public administration reform. DG NEAR develops and implements the Stabilisation and Association process of the Union as defined by the European Council in the Western Balkans, and the Association process with Türkiye.

DG NEAR manages the bulk of the Union's financial and technical assistance to the neighbourhood (**European Neighbourhood Instrument** - ENI<sup>2</sup>) and enlargement (**Instrument for Pre-Accession Assistance** - IPA<sup>3</sup>) countries, amounting to EUR 28 billion in total for 2014-2020. For the 2021-2027, IPA III and the neighbourhood part of the new **Neighbourhood, Development and International Cooperation Instrument** (NDICI)<sup>4</sup> will amount to some EUR 33 billion. For both ENI/NDICI and IPA, assistance is implemented through a broad range of management modes, depending on the level of preparedness of each beneficiary.

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<sup>1</sup> As at 31 December 2022, excluding external providers, trainees and interims.

<sup>2</sup> OJ L 77, 15.3.2014, p 1

<sup>3</sup> OJ L77, 15.3.2014, p 11

<sup>4</sup> OJ L 209, 14.6.2021, p1

A key deliverable for DG NEAR is the implementation of the Economic and Investment Plan for the three regions – Western Balkans, the Eastern Partnership and the Southern Neighbourhood.

The **management modes** implemented by the DG are as follows:

- Direct management, both centralised (in Brussels) and de-centralised to EU Delegations under the supervision of DG NEAR.
- Indirect Management, including:
  - Indirect Management by Beneficiary/partner Countries (IMBC);
  - Indirect Management by Entrusted Entities (IMEE), notably with International Organisations and with Member State development assistance agencies, including the use of Financial Instruments with International Financial Institutions (e.g. EIB, EBRD).
- Shared Management with Member States: Cross Border Cooperation (CBC) Programmes but only the legacy of programmes under the European Neighbourhood and Partnership Instrument (ENPI). Since 2020, CBC programmes under the European Neighbourhood Instrument (ENI) have been transferred to the DG for Regional & Urban Policy (DG REGIO)<sup>5</sup>.
- The DG is also the Trust Fund Manager of the EU Regional Trust Fund (TF) in Response to the Syrian crisis and the North of Africa window of the 'EU Emergency TF for Africa'. It is also a financial contributor to both Funds.

The creation in 2021 of the new guarantee and blending framework within the NDICI, the **European Fund for Sustainable Development Plus** (EFSD+, 2021-27)<sup>6</sup>, has significantly reinforced the capacity of DG NEAR to support socio-economic development in the neighbourhood and enlargement countries. The EFSD+ provides DG NEAR with a comprehensive and integrated framework for its blending platforms and significantly increases its capacity to finance investment projects through guarantees.

In 2022, the DG NEAR institution-building instruments – **TAIEX**<sup>7</sup> and **Twinning**<sup>8</sup> – supported the implementation of the Commission priorities in DG NEAR partner countries in a Team Europe approach. DG NEAR also operates five TAIEX-Service Level Agreements within the Commission. Three are sectoral and targeted at Member States public-to-public exchanges, with DG REGIO, DG Environment (DG ENV) and the DG for Structural Reform Support (DG REFORM). Two are global and targeted at cooperation with third countries: one with the Service for Foreign Policy Instruments (FPI) and one with DG INTPA, the latter also including Twinning.

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<sup>5</sup> As explained in Annex 6, CBC programmes are assimilated to Indirect Management in terms of Relevant Control System.

<sup>6</sup> OJ L 209, 14.6.2021, p1

<sup>7</sup> Technical Assistance and Information Exchange. TAIEX Website - <https://ec.europa.eu/taieux>

<sup>8</sup> Twinning Website - <https://ec.europa.eu/twinning>.

## EXECUTIVE SUMMARY

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

After the Russian unprovoked and unjustified invasion of **Ukraine** launched on 24 February 2022, the circumstances of DG NEAR's work have radically changed. The impact of this new reality is reflected in this report.

2022 was still marked by the challenges posed by **the COVID-19 pandemic**, but to a lesser extent than the year before. Since the onset of the EU response in 2020, DG NEAR programmes have mobilised over **EUR 4.5 billion** to respond to immediate health needs, support the health systems and help partner countries face the social and economic impact of the pandemic.

DG NEAR significantly contributed to the external dimension of the Commission priorities:

<b>General objective 4: A Stronger Europe in the World</b>	
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.
Specific Objective 4.2	Regional cooperation and neighbourly relations in the Western Balkans are improved.
Specific Objective 4.3	A sustainable basis for improved relations with Türkiye is ensured.
Specific Objective 4.4	Take the Eastern Partnership to the next level.
Specific Objective 4.5	Stability, resilience, economic development and regional integration are reinforced through our cooperation and policy dialogue in the Southern Neighbourhood.
<b>General objective 1: A European Green Deal</b>	
Specific Objective 1.1	The implementation of the external dimension of the European Green Deal is supported in partner countries.
<b>General objective 3: An economy that Works for People</b>	
Specific Objective 3.3	Support inclusive and sustainable economic growth, better employment and increased connectivity in partner countries.
<b>General objective 2: A Europe fit for the digital age</b>	
Specific Objective 2.2	Increased take-up of digital opportunities in partner countries.
<b>General objective 5: Promoting our European Way of Life</b>	
Specific Objective 5.5	Effective migration management with partner countries is in place.

#### A Stronger Europe in the World (General Objective 4)

DG NEAR contributed to this objective by taking forward the enlargement and neighbourhood policies and by managing the programmes towards the achievement of these policy objectives<sup>9</sup>.

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<sup>9</sup> COM(2022) 400 – June 2022 – Draft General Budget of the European Union for the financial year 2023, Working Document Part I: Programme Statements of operational expenditures. The respective programme performance statements for the draft budget 2024, which assess the performance of the NDICI-GE and IPA III, are under preparation and are expected to be published on 1 June 2023.

Concerning the **Western Balkans**, the Commission continued to roll out the **revised enlargement methodology**, with tangible results including continuation of accession negotiations with **Montenegro and Serbia**, launch of **negotiations with Albania and North Macedonia** in June 2022, and **awarding candidate status to Bosnia and Herzegovina** in December 2022. The Commission also continued to support the region through the implementation of the EUR 9 billion **Economic and Investment Plan and Green Agenda** for the Western Balkans<sup>10</sup>, which aims at spurring the socio-economic green and digital recovery of the region, as well as enhancing its economic integration and cooperation. Political engagement with the region was demonstrated by the **EU-Western Balkans Summit** in Tirana in December 2022, a Leaders Meeting in Brussels in June 2022, as well as the Berlin Summit of 3 November 2022. The EU continued its unprecedented support to the region in the **fight against the COVID-19 pandemic**, with more than 6.5 million doses of vaccines shared by EU Member States.

After some positive developments in 2021, relations between the EU and **Türkiye** became more challenging as the year advanced. Türkiye's unilateral **foreign policy** continued to be at odds with EU priorities under the Common Foreign and Security Policy (CFSP) and broader EU interests. Türkiye also continued to move away from the EU, on account of continuing backsliding in the areas of fundamental rights, independence of the judiciary, economic management, and lack of reforms on some sectoral issues. The December 2022 General Affairs Council confirmed that **accession negotiations** with Türkiye remained at a standstill. High level dialogues took place on climate, agriculture and research and innovation. Engagement on **the European Green Deal** and in the context of the Economic Reform Programme continued. Despite intensified engagement on trade irritants, the vast majority of the trade barriers were not addressed. The **2016 EU-Turkey Statement**<sup>11</sup> continued to yield results and remained the key framework for cooperation on migration. As regards **the Facility for Refugees in Turkey**, EUR 1.235 million was allocated in 2022 to migration management, basic needs and socio-economic support programmes.

The EU's relations with its eastern neighbours are guided by the Global Strategy, the revised **Eastern Partnership** (EaP) policy and - since the decision of the European Council in June to grant **Ukraine, Moldova and Georgia** an European perspective and Ukraine and Moldova EU candidate status - the EU's enlargement policy. 2022 saw extensive geopolitical shifts within the region. Following Russia's unprovoked and unjustified invasion of Ukraine, the implementation of the post-2020 Eastern Partnership framework, endorsed at the December 2021 EaP Summit, was suspended, although assistance through bilateral and regional programmes continued to be provided on the ground. Discussions and exchanges on the **future of the EaP** began in autumn 2022, and culminated with the **Eastern Partnership Foreign Affairs Ministerial** in December 2022. There was broad consensus among Member States and partners that the EaP post-2020 agenda (with its five policy objectives and focus on Resilience, Recovery, and Reforms) remained largely

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<sup>10</sup> COM(2020) 641 final.

<sup>11</sup> EU-Turkey statement, 18 March 2016 - Consilium (europa.eu).

relevant, but that the partnership needed to adjust to the new circumstances and become more flexible, streamlined, strategic, and focused.

In 2022, while the **Neighbourhood South** countries were still coping with the socio-economic consequences of the COVID-19, Russia's unprovoked and unjustified invasion of Ukraine put an additional constraint on their socio-economic conditions, aggravating the macro-economic situation, inflation, the unemployment rate, and the food supply. In this context, the Economic and Investment Plan set out in the annex of the Joint Communication of the New Agenda for the Mediterranean<sup>12</sup> continued to be rolled out.

### **A European Green Deal (General Objective 1)**

Russia's unprovoked and unjustified invasion of Ukraine has fundamentally changed the geopolitical landscape in Europe and beyond. The fallout is felt well beyond Ukraine and its neighbours: higher commodity and energy prices as well as uncertainty in supply chains are further worsening global markets. The weaponization of energy by Russia was a stark awakening for the EU and our neighbours alike. Responding to this challenge, DG NEAR has redoubled its efforts to support partners dealing with its implications, in particular in the energy sector. Since Russia's unprovoked and unjustified invasion of Ukraine, DG NEAR's priority has been to respond to **emergency needs in Ukraine, Moldova, and beyond**. The EU and its Member States have mobilised over EUR 19 billion of support to Ukraine and Ukrainian people. DG NEAR also secured an **energy support package**<sup>13</sup> for the entire Western Balkans, consisting of EUR 1 billion in EU grants, leading to investments of up to EUR 2.5 billion.

DG NEAR continued to implement the **Green Agenda for the Western Balkans**, which is part of the Economic and Investment Plan. In 2022, DG NEAR supported the Action Plan for the Green Agenda agreed by the Western Balkans leaders at the Brdo summit in 2021. The 2030 climate change and energy targets were also adopted in 2022 in the context of the Energy Community<sup>14</sup>.

In the **Southern Neighbourhood**, DG NEAR provided visibility to its climate change-related support during COP27 in Egypt in November 2022. Furthermore, the EU-Egypt Partnership on renewable hydrogen<sup>15</sup> was signed at COP27. Morocco is the first partner to conclude a Green Partnership<sup>16</sup> to strengthen cooperation in the fight against climate change, and to work together on energy transition, protecting the environment and boosting the green economy. Most other North African countries include a Green Agenda in their cooperation priorities for the

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<sup>12</sup> JOIN (2021) 2 final and SWD (2021) 23 final.

<sup>13</sup> <https://www.wbif.eu/news-details/1-billion-energy-support-package-western-balkans-approved-5-december>

<sup>14</sup> [Energy Community Homepage \(energy-community.org\)](https://energy-community.org)

<sup>15</sup> [https://energy.ec.europa.eu/memorandum-understanding-strategic-partnership-renewable-hydrogen-between-european-union-and-arab\\_en](https://energy.ec.europa.eu/memorandum-understanding-strategic-partnership-renewable-hydrogen-between-european-union-and-arab_en)

<sup>16</sup> [https://climate.ec.europa.eu/news-your-voice/news/eu-and-morocco-launch-first-green-partnership-energy-climate-and-environment-ahead-cop-27-2022-10-18\\_en](https://climate.ec.europa.eu/news-your-voice/news/eu-and-morocco-launch-first-green-partnership-energy-climate-and-environment-ahead-cop-27-2022-10-18_en)

coming years. Nonetheless, some delays were experienced in advancing the climate and environment actions in the region, due to COVID-19 as well as to the political situation.

In 2022, the EU, its Member States and the Eastern partner countries continued working together towards the green transition as one of the key goals of the **Eastern Partnership**'s post-2020 agenda and its Economic and Investment Plan (EIP). The green transition work focused on the Economic and Investment Plan Flagships and delivering on the Top Ten Targets<sup>17</sup>. In conjunction with the Economic and Investment Plan, a total of EUR 638 million were allocated for green investments in the partner countries.

DG NEAR has contributed to the implementation of the Solidarity Lanes<sup>18</sup> to ensure Ukraine can export grain, but also import the goods it needs, from humanitarian aid to animal feed and fertilisers. DG NEAR jointly with the DG for Mobility & Transport (DG MOVE) promoted the use of solidarity lanes by producing a video for social media about their implementation and results already achieved. DG NEAR also contributed to the participation of Ukraine, Moldova and Georgia, as observing participants, in the Transport Community<sup>19</sup>, an international organisation in the field of mobility and transport. This is an important step towards supporting the three countries in transport acquis alignment

DG NEAR also contributed to corporate communication efforts related to COP27 on climate change and COP15 on biodiversity.

### **An Economy that Works for People (General Objective 3)**

DG NEAR contributed to generating knowledge on socio-economic challenges in its regions and formulating policies and actions to address them. In 2022, DG NEAR has been instrumental in the establishment of the High-Level Expert Group (HLEG) on sustainable finance, jointly managed with DG INTPA, the development and start of implementation of the Youth Guarantee in the Western Balkans (flagship 10 of the EIP) and in providing input to the European Year of Youth. DG NEAR also continued to implement comprehensive public administration and public financial management reform programmes, and supported socio-economic development, notably through the implementation of the European Fund for Sustainable Development guarantee facility, the Neighbourhood Investment Blending Platform, and the Western Balkans Investment Framework.

In 2022, DG NEAR continued the implementation of its three **Economic and Investment Plans, for the Eastern and Southern Neighbourhood and for the Western Balkans**, thereby supporting its partners in their efforts to bounce back after two years of a global pandemic with far-reaching socio-economic repercussions.

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<sup>17</sup> Joint Staff Working Document SWD(2021) 186 final, 2.7.2021.

<sup>18</sup> [https://transport.ec.europa.eu/news/european-commission-establish-solidarity-lanes-help-ukraine-export-agricultural-goods-2022-05-12\\_en](https://transport.ec.europa.eu/news/european-commission-establish-solidarity-lanes-help-ukraine-export-agricultural-goods-2022-05-12_en)

<sup>19</sup> <https://www.transport-community.org/about-us/>



## A Europe fit for the digital age (General Objective 2)

In the **Western Balkans**, the Economic and Investment Plan and the work on the Common Regional Market continued to provide a reinforced framework for the digital transformation of the region. The '**Roam Like At Home**' regime was introduced as planned in July 2021, and since then work progressed on a roadmap for lowering roaming charges between the Western Balkans and the EU. At the Digital Summit in September 2022, and with the support of the Regional Cooperation Council and the European Commission, telecom operators from the Western Balkans and the EU agreed to a roadmap towards reducing roaming charges.

In the **Eastern Partnership**, in response to Russia's unprovoked and unjustified invasion of Ukraine, key components of the planned assistance were repurposed to support **Ukraine's digital sector**. In addition, the **EU4Digital initiative was extended** and continued to provide strong cooperation between Eastern Partnership countries, with the aim of closing the digital gap, promoting investments in broadband connectivity and driving the integration of the partner countries with the EU digital single market. DG NEAR also supported the preparation of a **Regional Roaming Agreement**, which will help significantly reduce roaming prices in the region and facilitate any future potential roaming arrangement with the EU.

In the **Southern Neighbourhood**, the Commission continued to work on the harmonisation of rules in the telecom sector (EMERG) and provided high quality access to the EU research and innovation network GEANT through the EUMedConnect programmes<sup>20</sup>. Bilateral cooperation with most countries also supported the digital transition. The MEDUSA project, providing high speed internet connectivity between Europa and the North Africa, was launched. This strategic project aims at digitally connecting the two shores of the Mediterranean.

## Promoting our European Way of Life (General Objective 5)

DG NEAR continued to play a pivotal role in supporting effective migration management in partner countries, while adapting its actions to arising challenges.

In 2022, migratory pressure from **North Africa** reached levels similar or higher than in 2017. To address this issue, the Extraordinary Justice and Home Affairs Council adopted on 25 November 2022 an EU Action Plan on the Central Mediterranean<sup>21</sup>. To continue and build on successful actions under the EUTF, DG NEAR committed EUR 208 million in 2022 under the Neighbourhood, Development and International Cooperation – Global Europe Instrument (NDICI-Global Europe).

In 2021, a strategic support package of EUR 5.7 billion was agreed for refugees and host communities in **Türkiye, Jordan, Lebanon, Iraq and Syria**, including EUR 3 billion for Türkiye up to 2023. In this context, in 2022 EUR 402.5 million were committed for Jordan, Lebanon and Syria, while EUR 1 billion was committed for Türkiye.

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<sup>20</sup> [EUMED CONNECT 3 | EU Neighbours](#)

<sup>21</sup> EU action plan for the Central Mediterranean (2022): [https://home-affairs.ec.europa.eu/eu-action-plan-central-mediterranean\\_en](https://home-affairs.ec.europa.eu/eu-action-plan-central-mediterranean_en)

In 2022, illegal border crossings and attempts recorded at the EU external borders on the Western Balkan route registered an increase of around three times compared to the same period in 2021. In this context, EUR 170 million were committed for the **Western Balkans** under the Instrument of Pre-Accession Assistance (IPA III) in 2022, shifting the focus from reception towards border management and anti-smuggling and trafficking in human beings.

Cooperation on migration and integrated border management is a specific objective in the Multi-annual Indicative Programme (MIP) for the **Eastern Neighbourhood** 2021–2027. As a consequence of Russia’s unprovoked and unjustified invasion of Ukraine, millions of people were forced to flee. Moldova as a neighbouring country became one of the main host countries, putting national structures under significant pressure. Under the Regional Action Programme for 2022, the EU supported the extension of the EU Border Assistance Mission to Moldova and Ukraine (EUR 15 million). Concrete support was also provided to the transit, repatriation and reintegration of affected people in Moldova (EUR 15 million). Moreover, regional funds were repurposed to support emergency needs in Ukraine totalling EUR 29 million and Moldova in the amount of 7 million, including support for Ukrainian refugees.

**B. Key Performance Indicators (KPIs)**

The four KPIs presented in the following tables mirror those set in the DG NEAR 2020-2024 Strategic Plan. The first KPI relates to the Enlargement Policy, the second to the European Neighbourhood Policy; the third KPI shows the number of direct jobs supported/sustained by the EU in the enlargement and neighbourhood partner countries, and the fourth KPI provides the estimated risk at closure - residual error rate.

<b>KPI 1: Degree of readiness of Western Balkans on EU approximation and acquis</b>		
<b>Explanation:</b> This indicator shows where the enlargement countries stand in terms of their alignment with the EU <i>acquis</i> across all chapters and EU related reforms. It is given as the sum of Western Balkan beneficiaries. It is measured on a scale from 1 to 5.		
<b>Source of data:</b> Annual Enlargement reports, European Commission		
<b>Baseline <sup>22</sup> (2019)</b>	<b>Interim Milestone (2022)</b>	<b>Target (2024)</b>
2.49	Increase	Increase
<b>Latest known results (2022): 2.55</b>		

**Performance evolution:** The value for this indicator increased thanks to improvements regarding one EU *acquis* chapter in Albania (Fisheries chapter), Bosnia and Herzegovina (Financial control), Kosovo\* (competition policy), Montenegro (Public procurement) and North Macedonia (Foreign, security and defence policy).

<sup>22</sup> The baseline provided in the Strategic Plan included Western Balkans and Türkiye, and it is corrected here from 2.6 to 2.49 for Western Balkans only. The respective value for 2021 for Western Balkans is 2.54. The methodology of calculation of the indicator is explained in Annex 2.

\* this designation is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ opinion on the Kosovo Declaration of Independence.

**KPI 2: Number of partnership priorities, Association agendas, or equivalent documents, which are revised, adopted or agreed with Eastern and Southern Neighbourhood partners**

**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.

**Eastern Neighbourhood partners<sup>23</sup>**

**Source of data:** EU Results Framework

<b>Baseline</b> (beginning 2020)	<b>Interim Milestone</b> <b>(2022)</b>	<b>Target</b> <b>(2024)</b>
0	4	5

**Latest known results (2022): 5**

**Armenia:** Partnership Priorities (adopted in 2018) remain in force and guide cooperation. The Comprehensive and Enhanced Partnership Agreement ratification process was completed in 2021 and it entered into force in March 2021.

**Azerbaijan:** Partnership Priorities were extended in August 2021 until 2024. Negotiations on a new framework agreement are ongoing.

**Georgia:** The revision of the Association Agenda covering the period 2021-2027 has been adopted on 23 August 2022.

**Moldova:** An updated EU-Moldova Association Agenda for 2021-27 was adopted on 22 August 2022.

**Ukraine:** The Association Agenda (last updated in 2015) remains valid.

**Southern Neighbourhood partners**

**Source of data:** European Commission

<b>Baseline</b> (2020)	<b>Interim Milestone</b> <b>(2022)</b>	<b>Target</b> <b>(2024)</b>
8	8	8

**Latest known results (2022):** 8 Association Agreements are in force with 8 of the 10 southern partners (i.e. excluding Libya and Syria). New Partnership Priorities for the period of 2021-2027 were adopted with Jordan and Egypt, following the Association Councils held in summer 2022. For the remaining countries, the previous Partnership Priorities, valid until 2021, were extended (except Morocco, for procedural reasons), and new ones are being negotiated. EU agreed texts were transmitted to Tunisia, Morocco and Lebanon, and the EU is waiting for the reply of these partners. Work is still ongoing for Algeria. Regarding Palestine\* and Israel, negotiations could restart, in parallel, soon, given the new impetus after the EU – Israel Association Council and the meeting of the Palestinian Prime Minister with the Foreign Affairs Council in January 2023. The current Action Plans are extended until January 2025. For Syria and Libya, no Joint Documents are under consideration, and programming is done under EU Special Measures.

<sup>23</sup> The EU's relations with its eastern neighbours are guided by the Global Strategy, the revised Eastern Partnership (EaP) policy and - since the decision of the European Council in June to grant Ukraine, Moldova and Georgia a European perspective and Ukraine and Moldova EU candidate status - the EU's enlargement policy.

\*This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

**Performance evolution:**

In the Eastern Neighbourhood, the situation regarding the policy basis (joint priorities for cooperation) of EU work with neighbourhood partners suffered a major setback due to Russia’s unprovoked and unjustified invasion of Ukraine. Mitigation efforts have been implemented to ensure cooperation with the partner countries (excluding Belarus authorities, as per February Council Conclusions<sup>24</sup>). A large share of ongoing and planned regional programmes, amounting to over EUR 60 million, were repurposed to address emergency needs in Ukraine and Moldova. In addition, EUR 61 million were directly programmed under the Regional Action Programme 2022 to respond to emergency needs in the two countries. Bilateral support and cooperation on the joint priorities with the partner countries has continued in particular with the implementation of the Economic and Investment Plan and its flagships. In December 2022, the **Eastern Partnership Foreign Affairs Ministerial** meeting was held. There is broad consensus among Member States and partners that the EaP’s post-2020 agenda remains largely relevant, but needs to adapt to the new circumstances. This will be taken forward during 2023.

In the **Southern Neighbourhood**, the situation regarding the policy basis of EU work with neighbourhood partners remained stable. However, external factors (e.g. political developments) influenced the degree of achievement of DG NEAR’s policy objectives. The cooperation was marked by the re-establishment of Association Councils (on hold due to the COVID-19 pandemic) with Jordan, Egypt and Israel (the first in the last 10 years). A successful 7<sup>th</sup> Union for the Mediterranean Regional Forum and the 4<sup>th</sup> EU-Southern Neighbourhood also took place in November 2022 in Barcelona, reinforcing also the regional aspect of the cooperation.

<b>KPI 3: Number of direct jobs supported/sustained by the EU</b>		
<b>Explanation:</b> The number of jobs supported through EU Programmes		
<b>Source of data:</b> EU results Framework, IPA Performance Framework		
<b>Baseline</b> (2018)	<b>Interim Milestone</b> <b>(2022)</b>	<b>Target</b> <b>(2024)</b>
IPA: 2 388 <sup>25</sup>	Increase	Increase
<b>Latest known results (2022):</b>		
IPA: 27.551 <sup>26</sup>		

**Performance evolution:** The number of jobs supported through EU programmes continued to increase in 2022, in spite of external factors (political instability, COVID-19 socio-economic impact, energy crisis, etc.).

<b>KPI 4: Estimated risk at closure (residual error rate)</b>
<b>Explanation:</b> The estimated risk at closure is based on the results of the Residual Error Rate (RER) study,

<sup>24</sup> European Council conclusions, 24 February 2022

<sup>25</sup> The corresponding baseline figure for ENI is 38 808 jobs supported during the whole period 2013-2018.

<sup>26</sup> Substantial increase is largely explained by the launch of new IPA programmes in 2022  
 ENI: East: (Armenia, Azerbaijan, Belarus, Georgia, Moldova,): 28 164  
 South (Egypt, Morocco, Tunisia, Lebanon, Jordan, West Bank): 56 857.

which provides a conservative estimation of the residual errors not detected by the internal control system, in order to conclude on its effectiveness.

**Source of data:** DG NEAR annual activity report

<b>Baseline (2019)</b>	<b>Interim (2022)</b>	<b>Milestone</b>	<b>Target (2024)</b>
0.53%	< 2% of relevant expenditure		< 2% of relevant expenditure
<b>Latest known results (2022):</b> estimated risk at closure: 0.86%. Global RER rate DG NEAR: 1.00%. In 2022, the target for this KPI has been achieved, as the estimated risk at closure of DG NEAR stayed below the 2% materiality threshold.			

**Performance evolution:** Overall, the KPI evolution shows a consistent trend since 2016. DG NEAR's estimated risk at closure has remained below the materiality threshold of 2% for the whole period.

### C. Key conclusions on financial management and internal control

In line with the Commission's Internal Control Framework DG NEAR has assessed its internal control systems during the reporting year and has concluded that it is effective, with the exception of internal control principles 10 and 12, which need major improvement. Please refer to Annual Activity Report (AAR) section 2.1.3 for further details.

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

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated. Necessary improvements and reinforcements are being implemented. The Director-General, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance albeit qualified by a **reservation** concerning difficulties in adequately monitoring all projects in Libya, Syria and Ukraine (non-quantified reservation).

### D. Provision of information to the Commissioner

In the context of the regular meetings during the year between DG NEAR and the Commissioner on management matters, the main elements of this report and assurance declaration, including the reservation envisaged, have been brought to the attention of Commissioner Olivér Várhelyi, responsible for Neighbourhood and Enlargement Negotiations.

# 1. KEY RESULTS AND PROGRESS TOWARDS ACHIEVING THE COMMISSION'S GENERAL OBJECTIVES AND DG'S SPECIFIC OBJECTIVES

## 1.1 General objective 4: A stronger Europe in the World

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

The Commission continued to take the EU enlargement agenda forward by assisting those countries with the prospect of joining the EU in their efforts to meet the EU membership criteria, as defined by the Treaty on European Union and the European Council. In the context of Russia's unprovoked and unjustified invasion of Ukraine, the enlargement process is more than ever a geostrategic investment in long-term peace, stability and security, clearly demonstrated when, in June 2022, the European Council recognised the **European perspective of Ukraine, Moldova and Georgia**, and granted the candidate status to the first two. At the same time, the European Council reconfirmed the full and unequivocal commitment to the EU membership perspective of the Western Balkans and called for acceleration of the accession process and for further advancement of the gradual integration between the EU and the Western Balkans.

The EU continued accession negotiations with **Serbia** and **Montenegro**, while the launch of the negotiations process with **North Macedonia** and **Albania** was a major breakthrough. The holding of the first Intergovernmental Conferences in July 2022 was a historic moment that marked a new phase in the EU integration process for the two countries and was a clear recognition of the progress achieved on advancing EU reforms. The Commission also continued the stabilisation and association process with **Kosovo**.

In October 2022, the Commission presented the seven reports of the **2022 Enlargement Package**, placing particular focus on reforms related to the fundamentals, but also underscoring the importance of common foreign and security policy alignment in the enlargement process, given the current geopolitical context. Following this, in December 2022 the European Council granted candidate status to **Bosnia and Herzegovina**.

The Commission continued to play an important political role in top level relations between the EU and the region, particularly in the EU-Western Balkans **Leaders Meeting** in Brussels in June 2022 and in the historic **EU–Western Balkans Summit** for the first time held in the region – in Tirana – in December 2022.

**EU financial assistance** kept pace with these political and economic developments. In November 2022, at the Berlin Process Summit, Commission President von der Leyen announced a **EUR 1 billion Energy Support Package** for the Western Balkans to help the region deal with the impact of Russia's unprovoked and unjustified invasion of Ukraine on

the increasing energy prices, as well as to accelerate a green energy transition in the Western Balkans.

The Commission also accelerated the implementation of the **EUR 9 billion Economic Investment Plan (EIP) and the Green Agenda for the Western Balkans**<sup>27</sup>. With the endorsement of new investments in April and early December 2022, a total of **40 flagship projects** have now been approved under the EIP, expected to leverage EUR 5.7 billion of investments (out of which EUR 1.8 billion are IPA funds). In December 2022, the Commission, through the Western Balkans Investment Framework, also adopted provisioning for the first **12 loan guarantees** for the region dedicated to the development of the private sector through its green and digital transition. The Commission was also instrumental in the conclusion of an agreement between a number of EU and Western Balkans telecom operators on a **voluntary lowering of data roaming charges** between the EU and the region.

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### **Energy Support Package for the Western Balkans**

In November 2022, the Commission adopted an unprecedented **Energy Support Package** for the Western Balkans in response to the energy crisis generated by Russia's unprovoked and unjustified invasion of Ukraine. The package, prepared and implemented by DG NEAR, totals EUR 1 billion in EU support and will lead to investments of up to EUR 2.5 billion. Half of the package is budget support, aimed to mitigate the impact of energy prices on vulnerable households and small businesses in the immediate term. 90% of the funds will be disbursed in February 2023 and the rest will be disbursed towards the end of 2023, against the successful implementation of National Actions Plans by the beneficiaries. The other half is dedicated to advance energy diversification, renewable generation, gas and electricity interconnections and energy efficiency in the short to medium term. The funds will be channelled through the Western Balkans Investment Framework (WBIF), an example of the Team Europe approach.

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The online portal - [WeBalkans.eu](https://webalkans.eu) - hosts more than 100 inspirational testimonies from people who have benefitted from EU support. It had 1.2 million page views in 2022. The related WeBalkans social media channels have a combined number of followers of over 32.000, notably reaching younger audiences. The Young European Ambassadors network has also been active throughout the year, with now 180 young people from diverse backgrounds. They are involved in both own-initiative and network-organised events to amplify messages towards their peers.

Major communication activities took place around the key policy events in the Western Balkans, notably social media campaigns and packages of communication products around

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<sup>27</sup> COM(2020) 641 final.

the Berlin Process Summit, the EU-Western Balkans Tirana Summit and the annual EU Enlargement Package. Other outreach events included the DG NEAR flagship EU4Youth Days, youth opportunities campaign and various other activities engaging the youth. DG NEAR jointly with the European External Action Service organised the EU-Western Balkans Media Conference, hosting almost 200 media professionals in person and followed by thousands more online, addressing key challenges related to media freedom, protection of journalists and issue related to contamination of the media environment. These campaigns & communication products were also shared on DG NEAR social media channels.

Under the EU regional communication programme for the Western Balkans, main activities included the ongoing development of the web portal WeBalkans.eu and the expansion of the Young European Ambassadors Network. A competition for vloggers to go on a Western Balkans road trip in Spring 2023 was launched as part of the new regional campaign called 'Made of us'.

#### Specific objective 4.2: Regional cooperation and neighbourly relations in the Western Balkans are improved

DG NEAR continued to support closer regional cooperation and good neighbourly relations in the Western Balkans focusing primarily on the **connectivity of infrastructures, economies and people**. The initiatives of the Economic and Investment Plan (EIP) are a key vehicle for the implementation of these ambitions. The plan foresees development of transport and energy infrastructure, regional digital, innovation and green agendas, as well as initiatives aimed at developing the private sector and building human capital. In 2022, the Commission adopted 19 connectivity projects under the EIP, in addition to the 21 projects adopted in 2021.

There was progress in the implementation of the **Common Regional Market** initiatives, with the adoption of three regional agreements on the freedom of movement and stay, recognition of professional qualifications and recognition of academic qualifications. The completion of political negotiations of these agreements in the run up to the Berlin Process Summit demonstrated that the region is committed to the Common Regional Market and benefits it brings to the citizens. Furthermore, technical work continued in the Central European Free Trade Agreement<sup>28</sup> (CEFTA) framework with the finalisation of the dispute settlement agreement and the decision on the recognition of Authorised Economic Operators. The latter documents have not been adopted due to the hardening of positions between Belgrade and Pristina. The functioning of key regional organisations in the Western Balkans has been negatively impacted for similar reasons.

Continuous efforts were made to encourage the implementation of existing agreements, including the Prespa agreement between North Macedonia and Greece and the Treaty on

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<sup>28</sup> [CEFTA](#)



Good Neighbourly Relations with Bulgaria<sup>29</sup>, in good faith by all parties. Following the resumption of the EU-facilitated dialogue between Serbia and Kosovo in July 2020, limited progress was made over the reporting period in negotiations towards a comprehensive, legally binding normalisation agreement. However, efforts increased by early 2023.

#### Specific objective 4.3: A sustainable basis for improved relations with Türkiye is ensured

After some positive developments in 2021, relations with the EU became more challenging in 2022, due to tensions in the **Aegean Sea and Eastern Mediterranean**. The European Council in June 2022 expressed deep concern about the repeated actions and statements by Türkiye in the region. Türkiye's unilateral **foreign policy** continued to be at odds with EU priorities under the CFSP and broader EU interests, notably due to its interventions and support for military actions in some regional conflicts.

The EU and Türkiye continued **high-level engagement** in areas of common interest. In 2022, three **high-level dialogues** took place on climate, agriculture and research and innovation. This was in line with the EU's offer to support a more positive dynamic in EU-Türkiye relations, expressing readiness to engage with Türkiye in a phased, proportionate and reversible manner in a number of areas of common interest, subject to the conditions set out by the European Council. As documented by the October 2022 Commission country report<sup>30</sup>, Türkiye continued to move away from the EU, on account of continuing backsliding in the areas of fundamental rights, the independence of the judiciary, economic management, and the lack of reforms in some sectoral issues. The December 2022 General Affairs Council confirmed that **accession negotiations** with Türkiye remained at a standstill.

The **2016 EU-Turkey Statement** continued to yield positive results and remained the key framework for cooperation on migration, although returns from the Greek islands have not resumed and irregular migration to Cyprus and Italy increased substantially. The Commission continued intensified engagement with Türkiye on trade irritants hampering the smooth functioning of the **Customs Union**. However, little progress was achieved and the vast majority of the trade barriers were not addressed due to the increasing number of deviations by Türkiye of its commitments under the Customs Union still not addressed by the Turkish Authorities. Türkiye's non-alignment with EU restrictive measures against Russia was of particular concern due to the free circulation of products within the EU-Turkey Customs Union. Engagement on **the European Green Deal** continued. Türkiye also continued its engagement with the EU in the context of the **Economic Reform Programme** exercise of pre-accession macroeconomic surveillance, however the Commission's concerns further increased over the building up of macro-economic imbalances, the proper functioning of Türkiye's market economy and the undermining of

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<sup>29</sup> Final Agreement for the settlement of the differences as described in the United Nations Security Council resolutions 817 (1993) and 845 (1993), the termination of the Interim Accord of 1995, and the establishment of a strategic partnership between the Parties, of 17 June 2018

<sup>30</sup> [https://neighbourhood-enlargement.ec.europa.eu/turkiye-report-2022\\_en](https://neighbourhood-enlargement.ec.europa.eu/turkiye-report-2022_en)

independence of regulatory authorities. On **people-to-people contacts**, negotiations continued on Türkiye's participation in EU programmes<sup>31</sup>.

Türkiye sustained its efforts to host more than 3.7 million registered refugees from Syria and around 370,000 registered refugees from other countries, which is the largest refugee community in the world. Türkiye and the EU continued to build on the cooperation under the 2016-2019 **Facility for Refugees in Turkey**, a key component of the 2016 EU-Turkey Statement, which continued to provide support to refugees and host communities in the country to date<sup>32</sup>.

Following the European Council of June 2021, **EUR 3 billion was allocated to additional refugee assistance in Türkiye**, mobilised under both IPA III and NDICI. Under IPA III, in 2022, EUR 220 million was allocated to migration management support and EUR 381 million to basic needs support for the most vulnerable refugees (these two allocations include EUR 320 million funding under the 2023 budget). Under NDICI, in 2022 a total of EUR 634 million was committed through two individual measures providing basic needs and socio-economic support to refugees. The actions funded under NDICI link humanitarian and development assistance.

As regards the **financial cooperation under the Instrument for Pre-accession Assistance**, the further recentralisation and redirection of the remaining IPA funds in line with the EU's political priorities continued. In this context, the implementation of previous IPA II actions and new IPA III proposals in the fundamental areas of the accession process, in particular democracy, the rule of law, fundamental rights, the judiciary, was marked by concerns on the lack of progress in aligning to the *acquis* and the absence of a legal and political environment that would ensure the impact of EU funds. This has led the Commission to cancel activities and refuse some project proposals, while putting in place more checks of policy relevance and maturity for swift implementation.

The IPA III Financial Framework Partnership Agreement was signed by the parties and entered into force on 14 December 2022, which allowed for the conclusion of the first Financing Agreement for IPA III corresponding to the 2021 programming cycle. On 18 October 2022, the Commission adopted the 2022 Annual Action Programme (AAP) for a budget of EUR 142.998 million, placing a clear emphasis on climate action, environment, energy and transport, education and employment as well as support to civil society. Further to those funds, the remaining allocation went to support the Instrument for pre-Accession Assistance for Rural Development – IPARD- (EUR 50 million), Civil Society Facility (EUR 25.8 million),

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<sup>31</sup> Türkiye is already participating in Horizon Europe, Erasmus+, European Solidarity Corps and EU Civil Protection Mechanism since November 2021. Negotiations on association agreements for Single Market, Customs, Creative Europe and Digital Europe were concluded by end 2022 and signature/entry into force is expected to take place over the course of the first semester of 2023. Negotiations for the LIFE programme are still ongoing.

<sup>32</sup> Through the Facility, in Türkiye some 1.8 million refugees continue to receive basic needs and complementary basic needs support, 800,000 refugee children receive educational support, and healthcare and protection services are being delivered to millions of refugees and host communities.

Cross-border cooperation (EUR 2.3 million) and the External Lending Mandate Legacy (EUR 68.736 million).

Under EFSD+, the Commission formally adopted a Decision for the establishment of the Turkey Investment Platform (TIP) on 31 March 2022, and the first meeting of the TIP Operational Board was held on 7 April 2022. A first call for investment proposals was launched and evaluated, resulting in a set of programmes endorsed by the NEAR EFSD+ Operational Boards in January 2023. The selected programmes aim at supporting policy priorities by promoting public and private investments notably in the areas of decarbonisation, digitalisation, access to finance, innovation and green investments.

#### Specific objective 4.4: Take the Eastern Partnership to the next level

The roll-out of the post-2020 Eastern Partnership framework was overtaken by events in early 2022. In light of the ongoing Russian unprovoked and unjustified invasion of Ukraine and the European Council decision to include Georgia, Moldova, and Ukraine in the EU's enlargement policy, the Eastern Partnership needed to adapt to the geopolitical circumstances. The December Eastern Partnership Foreign Affairs Ministerial reaffirmed the EU's, its Member States and its partners' commitment to the Eastern Partnership and its "Recovery, Resilience, and Reforms" agenda. At the same time, stakeholders called for a more flexible, strategic, focused, and tailored approach. Acknowledging the added value of regional cooperation in a range of sectors, there was clear consensus that the Eastern Partnership will have an increased focus on the bilateral track, and at the same time support the enlargement policy. The implementation of the Economic and Investment Plan in the Eastern Partnership continued: the EU has already mobilised EUR 3 billion worth of investments in the region, of which nearly EUR 900 million in support of private sector, through concessional credit lines or business development services.

2022 was the most difficult year for Ukraine since its independence and a very special one for EU-Ukraine relations. Russia's unprovoked and unjustified invasion of Ukraine, in combination with the granting of EU candidate status, resulted in a major change in our cooperation. Consequently, the EU mobilised more than EUR 1 billion in bilateral assistance to support the urgent needs of the country.

To help enhance the resilience of the Ukrainian state and its citizens, a decision was taken to repurpose part of the ongoing assistance to specific activities that could support Ukraine in maintaining its independence, alleviate some of the direct negative impact of Russia's unprovoked and unjustified invasion of Ukraine, and make the country stronger to respond to the military aggression. This allowed EU assistance to reach the beneficiaries before humanitarian partners could mobilise their aid programmes. Close to EUR 200 million of ongoing projects were repurposed. On top of that, unallocated funds were mobilised quickly to sign new contracts to respond to urgent needs, especially at the grass root level.

In order to help the government of Ukraine with liquidity for the implementation of some important war-related support, two state building contracts with one additional top-up were signed and disbursed in 2022. A first contract of EUR 120 million focusing on improvements to conflict preparedness and response capabilities was disbursed in spring

2022. A second contract of EUR 500 million aimed at supporting Internally Displaced People (IDP) housing projects and small farmers with a dedicated grant scheme was disbursed in autumn 2022. Finally, a last tranche of EUR 66 million top-up aimed at rebuilding schools that had been destroyed by the Russian armed forces was disbursed in December 2022.

A EUR 330 million Emergency Programme was adopted to address some of the urgent consequences of Russia's unprovoked and unjustified invasion of Ukraine. This allowed the EU to provide housing solutions to IDPs and returnees, to support their re-integration and assist the host communities with their challenges, to repair critical infrastructure, to support the Solidarity Lanes initiative, to procure the most urgent equipment and materials for the restoration of Ukrenergo system (Ukrainian electricity transmission system operator), etc. This programme was also tapped into when Commission President Ursula von der Leyen made a pledge in December 2022 to provide 30 million LED light bulbs to Ukraine.

Notwithstanding the challenges caused by Russia's unprovoked and unjustified invasion of Ukraine, Ukraine impressively continued its reform path in different policy areas, showing its commitment to EU integration. EU-funded technical assistance projects played an important role in supporting this process. Most of these projects were able to adapt quickly to the changing conditions and thus experienced only short interruptions.

The NEAR-managed "EU Neighbours East" regional communication programme has been **instrumental in communicating the EU's solidarity and increased assistance to Ukraine**, including through a dedicated web-portal [Stand With Ukraine - EU NEIGHBOURS east](#) (also available in Ukrainian), running several campaigns to raise awareness (e.g. [Faces of Ukraine - EU NEIGHBOURS east](#)) and supporting DG COMM, the EEAS as well as the EU Delegation in Ukraine with translations of press communication materials both into Ukrainian and Russian.

Cooperation on reforms continued with **Armenia** in line with the Comprehensive and Enhanced Partnership Agreement (CEPA). Implementation continued despite the persisting challenges posed by the aftermath of the second Karabakh war, the wide-scale clashes of September 2022, and the obstruction of movement along the Lachin corridor. As a result, Armenia has been facing increased polarisation of the political and societal spheres. This has been coupled with geopolitical challenges following Russia's unprovoked and unjustified invasion of Ukraine, which has brought a high influx of Russian citizens to Armenia resulting in inflation and pressures on the housing market and food prices. The EU assistance in 2022 focused on support to rule of law and good governance reforms, social protection, police reform, education reform, support to newly displaced population, economic growth as well as the green transition. In accordance with the quadrilateral agreement reached by the leaders of Armenia, Azerbaijan, the European Council and France in Prague on 6 October 2022<sup>33</sup>, an EU Monitoring Capacity to Armenia was deployed for a

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<sup>33</sup> [Statement following quadrilateral meeting between President Aliyev, Prime Minister Pashinyan, President Macron and President Michel, 6 October 2022 - Consilium \(europa.eu\)](#)

period of two months. This was followed by an official request from Armenia for a renewed EU presence, which led to the EU's decision to establish a new Common Security and Defence Policy Mission to Armenia, which will be fully deployed in 2023.

Negotiations on a new EU-**Azerbaijan** framework agreement continued at a slow pace during 2022, as such the extended Partnership Priorities 2021-2024 remained applicable. Support to the country's economic diversification and reforms continued to be a priority, and the EU remains the largest donor to civil society in the country. EU-Azerbaijan cooperation was also enhanced through the signature of a new Memorandum of Understanding in the field of energy in July 2022, setting ambitious targets for increased gas deliveries and for the acceleration of the deployment of renewables and energy efficient solutions. The 2022 Annual Action Programme was adopted, with a focus on supporting the implementation of the Economic and Investment Plan to include demining, green transition and gender equality. The EU and Azerbaijan also inaugurated a high-level working group on the EU's Economic and Investment Plan, as part of the efforts to reap the full benefits of the plan for the people of Azerbaijan.

The EU has also played a central role in facilitating the Azerbaijan-Armenia peace talks, demonstrating the EU's commitment to a peaceful and prosperous South Caucasus. Since the war in 2020, the EU has allocated around EUR 27 million in humanitarian assistance to **support conflict-affected populations** in both Armenia and Azerbaijan. This assistance has been utilised to provide basic services, shelter, emergency food, non-food items and cash assistance as well as mental health services in a balanced and needs-based way. Significant support has been provided to humanitarian demining and mine risk education in both countries. In addition, the EU4Dialogue programme has been put in place as an additional instrument to support dialogue and people-to-people contacts across the conflict divide.

The European Union has shown its unwavering commitment to the people of **Belarus** since the falsification of the 2020 presidential elections, and throughout the continued repression against all segments of society. In light of the Lukashenka regime's complicit role in Russia's unprovoked and unjustified invasion of Ukraine, the EU has stopped engaging with Belarusian authorities at all levels, in relation to EU assistance. The only exceptions to this relate to health and well-justified cases. The EU has stepped up its support to Belarusian civil society and since August 2020 assistance provided to victims of repression, civil society, independent media, youth, private sector, culture and health capacities amounts to over EUR 100 million.

The first half of 2022 was marked by continued political polarisation in **Georgia**, exacerbated by Russia's unprovoked and unjustified invasion of Ukraine. The war had an important impact on Georgia's role in the region and its stance towards its neighbours as well as the EU, but it has not directly affected the development cooperation and support programmes.

In June 2022, Georgia was granted the European perspective by the European Council, based on the Commission recommendations, with a provision to receive candidate status, if certain reform priorities are addressed. The so-called 12 priorities, which largely reflect the Association Agenda but also latest developments in the country, have become the guiding framework for Georgia's path towards the EU during the second half of 2022. Priorities for

the upcoming years are expected to focus on supporting Georgia aligning with the EU *acquis* and continue with the implementation of the Economic and Investment Plan, with a particular focus on the Black Sea connectivity. Following some delays in the adoption of the Multi-Annual Indicative Programme and the Association Agenda 2021-2027, both guiding documents were finally adopted in 2022, which at the same time unlocked the formal adoption of the Individual Measure for 2021 and the Annual Action Plan for 2022.

The energy crisis in **Moldova** was exacerbated in 2022 as a consequence of Russia's unprovoked and unjustified invasion of Ukraine. In response, the Commission stepped up its engagement on energy including setting up an office in Chisinau for the Energy Community Secretariat and boosting budget support with a further EUR 75 million. Moldova was also connected to the European electricity network ENTSO-E, to provide an alternative source of electricity to the country. Further challenges caused by the war in Ukraine have led to the establishment of the Solidarity Platform, which allows for the relocation of vulnerable refugees to EU Member States and the Solidarity Lanes, which enable Ukraine and Moldova to find new markets for their products, notably grain. A Support Hub for Security and Border Management was also established to assist in fighting corruption and cross-border organised crime.

Moldova was granted candidate status in June 2022 by the European Council, based on the recommendation from the Commission.

An updated EU-Moldova Association Agenda for 2021-27 was adopted on 22 August. In addition, the Multi-Annual Indicative Programme covering the period 2021-2027 was adopted on 29 June and entered into force on 22 August.

In total, the financing decisions adopted in 2022 for the programmes in the six Neighbourhood East partner countries amounted to EUR 1.016 billion for Ukraine and EUR 395.8 million in total for the other partner countries.

The NEAR-managed **EU Neighbours East regional communication programme** continued to enhance the EU's strategic communication in the Eastern Partnership (EaP) region throughout 2022, e.g. through integrated thematic communication campaigns; maintaining and expanding a network of media and non-media partners; a flagship network of currently 925 active Young European Ambassadors, annual opinion polls; web and social media listening for EUDs Moldova and Armenia; maintaining and improving the EUDIGITOOL, a comprehensive internal EU-funded projects database with its external country-specific<sup>34</sup>. It is designed to be a **one-stop-shop for information** on the EU – EaP relations that includes latest news, feature stories, publications, opportunities and much more. Content is being produced systematically in English, Russian, and all six EaP languages, to reach local target audiences best.

More in detail, in 2022, **EU Neighbours East** conducted two large-scale regional campaigns #StandWithUkraine and the 'Youth and Mental Health'. The 'Youth and Mental

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<sup>34</sup> For example: <https://eu4georgia.eu/>

Health Campaign' brought 10.2 million impressions to EU NEIGHBOURS EAST social media channels and 120 000 website users. Additionally, 15 smaller scale thematic campaigns were conducted on energy efficiency, environment, cultural mobility, human rights and the enlargement process. The programme contributed also to addressing disinformation, conducting focus groups, opinion polls and social listening. To date the programme has partnerships with 61 leading media and popular bloggers, which covers over 27 million people, through traditional and online media and over 14 million through social media. Various communication products produced by EU NEIGHBOURS EAST were also shared on DG NEAR's social media channels. In the reporting period, EU Neighbours East also developed a new visual storytelling format for social media channels.

**Specific objective 4.5: Stability, resilience, economic development and regional integration are reinforced through our cooperation and policy dialogue in the Southern Neighbourhood.**

In 2022, while the Neighbourhood South countries were still coping with the socio-economic consequences of the COVID-19, Russia's unprovoked and unjustified invasion of Ukraine put an additional constraint on their socio-economic conditions, aggravating the macro-economic situation, inflation, the unemployment rate, fuelling food supply concerns and diverging attention from ambitious reform agendas. Besides, the protracted crisis in Syria as well as the fragile situation in Lebanon continued to impact the stability of the whole Middle East. Libya remained divided, in the grips of an entrenched institutional crisis, and without a consensus on a way forward towards elections. On the other hand, the "Abraham Accords" offer a positive element in respect of the stalled Middle-East Peace Process in the midst of growing tensions between Palestinian and Israelis.

New Partnership Priorities for the period of 2021-2027 were adopted with Jordan and Egypt, following the Association Councils held in summer 2022. For the remaining countries, the previous Partnership Priorities, valid until 2021, were extended (except Morocco, for procedural reasons), and new ones are being negotiated. EU agreed texts were transmitted to Tunisia, Morocco, and Lebanon, and the EU is waiting for the reply of these partners. Work is still ongoing for Algeria. Regarding Palestine and Israel, parallel negotiations could restart soon, given the new impetus after the EU – Israel Association Council and the meeting of the Palestinian Prime Minister with the Foreign Affairs Council in January 2023. The current Action Plans are extended until January 2025. For Syria and Libya, no Joint Documents are under consideration, and EU programming is done under Special Measures (i.e. annually).

DG NEAR continued to roll out the Economic and Investment Plan (EIP) set out in the annex of the February 2021 Joint Communication 'Renewed partnership with the Southern Neighbourhood'<sup>35</sup>. Since 2021, grants totalling EUR 3.3 billion have been committed (EUR 1.6 billion for the year 2022), meaning almost half of the expected EUR 7 billion pledged in the framework of the Joint Communication. Besides, the Neighbourhood Investment Platform (NIP) mobilised EUR 5.7 billion of investments thanks to EUR 362 million of blended grants. The NIP blending instrument continues being deployed in synergy with a new approach (under

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<sup>35</sup> JOIN(2021) 2 final of 9 February 2021

the EFSD+) based on guarantee schemes towards European and International Financial institutions. In 2022, screening of proposals led to the selection of 16 guarantee schemes supporting private sectors operations for a total of EUR 712 million guarantee coverage for the Southern Neighbourhood structured in six specific Investment Windows (Connectivity, Micro Small Medium Enterprises financing, Sustainable Cities, Sustainable agriculture, Sustainable finance, Human development).

Major infrastructure projects were launched in 2022. For example:

- the EC-EIB financed MEDUSA project will lay high capacity optical fiber submarine cable connecting EU countries and the North of Africa, particularly research and education centers in the region (EFSD+ Neighbourhood Investment Platform and EFSD+ Window 1 Guarantee)
- the “Elmed interconnector” is an electricity transmission project to support the construction of a first interconnection between Italy and Tunisia with an undersea high-voltage electricity cable (Connecting Europe Facility)
- the Aqaba Amman Water Desalination and Conveyance Project will enhance water security in Jordan and address the impact of climate change in the region (EFSD+ guarantee and EFSD+ Window 1 Guarantee).

In parallel, work continued to support partner countries’ resilience through programmes addressing inter alia economic recovery, social protection, job creation and agriculture. In particular, the Commission has set up a regional “Food and Resilience Facility” (FRF), worth EUR 225 million for the region, to tackle commodity shortage emergencies triggered by Russia’s unprovoked and unjustified invasion of Ukraine, contribute to balance of payment stabilisation, sustain local social protection and safety net systems. This new Facility comes on top of the EU multiannual support envelopes for the period 2021 – 2024, where agriculture and social protection are important domains of intervention.

The sixth Brussels’ conference on supporting the future of Syria and the region was organised in May 2022, mobilising pledges totalling EUR 6.4 billion for 2022 and beyond. For Lebanon and Jordan, countries surrounding Syria, the EU continued to support provision of essential services, education and health helping both Syrian refugees and hosting communities, while supporting Syrian people inside Syria. In Palestine, the EU continued to finance PEGASE and UNRWA, contributing to maintaining essential public services in the education and health sector in both West Bank and Gaza, supporting social protection, promoting private sector development, in particular through financial instruments, assisting in maintaining the Palestinian character of East Jerusalem and providing an essential lifeline to Palestinian Civil Society Organisations.

In North of Africa, climate issues and environment were addressed through programmes. In Morocco, the Terre Verte programme is a concrete implementation of the EU/Morocco Green Partnership signed in Rabat on 18 October 2022. Algeria 2022 Annual Action programme includes climate action and support to agro-business start-ups. Highly dependent on cereals imports, Egypt benefitted from EUR 100 million of the Food and Resilience Facility. In Libya, 2022 special measures addressed health and climate change and policy dialogue was stepped up in the framework of the Recovery and Peace Building Assessment process. In



Tunisia, the 2022 annual programming worth EUR 170 million, including funds from the Food and Resilience Facility, supported education, sustainable food security, solar energy, and access to finance sectors, in addition to a horizontal technical cooperation facility. However, the uncertainty of the political and socio-economic situation led to the decision not to initiate a new budget support programme and instead to focus on direct support to the Tunisian population.

Continued support to democracy, rule of law and fight against corruption was ensured throughout the region.

At regional level, stability, economic development and regional integration continued to be reinforced through regional cooperation and policy dialogue in the Southern Neighbourhood. This happened against the difficult context with the Southern Neighbourhood being one of the least integrated regions in the world. DG NEAR maintained its support to policy coherence and coordination as well as dialogue with regional organisations such as the Union for the Mediterranean (UfM), the Anna Lindh Foundation or the League of Arab States.

The UfM has proceeded according to the 2022 UfM Work Programme, organizing a number of events and four Ministerial meetings (Water, Research & Innovation, Employment, Gender), thus confirming its convening power. In November 2022, the 7<sup>th</sup> UfM Regional Forum and 4<sup>th</sup> South Neighbourhood Ministerial reiterated the crucial importance of the UfM partnership in a context of volatile geopolitical environment and the unwavering commitment of the EU towards its southern neighbours to create an area of joint prosperity, to promote an international rules based order, and to find shared opportunities in view of the common challenges of climate change and economic disruptions.

In terms of cooperation, new initiatives, such as the regional Team Europe Initiative on “Job creation through trade and investment“, have been launched jointly with Member States and financial institutions to strengthen economic development in the region as well as regional programmes in the fields of security, social economy, and green transition, including through regional blending. Civil Society continued to be supported through a renewed Civil Society Facility for structured dialogue at regional level.

In total, the NDICI financing decisions adopted in 2022 for the ten Neighbourhood South countries and at regional level amounted to EUR 1.7 billion, and payments amounted to EUR 1.5 billion. 2022 was the second year of implementation of the new phase of **EU Neighbours South regional communication programme**, built around four components: 1) opinion polls, 2) strategic communication and crisis communication support to the EU Delegations and regional projects, 3) integrated thematic communication campaigns, and focus on 4) multipliers (youth, media/non-media networks).

The campaigns implemented during 2022 were the following: the “Women in Science” campaign focused on debunking myths about women in science, by showcasing success stories of outstanding women specialised in various scientific fields through various audio-visual products. In total, the publications reached over 670 000 persons, generating over 30 000 engagements. Building on the success of the first #EYESONGREEN edition (2021) part of EU’s Green Deal Agenda, in 2022, the EU Neighbours South environmental campaign

was under the theme #EYESONBLUE, in partnership with SwitchMed (MedWaves), focusing on water issues, fostering blue economy while also benefiting blue entrepreneurs and innovative solutions through a contest. In total, the campaign was covered on social media with 78 publications (60 Posts + 18 Stories) reaching 1 271 000 persons.

For the World Environment Day, the programme chose the #OnlyOneEarth in an effort to join global actions with the support of EU Goodwill Ambassadors and youth from the region. For the World Refugee Day, the EU Neighbours South decided to transform its social media pages into a cinema box office for three days and offer its followers the possibility to watch for free award-winning documentaries and short movies on the topic of refugees. The total reach of the publications was 82,956 with around 470 views of the documentaries.

The closing event of SPEAK UP CULTURE! campaign coincided with the 2nd edition of “Les Assises Internationales du Journalisme” conference in Tunis (17-19 March 2022). During a three-day event, EU Neighbours South organised a roundtable on how to communicate with youth, the closing ceremony of the TANDEM Media Awards, a panel discussion on EU-funded initiatives in the media sector and a workshop on podcast production. All activities were covered on social media reaching over 1,800,000 people and generating more than 230,000 engagements.

In May, on the occasion of the Europe Day, 16 online influencers travelled to Brussels for the “We are in Brussels” event and campaign with the objective to raise awareness about the EU through the “Ask the EU Officials” series, participate in the EU Open Day activities and launch the second phase of the #InTheirEyes campaign. In total more than 30 Posts and 50 Stories were published on EU Neighbours Facebook, Instagram and Twitter account, reaching over 1,060,000 people and generating almost 150,000 engagements.

Finally, to mark the European Year of Youth and the DG NEAR’s EU4Youth Days, the EU NEIGHBOURS South highlighted successful young entrepreneurs from around the Southern Neighbourhood region who received support from the EU through **ten articles** (one per country and one regional) and **eleven videos**. In total, the videos reached over **225,000** people with an engagement rate of almost **55,000**. Campaigns and communication products produced by EU NEIGHBOURS SOUTH were also shared on DG NEARs own social media channels.

### TAIEX and Twinning

In 2022, DG NEAR’s institution-building tools – TAIEX and Twinning – supported the implementation of the Commission priorities in partner countries in a Team Europe approach. High-level flagship TAIEX events were organised in the European Neighbourhood to advance particularly the European Green Deal, digital transformation and the regional **Economic and Investment Plans**.

In parallel, TAIEX and Twinning supported the enlargement process with screening events, peer review missions and tailored activities dealing with the implementation of EU *acquis*. As a consequence of Russia’s unprovoked and unjustified invasion of Ukraine, **TAIEX**

**assistance** supported partner countries in areas such as **enforcing sanctions** as well as **detecting, debunking and exposing disinformation**.

With pandemic-related restrictions on international travel coming to an end, in-person implementation of institution building activities took off in 2022. Overall, TAIEX organised 55% more events in 2022 compared to 2021.

In spite of the very difficult circumstances, **public sector reform cooperation between the EU and Ukraine** continued to develop through virtual and hybrid event formats. 2022 was marked by a 70% increase in the number of TAIEX events delivered for Ukraine compared to the previous year – from 17 to 29. Over 90 public institutions and 1,062 participants from Ukraine took part in TAIEX events.

TAIEX events delivered for Ukraine in 2022 supported the candidate country in aligning its legal system to that of the EU, for instance in the areas of road, rail and maritime transport safety. To address the immediate needs of Ukrainian partners, TAIEX experts supported sea surface monitoring at the Black Sea and the Sea of Azov, as well as shared insights on regulating Unmanned Aircraft Systems. In September 2022, two events supported the Ministry of Veterans Affairs in establishing a system of transition from military career to civilian life.

Long-term institution building cooperation with Ukraine also continued with four [Twinning](#) projects ongoing and 7 EU Member States engaged in project consortia.

## **1.2. General objective 1: A European Green Deal**

**Specific objective 1.1: The implementation of the external dimension of the European Green Deal is supported in partner countries**

The strong ownership of the **Green Agenda for the Western Balkans** was reinforced, with the agreement of the region's leaders on an Action Plan for the implementation of the Sofia Declaration on the Green Agenda for the Western Balkans<sup>36</sup>. The Green Agenda, embedded in the Economic and Investment Plan Communication, provides a framework to guide dialogue and support, enabling the Western Balkans to accelerate their sustainable economic development, their convergence with European standards and being part of the EU twin green and digital transition. Furthermore, the initiative for **Coal Regions in Transition in Ukraine and the Western Balkans** became operational, focusing on the socio-economic transformation of the areas so far dependent on coal, and initiating exchanges of good practices between stakeholders, including coal regions in transition in Ukraine and the Western Balkans and the EU.

Working together with the Eastern Partner countries towards the green transition is one of the key goals for the **Eastern Partnership's** post-2020 agenda and its Economic and

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<sup>36</sup> Available at: <https://www.rcc.int/docs/596/action-plan-for-the-implementation-of-the-sofia-declaration-on-the-green-agenda-for-the-western-balkans-2021-2030>

Investment Plan. Ukraine and Moldova joined the **LIFE programme**<sup>37</sup>, ratifying their adherence in December 2022. Their membership allows them to benefit from additional EU support for mobilising public and private resources for climate action, biodiversity protection, circular economy, and clean energy transition. Regional programmes such as EU4Climate, EU4Energy, and EU4Environment, as well as TAIEX and Twinning, enabled knowledge sharing, policy reform, and institution building. At the same time, DG NEAR continued to support the development of national policies and laws, and unlock investments necessary for greening economies in the Eastern Partnership countries.

In 2022, the implementation of the EU4Environment, Water and Data programme (EUR 12.75 million) started and its first results were delivered. The programme was successful in introducing COVID-19 monitoring in urban wastewater in Armenia, Azerbaijan, Georgia, and Moldova. Also cooperation with Ukraine was established. The process of National Policy Dialogues on water re-started in Armenia and Georgia. Furthermore, the programme launched the development of new river basin management plans in Armenia and Georgia, and continued working on the Dnipro river basin management plan in Ukraine. The EU4Environment, Green Economy programme (EUR 20 million) was extended by another year. In 2022, the results of environmental compliance and enforcement reviews in Armenia and Moldova were published, and the draft review of Georgia was completed. Reports on Green Growth Indicators (GGIs) were issued in Moldova and Ukraine, and a national database with GGIs was set up in Moldova.

In 2022, the implementation of the third phase of the Covenant of Mayors East programme started with the focus on assisting local authorities in the EaP countries in access to finance in order to implement their Sustainable Energy and Climate Action Plans (SECAPs). The programme has encouraged more local authorities to join the new ambitious commitment to cut emissions by 35% by 2030 through delivering targeted support to the signatories.

Phase II (2018-2022) of the Sustainable Urban Development Projects (SUDeP) came to an end in 2022. Overall, 229 residential buildings and 44 public buildings (including kindergartens and schools) were refurbished, 97 renewable electricity systems were installed resulting in considerable energy savings of 31,024 MWh per year and reduction of CO2 emissions of 19,878 tons CO2 per year.

In 2022, Finance and Technology Transfer Centre for Climate Change (FINTECC) programme has been helping SMEs and mid-cap companies to reduce their impact on the environment, as well as their energy and water costs, by adapting innovative and green technologies.

#### **Ukraine – “Black Sea Diary – 2022”: Scientific Research and Art For Displaced Children**

In September 2022, a unique school appeared in Odessa. It united art and science for Ukrainian children from the temporarily occupied territories and territories under the war conditions. Aleksandr Zakletskyi, a marine scientist from Ukraine, put a sad diagnosis: “This year, we face two problems: the Black Sea is dangerous because of mines, and kids from the coastal regions of Ukraine have physiological traumas

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<sup>37</sup> The LIFE Programme is the EU’s funding instrument for the environment and climate action.

because of the war.” The answer to the latter problem was launch the school and its first project called “Black Sea diary – 2022”.

For almost two months, 29 children from Kherson and Kherson Oblast, Mykolaiv, Dnipro and Donetsk Oblast, and Odesa studied at the school. The age of participants was from 5 to 12 years old. At first, marine scientists acquainted them with the Black Sea biodiversity. After this, children had to select their underwater heroes for research. Professional artists helped them to represent marine creatures using various drawing techniques. Because of electricity shortcuts, some of these artworks were made by candle light. Despite difficult conditions, children managed to create 38 portraits of marine inhabitants: crabs, dolphins, jellyfish, different fish species, and even marine turtles and monk seals who once lived in the Black Sea. They also wrote stories about their preferred marine creatures. Some artworks were reproduced on postal stamps and presented during the International Black Sea Day in Odesa.

The project “European Union for Improving Environmental Monitoring in the Black Sea”, together with the creative space “Dialogues” (Odessa) could establish this unique school due to EU funding.

In the **Neighbourhood South**, the **EU-Morocco Green Partnership was signed in October 2022**. This is the first of its kind, providing an overall political framework to strengthen cooperation between the EU and Morocco for the green transition. Furthermore, during COP27 the Renewable Hydrogen Partnership between the EU and Egypt was signed, to accelerate the development of the renewable hydrogen market, in line with REPowerEU. These two partnerships provide the overall political framework for advancing the clean energy transition in the countries. The regional programme ACCA-MED – supporting local level climate change adaptation – was also launched during COP27.

#### EU Neighbours South – Eyes on Blue

The #EyesOnBlue regional competition was organised in collaboration with the EU-funded SwitchMed project to mark the World Oceans Day on 8 June 2022 under the #EUGreenDeal motto. The objective of the campaign was to focus on water issues and scarcity in the region, foster the blue economy and organise a contest benefiting blue entrepreneurs and innovative solutions with a cash and a consultancy prize that could help them sustain and scale up their initiatives. The competition covered 8 countries in the Southern Mediterranean region: Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, Palestine, and Tunisia. In total, the campaign was covered on social media with 78 publications (60 Posts + 18 Stories) reaching 1,271,000 persons



In 2022, the engagement with Türkiye continued on the European Green Deal, in particular on the aspects relevant for the EU-Turkey Customs Union.

**TAIEX** contributed to the European Green Deal through a flagship workshop on biodiversity policy targeting all partner countries. Dedicated events also shared best EU practice in the fields of energy efficiency, waste management, carbon pricing and water management. Through **Twinning**, France and Italy supported Algeria’s General Directorate of Forests in safeguarding the natural heritage of fauna, flora and landscapes.

### 1.3. General objective 3: An economy that Works for People

Specific objective 3.3: Support inclusive and sustainable economic growth, better employment and increased connectivity in partner countries

In 2022, DG NEAR contributed to the completion of Economic Reform Programmes and country-specific recommendations for enlargement countries. It also supported the analysis and reforms proposed in the enlargement package for the Western Balkans and Türkiye.

DG NEAR continued to implement comprehensive public administration and public financial management reform programmes, and it supported socio-economic development through notably the implementation of the Economic and Investment Plans (containing over 80 flagship projects in the three NEAR regions).

To implement the Commission's Economic and Investment Plans for the Western Balkans, Southern Neighbourhood and Eastern Neighbourhood (and thus the Global Gateway initiative), DG NEAR finalised in 2022 the negotiations of several guarantee agreements in the framework of the **European Fund for Sustainable Development Plus**, in particular the 'EFSD+ Window 1' guarantee agreement with the European Investment Bank (enabling EUR 18.1 billion of EIB lending across NEAR regions, mainly for public infrastructure investments), the 'EBRD Financial Inclusion' guarantee agreement (EUR 115 million of guarantee cover for improving MSME access to finance in the Neighbourhood) and the 'EBRD Digital Platform' guarantee agreement (EUR 35 million of guarantee cover for digitalisation investments the Neighbourhood). DG NEAR also assessed and pre-negotiated with implementing partners a set of 27 investment programmes to be supported by EFSD+ guarantees from 2023 onwards (involving EUR 2.4 billion of EU guarantee cover).

In addition, some EUR 240 million of EU contributions were approved for 'blending' under the **Neighbourhood Investment Platform**, filling the financial gap in 11 key infrastructure projects or private sector development programmes that could not be implemented without concessional financing.

In line with the 'policy first' approach, EFSD+ guarantees and blending contributions are being targeted at key policy priorities, such as the green transition, and on flagship projects of the Economic and Investment Plans. Moreover, pre-existing EU guarantees (from MFF 2014-20) were used in a fast manner, in partnership with EIB and EBRD, to support Ukraine's urgent financing needs resulting from Russia's unprovoked and unjustified invasion of Ukraine.

DG NEAR communicated about the signing of a Guarantee Agreement of up to EUR 26.7 billion with the EIB, several EFSD+ guarantee agreements with the EBRD and the first Global Gateway Board meeting. It also contributed to the setting up of the High Level Working Group to seek advice on sustainable finance.

DG NEAR contributed to the successful implementation of the external action under the European Year of Youth, with activities across the three NEAR regions and notably through the development of the Youth Guarantee in the Western Balkans.

**Connectivity actions** continued to be supported in 2022, in line with the twin green and digital transitions and **Global Gateway strategy**<sup>38</sup>. Besides focusing on mobilising the investments needed for sustainable infrastructure, the EU stepped up its efforts to speed up **fundamental reforms, enhance standards**, and improve the **regulatory framework** and **business environment** overall.

Better connecting the economies of the **Western Balkans** - within the region and with the EU - is a priority identified in the Economic and Investment Plan. Since the adoption of the Economic and Investment Plan in October 2020, the Western Balkans Investment Framework (WBIF) endorsed 40 flagship investments for EUR 5.7 billion investments in key areas, notably sustainable transport, clean energy, environment and climate, digital future with infrastructures, competitiveness of the private sector, support to sustainable health and education infrastructures. The European Union contributed with EUR 1.8 billion in grants to these investments. Furthermore, 12 guarantees will benefit from up to EUR 729 million in EU guarantee agreements. Of these, 6 guarantees, endorsed at the end of 2022, focus on the energy sector, with EUR 230 million WBIF grants support, mobilising EUR 419 million guarantee coverage.

In the **Eastern Neighbourhood**, work progressed in the **energy sector** to achieve the post-synchronisation process of the Ukrainian and Moldovan electricity grids with the EU, which will have an important impact on improving energy security in the region. Assistance was provided both in terms of technical assistance for the transposition and alignment work with EU acquis and investment grants for infrastructure such as sub-stations and transmission lines. Technical assistance on EU energy acquis alignment was provided across the region, contributing to the implementation of Association Agreements, Deep and Comprehensive Free Trade Agreements (DCFTAs), and the CEPA with Armenia. These measures will contribute to the stability and efficiency of regional energy systems, creating the necessary conditions for diversification of supply and increased energy security. On **transport**, the implementation of the Eastern Partner countries' priority investments included in the Indicative **TEN-T Investment Action Plan** are progressing with approx. 2,700 km underway or completed.

In the **Southern Neighbourhood**, priorities remain **access** to secure, sustainable, affordable and reliable energy supply, enhanced energy **governance** by accompanying ambitious structural reforms, harmonisation of stable legislative and **regulatory frameworks**, paving the way for **systems'** (and longer-term market) **integration**. The development of the Mediterranean Network Development Plan was pursued under the leadership of the Association of Mediterranean Transmission System Operators (MED TSO). On **transport**, work started on the preparation of the 2021-2027 Regional Transport Action Plan (RTAP), which was expected to be adopted at the UfM Ministerial on Transport in 2022. As the Ministerial was postponed, the regional action plan is expected to be adopted in the first quarter of 2023.

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<sup>38</sup> Available at: [https://ec.europa.eu/info/sites/default/files/joint\\_communication\\_global\\_gateway.pdf](https://ec.europa.eu/info/sites/default/files/joint_communication_global_gateway.pdf)

**TAIEX** contributed to building an economy that works for people through a dedicated capacity building workshop for Albanian officials involved in the preparation of the country's Economic Reform Programme. In addition, a **Twinning** project, led by Slovakia together with Estonia and Spain, supported the drafting of a new legal framework to improve employment conditions as well as health and safety at work in Georgia.

## **1.4. General objective 2: A Europe fit for the digital age**

### **Specific objective 2.1: Increased take-up of digital opportunities in partner countries**

DG NEAR continued to work towards increasing the take-up of digital opportunities in the enlargement and neighbourhood countries by further strengthening the institutional capacities, with a particular focus on e-governance and data protection, and supporting the development of digital skills and high-tech entrepreneurship.

For the **Western Balkans**, the Economic and Investment Plan continues to be the main framework for advancing the digital transition in the region. Work on the Common Regional Market also progressed, including on the regional digital area. Building on the successful introduction of the Roam Like At Home regime in 2021, efforts in 2022 focused on advancing discussions around a voluntary agreement to lower roaming charges between the Western Balkans and the EU. Work is now progressing on a roadmap to this end.

In the **Eastern Neighbourhood**, DG NEAR quickly repurposed key components of its assistance to support Ukraine's digital sector following the start of Russia's unprovoked and unjustified invasion of Ukraine. DG NEAR also extended the EU4Digital initiative and continued to support strong cooperation networks between Eastern Partnership countries, with the aim of closing the digital gap, promoting investments and driving the EaP countries' integration with the EU digital market. In particular, DG NEAR supported the roll-out of broadband connectivity in rural areas in Azerbaijan and in Georgia, while also connecting 360 Eastern Partnership Research and Education Institutions with their EU counterparts. Via the EU4Digital initiative, DG NEAR launched the Eastern Partnership start-up ecosystem platform, which brings 2,500 EaP digital start-ups just one click away from the EU start-up ecosystem. The EU4Digital initiative also completed key projects in the fields of e-commerce, e-customs and e-signature to extend the benefits of the EU Digital Single market to EaP citizens.

In the **Southern Neighbourhood**, the Commission continued to work on the harmonisation of rules in the telecom sector (EMERG) and provided high quality access to the EU research and innovation network GEANT through the EUMedConnect programmes. The regional flagship project MEDUSA was also launched. It will bring high speed internet connectivity to North Africa, in particular for the research and innovation sector. It will also open up opportunities for furthering e-services, as well as e-commerce and innovative business opportunities.

**TAIEX** contributed to the general objective of a Europe fit for the digital age with dedicated events targeting neighbourhood and enlargement partners. Through a regional workshop, officials from the Eastern Partnership countries learned best EU practices on building



broadband infrastructure and services maps, and using this data to support digital ecosystem development. A **Twinning** project assisted in the fight against cybercrime in Bosnia and Herzegovina via trainings and support in drafting legislative improvements.

## 1.5. General objective 5: Promoting our European Way of Life

### Specific objective 5.1: Effective migration management with partner countries in place

In 2022, DG NEAR continued to play a pivotal role in supporting effective migration management in partner countries, while adapting its actions to arising challenges, in line with the Pact on Migration and Asylum launched in September 2020.

In **North Africa**, migratory pressure in the aftermath of the COVID-19 pandemic reached levels similar or higher than those of 2017, with arrivals via the Central Mediterranean route seeing an increase of over 55% in comparison to 2021. To address the immediate challenges along this migratory route, the Extraordinary Justice and Home Affairs Council adopted on 25 November 2022 an EU Action Plan for the Central Mediterranean<sup>39</sup>.

Following the end of the **EU Emergency Trust Fund for Africa** (EUTF) contracting period in December 2021, no new operational commitments were signed in 2022 and the focus shifted towards the efficient and effective implementation of ongoing projects. 22 contract amendments were signed, mainly to extend the duration of ongoing projects and/or to restructure the budget due to difficulties in implementing certain types of activities such as missions, events or trainings during the COVID-19 pandemic.

To continue and build on successful actions under the EUTF, the Multiannual Indicative Programme (MIP) for a multi country migration Programme of the Southern Neighbourhood (2021-2027) was adopted in November 2022, in the framework of the **Neighbourhood, Development and International Cooperation – Global Europe Instrument** (NDICI). In terms of amounts for North Africa, DG NEAR committed approximately EUR 373 million in 2021 and 2022, whereas EUR 208 million have also been secured for 2023. In this context, seven new actions were adopted during 2022.

Recent actions have targeted in particular **Libya, Egypt and Tunisia**, precisely to address the issue of irregular migration through strengthened border management (approximately EUR 10 million for Libya, EUR 35 million for Tunisia and EUR 23 million for Egypt), while ensuring the protection of migrants and refugees and supporting voluntary returns in North Africa. Moreover, EUR 150 million of budget support on migration were committed for **Morocco**, and regional initiatives against migrant smuggling and human trafficking were also supported.

In addition, a **strategic support package** of EUR 5.7 billion had been decided in 2021 for refugees and host communities in **Türkiye, Jordan, Lebanon, Iraq and Syria**. In, December 2021, the Commission announced that EUR 3 billion from the strategic support package would

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<sup>39</sup> EU action plan for the Central Mediterranean (2022): [https://home-affairs.ec.europa.eu/eu-action-plan-central-mediterranean\\_en](https://home-affairs.ec.europa.eu/eu-action-plan-central-mediterranean_en).

be mobilised in support for refugees and host communities in Türkiye for the period of 2021-2023 (post-EU Facility for Refugees in Turkey financial package). EUR 250 million out of this package concerns IPA III projects in support of refugees and host communities and border management, and EUR 150 million is earmarked under DG HOME (DG for Migration & Home Affairs) funds.

Furthermore, EU support in response to the **Syrian crisis** focuses on system strengthening, ensuring access and delivery of basic services (such as education, social protection, primary health care, water and sanitation and livelihoods), and sustainability. In 2022, EUR 234 million were adopted to address the needs of refugees from Syria and host communities in **Lebanon** and in **Jordan** (EUR 154 million and EUR 80 million respectively) and EUR 46 million were adopted in support of the Syrian people, focusing on resilience and early recovery needs.

Although formally ended in December 2021, throughout 2022 the EU Regional Trust Fund in Response to the Syria Crisis remained a major EU tool to address the needs of refugees from Syria and host communities in neighbouring countries, reaching more than 9.5 million people since its inception. Amounts paid out in 2022 were EUR 202.4 million, in line with initial forecasts for the year. In addition, the annual financial execution indicates a decreasing trend which is in line with the end of the Trust Fund (the latest date for operational implementation is June 2025). Early 2023, the Madad Trust Fund had still 87 ongoing projects with implementation activities across the region.

**EU Neighbours South – World Refugee Day**



On 20 June, the World Refugee Day, the EU Neighbours South transformed its social media into a cinema box office for three days and offered its followers the possibility to watch for free award-winning documentaries and short movies on the topic of refugees. Six films from Arab and international productions were broadcasted exclusively on the EU Neighbours South platform. The total reach of the publications was 82,956 with around 470 views

In the **Western Balkans**, phase III of the Regional Support to Protection-Sensitive Migration Management Systems continued to build capacities in all areas of migration management. In terms of the actions adopted during the reporting period under 2022 IPA III, those focused, among others, on strengthening the response capacity to manage migration flows, implementing protection-sensitive migration management systems, and enhancing border security. This includes four bilateral actions targeting **Albania, North Macedonia, Bosnia and Herzegovina and Montenegro**, and a EUR 30 million regional action to step-up investigation and prosecution of organised crime groups involved in

smuggling of migrants and trafficking in human beings. A further Individual Measure to increase capacities in border management was adopted for EUR 39.2 million, covering Bosnia and Herzegovina, Serbia, Kosovo and Montenegro. These bilateral and regional actions will continue to bring the region closer to the EU by strengthening all aspects of migration management.

In the context of **Russia's unprovoked and unjustified invasion of Ukraine**, examples of our unequivocal **support to Ukraine** include a EUR 152 million allocation in grants to provide housing for Internally Displaced Persons, EUR 68 million in grants for the rehabilitation and reconstruction of damaged critical infrastructure, and EUR 146 million in grants for the construction of winterized emergency shelters solutions.

Cooperation on migration and integrated border management is a specific objective in the Multi-annual Indicative Programme for the **Eastern Neighbourhood** 2021–2027. As a result of Russia's unprovoked and unjustified invasion of Ukraine, millions of people were forced to flee. Moldova as a neighbouring country became one of the main host countries, putting national structures under significant pressure. Under the Regional Action Programme for 2022, the EU supported the **Moldovan border police** by expanding the mandate of the European Union Border Assistance Mission to Moldova and Ukraine (EUBAM), including EUR 15 million in financial assistance, and mobilised EUR 13.4 million to support Integrated border management at the EU's borders with Moldova and Ukraine. Concrete support was also provided to the transit, repatriation and reintegration of affected people in Moldova (EUR 15 million). Moreover, regional funds were repurposed to support emergency needs in Ukraine (EUR 29 million) and Moldova (EUR 7 million), including support for Ukrainian refugees.

## **2. MODERN AND EFFICIENT ADMINISTRATION AND INTERNAL CONTROL**

This part explains how the DG delivered the achievements described in part 1. It is divided into two subsections. The first subsection reports the control results and all other relevant information that supports management's assurance on the achievement of the financial management and internal control objectives. The second subsection deals with the other components of organisational management: human resources, digital transformation and information management, and sound environmental management.

### **2.1. Financial management and internal control**

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

This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. The results are explicitly documented and reported to the Director-General through several reports, which are listed in Annex 7. The systematic analysis of the available evidence provides sufficient guarantees as to the completeness and reliability of the information reported and results in the full coverage of the budget delegated to the Director-General of DG NEAR. DG NEAR also prepares an annual report to DG INTPA on the co-delegation of DG INTPA to DG NEAR for the management of the North of Africa window of the EU Emergency Trust Fund for Africa.

This section covers the control results and other relevant elements that support the management assurance. It includes all additional information necessary to establish that the available evidence is reliable, complete and comprehensive, appropriately covering all activities, programmes and methods of implementation relevant to the DG. It is structured into 2.1.1 Control results, 2.1.2 Audit observations and recommendations, 2.1.3 Effectiveness of internal control systems, and resulting in 2.1.4 Conclusions on the assurance.

#### **2.1.1. Control results**

This section reports and assesses the elements identified by management, which support the assurance on the achievement of the internal control objectives (ICO)<sup>40</sup>. The DG's building blocks for the assurance and materiality criteria are described in Annex 5. Annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

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<sup>40</sup> 1) Effectiveness, efficiency and economy of operations; 2) reliability of reporting; 3) safeguarding of assets and information; 4) prevention, detection, correction and follow-up of fraud and irregularities; and 5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 36.2).

The breakdown of the total payments and contributions processed in 2022 by DG NEAR is presented in the table below<sup>41</sup>.

RCS	Relevant Control System	2022 payments and contributions (EUR)					
		EU Budget	%	EU TF MADAD	%	Total paid	%
1	Grants in Direct Management	833 044 918	15%	39 143 856	19%	<b>872 188 774</b>	<b>15%</b>
2	Procurement in Direct Management	249 212 013	4%	2 875 469	1%	<b>252 087 482</b>	<b>4%</b>
3	Budget Support (BS)	1 384 649 395	24%	14 010 000	7%	<b>1 398 659 395</b>	<b>24%</b>
4	Indirect Management with Beneficiary/ Partner countries (IMBC)	459 498 711	8%			<b>459 498 711</b>	<b>8%</b>
5	Indirect Management with Entrusted Entities (IMEE)	1 425 300 974	25%	145 162 710	72%	<b>1 570 463 684</b>	<b>27%</b>
Other payments	PEGASE	115 856 144	2%			<b>115 856 144</b>	<b>2%</b>
	Other contracts/payments	17 643 006	0.3%	1 272 250	1%	<b>18 915 256</b>	<b>0.3%</b>
	Administrative expenditure	3 673 767	0.1%			<b>3 673 767</b>	<b>0.1%</b>
Contributions	EU Trust Funds	280 209 249	5%			<b>280 209 249</b>	<b>5%</b>
	Common Provisioning Fund (CPF)	949 089 357	17%			<b>949 089 357</b>	<b>16%</b>
<b>Total payments and contributions</b>		<b>5 718 177 534</b>	<b>100%</b>	<b>202 464 285</b>	<b>100%</b>	<b>5 920 641 818</b>	<b>100%</b>
<b>RSC coverage (on payments and contributions)</b>		<b>4 351 706 010</b>	<b>76%</b>	<b>201 192 035</b>	<b>99%</b>	<b>4 552 898 045</b>	<b>77%</b>

DG NEAR has categorised its portfolio and described five major relevant control systems (RCS) corresponding to methods of implementation<sup>42</sup>. The five RCS cover 97% of the 2022 payments<sup>43</sup> and 77% of the overall payments and contributions.

DG NEAR registered for the first time in 2022 contributions to the Common Provisioning Fund (CPF). Since January 2021, the CPF manages the safety buffers (provisions) for budgetary guarantees and financial assistance programmes underpinned by the Union budget in one common portfolio. The provisions held in the CPF constitute the capital buffer for absorbing claims arising from project defaults or other losses experienced by implementing partners in respect of investment operations or from financial assistance loans supported by EU guarantees. The five RCS plus the contributions to CPF represent 93% of the total payments and contributions.

DG NEAR relies on the residual error rate (RER) study to identify residual errors not detected by the internal control system, and to conclude on its effectiveness. The RER study covered

<sup>41</sup> The table does not include transactions under the technical code LIGA (Liquidity Fund for Guarantee Agreements) related to the financial guarantees from the External Lending Mandate (ELM). 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.

<sup>42</sup> In general, a RCS is developed when the total amount contracted or paid represents at least 10% of the total DG's amount. The description of the five RCS is provided in Annex 6.

<sup>43</sup> 97% is obtained by comparing the payments for the 5 RCS (EUR 4 552 898 045) to the overall payments excluding contributions to CPF and to EU Trust Funds (EUR 4 691 343 212).

all types of payments made by DG NEAR, except administrative expenditure (representing 0.1% of the overall payments and contributions).

For information about non expenditure items (assets, liabilities and off balance), please see section 2.1.1.c.

Cost-effective controls are those, which are effective to fulfil the intended control objectives in an efficient manner and at a reasonable cost. In order to decide whether controls are cost-effective, it is necessary to assess their effectiveness, efficiency and economy. This sub-part is structured around these three concepts.

In line with the 2018 Financial Regulation, DG NEAR's assessment for the new reporting requirement is as follows:

- 41 cases of "Derogations from the principle of non-retroactivity of grants agreements pursuant to Article 193 FR" (Financial Regulation Article 193.2), out of which:
  - 7 cases for which DG NEAR paid costs incurred before the submission of the application, for reasons of extreme urgency in crisis management aid or in other exceptional and duly substantiated emergencies;
  - 34 cases of grants awarded for an action that has already started prior to the signature of the agreement but after the submission of the proposal.
- 7 cases of Financial Framework Partnerships >4 years (FR art 130.4) endorsed in 2022, all for IPA III (one per beneficiary country).

No cases to be reported for:

- "confirmation of instructions" (FR art 92.3);
- financing not linked to costs (FR art 125.3);
- flat-rates >7% for indirect costs (FR art 181.6).

## **1. Effectiveness of controls**

### **a) Legality and regularity of the transactions**

#### **The Residual Error Rate Study**

The residual error rate (RER) study allows for the evaluation of the effectiveness of the overall control framework. The RER indicator is designed to reveal residual errors not detected by the internal control system, and to conclude on its effectiveness. A residual error rate below the materiality threshold of 2% is a strong indicator that the controls put in place at all levels of the DG are effective. Moreover, besides the overall error rate, the RER study identifies the common types of error, thus contributing to preventing recurrent errors.

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 detailed procedures describing the work performed in the RER exercise are set out in the “Methodology and Instruction Manual”. DG NEAR regularly updates the RER methodology, taking account of the recommendations by the Court of Auditors and the IAS.

In order to detect weaknesses, DG NEAR has categorised its portfolio and described **five major relevant control systems (RCS)** corresponding to methods of implementation. In addition, DG NEAR has developed risk indices to better support the assessment by RCS. A notional indicative error rate for each RCS is calculated to add information on risks in the various methods of implementation.

Moreover, as of 2019, following a high error rate in grants under direct management, the **number of grant transactions was increased<sup>44</sup>** and more precise guidelines on checking second-level procurement were given to the RER contractor.

The main error rate includes all relevant control systems, except IMBC IPA (Indirect Management with Beneficiary countries under IPA). The grant error rate is calculated on the results of ex post controls on grants from the additional sample. In 2022, the grant error rate is equal to 1.35%, hence below materiality.

The residual error rate for the DG (global error rate), is **below materiality** (1.00%).

<b>DG NEAR residual error rates in 2022</b>	
<b>Main</b>	<b>1.04%</b>
<b>IMBC IPA</b>	<b>0.06%</b>
<b>Grants</b>	<b>1.35%</b>
<b>Global (DG derived) error rate</b>	<b>1.00%</b>

The RER study is based on a sample (drawn by monetary unit sampling) of a minimum of 516 intervals in a population of contracts closed in the period September 2021 to August 2022. The multiannual nature of DG NEAR’s programmes is taken into account in this methodology, as the contracts closed during the said period and considered for the monetary unit sampling were implemented over a period of several years.

The 2022 RER population **included the six TAIEX contracts**, which were excluded from the 2021 RER study as not completely closed at the time of sampling (operationally closed in previous years, but the main commitment was closed only at the end of 2021).

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<sup>44</sup> The number of grant transactions included in the global rate was increased in response to a recommendation issued by the ECA in its annual report for 2017. The purpose of the additional grant sample is to provide the Commission with corroborative information complementing the grant-related information provided by the main sample.

From the 2022 RER population **three “old contracts” were excluded**<sup>45</sup>, in compliance with the strict criteria set in the RER methodology:

- contracts characterised by no operational activity in the **last eight years** and/or
- contracts on which no controls in the **last five years** were implemented.

In addition, in 2022, DG NEAR suspended the RER ex post controls for contracts implemented in Ukraine, Russia and Belarus, due to the political situation and the subsequent impossibility to communicate with and obtain cooperation from the national authorities and the majority of beneficiaries in these countries. The contracts closed between September 2021 and August 2022 related to Ukraine, Russia and Belarus will be included in the RER population once the political situation allows DG NEAR to resume the ex post controls. More information on the reasons for exclusion and analysis of impact are provided in Annex 7. A reservation covering the situation in Ukraine has been raised and a deficiency having a major impact on the internal control has been registered (see section 2.1.3) in relation to the overall impact of Russia’s unprovoked and unjustified invasion of Ukraine on the implementation of the control strategy. The action plan of the reservation will be followed-up and the impact of the deficiency will be monitored and the corrective and preventive measures will be undertaken, if necessary.

**Upper and lower error limits**

The weighted upper error limit is 2.92% and the lower error limit is 0.13%. The breakdown of the upper error limit is as follows:

	<b>Upper error limit</b>	<b>Weighted contribution to limit</b>
<b>Main</b> (RCS 1, 2, 3, 5)	2.92%	2.81%
<b>IMBC IPA</b> (RCS 4)	1.78%	0.07%
<b>Total</b>		<b>2.88%</b>

**Categorisation of the different control environments**

The assessment based on the 2022 RER study takes into account weaknesses in specific parts of the portfolio. To detect them, DG NEAR has categorised its portfolio and described **five major relevant control systems** (RCS). These are defined in terms of *methods of implementation*. As a general rule, a new RCS is developed when the total amount contracted or paid represents at least 10% of the total amount of the year for the DG. DG NEAR has also developed risk indices to better support this assessment by RCS, as recommended by ECA. Annex 6 provides more detail on the RCSs for budget implementation. Under **Direct Management**<sup>46</sup>, funds are channelled to the final recipients

<sup>45</sup> In its Annual report for 2021, the ECA recommended DG NEAR to disclose the closed contracts not included in the RER population from which the sample is drawn.

<sup>46</sup> The Pegase mechanism to channel Direct Financial Support to the Palestinian institutions is implemented under a specific set of controls.



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) and
- Budget Support (RCS 3).

Under **Indirect Management**, the final recipient receives EU funds through a contract signed with an intermediary to whom the Commission has entrusted the tasks of selecting the final recipients and managing the resulting contracts (budget-implementation tasks). The recipient is either a country (Indirect Management with Beneficiary/partner Countries, IMBC) or an Entrusted Entity (Indirect Management Entrusted Entity, IMEE), such as an International Organisation or Member State Agency. The significant control environments identified are:

- IMBC (RCS 4) and
- IMEE (RCS 5).

The five RCS cover 77% of the overall 2022 payments and contributions, and 97% of the payments.

### Overview of indicative error rates per RCS

	RCS 1	RCS 2	RCS 3	RCS 4	RCS 5
	Direct Grants	Procurement	Budget Support	IMBC	IMEE
% on payments and contributions	15%	4%	24%	8%	27%
Risk level	Moderate	Low	Low	Low	Moderate
Indicative RER	1.40%	0.32%	0.26%	0.82%	1.93%
Reservation	No <sup>47</sup>	No	No	No	No

Specific notional indicative error rates per RCS are calculated since 2017. They are based only on the main sample of the RER study (without considering the additional sample of IMBC IPA and grants). Therefore, these **specific error rates are indicative** and complement the information provided by the residual error rates reported above in the table “DG NEAR Residual Error Rates in 2022”. The specific error rates are used to calculate the overall estimated risk at payment and at closure (see table below) but they cannot be considered representative of the residual error in the related RCS; they represent the best estimate of the DG based on the RER study.

### Benefits of controls

DG NEAR has in place an effective mechanism for correcting errors, through ex ante and ex post controls, resulting in preventive and corrective measures, respectively. During the

<sup>47</sup> The grant error rate for the RCS 1 is based on the results for direct grants in the main sample only. The grant error rate, including grants from additional grant rate, is equal to 1.35%. This rate, based on a bigger sample, determines whether a reservation is necessary.

reporting year the executed corrective capacity amounted in total to EUR 64.45 million<sup>48</sup>. Please see table below for details.

Benefits of controls: non-quantifiable benefits relate to sound financial management as confirmed by the Residual Error Rate (below 2%).

	Preventive measures (m EUR)	Corrective measures (m EUR)
<b>Implemented by the Commission</b>	<b>59.97</b>	<b>4.48</b>
<i>of which from EU controls</i>	59.97	4.48
<b>DG NEAR total</b>	<b>59.97</b>	<b>4.48</b>

### Estimated risk at payment and at closure

DG NEAR's relevant expenditure, its estimated overall risk at payment, estimated future corrections and risk at closure are set out in the tables below.

**Table: Estimated risk at payment and at closure (amounts in EUR million)**

The detailed version of this table is provided in Annex 9.

DG NEAR	Payments made	Relevant expenditure	Estimated risk (error rate %) at payment		Estimated future corrections and deductions		Estimated risk (error rate %) at closure	
	m EUR	m EUR	m EUR	%	m EUR	%	m EUR	%
RCS 1 - Grants in Direct Management	872.19	697.14	10.46	1.50%	0.70	0.10%	9.76	1.40%
RCS 2 - Procurement in Direct Management	252.09	271.79	1.14	0.42%	0.27	0.10%	0.87	0.32%
RCS 3 - Budget Support	1 398.66	1 398.66	5.04	0.36%	1.40	0.10%	3.64	0.26%
RCS 4 - IMBC	459.50	494.82	4.55	0.92%	0.49	0.10%	4.06	0.82%
RCS 5 - IMEE	1 570.46	1 200.13	24.36	2.03%	1.20	0.10%	23.16	1.93%
Other payments	138.45	130.64	2.61	2.00%	0.13	0.10%	2.48	1.90%
Contributions to CPF	949.09	949.09	0.00	0.00%	0.00	0.00%	0.00	0.00%
<b>DG NEAR (excluding contributions to EUTFs)</b>	<b>5 640.43</b>	<b>5 142.26</b>	<b>48.16</b>	<b>0.94%</b>	<b>4.19</b>	<b>0.08%</b>	<b>43.97</b>	<b>0.86%</b>

Additional information on EUTFs	Payments made	Relevant expenditure
	m EUR	m EUR
Contributions to Africa TF	95.00	95.00
Contributions to Syrian Crisis (Madad)	185.21	185.21
<b>Total DG NEAR</b>	<b>5 920.64</b>	<b>5 422.46</b>
<b>of which T004 : Syrian Crisis (Madad)</b>	<b>202.46</b>	<b>601.33</b>
<b>of which EU Budget</b>	<b>5 718.18</b>	<b>4 821.13</b>

The estimated overall risk at payment for 2022 expenditure amounts to EUR 48.16 million, representing 0.94% of the DG's total relevant expenditure for 2022. The estimated risk at payment for each RCS is based on the indicative error rates per RCS from the main sample. Due to the nature of the underlying transactions, the *Contributions to CPF* are considered as not affected by risk of error. This is the AOD's best, conservative estimate of the amount of relevant expenditure during the year not in conformity with the contractual and regulatory provisions applicable at the time the payment was made.

<sup>48</sup> This is the sum of ineligible expenditure detected by ex ante controls (EUR 59.97 million) and recovery orders for ineligible expenditure (EUR 4.48 million).

This expenditure will subsequently be subject to ex post controls and a proportion of the underlying errors will be detected and corrected in subsequent years. The conservatively estimated future corrections for 2022 expenditure amount to EUR 4.19 million.

The difference between those two amounts results in the estimated overall risk at closure of EUR 43.97 million, higher than in 2021 (EUR 31.55 million); this is due to the higher amount of relevant expenditure in 2022, as the estimate risk at closure in percentage decreased (from 1.08% to 0.86%).

For an overview at Commission level, the DGs' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated in the Annual Management and Performance Report (AMPR).

#### b) Fraud prevention, detection and correction

DG NEAR has developed and implemented its own **anti-fraud strategy (AFS)** since 2014, on the basis of the methodology provided by OLAF. It was last updated in March 2021 and it will be updated again in 2024. The implementation of the strategy is being monitored through the follow-up of annual action plans and reported to the Commissioner and to management at least twice a year. All necessary actions under the 2022 Action Plan have been implemented. However, it was not possible to draw statistics on attendance of anti-fraud trainings by NEAR staff in HQ and Delegations due to data privacy requirements. The conclusion of the working group on a specific fraud risk was slightly delayed and the action plan is being adopted at the beginning of 2023.

DG NEAR also contributed to the **Commission anti-fraud strategy** and the related Action Plan. There are no outstanding actions under the remit of DG NEAR. The revision of the action plan is currently ongoing and DG NEAR will contribute accordingly.

Concerning **financial recommendations**, DG NEAR has contributed to the financial monitoring exercise launched by OLAF, covering 35 recommendations in total. In addition, at the end of 2022, regarding the 29 financial recommendations issued between 2018 and 2022:

- 28% have been fully implemented (DG NEAR recovered 90% or more of the amounts initially recommended by OLAF);
- 13% have been partially implemented and are closed;
- 16% have not been implemented;
- 38% are still ongoing (cases are open for follow-up): in 67% of these cases the AOSDs have established the recovery of 90% or more of the amounts recommended by OLAF but the recoveries are still ongoing;
- 6% are under analysis by the competent AOSDs, since they required to take additional steps (e.g. to verify the amounts already recovered by the IMBC contracting authority) or are actually suspended upon request of the national judicial authorities (because of ongoing criminal proceedings).

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 or initiate recoveries (for example, because EU funds are not affected by the identified wrongdoings, or the irregular amounts have already been declared ineligible during project implementation);
- For the ongoing cases, the delays are mostly due to payments in instalments or enforcement of recoveries managed by the Legal Service (e.g. entities in liquidation or bankruptcy).

For the cases which have been closed (partially or fully implemented), DG NEAR was able to recover almost 70% in respect of the initial amounts recommended by OLAF (EUR 4.3 million).

Finally, the additional significant results achieved during the year thanks to the **anti-fraud measures** in place can be summarised as follows:

- 100% of OLAF recommendations issued in 2022 have been assessed by the competent AOSDs within the deadline of three months (compared to 70% in 2021 and less than 35% in 2020);
- 9 outstanding OLAF recommendations have been closed in 2022, as a result of the systematic follow-up and monitoring in place;
- 13 administrative recommendations were subject to the monitoring exercise run by OLAF:
  - Six are considered closed by DG NEAR.
  - Five 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 three cases, while in two DG NEAR is preparing the referral.
  - Two are currently suspended (because of an ongoing criminal investigation and because of an ongoing bankruptcy procedure).
- In terms of fraud prevention, several awareness-raising initiatives (training, staff seminars, conferences, staff notes and reports, newsletters, survey) have been organised. In particular, a factsheet on anti-fraud for implementing partners was prepared and an anti-fraud staff survey was finalised at the beginning of 2022.
  - More than 750 DG NEAR staff members participated in the anti-fraud survey. The results showed, in general, a good status of the anti-fraud environment and framework in the DG. No deficiencies were identified, but areas for improvement were noted in terms of participation to trainings and of awareness on some topics such as red-flags. An action plan has been drafted and is being implemented.

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

- c) Other control objectives: safeguarding of assets and information, reliability of reporting (if applicable)

## Safeguarding of assets

The financial assets of DG NEAR consist of the following elements:

- Pre-financing, long-term and short-term;
- Holdings in financial instruments, plus cash and cash equivalents associated with those financial instruments.

In order to protect the budget of the Union, DG NEAR procedures require the proper management of its pre-financing (pre-financing paid kept to the minimum possible, clearing completed regularly on the basis of the financial reports and audits or contractual benchmarks). In addition, DG NEAR requests and keeps in safe custody appropriate guarantees on pre-financing. Partner International Financial Institutions also submit annual reports on the financial instruments (including any associated cash holdings). Cash payments to these financial instruments reflect the minimum required for operational effectiveness.

The table below shows the value of assets, liabilities and off balance, in case they are above the established thresholds for being reported in the AAR. The other items from and off the Balance Sheet are presented in Annex 3.

Assets, Liabilities and Off Balance items		EU Budget	EU TF MADAD	TOTAL
<b>ASSETS</b>	<b>Cash and cash equivalent</b>	<b>202 416 400</b>	<b>34 362 966</b>	<b>236 779 366</b>
<b>LIABILITIES</b>	<b>Non-Current Financial Liabilities</b>	<b>-50 148 314</b>	<b>-86 317 787</b>	<b>-136 466 101</b>
	<b>Current Financial Liabilities</b>	<b>-2 506 259 920</b>	<b>0</b>	<b>-2 506 259 920</b>
<b>OFF BALANCE</b>	<b>Contingent Liabilities</b>	<b>-33 897 897 745</b>	<b>0</b>	<b>-33 897 897 745</b>
	<b>Other Significant Disclosures</b>	<b>-63 782 100 078</b>	<b>-221 320 331</b>	<b>-64 003 420 410</b>

In particular, Cash and cash equivalent are mainly represented by fiduciary accounts held on the Commission's behalf by entrusted entities managing financial instruments and by EUTF MADAD's current central account.

In addition, Non-Current and Current Financial Liabilities are mainly represented by the liabilities related to budgetary guarantees and financial instruments and by the current liabilities from the EUTF MADAD due to the difference between the net contributions (from the Commission, the Member States and non-Member States) and the net expenses in 2022.

The two off balance items (Contingent Liabilities and Other Significant Disclosure) are mostly arising from:

- ceilings on budgetary guarantees (around EUR 49 billion);
- contingent liabilities related to financial instruments and budgetary guarantees, whereby the financial liability of the Union is only partially covered by EU money set aside in a guarantee fund (around EUR 34 billion),
- amount remaining to be paid on budgetary commitments (also called RAL, "Reste à liquider", around EUR 15 billion);
- contingent liabilities for legal cases (around EUR 38 million).

An important control objective relates to the credit risk involved in the contingent liabilities created through budgetary guarantees agreements. The credit risk team (common unit NEAR/INTPA) independently assesses, before and during the lifetime of the guarantee agreements, the credit risk for the Commission related to each operation or portfolio of operations, so that the risk is kept to an acceptable level. For more details, please see Annex 6.

## Reliability of reporting

Reporting on activities gives a true and fair view of the main risks and constraints, the performance of the DG assessed against defined benchmarks and the possible mitigating measures. Benchmarking is implemented through the key performance indicators (KPIs) in the EAMR and AOSD reports. A single reporting framework has been introduced for Enlargement and Neighbourhood, building on the KPIs and the related EAMRs. The objective of this reporting structure is to have a solid basis for the DG's AAR. The risk assessment, audit plan and control plan have been integrated into the overall process leading to the DG's Management Plan. The list of the reports produced by the DG is provided in Annex 7.

### 2. Efficiency of controls

The Financial Regulation requires reporting on three efficiency indicators:

1. **time-to-inform** (Art. 194.2 FR), which measures the average time taken to inform applicants of the outcome of the evaluation of their application (from the final date for submission of complete proposals); a maximum of six months should elapse
2. **time-to-grant** (Art 194.2 FR), which measures the average time taken to sign grant agreements or notify grant decisions (from the date of informing applicants that they have been successful); a maximum of three months should elapse;
3. **time-to-pay** (Art 116.1 FR), as represented by the Commission standard "timely payments (%)" indicator (the percentage of the amount paid on time - within the contractual payment deadline – on the overall amount paid), as reported also in the Financial Scorecard (Annex 4).

In addition, DG NEAR monitors 29 key performance indicators (KPIs) on an annual basis grouped around three objectives:

1. Sound Financial Management and Efficient Use of EC Resources (KPI 1 to 16)<sup>49</sup>;
2. Effectiveness of Internal Controls (KPI 17 to 23);
3. Effectiveness of Audit systems (KPI 24 to 29).

These indicators represent an additional layer in the internal control structure of the DG, monitoring that the achievement of the general objectives is sound, efficient and effective. The KPIs are periodically reviewed and adapted, in agreement with DG INTPA. In particular,

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<sup>49</sup> Including KPI 5 on average time-to-grant and KPI 13 on % of payments paid in the reporting period that respected the contractual payment deadline (this KPI differs from the standard Commission "timely payments" indicator since it is based on the number of payments and not on their value).

a new KPI has been introduced in 2022 – KPI15 (Reduction of the backlog for the expired Recovery Orders awaiting an action from the AO). In addition, for each KPI, targets/benchmarks are set at the beginning of the year against which each entity managing funds within the DG (Delegation/Unit/Directorate) needs to deliver. The delivery by all entities contributes to the overall results of the DG and allows the detection of areas where follow up is required. For more details, please see Annex 7.

**Time-to indicators - Results 2022**

All three indicators are within the respective benchmarks.

The average **time-to-inform** in 2022 was 81.23 days, compared to 87.35 days in 2021, below the benchmark of 6 months, which was respected in all cases.

The average **time-to-grant** in 2022 was 35.76 days, compared to 41.24 days in 2021 and below the benchmark of 3 months/90 days<sup>50</sup>.

The **time-to-pay** results, as presented in the tables below, show that DG NEAR ensured efficient processing of payments within the legal deadlines.

<b>Time-to-pay NEAR - EU Budget</b>	<b>NEAR Score</b>	<b>EC Score</b>
	<b>100%</b>	<b>92%</b>
<b>Time-to-pay NEAR – EU Regional Trust Fund in response to the Syrian Crisis</b>	<b>NEAR Score</b>	<b>EC Score</b>
	<b>93%</b>	<b>93%</b>
<b>Time-to-pay NEAR – EU Emergency Trust Fund for Africa - North of Africa Window</b>	<b>NEAR Score</b>	<b>EC Score</b>
	<b>99%</b>	<b>98%</b>

<sup>50</sup> Please note that both the time-to-inform and time-to-grant indicators are calculated in case of published calls for proposals. In 2022, calls for proposals were published by DG NEAR only under the EU Budget.

## Other efficiency indicators - KPI Results 2022

In 2022, 25 out of 29 KPIs have met the set targets corresponding to an overall success rate of 86%, which is an improvement compared to the result of 82% in 2021. The global performance of DG NEAR has in some cases improved and exceeded the good results already achieved in 2022. In particular, KPI2 (Accuracy of initial annual financial forecast for contracts), KPI3 (Accuracy of initial annual financial forecast for decision) and KPI9 (the percentage of primary interventions completed on time) turned from orange to green during this reporting period.

Overall, these results indicate continuity in the improvement of DG NEAR performance in financial management and control.

KPI Name <sup>51</sup>		KPI result 2022	Annual Target/Benchmark	KPI result 2021
<b>A - Sound financial management and efficient use of EC resources</b>				
K01	Accuracy of initial annual financial forecast for payments	139.30% ▼	Between 90% and 110%	92.79% ▲
K02	Accuracy of initial annual financial forecast for contracts	108.87% ▲	Between 90% and 110%	111.37% ▲
K03	Accuracy of initial annual financial forecast for decisions	101.36% ▲	Between 90% and 110%	73.00% ▼
K04	RAL absorption period	2.71 ▲	Less than 4 years	3.56 ▼
K05	Time to Grant	35.76 ▲	Not more than 90 days	41.24 ▲
K06	% Of primary interventions <sup>52</sup> with red traffic light for implementation progress	2.32% ▲	Not more than 10%	2.42% ▲
K07	% Of primary interventions with a red traffic light for achieving results	2.73% ▲	Not more than 10%	2.97% ▼
K08	% Of completed primary interventions with green flag traffic light for achieving results	89.92% ▲	At least 80%	85.95%
K09	% Of primary interventions completed on time	35.01% ▲	At least 35%	23.57%
K10	Reduction of Old Pre-financing	41.51% ▼	At least 40% <sup>53</sup>	51.23% ▲

<sup>51</sup> Explanation of the table: The arrows indicate the trend compared to the previous reporting period in terms of improvement (upwards) or deterioration (downwards). Missing arrow means that the KPI was being assessed for the first time in given year.

<sup>52</sup> 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

<sup>53</sup> The target of KPI10 has been changed from “at least 35%” to “at least 40%” in 2022.



KPI Name <sup>51</sup>		KPI result 2022	Annual Target/Benchmark	KPI result 2021
K11	Expired Contracts as a % of the contract portfolio	9.75% ▲	Not more than 13% <sup>54</sup>	10.38% ▲
K12	Reduction of Old RAL	40.66% ▲	At least 35%	36.79% ▲
K13	% Of payments paid within the contractual deadline	95.94% ▲	At least 90%	93.75% ▲
K14	% of invoices registered within 7 days	95.48% ▲	At least 90%	94.13% ▲
K15 <sup>55</sup>	Reduction of the backlog for the expired Recovery Orders awaiting an action from the AO	36.23%	At least 40%	N/A
K16	Use of INTPA/NEAR staff and respect of the flexibility arrangements	100% =	At least 95%	100% =
<b>B – Effectiveness of internal controls</b>				
K17	ICF – Control Environment	93.45% ▼	At least 80%	96.36% ▲
K18	ICF – Risk Assessment	94.32% ▼	At least 80%	96.14% ▲
K19	ICF – Control Activities	94.55% ▼	At least 80%	95.15% ▲
K20	ICF – Information and Communication	96.06% ▼	At least 80%	96.67% ▲
K21	ICF – Monitoring Activities	95.91% ▼	At least 80%	96.82% ▲
K22	% of primary interventions visited by Commission staff and/or the HoD, by primary intervention value	85.23% ▲	At least 80%	81.43% ▼
K23	Undue payment prevented by ex-ante controls	1.63% ▲	At least 2%	1.44% ▲
<b>C – Effectiveness of audit systems</b>				
K24	% Contracted of the Annual Audit Plan: year N	92.02% ▲	At least 70%	81.02% ▲
K25	% Implementation of the Annual Audit Plan: year N-1 <sup>56</sup>	79.17% ▲	At least 70%	72.10% ▲
K26	% Implementation of the Annual Audit Plan: year N-2 <sup>57</sup>	92.73% ▲	At least 80%	85.45% ▼
K27	Ineligible amounts identified by audits as a % of the audited amount	1.52% ▼	At least 2%	1.90% ▼

<sup>54</sup> The target of KPI17 has been changed from “at least 15%” to “at least 13%” in 2022.

<sup>55</sup> New KPI introduced in 2022.

<sup>56</sup> KPI 25 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.

<sup>57</sup> KPI 26 is the satisfactory implementation of the Audit Plan of 2020, 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.

KPI Name <sup>51</sup>		KPI result 2022	Annual Target/Benchmark	KPI result 2021
K28	% Reduction of expired unclosed audits	76.98% ▲	At least 50% <sup>58</sup>	47.56% ▲
K29	% of timely follow up action of audit ineligible amounts	54.68% ▲	At least 40% <sup>59</sup>	45.66%

#### A - Sound financial management and Effective Use of EC Resources:

14 out of 16 KPIs have met the target.

The over-performance of KPI1, i.e. measuring the accuracy of DG NEAR's initial payment forecast, was largely due to the additional assistance to address the immediate needs emerging from the Russian unprovoked and unjustified invasion of Ukraine (+EUR 646 million) and an unforeseen increased contribution to the Common Provisioning Fund (CPF) (+EUR 454 million). In particular:

- The long-term economic development and the reform orientation of Ukraine have been facing a tremendous challenge since Russia invaded the country on 24 February 2022 in an unprecedented act of unjustified and unprovoked aggression. In addition to the immense human suffering, the on-going war in Ukraine has caused already tremendous damage to the physical infrastructure (roads, bridges, factories, etc.) and to the residential and communal buildings (housing units, schools, hospitals, etc). The invasion has also caused a massive human exodus, with more than 8 million internally displaced persons and more than 6 million refugees. This resulted in EUR 646 million of additional payments made in 2022 that could not be foreseen in the beginning of the year, when the forecasting was done.
- The increased contribution to the Common Provisioning Fund (CPF) from the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI) is related to the front-loading of the payment schedule to reduce the amounts to be paid in the following years and next MFF.

The new KPI15 (Reduction of the backlog for the expired Recovery Orders awaiting an action from the AO) was slightly below the target of at least 40% (reaching 36%). This result can mainly be explained by difficult and lengthy recoveries with complex legal ramifications. In addition, the KPI15 is new and its continuous monitoring should lead to better future results.

#### B – Effectiveness of internal control systems:

6 out of 7 KPIs were met, demonstrating that an appropriate internal control environment and risk management systems are in place. Only KPI23 (Undue payments prevented by ex

<sup>58</sup> The target of KPI28 has been changed from “at least 40%” to “at least 50%” in 2022.

<sup>59</sup> The target of KPI29 has been changed from “at least 35%” to “at least 40%” in 2022.

ante controls as a percentage of the claimed amount) was not met, while improving in respect of 2021. With 1.63%, this fell below the target of at least 2%.

Regarding the results achieved for this KPI, it should be noted that a significant part of the DG's payments relates to methods of implementation, such as Indirect Management with Beneficiary Countries and with Entrusted Entities or Budget Support, where ineligible costs are rarely found by ex-ante controls. For example, for Budget Support operations, the payments can be 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 that reduces the potentially ineligible costs to be identified by ex ante controls.

### C – Effectiveness of audit systems:

5 out of 6 KPIs have met the target. KPI27 (ineligible amounts identified by audits as a percentage of the audited amount) did not meet the set benchmark of at least 2% with a value of 1.52%. Just like for KPI 23, this does not necessarily reflect negatively on the audit systems but confirms that effective and efficient measures are already in place at Delegation level to prevent the occurrence of ineligible costs. Moreover, this KPI depends as well on the contract portfolio composition as some contracts have a very low possibility to identify a high value of ineligible amounts.

### **3. Economy of controls**

In 2022, the **cost of controls**<sup>60</sup> in DG NEAR has been estimated at EUR 99.7 million (EUR 84 million in 2021). The estimation is based on spending on human resources dedicated to control activities, as well as on evaluation, monitoring and audit costs.

- **Human resource** spending on control is estimated at EUR 84.8 million, including direct, indirect and overhead costs. The estimation is based on the number of officials, contract and local agents in headquarters and EU Delegations, on allocation keys for each unit and on the average standard staff costs. The results show an increase of around 10% in respect of previous years (EUR 77.4 million in 2021) largely due to the general increase of the average standard staff costs and, secondarily, to the evacuations and other related costs following Russia's unprovoked and unjustified invasion of Ukraine.
- **Evaluation, monitoring and audit** costs have been estimated at EUR 14.9 million, more than doubling in respect of previous year (EUR 6.6 million in 2021). The increase is mainly due to a different schedule of Results Oriented Monitoring payments (e.g. end instead of beginning of the year), to a methodological fine-

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<sup>60</sup> Control is defined as per article 2 of the Financial Regulation.

tuning (now also the estimation of the costs for contractual verifications contracted by the beneficiaries and contractors are included) and to increased number of expenditure verifications launched by DG NEAR.

The estimation does not include the costs of the IMBC authorities or IMEE partners, such as the management fees allocated to entrusted entities (up to max 7%<sup>61</sup>).

The cost of controls as a proportion of the value of the total 2022 payments is equal to 2.1%, hence consistent with results of previous years and below the target of 5% set in the management plan. Because of the nature of the underlying transactions, the costs of controls related to Contributions to CPF and to Trust Funds are considered negligible or covered already by a specific RCS; therefore, in order also to keep a consistent approach with previous years and with the target in the management and strategic plans, contributions are not considered in the analysis (the cost of controls would be equal to 1.7% if compared to the overall payments and contributions).

The total cost of controls is assessed also in relation to the benefits of controls (sound financial management as represented by a global residual error rate below 2%) and the financial benefits of controls (see previous section 2.1.1.a).

The table below provides the specific cost of controls related to the five relevant control systems (RCS)<sup>62</sup> in absolute value and in proportion of the total payments.

Relevant Control System (RCS)		Cost of control	
		MEUR	% Payments
<b>RCS1</b>	Grants in Direct Management	25.63	2.9%
<b>RCS2</b>	Procurement in Direct Management	12.31	4.9%
<b>RCS3</b>	Budget Support	20.53	1.5%
<b>RCS4</b>	Indirect Management with Beneficiary/ partner Countries	8.08	1.8%
<b>RCS5</b>	Indirect Management with Entrusted Entities	27.87	1.8%
-	Others not related to a RCS	5.26	3.8%
<b>Total RCS</b>		<b>99.68</b>	<b>2.1%</b>

The cost of controls as a proportion of the value of the total payments is below 5% for all RCS, even if very close to the threshold for procurement in direct management. This is a result in line with previous years mainly due to the significant additional ex ante checks required.

Based on the above, the cost of controls is considered reasonable.

<sup>61</sup> The entrusted entities' cost of control has been estimated at around EUR 78 million, based on the management fees set in the agreements. These management fees include however other costs than control costs in the strict sense.

<sup>62</sup> More information on the calculation of the cost of controls per method of implementation is provided in Annex 7.

#### **4. Conclusion on the cost-effectiveness of controls**

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

DG NEAR monitors and builds upon the effectiveness of its control system, which ensures the prevention of errors to a large extent. The **residual error rates** (RER) and the derived DG NEAR global rate are **below 2%**. This is the result of the efforts of previous years in addressing the main sources of errors. In terms of **fraud** prevention, detection and correction, the **DG Anti-Fraud Strategy** has been adopted in March 2021 and its action plan has been so far successfully implemented.

In terms of **efficiency**, the time-to indicators and the KPIs show continuity and stability compared to last year. In 2022, **25 out of 29 KPIs reached the target**.

In terms of **economy**, the control strategy has a global percentage of **cost of controls** (2.1%), which is below the corporate ceiling (5%) and is stable over time. The control strategy is continuously reassessed through KPIs, RER and other elements, to enhance control on the most risky transactions, while keeping a balance between the financial/reputational impact of errors and the cost of controls.

One reservation is maintained in 2022: a **non-quantifiable reservation** due to the difficulties in adequately monitoring all projects in **Libya** and **Syria** but it is also now extended to cover **Ukraine**.

For the other areas, the Authorising Officer by Delegation has reasonable assurance that resources have been used in accordance with the principles of sound financial management, and that the control put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

##### **2.1.2. Audit observations and recommendations**

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

During 2022, DG NEAR has ensured the coordination, quality control and follow-up of implementation of the recommendations of the ECA (European Court of Auditors), IAS (Internal Audit Service), EP (European Parliament) and Council.

## European Court of Auditors (ECA)

### Statement of Assurance - DAS 2021 (discharge)

In line with the methodology implemented since 2017, the European Court of Auditors did not present an error rate for the 'Global Europe' chapter, as the number of transactions the ECA audited was not statistically representative.

In its **annual report on the implementation of the EU budget** for the 2021 financial year, the ECA addressed three recommendations to the DGs implementing the EU funds under the Chapter *Neighbourhood and the World*, of which two are relevant for DG NEAR:

**Recommendation 8.1** - Take appropriate measures aimed at ensuring that any commitments or advance payments claimed as incurred costs by beneficiaries in their financial reports are deducted before carrying out payments or clearings.

The Commission accepted the recommendation. A reminder of existing instructions for clearing was issued to raise awareness among the authorising officers on this matter and remind them that at the time of the clearing they should have reasonable assurance that the cost reported are incurred by the beneficiary and accepted by the international organisation. Reminders were included also in the communication to the staff of Finance and Contracts sections in EU Delegations (regional workshops).

**Recommendation 8.3** - Disclose the type and value of contracts excluded from the population of the RER study in the 2022 annual activity report and future annual activity reports.

The Commission accepted the recommendation. The relevant information is included in this Annual Activity Report (section on RER Study and Annex 7).

The ECA audit on the **reliability of accounts** for the financial year 2021 concluded that the Commission accounts were not affected by material misstatements.

In its annual report for 2021, the ECA designated the expenditure under "*Neighbourhood and the world*" as high risk. DG NEAR did not agree on this assessment, as the tailored control strategies and bottom-up approach provide a wealth of information which shows the differentiated risk level for the funds managed by DG NEAR. Based on the risk at payment, the expenditure is divided into segments with different levels of risk: lower (below 1.9%), medium (between 1.9% and 2.5%) and higher (above 2.5%). Based on the evolution of its residual error rates, DG NEAR considers as "medium risk" the segment corresponding to direct management grants only. The other segments are assessed at lower levels of risk

### Performance Audits

In 2022, **three Special Reports** concerning DG NEAR policies were published:

- SR no. 02/2022: EU support for the rule of law in the Western Balkans
- SR no. 17/2022: External consultants at the European Commission
- SR no. 27/2022: EU support to cross-border cooperation with neighbouring countries

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

An overview of ongoing ECA audits involving DG NEAR, where the publication of the Special Reports is expected in 2023/2024 is provided in Annex 7.

#### [Follow-up on ECA/EP/Council recommendations](#)

In 2022, DG NEAR reported on the closure of 15 ECA/EP/Council recommendations as lead Directorate-General, and 24 ECA/EP/Council recommendations as associated Directorate-General. As of January 2023, DG NEAR has one open (but not overdue) EP recommendation from the 2018 discharge, two open recommendations from the 2020 discharge and 13 open recommendations from 2021 (all stemming from the Special Report 23/2021 on Reducing grand corruption in Ukraine and on hold due to Russia's unprovoked and unjustified invasion of Ukraine).

#### **Internal Audit Service (IAS)**

The IAS limited conclusion on the state of internal control in DG NEAR for 2022 is that the internal control systems in place for the audited processes are effective, except for the observations underlying a very important recommendation from the **audit on contractual expenditure verifications** (rejected by all the involved services). This recommendation requested DG NEAR to *implement the new common<sup>63</sup> feedback mechanism/arrangement to ensure the continuous improvement of the contractual expenditure verification (CEV) controls*. The reasons for rejection are provided in Annex 7.

#### [Audit reports issued by IAS in 2022 and beginning of 2023](#)

Between February 2022 and January 2023, the IAS issued **three audit reports** relating to DG NEAR activities:

- **Audit on contractual expenditure verifications:** the final report concluded that the design of the contractual expenditure verifications (CEV) process is not fully adequate, hence it is only partially effective and efficient in deploying its potential to serve as a reliable source of assurance on the legality and regularity of payments. The audit report contains two very important recommendations addressed to DG INTPA as lead service and DG NEAR as associated service, one the objective and design of CEV as a control and the other on the monitoring and feedback on implemented CEVs:
  - To review the terms of reference for CEVs to provide more precise instructions and templates to the auditors, thus reinforcing the reliability of their reports and the detection of ineligible expenditure;
  - To assess the cost-benefit of CEV as a control, and to implement a feedback mechanism to improve the process and the results of the control. The auditors

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<sup>63</sup> Common to DG INTPA (lead service), FPI and DG NEAR.

concluded that without cost-benefit assessment, the management may not be aware of potential weaknesses or cost-benefit imbalances.

While the audited DGs are committed to improving the monitoring and feedback on CEV process, even if not representing a high risk or a major control deficiency, they could not agree with the specific actions identified by the IAS in the audit report, as these should be formulated by the DGs taking into consideration feasibility and cost-effectiveness.

Annex 7 provides more details on this audit, whose action plan was adopted in mid-March 2023.

- **Audit on External Investment Plan – EFSD guarantee:** the final report concluded that the governance, assurance building, contractual and performance monitoring arrangements need to be significantly enhanced to strengthen the steering, implementation and reporting processes. The audit report contains four very important recommendations related to (1) governance, (2) assurance building, (3) guarantee agreement clauses, and (4) performance monitoring and reporting. DG INTPA is the lead service for all the recommendations, which should be implemented in cooperation with DG NEAR. Annex 7 provides more details on this audit, whose action plan was adopted in mid-March 2023.

#### [Follow-up on IAS recommendations from previous years' audits](#)

In 2022, DG NEAR reported on the implementation of actions addressing 10 IAS recommendations (three of them already verified and closed by the IAS). They stemmed from the following audits:

- Annual Audit Plans (one recommendation);
- EC-EEAS coordination (one recommendation);
- Neighbourhood Investment Facility & Western Balkans Investment Facility (two recommendations);
- Closure Process of Previous Programmes - IPA I and ENPI (two recommendations);
- IPA II grants in direct management (four recommendations).

The IAS considered the recommendation on annual audit plans as not fully implemented and reported it as 'rejected by DG NEAR' in IAS conclusion on the state of internal control. DG NEAR accepted the recommendation and implemented the large majority of the actions required to address it. The component of the recommendation not addressed by DG NEAR is the following: *'establishing more ambitious targets to ensure full completion of the annual audit plan within the three-year implementation timeframe'*. While DG NEAR established more ambitious targets for all concerned KPIs, the IAS assessed the increase as not ambitious enough for one KPI. DG NEAR set the highest reasonably achievable target. The residual risk is considered as minor and has been then accepted.



## Conclusion

In 2022, DG NEAR reported on the implementation of actions to address ECA/EP/Council recommendations and IAS recommendations largely according to schedule. All critical or very important recommendations from audits completed until the end of 2022 have been closed.

### 2.1.3. Assessment of the effectiveness of internal control systems

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

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

DG NEAR has assessed its internal control system during the reporting year and has concluded that it is partially effective, as internal control principle 10 and 12 need major improvements, which could have a significant impact on the assurance.

In particular, a combination of **major** and **minor** deficiencies affected the following principles:

**ICP 10** The Commission selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels

The **major** deficiency stems from:

- IAS very important recommendations concerning **External Investment Plan – EFSD guarantee**. For more details about the four very important recommendations - addressed to DG INTPA in cooperation with DG NEAR - see section 2.1.2 and Annex 7.
- IAS very important recommendations concerning **contractual expenditure verifications** (CEV). See section 2.1.2 and in Annex 7 for more details, including on the reasons for not considering a major deficiency the two very important recommendations – one addressed to DG INTPA, in cooperation with DG NEAR and FPI, and the other to DG NEAR.

Action plans will be implemented and followed-up, under the lead of DG INTPA and with the contribution of DG NEAR, to address the IAS recommendations related to the **External Investment Plan – EFSD guarantee** and to **contractual expenditure verifications**.

**ICP 12** The Commission deploys control activities through corporate policies that establish what is expected and in procedures that put policies into action

The **major** deficiency stems from:

- Difficulties in **monitoring projects in Syria and Libya**. DG NEAR is not in a position to perform all the checks needed due to the enduring instability/volatility in the two countries and the lack of access to documents, which prevents proper monitoring/evaluation and may lead to issues in terms of legality/ regularity of the related expenditure. In case major deficiencies are discovered, this might also have a reputational impact. A critical risk was included in the DG Risk Register, but it did not materialise so far. The constraints on adequately monitoring projects in these two countries lead to a reservation in the 2022 AAR.

In terms of improvements e/o remedial measures, an Action Plan has been drafted in the AAR reservation (see Annex 9). Without Commission presence on the ground, these measures will allow to mitigate the systemic risks related to the operations, even if the countries remain two active conflict zones.

- Consequences of **Russia's unprovoked and unjustified invasion of Ukraine on the implementation of the control strategy**. DG NEAR is not in a position to perform all the checks needed due to the enduring instability/volatility and the lack of access to documents, which prevents proper monitoring/evaluation. In addition, the need to react quickly implies the risks of possible errors and lack of respect of rules/procedures (including in the application of the EU Restrictive Measures), which may cause possible issues in terms of legality and regularity. While the whole region, Neighbourhood and Enlargement is concerned, the most relevant issues affected Ukraine, but also Russia and Belarus. For example:
  - On-the-spot checks, Results Oriented Monitoring (ROM), audits, work on contracts included in the RER study, have been in several instances suspended or not allowed and should resume as soon as the conditions allow;
  - Regarding the budget support disbursement, the Delegation had to rely fully on the assessment by the Ukrainian government without an independent confirmation;
  - Monitoring projects' implementation is performed mainly remotely;
  - The planned supervision mission to the Delegation Ukraine has been postponed for the second consecutive year;
  - Two critical risks have been identified in the DG Risk Register.
  - Russia's unprovoked and unjustified invasion of Ukraine and the related energy crisis required extensive reorientation of financial assistance, leading to a high number of exception and non-compliance events.

The constraints on adequately monitoring projects in Ukraine lead to a reservation in the 2022 AAR.

In terms of improvements e/o remedial measures, an Action Plan has been drafted in the AAR reservation (see Annex 9). In addition, additional actions at DG level have been included in the risk register, to contain and mitigate the identified risks, such as:

- closely cooperate with the EEAS, DG INTPA (as Centre of Gravity) and the Delegations to minimise the risk to the delivery of operations;
  - continuous monitoring of the effects of Russia's unprovoked and unjustified invasion of Ukraine (and of the related energy crisis) on the economic situation of the partner countries, in order to reorient, refocus and prioritise financial assistance if necessary;
  - to monitor the implementation of the control plans at DG/ Directorate/ Delegation level, follow up on any significant delays and disruptions and resume the suspended controls and audits wherever the security situation allows;
  - to provide updated guidance about the management of budgetary guarantees,
  - to liaise continuously with the audit and control providers, including the RER study, to monitor the situation and react as quickly as possible to disruptions.
- Minor issues related to the planning and frequency of the **supervision missions** in EU Delegations. The backlog accumulated in previous years has been significantly absorbed but could not be eliminated and the latest supervision missions for four Delegations took place more than three or four years ago (minimum frequency recommended by DG NEAR Manual for Supervision Missions respectively for Enlargement and Neighbourhood Delegations). In addition, the follow-up of action plans of previous missions needs to be enhanced.

According to the current multiannual plan, all Delegations, which were last subject to a supervision mission more than three or four years ago, will undergo a supervision exercise in 2023. Other measures are in place to supervise and monitor the activities performed in the Delegations, particularly if they have not been visited according to the planned frequency, and will be continued in 2023, such as:

- on programming: quality review of programming, policy dialogue and adaptation of the programmes and portfolios to the countries' 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, follow-up of the implementation of Delegations action plans;
- on general supervision and support: regular videoconferences (VTCs), specific instructions or notes to the Delegations, support through helpdesk.

Finally, the follow-up of action plan by Geographical Directorates will be enhanced in 2023, on the basis of the revised Supervision Mission Manual.

A few **minor deficiencies** affecting in a limited manner two principles are detailed below.

**ICP 11** The Commission selects and develops general control activities over technology to support the achievement of objectives.

- **OPSYS**: Difficulties with the implementation of OPSYS continue, as this new IT tool was at times unstable, not meeting user expectations and requiring frequent interventions from INTPA and DIGIT support teams. A related critical risk has been identified in the DG risk assessment exercise.

In terms of improvements e/o remedial measures, DG NEAR will continue to closely monitor (and if necessary: intervene in) developments by broad participation in the OPSYS-related governance structures, where DG NEAR is closely involved. In addition, the capacity to implement mitigating measures if/when needed will be maintained, while ensuring a fast access to highly specialised Support functions to all DG NEAR Units and Delegations. Finally, a hands-on training for Operational colleagues will be organised.

**ICP 14** The Commission internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.

- The results of the DG NEAR Staff Internal Control Survey show the need to improve **staff awareness about the Internal Control Framework** and about the related available information, guidance and trainings.

In terms of improvements e/o remedial measures, an action plan has been drafted and will be followed-up. In particular, raising awareness initiatives will be organised.

For all other aspects, there is reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated and necessary improvements are being implemented. Please see Annex 8 for more details.

#### 2.1.4. Conclusions on the assurance

This section reviews the assessment of the elements from previous sub-sections 2.1.1, 2.1.2 and 2.1.3 and the sub-conclusions already reached. It draws an overall conclusion to support the declaration of assurance and whether it should be qualified with reservations.

In general, the information in section 2.1 stems from the results of management and auditors review. These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the reported information and results in a comprehensive coverage of the budget delegated to the Director-General of DG NEAR, as the control instruments cover the entire budget expenditure managed by the DG. The EU Trust Funds (TFs) operate in the general system of internal control defined by the Commission, with the same rules and procedures developed by DG NEAR for the management and implementation of its operations.

DG NEAR has described **five major control environments** (Relevant Control Systems - RCS), covering, together with contributions to CPF, 93% and 92% respectively of the total payments and expenditure. Each RCS has been assessed as low or moderate risk.

The **residual error rates** (RER) calculated for specific segments (the DG main rate, the specific rate for Indirect Management with IPA Beneficiary Countries and the Direct Management Grants) are **below 2%**. The derived DG NEAR global rate is also below 2%. None of these rates are above the materiality threshold. This is the result of the efforts of previous years in addressing the main sources of errors.

In terms of **fraud** prevention, detection and correction, the **DG Anti-Fraud Strategy** has been adopted in March 2021 and its action plan has been so far successfully implemented.

In terms of **controls' efficiency**, the time-to indicators and the KPIs show continuity and stability compared to last year.

In terms of **controls' economy**, the control strategy has a global percentage of cost of controls (2.1%), which is well below the corporate ceiling (5%) and stable over time.

Continuous efforts have been made throughout 2022 to address past **internal (IAS) and external (ECA)** audit recommendations. Efforts to implement the remaining open IAS and ECA recommendations will continue in 2023.

The **internal control system** is effective, except regarding internal control principles 10 and 12, which need major improvement. Mitigating actions have been and will be put in place and where necessary a reservation was made.

**Overall Conclusion**

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

**Recapitulative Table**

Reservation Title	Financial Impact (in m EUR)		Residual error rate 2022	Evolution
	2021	2022		
Monitoring projects in Syria and Libya	N/A	N/A	N/A	Maintained
Monitoring projects in Ukraine	N/A	N/A	N/A	New

### 2.1.5. Declaration of Assurance and reservations

I, the undersigned,

Director-General of DG NEAR

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view<sup>64</sup>.

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

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

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

However the following reservations should be noted: Monitoring Projects in Libya, Syria and Ukraine. More details are provided in annex 9.

Brussels, 28 March 2023

“Signed”

Gert Jan Koopman

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<sup>64</sup> True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency.

## 2.2. Modern and efficient administration – other aspects

### 2.2.1. Human resource management

DG NEAR has set its strategic targets for this area in its Strategic Plan 2020 to 2024 based on the results of the Staff Survey 2018, which pointed to required improvements in the following areas: work-life balance, workload/maximising resource efficiency, learning and development and the professional future as managers of female staff.

To address the results of the 2021 European Commission Staff Survey, DG NEAR developed an Action Plan to improve staff engagement comprising of 18 specific actions with an implementation timetable. In alignments with the above targets, the main deliverables of DG NEAR's **human resource management in 2022** focused on:

#### 1. *The professional future as managers of female staff*

DG NEAR promoted and supported the **appointment of first female managers**, in line with the Commission's target for female representation in management positions. By the end of 2022, the new quantitative targets adopted by the College of two newly appointed managers was achieved in a proportion of 50%, by appointing one female manager in 2020 and one in 2022. DG NEAR continues to attract applications from female non-management AD officials to ongoing management selection procedures.

#### 2. *Learning and development activities*

DG NEAR has developed a **newcomer package** including a list of mentors. The onboarding of newcomers was organised via the recruiting units. No DG-level welcome sessions have been organised for newcomers in 2022. In the context of the Action Plan following the staff survey, a specific focus has been placed on welcoming newcomers and revamping the newcomer welcome package and mentoring. The first welcome sessions for newcomers have been scheduled for early 2023.

The DG offered **coaching and training** to managers with the aim to reinforce the interpersonal and leadership skills, including to those colleagues who had to step in as “acting Heads of Unit”. 6 coaching packages were attributed.

The DG also offered **team-building opportunities** for units in the aftermath of the 2021 reorganisation and the beginning of the post-COVID-19 period: 15 events (12 for units and 3 for whole Directorates) were granted approval.

#### 3. *Workload/maximising resource efficiency*

DG NEAR completed the Work Load Assessment for Delegations (WLAD) with the final report submitted to COMDEL and EUDEL approval at the end of 2022. In view of the appointment of a new Director General on 16 January 2023, several key HR processes

were launched at the end of 2022, e.g. the preparations for a future reorganisation of DG NEAR<sup>65</sup>.

A decision has also been taken to work on a fully-fledged HR Strategy for DG NEAR based on the corporate HR Strategy of the Commission, further expanding the staff survey follow-up Action Plan and providing strategic answers to the most pressing HR challenges in DG NEAR.

### 2.2.2. Digital transformation and information management

In its process towards digital transformation, DG NEAR made further progress in 2022 in the following areas: implementation of corporate IT projects, such as OPSYS, in collaboration with DG INTPA and the DG for Informatics (DIGIT), the modernization of its local applications (e.g. TMS), and implementation of the EC's digital strategy including data management, use of collaborative tools, digital way of working and IT security. DG NEAR also continued the implementation of the Commission's Data Protection Action Plan.

Regarding data management: DG NEAR continued to participate in both corporate networks (Local Data Correspondents, LDC) and RELEX fora (INTPA Data Governance Board). The work of the LDC continued to feed into that of the corporate Information Management Steering Board (IMSB) where the RELEX family was represented by DG INTPA.

Meta-data of available NEAR data assets have been kept up to date in the corporate data catalogue (in line with the corporate data strategy to make relevant data available to the whole Commission). The sharing of information across the Commission (through Ares) has gradually improved with slightly over 10% of closed files fully shared (exceeding the target of 4% set for this year).

With regard to collaborative tools, the use of Teams within DG NEAR has continued to increase. The high uptake of trainings clearly points to the collective need to become more proficient on Teams. The possibility to virtually meet with colleagues in EU Delegations, has been an important incentive.

The digital way of working through electronic signatures continued to be promoted and their use has increased significantly. 87.5% of the authorising officers by sub-delegation at HQ (Headquarters) have been provided with Qualified Electronic Signature, (QES). This provides for a safe, secure and digital alternative for blue ink signatures. The provision of QES certificates to colleagues in delegations by EEAS, extended the number of use cases in which electronic signatures are used.

In collaboration with JRC, DG NEAR established a statistical platform designed to gather quantitative and qualitative data on corruption and organised crime, for a structured assessment of the performance of the rule of law in enlargement countries.

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<sup>65</sup> Transformation of former Support Group Ukraine into a new Directorate E



Further progress was made in IT security (for the TMSWEB, IESAQ and MIS applications) and in modernising digital solutions (by integrating automated testing in the TMSWeb module and further improving IPA-app).

Initiatives in 2022 promoting the implementation of the **Commission's Data Protection Action Plan** (C(2018) 7432 final and C(2020) 7625) included in particular the following actions:

- Cooperating with the Data Protection Officer (DPO) including participating in the Commission's DPCs network regular meetings, handled reports on personal data breaches, provide input to the guidance drafted by the DPO;
- Reporting to the DPO on compliance on the Commission's Data Protection Action Plan - *'Monitoring 2022 - EC Data Protection Action Plan – Request for report on compliance' (December 2022)*;
- Working closely with the operational controllers on drafting and the revision of the records specific to DG NEAR and the related privacy statements (e.g. procurements and grants, Taixex, Twinning, NEAR websites) as part of the annual exercise launched by the Data Protection Officer;
- Providing advice to NEAR operational controllers and staff in drafting privacy statements for corporate decentralised processing operations (e.g. meetings/events);
- Ensuring the management of the records and access rights of the operational controllers into the Data Protection records Management System (DPMS);
- Handling data breaches and provide support to operational controllers in reporting to the DPO;
- Handling data subjects requests and assist the operational controller in replying to data subjects and to EDPS (European Data Protection Supervisor) requests for clarifications following complaints from the data subjects;
- Providing advice to staff on other related data protection issues;
- Cooperating with other DGs on data protection issues, in particular with DG INTPA and FPI to ensuring a coherent implementation of data protection rules in the Commission's external action activities;
- Raising awareness to NEAR management and staff:

While the general level of knowledge about data protection amongst DG NEAR staff has improved in the last years, less than 1% of DG NEAR staff participated in data protection awareness activities in 2022, in comparison with the annual target of 25% set for 2022 in the annual management plan<sup>16</sup>. At a cumulated level, this keeps the overall rate of staff having attended awareness raising activities on data protection since the beginning of the strategic planning period (2020) at the same level as last year i.e. 35% compared to the desired cumulated achievement of 60% foreseen for the end of 2022.

DG NEAR plans to tackle these challenges from 2023 onwards.

### 2.2.3. Sound environmental management

In line with its Strategic Plan 2020 to 2024, DG NEAR contributed to the Commission's aim to be climate neutral by 2023, by focusing on two priority areas: **reduction of waste production** and **reduction of emission of CO<sub>2</sub> per capita**.

The extended period of collective teleworking reduced DG NEAR's waste production in the office and the emissions due to travelling on missions. However, considering that also 2022 was an atypical year, it is difficult to assess the performance.

Concerning emission reduction, following the entry into force of the new Mission Guide in 2022, a reduced mission budget contributed to fewer missions (and thereby lowering emissions<sup>66</sup>) compared to 2019. The average CO<sub>2</sub>-emission per staff member due to mission travel was 524 kg in 2022 (compared to 994 kg in the reference year 2019).

Concerning the reduction of waste production, the focus in 2022 has been on facilitating paperless working by promoting the use of electronic signatures in administrative and contractual matters.

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

##### **Enhanced internal co-ordination mechanism to deliver on Economic and Investment Plan for the Western Balkans**

The increased efforts on the implementation of the Economic and Investment Plan (EIP), as well as improved coordination mechanisms within DG NEAR, have increased the efficiency of programming and improved the articulation between assistance planning at bilateral and at regional level. Joint programming missions to the beneficiaries with the participation of DG NEAR's staff from headquarters and Delegations have helped build synergies between programmes at both levels, increasing the focus of financial assistance. As a result, very significant progress has been noted in the implementation of the EIP since the end of 2021, with actions worth more than EUR 3.7 billion in EU contribution (out of the total of EUR 9 billion) being adopted in the first two years of implementation of the Plan covering the entire Multiannual Financial Framework period. One achievement in this respect has been the completion of two annual programming exercises in one year to urgently address the impact of the energy crisis on the Western Balkans.

##### **Reorganisation - concentration of thematic expertise in DG NEAR to deliver better on Commission priorities**

In 2022, following the reorganisation in September 2021, the focus of the new Directorate in charge of Thematic Support, Coordination of Policy and Financial Instruments was to find

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<sup>66</sup> According to the Missions management tool (MIPS), CO<sub>2</sub>-emissions due to mission travel amounted to 341,686 kg and 665,329 kg in 2022 and 2019 respectively.

synergies among teams, to build a service-oriented identity and common ethos. This contributed significantly to the **implementation of the three regional Economic and Investment Plans (EIPs)** of DG NEAR. Input and guidance for the **Commission opinion on the membership applications of Ukraine, Moldova and Georgia** as well as on **programming responding to the Commission policy priorities** (Green Deal, energy transition, digital development, social and economic development) has been ensured through the consolidation of thematic expertise in one single directorate.