



# **2019**

# **Annual Activity Report**

**DG Environment**

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## THE DG IN BRIEF

DG Environment has 476 staff members<sup>1</sup> organised in six directorates divided into policy units. Directorate A also manages information and financial resources at DG level. With regards to Human Resources, administrative management is centralised at Commission level, while a small HR Business Correspondent team dealing with strategic issues is attached to the Director General's office.

DG Environment's activities are framed by the Treaties on the European Union and Functioning of the European Union<sup>2</sup>. The Treaties establish that EU environmental policy shall aim at a high level of protection and contribute to preserving, protecting and improving the quality of the environment; protecting human health; prudent and rational utilisation of natural resources; and promoting measures at international level to address regional or global environmental problems. They also establish that environmental protection requirements must be integrated across the Union's policies and activities, in particular with a view to promoting sustainable development.

DG Environment deals mainly with policy development and implementation. Where appropriate, the DG prepares legislative proposals following input from citizens and stakeholders and rigorous impact assessments, in line with the Better Regulation principles. It also steers and facilitates the interinstitutional negotiations leading to their adoption by the European Parliament and Council. Once the legislation is adopted, the DG works with Member States to ensure that it is transposed and applied across the EU effectively. While promoting compliance by addressing the root causes of bad implementation is a priority, enforcement actions remain important to ensure proper implementation of legal obligations. Non-legislative means to achieve environmental objectives are also used.

The DG regularly evaluates the legislation and policies in place to ensure they are fit for purpose. Environment policies are based on sound scientific knowledge and DG Environment relies on many sources of environmental data, in particular the European Environment Agency (EEA), Eurostat, the Commission's Joint Research Centre. The European Chemicals Agency provides scientific knowledge and manages the technical and administrative aspects of the REACH Regulation<sup>3</sup>. The DG also works directly with other Commission services to ensure that environmental considerations are duly mainstreamed into EU policies and funding programmes.

The Treaties enable the EU to participate in international environmental agreements and assign the Commission a strong coordination and representation role. DG Environment represents the EU at a wide-range of environmental meetings and fora where environment-related matters are discussed.

DG Environment, in collaboration with DG Climate Action, is responsible for the LIFE programme (with a budget of approx. EUR 300 million per year in the current budgetary framework). The LIFE sub-programme for Environment finances projects dedicated to promoting environmental protection, resource efficiency, nature and biodiversity conservation, as well as environmental governance and information. LIFE funding focuses on projects set up to catalyse broader actions, contribute to policy development and support its implementation. The responsibility for implementing the LIFE programme is delegated to the Executive Agency for Small and Medium-sized Enterprises (EASME), with the exception of projects flowing from the previous LIFE programmes which are managed by DG Environment.

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<sup>1</sup> 397 officials, 35 Seconded National Experts and 44 contract agents

<sup>2</sup> Articles 3 and 17 of the Treaty on the European Union and Articles 11, 49, 191-193, 208 and 209 of the Treaty on the Functioning of the European Union

<sup>3</sup> Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)

## EXECUTIVE SUMMARY

### a) Key results and progress towards the achievement of the Commission's general objectives and DG's specific objectives

In its **2019 Work Programme**, the Commission committed to focus on “delivering what we promised and preparing for the future”. DG Environment steered and facilitated interinstitutional negotiations, to turn proposals already on the table into the intended legislation, actively participating in the different instances of the Council and the European Parliament, and supporting its Commissioner as “the honest broker” between the institutions in trilogues. By the end of the year, an agreement was found with the European Parliament and Council on the five proposals pending in the field of environment.

The directive on **Single Use Plastics**<sup>4</sup> was adopted in May, to tackle the ten most common single-use plastic items and fishing gear, which represent 70% of marine litter. Its effective implementation, together with further action on microplastics, will ensure the EU leads the global fight against plastic pollution, as requested by President von der Leyen for her mandate.

I want Europe to lead on the issue of single-use plastics. European legislation already applies to the ten most found plastic items on European beaches. I want to open a new front in our fight against plastic waste by tackling micro-plastics

*President von der Leyen  
Political Guidelines*

The Regulation to align **environmental reporting obligations**, based on the conclusions of an extensive fitness check, was also adopted. It aims at providing higher quality information for future policy making, while simplifying procedures for administrators and businesses involved in reporting. Citizens will also enjoy better access to environmental information.



In September, the co-legislators reached a provisional agreement on the **new LIFE Regulation** with an increased budget of EUR 5.45 billion between 2021 and 2027 (pending adoption of the multiannual budget). Water remained on the interinstitutional agenda until December, when provisional agreements were also reached on the two remaining proposals. The **water reuse** proposal sets out minimum quality requirements for the safe reuse of treated urban waste waters in agricultural irrigation, to provide clean water for EU farmers in a context of climate change and water scarcity. The updated **drinking water** rules raise already high EU water quality standards, set a new risk-based approach and tackle emerging concerns such as endocrine disruptors and microplastics, to protect human health and in line with the conclusions of a recent evaluation.

Work on non-legislative strategies continued as well, to fully deliver on the expectations while preparing for the future. The final report of the **Circular Economy** Action Plan confirmed that it has been successful in launching the transition to a circular economy and identified key challenges for the future, including tackling resource-intensive sectors such as buildings, textiles, Information and Communication Technologies (ICT) and others. Market uptake of secondary raw materials and inducing citizens' behavioral change were also challenging.

<sup>4</sup> Directive (EU) 2019/904 of the European Parliament and of the Council of 5 June 2019 on the reduction of the impact of certain plastic products on the environment, *OJ L 155, 12.6.2019*

To protect nature and biodiversity, efforts continued *inter alia* under the **Action Plan on Nature, People and the Economy** and the EU **pollinators** initiative. Indicators showed, however, that Europe will not meet its 2030 biodiversity objectives. As regards the protection of **human health**, and despite the progress demonstrated by key indicators, environmental impacts and risks to health remained core concerns for EU citizens, with air pollution confirmed as the first environmental cause of premature death in Europe.



To help in delivering results, DG Environment continued to support Member States in implementing legislation, and promoted cities and stakeholders' involvement in the fight against pollution, in particular in the areas of air, water and noise. The second **Environmental Implementation Review** (EIR) was published, including 28 country reports to help Member States take action in their specific situations. Linked to the EIR, **Green Week 2019**, the DG's flagship communication event, focused on implementation. At the same time, enforcement action continued and new actions were launched where necessary, to stop the bad transposition or application of legislation and ensure that it achieves the intended benefits.

In July, the by then President-elect included **DG Environment's three thematic objectives** (on greening the economy, nature protection and the environmental impacts on human health) as key components of her political ambitions for Europe<sup>5</sup>. Their relevance was confirmed in the **European Green Deal** (EGD) adopted in December<sup>6</sup>.

To better prepare for the future, DG Environment stepped up its work on knowledge and evaluations, to ensure that scientific knowledge and evidence are readily available for the more urgent green actions in the new political guidelines. The **batteries evaluation** concluded and progress was made on several **evaluations of waste legislation** very relevant for the circular economy. In the broader area of pressures on nature and human health, three important **fitness checks on chemicals, water and ambient air quality legislation** were completed, opening the path towards the zero pollution and toxic-free environment ambition of the EGD. The evaluation of the **industrial emissions** directive will help to better tackle pollution at source. Building on the findings of the evaluation of the 7<sup>th</sup> **Environment Action Programme**, preparations started for a successor more focused on priorities and in joining forces behind the EGD flag.

**We need to change the way we produce, consume and trade. Preserving and restoring our ecosystem needs to guide all of our work. We must set new standards for biodiversity cutting across trade, industry, agriculture and economic policy.**  
*President von der Leyen  
Political Guidelines*

The integration of environmental concerns into EU policies, such as transport, energy and agriculture continued and will be key or the systemic approaches required for the ecological transition. Greening the existing and future **funding programmes** was also very relevant, to avoid harmful incentives and ensure sufficient funding for the environment. In collaboration with other services, work progressed on the development of sustainable finance taxonomies, to lead private capital to greener investments. DG Environment's contribution was also instrumental in integrating the Sustainable Development Goals (SDGs) into the **European Semester** process of macroeconomic coordination, equally as part of the EGD.

<sup>5</sup> [https://ec.europa.eu/commission/sites/beta-political/files/political-guidelines-next-commission\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/political-guidelines-next-commission_en.pdf)

<sup>6</sup> COM (2019) 640 final

**International action** is increasingly important to achieve transboundary environmental objectives and the SDGs. The circular economy, with a particular focus on plastics, and the loss of biodiversity were global priorities in 2019.

To help instil circularity in the global economy, DG Environment organised several **circular economy missions** and participated *inter alia* in high-level dialogues with priority countries and regions and relevant multilateral fora. The global transition, however, remains a challenge for the future.

Concern for the **loss of biodiversity** peaked in 2019. In April, the *Intergovernmental Platform* published the first ever global assessment on biodiversity and ecosystem services<sup>7</sup>. It was a historical wake-up call for urgent action to avoid a mass extinction. In response to the continued destruction of the world's forests, which host 80% of biodiversity on land, the Commission adopted an action plan to step up EU action against **deforestation and forest degradation**. Then, in line with the political guidelines and the mandate of its new Commissioner, DG Environment launched preparations for the **post-2020 global biodiversity framework**.

Europe will work with its global partners to curtail biodiversity loss within the next five years. I want us to lead the world at the 2020 Conference of the Parties to the Convention on Biological Diversity, just as we did at the 2015 Paris Climate Conference.

*President von der Leyen  
Political Guidelines*

## b) Key Performance Indicators (KPIs)

The following key performance indicators help measure progress towards the achievement of DG Environment's objectives. These indicators are also part of the *EU set of Sustainable Development Goals indicators* established to monitor progress towards the SDGs in an EU context. Cross-references are provided below<sup>8</sup>:

- **Municipal waste** generation and treatment → **SDG indicator 11.52** under Goal 11 "Make cities and human settlements inclusive, safe, resilient and sustainable", also relevant for Goal 12 "Ensure sustainable consumption and production patterns".
- Common **birds population** → **SDG indicator 15.3** under goal 15 "Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss".
- Exposure of urban population to **air pollution** (illustrated by particulate matter) → **SDG indicator 11.3** under Goal 3 "Ensure healthy lives and promote well-being for all at all ages" and Goal 11 "Make cities and human settlements inclusive, safe, resilient and sustainable".
- Ecological status of EU **waters** → partially covered by **SDG indicators 6.21, 6.24 and 6.26** under Goal 6 "Ensure availability and sustainable management of water and sanitation for all).

As regards organisational management, the key indicator chosen is the residual **error rate**, which reflects the degree of sound financial management.

<sup>7</sup> <https://ipbes.net/global-assessment-report-biodiversity-ecosystem-services>

<sup>8</sup> SDG set available at <https://ec.europa.eu/eurostat/web/sdi/indicators>

Impact/Result indicator	Target	Latest known results
<p>KPI1: <b>Municipal waste generation and treatment</b> (Kg/person) through the waste hierarchy (%) - proxy for the circularity of the economy</p>	<p>- Recycling &amp; composting: 50% (2020) - 65% (2035<sup>9</sup>)  - Reduction of landfilling to 10% (2035<sup>8</sup>)</p>	
<p>KPI2: <b>Common birds population</b>, proxy for the state of biodiversity and the integrity of ecosystems</p>	<p>Reverse or halt the decline</p>	<p style="text-align: center;">Index: 1990 = 100</p>
<p>KPI 3: <b>Exposure to air pollution:</b> Percentage of urban population exposed to air pollution above EU standards (here illustrated by Particulate Matter – <b>PM<sub>10</sub></b>).</p>	<p>0% by 2020</p>	

<sup>9</sup> As per the revision of EU waste legislation adopted in 2018

KPI 4: Percentage of <b>surface water bodies</b> in good ecological status or with good ecological potential	100% by 2015 unless exemption applies	40% in 2015 (EEA Report July 2018)
KPI 5: Estimated <b>Residual Error Rate</b>	Below 2%	2016: 0.11% 2017: 0.18% 2018: 0.09% 2019: 0.80%

### c) Key conclusions on Financial management and Internal control (executive summary of section 2.1)

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

To ensure the achievement of policy and management objectives, the Commission has adopted a set of internal control principles, based on international good practice. The Financial Regulation requires that the organisational structure and the internal control systems used for the implementation of the budget are set up in accordance with these standards. DG Environment has assessed the internal control systems during the reporting year and has concluded that the internal control standards are implemented and function as intended. Please refer to section 2.1.3 for further details.

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

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director General, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

### d) Provision of information to the Commissioner(s)

In the context of the regular meetings during the year between the DG and the Commissioner on management matters, also the main elements of this report and assurance declaration, have been brought to the attention of Commissioner Vella, responsible for Environment, Maritime Affairs and Fisheries, who was in office until 30 November 2019.



# 1. KEY RESULTS AND PROGRESS TOWARDS THE ACHIEVEMENT OF GENERAL AND SPECIFIC OBJECTIVES OF THE DG



## Commission General Objective: A new boost for Jobs, Growth and Investment

In 2019, DG Environment worked towards achieving the six Specific Objectives set out in its Strategic Plan 2016-2020<sup>10</sup>, which reflect the objectives of the **7<sup>th</sup> Environment Action Programme**<sup>11</sup>. These objectives contributed primarily to the achievement of the **Commission's first priority**, a new boost for Jobs, Growth and Investment, and are in line with the United Nations **Sustainable Development Goals**. In July, the by then President-elect included the three thematic objectives of DG Environment (specific objectives 1 to 3) as key priorities of her **political guidelines**<sup>12</sup>.

The work of the DG was also framed by the Commissioner's strategic priorities, which were generating green growth, connecting the EU with its citizens through policies that enhance the quality of life, and "making it happen", ensuring that the legislation and policies in place have their intended effect, including at international level. The LIFE programme contributes to these three strategic areas.

DG Environment's activities are helping to deliver results on the ground and a number of indicators are showing improvements, including **resource productivity**. This indicator measures how much output (in terms of EUR of GDP) an economy produces per unit of materials used (in Kg). It can be seen as a measure of the economy's circularity and sustainability.

Since 2004, the trend shows that the EU is increasing its resource productivity, meaning that the economy is using less material resources to generate growth.



However, the upward curve has slowed down, showing that more needs to be done to increase the decoupling of economic activity from resource use. To help boost the positive trend, DG Environment promoted the transition to the circular economy at EU and international level, in particular with measures on eco-design, waste prevention and treatment, and secondary raw materials' uptake. The protection of nature and biodiversity was also pursued, in their intrinsic value as well as a precondition to deliver competitive and sustainable growth. This is also in line with the priorities set out in the **European Green Deal**.

<sup>10</sup> [http://ec.europa.eu/atwork/synthesis/amp/doc/env\\_sp\\_2016-2020\\_en.pdf](http://ec.europa.eu/atwork/synthesis/amp/doc/env_sp_2016-2020_en.pdf). These objectives are based on the priorities established in the 7<sup>th</sup> Environment Action Programme

<sup>11</sup> Decision No 1386/2013/EU of the European Parliament and of the Council on a General Union Environment Action Programme to 2020 'Living well, within the limits of our planet'

<sup>12</sup> [https://ec.europa.eu/commission/sites/beta-political/files/political-guidelines-next-commission\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/political-guidelines-next-commission_en.pdf)

## 1.1 Generating Green Growth

### DG Specific Objective 1: The EU economy is resource-efficient, green and competitive

The transition to the circular economy was the top priority throughout the year, to increase resource-efficiency, boost competitiveness and contribute to greener growth and jobs, while protecting nature and human health from environmental pressures.

The implementation of the **Circular Economy Action Plan** (CEAP) was completed with an analysis of the **EU product policy framework**. The analysis explored to what extent existing EU product policies are consistent and support the transition to a circular economy, and where are the gaps and potential for a stronger contribution<sup>13</sup>.



In March, the **CEAP implementation report**<sup>14</sup> showed that the 54 actions planned have been fully delivered, or are being implemented. It also confirmed that the plan has accelerated the transition towards a circular economy in Europe, and identified a number of remaining challenges in resource intensive sectors such as textiles and buildings.

These two documents were discussed during a **Circular Economy stakeholder conference** attended by more than 6400 representatives from Member States authorities and private businesses. Interaction with the stakeholders confirmed that the transition to the circular economy requires a more ambitious policy for products. Building on the example of the EU Plastics Strategy adopted in 2018, sectors with high environmental impact such as the built environment, textiles, ICT/ electronics and others, could benefit from a holistic approach to become more circular. The 22<sup>nd</sup> **European Forum on Eco-innovation**, co-organised with the EU Presidency, also looked into delivering circularity in the textiles sector.

A new Circular Economy Action Plan, focusing especially in resource-intensive and high-impact sectors, was then announced in the political guidelines and confirmed as essential for Europe's future economic model in the European Green Deal. In December, DG Environment published a roadmap and gathered further public views.

Dealing with plastics is one of the main strands launched by the CEAP and successfully continued through the plastics strategy. In May, based on a proposal developed by DG Environment, the co-legislators adopted the new directive on **Single Use Plastics**<sup>15</sup>. The directive, which entered into force in July, tackles the ten most common single-use plastic items and fishing gear, which represent 70% of marine litter. Where alternatives are easily available and affordable, single-use plastic products such as cutlery, plates and straws, will be banned from the market. For other products, the focus is on limiting their use through reduction in consumption, design and labelling requirements and waste-management/clean-up obligations for producers.

The new measures on **Single Use Plastics** will bring about environmental and economic benefits, such as for example:

- Avoid the emission of 3.4 million tons of CO2 equivalent.
- Avoid environmental damages which would cost the equivalent of EUR 22 billion by 2030.
- Save consumers a projected EUR 6.5 billion.

<sup>13</sup> SWD (2019) 91 final

<sup>14</sup> COM (2019) 190 final

<sup>15</sup> Directive (EU) 2019/904 of the European Parliament and of the Council of 5 June 2019 on the reduction of the impact of certain plastic products on the environment, *OJ L 155*, 12.6.2019



Also delivering on the CEAP, the co-legislators reached an agreement on **water reuse**. DG Environment participated in challenging interinstitutional negotiations throughout the year. The new Regulation will set out minimum water quality requirements for the safe reuse of treated urban waste waters in agricultural irrigation, contributing to fill this gap of the Urban Waste Water Treatment Directive. Currently, the practice of water reuse is established in only few Member States and it is deployed much below its potential. The new rules will facilitate the

uptake of this practice, which can provide a more predictable supply of clean water for the EU farmers and help them to adapt to climate change and water scarcity.

**Implementing waste legislation**, and in particular the 2018 waste package<sup>16</sup>, remained a priority. To enable Member States to apply the new legislation and targets, and in coordination with them, DG Environment established a range of technical measures on issues such as calculation methods and reporting for several waste streams and treatments. Some of these were however delayed, due to time constraints and the sensitivity of the issues<sup>17</sup>. High level missions to Member States at risk of not meeting recycling targets were organised, to drive national reforms and promote compliance. Enforcement action was also key and focused on ensuring that important directives were duly transposed by all Member States. A number of critical issues related to improper landfilling, recycling and the separation of organic fraction from municipal waste collection were addressed horizontally.

As the number of batteries on the EU market continues to grow, tackling **batteries waste** is increasingly relevant. In 2019, DG Environment evaluated the existing EU rules and targets for waste batteries collection in Member States. The evaluation demonstrates that the Directive has delivered positive results but has certain limitations that are preventing full delivery of its objectives, namely, the collection of waste batteries and the efficiency in the recovery of materials. It also lacks a mechanism to reflect technical and social changes and ensure that the directive keeps pace with relevant developments in this field.

The evaluation of the **Waste Batteries** Directive shows that, while the current provisions are still relevant, certain limitations need to be urgently addressed.

Most Member States have met or exceeded the 2012 target for the collection of waste portable batteries (set at 25 %), but only 14 Member States have met the 2016 target (set at 45 %). **An estimated 56.7 % of all waste portable batteries are not collected, annually.**

The EU is also leading to improve the conditions under which ships are recycled. From 31 December 2018, ship owners had the obligation to dismantle EU-flagged vessels only in yards approved under the EU **Ship Recycling** Regulation<sup>18</sup>. In 2019, DG Environment continued to build the list of compliant yards available to ship owners, an important step to help ensure that ships are recycled in facilities that are safe for workers and the environment, and that valuable materials such as steel, copper, aluminium and zinc rejoin the circular economy.

<sup>16</sup> [Directive \(EU\) 2018/851](#) on waste, [Directive \(EU\) 2018/852](#) on packaging and packaging waste, [Directive \(EU\) 2018/849](#) on batteries and on electric/electronic waste, and [Directive \(EU\) 2018/850](#) on the landfill of waste

<sup>17</sup> The list of measures adopted and delayed is available in annex

<sup>18</sup> Regulation (EU) No 1257/2013 on ship recycling

## DG Specific Objective 2: The Union's natural capital is protected, conserved and enhanced

**Biodiversity and ecosystem services** are key elements of the EU's natural capital, basis of our economy, societal well-being and sustainable development.



According to a Eurobarometer survey<sup>19</sup> published in April, awareness is increasing in the EU on the meaning of biodiversity, its importance, threats and measures to protect it. Citizens massively support EU action to protect nature and halt the loss of biodiversity.

Work to pursue those targets and strengthen the implementation of EU Birds and Habitats Directives was guided by the **Action Plan on**

**Nature, People and the Economy**<sup>20</sup>. By the end of the year, the 114 measures of the plan were either launched or completed. This included updating existing guidance in collaboration with Member States and other stakeholders, and adopting new guidance documents on integrating ecosystems and their services in decision-making, and on strategic EU-level Green Infrastructure<sup>21</sup>. A review of progress on the implementation of the EU Green Infrastructure Strategy was also published.<sup>22</sup> Nature dialogues took place with several Member States and awareness-raising activities were launched to support recognition of good management of Natura 2000 sites and to strengthen links between natural and cultural heritage<sup>23</sup>.

Enforcement action was also ongoing to ensure that Member States complete the Natura 2000 network of protected areas and put in place the necessary conservation measures for all sites. Further action was taken to remedy structural flaws in national legislations for nature protection, to stop illegal bird hunting and to ensure that logging and forest management activities comply with nature protection requirements.

Progress was also made on implementing EU actions to tackle the **decline of pollinators**<sup>24</sup>, with measures such as the development of action plans to maintain and restore pollinator habitats<sup>25</sup>. An expert group was established to develop an EU monitoring scheme and indicators for pollinators; progress was difficult, due to the lack of regular reporting and comparable data. To tackle pressures from invasive alien species on EU nature, the list of invasive alien species of Union concern was updated<sup>26</sup>.

Mobilising the private sector is critical to protect nature and biodiversity. In November, the European Business and Nature Summit<sup>27</sup>, organised by DG Environment with the **European Business and Biodiversity Platform (B@B)**, gathered representatives from the business and finance communities, governments, and civil society to showcase front running companies integrating natural capital and biodiversity into their daily management practices and to help companies understand and use the different natural capital accounting methods available for measuring a business' impact on biodiversity.

**Forest fires** and the clear link with climate change are growing European concerns.

<sup>19</sup> Special Eurobarometer 2019/481 [https://data.europa.eu/euodp/en/data/dataset/S2194\\_90\\_4\\_481\\_ENG](https://data.europa.eu/euodp/en/data/dataset/S2194_90_4_481_ENG) .

<sup>20</sup> COM (2017)198 final

<sup>21</sup> SWD(2019) 305 final (on ecosystems) and SWD(2019) 193 final (on Green infrastructure)

<sup>22</sup> COM (2019) 236 final

<sup>23</sup> See annex 12 for more detailed information

<sup>24</sup> COM/2018/395 final

<sup>25</sup> Semi-natural dry grasslands and scrubland facies on calcareous substrates, European dry heaths

<sup>26</sup> Commission Implementing Regulation (EU) 2019/1262

<sup>27</sup> [https://ec.europa.eu/environment/biodiversity/business/assets/pdf/B@B\\_Assessment\\_biodiversity\\_accounting\\_approaches\\_Update\\_Report\\_1\\_19Nov2018.pdf](https://ec.europa.eu/environment/biodiversity/business/assets/pdf/B@B_Assessment_biodiversity_accounting_approaches_Update_Report_1_19Nov2018.pdf)

During 2019, DG Environment's work with the Forest Expert Group focused on fire prevention, while the working group on nature and forests was revived. Implementing the updated **Bioeconomy Strategy** also contributed to this effort.

Progress towards achieving Good Environmental Status (GES) of **marine waters** by 2020 remained a priority to protect **marine biodiversity**, ecosystems and the services they provide. Guidance was developed with Member States on methodologies for measuring the extent to which GES is achieved, particularly for marine litter, underwater noise and seabed integrity. By the end of the year, the DG was finalising a report taking stock of achievements and persisting challenges over the first implementation cycle of the Marine Strategy Framework Directive. Member States' updated marine strategies were being assessed, to ensure that the ambition set out in the Directive is maintained. The fight against pollution, notably plastic litter, in marine waters was a priority at EU and global level.

Despite all efforts, nature continues to be under immense pressure. In December, the Council called upon the European Commission to develop an ambitious, realistic and coherent 2030 EU Biodiversity Strategy<sup>28</sup>. This is a cornerstone of the European Green Deal and a crucial challenge for DG Environment. By the end of the year, a roadmap was published to gather public views.

#### *December Council Conclusions*

**Nature is declining globally at rates unprecedented in human history, and the rate of species extinctions is accelerating, with grave impact on the goods and services provided by nature and for people around the world.**

## 1.2 Connecting with European Citizens

### **DG Specific Objective 3: The Union's citizens are safeguarded from environment-related pressures and risks to health**

Environment-related pressures and risks to health are at the heart of citizens' concerns. In 2019, DG Environment focused on working with the co-legislators to deliver on pending proposals that, once adopted, will help to enhance the quality of life.

**Water**, essential for EU citizens, their environment and economy, was high on the legislative agenda. On 18 December, the co-legislators reached an agreement on the **Drinking Water** proposal tabled in 2018<sup>29</sup>, after several trilogues and interinstitutional meetings at technical level. Revised agreed standards for drinking water are amongst the most stringent worldwide to guarantee human health protection. New substances of emerging concerns such as endocrine disruptors or micro plastics are also covered. Currently, drinking water is controlled "end-of-pipe". The new rules will implement a risk-based-approach, allowing for further prevention and mitigation measures to protect water sources and improve the quality of drinking water. Granting access to water and better information to citizens are also aims of the new legislation, in response to the 2012 citizens' initiative on the Right2Water<sup>30</sup>.

As regards **water status**, further measures were adopted to address the pressures that are preventing the EU to achieve good ecological status in all water bodies. These include, *inter alia*, a *Strategic approach to pharmaceuticals*<sup>31</sup> to address the risks that pharmaceuticals discarded in the environment pose for fish and other wildlife. Incorrectly disposed medicines may also be a threat to human health, contributing to the serious problem of antimicrobial resistance. The new Single Use Plastics Directive will also help by tackling plastic litter, and the new rules on water re-use are expected to reduce over-

<sup>28</sup> <https://data.consilium.europa.eu/doc/document/ST-15272-2019-INIT/en/pdf>

<sup>29</sup> COM (2017) 753 final

<sup>30</sup> ECI(2012)000003 - <http://ec.europa.eu/citizens-initiative/public/initiatives/successful/details/2012/000003>

<sup>31</sup> COM/2019/128 final

abstraction by providing safe water for agricultural irrigation. Guidance was also finalised on how Member States can make progress towards good ecological potential, and a specific dialogue on investment needs and governance in the water sector was launched with several Member States, together with the OECD. At the same time, enforcement action was taken, where necessary, to stop bad transposition or application of the Water Framework Directive. Performance data indicates, however, that progress is limited.

A **fitness check of water legislation**<sup>32</sup>, finalised in 2019, showed mixed results. On the one hand, EU legislation has been successful in setting up a governance framework for integrated water management for the more than 110 000 water bodies, slowing down the deterioration of water status and reducing chemical pollution. On the other hand, implementation has been significantly delayed. Overall, the fact that good status and other water objectives have not been fully reached is largely due to insufficient funding, slow implementation and insufficient integration of environmental objectives in sectoral policies. As regards **floods**, the fitness check found that the Directive has improved several aspects of flood risk management, but further efforts are needed to strengthen awareness and secure better and more coordinated flood prevention, in line with climate change projections.

An evaluation of the **Urban Waste Water Treatment** Directive<sup>33</sup> was conducted in parallel to the water fitness check. The evaluation showed that the benefits of this Directive, one of the more expensive pieces of EU environment legislation, clearly outweigh its implementation costs. Implementing this Directive moreover continues to be essential to support meeting the objectives of other EU legislation, including the Water framework Directive, the Bathing Water and the Marine Strategy Framework Directives. Enforcement action also continued. The Commission referred three Member states to the Court of Justice over inadequate urban waste water treatment, and issued a number of final warnings.

The **Industrial Emissions** Directive (IED) is also contributing to address environmental water pressures. In collaboration with industry, conclusions on best available techniques (BATs) are regularly developed for different sectors, to help national authorities lower the environmental impact of industrial installations. In 2019, the Commission adopted BATs for the **food, drink and milk industries**. These will apply to around 2800 installations. Water consumption and water pollution are the main concerns for this sector; air pollution and odours are also key issues. BATs were also published on **waste incineration**, to help reducing the impact of more than 500 facilities that treat around 30% of the EU's municipal waste. An evaluation of the IED launched in 2019 will be completed in 2020. Enforcement action was also launched to ensure that the Directive is correctly transposed in Member States, and maintain a level playing field across the EU for industrial and agricultural installations.

The **Urban Waste Water Treatment** Directive protects citizens and the environment from adverse effects of waste water discharges from urban areas and certain industrial sectors.

Its **evaluation** demonstrates that its implementation has improved the EU aquatic environment by decreasing nitrogen and phosphorus emissions to rivers and seas by **32% and 44 %** respectively. It is now important to address remaining pollution from sources like agriculture, storm water overflows and small agglomerations, and to tackle under-performing individual waste water systems.

The evaluation also shows that the benefits of this Directive clearly outweigh the costs. EU Member States have received technical support and substantial EU funding to reach compliance. Since it was introduced, **EUR 38.8 billion** of Cohesion funding has been allocated to the waste water sector. It also provides a strong base for EU business leadership, with **8 of the 15** biggest global water companies being based in the EU.

<sup>32</sup> The fitness check covered the Water Framework Directive, complemented by the Environmental Quality Standards Directive and the Groundwater Directive, and the Floods Directive.

<sup>33</sup> Directive 91/271/EEC

While **air quality** has improved in the EU since 2000, air pollution remains a major priority, as the first environmental cause of health problems in Europe. The situation is especially severe in urban areas, where a majority of Europeans live.

In 2019, the second **Clean Air Forum** gathered stakeholders from government, industry and civil society to discuss future possible policies and solutions. Discussions focused on five topics: health and air quality, energy and air quality, agriculture, clean air funding mechanisms, and a presentation of the **fitness check** of the Ambient Air Quality directives



Enforcement action was also taken to ensure full compliance with the ambient air quality legislation as regards PM<sub>10</sub>, NO<sub>2</sub> and SO<sub>2</sub> limit values, as well as monitoring systems across the EU. Currently this comprises a total of 31 cases addressing 19 Member States. Another 3 Member States were taken to the Court of Justice over excessive levels of NO<sub>2</sub> or SO<sub>2</sub> (Italy, Spain and Bulgaria).

This **Fitness Check of Ambient Air Quality** legislation concluded that the directives have been broadly fit for purpose, albeit not all the objectives have been met. Important lessons include:

- Air quality remains a major health and environmental concern.
- Air quality standards have been partially effective, to reduce pollution;
- Current EU standards are less ambitious than scientific advice.
- Limit values have been more effective than other types of air standards.
- There is scope to further harmonise monitoring, information, and air quality plans.
- Legal enforcement action by European Commission, and civil society, works.

The implementation of the revised **National Emission Reduction Commitments Directive**<sup>34</sup> also progressed, with in particular the first submission of Member States' national air pollution control programmes, a key governance tool for the reductions of emissions of pollutants into the air.

**Noise** is another important health concern in Europe, seriously damaging citizens' health, according to the World Health Organisation. In 2019, DG Environment obtained the agreement of the Noise Regulatory Committee on an amendment to the Environmental Noise Directive aimed at better assessing the effects of noise pollution on human health, incorporating the latest technological developments. Work was also ongoing to assess the effectiveness of noise reduction measures.

**Europeans are also concerned about chemicals**, in light of their potential impacts on health and the environment. In May, the co-legislators adopted the recast of the rules on

**Persistent Organic Pollutants**, based on a proposal prepared by DG Environment<sup>35</sup>. Work continued to implement the **REACH Regulation** (Regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals), which is the main EU instrument to deal with chemicals placed in the EU market<sup>36</sup>. A number of decisions were taken on individual substances, and several measures were launched to step up implementation, following from the 2018 evaluation and in coordination with the European Chemicals Agency and DG Internal Market, Industry, Entrepreneurship and SMEs.

An important fitness check of **chemicals legislation** other than REACH was concluded, in collaboration with DG Internal Market, Industry, Entrepreneurship and SMEs. The fitness check confirmed that the rules in place provide a high level of protection against

<sup>34</sup> Directive (EU) 2016/2284 on the reduction of national emissions of certain atmospheric pollutants

<sup>35</sup> COM(2018) 144 final

<sup>36</sup> See detailed of REACH outputs in annex

harmful chemicals and that they contribute to an efficient functioning of the Single Market. The EU has one of the most comprehensive legal frameworks in the world. This framework has significantly reduced citizens' exposure to harmful chemicals by banning or restricting the use of certain substances. EU chemicals legislation has also been instrumental in ensuring free circulation of substances, mixtures and articles through harmonisation of standards and requirements.

However, the report also identifies several areas for improvement in the implementation and application of the rules, including the need for simplification and streamlining of hazard and risk assessment processes, providing better consumer information, and supporting implementation of the legislation by the Member States. The combined findings of this fitness check, the REACH evaluation and the findings from a consultation on the Interface between the chemical, products and waste legislation will shape the future EU chemicals strategy. This will be key for the zero pollution ambition and free-toxic environment, as announced in the European Green Deal.

## 1.3 Making it Happen

**DG Specific Objective 4: There is an enabling framework for environmental policy, based on smart implementation, a strong knowledge and evidence base, investment, and improved environmental integration and policy coherence**

Ensuring that policies and legislation have the intended effects requires action on several fronts, notably improving implementation. The second **Environmental Implementation Review** (EIR) was adopted in April<sup>37</sup>, consolidating the success of this biennial process launched by DG Environment in 2016. The review maps out the situation of environmental implementation in each EU country, identifies the causes of implementation gaps and suggests priorities to assist national decision-makers. When

The 2<sup>nd</sup> **Environment Implementation Review** (EIR) provides an overview of how EU environmental policies and laws are applied and are delivering results on the ground. It includes:

- A [Communication](#) with policy findings and an [annex](#) with the priority actions for the EU Member States.
- A [Policy background document](#) introducing all themes covered by the EIR
- 28 country reports and factsheets, accessible through an [interactive map](#).

necessary, enforcement action was also taken to support political priorities and in line with the Communication *EU law: better results through better application*<sup>38</sup>.

In October, the DG completed a thorough assessment of the issue of **Access to Justice** in environmental matters in the EU, in response to critical positions taken *vis-à-vis* the EU by the Compliance Committee of the Aarhus Convention on Access to Information, Public Participation and Access to Justice in Environmental Matters. The Convention is implemented in EU law through the Aarhus Regulation<sup>39</sup>. The Compliance Committee had considered that the EU does not provide citizens and environmental associations with enough possibilities to legally challenge acts of the EU institutions for violations of environmental law. While stressing that it is unrealistic to expect that access to justice can be governed in its entirety by the Aarhus Regulation, the report also shows that there are certain

<sup>37</sup> COM (2019) 149 final

<sup>38</sup> C(2016)8600

<sup>39</sup> Regulation (EC) No 1367/2006 on the application of the provisions of the Aarhus Convention to Community institutions and bodies



difficulties with the functioning of the current system of administrative and judicial redress. A number of possible measures and options for improvement were analysed and will require follow-up in 2020.

The **integration of environmental considerations** into EU policies and funding programmes continued throughout 2019, in line with Article 11 of the Treaty on the Functioning of the European Union. The Strategic Environmental Assessment (SEA) and the Environmental Impact Assessment (EIA) Directives are the key tools to ensure environmental integration in programmes and projects respectively. As regards the EIA Directive, enforcement action was initiated against 17 Member States which have not correctly transposed it.

As regards funding, for the current programming period (2014-2020), the **European Structural and Investment funds (ESI)** contribution to environmental financing is estimated at EUR 82.6 billion<sup>40</sup>. Assessing the major project applications submitted by Member States to ensure they comply with EU environmental directives, and the modifications of operational programmes, were major tasks for DG Environment. Relevant projects under other European funds, and those of financial institutions such as the Europe Investment Bank, were also assessed.

Special attention was dedicated to the integration of environmental considerations in the European Semester 2019 cycle, to “refocus the European Semester into an instrument that integrates the United Nations Sustainable Development Goals”, as requested by President von der Leyen in her political guidelines.

Ensuring the integration of environmental considerations in the post-2020 **Multiannual Financial Framework** (MFF), and the relevant sectoral proposals was also a priority, to secure future funding for environment policy and legislation.



In September, the co-legislators reached a provisional agreement on the new LIFE programme. Pending adoption of the MFF, LIFE remains one of the EU funding programmes to receive the largest proportional increase, with a budget of EUR 5.45 billion between 2021 and 2027. Implementation of the **current LIFE programme** also continued, with EUR 240 million for 120 new projects<sup>41</sup> in the fields of nature and biodiversity, environment and resource efficiency, and climate action.

Another EUR 116.1 million went to twelve large-scale environmental and climate Integrated Projects. These will unlock more than EUR 3.2 billion of additional support, as Member States can make use of other EU funding sources, including agricultural, regional and structural funds, Horizon 2020, as well as national funds and private sector investment<sup>42</sup>. **LIFE integrated projects** improve citizens' quality of life by helping

The **Strategic Environmental Assessment (SEA) Directive** helps integrate environmental considerations into decision-making ensuring that an environmental assessment is carried out prior to the adoption of certain plans and programmes that are likely to have significant effects on the environment.

In 2019, its **evaluation** concluded that the Directive remains fit for purpose, is relevant for its objectives and contributes to attaining the Sustainable Development Goals. It also meets the international obligations from the SEA Protocol to the Convention on the Environmental Impact Assessment in a Transboundary Context.

Its effectiveness and efficiency, however, are affected by many practical factors, for example the timing of the SEA, its synchronisation with other plans and programmes and the use of scoping to limit the costs and content of the environmental report.

<sup>40</sup> Study on the Integration of environmental concerns in Cohesion Policy Funds (ERDF, ESF, CF) available at <https://publications.europa.eu/en/publication-detail/-/publication/bbecf44b-f5ba-11e7-b8f5-01aa75ed71a1/language-en>

<sup>41</sup> [https://ec.europa.eu/info/sites/info/files/2019\\_life\\_short\\_summaries\\_annex\\_1.pdf](https://ec.europa.eu/info/sites/info/files/2019_life_short_summaries_annex_1.pdf)

<sup>42</sup> Reporting information on LIFE implementation is available in the LIFE programme statement at

Member States comply with EU legislation in five areas: nature, water, air, climate change mitigation and climate change adaptation. They support plans required to implement environmental and climate legislation in a coordinated manner and on a large territorial scale<sup>43</sup>.

To further help mobilise private capital towards more sustainable green activities, DG Environment was actively involved in the the Commission's Sustainable Finance Action Plan<sup>44</sup>. This included, in particular, contributing to the proposal for an EU **Sustainable Finance Taxonomy** setting criteria for determining whether an economic activity is sustainable. Work was also in progress to develop the EU Ecolabel framework for green financial products, with the technical support of the Joint Research Centre. Climate and sustainability proofing guidelines ensuring the sustainability of projects were also developed, in close collaboration with DGs Economy and Finance and Climate Action.

Mainstreaming sustainability in all EU policies, pursuing green finance and investment, greening national budgets and sending the right price signals, are part of the European Green Deal and will remain priorities for DG Environment.

**Knowledge and evidence** are an essential part of the Commission's Better Regulation agenda and the environmental policy enabling framework. Throughout the year, DG Environment continued its efforts to evaluate the *acquis*. In addition to the six evaluations/fitness checks already mentioned, the DG concluded the evaluation of the 7<sup>th</sup> EAP and several more were ongoing, for conclusion in 2020 and beyond<sup>45</sup>. Knowledge on emerging risks and opportunities is also essential for future policy development. In 2019, the first annual cycle of the DG's **foresight** project FORENV was completed, with the publication of a report focusing on emerging issues at the environment-social interface.

The European Environment Agency (EEA) remained the main knowledge provider for environment policy. Following from its evaluation in 2018<sup>46</sup>, collaboration with the Agency was stepped up, notably through further collaboration in its planning processes. Work also progressed towards the upgraded of the eReporting platform.

In May 2019, the co-legislators reached an agreement on the proposal to align **environmental reporting obligations**. Based on the conclusions of an extensive fitness check published in 2017, this will simplify procedures for administrators and businesses involved in monitoring and reporting. In addition, policymakers will have access to higher quality information to support decisions, and citizens better access to

The 7<sup>th</sup> **Environment Action** Programme, a key element of the policy enabling framework, was evaluated in 2019.

The **evaluation** concluded that its strategic approach has been a crucial governance tool for EU environment policymaking, creating strong links to national environment strategies and putting the focus on the need to integrate the environmental dimension into other sectoral policies. It also helped Europe to speak with one voice in the context of multilateral cooperation.

Overall, the Action Programme has facilitated a shift in policy-making by recognising climate and environmental protection as drivers for green growth, a healthy planet and social wellbeing.

At the same time, the evaluation confirmed the need for a stricter prioritisation of EU action, better implementation of existing legislation and a dedicated monitoring mechanism. These findings will shape the development of a successor programme, to guide EU environment policy until 2030.

[https://ec.europa.eu/info/sites/info/files/about\\_the\\_european\\_commission/eu\\_budget/draft-budget-2020-wd-1-web-1.4.pdf](https://ec.europa.eu/info/sites/info/files/about_the_european_commission/eu_budget/draft-budget-2020-wd-1-web-1.4.pdf)

<sup>43</sup> See project information at [https://ec.europa.eu/commission/presscorner/detail/en/MEMO\\_19\\_1190](https://ec.europa.eu/commission/presscorner/detail/en/MEMO_19_1190)

<sup>44</sup> adopted in 2018 – Reference needed

<sup>45</sup> These include the ongoing evaluations of the EU biodiversity strategy, Legislation on the Restriction of certain hazardous substances in electrical and electronic equipment, Industrial emissions and End-of-life vehicles directives.

<sup>46</sup> SWD (2018) 470 final

information on issues that concern them. Combined with the EEA's upgraded eReporting platform, this represents an important step towards modernising and simplifying information management at EU and Member States level.

### DG Specific Objective 5: The Union's cities are more sustainable

Improving the quality of the environment requires that cities are more sustainable. DG Environment continued to support cities to improve environmental management *inter alia* through the annual **green city awards**. The EU Green Capital Award rewards cities with a population above 100 000, while towns and cities having a lower population can apply for the European Green Leaf Award.



**Oslo** held the **Green Capital** Award for 2019, in recognition of its efforts to mitigate climate change and **restore the city's waterways**. Lisbon will be the Green Capital for 2020. Apart from the title, Lisbon received a EUR 350 000 financial incentive to kick-start its green capital year.

**Cornellà de Llobregat** (Spain) and **Horst aan de Maas** (Netherlands) jointly held the 2019 **Green Leaf** title. The award acknowledged their commitment to become truly sustainable cities within a high density metropolitan area.

### DG Specific Objective 6: The Union is more effective in addressing international environmental challenges

Multilateral action at international level is more than ever essential to achieve global environmental objectives and the Sustainable Development Goals. DG Environment plays a fundamental role in the implementation of environmental agreements to which the EU is a party, participates in United Nations (UN) fora and seeks to put environmental issues on the agenda of key bilateral and regional relations.

In March 2019, the fourth session of the **UN Environment Assembly** took place in Nairobi, Kenya, under the title "Innovative solutions for environmental challenges and sustainable consumption and production." Two EU proposed resolutions were adopted, on Sustainable Consumption and Production and on chemicals in waste. Regrettably, the resolution on fighting deforestation, also proposed by EU, was not adopted due to strong opposition from some parties.

The **High-level Political Forum on Sustainable Development** (HLPF) was held over ten days of July in New York, completing the first four-year cycle of its mandate to review the 17 SDGs. An EU flagship event allowed major EU achievements on circular economy plastics and sustainable finance to be highlighted. Globally, however, progress was found insufficient and delegates also noted that existential threats, like climate change and biodiversity loss, risk undermining any progress.

**Circular economy missions** organised by DG Environment continued to play a key role in promoting sustainable business models globally, and in creating opportunities for EU green companies and entrepreneurs. In April, a **mission to Mexico** comprised more than 70 representatives from 17 European Member States, employing together nearly three quarters of a million people. Another mission went to **Singapore and Malaysia**, with more than 40 representatives of European and national business organisations. With DG support, the EU Delegation in Ghana organised a successful and well-attended seminar on circular economy. This was an opportunity to share the EU vision and experience on circular economy and blend it with Ghanaian perspectives. The DG also took part in a regional high-level conference on circular economy, green industries and jobs, targeting **Western African** countries. A joint statement outlining possible areas for cooperation, including resource efficiency and reduction of plastics, was among the important outcomes of the conference.



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The **7<sup>th</sup> EU-China Environmental Policy Dialogue** provided the occasion to launch the high-level dialogue on water and announce the launch of the dialogue on circular economy in 2020. Cooperation between DG Environment and DG Neighbourhood and Enlargement Negotiations resulted in the launch of the **Green Agenda for the Western Balkans**, a regional initiative mirroring the European Green Deal in the region.

Implementation of the existing environment multilateral agreements also continued. The 14<sup>th</sup> COP of the **Basel Convention** on waste, and the 9<sup>th</sup> COP of the **Rotterdam** and the **Stockholm Conventions** on chemicals, were held back to back from 29 April to 10 May. The theme of the meetings was *Clean Planet, Healthy People: Sound Management of Chemicals and Waste*. The outcome was one of the best for many years, as landmark decisions to amend the Basel and Rotterdam Conventions (on plastics waste and on compliance, respectively) were achieved, in line with EU positions. The 3<sup>rd</sup> COP to the **Minamata Convention** on Mercury adopted the first official international document outlining a risk-based approach to contaminated sites management, which has relevance beyond mercury.

**Biodiversity** remained a global priority. **Forests** host 80% of biodiversity on land, support the livelihoods of around a quarter of the world's population, and are vital to our efforts to fight climate change. In response to the continued widespread destruction of the world's forests, the Commission adopted a Communication to step up EU action against **deforestation and forest degradation**<sup>47</sup>. About 80% of global deforestation is driven by agricultural expansion, a phenomenon with roots in the global demand for products such as palm oil, soya and beef. The Communication addresses both the supply and demand side of the issue and commits the Commission to explore further measures to ensure a deforestation-free supply chain.

Europe will work with its global partners to curtail biodiversity loss within the next five years. I want us to lead the world at the 2020 Conference of the Parties to the Convention on Biological Diversity.

*President von der Leyen's political guidelines*

At the 14<sup>th</sup> COP of the UN Convention to Combat **Desertification**, parties expressed commitment for a range of issues, including ecosystem restoration, action on climate change, the Peace Forest Initiative and others<sup>48</sup>. The 18<sup>th</sup> COP of the Convention on International **Trade in Endangered Species** decided to introduce or tighten trade

<sup>47</sup> COM (2019)352 final

<sup>48</sup> <https://www.unccd.int/news-events/new-delhi-declaration-investing-land-and-unlocking-opportunities>

controls for several dozen animal and plant species. All the proposals put forward by the EU were adopted, in most cases by consensus.

In April 2019, the Intergovernmental Platform for Biodiversity and Ecosystem Services published the first ever global assessment report on biodiversity and ecosystem services<sup>49</sup>. It was a historical wake-up call for urgent action to avoid the 6<sup>th</sup> mass extinction. In June, the **G7 Environment Ministers** adopted the Metz Biodiversity Charter, another strong call to halt and redress biodiversity loss. In December, in line with the new Commission's political guidelines, preparations started on the **post-2020 multiannual biodiversity framework**, to be adopted in 2020 by the 15<sup>th</sup> COP of the UN Convention on Biological Diversity.

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<sup>49</sup> <https://ipbes.net/global-assessment-report-biodiversity-ecosystem-services>

## 2. ORGANISATIONAL MANAGEMENT AND INTERNAL CONTROL

This section explains *how* the DG delivered the achievements described in the previous section. It is divided into two subsections.

The first subsection reports the control results and other relevant information that supports management's assurance on the achievement of the financial management and internal control objectives<sup>50</sup>. It includes any additional information necessary to establish that the available evidence is reliable, complete and comprehensive. It covers all activities, programmes and management modes relevant to the DG.

The second subsection deals with the other components of organisational management: human resources, better regulation principles, information management and external communication.

### 2.1 Financial management and internal control

Assurance is an objective examination of evidence for the purpose of providing an assessment 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. These are:

- the annual reports and declarations by AOD and AOSDs in which all financial (trans)actions are verified;
- the reports on control results from entrusted entities in indirect management such as the European Investment Bank (EIB) as well as the result of the Commission supervisory controls on the activities of these bodies, and participation as observer in the management board meetings of the Executive Agency for Small and Medium-sized Enterprises (EASME);
- the contribution of the Internal Control Coordinator, including the results of internal control monitoring at the DG level, and the contribution of the Risk Coordinator;
- the outcome of the DG Environment ex-post audit plan 2019;
- the observations, recommendations and the conclusions on the state of internal control reported by the Internal Audit Service (IAS);
- the observations and the recommendations reported by the European Court of Auditors (ECA);
- the annual review report of the DG Environment's Advisory Committee on public procurement (ENVAC);
- Periodic reports and dashboards to management on resource issues.

Systematic analysis of the evidence provided in these reports provides a sufficient guarantee of the completeness and reliability of the information reported and results in a complete coverage of the budget delegated to the Director-General of DG Environment.

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<sup>50</sup> Art 36.2 FR: a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; and e) adequate management of risks relating to the legality and regularity of underlying transactions

This section is for reporting the control results and other relevant elements that support management's assurance. It is structured into (a) Control results, (b) Audit observations and recommendations, (c) Effectiveness of internal control systems, and resulting in (d) Conclusions on the assurance.

### 2.1.1 Control results

This section reports and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives<sup>51</sup>. The DG's assurance building and materiality criteria are outlined in annex 4. Annex 5 outlines the main risks together with the control processes aimed to mitigate them and the indicators used to measure the performance of the control systems.

The 2018 Financial Regulation<sup>52</sup> introduced specific reporting requirements. As regards DG Environment, no such cases have been detected in 2019.

#### OPERATIONAL STRUCTURE

DG Environment is structured around six directorates. By the end of 2019, the DG had 397 officials, 35 Seconded National Experts and 44 contract agents.

#### FINANCIAL OVERVIEW AND MANAGEMENT PARTNERS

DG Environment is responsible for the implementation of the sub-programme for environment of the LIFE programme. Other expenditure includes the subsidies to the European Environment Agency (EEA) and the European Chemicals Agency (ECHA) and contributions to multilateral international environmental agreements, pilot projects and preparatory actions, as well as routine administrative expenditure. This represents a total budget of EUR 505 million in commitment appropriations and EUR 363 million in payment appropriations.

Most of the LIFE budget implementation is delegated to the Executive Agency for Small and Medium-sized Enterprises (EASME). In 2019, the total amount delegated by DG Environment to EASME or to other DGs amounts to EUR 364 million in commitment appropriations and EUR 205 million in payments. Supervision arrangements are in place, based on a memorandum of understanding and reporting obligations. EASME and the DGs receiving the funds report on the use in their own Annual Activity Reports.

The commitments and payment appropriations administered directly by DG Environment in 2019 amount to **EUR 141 million** and **EUR 158 million** respectively<sup>53</sup>. The consumption of commitment and payment appropriations is very satisfactory **with implementation rates above 99%** at year-end<sup>54</sup>. DG Environment implements its budget mostly through direct management, but some specific actions are implemented in indirect management mode.

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<sup>51</sup> Effectiveness, efficiency and economy of operations; reliability of reporting; safeguarding of assets and information; prevention, detection, correction and follow-up of fraud and irregularities; and adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programs as well as the nature of the payments (FR Art 32).

<sup>52</sup> Regulation (EU, Euratom) 2018/1046 on the financial rules applicable to the general budget of the Union, repealing Regulation (EU, Euratom) No 966/2012 (2012 Financial Regulation). <sup>37</sup> Article 92.3, Article 125.3, Article 130.4, Article 181.6 and Article 193.2

<sup>53</sup> These amounts are significantly below the amounts reported in the 2018 AAR, due to the fact that they include the co-delegations received but exclude the co-delegations given. Hence, the amounts co-delegated to EASME in 2019 are no longer included.

<sup>54</sup> Appropriations carried out automatically to the next budgetary year (e.g. payment appropriations for administrative expenditure, assigned revenue from recoveries) can be implemented in 2020. Therefore, they are deducted for the calculation of the implementation rates.

The table below gives an overview of the budget implementation at 31/12/2019. A short presentation of the bodies that collaborate with DG Environment for the implementation of the budget and/or as recipients of contributions from the budget is provided in Annex 10 – “Management Partners”.

### **Financial overview DG Environment<sup>55</sup>**

<b>Expenditure MEUR</b>	<b>Commitment Appropriations 2019</b>	<b>Committed 31/12/2019</b>	<b>Payment Appropriations 2019</b>	<b>Payments authorised in 2019</b>
Administrative expenditure (budget line 07010211)	2,986	2,982	3,432	0,024
LIFE - LIFE completion (0702-01, -02, -03, -51)	60,382	58,097	79,497	78,756
LIFE support expenditure (07010401)	1,483	1,454	2,769	1,226
Contributions EEA (070206)	45,466	45,213	45,466	45,213
Contributions ECHA (07020501, 07020502)	1,587	1,564	1,587	1,564
Multilateral Env. Agreements (070204)	3,629	3,629	3,629	3,629
Preparatory Actions & Pilot Projects (070277 02-52,)	4,338	4,300	3,830	3,827
<b>Sub-Total ENV</b>	<b>119,87</b>	<b>117,24</b>	<b>140,21</b>	<b>134,24</b>
Co-delegations CIP/EIP - GROW (020251, 020301)	0,401	0,208	0,262	0,032
Co-delegation MARE (110661)	4,402	4,402	3,402	3,402
Co-delegation AGRI (050460)	0,000	0,000	0,841	0,841
Co-delegations DEVCO (21020701, 21025106)	12,250	12,250	12,691	12,691
Co-delegations NEAR (22010401, 22020401,220251)	0,055	0,055	0,788	0,759
Co-delegations CLIMA (34010401,340203)	4,200	4,200	0,146	0,146
<b>Sub-Total co-delegations received:</b>	<b>21,31</b>	<b>21,11</b>	<b>18,13</b>	<b>17,87</b>
<b>Sub-Total ENV + co-delegations received:</b>	<b>141,18</b>	<b>138,35</b>	<b>158,34</b>	<b>152,11</b>
Administrative expenditure co-delegated to HR - PMO (07010211)	0,15	0,15	0,15	2,50
LIFE support expenditure co-delegated to DIGIT and BUDG (07010401)	0,35	0,35	0,32	0,15
LIFE co-delegated to ESTAT, JRC, OP, COMM, DGT, EAC, NEAR, SANTE (0702-01, -02, -03, -07027741)	0,58	0,58	1,68	1,66
<b>Sub-Total co-delegations given:</b>	<b>1,08</b>	<b>1,08</b>	<b>2,16</b>	<b>4,31</b>

<sup>55</sup> The discrepancies between the amounts indicated in the table and Annex 3 are due to the fact that the latter does not properly reflect the appropriations implemented as a result from co-delegation by other DGs.



Delegated to Agency EASME (070201, 070202, 070203)	358,25	358,25	198,18	198,17
Delegated to GROW for Agency EASME (07 01 06 01)	5,07	5,07	5,07	5,07
<b>Sub-Total delegations to EASME</b>	<b>363,32</b>	<b>363,32</b>	<b>203,25</b>	<b>203,25</b>
<b>Sub-Total co-delegations given + EASME</b>	<b>364,40</b>	<b>364,40</b>	<b>205,41</b>	<b>207,55</b>
<b>GRAND TOTAL</b>	<b>505,58</b>	<b>502,75</b>	<b>363,75</b>	<b>359,67</b>

## CONTROL STRATEGY SUPPORTING MANAGEMENT'S ASSESSMENT

Considering that 87% of the payments authorised in 2019 relate to ABB activity 0702-*Development and implementation of Union environmental policy and legislation* and 0701-*Support and management expenditure*<sup>56</sup>, the assessment and the cost benefit analysis concentrate on those expenditures. The control strategies for grants and procurement under ABB activity 0702 are further explained in the Internal Control Templates (annex 5).

Payments under other ABB activities result from co-delegations received from other DGs. Most of this expenditure is implemented through grants. The control strategy is the same as for grants made under ABB activity 0702.

The assessment by management is based on the results of key controls performed in 2019, notably ex-ante controls, on-site monitoring of LIFE projects by the external monitoring team and ex-post audits. The most relevant quantitative control indicators for 2019, compared to 2018 and 2017, are available in annex<sup>57</sup>.

Management's factual conclusion on the control results, their completeness and reliability is positive. Therefore, DG Environment reports reasonable assurance about the achievement of each of the relevant internal control objectives. No significant issue requiring a reservation has been identified.

DG Environment is overall satisfied with the cooperation with EASME, as well as the management of the LIFE projects entrusted to EASME. For the EIB's financial instrument Natural Capital Financing Facility (NCFE), due to the slow uptake of the loans by the final beneficiaries, the risk of irregularities or loss of assets is currently close to zero.

### 1. Effectiveness = the control results and benefits

#### Control effectiveness as regards legality and regularity

DG Environment is using internal control processes to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions it is responsible for, taking into account the multiannual character of programmes and the nature of the payments concerned. The control objective is to ensure that the final amount at risk related to payments authorised in 2019 does not exceed 2%.

Thorough ex-ante controls apply to procurement-related transactions in DG Environment. In addition to the mandatory initiator/verifier controls of all commitments and payments,

<sup>56</sup> See Annex 10, table "Overview of payments authorised in 2019 per budget line/ABB"

<sup>57</sup> See Annex 10 Table "Key control indicators for 2019"

procurement specialists in the financial unit systematically provide advice and support the operating units in DG ENV, for the whole lifecycle of a contract, from the terms of reference until the final payment/de-commitment.

Also, the DG Environment procurement Advisory Committee (ENVAC) performs verifications of all contracts above EUR 500,000 and all framework contracts issued, all procurement contracts corresponding to European Parliament's Pilot Projects and Preparatory Actions (PPs and PAs), plus a sample of contracts of lower value, covering all DG policy areas. The value and type of procedures are the main factors of ENVAC's risk-based approach.

Therefore, reasonable assurance can be provided given the following cornerstones:

- robust ex-ante controls performed at various stages in the financial circuit;
- quality advice by procurement experts to the desk officers and authorising officers in the operating units;
- independent and positive ENVAC verifications;
- guidance on how to deal with EDES (Early Detection and Exclusion System) cases;
- no significant errors and weaknesses detected by the internal and external auditors.

## **METHOD FOR ESTIMATING THE AMOUNT AT RISK AND THE RESIDUAL ERROR RATE (RER)**

The estimation of the amount at risk is based on ex-post audits performed in 2019. The ex-post audit team sampled 30 of the 216 LIFE grants for which a final payment was made throughout 2018. The audited grants represent an audit coverage of 14% of the number of projects closed in 2018 and 23% of the total value of those grants. The sample is based on a random selection through the MUS methodology (Monetary-Unit Sampling).

The European Court of Auditors in its 2018 Annual Report and its review of the Commission's ex-post audits observed that the methodology for calculating the error rate leads to an understatement of the error rate, the extent of which could not be quantified. As a result, DG Environment will adapt its methodology for the calculation of the LIFE program error rate in line to the Court's observations starting with the implementation of the 2020 ex-post audit campaign. As a first step, the 2019 detected error rate has already been calculated using the new method and results in a detected error rate (DER) of 1,61%, compared to a DER of 0,90% if calculated with the previously used method.

While the calculation of the RER will be performed in accordance with the new recommendations starting of 2020, based on the previously used methodology, the residual error rate (**RER**) for 2019 **is 0.80%**. Even if the new methodology had been fully applied to the RER, the 2019 RER would be expected to stay below the materiality threshold of 2%. Therefore, no reservation is necessary.

More details about the calculations can be found in Annex 10.

## **ESTIMATED OVERALL AMOUNT AT RISK AT CLOSURE**

In the context of the protection of the EU budget, the DGs' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated at Commission level. DG Environment's data is shown below in Table X and its accompanying notes.

The estimated overall risk at payment for 2019 expenditure is **EUR 1.767 million**. This is the AOD's best, conservative estimation of the amount of relevant expenditure during

the year (**EUR 152.111 million**) not in conformity with the contractual and regulatory provisions applicable at the time the payment was made.

This expenditure will subsequently be subject to ex-post controls and a proportion of the underlying errors will be detected and eventually corrected in successive years. The conservatively estimated future corrections for 2019 expenditure are **EUR 0.471 million**. This is the amount of errors that the DG conservatively estimates will be identified and corrected by controls to be carried out in succeeding years. The difference between those two amounts leads to the estimated overall risk at closure for the 2019 expenditure of **EUR 1.296 million**.

**Table X - Estimated overall amount at risk at closure:**

<b>DG Environment</b>	"payments made" (in FY; MEUR)	<i>minus</i> new prefinancing (in FY; MEUR)	<i>plus</i> cleared <sup>c</sup> prefinancing (in FY; MEUR)	<b>= "relevant expenditure"<sup>d</sup> (for the FY; MEUR)</b>	Average Error Rate (detected error rate)	estimated overall amount at risk <i>at payment</i> (FY; MEUR)	Average Recoveries and Corrections ( <i>adjusted</i> <b>ARC</b> ; %)	estimated future corrections [and deductions] (for the FY; MEUR)	<b>estimated overall amount at risk at closure<sup>e</sup> (MEUR)</b>
(1)	(2)	(3)	(4)	(5) = (2) - (3) + (4)	(6)	(7) = (5) x (6)	(8)	(9) = (5) x (8)	(10) = (7) - (9)
<b>ABB 0702</b>	<b>152,111</b>	<b>69,630</b>	<b>212,079</b>	<b>294,559</b>	<b>0.6%</b>	<b>1,767</b>	<b>0.16%</b>	<b>0,471</b>	<b>1,296</b>
1. LIFE & LIFE completion, LIFE NGOs, other grants	48,413								
2. LIFE (Procurement), pilot projects, preparatory actions, annual contributions to MEAs (grants and procurement)	39,049								
3. Contributions to agencies (EEA, ECHA)	46,777								
5. Co delegations received (grants)	17,871								
	MEUR	MEUR	MEUR	MEUR	x%	= X MEUR; and a% of (5)	y%	= Y MEUR; and b% of (5)	= Z MEUR; and c% of (5)

### Notes to the table

(2) Payments made or equivalent, such as after the expenditure is registered in the Commission's accounting system, after the expenditure is accepted or after the pre-financing is cleared. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle. In all cases of Co-Delegations (Internal Rules Article 3), the "payments made" are covered by the Delegated DGs.

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

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

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to L&R errors (*see the ECA's 2017 AR methodological Annex 1.1 point 15*), also our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out [*& adds the retentions made*], and adds the previous pre-financing actually cleared [*& subtracts the retentions released and those (partially) withheld; and any deductions of expenditure made by MS in the annual accounts*] during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.

(6) In order to calculate the weighted Average Error Rate (AER) for the total relevant expenditure in the reporting year, the average detected error rates for the last five years have been used, calculated using the previously used methodology (please refer to the following section hereabove: "METHOD FOR ESTIMATING THE AMOUNT AT RISK AND THE RESIDUAL ERROR RATE (RER)" )

(8) The average percentage of corrections expressed by dividing the sum of recoveries issued (2015-2019) by sum of payments issued (2015-2019).

(10) For some programmes with no set *closure* point (e.g. EAGF) and for some multiannual programmes for which corrections are still possible afterwards (e.g. EAFRD and ESIF), all corrections that remain possible are considered for this estimate.

## **2. Efficiency = the Time-to-... indicators and other efficiency indicators**

**Time to pay** - In 2019, 96.7% (898) of all DG payments (928) were made within the maximum allowed payment deadlines.

**Time to inform and time to grant** - In 2019, the DG established a number of direct operating grants and agreements under both direct and indirect management. For all of them the average time to grant was 4.5 months, within the established deadlines of the Financial Regulation.

**Time to procure** - In 2019, DG Environment procured contracts on average within 4.8 months for Open Calls, whereas for the few negotiated procedures of Low or Middle Value the time decreased to 2.5 months. For specific contracts using Framework contracts the time dropped even further to 2.1 months, as some Framework contracts use also a very flexible ordering system.

### **Fraud prevention, detection and correction**

DG Environment has developed and implemented its own anti-fraud strategy, on the basis of the methodology provided by OLAF. It is updated every three years. Currently it is being updated, following OLAF's screening.

Following the review of the Commission's Anti-Fraud Strategy, DG Environment carried out a fraud risk assessment and organised a targeted workshop on "Fraud Awareness Raising and Fraud Risk Assessment", for the middle management and financial officers of the DG. The results of this workshop have provided input for the update of the DG's antifraud strategy. Ethics issues have been addressed in a training provided to several DGs' staff and HoUs in 2019. While the information from this training was widely spread among the DG Environment staff, further actions will take place in a systematic way in 2020, targeting especially newcomers to the DG. Based on these inputs, the draft Anti-fraud Strategy submitted for screening to OLAF, and the comments received will be integrated with view to finalise and adopt the DG's Anti-Fraud Strategy in the first half of 2020. The DG Anti-Fraud Strategy will also establish indicators, as well monitoring and reporting mechanisms.

## **3. Economy = the cost of controls**

### **CONTROL EFFICIENCY AND COST-EFFECTIVENESS**

DG Environment uses a set of controls to improve the performance of its procurement system and to establish that risks in financial management have been minimised to the extent possible for both procurement and grants. The DG verification team does not only verify transactions but intervenes upfront in the procurement and grant phase by verifying tender specifications and calls for proposals, guarantying the quality of the tendering procedures. From 2019, this practice extended to the requests for specific contracts above the value of EUR 150,000. Furthermore, the ENVAC committee systematically controls independently the quality of procurement files and particularly those of high risk.

In 2017, the AOD has used the possibility to differentiate the frequency of controls considering the cost of controls compared to the risks involved for low-value transactions (below 15 000 euros) when new financial circuits established in the DG. In 2019, 146 low-value payments executed using this circuit, where the roles of verifier and AOS have been merged.

The total cost of controls, for procurement and grants, stands at **EUR 2.739 million**<sup>58</sup>.

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

The corporate Public Procurement Management Tool (PPMT) was introduced in 2019, which facilitated monitoring and control of the procurement procedures process from the moment of the request from the operational unit until the contract has been signed. While only first positive experience during the second half of the year has been gathered, this tool seems to gain efficiencies on different stages of the procurement process (e.g. templates, link with the e-submission, an automated filing in Ares system).

## OVERALL CONCLUSION ON THE COSTS OF CONTROLS

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

The control cost effectiveness is assessed by comparing the control costs over budget managed (payments made in 2019).

Expenditure (MEUR)	Grants and Financial Instruments	Procurement	Total Payments made on 2019
Total expenditure	112.435	39.676	<b>152.111</b>
Costs of control	2.076	0.609	<b>2.739</b>
Costs over expenditure (%)	<b>1.85%</b>	<b>1.53%</b>	<b>1.80%</b>

Overall, the ratio of costs of controls (EUR 2.739 million) to the payments made (EUR 152.111 million) of **1.80%**, indicates that the controls carried out for the financial transactions were cost effective during the reporting year.

**Benefits of Controls:** The costs of the controls made, both for procurement and grants, are matched against benefits that are derived from:

- savings during the ex-ante phase (where, the full amount dedicated to a call not having been consumed, the balance becomes available for re-use), and
- the supervisory/ex-post checks performed during the running life of a procurement contract or a grant agreement on payments (resulting in a reduction of the amount finally paid as corrections of any detected errors).

Apart from these quantifiable benefits, the control of procurement procedures means that in 2019 DG Environment has avoided reputational costs and damages, and has not faced any legal action and complaints to the Court and the European Ombudsman.

In addition, there are a number of non-quantifiable benefits resulting from the controls applicable during the programming phase, aimed to ensure that the financed projects contributed to the achievement of the policy objectives, and from the deterrent effect of ex-post controls. Furthermore, DG Environment considers that the necessity of these controls is undeniable, as the totality of the appropriations would be at risk in case they were not in place.

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<sup>58</sup> Cf. annex 10

## 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.

### Internal Audit Service (IAS)

Based on the work undertaken by the IAS in the period 2017-2019, the IAS concludes that the internal control systems in place for the audited processes in DG Environment are effective, except for the two observations giving rise to 'very important' recommendations<sup>59 and 60</sup>.

For the audit on Evaluations and Studies, the auditors found a number of individual weaknesses in the internal control system underpinning the procurement process. While some of these shortcomings have been addressed immediately, further measures will be taken to allow the full address of the recommendations from this audit in 2020.

Considering the above, the recommendations of these audits do not have a significant impact on the assurance.

### European Court of Auditors (ECA)

DG Environment gives the highest attention to ECA's work and makes all efforts to ensure a smooth audit process with correct and timely follow-up of recommendations. For this work, DG Environment devoted overall 7 FTEs, a high figure compared to the size of the DG.

#### - **ECA Annual Report 2018**

DG Environment is principally concerned by chapter 7 of the Annual Report 2018, but there is no specific mention of the DG in the report.

In line with ECA's new approach, there is no assessment of the level of error for the area of 'rural development, market measures, the environment, climate action and fisheries'. To be noted, however, that the residual error rate in DG Environment's Annual Activity Report 2018 was 0.09%, 50% down from 0.18% in 2017.

#### - **ECA Special Reports (SR)**

DG Environment was also concerned by several special reports published by ECA, relating to performance audits with a focus on the policy side rather than the financial issues. In 2019, ECA published six reports linked to environmental policies (detailed information on the main conclusions and recommendations is available in annex<sup>61</sup>):

- Special report 16/2019: European Environmental Economic Accounts: usefulness for policymakers can be improved;
- Special report 4/2020: Using new imaging technologies to monitor the Common Agricultural Policy: steady progress overall, but slower for climate and environment monitoring;
- Special report 5/2020: Sustainable use of plant protection products: limited progress in measuring and reducing risks;
- Review 1/2019: The EU's response to the *dieselgate*;

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<sup>59</sup> 1) Audit on international Activities in DG Environment and 2) Audit on Evaluations and studies in DG ENV

<sup>60</sup> Annex 10 ; IAS

<sup>61</sup> Annex 10 ; ECA



- Review 4/2019: EU support for energy storage;
- Review 7/2019: Reporting on sustainability: A stocktake of EU Institutions and Agencies.

- **Follow-up of open recommendations**

DG Environment closely monitors the implementation of the audit recommendations stemming from ECA reports, as well as recommendations from the Council and the European Parliament issued in the course of the discharge procedure.

By the end of 2019, the DG was *Chef de File* for 57 open recommendations. None of these recommendations is overdue.

- **Conclusions on ECA audits and recommendations**

The DG is taking action to implement the accepted recommendations. DG Environment's management therefore considers that the current state of play regarding the follow-up of ECA recommendations does not lead to assurance-related concerns and concludes that it has reasonable assurance.

## 2.1.3 Assessment of the effectiveness of the 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 Environment 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 Environment has assessed the internal control system during the reporting year and has concluded that the internal control principles are present and functioning well, while leaving room for some improvements.

### ANNUAL ASSESSMENT OF THE INTERNAL CONTROL PRINCIPLES

Based on the internal control indicators set out by DG Environment for 2019, the interim assessment of the state of internal control in DG Environment did not identify any major deficiencies. There is scope for improvement in some areas and the DG therefore considers its internal control system as partially effective. However, DG Environment is confident of having the necessary procedures, staff skills and experience to identify and manage the main operational, financial and legal/regulatory risks and successfully address any shortcomings during 2020. This conclusion is based on a thorough review of all available information (please see annex 11).

DG Environment has assessed its internal control system during the reporting year and has concluded that it is effective and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified related to:

- Possibilities for increasing job mobility (internal survey)
- Procurement related guidance and information to staff (IAS audit)
- Recurring non-compliance in the handling of invitations to experts (exceptions register)

The measures DG Environment has taken during 2019 to further improve the effectiveness of its internal control systems in the areas of document management, staff

allocation and external communication have proven successful. These remain a high priority for DG Environment given the environment of constant or reducing staff resources combined with heavy workloads.

## 2.1.4 Conclusions as regards assurance

This section reviews the assessment of the elements reported above (in Sections 2.1.1, 2.1.2 and 2.1.3) and draws conclusions supporting the declaration of assurance and whether it should be qualified with reservations.

The information reported in Section 2 stems from the results of management and auditor monitoring contained in the reports listed, which are a systematic analysis of the evidence available. No significant information has been omitted. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a comprehensive coverage of the budget delegated to the AOD, in this case the Director-General of DG Environment.

To a large extent assurance for the LIFE is based on the results of ex-post controls and the on-site monitoring of LIFE projects. The measures taken in recent years to decrease the LIFE error rate are effective. Additional assurance is obtained from the mandatory controls of all procurement commitments and payments, but also from the annual declarations of the Authorising Officers by Sub-delegation, where they confirm that the transactions they authorised in 2019 were correct. Just one non-compliance event recorded in 2019. Thanks to these efforts – which are now the standard – the likely "amount at risk" in relation to transactions authorised in 2019 is below the materiality threshold of 2%.

The audit work performed by the IAS in 2019 concluded that the internal control systems audited are partially effective since two 'very important' recommendations are to be addressed, in line with the agreed action plans, which DG Environment is implementing.

DG Environment closely monitors the open recommendations from ECA's special reports. Progress towards meeting them is reported regularly to DG Environment management and the Commissioner. These open ECA's recommendations do not affect the assessment of the internal control system.

There is good cooperation with EASME, which reports and gives assurance for the part of the LIFE programme it implements in EASME's AAR. However, the management of the LIFE legacy in DG Environment became more difficult in 2019 due to the lack of staff; a further review of the working methods and arrangements within the DG provided a response.

Considering the points above, **no reservation is warranted for 2019** and no events have occurred that would alter this opinion. DG Environment has implemented all possible ex-ante and ex-post controls and confirms that they remain cost-effective. Therefore, under the prevailing risk environment and from a managerial point of view, DG ENV's AOD can sign the Declaration.

### Overall Conclusion

In conclusion, DG Environment 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.

## DECLARATION OF ASSURANCE

*I, the undersigned,*

*Director-General of DG Environment,*

*In my capacity as authorising officer by delegation*

*Declare that the information contained in this report gives a true and fair view<sup>62</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 observations of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditor 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.*

*Brussels, 31 March 2020*

*[Signed]*

*Daniel Calleja*

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<sup>62</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 Other organisational management dimensions<sup>63</sup>

### 2.2.1 Human resource management

The externalisation of the LIFE unit to EASME continued in 2019, with the reduction of four officials. Staff reductions remained the biggest challenge faced by the DG: 69 job quotas have been lost since 2014 (from 466 to 397, representing a decrease of 15 %) and a similar reduction in terms of external staff (-17%). This is in parallel to an increase of activities linked to the Circular Economy and the Nature action plans, new obligations from updated legislation (e.g. from the waste package) and emerging priorities such as plastics and green finance.

To face this contradictory situation, the DG kept striving for efficiency gains. Emphasis was also put on regularly reviewing staff allocations to match priorities, supported by workload indicators and by the ATLAS module of Sysper. However, in view of the new tasks allocated to the DG and the high priority of environmental policy for the European Green Deal, DG Environment considers that the increasing discrepancy between tasks and resources is becoming unsustainable.

In the field of equal opportunities, the DG had reached the 2020 Commission-set targets of female representation in middle management already in 2018. Since November 2014, female representation increased from 21% to 48%

### 2.2.2 Information management aspects

DG Environment promotes the sound and efficient management of its knowledge, information and data assets.

A document management team provides regular training on information security, personal data protection and document management, and supports staff in the daily application of the relevant rules. In 2019, an 'Archives Day' was organised to raise awareness about the importance of recording the DG activities, for current accountability as well as for the future history of EU environment policy. Simplification and modernisation of procedures continued to be a priority and the number of documents processed by electronic means increased across units.

The implementation of the DG Knowledge Management Strategy established in 2018<sup>64</sup> started, with local trainings on the new collaborative platforms and the creation of several online spaces for collaboration. A Participatory Leadership community of practice was also set up. Under the 2018 Data Strategy@EC, the DG submitted its data inventory, published 33 data sets on the EU Open Data Portal and started work on data governance.

**Internal communication** on was also strengthened and staff engaged in local implementation of environmental policies. Drinking tap water was in the spot in 2019, and efforts continued also on Single-Use-Plastics (SUP). The DG replicated its internal SUP campaign in the European Parliament (at the "Oceans: The Future of the Blue Planet" event) and during the Open Days in May 2019, winning the Internal Communication Award for innovative internal campaigns.

#### Personal Data Protection

Efforts to upgrade compliance with Regulation 2018/1725 continued during 2019, with the following measures:

- Data protection was a standing agenda point on senior Management Meetings; issues were discussed as necessary.

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<sup>63</sup> This section covers also Better Regulation. For an extensive reporting on all components, please refer to Annex 2.

<sup>64</sup> Following the adoption of the commission Data, Information and Knowledge Management C (2016) 6626

- All Data controllers followed the mandatory training organised by the Commission's Data Protection Office;
- Several in-house training sessions were provided for staff on information security and principles of personal data protection;
- The internal procedure to report on data breaches established in 2018 was used on 1 occasion.
- Updated privacy statement templates were used, ensuring that the information provided to data subjects complies with the Regulation.

### 2.2.3 External communication activities

Ahead of the European elections, DG Environment contributed to raise awareness and highlight the benefits of President Juncker's 10 priorities and EU Environmental action. It supported in particular the corporate campaigns "EU Protects", "EU&me", "EU Rural" and ensured links and appropriate use of corporate communication campaigns and materials. Relations with the press constituted an important part of external communication, as did the publication of factsheets, leaflets and infographics. DG Environment **Social Media accounts**, an essential tool for communication, grew significantly in 2019<sup>65</sup>. This growth was achieved by actively reaching out on social media to targeted stakeholders, NGOs and citizens via tagging or direct messaging, and careful selection of topics, messages and visuals.



To mark the entry into force of the Single Use Plastics Directive in July, a second phase of the campaign **#ReadyToChange** was implemented in Member States not covered in 2018. Together with the Plastics Strategy, the campaign won the European Ombudsman Award for Good Administration. Based on Key Performance Indicators, an external evaluation confirmed that the campaign had been cost-effective and had motivated target audiences to avoid single-use plastics in their daily lives.

To raise awareness on **marine litter** and plastics, the DG coordinated with UNEP a coalition of 202 world aquariums in 41 countries, resulting in more than 250 articles. It also partnered with 25 institutions in 12 Member States, including the European Association of Zoos and Aquariums, botanical gardens and museums to support local awareness raising activities for children and raised the profile of **pollinators** communication among partners (WWF, CBD, IPBES, etc.). **CITIZENV**, an initiative to reach the youth, was developed and implemented, with 26 interactive Citizens' Dialogues in 15 Member States involving staff as ambassadors.

Linked to the release of the 2<sup>nd</sup> Environmental Implementation Review, **EU Green Week 2019** focused on environmental legislation and how to enhance its implementation at all levels. It was highly successful in terms of participation and passing policy messages, with 9 out of 10 participants agreeing that it had improved their "understanding of the EU environmental legislation and its impact on society and the economy", and a vast majority feeling "more positive about the EU".<sup>66</sup>



<sup>65</sup> +39% of interactions (~150 000) and +44% followers (~83 000) on Twitter; ~275 000 followers on Facebook; ~5 500 on the new Instagram account (opened in December 2018)

<sup>66</sup> Please see further detail and data in annex 2 indicators for external communication