



Annual Activity Report 2020

Annexes

Directorate General for Economic and
Financial Affairs

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

I declare that in accordance with the Commission's communication on the internal control framework¹, I have reported my advice and recommendations on the overall state of internal control in the DG to the Director-General.

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

Date: 31.3.2021

Signed,

Michaela Di Bucci

¹ C(2017)2373 of 19.04.2017.

ANNEX 2: Performance tables

General objective 3: An economy that works for people			
Impact indicator: 3: Real GDP growth rate			
Source of the data: Eurostat (https://ec.europa.eu/eurostat/documents/portlet_file_entry/2995521/2-02022021-AP-EN.pdf/0e84de9c-0462-6868-df3e-dbacaad9f49f)			
Baseline (2019)	Interim Milestone² (2022)	Target (2024 + a successful response to the COVID-19 pandemic will be reflected by increases in the real GDP growth rate)	Latest known results (2020)
1.6%	increase	increase	-6.4%

Specific objective 1: Support the Member States' economies to minimise the lasting impact of the COVID-19 pandemic on the EU, including by delivering €672.5bn in financing under the Recovery and Resilience Facility			Related to spending programme(s) Recovery & Resilience Facility
Result indicator 3: Real GDP per capita growth			
Source of data: Eurostat (Eurostat online data code: TEC00115)			
Baseline (2019)	Interim Milestone³ (2022)	Target (2024 + as above but per average individual European)	Latest known results (2019 – no 2020 data yet available)
1.3%	increase	increase	1.3%
Main outputs in 2020:			
New policy initiatives			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Council Regulation (EU) 2020/672 of 19 May 2020 on the establishment of a	Adoption	Q2-2020	Regulation adopted

² In case of short- or medium-term objectives (all targets are set to be achieved in less than 3 years) the milestones column should be deleted from the table.

³ The column should be deleted if only short-and medium term (less than 3 years) targets are set.

European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the COVID-19 outbreak			
Regulation of the European Parliament and of the Council establishing a Recovery and Resilience Facility	Adoption	April 2021	Political compromise reached in December 2020.
External communication actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Outreach programme for stakeholders and journalists	Satisfaction rate as measured in questionnaires	8.0 out of 10	8.3 stakeholder 8.0 journalists
Digital Brussels Economic Forum 2020	Number of digital participants	12 000	25 000
ECFIN Social media	Twitter follower growth (average)	15 new/day	20.6
ECFIN Social media	Facebook follower growth (average)	15 new/day	4
ECFIN Social media	Twitter post engagement rate (average)	15	25
ECFIN Social media	Facebook post engagement rate (average)	20	16.95
ECFIN Social media	Twitter fan engagement rate	1.5%	2.6%
ECFIN Social media	Facebook fan engagement rate	1%	0.6%
“Real economy” episodes – Season 7	Video page views per video nine language versions (website & apps)	80 000	35 500 (Best ECFIN video page views in EN: 19 000 and 17 000)
“Real economy” episodes – Season 7	Average view time	New indicator	3:00 (out of 8:00)
“European Economy Explained” episodes	Views per video in first quarter	10 000	n.a. (no new video release)

ECFIN E-newsletter	Subscriber increase (From 10 000 on 12/2019)	8%	Increase to 23 370 subscribers. This is an increase by 133%.
ECFIN Corporate web presence	Number of visits, monthly average (Piwik)	120 000	132 803
ECFIN Corporate web presence	Number of page views, monthly average (Piwik)	230 000	263 239
ECFIN Publication programme	Publication page views, all four 2020 series	250 000	283 213
Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Implementation of SURE	Eligibility and plausibility assessments of Member State's measures	Q2, Q3, Q4 2020	The Council approved EUR 90.3 billion in financial support to 18 Member States, out of the maximum amount of EUR 100 billion.
Pre-assessment of eligibility criteria to ESM PCS credit lines	Reports published	Q2-2020	Assessment with 4 Annexes was published on 6 May 2020
Guidance to Member States on Recovery and Resilience Plans	Publication	Q3-2020	Guidance published on 17 Sept. 2020.

Specific objective 2: Integrate the Sustainable Developments Goals (SDGs) into the European Semester, supporting green and digital economic transformations in the post-COVID-19 recovery

Result indicator 4: People at risk of poverty or social exclusion

Source of data: Eurostat ([Eurostat online data](#) code: [sdg_01_10](#) and dataset [ilc_peps01](#))

Baseline (2018)	Interim Milestone (2022)	Target (2024 + The indicator shows the percentage of people affected by at least one of the following three forms of poverty: income poverty, severe material deprivation and very low work intensity)	Latest known results (2019 – no 2020 data yet available)
Total population: 21.6%	decrease	decrease	20.9%
Children: 23.4%	decrease	decrease	22.2%
Main outputs in 2020:			
External communication actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Outreach programme for stakeholders and journalists	Satisfaction rate as measured in questionnaires	8.0 out of 10	8.3 stakeholder 8.0 journalists
Digital Brussels Economic Forum 2020	Number of digital participants	12 000	25 000
ECFIN Social media See specific objective 1			
ECFIN E-newsletter	Subscriber increase (From 10 000 on 12/2019)	8%	Increase to 23 370 subscribers (= increase by 133%).
ECFIN Corporate web presence	Number of visits, monthly average (Piwik)	120 000	132 803
ECFIN Corporate web presence	Number of page views, monthly average (Piwik)	230 000	263 239
Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
European Semester Winter package	Adoption	Q1-2020	Adopted 26/02/2020
European Semester Spring package	Adoption	Q2-2020	Adopted 20/02/2020
European Semester Autumn package	Adoption	Q4-2020	Adopted 18/11/2020

Specific objective 3: Review and implement an economic and fiscal surveillance framework, to deliver conditions for sustainable economic growth

Result indicator 5: General government debt
Source of data: DG ECFIN based on Eurostat data: AMECO UDGG Indicator 18.1 (general government consolidated gross debt) divided by UVDG indicator 6.1 (GDP at current prices). Relevant data are from Eurostat (Eurostat online data code: sdg_17_40 based on gov_10dd_edpt1). Autumn forecast 2020 (Eurostat latest available value being for the year 2019; for 2020 Germany is included what was not the case for the baseline)

Baseline (2018)	Interim Milestone (2022)	Target (2024 + This indicates the sustainability of general government debt in the ten most indebted euro area Member States, quantified as a % of GDP.)	Latest known results (2020)
93.3%	102%	100%	91.9% (2019) 108.9% (2020)

Main outputs in 2020:

New policy initiatives

Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Communication on the activation of the general escape clause of the Stability and Growth Pact	Adoption	Q1-2020	Communication COM(2020)123 adopted on 20/03/2020

Initiatives linked to regulatory simplification and burden reduction

Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Economic governance review - Report on the	Adoption of the Communication	Q1-2020	Published 05/02/2020

application of Regulations (EU) No 1173/2011, 1174/2011, 1175/2011, 1176/2011, 1177/2011, 472/2013 and 473/2013 and on the suitability of Council Directive 2011/85/EU			
Guidelines to Member States for streamlined Stability and Convergence Programmes	Agreement of guidelines with the Economic and Financial Committee and endorsement by the ECOFIN	Q2-2020	The ECOFIN endorsed the simplified information requirements on 16/04/2020.
Public consultations			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Inclusive debate on the functioning of EU economic governance through various means including dedicated meetings, workshops and an online consultation platform		2020/2021	The planned debate was put on hold due to the challenges posed by the pandemic.
Enforcement actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
126(3) Reports	Adoption	Q2-2020	On 20 May 2020, the Commission adopted 126(3) reports for Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland,

			France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden and the United Kingdom
Excessive Deficit Procedures	Adoption	Q2-2020	On 3 April, the Council adopted the decision to open an Excessive Deficit Procedure for Romania
External communication actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Presentation of the 2020 Country Reports in the EU Member States	Presentation to and discussion with Member State authorities, social partners, key stakeholders	Q1-2020	Senior management missions were undertaken in late February and early March 2020
Outreach activities following the publication of the Country Specific Recommendations	Individual events organised with Member State Representatives in collaboration with European Semester Officers	Q2-2020	Due to the ongoing pandemic, events were undertaken online and in collaboration with European Semester Officers
Outreach programme for stakeholders and journalists	Satisfaction rate as measured in questionnaires	8.0 out of 10	8.3 stakeholder 8.0 journalists
Please also see specific objective 1			

Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
European Economic Forecasts 2020	Publication Interim Winter Forecast February Spring Forecast May Interim Summer Forecast July Autumn Forecast November	Q1-2020 Q2-2020 Q3-2020 Q4-2020	The 2020 autumn forecast was released on 5 November. It projects the EU economy to contract by 7.4% in 2020, before recovering with growth of 4.1% in 2021 and 3% in 2022
Country Reports including IDRs	Publication of Publication of the Country Reports for all EU Member States including, for the Member States selected in the Alert Mechanism Report, the findings of the in-depth review	Q1-2020	Published 26 February 2020
Preparation of the 2020 Country Specific Recommendations	Publication of Country Specific Recommendations for all EU Countries	Q2-2020	Published 20 May 2020
EDP reports under Article 126(3)	Publication of EDP reports under Article 126(3)	Q2-2020	Published 20 May 2020
Joint harmonised EU programme of Business and Consumer Surveys	Publication of survey data and related analyses, circulation of nowcasts and short-term forecasts	Monthly BCS results: second last working day of the month; quarterly EBCI: one week after	Monthly BCS results were released according to schedule. The latest quarterly EBCI publication was

		the end of the quarter; nowcasts: usually twice per month	released on 9 October 2020, relating to Q3-2020
Post-programme enhanced surveillance following the completion of the ESM programme for Greece	Reports on enhanced surveillance missions published	Q1-2020 Q2-2020 Q3-2020 Q4-2020	Reports were published in February, May, September and November 2020
Post-programme surveillance (PPS) related to the economic adjustment programme for Portugal	Reports on PPS missions published	Q2-2020 Q4-2020	Due to the pandemic, the report for Q2-2020 was published in Q4-2020 and the Q4-2020 report was dropped
PPS related to the economic adjustment programme for Ireland	Reports on PPS missions published	Q1-2020 Q4-2020	Due to the pandemic, the report for Q2-2020 was published in Q4-2020 and the Q4-2020 report was dropped
PPS related to the financial assistance programme for the recapitalisation of financial institutions for Spain	Reports on PPS missions published	Q2-2020 Q4-2020	Published in May 2020 and November 2020
PPS related to the economic adjustment programme for Cyprus	Reports on PPS missions published	Q2-2020 Q4-2020	May 2020 November 2020
Structured methodology for monitoring the functioning of national fiscal frameworks	Methodology prepared	Dec 2020	Draft methodology prepared
Cooperation with national independent fiscal	12th EUNIFI meeting organised	Jan 2020 Q3-2020	Two meetings took place in 2020,

institutions	13th EUNIFI meeting organised		proposals to strengthen cooperation have been put forward
Update of the Fiscal Governance database	Update for 2018 published	Q1-2020	The 2018 update has been published, the 2019 update has been launched.
Alert Mechanism Report (AMR)	Report published	Q4-2020	Published 18 November 2020
Debt Sustainability Monitor 2019	Report published	Q1-2020	Published January 2020
2021 Ageing Report: Under-lying assumptions and projection methodologies	Publication	Q4-2020	Published November 2020
Compliation of estimation of COVID-19 measures	Publication	Q2-2020	Published as part of spring package on 20 May 2020 and as part of the autumn package on 18 November 2020
Fiscal CSR and recitals as part of the 2020 spring European Semester	Adoption of Opinions by College, publication, and adoption by Council	Q2-2020	Recommendations Adopted by the Council on 20 July 2020
Notes on the assessment of Stability and Convergence Programmes and of the euro area fiscal stance	Publication	Q2-2020	Assessments of the Stability and Convergence Programmes published on 20 May 2020; Overview of the Stability and Convergence Programmes and assessment of the euro area fiscal stance published in July 2020

Commission Opinions on the Draft Budgetary Plans for 2021	Adoption of Opinions by College and publication	Q4-2020	Adopted on 18 November 2020.
Communication on the overall assessment of the Draft Budgetary Plans	Adoption by College	Q4-2020	Adopted on 18 November 2020
Situation Update Notes: Assessment of the economic situation in all EU countries following the Covid-19 outbreak	Prepared as background input to the Country Teams and EU Recovery Plan	Q2-2020	Finalised Q2-2020
Regular monitoring and assessment of major macroeconomic & macrofinancial developments in EU countries	Notes prepared, Economic Briefs and other ECFIN series publications published	Throughout 2020	Undertaken throughout 2020
Commission communication to the Council on action taken OR Commission recommendation for a Council decision establishing that no effective action has been taken in Romania	Adoption by the Council	Q3-2020	<p>In the light of the continued uncertainty created by the pandemic and its extraordinary macroeconomic and fiscal impact, the Commission considered that no decision on further steps in the</p> <p>Romania's EDP can be taken at this juncture. On 18 November 2020, we published a Communication from the Commission to the Council on the Fiscal Situation in Romania.</p>

(New) Commission recommendation for a Council recommendation with a view to bringing an end to the situation of an excessive government deficit in Romania	Adoption by the Council	Q3-2020	See above
Commission staff working document (accompanying proposed Council decision and/or new recommendation) on Romania	Adoption by the Council/Publication	Q3-2020	See above
SWD on the assessment of precommitments for Bulgaria	Publication	Q3-2020	Published 10 July 2020

Specific objective 4: A deeper and more resilient EMU in both the economic and financial dimensions			
Result indicator 6: Composite indicators of financial integration			
Source of data: European Central Bank			
Baseline (2014-19 average)	Interim Milestone⁴ (2022)	Target (2024) These indicators offer an overall assessment of the degree of financial integration in the main financial market segments of the euro area)	Latest known results (situation on 31/06/2020)
Price-based indicator: 0.51	Increase	Increase	0.62
Quantity-based indicator: 0.31	Increase	Increase	0.33
Main outputs in 2020:			
External communication actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)

⁴ The column should be deleted if only short-and medium term (less than 3 years) targets are set.

Outreach programme for stakeholders and journalists	Satisfaction rate as measured in questionnaires	8.0 out of 10	8.3 stakeholders 8.0 journalists
Please also see specific objective 1			
Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Exchange, assistance and training programme for the protection of the euro against counterfeiting for the period 2021-2027 (the 'Pericles IV' programme)*	Adoption	Q4-2020	Technical agreement reached in May with EP and Council in view of the political trilogue following the higher political agreement on MFF.
Extending to the non-participating Member States the programme for the protection of the euro against counterfeiting for the period 2021-2027 (the 'Pericles IV' programme)*	National approval procedures started	Q4-2020	Council will launch the process for requesting EP consent after Coreper agreement on 'Pericles IV'
Commission Decision concerning the adoption of the work programme for 2020 of the Pericles 2020 Programme	College adoption	January 2020	C(2019) 8362 final adopted on 26/11/2019
Impact assessment on uniform rounding rules for cash payments	Inception Impact Assessment Opening of OPC	Q3-2020 Q4-2020	Inception Impact Assessment published and OPC opened on 28.9.2020
Annual Report from the Commission to the Economic and Financial Committee under Article 12(4) of Regulation (EU) No 1210/2010 of the European Parliament and of the Council of 15 December 2010 concerning	College adoption	Q4-2020	Adopted on 14.7.2020 with ref. C(2020)4638 final

authentication of euro coins and handling of euro coins unfit for circulation			
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General objective 1: A European Green Deal

Specific objective 5: Mobilise around €300 billion of investment funding to finance green and digital transitions of the EU economy

Result indicator 2: European Fund for Strategic Investments (EFSI) – Total investment under the Infrastructure and Innovation window and SME Window
Source of data: EIB KPI3 (as per EFSI Agreement) included in the KPI/KMI reporting; the total investment will be also part of the annual reports submitted by the EIB to the Commission, European Parliament and Council

Baseline (2019)	Interim Milestone⁵	Target (2020)	Latest known results (2020)
Volume of investment expected to be mobilised at the end of 2019: EUR 458.4 billion or 92% of the end-2020 target of EUR 500 billion	N/A	Mobilise a total investment of EUR 500 billion by end 2020 as per the EFSI 2.0 Regulation (Preamble 7)	Volume of investment mobilised at the end of 2020: EUR 545.3 billion or 109% of the end-2020 target of EUR 500 billion

Main outputs in 2020:

New policy initiatives

Output description	Indicator	Target	Latest known results (31/12/2020)
Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Sustainable Europe Investment Plan European Green Deal Investment Plan	Adoption by the Commission	Q1-2020	Adopted on 14 January 2020 (COM(2020)21)

⁵ The column should be deleted if only short-and medium term (less than 3 years) targets are set.

Proposal for a Regulation of the European Parliament and of the Council establishing the InvestEU Programme	Adoption of the Proposal by the Commission	Q2-2020	Adopted on 29/05/2020 (COM(2020)403)
Public consultations			
Output description	Indicator	Target	Latest known results (31/12/2020)
Outreach private investors to European Green Deal/Sustainable Europe Investment Plan (EGDIP)	Meetings/contacts undertaken	Subject to MFF agreement	1 meeting with Global Infrastructure Investor Association took place.
Engage with other International and National Financial Institutions with the aim of aligning their activities more closely with the European Green Deal objectives	Meetings/contacts undertaken	Subject to MFF agreement	2 meetings with IFIs and NPBIs on the InvestEU sustainable guidance. 1 meeting with the EIB Group to discuss their climate road-map. 1 meeting with IMF.
External communication actions			
Output description	Indicator	Target	Latest known results (31/12/2020)
Outreach programme for stakeholders and journalists	Satisfaction rate as measured in questionnaires	8.0 out of 10	8.3 stakeholder 8.0 journalists
Please also see specific objective 1			
Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Additional investment mobilised by EFSI	Continuing the implementation of the Infrastructure and Innovation Window (IIW) and the SME Window (SMEW) to ensure reaching the overall EFSI 2.0 target of €500 billion of investment by end-2020	End 2020	EUR 545.3 billion of mobilised investments or 109% of the end-2020 target of EUR 500 billion (31/12/2020 being the end of the investment period)

<p>Commission Delegated Decision supplementing Regulation .../... of the European Parliament and of the Council establishing the InvestEU Programme, setting out the Investment Guidelines (PLAN/2018/3943)</p>	<p>Prepare Investment Guidelines with line DGs and adoption of the Decision by the Commission</p>	<p>End 2020 (subject to MFF agreement and adoption of InvestEU Programme Regulation)</p>	<p>The InvestEU Programme Regulation has not been adopted yet by the European Parliament and the Council. The Delegated Regulation will be adopted right after the InvestEU Regulation enters into force.</p>
<p>Commission Delegated Decision supplementing Regulation .../... of the European Parliament and of the Council establishing the InvestEU Programme, setting out the scoreboard (PLAN/2019/5464)</p>	<p>Prepare technical description of the information to be submitted by an implementing partner and adoption of the Decision by the Commission</p>	<p>End 2020 (subject to MFF agreement and adoption of InvestEU Programme Regulation)</p>	<p>The InvestEU Programme Regulation has not been adopted yet by the European Parliament (EP) and the Council. The Delegated Regulation will be adopted after the InvestEU Regulation enters into force.</p>
<p>Guidance and methodology documents on Sustainability proofing, Climate tracking and Risk methodology under InvestEU Programme (PLAN/2020/8451) (PLAN/2020/8452)</p>	<p>Prepare Guidance documents using in an appropriate way the criteria established by the EU taxonomy after its entry into force. Adoption by the Commission of the three Guidance documents</p>	<p>End 2020 (subject to timely adoption of InvestEU Programme Regulation)</p>	<p>The InvestEU Programme Regulation has not been adopted yet by the EP and the Council. The Guidances will be adopted after the InvestEU Regulation enters into force.</p>
<p>Commission Decision setting out the Selection of Commission members of the Steering Board and the Advisory Board chair</p>	<p>Adoption of the Decision by the Commission</p>	<p>End 2020 (subject to timely adoption of InvestEU Programme Regulation)</p>	<p>The InvestEU Programme Regulation has not been adopted yet by the EP and Council. The Decisions will be adopted after the InvestEU Regulation enters into force.</p>

Seminars preparing the InvestEU Programme implementation	Ongoing	2020	Due to pandemic, a number of more targeted online meetings with stakeholders took place.
Consultation of the experts and organisation of working group meetings on the InvestEU risk framework methodology and the sustainability proofing and climate tracking guidance methodology	Ongoing	2020	Several workshops and seminars were organised online throughout the year.
Consultations of the experts in the preparation of InvestEU delegated acts in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016	Ongoing	2020	Discussions with the EIB Group, other potential implementing partners and main industry associations (ELTI, EAPB, AECM, InvestEurope) took place throughout the year.
Finalise preparations for InvestEU implementation	Develop, in cooperation with InvestEU implementing and advisory partners, financial products and advisory initiatives to be deployed under InvestEU Programme that will target and support environmental, climate and social sustainability	End 2020 (subject to MFF agreement and adoption of InvestEU Programme Regulation)	The work is ongoing with a view to signing the guarantee agreements in 2021.

General objective 2: A Europe fit for the Digital Age			
Impact indicator: 2: Aggregate score in the Digital Economy and Society Index (DESI)			
Source of the data: DESI			
Baseline (2019)	Interim Milestone⁶ (2022)	Target (2024)	Latest known results (2020)
49.4	Increase	Increase	52.6
Main outputs in 2020:			
New policy initiatives			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Proposal for a Regulation of the European Parliament and of the Council establishing the InvestEU Programme	Adoption of the Proposal by the Commission	Adopted on 29 May 2020 (COM(2020) 403)	Adopted on 29/05/2020 (COM(2020)403)
Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
EIF governance and shareholding	(i) Board preparation work, timely and effective preparation of the regular briefings for the Commission representatives in the governing bodies. (ii) Preparation of clear and substantiated LTTs for submitted proposals (iii) Follow-up of outstanding issues (iv) Communication with EIF	(i) 10 Briefings/year related to the EIF Board (ii) 11 Briefings/year for the EIF Written procedure (iii) 5 Briefings/year related to extraordinary Board Meetings	(i) 10 Briefings were prepared related to the EIF Board (ii) 14 Briefings were prepared for the EIF Written procedure (iii) 3 Briefings were prepared related to extraordinary EIF Board
EIB governance	(i) Board preparation work, timely and effective preparation	10 briefings/year related to regular EIB Board meetings.	10 briefings were prepared related to regular EIB Board

⁶ In case of short- or medium-term objectives (all targets are set to be achieved in less than 3 years) the milestones column should be deleted from the table.

	<p>of the regular briefings for the Commission representative in the Board of Directors.</p> <p>(ii) Preparation of clear and substantiated LTTs for submitted proposals.</p> <p>(ii) Follow-up of outstanding issues</p> <p>(iv) organization of preparatory meetings with associated DGs</p> <p>(v) Communication with the EIB.</p>	<p>1 briefing/year for the EIB Annual Meeting of the Board of Governors.</p> <p>5 briefings/year related to extraordinary Board Meetings.</p> <p>All briefings for Board Written Procedures delivered within the deadline (expected +/- 40 briefings/year)</p>	<p>meetings.</p> <p>1 briefing was prepared for the EIB Annual Meeting of the Board of Governors.</p> <p>6 briefings were prepared related to extraordinary Board Meetings.</p> <p>47 briefings for Board Written Procedures were delivered within the deadline.</p>
Preparation of Commission opinions under Article 19(2) of the EIB Statute	<p>(i) Preparation and follow up of Inter-Service Consultations (ISC) on EIB projects in accordance with Commission Implementing Decision C(2017) 1666 final of 22 March 2017.</p> <p>(ii) Coordination with >20 DGs and services consulted in accordance with Decision C(2017) 1666 final.</p> <p>(iii) Preparation of files for Commission opinion in accordance with the empowerment procedure.</p>	<p>Closure of ISC for +/- 400 new projects per year.</p> <p>Preparation of +/-75 files/year for decision by empowerment.</p>	<p>485 ISCs on new projects have been closed.</p> <p>77 empowerment decisions have been prepared.</p>

General objective 4: A stronger Europe in the world			
Impact indicator 4: Readiness of enlargement countries on economic criteria			
Source of the data: European Commission			
Baseline (2019) Level of compliance as assessed in the 2015 Country Reports (Commission Staff Working Documents), only Turkey is yet considered to be a functioning market economy	Interim Milestone⁷	Target (2024 + a successful response to the COVID-19 pandemic will be reflected by increases in the real GDP growth rate) (No target year for EU accession). One further country complies with the functioning market economy criterion.	Latest known results (2020) Enlargement countries have made either limited or some progress towards meeting the two economic accession criteria, except for Turkey which made no progress on the functioning market economy criterion . Still, Turkey remained the only enlargement country which fulfilled one of the criteria (it was considered to be a functioning market economy).
	(2022) Progress with economic reforms conducive to reaching a higher level of compliance, compared with the baseline, with EU economic accession criteria.		

Specific objective 6: Strengthen Europe’s role as a global player on economic issues and increase the international role of the euro			
Result indicator 7: Promoting EU positions and interests, cooperation in the external field and coordinating EU positions in the G7, G20, IMF and EBRD			
Source of data: European Commission			
Baseline (2019)	Interim Milestone⁸ 2021	Target (2024 + number of prepared meetings and coordinated	Latest known results (2020)
	Remain stable		

⁷ In case of short- or medium-term objectives (all targets are set to be achieved in less than 3 years) the milestones column should be deleted from the table.

⁸ The column should be deleted if only short-and medium term (less than 3 years) targets are set.

		positions in the EFC/SCIMF on topics of international relevance) Remain stable	<ul style="list-style-type: none"> - Contributed to the Communication “The European economic and financial system: fostering openness, strength and resilience” - Delivered written Terms of Reference and ad hoc coordination; strategic notes to EFC - Negotiated G20 Communiqués, G20 Finance and Health statements; G20 Leaders Summit Declaration; G7 Statements - Prepared EU common messages and analytical notes in support of EU position in the IMF
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Success can be measured on the basis of a demonstrated effort to coordinate EU positions for G7 and G20 finance track meetings and EU positions on IMF and EBRD policy issues. In quantitative terms we indicate the number of common positions developed for Member States to agree upon on relevant issues.

Result indicator 8: Countries benefiting from Macro-Financial Assistance (MFA) achieve a sustainable macro-economic situation with reduced Balance of Payments stress.

Source of data: Existing scoreboard, National Central Banks, IMF

Baseline (2018)	Interim Milestone⁹	Target (2020)	Latest known results (2020)
Beneficiary countries' international reserves position at the start of the MFA programme	Increase	Maintain adequate level of foreign reserves broadly covering 3 months of	For the three countries where an MFA programme was concluded in

⁹ The column should be deleted if only short-and medium term (less than 3 years) targets are set.

		imports and short-term foreign debt by the end of the programmes.	2020 (Ukraine MFA-IV, Georgia MFA-III and Moldova), the international reserves position has indeed improved considerably (when compared to the situation at the start of the programme).
Main outputs in 2020:			
New policy initiatives			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Contributed to the Communication “The European economic and financial system: fostering openness, strength and resilience”	Publication of the EC Communication	2020-2021	Communication published in Jan. 2021
Contribute to stronger coordination of EU positions in G Groups	Written Terms of Reference and ad hoc coordination; strategic notes to EFC	2020	EU G20 Terms of reference have been delivered ahead of each high-level G20 meeting. Three discussion notes (on the G20 Italian Presidency and the EU priorities, on the Spring international meetings and on the preparation of the Annual international meetings). Publications related to global imbalances and on the G20 COVID-19 policy response provided as contributions to the international policy debate.

Contribute to G20 and G7 communiqués/statements reflecting EU priorities	G20 Communiqués, G20 Finance and Health statements G20 Leaders Summit Declaration, G7 Statements	Throughout 2020	All adopted and published throughout the year.
Coordination of EU positions on IMF policy issues	Analytical and policy notes for discussion and common positions to be agreed by the EFC/SCIMF.	Throughout 2020	EU common messages on the World Economic Outlook, the Global Financial Stability Report and the Fiscal Monitor EU common messages on the Comprehensive Surveillance Review, the Review of the Financial Sector Assessment Program, the Debt Sustainability Analysis for Market-Access Countries, on the Integrated Policy Framework, and on Maintaining Access to Bilateral Borrowing. Building Blocks on the Integration of Climate Change into Surveillance and on the Fund's Pandemic Response. ECFIN prepared analytical work and discussion notes on IMF policy topics, such as on the IMF Covid-19 response, IMF resources during Covid-19, Bilateral Borrowing Arrangements (BBAs), and on the integration of climate change into economic analysis considering IMF and ECFIN Work Programs and the effectiveness of EU Coordination of IMF issues.

New Legislative Decision 2020/701 providing Macro-Financial Assistance to enlargement and neighbourhood partners in the context of the COVID-19 pandemic	Commission Proposal adopted – 22 April 2020 Decision adopted by co-legislators – 25 May 2020	May 2020	By end-2020, the EU had disbursed the first instalments of the MFA programmes to 7 partners: Kosovo, Montenegro and North Macedonia in the Western Balkans; Georgia, Moldova and Ukraine in the Eastern neighbourhood, and Jordan in the southern neighbourhood.
Implementation of Macro-Financial Assistance (MFA) operations in partner countries	Release and Borrowing Decisions (for the ten countries included in the MFA package of Decision 2020/701)	Mid-2020 and Early-2021	Adopted Release and Borrowing Decisions (for the seven countries where disbursements already took place)
(Poss) New proposals for legislative MFA Decisions	Adoption of proposal by Commission (depending on new requests in the context of COVID-19)	2020	N/A
Evaluations and fitness checks			
Output description	Indicator	Target	Latest known results (31/12/2020)
MFA Operational assessments	Launch and complete operational assessments (for the ten countries included in the MFA package of Decision 2020/701).	2020	Launched and completed for Bosnia Herzegovina, Moldova, Tunisia and Jordan. Not necessary for the other 6 partners.
MFA ex-post evaluations	Complete ex-post evaluations for Tunisia MFA-I.	2020	To be published in early-2021
MFA Meta-Evaluation (2010-2020)	Launch meta-evaluation by end-2020, including	Q4-2020	Launched in 2020-Q4

	public consultation to take place in 2020.		
Assessment of enlargement countries' medium-term ERPs	<ul style="list-style-type: none"> - Producing the Commission staff assessment of the ERP for each enlargement country (i.e. candidate countries and potential candidates) - Preparing the Economic and Financial Dialogue of the EU with the Western Balkans and Turkey which adopts joint conclusions with country-specific policy guidance 	Q2-2020	<p>ERP assessment missions: Serbia 12-14/2, Montenegro 17-19/2, Turkey 12-14/2, Albania 12-14/02, Kosovo 19-21/2, North Macedonia 17-19/2 Bosnia & Herzegovina 19-21/2</p> <p>ERP assessments adopted as staff working documents (21 April 2020): Albania SWD(2020)70, Bosnia and Herzegovina SWD(2020)67, Kosovo SWD(2020)65, Montenegro SWD(2020)66, North Macedonia SWD(2020)69, Serbia SWD(2020)64, Turkey SWD(2020)68</p> <p>Economic and Financial Dialogue between the EU and the Western Balkans and Turkey took place (virtually) on 19 May and adopted joint conclusions including policy guidance</p>
Assessment of enlargement countries' state of compliance with the economic accession criteria	Economic chapter of the country reports under the Enlargement Package	Q1-Q2 2020	<p>Commission's Enlargement Package including Country Reports adopted on 6 October 2020 Albania SWD(2020)354, Bosnia and Herzegovina SWD(2020)350,</p>

			Kosovo SWD(2020)356, Montenegro SWD(2020)353, North Macedonia SWD(2020)351, Serbia SWD(2020)352, Turkey SWD(2020)355
Regular subcommittees on economic issues with enlargement countries	Annual dialogues with Albania, Bosnia and Herzegovina, North Macedonia, Kosovo, Montenegro, Serbia and Turkey	Throughout 2020	Albania 30/09/2020 Bosnia and Herzegovina 19 November 2020 Kosovo 17/09/2020 Montenegro 22 October 2020 North Macedonia 6/10/2020 Serbia 27/10/2020
Regular monitoring and assessment of major macroeconomic & macrofinancial developments in enlargement countries	Notes and/or Economic Briefs	Throughout 2020	Candidate Countries Economic Quarterly, January 2020 Candidate Countries Economic Quarterly, April 2020 Candidate Countries Economic Quarterly, July 2020 Candidate Countries Economic Quarterly, October 2020
Economic forecasts for candidate countries and rest of the world (with a focus on Russia, China, Japan, US, EFTA)	Publication -> Winter Forecast- > Spring Forecast -> Summer Forecast -> Autumn Forecast	Q1-Q4 2020	Global economy – analysis and forecast of recent developments trends and challenges including for global trade for the Winter Spring, Summer and Autumn forecast Country forecasts for: Russia, China, Japan, US, EFTA and all candidate countries were prepared and published in spring and autumn

External communication actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Outreach programme for stakeholders and journalists	Satisfaction rate as measured in questionnaires	8.0 out of 10	Stakeholders 8.0 Journalists 8.0
Digital Brussels Economic Forum 2020	Number of digital participants	12 000	25 000
ECFIN Social media and other actions, please see also specific objective 1			
Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Macro-economic dialogues and subcommittees on economic issues with neighbourhood countries	Regular dialogues / Subcommittee meetings with Southern and Eastern neighbourhood countries (Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Palestine, Syria, Tunisia, Ukraine)	Throughout 2020	Moldova (February), Azerbaijan (February), Armenia (September), Jordan (October), Israel (November), Egypt (November), Palestine (November), Tunisia (December)
Macro-economic dialogues with key non-EU G20 countries	Regular dialogues and consultations with key non-EU G20 partners (China, Canada, Argentina, Brazil, Mexico, South Africa, Australia, India, Japan, Korea, GCC)	Throughout 2020	Canada (January) Australia (February), China (July), Argentina (October), Mexico (November), South Africa (November), Japan (December)
Economic Overviews of the EU Neighbourhood Countries (East & South)	Bi-annual Economic overviews for the Eastern and Southern	April; October	April 2020 Ares(2020)2063929 Ares(2020)2065388

	neighbourhood countries, consisting of regional analysis and country fiches.		October 2020 Ares(2020)5647107 Ares(2021)660284
Regular monitoring and analysis of global macroeconomic and macro-financial trends and developments	Regular notes, briefs and circulation of Global Economy Newsletter (5 times per year)	Throughout 2020	<p>'Global Economy Newsletter' No. 11-12-13-14-15 with dedicated articles on: the global economy, the US fiscal challenges, impact of Covid-19 on US labour market, US bond market turmoil, US-China decoupling, impact of Covid-19 on China, growth and productivity challenges in Japan and Korea, debt distress in EMDEs, impact of Covid-19 on Sub-Saharan Africa and on Southeast Asia, oil market developments, global inflation developments, G20 policy response to Covid-19, de-dollarisation of Russia.</p> <p>Other analytical notes focused i.a. on: impact of the Covid-19 on the Chinese economy and spillovers to the EU, analysis of the Chinese real estate sector, financial and exchange rate developments in emerging markets, macroeconomic situation and challenges in South Africa, Ethiopia and Nigeria, ECOWAS project in Africa, debt restructuring in Argentina, lessons learned from</p>

			health policy response to Covid crisis in Asia, analysis of China's long term economic strategy.
Workshop on the International role of the euro in Eastern Partnership countries	ECFIN will organise and host the workshop, initially scheduled for March 2020 but postponed due to COVID-19	Q3-2020	Postponed to February 2021 (due to COVID-19 pandemic)
European Financial Architecture for Development (Wise Persons Group)	Contribute to the discussion on European Financial Architecture with Member States in the Council Working Groups	End 2020	DG ECFIN continued to support DG DEVCO in the management of the independent feasibility study on the European Financial Architecture for Development (follow up to Wise Persons' Group). Several FICO/CODEV meetings on the recommendations the Wise Persons' Group and adoption of the Feasibility Study Terms of Reference, as well as meetings with the Council Presidency and the Council Secretariat on the management of the Feasibility Study took place during 2020. Due to COVID-19 the delivery of this study is delayed to March 2021, following which discussions between Member States will take place in the Council to inform next steps.
2019 Report to the EP and the Council on the implementation of Macro Financial Assistance	Annual report from the Commission to the EP and Council.	End-June 2020	Adopted and published COM(2020)296

ANNEX 3: Draft annual accounts and financial reports

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 5 Bis: Off Balance Sheet

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated Procedures

Table 12 : Summary of Procedures

Table 13 : Building Contracts

Table 14 : Contracts declared Secret

Table 15 : FPA duration exceeds 4 years

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2020 (in Mio €) for DG ECFIN					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 01 Economic and financial affairs					
01	01 01	Administrative expenditure of the 'Economic and financial affairs' policy area	1,79355373	1,05268937	58,69 %
	01 02	Economic and monetary union	12,2810437	10,9298873	89,00 %
	01 03	International economic and financial affairs	0,31	0,2939	94,81 %
	01 04	Financial operations and instruments	330,3318182	320,8444954	97,13 %
Total Title 01			344,7164156	333,1209721	96,64 %
Title 04 Employment, social affairs and inclusion					
04	04 02	European Social Fund (ESF)	0,15	0,1299145	86,61 %
	04 03	Employment, Social Affairs and Inclusion	0,07	0,0499145	71,31 %
Total Title 04			0,22	0,179829	81,74 %
Title 06 Mobility and transport					
06	06 02	European transport policy	0	0	0,00 %
	06 03	Horizon 2020 - Research and innovation related to transport	5	5	100,00 %
Total Title 06			5	5	100,00 %
Title 22 Neighbourhood and enlargement negotiations					
22	22 02	Enlargement process and strategy	0,08358285	0	0,00 %
Total Title 22			0,08358285	0	0,00 %
Title 32 Energy					
32	32 04	Horizon 2020 - Research and innovation related to energy	30	30	100,00 %
Total Title 32			30	30	100,00 %
Total DG ECFIN			380,0199985	368,3008011	96,92 %

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

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2020 (in Mio €) for DG ECFIN					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 01 Economic and financial affairs					
01	01 01	Administrative expenditure of the 'Economic and financial affairs' policy area	2,3784759	0,97529087	41,00 %
	01 02	Economic and monetary union	11,87979409	10,17811486	85,68 %
	01 03	International economic and financial affairs	15,2846	15,2846	100,00 %
	01 04	Financial operations and instruments	1300,177068	1272,146421	97,84 %
Total Title 01			1329,719938	1298,584426	97,66%
Title 04 Employment, social affairs and inclusion					
04	04 02	European Social Fund (ESF)	0,1299145	0,1299145	100,00 %
	04 03	Employment, Social Affairs and Inclusion	0,1299145	0,1299145	100,00 %
Total Title 04			0,259829	0,259829	100,00%
Title 06 Mobility and transport					
06	06 02	European transport policy	0,228	0,228	100,00 %
	06 03	Horizon 2020 - Research and innovation related to transport	1,90190268	1,90190268	100,00 %
Total Title 06			2,12990268	2,12990268	100,00%
Title 22 Neighbourhood and enlargement negotiations					
22	22 02	Enlargement process and strategy	0,017	0,017	100,00 %
Total Title 22			0,017	0,017	100,00%
Title 32 Energy					
32	32 04	Horizon 2020 - Research and innovation related to energy	19,55442336	19,55442336	100,00 %
Total Title 32			19,55442336	19,55442336	100,00%
Total DG ECFIN			1351,681093	1320,545581	97,70 %

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

% Outturn on Payment Appropriations in 2020 for DG ECFIN

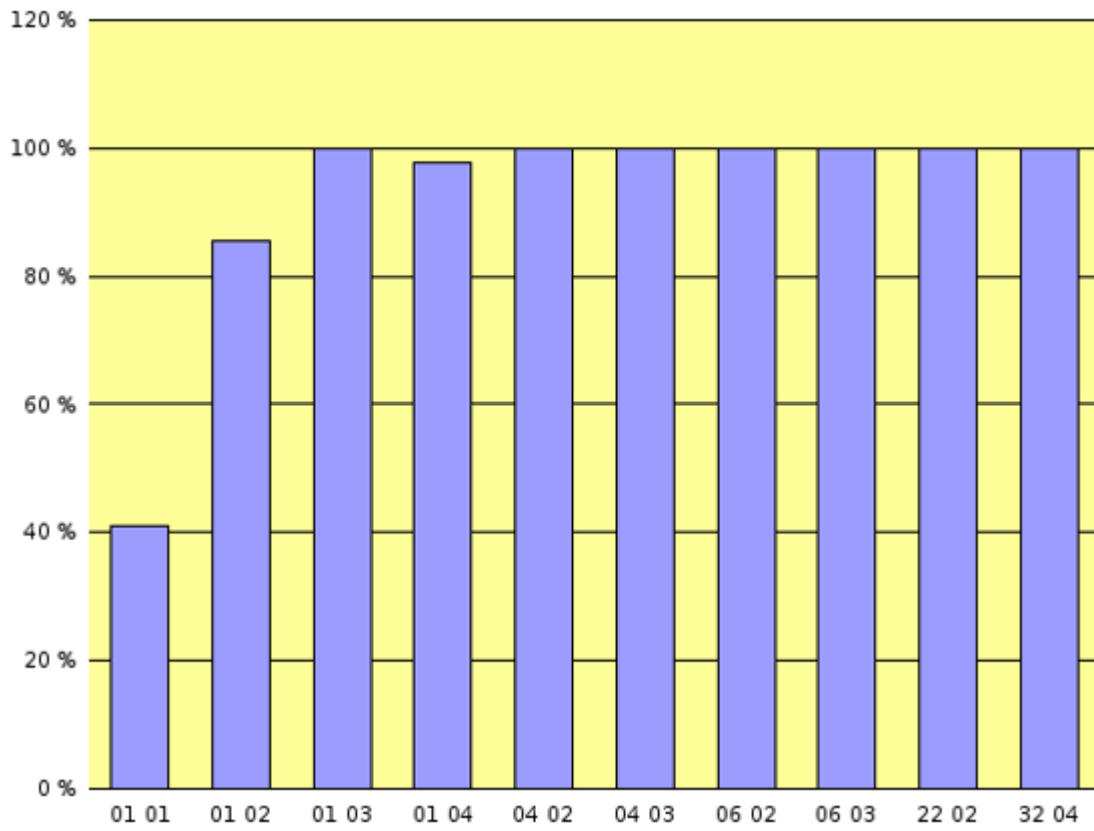


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG ECFIN									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2019	Total of commitments to be settled at end of financial year 2020	Total of commitments to be settled at end of financial year 2019
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 01	Administrative expenditure of the 'Economic and financial affairs' policy area	1,05	0,44	0,62	58,63%	0,00	0,62	0,58
	01 02	Economic and monetary union	10,93	4,21	6,72	61,45%	0,66	7,37	7,20
	01 03	International economic and financial affairs	0,29	0,16	0,14	46,00%	0,00	0,14	35,13
	01 04	Financial operations and instruments	320,84	135,96	184,88	57,62%	876,57	1.061,45	2.033,54
Total Title 01			333,12	140,77	192,35	57,74%	877,22	1.069,57	2.076,45

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG ECFIN									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2019	Total of commitments to be settled at end of financial year 2020	Total of commitments to be settled at end of financial year 2019
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
04	04 02	European Social Fund (ESF)	0,13	0,00	0,13	100,00%	0,00	0,13	0,13
	04 03	Employment, Social Affairs and Inclusion	0,05	0,00	0,05	100,00%	0,00	0,05	0,13
Total Title 04			0,18	0,00	0,18	100,00%	0,00	0,18	0,26

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG ECFIN									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2019	Total of commitments to be settled at end of financial gear 2020	Total of commitments to be settled at end of financial gear 2019
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1			
06	06 02	European transport policy	0,00	0,00	0,00	0,00%	1,59	1,59	1,82
	06 03	Horizon 2020 - Research and innovation related to transport	5,00	0,00	5,00	100,00%	13,86	18,86	15,76
Total Title 06			5,00	0,00	5,00	100,00%	15,45	20,45	17,58

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG ECFIN									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2019	Total of commitments to be settled at end of financial gear 2020	Total of commitments to be settled at end of financial gear 2019
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1			
22	22 02	Enlargement process and strategy	0,00	0,00	0,00	0,00%	0,32	0,32	0,45
Total Title 22			0,00	0,00	0,00	0,00%	0,32	0,32	0,45

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG ECFIN									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2019	Total of commitments to be settled at end of financial gear 2020	Total of commitments to be settled at end of financial gear 2019
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1			
32	32 04	Horizon 2020 - Research and innovation related to energy	30,00	0,00	30,00	100,00%	178,28	208,28	209,08
Total Title 32			30,00	0,00	30,00	100,00%	178,28	208,28	209,08

Total :			368,3008011	140,77	227,5297808	61,78 %	1071,27154	1298,801321	2303,81485
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Breakdown of Commitments Remaining to be Settled (in Mio EUR) in 2020 for DG ECFIN

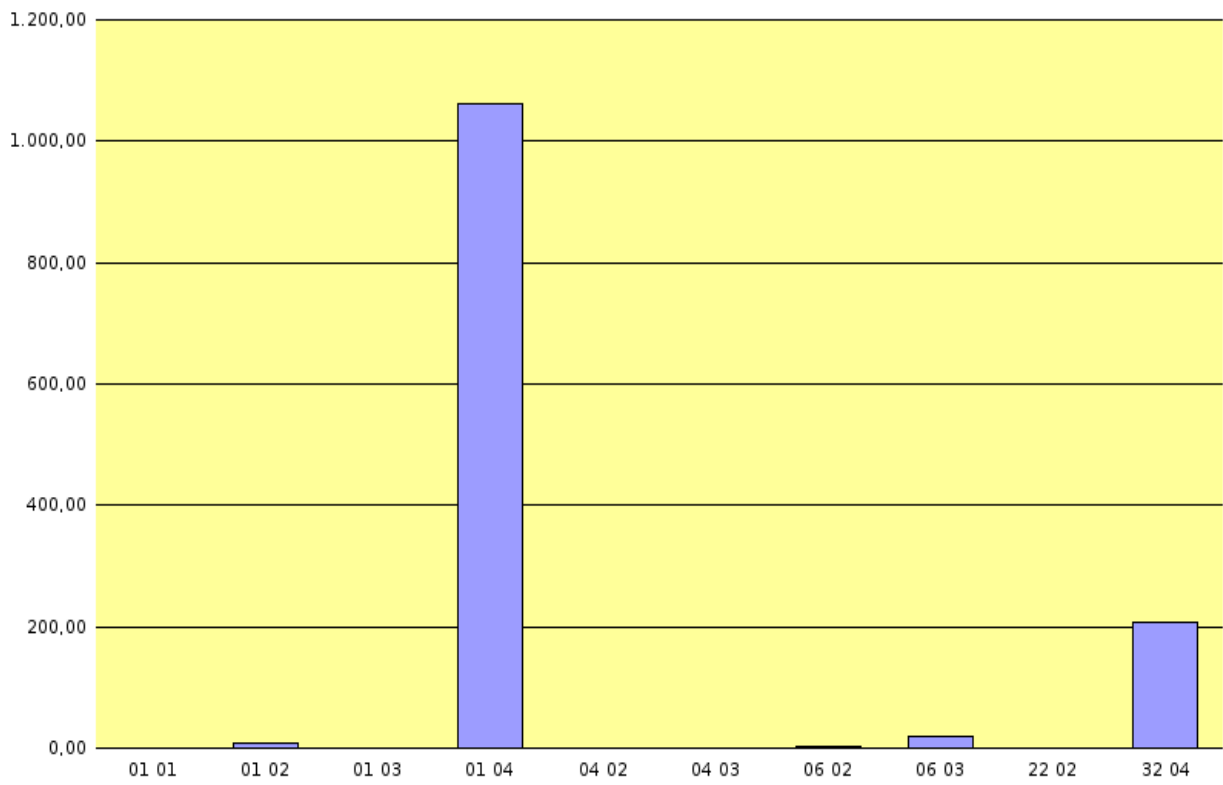


TABLE 4 : BALANCE SHEET for DG ECFIN

BALANCE SHEET	2020	2019
A.I. NON CURRENT ASSETS	7053251514	8874148759
A.I.1. Intangible Assets	0,00	0,00
A.I.2. Property, Plant and Equipment	0,00	0,00
A.I.3. Invstmnts Accntd For Using Equity Meth	587.901.872,03	591.272.221,15
A.I.4. Non-Current Financial Assets	6.407.875.859,87	8.274.776.537,55
A.I.5. Non-Current Pre-Financing	11.913.781,71	
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	45.560.000,00	8.100.000,00
A.II. CURRENT ASSETS	2761309168	2256962011
A.II.1. Current Financial Assets	1.951.867.472,08	1.738.344.378,75
A.II.2. Current Pre-Financing	18.984.360,91	78.032.339,08
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	76.387.284,33	52.147.921,83
A.II.6. Cash and Cash Equivalents	714.070.050,89	388.437.370,92
ASSETS	9814560682	11131110769
P.I. NON CURRENT LIABILITIES	-263541024,4	-196584466,5
P.I.2. Non-Current Provisions	-263.541.024,40	-196.584.466,45
P.I.3. Non-Current Financial Liabilities	0,00	0,00
P.III. NET ASSETS/LIABILITIES	-257242696,4	-3107710333
P.III.1. Reserves	-257.242.696,38	-3.107.710.333,40
P.II. CURRENT LIABILITIES	-295588273,7	-275596428,2
P.II.2. Current Provisions	-193.613.042,24	-208.632.204,65
P.II.3. Current Financial Liabilities	0,00	-19.590.000,00
P.II.4. Current Payables	-3.005.117,50	-6.360.221,57
P.II.5. Current Accrued Charges & Defrd Income	-98.970.113,91	-41.014.001,95
LIABILITIES	-816371994,4	-3579891228
NET ASSETS (ASSETS less LIABILITIES)	8998188687	7.551.219.541,26
P.III.2. Accumulated Surplus/Deficit	808.518.598,26	1815254682
Non-allocated central (surplus)/deficit*	-9.806.707.285,65	-9366474223
TOTAL	0,00	0,00

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

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

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG ECFIN

STATEMENT OF FINANCIAL PERFORMANCE	2020	2019
II.1 REVENUES	-454194674,2	-527803357
II.1.1. NON-EXCHANGE REVENUES		-101465,16
II.1.1.5. RECOVERY OF EXPENSES		-101.465,16
II.1.2. EXCHANGE REVENUES	-454194674,2	-527701891,8
II.1.2.1. FINANCIAL INCOME	-368.400.856,41	-425.521.731,58
II.1.2.2. OTHER EXCHANGE REVENUE	-85.793.817,81	-102.180.160,23
II.2. EXPENSES	533023847,8	337323060,3
II.2. EXPENSES	533023847,8	337323060,3
II.2.10. OTHER EXPENSES	399.681.838,32	205.905.526,51
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	84.882.611,93	22.027.959,19
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	325.039,22	392.547,34
II.2.5. EXP IMPLM BY OTHER ENTITIES (IM)	28.666.129,14	44.911.318,41
II.2.6. STAFF AND PENSION COSTS	-548.200,00	-369.863,33
II.2.8. FINANCE COSTS	20.016.429,17	64.455.572,22
STATEMENT OF FINANCIAL PERFORMANCE	78.829.173,56	-190.480.296,63

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

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

TABLE 5bis : OFF BALANCE SHEET for DG ECFIN

OFF BALANCE	2020	2019
OB.1. Contingent Assets		0
GR for pre-financing		0,00
OB.2. Contingent Liabilities	-18589569183	-37647899151
OB.2.2. Budgetary Guarantees given	-18.589.569.183,31	-37.647.899.150,99
OB.2.7. CL Legal cases OTHER		0,00
OB.3. Other Significant Disclosures	-28606495392	-65507541071
OB.3.2. Comm against app. not yet consumed	-1.281.490.639,76	
OB.3.3.8. Budgetary Guarantees Ceiling	-25.542.774.751,83	-63.725.311.070,98
OB.3.4. Contributions to rel. organisations	-1.782.230.000,00	-1.782.230.000,00
OB.4. Balancing Accounts	47196064575	1,03155E+11
OB.4. Balancing Accounts	47.196.064.574,90	103.155.440.221,97
OFF BALANCE	0,00	0,00

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

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

TABLE 6: AVERAGE PAYMENT TIMES in 2020 for DG ECFIN

Legal Times									
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
15	1				1	100,00 %	17	228.000,00	100, %
30	342	340	99,42 %	11,25882353	2	0,58 %	33,5	2.265,72	0, %
45	13	13	100,00 %	21				0,00	0, %
60	30	30	100,00 %	19,4				0,00	0, %
90	62	62	100,00 %	52,5483871				0,00	0, %

Total Number of Payments	448	445	99,33 %		3	0,67 %		230.265,72	0, %
Average Net Payment Time	17,91294643			17,84494382			28		
Average Gross Payment Time	18,86607143			18,80449438			28		

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	11	38	8,48 %	448	1.325.166,32	1,86 %	71.129.325,65

DG	GL Account	Description	Amount (Eur)

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2020 for DG ECFIN

Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
55	REVENUE FROM THE PROCEEDS OF SERVICES SUPPLIED AND WORK CARRIED OUT	1.624.727,09	0,00	1.624.727,09	1.624.727,09	0,00	1.624.727,09	0,00
63	CONTRIBUTIONS UNDER SPECIFIC AGREEMENTS	128.740.000,00	0,00	128.740.000,00	128.740.000,00	0,00	128.740.000,00	0,00
64	CONTRIBUTIONS FROM FINANCIAL INSTRUMENTS	149.663.404,92	38.547.725,59	188.211.130,51	137.719.742,94	19.366.192,00	157.085.934,94	31.125.195,57
66	OTHER CONTRIBUTIONS AND REFUNDS	0,00	17.475,24	17.475,24	0,00	0,00	0,00	17.475,24
Total DG ECFIN		280028132	38565200,83	318593332,8	268084470	19366192	287450662	31142670,81

**TABLE 8 : RECOVERY OF PAYMENTS in 2020 for DG ECFIN
(Number of Recovery Contexts and corresponding Transaction Amount)**

Year of Origin (commitment)	Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2002			1	1565		
2006			3	11006422,6		
2010			3	11943662		
2011			1	3126,74		
2012			2	2161249,29		
2013			2	26981237,8		
No Link			3	1624727,09		
Sub-Total			15	53721990,5		

EXPENSES BUDGET	Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context(incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES										
NON ELIGIBLE IN COST CLAIMS	5	5491,31			5	5491,31	5	5.491,31	100,00%	100,00%
CREDIT NOTES	19	31530,27			19	31530,27	28	353.107,19	67,86%	8,93%
Sub-Total	24	37021,58			24	37021,58	33	358598,5	72,73%	10,32%
GRAND TOTAL	24	37021,58			24	37021,58	48	54080589,01	50,00%	0,07%

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2020 for DG ECFIN

	Number at 1/01/2020	Number at 31/12/2020	Evolution	Open Amount (Eur) at 1/01/2020	Open Amount (Eur) at 31/12/2020	Evolution
2012	1	1	0,00 %	6.552,49	6.552,49	0,00 %
2014	1	1	0,00 %	10.922,75	10.922,75	0,00 %
2018	4	3	-25,00 %	33.928.007,28	14.561.815,28	-57,08 %
2019	3	3	0,00 %	4.619.718,31	4.619.718,31	0,00 %
2020	1	3	200,00 %	5.000.000,00	11.943.661,98	138,87 %
	10	11	10,00 %	43.565.200,83	31.142.670,81	-28,51 %

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2020 for DG ECFIN

Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments

Total DG ECFIN	
-----------------------	--

Number of RO waivers	
-----------------------------	--

TABLE 11 : Negotiated Procedures in 2020 for DG ECFIN

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

TABLE 12 : Summary of Procedures in 2020 for DG ECFIN

Internal Procedures > € 60,000

Procedure Legal base	Number of Procedures	Amount (€)
Open procedure (FR 164 (1)(a))	1	150.000,00
Total	1	150.000,00

Additional Comments:

TABLE 13 : BUILDING CONTRACTS in 2020 for DG ECFIN

Legal Base	Contract Number	Contractor Name	Contract Number	Amount (€)

TABLE 14 : CONTRACTS DECLARED SECRET in 2020 for DG ECFIN

Legal Base	LC Date	Contract Number	Contractor Name	Contract Subject	Amount (€)

TABLE 15 : FPA duration exceeds 4 years - DG ECFIN

No ECFIN FPA exceeds 4 years

ANNEX 4: Financial Scorecard

The Annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the Annual Activity Report 2020, 6 standard financial indicators are presented below, each with its objective, category, definition, and result for DG ECFIN and for the EC as a whole (for benchmarking purposes)¹⁰:

- Commitment Appropriations (CA) Implementation
- CA Forecast Implementation
- Payment Appropriations (PA) Implementation
- PA Forecast Implementation
- Global Commitment Absorption
- Timely Payments

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

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


¹⁰ If the EC service did not perform any transaction in the area measured by the indicator or the information is not available in the central financial system, the indicator is not calculated (i.e. displayed as “-”) in this Annex.

Indicator	CA Implementation
Category	Efficiency Controls / Budget
Objective	Ensure efficient use of commitment appropriations
Result	<p>DG ECFIN achieved 99% compared to the EC result of 99%</p> <p>0% 20% 40% 60% 80% 100%</p> <p>EC (99%) 99%</p>
Comment	The implementation rate of DG ECFIN with 99% represents the Commission average.
Definition	<p>Formula: Value A / Value B</p> <ul style="list-style-type: none"> - Value A: Committed L1 Accepted Amount + Direct Committed L2 Accepted Amount (Eur) - Value B: Credit Accepted Com Amount (Eur) <p>Scope: Commitments on all relevant Fund Sources, except for:</p> <ul style="list-style-type: none"> - Internal assigned revenue in first year (C4) - Internal assigned revenue from lettings and sale of buildings and lands (CL) - Repaid advances (structural funds) (C6) - External assigned revenue except for EFTA (FCA ,FRT, PO, RO, TCA, TF5, TFC)

Indicator	PA Implementation
Category	Efficiency Controls / Budget
Objective	Ensure efficient use of payment appropriations
Result	<p>DG ECFIN achieved 100% compared to the EC result of 99%</p> <p>The chart displays two performance bars. The first bar, representing the current result, is red and reaches the 100% mark on the scale. The second bar, representing the EC result, is shorter and reaches the 99% mark. The scale is marked at 0%, 20%, 40%, 60%, 80%, and 100%.</p>
Comment	DG ECFIN implemented all payment appropriations at 100%.
Definition	<p>Formula: Value A / Value B</p> <ul style="list-style-type: none"> - Value A: Payment Accepted Amount (Eur) - Value B: Credit Accepted Pay Amount (Eur) <p>Scope:</p> <p>Payments on all relevant Fund Sources, except for:</p> <ul style="list-style-type: none"> - Internal assigned revenue in first year (C4) - Internal assigned revenue from lettings and sale of buildings and lands (CL) - Repaid advances (structural funds) (C6) - External assigned revenue except for EFTA (FCA ,FRT, PO, RO, TCA, TF5, TFC) - Payments stemming from C1, C5, E0 outstanding commitments on the non-staff budget positions that will be carried-forward as C8 to the next financial year

Indicator	CA Forecast Implementation
Category	Efficiency Controls / Budget
Objective	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year
Result	<p>DG ECFIN achieved 70% compared to the EC result of 98%</p> <p>0% 20% 40% 60% 80% 100%</p> <p>70% EC (98%)</p>
Comment	The 70% achievement covers the fact that actual commitment implementation is 130% over the commitment forecast in 2020. This is mainly due to higher amounts recovered as assigned revenue and of appropriations received on co-delegated budget lines, thereafter committed, compared with the forecast.
Definition	<p>Formula: Value A / Value B**,**</p> <ul style="list-style-type: none"> - Value A: Committed L1 Accepted Amount + Direct Committed L2 Accepted Amount (Eur) - Value B: Commitment Forecast Amount (Eur) <p>*if Value A / Value B between 100 and 200% then the result indicator will be equal to $1 - (ABS(Value B - Value A) / Value B)$</p> <p>**if Value A / Value B > 200 % then the result indicator will be equal to 0%</p> <p>Scope:</p> <ul style="list-style-type: none"> - Commitments on all relevant Fund Sources - Commitment Forecast Amount (Eur) from the most up to date forecast version (Initial Mar-Aug, Revised Sep-Dec)

Indicator	PA Forecast Implementation
Category	Efficiency Controls / Budget
Objective	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year
Result	<p>DG ECFIN achieved 97% compared to the EC result of 99%</p> <p>0% 20% 40% 60% 80% 100%</p> <p>EC (99%) 97%</p>
Comment	
Definition	<p>Formula: Value A / Value B**,**</p> <ul style="list-style-type: none"> - Value A: Payment Accepted Amount (Eur) - Value B: Payment Forecast Amount (Eur) <p>*if Value A / Value B between 100 and 200% then the result indicator will be equal to 1 - (ABS(Value B - Value A) / Value B)</p> <p>**if Value A / Value B > 200 % then the result indicator will be equal to 0%</p> <p>Scope:</p> <ul style="list-style-type: none"> - Payments on all relevant Fund Sources - Payment Forecast Amount (Eur) from the most up to date forecast version (Initial Mar-Aug, Revised Sep-Dec)

Indicator	<u>Global Commitment Absorption</u>
Category	Efficiency Controls / Absorption
Objective	Ensure efficient use of already earmarked commitment appropriations (at L1 level)
Result	<p>DG ECFIN achieved - compared to the EC result of 98%</p> 
Comment	The indicator is not applicable for DG ECFIN in 2020 due to the lack of underlying transactions recorded by DG ECFIN in 2020.
Definition	<p>Formula:</p> <ul style="list-style-type: none"> - Value A: Com L1 Consumption amount (Eur) - Value B: Com L1 Initial amount (Eur) + Com L1 Complementary Amount (Eur) + (Com L1 Decommitment Amount (Eur) on all Fund Sources except for C8 and C9) <p>Scope:</p> <ul style="list-style-type: none"> - Com L1 with FDC ILC date from 01/01 to 31/12 of the current year - No movements to the Com L1 Consumption amount (Eur) after the FDC ILC date is taken into account (Generally decommitments of L2 which decrease the Com L1 consumption) <p>Remark: Due to technical limitation, the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.</p>

Indicator	<u>Timely Payments</u>
Category	Efficiency Controls / Timeliness
Objective	Ensure efficient processing of payments within the legal deadlines
Result	<p>DG ECFIN achieved 100% compared to the EC result of 99%</p> <p>The chart displays two bars: a red bar extending to 100% and a green bar extending to 99%. The x-axis is labeled with 0%, 20%, 40%, 60%, 80%, and 100%. The green bar is labeled 'EC (99%)' and the red bar is labeled '100%'.</p>
Comment	In 2020 DG ECFIN efficiently managed to execute 100% of payments within the legal deadline.
Definition	<p>Formula: Value A / Value B</p> <ul style="list-style-type: none"> - Value A: Payment Accepted Amount (Eur) in time <ul style="list-style-type: none"> o In Time: Payment Bank Value Date <= Payment legal deadline - Value B: Payment Accepted Amount (Eur) <p>Scope:</p> <ul style="list-style-type: none"> - Payments made in the current year - Payments valid for payment statistics (DWH Flag "Payment Time Status OK?" = "Y")

ANNEX 5: Materiality criteria

Since 2019¹¹, a 'de minimis' threshold for financial reservations has been introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed."

This annex provides a detailed explanation on how the AOD defined the materiality threshold as a basis for determining whether significant weaknesses should be subject to a formal reservation to his/her declaration.

Materiality criteria have been defined for each significant budget area of DG ECFIN. We have similar qualitative and quantitative materiality criteria set out as in previous years in order to assess whether any error or weakness would be material.

1. Qualitative criteria

Significant repetitive errors - Systematic errors caused by weaknesses in key controls and intentional misstatements are likely to entail a greater exposure to potential financial loss than random errors and faulty judgements.

Significant deficiencies in one of the control systems (significant control system weakness) - Identified weaknesses in the design or operation of internal controls at our level and at the level of implementing partners could significantly influence the appreciation of the Director-General's Declaration.

This could be the case notably,

- if significant conflicts of interest existed;
- if personnel were unqualified;
- if the systems failed to provide complete and accurate information due to design flaws or misapplication of procedures;
- if appropriate verifications, approvals, reviews and audits of transactions and procedures were absent or largely insufficient or inadequate;
- if duties were not separated; or
- if controls were intentionally overridden and/or wilfully circumvented.

Insufficient audit coverage and/or inadequate information from internal control systems - This includes situations where the DG may not be aware of certain control weaknesses because it has not performed enough controls in that area to support a definitive conclusion on the system's ability to prevent errors and it does not have compensating evidence from other sources (national authorities, Court of Auditors etc.).

¹¹ Agreement of the Corporate Management Board of 30/4/2019.

The DG would consider a reservation in this regard if

- the DG has not performed enough controls in an area to support a definitive conclusion on the system's ability to prevent errors, **and**
- it does not have compensating evidence from other sources (national authorities, Court of Auditors etc.), **and**
- past experience would suggest the probability of control weaknesses in this area.

Issues outlined by the European Court of Auditors (ECA) or the Internal Audit Service (IAS) or OLAF - A critical observation made by the ECA, the IAS or OLAF could lead to a reservation¹²

- if the observation is made in an area covered by the Director-General's Declaration, **and**
- if the issue is not solved immediately during the reporting period, **and**
- if the impact is deemed material.

Significant reputational events/issues - Besides a possible quantitative aspect of the issue, the impact of a reputational event on the declaration of assurance is assessed mainly on the basis of qualitative criteria, such as sensitivity of the policy area concerned, high public interest or serious legislative concerns.

Materiality criteria related to reputation issues: In line with the Commission's instructions, a combined or separate reputational reservation will be made for events that could cause serious damage (in terms of 'duration' + 'scope' of political/press/citizen attention) to the Commission's image due, for example,

- to financial fraud inside DG ECFIN, or
- serious breaches on provisions of the Treaty, linked to DG ECFIN's activities.

2. Quantitative criteria

As regards the quantitative materiality threshold, the general rule is to apply 2% as a threshold per control system with details in that respect provided under Part 2 of the Annual Activity Report as well as under Annex 7.

The error rates are detected and/or estimated on the basis of the inherent risks, on an annual basis and without adjustments for future corrections.

It should be noted that the overall threshold of 2% for the error rate is not the target error rate.

For expenditures under direct management (grants, procurements, expenses of an administrative nature, provisioning of funds (EFSI GF provisioning in RCS 5), enforced budgetary surveillance) the target error rates are based on the inherent risks, the control procedures and the accompanying documents for a given transaction and range from 0% for the provisioning of funds based on certified accounts balances (EFSI GF provisioning in RCS 5), MFA (RCS 6), as well as enforced

¹² According to the IAS methodology of rating recommendations, a combined effect of the very important recommendations entails a very high risk and, therefore, should be duly assessed if requiring a reservation in the AAR.

budgetary surveillance, and 0.5% for administrative expenses to maximum 2% for grants with the reimbursed costs mechanism (BCS and PERICLES (both not part of any RCS because of the small volume) as well as EIAH (RCS 1).

For expenditures under indirect management (entrusted entities ELENA (RCS 3) and Financial Instruments managed via IFIs (RCS 2)) the target error rate is 2% and the third-party assurance mechanism is applied. We consider that identified erroneous transactions which expose the DG to an actual financial loss could lead to a reservation to the Director-General's declaration under the following conditions:

- A significant weakness has been identified that affects at least one the following areas: (i) control systems, (ii) sound financial management, or (iii) legality and regularity of transactions , and
- An actual financial loss or reputational issue has already occurred or is very likely to materialise, and
- The amounts at risk are significant in case of a (residual) financial loss that has actually exceeded or is very likely to exceed the threshold of the relevant control system.

Due to the large variety of programmes/actions and the complexity of implementation, involving a large number of external implementing partners at several levels, it is impossible with current control resources to draw and examine a representative sample of transactions for estimating the residual error rate.

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

As the RCSs changed from 2019 to 2020 see below a mapping table for ease of reference:

RCSs 2019	RCSs 2020
RCS 1: Treasury and Asset Management, and Borrowing and Lending operations / Non-expenditure items	Transferred to DG BUDG
RCS 2: Grants under the European Investment Advisory Hub / Grants direct management	RCS 1: Grants under the European Investment Advisory Hub / Grants direct management
RCS 3: Financial Instruments managed via international financial institutions (period 2007-2013) / indirect entrusted management	RCS 2: Financial Instruments managed via international financial institutions (period 2007-2013) / indirect entrusted management
RCS4: Grants under the European Local ENergy Assistance (ELENA) / Grants indirect entrusted management	RCS 3: Grants under the European Local ENergy Assistance (ELENA) / Grants indirect entrusted management
RCS 5: Marguerite Fund / direct management	RCS 4: Marguerite Fund / Financial instruments direct management
RCS 6: Guarantee Fund for external actions / indirect management	Transferred to DG BUDG
RCS 7: Management of the European Fund for Strategic Investments (EFSI) Guarantee Fund / direct management	Asset Management of the EFSI GF has been transferred to DG BUDG. There are now new RCS 5a Management of the EU Guarantee under EFSI and 5b for the EFSI GF provisioning.
N/A	RCS 5a: EU Guarantee under the EFSI / budgetary guarantee indirect management
N/A	RCS 5b: EFSI Guarantee Fund / provisioning direct management
RCS 8: Macro-financial assistance (MFA)	RCS 6: Macro-financial assistance (MFA)

RCS 1: Grants under the European Investment Advisory Hub / Grants direct management

Background and purpose: Annex 7

Stage 1: Preparation of the Annual Work Programme and signature of the Specific Grant Agreements

Main control objectives:

Ensuring that the Commission selects the proposals for advisory support that contribute the most towards the achievement of the programme objectives and that the actions and funds allocation is optimal (best value for public money; effectiveness, economy, efficiency); Compliance (legality and regularity).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost- Effectiveness indicators (three E's)¹³ Effectiveness Efficiency Economy
<p>The Work Programme proposed by the EIB does not adequately reflect the Commission's/ EU's policy objectives, and priorities, and it is incoherent and/or the essential eligibility, selection and award criteria are not adequate to ensure the achievement of the EIAH's objectives. The budget foreseen overestimates the costs necessary to carry out the action</p>	<p>1. Consultation of Commission services on the draft Work Programme.</p> <p>2. The EIAH Coordination Committee consisting of four members (two members appointed by the Commission and two by the EIB) reviews the work programme before adoption and monitors closely its implementation.</p>	<p>For each Specific Grant Agreement (SGA) to be signed with the EIB:</p> <p>1. The Commission's EFSI Inter-service Group including all relevant DGs is consulted on the draft work programme before the review of the Coordination Committee.</p> <p>2. As set up in the EIAH's Framework Partnership Agreement (FPA), the Coordination Committee shall meet at least twice a year.</p> <p>(a) review and agree strategy and policy relating to the EIAH;</p> <p>(b) review, on a regular basis, progress on and implementation of the Work Programme of the EIAH;</p> <p>(c) consider and if appropriate, propose for inclusion in the Work</p>	<p>Effectiveness: Control results: Avoid overlaps with other existing advisory initiatives Benefits: Fill in the identified gaps.</p> <p>Efficiency: Average time between the adoption of the Financing Decision and the signature of the Specific Grant Agreement [time to grant].</p> <p>Economy: Estimation of cost of staff involved in the preparation and validation of the annual Work Programme and in the adoption and contracting processes.</p>

¹³ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost- Effectiveness indicators (three E's)¹³ Effectiveness Efficiency Economy
	3. Hierarchical validation within the authorizing department of the draft Work Programme.	Programme, the extension of existing programmes and/or creation of new services funded by the EIAH Budget or termination of such services. 3. The work programme is annexed to the Specific Grant Agreement.	

Stage 2: Monitoring the execution

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

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost- Effectiveness indicators (three E's)¹⁴ Effectiveness Efficiency Economy
The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement	1. The EIB has to provide periodically technical reports with detailed information on the EIAH activity and its technical assistance assignments. Moreover,	1. As per Article 6 of the FPA, the EIB shall provide the EU with: (a) a half-yearly technical report	Effectiveness: Control results: - Number of projects that received EIAH's support.

¹⁴ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)¹⁴ Effectiveness Efficiency Economy
<p>and/or the amounts paid exceed the amounts that are due in accordance with the applicable contractual and regulatory provisions.</p>	<p>the financial statements to be provided will contain detailed information on EIB's expenses and revenues in a given period.</p> <p>2. Oversight of the Coordination Committee (CC).</p> <p>3. Tracking the EIAH activity by the Commission staff.</p> <p>4. Based on the above reporting, the staff will conduct operational and financial checks before payment is authorised.</p> <p>5. For cases where issues are discovered, the Commission could apply a suspension/interruption of payments.</p>	<p>(its frequency can be reviewed by the Coordination Committee).</p> <p>(b) a financial statement drawn up in accordance with the structure of the estimated budget.</p> <p>(c) no later than six months after the end of each year: (i) an annual audited financial statement; and (ii) an annual technical report.</p> <p>2. The CC oversight is mainly exercised during the periodic CC meetings.</p> <p>3. The Commission staff tracks EIAH's activity on an ongoing basis.</p>	<p>- Number of control failures; budget amount of the errors concerned.</p> <p>- Number of projects with cost claim errors; budget amount of the cost items rejected.</p> <p>Benefits: Value of the costs claimed by the beneficiary, but rejected by the project officers.</p> <p>Efficiency: Time to payment</p> <p>Economy: Estimation of cost of staff involved in the actual monitoring of the execution.</p>

Stage 3: Review, audits and monitoring

Main control objectives: Detecting and correcting any error or fraud remaining undetected after the implementation of ex-ante controls (legality and regularity; anti-fraud strategy); Addressing systemic weaknesses in the ex-ante controls, based on the analysis of the findings (sound financial management)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's) ¹⁵ Effectiveness Efficiency Economy
<p>The ex-ante controls fail to prevent, detect and correct erroneous payments or attempted fraud. Processes are weak or not working as designed. Poor adequacy of the system. EU accounting rules are not respected (especially relevant if other institutions, e.g. National Promotional Banks, will be contracted to deliver decentralised advisory services under the EIAH's umbrella).</p>	<p>1. Monitoring strategy: On an annual basis, an ex-ante verification (e.g. monitoring visit) will be conducted at the EIB. An on-site monitoring visit will also be done at the beneficiaries level annually, if needed. 2. Within three years from entry into force of the EFSI Regulation, the EU will conduct an independent mid-term evaluation of the functioning of EIAH. In 2017 the evaluation of the application of the EFSI Regulation 2015/1017 was launched and its results were published in June 2018¹⁶. The evaluation assessed the relevance, efficiency and effectiveness of the European Fund for Strategic Investments, the European Invest-</p>	<p>1. During the monitoring visits done on a yearly basis for the EIB and, if needed, more often for the TA beneficiaries, the Commission staff will check for a number of projects / TA assignments chosen randomly from the following documentation:</p> <ul style="list-style-type: none"> • the initial contacts with the beneficiary • the formal document defining the Terms of Reference/ the assignment; • the TA deliverables <p>2. As per Article 6(3) of the FPA.</p>	<p>Effectiveness: Control results: - Number of projects with errors. - Number of ex-ante control failures. Amount of budget of errors concerned. Action plans established following the ECA/ex-post control recommendations; number of recommendations agreed in the Action Plan, implemented or addressed. Benefits: Budget value of the errors detected by the staff.</p> <p>Efficiency: N/A</p> <p>Economy: Estimation of cost of staff involved in the monitoring visits and mission costs. Average annual cost of external evaluation compared</p>

¹⁵ Results are provided under Annex 7

¹⁶ https://ec.europa.eu/info/sites/info/files/economy-finance/efsi_evaluation_-_final_report.pdf

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)¹⁵ Effectiveness Efficiency Economy
	ment Project Portal and the European In- vestment Advisory Hub.		with amounts being audited and evaluated.

[RCS 2: Financial Instruments managed via international financial institutions \(period 2007-2013\)
/ indirect entrusted management](#)

Stage 1 (Front-Office): Identification and selection of International Financial Intermediaries (IFIs) and Financial Intermediaries (FIs) & projects, negotiation of contractual terms, tendering procedures and payments carried out by the IFIs (for CIP: EIF).

Main control objectives: Ensuring eligibility, contractual compliance and process compliance of implementation actors including sound financial management of the IFIs (Legality and regularity).

NB: For GIF and SMEG07 programmes, Stage 1 does not apply anymore since Stage 1 tasks are no longer performed following the closure of the Facility on 31/12/2013 and the end of the signature period of those programmes. Stage 1 description can be consulted in the previous Annual Activity Reports of DG ECFIN.

Stage 2 (Back-Office): Monitoring of the implementation

Main control objectives: Ensuring appropriate information on the implementation of the Facility by the IFIs and the FIs. Ensuring eligibility, contractual compliance and process compliance of the implementation (Safeguarding of assets and information)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost- Effectiveness indicators (three E's)¹⁷ Effectiveness Efficiency Economy
Financial Intermediaries may not be eligible.	1) Preventive measures: Each agreement between the Commission and the IFIs and	1) Preventive measures : for CIP, IFI Facilities all agreements signed by the IFIs	Effectiveness 1) + 2): Control results: - number of analysis

¹⁷ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost- Effectiveness indicators (three E's)¹⁷ Effectiveness Efficiency Economy
<p>Agreements with FIs do not cover the set of required provisions (eligibility of Final Recipients of operations, financial parameters, and so on).</p> <p>Guarantee calls/investments/Grant allocations are not in line with contractual provisions.</p> <p>Final Recipients might not be eligible.</p>	<p>between the IFIs and FIs contains control (e.g. audit rights of the Commission) and reporting obligations. In some programmes, there are certain risk-sharing arrangements built into the design of the programmes as well as financial incentives to ensure alignment of interest at the IFI level.</p> <p>2) Monitoring policy of the Commission services: The designated operational Commission services assess the implementation of the action and the corresponding expenditure on the basis of a Monitoring Policy that has been defined by the Monitoring Policy Group associating DG ECFIN, DG NEAR, and DG GROW. In addition, the Policy DGs have been closely associated to</p>	<p>(IFI in charge as 'operating body') undergo a preliminary formal approval by DG ECFIN, which is based on a formal template and analysis, as foreseen in DG ECFIN manual of procedures.</p> <p>2) Monitoring policy by the Commission services: the monitoring is based on the provisions foreseen in the Monitoring Manuals complemented by the yearly Monitoring Plan, validated by the management. This defines the types and numbers of monitoring visits and tasks to be performed, and covers the rules for selecting the FIs, the operations samples, etc.</p> <p>3) Reporting framework from IFI to DG ECFIN:</p>	<p>check-lists/set of sample-check-lists/ monitoring reports/letter to the IFIs</p> <ul style="list-style-type: none"> - number of findings and/or minor observations reported to the IFIs - key indicators (number of Final Recipients; number of jobs created or maintained; total investment/loan volume leveraged) of achievement <p>Benefits:</p> <ul style="list-style-type: none"> - assuring the compliance of the implementation of the agreements with the provisions foreseen in the Agreement / FMA / Legal Basis, namely with regard to the eligibility criteria of Final Beneficiaries and operations, EU visibility and promotion, policy objectives of the Facility, financial rules, - ensuring legality and regularity of

Main risks It may happen (again) that...	Mitigating controls that...	Coverage, frequency and depth of controls	Cost- Effectiveness indicators (three E's)¹⁷ Effectiveness Efficiency Economy
	<p>the Delegation Agreements/ FMAs negotiation, including the relevant monitoring provisions. Monitoring instruments include a Steering Committee, checks prior to approval of project proposals, documentary checks, reporting, monitoring visits, audit reports and management letters.</p> <p>Monitoring visits take place at different levels (at IFI level, at FI level and at FB level) and are carried out by the operating unit as well as by the ex-post control function in ECFIN¹⁸. The findings and results are followed up by the operating unit in different ways, e.g. technical meetings with the IFIs, communications setting out weaknesses to be addressed, etc.</p>	<p>EIF quarterly reports, annual and semi-annual reports, monitoring reports, employment survey report</p>	<p>the operations</p> <ul style="list-style-type: none"> - ensuring sound operational and financial management of the Facility <p>Efficiency 1) + 2): Monitoring the timely use of budget available within the availability period</p> <p>Economy 1) + 2): Estimate of cost of staff involved</p>

¹⁸ No ex-post control took place in 2020 due to COVID-19

Stage 3 (Overall assurance building process): Assurance building on the process and systems of DG ECFIN

Main control objectives: Verification that processes are working as designed / Feedback on adequacy of the system (Reliability of financial reporting; Fraud prevention and detection)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)¹⁹ Effectiveness Efficiency Economy
1) processes are weak or not working as designed 2) poor adequacy of the System	1) The verification that processes are working as designed is ensured through several information channels: -management's knowledge about the state of the DG's internal control systems, gathered through the day-to-day work and experiences; - the DG's formal supervision, follow-up and monitoring arrangements; - the results from the annual ICS review ('full compliance with baseline requirements'); - the results of the annual Risk Assessment exercise; - the ex-ante and ex-post controls, including reports of exceptions and/or internal control weaknesses; - the results from the DG's external financial	1) According to the annual work-plan of the IAS DG ECFIN ex-post control and the ECA. 2) Follow-up of the implementation of OLAF's recommendations in two cases (see more in Annex 7). Several ex-post controls are regularly performed on the projects (for the results, see under Annex 7).	Effectiveness: Control results: - Number of controls and quality; results of the controls listed in column 2 → see ECA/ IAS/OLAF/ex-post controls. - Action plans established following ECA, IAS or ex-post control recommendations; number of recommendations agreed in the Action Plan, implemented or addressed. - Number of closed findings - Number of OLAF inquiries - Number of open recommendations in action plans established following ECA, IAS or ex-post control recommendations Benefits: - to get reasonable assurance in the implementation of the Programmes - to ensure legality and

¹⁹ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)¹⁹ Effectiveness Efficiency Economy
	audits; - evaluations of the programmes carried out by external evaluators. - The audited financial statements received from IFIs - The Statements of Assurance received from EIF. - Contractual monitoring obligations for the IFI 2) All activities of the DG are audited by the IAS and the ECA.		regularity of the operations - financially speaking, this covers the (average annual) total budget amount entrusted to the entity, possibly at 100% (significant errors would otherwise be detected). Efficiency: N/A Economy: Costs for our internal control tasks and follow-up of ex posts controls

Stage 4 (Programme financial management): Budget commitments and payments

Main control objectives: to avoid errors that may occur during the financial process (commitments, payments, recoveries, de-commitments, repayments) (Sound financial management)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)²⁰ Effectiveness Efficiency Economy
Undue or erroneous payments (amount, eligible beneficiaries)	1) Ex-ante controls: The payments from DG ECFIN to the trust accounts and recovery	Ex-ante verification of commitments 100% / Ex-ante verification of payments 100%.	Effectiveness: Control results: - improvement on procedures - compliance with budget procedures and financial management procedures &

²⁰ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)²⁰ Effectiveness Efficiency Economy
Undue or erroneous recoveries/repayments	<p>from the trust accounts of the IFIs are subject to the normal financial circuit of the DG, including independent ex-ante verification.</p> <p>2) Due diligence: The IFI has to check the project implementation and the fulfilment of the conditions triggering payments out of (or recoveries to) the trust account based on agreed procedures and / or the IFI's own procedures.</p> <p>3) IFI reporting: the IFIs draw up regular programme implementation and financial reports and a final report at the end of the facility. The IFIs have to provide annually a financial audit certificate concerning the trust account balances.</p>	<p>Ex-post control reports (recommendations "taken on board")</p> <p>Verification of IFI transactions (sample checks).</p> <p>All fees and eligible expenses are verified before payment against contractual conditions and supporting documentation required under the CA/Delegation Agreement.</p> <p>Reports to DG BUDG on Trust accounts for every financial year, final balance year n-1 equals starting balance year n.</p>	<p>Financial Regulation</p> <ul style="list-style-type: none"> - number of operations outside official procedures - number of erroneous operations - return to Trust Account linked to errors - results on the checks on the balance of the Trust Account <p>Benefits: - reduce or avoid errors on payments/recoveries/repayments</p> <ul style="list-style-type: none"> - sound financial management <p>sample checks performed give sufficient assurance that transactions are in-line with rules and regulations</p> <ul style="list-style-type: none"> - financially speaking, the (average annual) total budget amount entrusted to the entity, possibly at 100% (significant errors would otherwise be detected). <p>Efficiency: N/A</p> <p>Economy: Estimate of cost of staff involved.</p>

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)²⁰ Effectiveness Efficiency Economy
	4) Approval of management fees and eligible expenses of the IFI		

Stage 5 (Programme financial management): Audit and evaluations

Main control objectives: Ensuring that assurance building information on the entrusted entity's activities is provided through independent sources as well, which may confirm or contradict the management reporting received from the entrusted entity itself (fraud prevention and detection)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)²¹ Effectiveness Efficiency Economy
<p>1) processes are weak or not working as designed</p> <p>2) poor adequacy of the system</p> <p>3) errors in the implementation of the programmes as compared to the provisions foreseen in the legal basis, Cooperation Agreements FMAs and/or financial operations</p>	<p>1) The verification that processes are working as designed is ensured through several information channels:</p> <ul style="list-style-type: none"> -management's knowledge about the state of the DG's internal control systems, gathered through the day-to-day work and experiences; -the DG's formal supervision, follow-up and monitoring arrangements; 	See above Stage 3	<p>Effectiveness: Control results:</p> <ul style="list-style-type: none"> - Number of controls and quality; results of the controls listed in column 2 (see also stage 3) - Action plans established following ECA, IAS or ex-post control recommendations - Number of recommendations agreed in the Action Plan, implemented or addressed. - Positive DAS for the exercise <p>Benefits:</p> <ul style="list-style-type: none"> - To get reasonable assurance in the

²¹ Results are provided under Annex 7

	<ul style="list-style-type: none"> - the results from the annual ICS review ('full compliance with baseline requirements'); - the results of the annual Risk Assessment exercise; - the ex-ante and ex-post controls, including reports of exceptions and/or internal control weaknesses; - the results from the DG's external financial audits; - evaluations of the programmes carried out by external evaluators. <p>2) All activities of the DG are audited by the IAS and the ECA</p>		<p>implementation of the Programmes</p> <ul style="list-style-type: none"> - To ensure legality and regularity of the operations - Sample checks performed give sufficient assurance that transactions are in-line with rules and regulations - Financially speaking, this covers the (average annual) total budget amount entrusted to the entity, possibly at 100% (significant errors would otherwise be detected). <p>Efficiency: N/A</p> <p>Economy:</p> <ul style="list-style-type: none"> - Estimate of cost of DG ECFIN staff involved in our internal control tasks and follow-up of ex-post controls. - Estimate of cost of IAS, ECA and other staff involved if applicable
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RCS 3: Grants under the European Local ENergy Assistance (ELENA) / Grants indirect entrusted management

Background and purpose: Annex 7

Stage 1: Preparation of Agreements and negotiation of contractual terms, assessment and approval of project proposals

Main control objectives: Ensuring eligibility, contractual compliance and process compliance of entrusted entities / grant beneficiaries, including sound financial management of the entrusted entities (Legality and regularity). Feedback on adequacy of the ELENA governance structure.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)²² Effectiveness Efficiency Economy
<p>Contribution Agreements between the EU and entrusted entities (EIB) do not cover the required provisions as set in the H2020 Multiannual Work Programme (e.g. eligibility of final beneficiaries, of operations, financial parameters, grant conditions).</p> <p>Projects proposed are not compliant with the terms set in the Contribution Agreements or H2020 Work Programme (Final Beneficiaries / Project proposals / area of investments may not be eligible).</p>	<p>Consultation and involvement of relevant Commission Services in the drafting and negotiation of the Agreements or Amendments (DG ENER, MOVE, BUDG, and the respective legal departments).</p> <p>Formal assessment and consultation of operational Units in DG ENER and MOVE before the approval of grant allocation to each project (Requests for Approval, RfA). If necessary, the expertise of EASME may be requested to better assess the technical need for grant. The overall project assessment is based on a procedure foreseen in the Agreement and included in the ECFIN.DDG2.03 Unit Manual.</p>	<p>For each Agreement or Amendment, the relevant Commission services are consulted and formally visa the final documents before signature.</p> <p>For each project (RfA), the relevant Commission services are consulted and formally sign consultation documents with their feedback on the approval.</p>	<p>Effectiveness: Control results: full respect of provisions set for the ELENA Facility. Respect for the Financial Regulation provisions on grants implemented indirectly.</p> <p>Benefits: effective implementation of the ELENA facility and achievement of the related policy objectives.</p> <p>Efficiency: correct allocation of the ELENA grant, timely technical assistance support to the targeted investment projects.</p> <p>Economy: staff cost estimation for the Agreements/Amendments preparation and signature and RfAs approval.</p>

²² Results are provided under Annex 7

Stage 2: Monitoring of the implementation

Main control objectives: Ensuring appropriate information on the implementation of the ELENA Facility. Ensuring eligibility, contractual compliance and process compliance of the implementation. Prevention of fraud. Ensuring that financial operations comply with regulatory and contractual provisions (legality and regularity) and avoiding errors that may occur during the financial process (commitments, payments, recoveries, de-commitments, repayments) (Sound financial management).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth controls	Cost-Effectiveness indicators (three E's)²³ Effectiveness Efficiency Economy
<p>Projects proposed (RfAs) are not totally or partially compliant with the terms set in the Contribution Agreements or H2020 Work Programme (e.g. Final Beneficiaries (FBs) / RfAs / area of investments may not be eligible, grant conditions are not respected)</p> <p>Grant allocations to beneficiaries are not in line with the contractual provisions signed between the EIB (or entrusted</p>	<p>All Agreements between the Commission and the ELENA entrusted entities and between the latter and final beneficiaries contain control measures (e.g. audit rights of the Commission) and reporting obligations. ELENA has risk-sharing arrangements (co-financing) and specific conditions to fulfil (minimum leverage) built into the design of the programme to ensure alignment of interest with FBs.</p> <p>DG ECFIN together with DG ENER and MOVE assess the implementation of the action and the corresponding expenditure. All involved Commission services cooperate on the assessment of projects and the relevant monitoring provisions.</p>	<p>All Agreements and Amendments undergo a legal check and formal approval by DG BUDG, DG ECFIN, DG ENER and DG MOVE. All project proposals are assessed and approved/ rejected by the relevant Commission services.</p> <p>A monitoring activity to entrusted entities and to FBs is defined yearly in a Monitoring Plan, validated by the management. This defines the types and</p>	<p>Effectiveness: Control results: errors in the compliance with budgetary procedures; assessments, recommendations from monitoring, key indicators (number of Final Recipients; total energy savings and CO2 reductions generated; total investment volume leveraged).</p> <p>Benefits: Assuring compliance of the implementation with the provisions foreseen in the Legal Basis (eligibility criteria of FBs and operations, visibility and promotion, policy objectives of the Facility, financial rules); Ensuring legality and regularity of the operations;</p>

²³ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth controls	Cost-Effectiveness indicators (three E's)²³ Effectiveness Efficiency Economy
<p>entities) and the FBs.</p> <p>The financial management of the ELENA Programme is not sound (errors in budgetary and financial operations)</p>	<p>Monitoring instruments include a Steering Committee overseeing the Facility (3 members appointed by the Commission and three by the EIB), regular Technical Meetings and weekly conference calls prior to approval of project proposals; in addition, documentary checks, reporting, monitoring visits, audit reports and management letters complement the controls.</p> <p>Monitoring visits take place at different levels (at IFI level and at FB level) and are carried out by ECFIN and ENER representatives. The ex-post control function in ECFIN also performs controls. The findings and results are followed up by the operational unit through meetings, communications, etc.</p> <p>Ex-ante verification and ex-post control of budgetary transactions performed by the ECFIN Financial Unit as well as ENER/MOVE SRD. For cases where issues are discovered, the Commission could apply a suspension/ interruption of payments.</p>	<p>numbers of monitoring visits (usually 2 to 4) and tasks to be performed.</p> <p>Entrusted entities issue monthly and yearly operational and financial reports.</p> <p>For each budgetary transaction, the ex-ante verification validates the requests. Where additional funds need to be available for transfers, DG ENER/MOVE SRD performs a control of justification documents. Ex-post control is performed by DG ECFIN on randomly selected projects.</p>	<p>Ensuring sound operational and financial management of the Facility.</p> <p>Efficiency: Timely use of budget available within the availability period.</p> <p>Economy: Cost of staff involved in the monitoring of the execution of the Facility.</p>

Stage 3: Reporting and Audits

Main control objectives: Ensuring that operational results meet the objectives and conditions of the Facility. Ensuring that financial operations comply with regulatory and contractual provisions. Ensuring appropriate accounting of the operations (reliability of financial reporting, safeguarding of assets and information). Assurance building information on the entrusted entity's activities, through independent sources/ audits (fraud prevention and detection).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)²⁴ Effectiveness Efficiency Economy
<p>The ex-ante controls fail to prevent, detect and correct erroneous payments or attempted fraud.</p> <p>Processes are weak or not working as designed</p> <p>Errors in the implementation of the programmes as compared to the provisions foreseen in the legal basis and / or financial operations</p>	<p>Internal control on processes performed through the daily administration of the Facility; formal supervision, follow-up of reports and monitoring actions with other DGs involved (ENER/MOVE SRD, accountancy departments); Analysis of operational and financial reporting;</p> <p>Ex-ante verification and ex-post control ;</p> <p>Independent evaluations of the programmes by external evaluators.</p> <p>DG ECFIN activities are audited by the IAS and the ECA.</p>	<p>2 to 4 monitoring visits per year are organised to projects and entrusted entities. Regular ex-ante verification of all commitments and payments.</p> <p>Ex-post control reports on selected projects.</p> <p>All fees and eligible expenses are verified before payment against contractual conditions and supporting documentation required under the Contribution Agreement.</p> <p>All accounts are audited every year.</p>	<p>Effectiveness: Control results: identification of errors in the implementation of the Facility</p> <ul style="list-style-type: none"> - Nr. of projects with errors. - Nr. of ex-ante control failures. <p>Amount of budget of errors concerned.</p> <p>Action plans established following the ECA/ex-post control recommendations; number of recommendations agreed in the Action Plan, implemented or addressed.</p> <p>Benefits: Corrections / improvement of processes or implementation.</p> <p>Budget value of the errors detected by the staff.</p> <p>Efficiency: N/A</p> <p>Economy: Estimation of cost of staff involved in the monitoring visits/ mission costs. Annual cost of external evaluations compared with amounts being audited and evaluated.</p>

²⁴ Results are provided under Annex 7

Background and purpose: Annex 7

Stage 1: Budget commitment and payments

Main control objectives: To avoid errors that may occur during the financial process (commitments, payments, recoveries, de-commitments) (Sound financial management, Legality and regularity, Fraud prevention and detection)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of control	Cost-Effectiveness indicators (three E's)²⁵ Effectiveness Efficiency Economy
<p>Undue/erroneous or late payments</p> <p>Undue/erroneous or late recoveries of Fund distributions</p>	<p>1) Payments to and recoveries from the custodian managing funds on behalf of the Marguerite Fund are subject to the normal financial circuit of the DG, including independent ex-ante verification.</p> <p>2) An effective information flow to process the payment files within the time limit has been established with the fin. circuit</p>	<p>Ex-ante verification of (de)commitments 100% / Ex-ante verification of payments 100% / Ex-ante verification of recoveries 100%.</p>	<p>Effectiveness: Control results:</p> <ul style="list-style-type: none"> - compliance with budget procedures and financial management procedures for payments and recoveries <p>Efficiency:</p> <ul style="list-style-type: none"> Timely use of budget. <p>Economy:</p> <ul style="list-style-type: none"> Estimate of cost of staff involved.

Stage 2: Monitoring of implementation, audits and evaluation

Main control objectives: Monitoring that the Fund is meeting its objectives and that operations comply with contractual provisions. Monitoring of reporting and appropriate accounting of the operations (reliability of financial reporting, safeguarding of assets and information). Ensuring that assurance building information on the custodian reporting is provided through independent sources (auditors) as well, which may confirm or contradict the management reporting received from the custodian itself (fraud prevention and detection).

²⁵ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)²⁶ Effectiveness Efficiency Economy
<p>Investment/policy objectives are not achieved compared to the provisions envisaged in the legal basis.</p> <p>The Fund provides erroneous data – risk of errors</p>	<p>Formal Supervision – EC representative in the Fund's Supervisory Board in its role to monitor the Fund's investments and performance of eligible projects.</p> <p>Review and analysis of operational and financial reporting;</p> <p>Independent evaluations and audit carried out by external evaluators, IAS and ECA.</p>	<p>Annual and ad-hoc Supervisory Board meetings.</p> <p>Quarterly reporting – IE Reporting Guidelines (Formerly EVCA).</p> <p>Quarterly operational reporting to the Supervisory Board Members.</p> <p>Financial accounts are audited every year by an external auditor.</p>	<p>Effectiveness: Control results: review and identification of possible errors in reporting - Amount of errors concerned.</p> <p>Efficiency: N/A</p> <p>Economy: Estimation of cost of staff involved. Annual cost of external evaluations compared with amounts being audited and evaluated (when applicable).</p>

RCS 5: European Fund for Strategic Investments (EFSI)

RCS 5.a: EU Guarantee under the EFSI

Background and purpose: Annex 7

Stage 1: Amendments to the Guarantee Agreement with the EIB on on the management of the EFSI and on the granting of the EU Guarantee.

Main control objectives: Ensuring that the legal framework for the management of the EFSI is fully compliant and regular (legality and regularity).

²⁶ Results are provided under Annex 10

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)²⁷ Effectiveness Efficiency Economy
Amendments to the Guarantee Agreement with the EIB on on the management of the EFSI and on the granting of the EU Guarantee does not respect provisions set out in Regulation (EU) 2015/1017 of the European Parliament and of the on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal (EFSI Regulation).	Consultation and involvement of relevant Commission Services in the Amendments to the Guarantee Agreement, including DG BUDG and the Legal Service.	Each Amendment is submitted to Inter-Service Consultation and approved through Commission Decision before signature.	Effectiveness: Control results: full respect of provisions set out in the EFSI Regulation. Efficiency: N/A Economy: Estimate of cost of staff involved.

Stage 2: Monitoring of the implementation

Main control objectives: Ensuring appropriate monitoring and supervision of the implementation of the EFSI Programme (legality and regularity, reliability of financial reporting, safeguarding of assets and information). Ensuring that financial operations comply with regulatory and contractual provisions (legality and regularity) and avoiding errors that may occur during the financial process (sound financial management).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)²⁸ Effectiveness Efficiency Economy
The operational and financial management of the EFSI Programme is not sound.	The EFSI Steering Board oversaw the implementation of EFSI for the purpose of ensuring the fulfilment of EFSI objectives and the appropriate use of	The EFSI Steering Board met regularly to review the implementation of the EFSI.	Effectiveness: Control results: review and identification of possible errors in reporting.

²⁷ Results are provided under Annex 7

²⁸ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)²⁸ Effectiveness Efficiency Economy
	<p>the EU guarantee until end-2020. The Steering Board comprised five members (three appointed by the Commission, one appointed by the EIB and one expert appointed as a non-voting member by the European Parliament.</p> <p>DG ECFIN performs desk-reviews of operational, risk and financial reports, audit reports, etc.</p> <p>The ex-post control function in DG ECFIN could also performs controls.</p>	<p>The EIB Group provides quarterly, semi-annual and annual report on operational, risk and financial reporting.</p>	<p>Benefits: Assuring compliance of the implementation with the provisions foreseen in the Legal Basis</p> <p>Ensuring sound operational and financial management of the Facility.</p> <p>Efficiency: Timely use of budget available within the availability period.</p> <p>Economy: Estimate of cost of staff involved.</p>

Stage 3: - Monitoring, evaluations and audits

Main control objectives: Monitoring of reporting and appropriate accounting of the operations (reliability of financial reporting, safeguarding of assets and information). Assurance building information on the EIB Group control and monitoring activities (fraud prevention and detection).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)²⁹ Effectiveness Efficiency Economy
Processes are weak or not	Monitoring and follow-up of operational, risk and financial reporting, including desk reviews	Monitoring of the reports and guarantee calls submitted by the	Effectiveness: Control results: review and identification of possible errors in the reporting and

²⁹ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)²⁹ Effectiveness Efficiency Economy
<p>working as designed.</p> <p>Errors in the implementation of the programmes as compared to the provisions foreseen in the legal basis</p>	<p>and/or monitoring visits to the EIB Group.</p> <p>Independent evaluations of the programme carried out by external evaluators as per the EFSI Regulation.</p> <p>Audit and consultancy work is performed by the Commission's Internal Audit Service (IAS), the European Court of Auditors, DG BUDG and in the discharge procedure and feedback is provided by them. Recommendations made by these bodies are followed up systematically.</p>	<p>EIB Group based on check-lists.</p> <p>Frequency of controls is determined by the annual work plans of the IAS, DG BUDG and the ECA.</p> <ul style="list-style-type: none"> • IAS audits. • Annual ECA audits. • Agreed upon procedure review by EIB's external auditors on key figures such as guaranteed amounts outstanding, revenues, guarantee calls and other fees and costs. 	<p>financial management of the programme.</p> <p>Number of recommendations from the audit bodies (see under Mitigating controls) which have been followed up systematically.</p> <p>Benefits: corrections/improvement of processes or implementation.</p> <p>Budget value of the errors detected by the staff and the likelihood of material errors is minimized.</p> <p>Efficiency: N/A</p> <p>Economy: Estimate of cost of staff involved</p>

RCS 5.b: EFSI Guarantee Fund

Background and purpose: Annex 7

Stage 1: Budgetary transactions

Main control objectives: To avoid errors that may occur during the financial process (commitments, payments, recoveries, de-commitments) (Sound financial management, Legality and regularity, Fraud prevention and detection)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's) ³⁰ Effectiveness Efficiency Economy
The financial management of the EFSI Guarantee Fund is not sound.	Recovery orders, commitments and payments to the EFSI Guarantee Fund are subject to the normal financial circuit of the DG, including independent ex-ante verification. An effective information flow to process the budgetary files within the time limit has been established with the financial circuit.	For each budgetary transaction, the ex-ante verification validates the requests.	Effectiveness: Control results: compliance with budget procedures and financial management procedures for commitments, payments and recoveries. Efficiency: Timely use of budget available within the availability period. Economy: Estimate of cost of staff involved.

Stage 2: - Monitoring and audits

Main control objectives: Detecting and correcting any error or fraud remaining undetected after the implementation of ex-ante controls (legality and regularity; anti-fraud strategy). Addressing systemic weaknesses in the ex-ante controls, based on the analysis of the findings (sound financial management). Monitoring of reporting and appropriate accounting of the operations (reliability of financial reporting, safeguarding of assets and information).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's) ³¹ Effectiveness Efficiency Economy
The ex-ante controls fail to prevent, detect and correct	Ex-ante verification of budgetary transactions. Audit work is performed by the Commission's Internal Audit Service (IAS), the European	Regular ex-ante verification of all commitments, payments and recovery orders. Monitoring of	Effectiveness: Control results: review and identification of possible errors in the budgetary management of the EFSI Guarantee Fund.

³⁰ Results are provided under Annex 7

³¹ Results are provided under Annex 7

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)³¹ Effectiveness Efficiency Economy
erroneous payments. Processes are weak or not working as designed.	Court of Auditors, DG BUDG and in the discharge procedure and feedback is provided by them. Recommendations made by these bodies are followed up systematically.	guarantee calls paid from the EFSI Guarantee Fund Frequency of controls is determined by the annual work plans of the IAS, DG BUDG and the ECA. • IAS audits. • Annual ECA audits. • Agreed upon procedure review by EIB's external auditors on key figures such as guaranteed amounts out-standing, guarantee calls, etc.	Number of recommendations from the audit bodies (see under Mitigating controls) which have been followed up systematically. Benefits: corrections/improvement of processes or implementation. Budget value of the errors detected by the staff and the likelihood of material errors is minimized. Efficiency: N/A Economy: Estimate of cost of staff involved

RCS 6: Macro-Financial Assistance

Macro-Financial Assistance represents support to partner third countries in the form of medium and long term loans and or grants, generally in the context of IMF reform programme, each time based on an ad hoc Legislative Decision (decision by the Council alone until the entry in force of the Lisbon Treaty, then co-decision by the European Parliament and Council under the ordinary legislative procedure). The loan funds are borrowed on the capital markets and paid to the central bank of the beneficiary country, whereas the grants are financed from the EU budget. The funds are not allocated to specific projects or spending categories and their final destination, unless otherwise specified, is left to the national authorities to decide.

Key inherent risks in this environment: Although the funds are not allocated, there is a risk of misuse of funds in case the financial circuits in the relevant institutions (central bank and Ministry of Finance) of the beneficiary country do not comply with the basic principles of sound financial management.

Stage 1 – Ex-ante (re)assessment of the beneficiary country's financial and control framework

Main control objectives: Ensuring that the beneficiary country is fully prepared to start/continue implementing the received funds with respect of all 5 Internal control Objectives (ICOs).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's) ³² Effectiveness Efficiency Economy
<p>The financial and control framework deployed by the beneficiary country is not fully mature to guarantee achieving all 5 ICOs (legality and regularity, sound financial management, true and fair view reporting, safeguarding assets and information, anti-fraud strategy).</p>	<p>Commission assessment of management and control systems in the beneficiary countries.</p> <p>For each beneficiary country, an ex-ante operational assessment of the financial circuits and control environment is carried out by the Commission with technical support from consultants. An analysis of accounting procedures, segregation of duties and internal/external audit of the Central bank and the Ministry of Finance are carried out to ensure a reasonable level of assurance for sound financial management.</p> <p>Should weaknesses be identified, they are translated into conditions, which have to be implemented before the disbursement of the assistance. Also, when needed, specific arrangements for payments (e.g. ring-fenced accounts) are put in place.</p>	<p>Coverage: Verification of information provided in the ex-ante operational assessments. Depth: Desk checks and / or on-the-spot audits based on risk assessment.</p>	<p>Effectiveness: - Number, amount and % (with respect to total commitment) of MFA operations stopped or suspended as a result of a negative operational assessment.</p> <p>Efficiency: - Cost of operational assessments (% of proposed amounts of MFA operations)</p> <p>Economy: - Cost of external ex-ante operational assessments (outsourced to consultants) - Estimation of cost of Commission staff involved in the assessment of management and control systems in beneficiary country, including analysis of operational assessment report, own audit work, and drafting of interruption letters Benefits: errors prevented [unquantifiable]</p>

³² Results are provided under Annex 10

Stage 2 – Adoption of the MFA Decision, negotiation and signature of MFA documents (MoU, Loan/Grant agreements):

Main control objectives: Ensuring that the legal documents include the actions (conditionalities) that contribute the most towards the achievement of the policy objectives (effectiveness).

Main risks	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)³³ Effectiveness Efficiency Economy
<p>The macro-financial assistance does not adequately reflect the EU policy objectives or priorities. Delayed implementation of the MFA operation negatively impacts the effectiveness and efficiency of the assistance.</p>	<p>Internal consultation, hierarchical validation at DG-level of each action. Given the complexity of the instrument, a comprehensive Vademecum has been put in place setting out the procedures and controls to be followed by the competent DG ECFIN services in the preparation of each operation. Inter-service consultation (including all relevant DGs) Inter-institutional agreement required Adoption by Legislative (Council and Parliament) Decision/Commission Decision, where foreseen by EU law.</p>	<p>Coverage and Frequency: 100%.</p> <p>Depth: Checklist, guidelines and lists of requirements in the relevant regulatory provisions. (cf. Genval criteria)</p>	<p>Effectiveness: - Average time between the adoption of the Decision and the signature and ratification of MFA documents (Memorandum of Understanding (MoU), Loan and/or Grant Agreement) (<i>the shorter the time the more relevant the decision in relation to the country's needs and EU policy objectives</i>)</p> <p>Efficiency: - Average cost of analysis and adoption/approval of an MFA operation - Average time between a proposal by the Commission for a Decision to the adoption of the Decision by the co-legislators (<i>this measures the efficiency of the inter-institutional process</i>)</p> <p>Economy: Estimation of cost of staff involved in the negotiation and adoption of the MFA proposals. Benefits: MFA operations have a clear intervention logic, allowing the Commission to evaluate their impact.</p>

³³ Results are provided under Annex 10

Stage 3 – Monitoring and supervision of the implementation of MFA, including ex-post control

Main control objectives: ensuring that the payments/disbursements are eligible and regular

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost- Effectiveness indicators (three E's)³⁴ Effectiveness Efficiency Economy
<p>The management verifications and subsequent audits/controls have failed to detect non-implementation of conditionalities. The Commission services have failed to take appropriate measures to safeguard EU funds, based on the information it received.</p>	<p>Commission checks of periodic beneficiary country declarations. The payment is subject to (1) monitoring by DG ECFIN staff, in close coordination with the EU Delegations and with the external stakeholders, like the IMF, of the implementation of the agreed conditionalities, and (2) the normal control procedure provided for by the financial circuit (model 2) used in DG ECFIN, including the verification by the financial unit of the fulfilment of conditions attached to the disbursement of the assistance mentioned above. The disbursement relating to MFA operations may be subject to additional independent ex-post (documentary and/or on-the-spot) verifications by officials of the ex-post control team of the DG. Such verifications may also be initiated at the request of the responsible AOSD. Interruptions and suspensions of payments; Financial corrections (implemented by Commission) Recoveries may be practiced where needed (it has not occurred so far), and are explicitly foreseen in the financing agreements with the beneficiary countries.</p>	<p>Coverage: Verification of information provided in the periodic beneficiary country declarations.</p> <p>Depth: Desk checks and/or on-the-spot audits based on risk assessment.</p>	<p>Effectiveness: - % of MoU conditions successfully implemented - % of financial allocation disbursed*</p> <p>Efficiency: - Time-to-payment (time between adoption of decision on disbursement and actual disbursement)</p> <p>Economy: - cost of Commission staff checking conditionalities Benefits: errors prevented [unquantifiable]</p>

* where relevant/if applicable, for 2014-2020

³⁴ Results are provided under Annex 10

Stage 4 – Audit and evaluation

Main control objectives: Ensuring that assurance building information on the beneficiary country's activities is being provided through independent sources as well, which may confirm or contradict the management reporting received (on the 5 ICOs).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (three E's)³⁵ Effectiveness Efficiency Economy
<p>The Commission has not sufficient information from independent sources on the beneficiary country's achievements, which may reflect negatively on the Commission's governance reputation and quality of reporting.</p>	<p>The verification that processes are working as designed is ensured through several information channels: the ex-ante and ex-post controls, including reports of exceptions and/or internal control weaknesses; the results from the DG's external financial audits; the audit and consultancy work performed by the DG's Internal Audit Capability. Ex-post evaluations of the MFA operations are carried out by external evaluators.</p>	<p>Coverage: Verification of information provided in the ex-ante operational assessments.</p> <p>Depth: Desk checks and/or on-the-spot audits based on risk assessment.</p>	<p>Effectiveness:</p> <ul style="list-style-type: none"> - Assurance being provided (via management/audit reporting); <p>Efficiency:</p> <ul style="list-style-type: none"> - Total (average) annual cost of own audits and evaluations compared with MFA amounts being audited/evaluated (ratio). <p>Economy:</p> <ul style="list-style-type: none"> - Cost of external ex-post evaluations (outsourced to consultants) - Estimation of cost of Commission staff involved in the ex-post controls and audits. <p>Benefits: Confirmation of assurance and of attainment of policy objectives and priorities [unquantifiable]</p>

ANNEX 7: Specific annexes related to "Financial Management"

³⁵ Results are provided under Annex 7

Table Y - Overview of DG's/EA's estimated cost of controls at Commission (EC) level:

NB. The absolute values are presented in million EUR.

Title of the Relevant Control System (RCS)/Other	Ex ante controls			Ex post controls			Total***	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	EC total costs	related funds managed/concerned*	Ratio (%)** (a)/(b)	EC total costs	total value verified and / or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)* (g)/(b)
RCS 1: Grants under the European Investment Advisory Hub / Grants direct management	€ 0,37	€ 68,26 ³⁶	0,5477%	€ -	€ -	N/A	€ 0,37	0,5477%
RCS 2: Financial instruments managed via IFIs / indirect entrusted management	€ 0,21	€ 1.097,30 ³⁷	0,0196%	€ -	€ -	N/A	€ 0,21	0,0196%
RCS 3: Grants under the European Local ENergy Assistance (ELENA) / Grants indi-rect entrusted management	€ 0,44	€ 373,09 ³⁸	0,1187%	€ 0,05	€ 373,09	0,0140%	€ 0,50	0,1327%

³⁶ These are the funds under management, as explained further below in the corresponding section of Annex 7.

³⁷ These are the funds under management, as explained further below in the corresponding section of Annex 7.

³⁸ These are the funds under management, as explained further below in the corresponding section of Annex 7.

RCS 4: Marguerite Fund / Financial instruments direct management	€ 0,04	€ 70,32 ³⁹	0,0614%	€ -	€ -	N/A	€ 0,04	0,0614%
RCS 5a: EU Guarantee under the European Fund for Strategic Investments (EFSI) / budgetary guarantee indirect management	€ 0,64	€ 26.000,00 ⁴⁰	0,0025%	€ -	€ -	N/A	€ 0,64	0,0025%
RCS 5b: EFSI Guarantee Fund / provisioning direct management	€ 0,10	€ 1.248,87 ⁴¹	0,0083%	€ -	€ -	N/A	€ 0,10	0,0083%
RCS 6: Macro-financial assistance (MFA)	€ 0,19	€ 15,29 ⁴²	1,2702%	€ -	€ -	N/A	€ 0,19	1,2702%
Other: DG-horizontal control tasks not attributable to a single RCS ⁴³	€ 0,97	€ -	N/A	€ 0,04	€ -	N/A	€ 1,01	N/A
OVERALL total estimated cost of control at EC level	€ 2,98	€ 28.873,13	0,0103%	€ 0,10	€ 373,09	0,0256%	€ 3,07	0,0106%

³⁹ These are the total funds paid out to the fund so far, as explained further below in the corresponding section of Annex 7.

⁴⁰ This is the total guarantee, as explained further below in the corresponding section of Annex 7.

⁴¹ This is the provisioning that took place in 2020, as explained further in the corresponding section of Annex 7.

⁴² These is the payment in 2020, as explained further below in the corresponding section of Annex 7.

⁴³ Budget and accounting; coordination incl. Strategic, Programming and Planning, internal control, assurance and quality management; as well as anti-fraud.

- * related funds managed/concerned = payments made, revenues and/or other significant non-spending items such as e.g. assets, liabilities, etc
- ** ratio possibly “*Not Applicable (N/A)*”, e.g. if a RCS specifically covers an Internal Control Objective such as safeguarding sensitive information, reliable accounting/reporting, etc; or if control costs are not attributable to a single RCS and may relate to a 'mix' of expenditure, revenue, assets/liabilities, etc
- ** any 'holistic' control elements (e.g. with 'combined' ex-ante & ex-post characteristics) can be mentioned in the total column (without being in either one of the ex-ante or ex-post columns), provided that a footnote clarifies this (their nature + their cost). *Example: MS system audits in shared management.*

A. Grants, procurements and administrative expenses

Macro-financial assistance (MFA)

Short description: MFA represents support to partner third countries in the form of medium and long term loans and/or grants, generally in the context of an IMF reform programme, each time based on an ad hoc Legislative Decision (usually co-decision by the European Parliament and Council under the ordinary legislative procedure). The grants are financed from the EU budget. The funds are not allocated to specific projects or spending categories and their final destination, unless otherwise specified, is left to the national authorities to decide. What follows is related to MFA grants, which are managed under direct management, whereas MFA loans are managed separately under off-budget operations.

Control system and conclusion: We faced no material control issue. We can conclude that there are no material control weaknesses affecting the assurance building in terms of the five internal control objectives – see further down for each objective.

Control objectives

- Legality and regularity: The payment of the grant is subject to monitoring by us in close coordination with the EU Delegations and with the external stakeholders, like the IMF, of the implementation of the agreed conditionalities. The main feature of an MFA grant is that it is not a grant in the usual sense of the word with reimbursement of incurred costs. It is somewhat similar to a financial assistance or budget support mechanism, which will form part of the ways and means of the country to finance their expenses. Conditionalities are both political (e.g. the beneficiary respects effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and the respect of human rights is guaranteed) and economic (e.g. satisfactory track record in respect of the related credit arrangement by the IMF, as well as the implementation, within a certain timeframe, of a series of economic and financial reform measures agreed between the EU and the beneficiary country). Furthermore, the MFA grant amount and how to release it is described in the basic act. Therefore, the target error rate is 0% and the effective error rate for the MFA payment is 0% as well. Amounts may have to be repaid by the beneficiary, but not because of non-eligible costs. These amounts would have to be repaid in case of fraud, corruption or illegal activity but no known cases were reported in the past.

- Sound financial management: MFA's decisions and Memoranda of Understanding (MoU) lay down the economic policy and financial conditions agreed with the beneficiary. Guiding principles applied such as IMF programme (where necessary), form of the assistance, level of economic development, debt dynamic, complementarity and others provide an effective framework for the sound financial management of MFA's grants. Furthermore, each MFA operation is dependent on an ex-ante operational assessment providing reassurance on the soundness and reliability of the administrative and financial circuits of the country.

- Reliability of financial reporting: To ensure a true and fair view of the state of affairs, all payments are subject to a verification of their amounts and accounting classes. Horizontal accounting verification and reporting are also performed. All financial and budgetary statements are automatically generated by ABAC/SAP⁴⁴ for MFA's grants.

⁴⁴ Accrual Based Accounting (ABAC)

- Safeguarding of assets and information: The MoU and the Grant Agreement foresee detailed provisions regarding 1) regular checks by the beneficiary's authorities to prevent irregular use of financing provided by the EU as well as appropriate measures to prevent fraud, corruption or any other irregularities; 2) the authorisation to the Commission, including the OLAF, to carry out appropriate checks and inspections; and 3) early repayment clauses in case the borrower has engaged in any act of fraud, corruption or any other illegal activity detrimental to the financial interests of the EU.

- Cost-effectiveness indicators: The overall cost effectiveness of controls in 2020 on MFA expenses as measured by the proportion of overall costs of controls over the payments lead us to consider that the controls are sufficiently efficient and cost-effective.

It should be kept in mind that the costs of all stages are included but compared only to the payment stage amounts. The approach taken for MFA is to consider that transactions were subject at a given point in time to co-decision, a MoU and a grant agreement and that, rather than comparing the costs associated to each stage, an aggregate indicator will be used. This aggregate indicator will therefore be the costs of controls irrespective as to whether these controls applied to the MoU, the grant agreement, commitments or payments; these costs would then be divided by the total payments made, as shown in table Y. Efficiency indicators in the form of legal time-limits consider the average time to sign MFA grant agreements.

DIRECT MANAGEMENT – MFA GRANTS - TIME-BASED EFFICIENCY INDICATORS				
N°	Type of expenditure or management mode or RCS	Stage	Efficiency indicators	Description
2	MFA grants	up to legal commitment	Average time to grant (Art. 194.2FR) 5 days ⁴⁵	Average time to sign agreements or to notify grant decisions (Art. 194.2FR)

Relevant Control System (RCS): 6

Business Consumer Surveys (BCS)

Short description: BCS grants are meant to collect harmonised data and information on the state of the economies in the Member States and Candidate Countries.

Control system and conclusion: We faced no material control issue. We have longstanding relationships with the partners in the BCS programme. Based on past experience from ex-ante and ex-post controls, we can conclude that there are no material control weaknesses affecting the assurance building in terms of the five internal control objectives – see further down for each objective.

Control objectives

- Legality and regularity: The control approach has strengthened ex-ante checks with:

- In-depth ex ante controls of the budget estimates of the grants.

⁴⁵ Delay between the dates of the signature by the agreements' parties. The grant agreement entered into force following its ratification.

At the budget submission stage, staff costs are standardised using pre-defined staff categories and instructions on how to calculate the daily rates. Staff costs deemed excessive or deviating from past figures for the related profiles are investigated further. This also shows that in respect of cost-effectiveness these controls are more cost-effective.

- Partners are requested to provide and explain their method to calculate staff costs (staff in a broad sense i.e. including human resources which are possibly listed under another heading than staff costs) and to calculate the apportionment of costs to the BCS action during the ex-ante verification of the estimated budgets. This very thorough ex-ante analysis is usually complemented on a case-by-case basis by on-the-spot visits to partners. Due to the Corona pandemic, on-site visits could however not take place in 2020.

Our approach has contributed to fairly significant savings in 2020 for some grants. These savings were generated both at the budget estimates stage as well as the final payment stage. The target residual error rate is 2% of the payments. The ex-ante checks when processing the requests for final payments for grants were applied to all grants and showed that the applied methodology by partners for recognising eligible costs, the staff costs structures and other relevant items were acceptable and that corrections brought (an indicator of potential error rate) were within the 2%. In addition, almost half of the amounts paid are pre-financing payments where the error rate is zero. On this basis and even if the 2% threshold cannot be fully demonstrated through a representative sample of audited transactions, a maximum of 2% is nevertheless the best estimate of the error rate.

- Sound financial management: The 3E's (effectiveness, efficiency and economy) are largely included in the calls for proposals, not only at the level of the award criteria (e.g. the methodology and the efficient use of resources), but also by deciding to cap expenses in the grant agreements (to a 2% increase in principle); to include new reporting requirements from the partners to assess achieved results and performance. Since 2014/15 depreciation costs (it falls under the flat rate for indirect costs, costs connected with the purchase of new or second-hand equipment recorded as an asset in the beneficiary's accounting system, financial leasing of equipment and travel costs linked to the annual business and consumer survey workshop are no longer eligible as direct costs.

- Reliability of financial reporting: To ensure a true and fair view of the state of affairs, all payments are subject to a verification of their amounts and accounting classes. Horizontal accounting verification and reporting are also performed. All financial and budgetary statements are automatically generated by ABAC/SAP.

- Safeguarding of assets and information: The pre-financing payments which remain to be cleared show as assets on our balance sheet. Safeguarding is achieved through two main means: the financial capacity of the partner is assessed before entering into a framework partnership with them and throughout the year the operational unit regularly monitors whether data is delivered on time. Since 2016, a final technical report has to be filled in by the beneficiaries at the end of the action period. This report has to be accompanied by copies of the questionnaire(s) used during the grant period together with any written instructions to the respondents and an overview of the sample size (effective, i.e. in terms of completed interviews) over the action's duration.

- Fraud prevention and detection: In line with the established charter of ex-post control activities and the 2020, risk-analysis based, ex-post control work programme a number of

controls were planned. However, due to late transmission of financial statements these could not be executed in 2020. These ex-post controls will take place in 2021.

Cost-efficiency indicators

The overall cost effectiveness of controls in 2020 on BCS expenses as measured by the proportion of overall costs of controls over the payments lead us to consider that the controls are sufficiently efficient and cost-effective. Compared to 2019, the (ex-ante) cost ratio increased slightly from 2,65 to 3,5 FTE

It should be kept in mind that the costs of all stages are included (even filing and archiving) but compared only to the payment stage amounts. The approach taken for direct management is to consider that transactions were subject at a given point in time to a procurement or grant procedure and that rather than comparing the costs associated to the call for tenders/proposals with the amount of these calls, an aggregate indicator will be used. This aggregate indicator will therefore be the costs of controls irrespective as to whether for a call, a contract, a commitment, a payment; these costs are then divided by the total payments made as shown in the table below. Furthermore efficiency indicators show that legal time-limits were complied with.

Direct Management - BCS				
N ^o	Type of expenditure or management mode or RCS	Stage	Indicators (annual indicators) per type of entrusted entity (FI, executive agency...)	Description
1	BCS	overall indicator	Full cost 9% (0,442M€ / 4,9M€)	3,5 FTE (FIA / FVA / OVA / OIA and deliverables quality control)

Direct Management - BCS				
N ^o	Type of expenditure or management mode or RCS	Stage	Efficiency indicators	Description
1	BCS grants	up to legal commitment	average time to inform applicants of the outcome of the evaluation of the application (Art. 128.2FR) SGA's 21 days FPA's N/A	average time to inform applicants of the outcome of the evaluation of the application (Art. 194.2 FR)
2	BCS grants	up to legal commitment	Average time to grant (Art. 128.2FR) SGA's 11days FPA's N/A	average time to sign agreements or to notify grant decisions (Art. 194.2FR)

RCS: N/A

Pericles Programme

Short description: Pericles grants provide funds to prevent currency counterfeiting through staff exchanges, seminars, trainings and studies for professionals involved in preventing and combating euro counterfeiting.

Control system and conclusion: We faced no material control issue. We can conclude that there are no material control weaknesses affecting the assurance building in terms of the five internal control objectives – see further down for each objective.

Control objectives

- Legality and regularity: An efficient control approach is applied including ex-ante and ex-post checks:

- In 2017, the method of calculation of subsistence costs was simplified by introducing a unit daily allowance cost that corresponds to the daily subsistence allowance (per diem) fixed by the Commission.

- Reinforced ex-ante controls of the grant application budget estimates are in place. At the budget submission stage, staff costs are standardised using pre-defined staff categories and instructions on how to calculate the daily rates. Staff costs and sub-contracting costs as well as travel costs deemed excessive or deviating from past figures for similar projects are queried.

- Beneficiaries are requested to provide the apportionment of costs to the Pericles action during the ex-ante verification of the estimated budgets. Also explanations regarding staff cost calculations, ex-post, is complemented on a case-by-case basis clarification through email/telephone contacts. The target residual error rate is below the maximum 2% of the payments. The ex-ante checks when processing the requests or final payments for grants were applied to all grants and showed that the applied methodology by partners for recognising eligible costs, the staff costs structures and other relevant items were acceptable and that corrections were within 1% representing the best estimate of the error rate.

- Sound financial management: The 3E's (effectiveness, efficiency and economy) are largely included in the calls for proposals, not only at the level of the award criteria (e.g. the methodology and the efficient use of resources), reporting requirements from the beneficiaries allow a streamlined assessment of the achieved results; participation by Commission staff in the conference/trainings and workshops attests to project implementation and performance of the beneficiaries; exclusion of depreciation costs as direct eligible costs (it falls under the flat rate for indirect costs).

- Reliability of financial reporting: To ensure a true and fair view of the state of affairs, all payments are subject to a verification of their amounts. Horizontal accounting verification and reporting are also performed.

- Safeguarding of assets and information: The pre-financing payments which remain to be cleared show as assets on our balance sheet. Safeguarding is achieved through two main means: the financial capacity of the potential beneficiary is assured since all applicants are selected from a closed group of public bodies and throughout the year the operational unit regularly monitors whether deliverables are received on time.

- *Fraud prevention and detection*: The participation of Commission representatives in the events carried out by beneficiaries as well as in those directly organised by ECFIN ensures a proper implementation of the actions.

- *Cost-effectiveness indicators*: The overall cost effectiveness of controls in 2020 on Pericles expenses is measured by the proportion of overall costs of controls over the payments. This leads us to consider that although the control costs ratio is above the average the implementation is sufficiently efficient and cost-effective.

- The responsible unit is also an active business unit whose activities are intertwined with the implementation of the Pericles actions carried out by Members States and competent national authorities. This is accomplished through the discussion and coordination of MS' Experts Group as well as through the attendance in all events/workshops/ trainings organised by beneficiaries. Preliminary discussions guarantee the high quality of the outputs to be used for the work of the unit.

The participation ECFIN staff in all events mainly relates to its activities as a business unit (chairing, delivering presentations, leading workshops, co-drafting conclusions and consequent use of the outputs) and, at the same time, gives the opportunity to monitor and evaluate on the spot the quality of all actions implemented (max. 15% of the time spent on the spot). In the same context, it might be the case for ECFIN to also welcome participants of Pericles staff exchanges on its premises. These tasks account for a significant amount of time for the unit, most of them are policy related.

- Pericles has a relatively small budget, whose implementation and controls are not proportional to the relative low grants awarded, in a similar vein, due to its low budget, the programme cannot benefit from economies of scale.
- The programme is carried out through one call for proposal, having two deadlines; therefore two award procedures are managed each year.

It should be kept in mind that the costs of all stages are included (even filing and archiving) but compared only to the payment stage amounts. The approach taken for direct management is to consider that transactions were subject at a given point in time to a procurement or grant procedure and that rather than comparing the costs associated to the call for tenders/proposals with the amount of these calls, an aggregate indicator will be used.

This aggregate indicator will therefore be the costs of controls irrespective as to whether for a call, a contract, a commitment, and a payment; with these costs then divided by the total payments made as shown in the table below. Furthermore, efficiency indicators show that legal time-limits were complied with.

Direct Management – PERICLES				
N°	Type of expenditure or management mode or RCS	Stage	Annual indicator	Description
1	Pericles	overall indicator	Full cost 28% (EUR 0.224 million / EUR 0.78 million)	1,7 FTE (FIA/FVA/OVA/OIA and quality control)

Direct Management – PERICLES				
N°	Type of expenditure or management mode or RCS	Stage	Efficiency indicators	Description
1	Pericles grants	up to legal commitment	Average time to inform applicants of the outcome of the evaluation of the application (Art. 128.2FR) 57 calendar days (40 working days)	average time to inform applicants of the outcome of the evaluation of the application (Art. 194.2 FR)
2	Pericles grants	up to legal commitment	Average time to grant (Art. 128.2FR) 23 calendar days (17 working days)	average time to sign agreements or to notify grant decisions (Art. 194.2 FR)

RCS: N/A

European Investment Advisory Hub (EIAH)

Short description: 2020 was the fifth complete year of activity for the EIAH. The EIAH offers a single point of entry to a comprehensive offer of advisory and technical assistance for project promoters, to help ensure that good ideas can be turned into viable projects that result into extra financing reaching the real economy. In doing so, the EIAH helps to strengthen Europe's investment and business environment. The EIAH provides strengthened support for project development and preparation across the Union, by building on the expertise of the Commission, the EIB, national promotional banks or institutions and the managing authorities of the EFSI. For the purposes of implementing the EIAH, specific grants may be awarded to the EIB annually on the basis of a request including the proposed work programme for the subsequent year and estimated budget to be submitted by the EIB. The work programme contains, *inter alia*, an indication of the type of advisory services that will be available in a given period and the allocated resources. In December 2020, the sixth Specific Grant Agreement (SGA) for the year 2020 was signed between the EU and the EIB and established the total EIAH grant of EUR 17.821.205 million. The implementation period of EIAH's budget for 2018 was extended until 30 September 2021. Moreover, the SGA for 2016 was amended to expand the implementation period for the third parties' financial supported activities and to provide EUR 1.478.795 from 2020 budgetary allocations to the Call for Proposals to National Promotional Banks and Institutions (part of the financial support to third parties). As of December 2020, the total cumulative amount of payments managed under the European Investment Advisory Hub was EUR 68.255.568,44.

Control system and conclusion:

As of end 2020, there were 1 837 requests for EIAH support received from all Member States. Only 64% of the requests were for technical assistance alongside a simultaneous request for funding support. During the year, EIAH continued to developing its presence and network, reinforcing its activities to better address EFSI 2.0 priorities and the European Green Deal, and following up the Call for proposal targeting NPBI. EIAH has engaged in strategic guidance and technical support in relation to 1/3 of requests received. The Commission received one annual

technical and financial report and two semi-annual technical reports (H2 2019 and H1 2020). An ECA audit on the EIAH started in January 2019 and has been published in April 2020.

A first pre-financing payment was carried out following the signature of the EIAH 2020 Specific Grant Agreement for an amount of EUR 7.128.482, a subsequent pre-financing payment of EUR 1.684.560 under the EIAH 2018 Specific Grant Agreement and a subsequent (fourth) pre-financing payment of EUR 591.518 under the EIAH 2016 Specific Grant Agreement. We can conclude that there are no material control weaknesses affecting the assurance building in terms of the five internal control objectives – (see further down for each objective).

Control objectives

- Legality and regularity: (cf RCS 1, stages 1, 2 and 3): The best estimate of the error rate is 0% given that the payment requests were supported by documents, including audited financial statement.
- Sound financial management: (cf RCS 1, stages 1, 2 and 3): The existing mechanisms and processes were adequate to the functioning of the EIAH.
- Reliability of financial reporting: (cf RCS 1, stage 2): To ensure a true and fair view of the state of affairs, all payments are subject to a verification of their amounts and accounting classes. Horizontal accounting verification and reporting are also performed.
- Safeguarding of assets and information: (cf RCS 1, stage 2): The pre-financing payments which remain to be cleared show as assets on our balance sheet.
- Fraud prevention and detection: (cf RCS 1, stages 2 and 3): The reporting, compliance reviews, internal and external controls and audits did not identify possible or confirmed fraud cases.

Cost-effectiveness indicators

The overall cost- and time-effectiveness of controls on Grants under the EIAH in 2020, as measured by the proportion of overall cost of control (based on the FTEs involved) over total expenditure and by the average time to sign, lead us to consider that the controls are sufficiently efficient and cost-effective. The periods specified in Article 128.2 of the Financial Regulation⁴⁶ were fully complied with.

DIRECT MANAGEMENT – EIAH GRANTS - TIME-BASED EFFICIENCY INDICATORS				
N°	Type of expenditure or management mode or ICS	Stage	Efficiency indicators	Description
1	Grants under the European Investment Advisory Hub	up to legal commitment	Average time to inform: SGA 118 days Average time to sign: SGA 4 days	Average time to inform and to sign the Specific Grant Agreement (Art. 194.2 FR)

Relevant Control System (RCS): 1

⁴⁶ Art. 128.2 FR: A maximum of six months for informing all applicants and a maximum of three months for signing grant agreements with applicants.

Procurement and other administrative expenses

Short description: The other direct management expenditures are comprised of expenses against the global envelope, evaluations, communication activities and EMU-related expenses such as dedicated IT systems, rating contracts, etc.

Control system and conclusion: We faced no material control issue. All expenses are regulated by procurement rules or staff expenditures and most are of small or very small amounts. We can conclude that there are no material control weaknesses affecting the assurance building in terms of the five internal control objectives – see further down for each objective.

Control objectives

- Legality and regularity: The pre-set target of materiality is 0%, however as a conservative estimate, 0,5% is considered. In other words, controls aim at systematically detecting and preventing breaches of legality and regularity. Having well-trained, highly-skilled and competent staff performing these tasks in a central financial unit, coupled with adequate instructions and procedures provide the required reasonable assurance in that respect. Validation of financial transactions is documented by detailed check-lists showing the controls carried out and control material is available.

The error rate is assessed by analysis of the exceptions and non-compliance events (ex-ante controls) complemented, if necessary, by ex-post controls and audits.

In 2016, the IAS conducted an audit on DG ECFIN's grants and procurements which resulted in the following summary conclusion: "Overall, DG ECFIN's management of grants, procurement and the related financial transactions comply with the applicable rules and regulations. DG ECFIN manages the calls for proposals and tenders effectively and has in place adequate controls to review, monitor and report on the expected results." On the basis of the exceptions register, we can conclude that the target of 0% or very close to 0% of error rate has been met.

- Sound financial management: This is essentially achieved through the adequate selection of contractors through competition and the use of relevant selection and award criteria (and where necessary relevant deliverables). This is complemented by the monitoring of the implementation of the projects and the related deliverables by the operational units. In addition, requests to spend funds are screened before the start of the budget year by an independent committee to assess their (policy-) relevance, usefulness and cost-effectiveness (ACUR).

- Reliability of financial reporting: To ensure a true and fair view of the state of affairs, all payments are subject to a verification of their amounts and accounting classes. Furthermore, horizontal accounting verification and reporting are performed quarterly. All financial and budgetary statements are automatically generated by ABAC/SAP.

- Safeguarding of assets and information: No local system is used to store financial information, only DG Budget's IT systems.

- Fraud prevention and detection: No dedicated action: no specific fraud items are listed on the check-lists and the "certified correct" is accepted if delivered by appointed OIA's. It should be pointed out that not all transactions lend themselves to physical evidence of adequate delivery, which restricts the usefulness of the supporting evidence requested from the operational unit in that respect.

Cost-efficiency indicators

The overall cost effectiveness of controls in 2020 on the procurement and other administrative expenses as measured by the proportion of overall costs of controls over the payments lead us to consider that the controls are sufficiently efficient and cost-effective. Compared to 2019, the cost ratio has increased to 17,2%,%. This was mostly due to a drop in expenditure of about one third. This was in a significant part due to missions that could not be executed as intended due to COVID-19. It should be kept in mind that the costs of all stages are included even filing and archiving but compared only to the payment stage amounts. It is also worth mentioning that for these expenses no economies of scale can be achieved at the level of the controls: total amounts are low and broken down in many transactions.

For budgetary transactions of the direct management type, the approach to efficiency and cost-effectiveness has been a time-comparison with possible benchmarks in the future from DG Budget and not errors prevented or detected as the main benefit of the controls. While it is true that if you do not detect or prevent errors you should ask yourself whether such a control should exist, there are nevertheless controls that have to be exercised irrespective of their outcome and this is measured through risk-assessment and efficiency. In addition, all control measures to get it right the first time do not fall under the benefits of controls as they are not errors detected and corrected. A well-designed, well disseminated instruction that results in a correct, compliant transaction is a very effective control procedure which meets the objective of managing risks relating to L&R; yet it won't qualify as a benefit.

The approach taken for direct management is to consider that transactions were subject at a given point in time to a procurement or grant procedure and that rather than comparing the costs associated to the call for tenders/proposals with the amount of these calls, an aggregate indicator will be used. This aggregate indicator will therefore be the costs of controls irrespective as to whether for a call, a contract, a commitment, and a payment, with these costs then divided by the total payments made as shown in the table below.

Direct Management – Procurement and other administrative expenses				
N°	Type of expenditure or management mode or ICS	Stage	Annual indicator	Description
1	Other administrative expenses	overall indicator	Full cost 17,2% (1,07 M€ / 6,2 M€)	9,2 FTE (FIA/OIA/VA and quality control)

RCS: N/A

B. Entrusted entities

Short description: Payments of EUR 13,1 million were made for financial instruments under the Competitiveness and Innovation Programme (CIP), implemented in indirect management via the European Investment Fund (EIF). As of December 2020, the total aggregated budgetary commitments under supervision for SMEG 07 and GIF programmes were EUR 1.097.301.224.

Financial Instruments managed via international financial institutions (period 2007-2013)

ECFIN has entrusted the EIF with the implementation of some financial instruments from the previous Multiannual Financial Framework (2007-2013). Monitoring of the implementation of these instruments is performed by the EIF in the first line, as further detailed in Fiduciary Management Agreements concluded with the EIF. DG ECFIN carries out additional monitoring activities, including monitoring of the financial and operational progress of the facility on the basis of reports provided by the EIF as well as through visits to the EIF and to the financial intermediaries selected by the EIF.

Financial instruments under the 2014-2020 Multiannual Financial Framework are managed, within the Commission, by the relevant policy DGs, which carry out the responsibilities as authorising officers for the whole budgetary and reporting process.

Financial assets and cash managed by the Entrusted Entity "European Investment Fund" (EIF) for the implementation of Guarantee and Venture Capital programmes as of 31 December 2020:

EIF Mandates	EUR thousands (nominal value)
CIP (GIF Venture Capital)	462,479
CIP (SMEG 07 (Guarantees))	64,996
Growth & employment (Venture Capital)	2,621
MAP (Venture Capital)	89,951
MAP (Guarantees)	30,445
TTP (Technology Transfer Pilot Project)	576
Total	651,069

Control system and conclusion: The control system for entrusted entities relies heavily on third party assurance and on the statements of assurance (where applicable) and audit certificates issued in accordance with contractual arrangements in place. From DG ECFIN monitoring and supervision work, which includes regular contacts/representation or desk reviews of relevant management reports or audit reports (see details in Annex 6), no material control issue was detected in 2020. For the material control issue detected in 2019, which was linked to the late reconversion of non-euro currencies into euro after the de-commitment of guarantees, due to some procedural errors by the EIF, the EIF accepted responsibility. A monitoring visit to the EIF, to review "the EIF process for managing currency exchange and management of Tradable Out-Currencies pursuant to Annex 8 of the CIP Financial and Management Agreements" was planned in 2020, but was cancelled due to the EU and EIF travel and mission policy under COVID-19. This visit has been subsequently included in the 2021 monitoring plan.

As per DG ECFIN assurance building system itself, no material control weaknesses were found in 2020 affecting the assurance building in terms of the five internal control objectives – see further down for each objective. However, we acknowledge that, as long as third-party assurance is not formally available in due time, this conclusion is covering the residual assurance i.e. the one directly from DG ECFIN as opposed to third party assurance.

Control objectives

- Legality and regularity: (cf RCS 2, stage 1): Identification and approval of FI projects⁴⁷: Under the **SMEG 07 Guarantee**, no new agreements were signed since 30 September 2014. Under this facility the total of 110⁴⁸ transactions with 60 financial intermediaries from 26 countries were approved. **GIF**: no new agreements could be signed since September 2014. As from the start of the Facility, 47⁴⁹ transactions with venture capital funds targeting investments in 26 participating countries were approved. EPMF Guarantees: the responsibility for the EPMF Facility has been transferred to DG EMPL as from 1.1.2016.

IFI Facilities: DG ECFIN is following up on old legal proceedings against a final beneficiary of the SME Finance Facility implemented in Poland in order to recover the undue grant.

- Sound financial management: (cf RCS 2, stage 4): **GIF and SMEG**: For both instruments, the Heads of Division of the EIF signed Statements of Assurance for year 2019, submitted to DG ECFIN as Designated Service in February 2021⁵⁰. They state that the information contained in the 2019 Financial Statements for both instruments under management have been prepared, in all material respects, in accordance with the basis of accrual-based accounting rules that are derived from IPSAS or by default, by IFRS. The 2020 Statement of Assurance letter for GIF, received in March 2021, states that it has not identified any matter that could harm the European Union's financial interest. No findings or errors in the compliance with the Financial Regulation, budget and financial management procedures were directed to DG ECFIN in 2020. There was no exception reporting so far (the 2020 Declaration of Assurance (DAS) letter was not yet received at the time of drafting of this Annual Activity Report). There were no operations outside official procedures, no erroneous operation, no return to Trust Account linked to errors and no errors/discrepancies following the checks on the balance of the Trust Account.

- Reliability of financial reporting: (cf RCS 2, stage 3): No visit to a **SMEG 07 or GIF** contractor was foreseen by the ECA within the framework of the 2020 DAS. The 2019 Statements of Assurance (management letters) regarding the CIP SMEG 07 and the CIP GIF programmes were received from the EIF in February 2021, with no reservation. The 2020 Statements of Assurance (management letters) regarding the CIP SMEG 07 and the CIP GIF programmes have not been received yet from the EIF.

⁴⁷ No tasks were performed under this Stage in 2020, since no new agreements were signed nor new IFIs selected for the legacy programmes. This accounts for the significant decrease of staff allocation to those tasks as compared to previous years. It reflects that DG ECFIN tasks have been reoriented towards policy design for financial instruments and participation in governance bodies of IFIs.

⁴⁸ Including extensions of existing contracts, with deduction of cancelled contracts.

⁴⁹ Including extensions of existing contracts, with deduction of cancelled contracts. Out of those 47, 43 were signed.

⁵⁰ With no reservation for SMEG 07, nor for GIF.

- Safeguarding of assets and information: (cf RCS 2, stage 2) : The SMEG 07 2020 monitoring plan was fully cancelled due to restrictions in travel and mission policies under Covid 19. The planned missions were in turn re-included in the monitoring plan 2021. The GIF monitoring framework has been closed as from 2019, so no visit to GIF intermediaries was planned in 2020.

- Fraud prevention and detection: (cf RCS 2, stages 3 and 5): The reporting, compliance reviews, internal and external controls and audits did not identify possible or confirmed fraud cases.

Cost-effectiveness indicators

The overall cost effectiveness of controls in 2020 on Financial Instruments managed via international financial institutions, as measured by the proportion of overall cost of control (based on FTEs involved) over the total of managed programmes lead us to consider that the controls are sufficiently efficient and cost-effective.

Relevant Control System (RCS): 2

Grants under the European Local Energy Assistance (ELENA) / Grants indirect entrusted management

ELENA (European Local Energy Assistance) is a grant aid initiative to public authorities and private promoters to prepare bankable investments in energy efficiency, renewable energy and sustainable urban mobility. ELENA supports investment projects through the provision of technical assistance. Its aim is to bridge the gap between sustainable energy and urban mobility plans and real investment, by financing all the activities necessary to prepare and mobilize investment. These activities include feasibility studies, stakeholder and community mobilization, financial engineering, business plans, technical specifications and procurement procedures. ELENA covers up to 90% of the technical assistance cost needed to prepare the investment programme for implementation and financing. Such assistance creates solid business and technical plans and helps to attract funding from private banks and other sources.

For the years 2009 – 2013, the ELENA facility was implemented by EIB, KfW, EBRD and CEB (entrusted entities). Since 2014, only EIB has continued to implement ELENA on behalf of the Commission. 19 Agreements have been signed between the European Commission and the ELENA entrusted entities, 12 of them with the EIB. The implementation under indirect management is regulated by article 154 of the Financial Regulation applicable to the general budget of the Union. As of December 2020, the total cumulative amount of payments managed under the Elena Facility was EUR 373.091.975.

EIB, EBRD, KfW and CEB (the entrusted entities) are implementing the ELENA Programme on behalf of the Commission, where DG ECFIN has a co-delegation from DG ENER and DG MOVE as Designated Service for the ELENA administration.

Budgetary funds (cash) from DG ECFIN budget lines held on the Trust Accounts managed by the Entrusted Entities EIB, KfW, CEB and EBRD for the implementation of IFI-Facilities as of 31.12.2020:

Mandate	EIB	EBRD	KfW	CEB	Total (EUR thousand)
ELENA	9.499 (of which 2.049 in cash and 7.450 in UF shares)	345		274	10.118

Control system and conclusion: The control system for entrusted entities relies heavily on third party assurance and on the statements of assurance and audit certificates issued in accordance with contractual arrangements in place. From our monitoring and supervision work, which includes regular contacts/representation and desk reviews of relevant management reports and audit reports (see details in Annex 6), no material control issue came up. We have found no material control weaknesses affecting the assurance building in terms of the five internal control objectives. However, we acknowledge that as long as third-party assurance is not formally available in due time this conclusion is covering the residual assurance i.e. the one directly from us as opposed to third party assurance.

Control objectives

- Legality and regularity: (cf RCS 3, stages 1, 2): A new Contribution Agreement for ELENA 2020 was signed in December 2020, for a budget of EUR 35 million. During the year, 16 projects were approved by the Commission services, 7 of which under the co-delegated budget commitment of ELENA 2017, 5 under the co-delegated budget commitment of ELENA 2018, and 4 under the co-delegated budget commitment of ELENA 2019. DG ECFIN continued to follow-up the other ongoing projects under older ELENA Agreements (2011 to 2018). In 2020, no monitoring visits on the spot took place because of the COVID pandemics.

- Sound financial management: (cf RCS 3, stage 2): In 2020 DG ECFIN was not concerned by any findings or errors in the compliance with budget procedures and financial management procedures and Financial Regulation. There was no exception reporting. There were no operations outside official procedures, no erroneous operation, and no return to Trust Account linked to errors. In 2020, 12 payments for a total amount of EUR 21.4 million were made to the EIB. No payments were requested by the other entrusted entities. Three recovery orders⁵¹ were issued in 2020 for a total amount of EUR 2.1 million following the closure of 3 agreements: ELENA EBRD 2012, ELENA KfW 2011 and ELENA KfW 2012.

- Reliability of financial reporting: (cf RCS 3, stage 3): No ECA reports were planned or received in 2020 for ELENA. In 2020 no ex-post verification controls were carried out for ELENA. The Management Declaration of Assurance and the financial statements, audited by the external independent auditor, were received in February 2021. The external auditor reported that no further control enhancement is deemed necessary. No cases of fraud were reported.

- Safeguarding of assets and information: (cf RCS 3, stage 3): The evaluation and desk monitoring activity performed internally in 2020 on operations and accounting practices provided no findings to report.

- Fraud prevention and detection: (cf RCS 3, stage 2): The reporting, compliance reviews, internal and external controls and audits did not identify possible or confirmed fraud cases.

Cost-effectiveness indicators

⁵¹ These are not recovery orders related to any irregularity. They are related to the closure of accounts.

The overall cost effectiveness of controls in 2020 on ELENA managed via entrusted entities, as measured by the proportion of overall cost of control (based on FTEs involved in DG ECFIN) over the total of managed programmes lead us to consider that the controls are sufficiently efficient and cost-effective.

Relevant Control System (RCS): 3

C. Financial Instruments

Marguerite Fund

Short description: The Marguerite Fund is a Pan-European equity fund developed in the context of the financial crisis and in recognition of the need for successful long-term infrastructure investment in Europe. It supported infrastructure investment within the transport (TEN-T), energy (TEN-E) and renewables sectors in Member States and primarily invested in Greenfield Projects. The investment period ended in December 2017 while the end-date/maturity of the fund has been set at a maximum term of 20 years from the start of the initial closing (December 2009) but may be extended for up to two additional one-year periods (up to December 2031).

The Commission directly manages its investment in the Marguerite Fund; there is no delegation or sub-delegation agreement to any entrusted entity. The cash contributions are paid directly by the EU hence no trust account is established. The Commission is a pari-passu investor alongside its co-investors, sharing equally with other co-investors both costs and returns. The core sponsors include public long term investors from France (CDC), Italy (CdP), Germany (KfW), Spain (ICO) and Poland (PKO) as well as the EIB and a key investor, the European Commission.

The Investment Adviser "Marguerite Adviser S.A." employs the Advisory Team and provides investment advisory services to the Fund under an Advisory agreement. As such, it is responsible for the day-to-day management and on-going activity of the Fund. The Advisory Team is in charge of origination, due diligence (appraisal), structuring and execution of the investments, divestment as well as of monitoring and asset management.

The Marguerite Fund was established as a Luxembourg SICAV-FIS structure in the legal form of a corporation (Société Anonyme). The management and administration of the Fund is under the responsibility of the Management Board, which is composed of one representative of each core sponsors, two representatives of the Advisory Team and three independent experts.

In total as of December 2020, the European Commission committed EUR 71.9 million and paid out EUR 70.3 million to the Fund. The payments are still being made for on-going commitments (signed investment deals) that were concluded before the end of 2017.

Control system and conclusion: Supervision arrangements are based on the principle of monitoring the Fund in the capacity of a European Commission representative being a member of a Supervisory Board. In addition, the control system relies on annual audited financial statements issued by the external auditors and on the desk monitoring of relevant reporting where no control issue was observed.

Control objectives

- Legality and regularity: (cf RCS 4, stage 1): In 2020, no material breach of the investment guidelines occurred; no erroneous financial operations were registered; the payments from the budget to the Marguerite Fund were made on time and as per applicable regulation.

- Sound financial management: (cf RCS 4, stage 1): No material issues were identified during 2020.

- Reliability of financial reporting: (cf RCS 4, stage 2): The annual financial audit statements done by external auditors were received for the financial year 2019; the 2020 audited statement will be submitted in Q2 2021; no material issues were communicated to us. DG BUDG C.3 initiated a validation of local systems for monitoring and reporting on financial instruments, budgetary guarantees and financial assistance. The overall objective was to obtain sufficient and appropriate evidence of the effectiveness of the internal controls. A draft report was issued in January 2021.

- Safeguarding of assets and information: (cf RCS 4, stage 2): No material breach of the investment guidelines happened and no erroneous financial operations were registered.

- Fraud prevention and detection: (cf RCS 4, stages 1 and 2): The reporting, compliance reviews, internal and external controls and audits did not identify possible or confirmed fraud cases.

Cost-effectiveness indicators

The overall cost effectiveness of controls in 2020 on Marguerite Fund, as measured by the proportion of overall cost of control and the committed funds, confirm that the controls are sufficiently efficient and cost-effective.

Relevant Control System (RCS): 4

D. Budgetary Guarantee

European Fund for Strategic Investments (EFSI)

EU Guarantee under the EFSI

Short description: The EFSI is an initiative to help overcome the current investment gap in the EU. Jointly launched by the EIB Group and the European Commission in 2015, it aimed to mobilise private and public investment in projects which are strategically important. EFSI is one of the three pillars of the Investment Plan for Europe that aims to revive investment in strategic projects around the continent to ensure that money reaches the real economy. With EFSI support, the EIB Group is providing funding for economically viable projects, especially for projects with a higher risk profile than usually taken on by the EIB. The focus is on sectors of key importance for the European economy, including:

- Strategic infrastructure including digital, transport and energy;
- Education, research, development and innovation;
- Renewable energy and resource efficiency;
- Support for small and mid-sized businesses.

EFSI is a EUR 26 billion guarantee from the EU budget, complemented by a EUR 7.5 billion allocation of the EIB's own resources. The total amount of EUR 33.5 billion aimed to unlock additional investment of at least EUR 500 billion by end-2020. As of 31 December 2020, EFSI triggered EUR 545.3 billion in cumulative investment across all Member States, thus exceeding the target by 9%.

The EIB Group is entrusted with the implementation of the EFSI on behalf of the the Commission. To this end, an agreement on the management of the EFSI and on the granting of the EU Guarantee was signed with the EIB on 22 July 2015. It was subsequently amended and restated on 21 July 2016, 21 November 2017, 9 March 2018, 20 December 2018, 27 March 2020 and 27 April 2020.

Control system and conclusion: Supervision arrangements are based on the principle of monitoring the EFSI in the capacity of European Commission representatives being members of the EFSI Steering Board. In addition, the control system relies on annual audited financial statements issued by the external auditors and on the desk monitoring of relevant reporting (i.e. operational, risk and financial reporting) where no control issue was observed.

Control objectives

- *Legality and regularity:* (cf RCS 5.a, stages 1 and 2): The agreement on the management of the EFSI and on the granting of the EU Guarantee was signed with the European Investment Bank on 22 July 2015. It was subsequently amended and restated on 21 July 2016, 21 November 2017, 9 March 2018, 20 December 2018, 27 March 2020 and 27 April 2020.

- *Sound financial management:* (cf RCS 5.a, stage 2): The existing mechanisms and processes were adequate to the functioning of the EFSI.

- *Reliability of financial reporting:* (cf RCS 5.a, stages 2 and 3): The annual financial audit statements done by external auditors were received for the financial year 2019; the 2020 audited statement will be submitted by end-March 2021; no material issues were communicated to ECFIN. Moreover, EFSI accounts will be consolidated with those of the EC and audited by ECA.

- *Safeguarding of assets and information:* (cf RCS 5.a, stages 2 and 3): the evaluation and desk monitoring activity performed internally in 2020 on operations and accounting practices provided no findings to report.

- *Fraud prevention and detection:* (cf RCS 5 a, stage 3): The reporting, compliance reviews, internal and external controls and audits did not identify possible or confirmed fraud cases.

Cost-effectiveness indicators

The overall cost effectiveness of controls in 2020 on the EFSI Programme, as measured by the proportion of overall cost of control and the committed funds, confirm that the controls are sufficiently efficient and cost-effective.

Relevant Control System (RCS): 5.a

EFSI Guarantee Fund

Short description: The Guarantee Fund under the EFSI (EFSI Guarantee Fund) was established under Article 12 of the EFSI Regulation and it is funded mainly from payments from the Union general budget and assigned revenues originating from operations under the EU Guarantee. The EFSI Guarantee Fund constitutes a liquidity cushion from which the EIB is to be paid in the event of a call on the EU Guarantee. The EFSI Guarantee Fund is maintained at a certain percentage (35%) of the total amount of the obligations under the EU Guarantee. Out of the EUR 26 billion which the EU guarantee, the EFSI Guarantee Fund will reach EUR 9.1 billion.

As from January 2020, the Commission transferred the activities of DG ECFIN in dealing with the asset management of the EFSI Guarantee Fund to DG BUDG. DG ECFIN continues to monitor implementation of the EFSI Programme including the guarantee calls as well as to manage the budget lines related to the provisioning of the EFSI Guarantee Fund.

The EFSI Guarantee Fund investment activities started in April 2016. In 2020, a total amount of EUR 1.248.866.971 – the provisioning - was paid into the fund.

Control system and conclusion: The provisioning of the EFSI Guarantee Fund from the budget and from assigned revenues follows the circuit for budgetary transactions. There were no material control weaknesses affecting the assurance building. In addition, the control system relies on annual audited financial statements of the EFSI Guarantee Fund issued by the external auditors, where no control issue was observed.

Control objectives

- *Legality and regularity:* (cf RCS 5.b, stages 1 and 2): During 2020, no erroneous budgetary operations were registered; the commitments and payments to the EFSI Guarantee Fund were made on time and as per applicable regulatory and contractual provisions.
- *Sound financial management:* (cf RCS 5.b, stages 1 and 2): No material issues were identified during 2020.
- *Reliability of financial reporting:* (cf RCS 5.b, stage 2): The 2020 accounts of EFSI Guarantee Fund are audited by an external independent auditor. No material issues were communicated to ECFIN. Financial information relevant for the calculation of the EU guarantee was provided by the EIB on 15 March 2021 (final data reviewed and certified by the EIB's external auditor).
- *Safeguarding of assets and information:* (cf RCS 5.b, stage 2): Assurance given by the EFSI Guarantee Fund external auditors comprises assurance on proper safeguarding of assets and information, as related checks form part of the audit of the annual accounts.
- *Fraud prevention and detection:* (cf RCS 5.b, stages 1 and 2): The reporting, internal and external controls and audits did not identify possible or confirmed fraud cases.

Cost-effectiveness indicators

The overall cost effectiveness of controls in 2020 on the EFSI Guarantee Fund, as measured by the proportion of overall cost of control and the provisioned funds, confirm that the controls are sufficiently efficient and cost-effective.

Relevant Control System (RCS): 5.b

ANNEX 8: Specific annexes related to "Assessment of the effectiveness of the internal control systems"

Not applicable

ANNEX 9: Reporting – Human resources, digital transformation and information management and sound environmental management

Objective: DG ECFIN employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the Commission's priorities and core business			
Indicator 1: Number and percentage of first female appointments to middle management positions;			
Source of data: SYSPER			
Baseline (12/2019)	Target	by 2022 ⁵²	Latest known results
(please indicate the corresponding year)			
Female representation in management: 23%, 8 out of 35	3 first female appointments to middle management by 2022		
Main outputs in 2020:			
Description	Indicator	Target	Latest known results (12/2020)
Higher female representation in middle management	N° of first female appointments to middle management positions	1 appointment by the end of 2020.	2 appointments (67%) by the end of 2020.
Indicator 2: Staff engagement index			
Source of data: Commission staff survey 2018 and pulse surveys 2020/21			
Baseline (2018)	Target (2024)	Latest known results:	
72%	80% (improvement if possible)		
Main outputs in 2020:			
Description	Indicator	Target	Latest known results (Pulse surveys 2020/21)
Staff engagement index	Index from staff or pulse surveys	Improve, if possible	67% compared to 69% Commission average
Newly added: Support for staff well-being	Organisation of on-line sessions and targeted workshops on well-being topics	5 activities by the end of 2020	6 activities were held in 2020

⁵² The target will be revised and extended for the period 2023-2024 by January 2023

Objective: DG ECFIN is using innovative, trusted digital solutions for better policy-shaping, information management and administrative processes to forge a truly digitally transformed, user-focused and data-driven Commission

Indicator 1: Degree of implementation of the digital strategy principles by the most important IT solutions

Source of data: DG ECFIN's AAR and DG ECFIN's IT Steering committee minutes.

Baseline (2018)	Indicators / Interim milestones by 2022	Target 2024	Latest known results
Main outputs in 2020:			
Invest EU 0%	InvestEU 55%	InvestEU 82%	InvestEU 23%
FDMS 5%	FDMS 50%	FDMS 80%	FDMS 23%
FASTOP 9%	FASTOP 45%	FASTOP 77%	FASTOP 18%

Indicator 2: Percentage of DG ECFIN's key data assets for which corporate principles for data governance have been implemented

Source of data: DG ECFIN

Baseline (2019)	Indicator / interim milestone 2022	Target 2024	Latest known results
10%	50%	80%	
Main outputs in 2020:			
Description	Indicator	Target 2024	Latest known results
Principles implemented	50%	80%	20%

Indicator 3: Percentage of staff attending awareness raising activities on data protection compliance

Source of data: DG ECFIN resource directorate (data protection coordinator)

Baseline (2018)	Indicator / interim milestone 2021	Target 2024	Latest known results
10% awareness	50%	100%	
Main outputs in 2020:			
Description	Indicator	Target 2024	Latest known results
Estimate based on awareness-raising tour of directorates by DG ECFIN's Resource Directorate	Staff awareness	100% by 2024	20%

ANNEX 10: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission (if applicable)

Not applicable

ANNEX 11: EAMR of the Union Delegations (if applicable)

Not applicable

ANNEX 12: Decentralised agencies and/or EU Trust Funds (if applicable)

Not applicable