



Annual Activity Report 2021

Annexes

DIRECTORATE-GENERAL REGIONAL AND URBAN
POLICY

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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 complete².

Brussels, 25 April 2022

Monika Hencsey
"Signed"

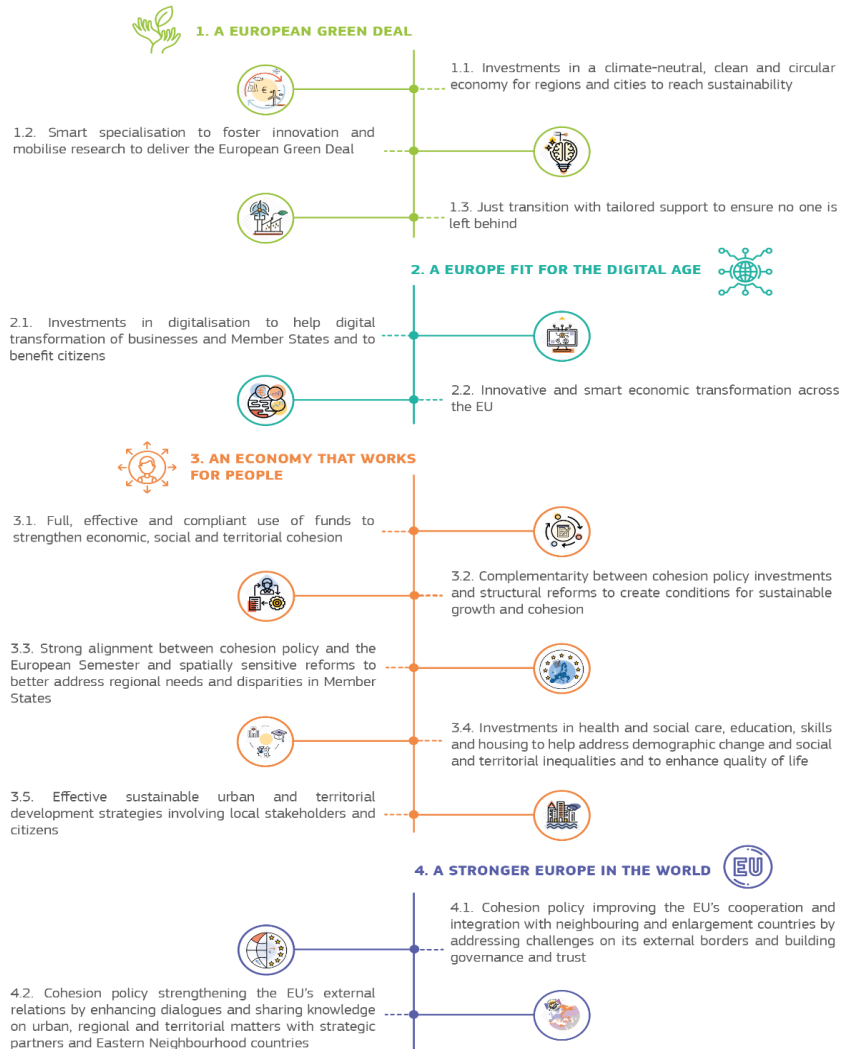
¹ C(2017)2373 of 19.04.2017

² For an assessment of the reliability of performance data, please see main AAR section 2.1.1, chapter 'Reliability of reporting'

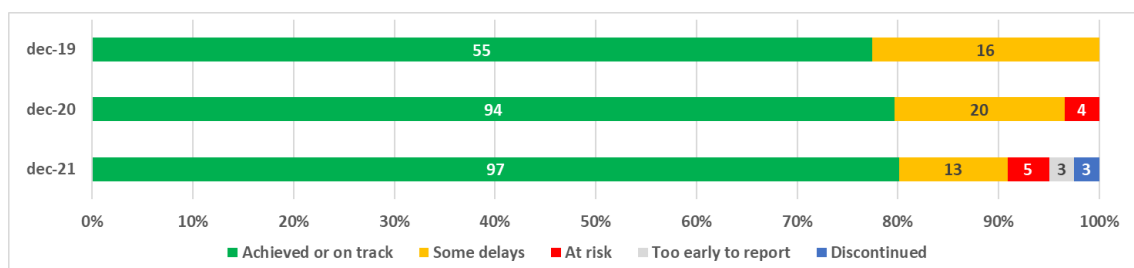
ANNEX 2: Performance tables

Alignment between REGIO's multiannual and operational priorities (2021 Management Plan) and Commission general objectives

REGIO identified 12 specific objectives. These are structured around four of the six main Commission multiannual priorities (general objectives) to which REGIO contributes.



The outcomes of the final monitoring exercise of REGIO's performance against the priorities of the Management Plan (MP) 2021 are the following:



Methodology – measuring performance in REGIO

Performance information mainly comes from Member States reporting on common indicators on the implementation of 2014-2020 programmes, in line with the performance framework embedded in REGIO's Strategic Plan for 2020-2024. This information is important for assessing the achievement of objectives associated with ERDF/CF programmes.

Indicator values from Member States are also supplemented by the assessment of policy achievements contained in the management declarations provided by the relevant Authorising Officers by Sub-Delegation (AOSDs). This assessment takes into account all the available evidence regarding programme performance.

The Annual Implementation Reports, submitted in mid-2021, present a rich source of information on performance, in terms of common indicators. Generally, the reported values show a plausible relationship between the indicator targets and values from selected projects.

Where reporting inconsistencies are detected these are queried with the programmes. For some common indicators (i.e. those measuring population benefiting from risk prevention and health interventions) the national and regional programmes have difficulties in aggregating values from multiple projects to estimate the benefiting population. It also appears that the 2023 targets are in some cases likely to be exceeded by the forecasts from selected operations because the programmes set targets in 2014-2015, in the context of exiting the economic crisis and tight public budgets.

Due to the time gap between project investment decisions and results, but also in terms of performance reporting by the Member States, for some projects, the level of project selection translates into reported outputs in the second half of the programming period.

The level of reported achievements may not yet have moved significantly in certain investment areas, even when there are satisfactory project selection rates (e.g. broadband, waste, renewable energy). These interventions mostly concern physical investments of significant scale with long life cycles and outputs and outcomes visible only at a very advanced phase, late in the period (also reflected in the 2007-2013 experience).

REGIO policy performance takes into account:

- **Forecasted achievement of selected projects:** based on the reporting on financial progress at the end of 2021³, reflecting the most recent state of programmes' implementation on the ground. These data refer to the project selection rate (expressed in an amount of funds allocated to selected projects).
- **Reported achievements:** referring to already implemented projects. These results are communicated to the Commission in the Annual Implementation Report. The data reflects the situation at the end of 2020, as reported in the 2020 Annual

³ As required under Article 112 of "Common Provisions" Regulation (EU) No 1303/2013

Implementation Report in summer 2021⁴.

- **Reporting on non-financing contribution:** In addition, non-financial contribution of REGIO to the achievement of specific objectives and to the Commission's priorities. This includes ex-ante conditionalities, integrated territorial solutions, capacity building, cooperation mechanisms and technical assistance, which are all instrumental in ensuring proper investment conditions, durability of results and lasting structural changes.

All reported data (achievements and targets) are available on-line through the **ESIF Open data platform**⁵ based on indicators reported by the Member States. It is consistently updated.

→ ERDF/CF-specific performance data can also be found in the **2023 Programme Statements**.

Performance tables from the Strategic Plan 2020-2024 (Impact & result indicators)

General objective 1: A European Green Deal

Impact indicator 1: Greenhouse gas emissions

Explanation: This indicator measures man-made emissions of the so-called 'Kyoto basket' of greenhouse gases, which are integrated into a single indicator expressed in units of CO2 equivalents using each gas' global warming potential. It shows changes in percent of the emissions compared to 1990 levels

Source of the data⁶: European Environmental Agency (Eurostat online data code: [sdg_13_10](#)); source data for latest known value 2020: Climate Action Progress report 2021, COM(2021)960, available here: https://ec.europa.eu/clima/system/files/2021-11/policy_strategies_progress_com_2021_960_en.pdf

Baseline (2018)	Interim Milestone (2020)	Target (2030)	Latest known results (2020)
-23%	-20%	-55%	-31% of GHG emissions - 34% of net GHG emissions (i.e. including emissions and removals from land use, land use change and forestry)

⁴ The data for 2021 will only be available with the 2021 annual implementation reports to be submitted by mid-2022.

⁵ <https://cohesiondata.ec.europa.eu/>

⁶ European Environmental Agency (Eurostat online data code: [sdg_13_10](#)) ESTAT 2020 data not yet available; this indicator will no longer be part of the 2022 EU SDG set and therefore the links will not be valid as of May 2022; it will have to be calculated based on the source data sets ENV_AIR_GGE and NRG_BAL_C

Impact indicator 2: Share of renewable energy in gross final energy consumption

Explanation: Renewable energy generation is given as the share of renewable energy consumption in gross final energy consumption. The gross final energy consumption is the energy used by end consumers (final energy consumption) plus grid losses and self-consumption of power plants

Source of the data: Eurostat (Eurostat online data code: [sdg_07_40](#))

Baseline (2018)	Interim Milestone (2020)	Target (2030)	Latest known results (2020)
19.1%	20%	32%	22.1%

Impact indicator 3: Size of the green economy

Explanation: The environmental goods and services sector comprises parts of the economy that generate environmental products, i.e. those produced for environmental protection or resource management. Gross value-added represents the contribution made by the production of environmental goods and services to the gross domestic product in million euros. Employment is measured by the full-time equivalent employment engaged in the production of output of environmental goods and services as defined above

Source of the data: Eurostat (Eurostat online data code: [env_ac_egss3](#))

Baseline (2017)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
Gross value-added: EUR 293,921 million	Increase	Increase	EUR 306,799 million
Full-time equivalent employment: 4,251,000	Increase	Increase	4,363,000

Impact indicator 4: Recycling rate of plastic packaging waste

Explanation: The indicator is defined as the share of plastic packaging waste recycled into plastic material, in all generated plastic packaging waste. Plastic packaging waste covers wasted material that was used for the containment, protection, handling, delivery and presentation of goods, from raw materials to processed goods, from the producer to the user or the consumer, excluding production residues

Source of the data: Eurostat (Eurostat online data code: [CEI_WM020](#))

Baseline (2017)	Interim Milestone (2022)	Target (2025)	Latest known results (2021)
41.7%	Increase	50%	41%

Impact indicator 5: Climate mainstreaming in the EU budget (proportion of climate related spending)

Explanation: Proportion of climate related spending (mainstreaming) in the EU budget

Source of the data: European Commission Draft Budget Reports

Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
21%	30%	30%	32.5%

Specific objective 1.1: Investments in climate

Related to spending programme(s): ERDF/CF

Result indicator 1.1.1: Additional waste recycling capacity

Explanation: REGIO Common indicator C017 - Additional solid waste recycling capacity (tonnes/yr.)

Source of the data: <https://cohesiondata.ec.europa.eu/>

Baseline (2018) ⁷	Interim Milestone (2022)	Target (2024) ⁸	Latest known results (2021)
755,405	Increase	5,694,268	1,697,101

Result indicator 1.1.2: Proportion of climate related spending over total ERDF/CF budget

Explanation: Proportion of cohesion policy dedicated to climate change (in %). Climate change related expenditure on the basis of current regulation

Source of the data: REGIO Climate tracking (Strategic report, Annex 3)

Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
19.2%	Increase	20%	19.6%

Result indicator 1.1.3: Total length of reconstructed or upgraded railway lines

Explanation: REGIO Common indicator C012 - Total length of reconstructed or upgraded railway line (in km)

Source of the data: <https://cohesiondata.ec.europa.eu/>

Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
938	Increase	5,262	1,544

⁷ In the following pages, all Baselines for common indicators (COXX) are the latest available (2020) figures.

⁸ While we mention a target date of 2024 (the end of the current strategic plan), please note that in the following pages, all targets for common indicators (COXX) are set for programmes of the 2014-2020 programming period, the delivery of which will extend to 2023. Consequently, these targets are formally 2023 targets.

Result indicator 1.1.4: Additional capacity of renewable energy production
Explanation: REGIO Common indicator C030 - Additional capacity of renewable energy production (MW)
Source of the data: <https://cohesiondata.ec.europa.eu/>

Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
1,016	Increase	6,699	2,735

Result indicator 1.1.5: Number of households with improved energy consumption classification
Explanation: REGIO Common indicator C031 - Number of households with improved energy consumption classification (households)
Source of the data: <https://cohesiondata.ec.europa.eu/>

Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
173,688	Increase	603,281	357,778

Specific objective 1.2: Mobilising research and innovation

Related to spending programme(s): ERDF/CF

Result indicator 1.2.1: Amount dedicated to green innovation in 2021-2027 programmes⁹

Explanation: Programmed support for green innovation in 2021-2027 programmes

Source of the data: Intervention field 029.¹⁰ Annex I (Dimensions and codes for the types of intervention for the ERDF, the ESF+, the Cohesion Fund and the JTF) of the Regulation (EU) 2021/1060 (CPR Regulation).

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
0	EUR 1 bn programmed	EUR 2 bn programmed	0

⁹ This indicator has been changed from the 2021 MP onwards (originally: Amount of research and innovation investments in low carbon economy and climate change)

¹⁰ The exact description of the intervention field 029 is as follows: Research and innovation processes, technology transfer and cooperation between enterprises, research centres and universities, focusing on the low carbon economy, resilience and adaptation to climate change. Study on prioritisation in Smart Specialisation Strategies in the EU (once available)

Specific objective 1.3: Just transition

Related to spending programme(s): JTF

Result indicator 1.3.1: Implementation of Just Transition Plans

Explanation: Implementation of the JTF will be measured through commitments made by affected regions and Member States as of 2021

Source of the data: SFC

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
0	Increase	EUR 20 billion	0

Result indicator 1.3.2: Estimated GHG emissions from activities listed in Annex I to the Directive 2003/87/EC in supported enterprises

Explanation: REGIO (JTF) Common indicator RCR 29. The GHG emissions.

Source of the data: <https://cohesiondata.ec.europa.eu/>

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (year)
0	Decrease	Only available once programmes submitted	Not yet available. Only available once the programmes are adopted

Result indicator 1.3.3: Just Transition Fund project selection

Explanation: % financial resources allocated to selected projects (project pipeline)

Source of the data: SFC (financial data transmitted by Member states to the Commission)

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
0	Increase	30%	0%

General objective 2: A Europe fit for the Digital Age

Impact indicator 1: Enterprises with a broadband access of at least 100 Mbps

Explanation: The indicator measures the percentage of enterprises (with 10 or more persons employed) with a maximum contracted download speed of the fastest internet connection of at least 100 Mbps

Source of the data: Eurostat (Eurostat online data code: [isoc_ci_it_en2](#))

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
46%	Increase	Increase	52%

Impact indicator 2: Aggregate score in the Digital Economy and Society Index (DESI)

Explanation: DESI is a composite index that summarises relevant indicators on Europe's digital performance and tracks the evolution of EU Member States in digital competitiveness. Higher values indicate a better performance

Source of the data: [DESI](#)

Methodology for calculating the indicator¹¹: The DESI index is calculated as the weighted average of the five main DESI dimensions: 1 Connectivity (25%), 2 Human Capital (25%), 3 Use of Internet (15%), 4 Integration of Digital Technology (20%) and 5 Digital Public Services (15%)

Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
43.1	Increase	Increase	50.7

Impact indicator 3: Enterprises selling online

Explanation: The indicator measures the percentage of enterprises (with 10 or more persons employed) with at least 1% of their turnover generated through e-sales

Source of the data: Eurostat (Eurostat online data code: [isoc_ec_eseln2](#))

Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
17%	Increase	Increase	19%

Impact indicator 4: Gross domestic expenditure on research and development

Explanation: This indicator measures gross domestic expenditure on research and development (R&D) as a percentage of GDP - the R&D intensity. The Frascati Manual defines R&D as creative and systematic work undertaken in order to increase the stock of knowledge - including knowledge of humankind, culture and society - and to devise new applications of available knowledge

Source of the data: Eurostat (Eurostat online data code: [sdg_09_10](#))

Baseline (2018)	Interim Milestone (2020)	Target (2024)	Latest known results (2020)
2.19%	3.00%	Increase	2.32%

¹¹ The methodology on calculating the indicator and the baseline have changed due to the need to align the DESI with the Digital Decade Compass cardinal points and target. This modification is referred to in the DESI reports (see page 13-15 <https://ec.europa.eu/newsroom/dae/redirection/document/80563>) and in the press materials of DESI (https://ec.europa.eu/commission/presscorner/detail/en/QANDA_21_5483).

Impact indicator 5: Innovative enterprises

Explanation: Enterprises with more than 10 persons employed introducing product and/or business process innovations, including enterprises with ongoing or abandoned innovation activities

Source of the data: Eurostat (Eurostat online data code: [INN_CIS11_BAS](#))

Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2018)
50.3% EU 27	Increase	Increase	50.3% EU 27

Specific objective 2.1: Digital transformation

Related to spending programme(s): ERDF/CF

Result indicator 2.1.1: Business digitalisation

Explanation: % of enterprises using electronic information sharing, social media, big data, cloud

Source of the data: Eurostat¹²

Baseline (2017)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
21%	Increase	30%	The data source of this (aggregated) indicator is no longer accessible. It is therefore suggested to update with a number of disaggregated data. Enterprises with a website: up from 76% in 2017 to 78% in 2021. Enterprises using any social media: up from 45% in 2017 to 59% in 2021. Enterprises with e-commerce sales: up from 20% in 2017 to 21% in 2021

¹²https://ec.europa.eu/eurostat/statistics-explained/index.php/Digital_economy_and_society_statistics_-_enterprises

Result indicator 2.1.2: Broadband access**Explanation:** REGIO Common indicator C010 - Additional households with broadband access of at least 30Mbps (households)**Source of the data:** <https://cohesiondata.ec.europa.eu/>

Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
2,989,418	Increase	11,938,993	5,517,900

Result indicator 2.1.3: Expenditure on digitalisation**Explanation:** Dedicated funds to Thematic Objective 2 (T02) under the 2014-2020 (Baseline) plus future MFF (Target) budget**Source of the data:** <https://cohesiondata.ec.europa.eu/>

Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
EUR 2.936 billion ¹³	Increase	EUR 11 (+ 50 billion)	EUR 12 billion for 2014-2020 period. For the current 2021-2027 period, the value will only be known once the new programmes are adopted

Specific objective 2.2: Innovative and smart transformation*Related to spending programme(s): ERDF/CF***Result indicator 2.2.1: Number of enterprises receiving support****Explanation:** Common indicator C001 - Number of enterprises receiving support (enterprises)**Source of the data:** <https://cohesiondata.ec.europa.eu/>

Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
414,302	Increase	1,779,172	1,442,408

¹³ Spent under Information & Communication Technologies (Thematic Objective 2)

Result indicator 2.2.2: Number of enterprises supported to introduce new to the market product

Explanation: REGIO Common indicator CO28 - Number of enterprises supported to introduce new to the market product (enterprises)

Source of the data: <https://cohesiondata.ec.europa.eu/>

Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
11,827	Increase	30,251	23,948

Result indicator 2.2.3: Number of new researchers in supported enterprises

Explanation: REGIO Common indicator CO24 - Number of new researchers in supported enterprises (researchers)

Source of the data: <https://cohesiondata.ec.europa.eu/>

Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
5,342	Increase	25,915	10,932

Result indicator 2.2.4: Employment increase in supported enterprises

Explanation: REGIO Common indicator CO08 - New direct jobs (direct employment increase in supported enterprises)

Source of the data: <https://cohesiondata.ec.europa.eu/>

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
108,654 ¹⁴	Increase	361,878	238,344

General objective 3: An economy that works for people

Impact indicator 1: GDP per capita growth

Explanation: This indicator measures the annual percentage growth rate of gross domestic product (GDP) per capita based on constant local currency. GDP per capita is the GDP divided by the midyear population. GDP at purchaser's prices is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources

Source of the data: Eurostat (Eurostat online data code: [TECO0115](#))

Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2020)
1.6%	Increase	Increase	-6.0%

¹⁴ 211,792 - 117,494 (Spanish value) = 94,298 is the disaggregated value for "Enhancing the competitiveness of small and medium-sized enterprises"

Impact indicator 2: Human resources in science and technology

Explanation: This indicator shows human resources in science and technology as a share of the active population aged 25 to 64 in percent. Human resources in science and technology are people with a tertiary education in and/or employed in science and technology

Source of the data: Eurostat (Eurostat online data code: [sdg_09_21](#) and [tsc00025](#)), based on the EU Labour Force Survey)

Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2020)
46.9%	Increase	Increase	48.0%

Specific objective 3.1: Full, effective and compliant use of funds

Related to spending programme(s): ERDF/CF

Result indicator 3.1.1: 2021-2027 project selection rate

Explanation: 2021-2027 project selection rate (in %), calculated based on the total eligible cost of selected projects as share of the total planned amount (public cost is used where relevant) – reported by MS for ERDF, CF and IPAE priorities, with a cut-off date for the data submitted: end of the year

Source of the data: The financial data transmitted by MS to the Commission via SFC

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
0%	At least 10%	45%	0% ¹⁵

Result indicator 3.1.2: Amount invested into financial instruments, including Invest EU

Explanation: Amount invested in EUR into final recipients and spent for management costs and fees as well as the amounts contributed to InvestEU Member States compartment

Source of the data: SFC and Annual implementation report

Baseline (1/1/2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
EUR 5.3 billion	EUR 12 billion	EUR 18 billion	17.99 billion

¹⁵ No projects were selected for the 2021-2027 period at end 2021

Result indicator 3.1.3: Uptake of roadmaps for administrative capacity building in Member States

Explanation: Number of Member States where roadmaps for administrative capacity have been developed

Source of the data: Partnership Agreements, Programmes, Annual implementation reports

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
5 Member States	12 Member States	15 Member States	7 Member States

Result indicator 3.1.4: Number of simplified cost option methodologies in place in the Member States

Explanation: Mapping of SCOs in place in the EU done in 2019

Source of the data: Programmes and information from Member States

Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
388 ¹⁶	600	800	636

Specific objective 3.2: Complementarity with structural reforms

Related to spending programme(s): ERDF/CF

Result indicator 3.2.1: Achieve complementarity between cohesion policy investments through technical assistance for furthering structural reforms

Explanation: Review of 100% of all Member State requests under the Technical Support Instrument that are relevant for implementation of cohesion policy by the set deadline

Source of the data: JIRA database

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
100% of relevant requests reviewed for the 2020 budget	100% of relevant requests reviewed for the 2021 and 2022 budgets	100% of relevant requests reviewed for the 2021-2024 budgets	100% of relevant requests reviewed

¹⁶ Please note that the baseline of 388 was taking into consideration also the UK schemes that are no longer part of the updated figure of 614.

Specific objective 3.3: European Semester*Related to spending programme(s): ERDF/CF***Result indicator 3.3.1: Uptake of REGIO contributions to country reports****Explanation:** Country Reports addressing regional disparities and including analysis of investments at regional level: number of CR**Source of the data:** <https://cohesiondata.ec.europa.eu/>

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (year)
26/28	24/27	24/27	0 (the 2022 country reports will only be published in May)

Specific objective 3.4: Demographic and social challenges*Related to spending programme(s): ERDF***Result indicator 3.4.1: Capacity of supported childcare or education infrastructure****Explanation:** REGIO Common indicator C035 - Capacity of supported childcare or education infrastructure**Source of the data:** <https://cohesiondata.ec.europa.eu/>

Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
6,799,156	Increase	17,839.59,	19,756,762

Result indicator 3.4.2: Population covered by improved health services**Explanation:** REGIO Common indicator C036 - Population covered by improved health services**Source of the data:** <https://cohesiondata.ec.europa.eu/>

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
27,458,607	Increase	66,469,968	52,024,551

Specific objective 3.5: Urban and territorial development

Related to spending programme(s): ERDF/CF

Result indicator 3.5.1: Population living in areas with integrated urban development strategies

Explanation: REGIO Common indicator C037 - Population living in areas with integrated urban development strategies

Source of the data: <https://cohesiondata.ec.europa.eu/>

Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
16,017,698	Increase	42,695,715	24,909,562

Result indicator 3.5.2: Participants in cross-border labour mobility

Explanation: REGIO Common indicator C043 - Number of participants in cross-border mobility initiatives

Source of the data: <https://cohesiondata.ec.europa.eu/>

Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
55,960	Increase	194,080	132,629

General objective 4: A stronger Europe in the world

Impact indicator 1: Readiness of enlargement countries on economic criteria

Explanation: This indicator aims at showing where the enlargement countries stand in terms of their preparations for meeting key areas of the two economic accession criteria, namely the existence of a functioning market economy and the capacity to cope with competitive pressures and market forces within the EU. It is given as an overall sum of enlargement countries. It is measured on a scale from 1 to 5

Source of the data: European Commission

Methodology for calculating the indicator: In each of the areas, the state of play (i.e. the readiness) is assessed according to the following five-tier standard assessment scale:

1. Early stage
2. Some level of preparation
3. Moderately prepared
4. Good level of preparation
5. Well advanced

Baseline ¹⁷ (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
2.64	Increase	Increase	2.68

¹⁷ The baseline includes Western Balkans and Turkey. For the Western Balkans only the baseline would be 2.33 and the 2021 value 2.375. The value for this indicator increased slightly thanks to improvement in the functioning market economy criteria of Serbia. All other indicators remained the same.

Impact indicator 2: Readiness of enlargement countries on political criteria

Explanation: This indicator shows where the enlargement countries stand in terms of their preparations for meeting key areas of the political accession criteria, namely the functioning of the judiciary, fight against corruption, fight against organised crime, freedom of expression and public administration reform. It is given as an overall sum of enlargement countries. It is measured on a scale from 1 to 5

Source of the data: European Commission

Methodology for calculating the indicator: In each of the areas, the state of play (i.e. the readiness) is assessed according to the following five-tier standard assessment scale:

1. Early stage
2. Some level of preparation
3. Moderately prepared
4. Good level of preparation
5. Well advanced

Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (year)
1.99 ¹⁸	Increase	Increase	2.02

¹⁸ This includes the Western Balkans and Turkey. For the Western Balkans only the baseline would be 2.05 and the 2021 value 2.11. The value for this indicator increased slightly thanks to improvements in Albania, North Macedonia and Montenegro. These improvements also compensated for the regression in Turkey.

Impact indicator 3: Governance in neighbourhood

Explanation: The following three indicators are measured for the eastern and southern neighbourhood countries. They are measured on a scale from 0 to 100

- Voice and accountability captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media
- Government effectiveness captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies
- Political stability and absence of violence / terrorism captures perceptions of the likelihood of political instability and / or politically-motivated violence, including terrorism

Source of the data: The World Bank's [Worldwide Governance Indicators](#) (WGI) project compile and summarise information from over 30 existing data sources that report the views and experiences of citizens, entrepreneurs, and experts in the public, private and NGO sectors from around the world, on the quality of various aspects of governance

Baseline (2017)	Interim Milestone (2022)	Target (2024)	Latest known results (2020)
Voice and accountability: Eastern neighbourhood: 33.09 Southern neighbourhood: 27.98	Increase	Increase	Voice and accountability: Eastern neighbourhood: 39.94 Southern neighbourhood: 28.07
Government effectiveness: Eastern neighbourhood: 46.32 Southern neighbourhood: 37.98	Increase	Increase	Government effectiveness: Eastern neighbourhood: 44.47 Southern neighbourhood: 34.81
Political stability and absence of violence / terrorism: Eastern neighbourhood: 27.06 Southern neighbourhood: 13.43	Stabilise	Increase	Political stability and absence of violence / terrorism: Eastern neighbourhood: 24.06 Southern neighbourhood: 15.71

Specific objective 4.1: Neighbouring and enlargement

Related to spending programme(s): IPA/ENI

Result indicator 4.1.1: Composite indicator on the readiness of enlargement countries on ‘Resources, agriculture and cohesion’, ‘Competitiveness and inclusive growth’ and “Green agenda and sustainable connectivity” clusters of the political accession criteria

Explanation: State of play (i.e. the readiness) is assessed according to five-tier standard assessment scale¹⁹

Source of the data: Annual enlargement country reports – European Commission

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
4 cases of early stage of preparation	3 cases of early stage of preparation	Calculated majority of candidate countries and potential candidates are moderately prepared ²⁰	4 cases of early stage of preparation

Result indicator 4.1.2: Faster adoption and implementation of the Uptake of investments in territorial cooperation programmes on EU external borders with third neighbouring countries, in the framework of the European Neighbourhood Policy and EU-Russia relations

Explanation: The indicator will measure the levels of cooperation between the relevant authorities in the EU MS and non-EU partner countries of the Eastern and Southern Neighbourhood and the Russian Federation.²¹

Source of the data: REGIO database (SFC)

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
Number of Interreg NEXT programmes 2021-2027 adopted	50% of the foreseen programmes adopted	100% ²² of the programmes adopted are under implementation	No programmes adopted as of now

¹⁹ Early stage – Some level of preparation - Moderately prepared - Good level of preparation – Well Advanced. This composite indicator is based on a careful analysis of the situation under each of the areas. Particular emphasis is given to the importance of implementation and track records of concrete results in each area. Accordingly, these aspects are given more weight than legal alignment and institutional framework in the overall assessment.

²⁰ More specifically 2 cases of early stage of presentation

²¹ The cooperation is measured through the pace of the adoption and implementation of the multiannual cooperation programmes for 2021-2027 period. The success in the adoption and implementation of these programmes indicates the levels of the capacities and mutual trust and understanding between both the central authorities mostly in charge of the joint programming and programmes’ management, as well as by the regional and local level beneficiaries bound to jointly develop and implement the projects, contributing to the objectives defined by each programme.

²² As more information became available after the Strategic Plan was adopted, REGIO would feel more comfortable with a target of 80% as some programmes might not be adopted at all for political reasons.

Specific objective 4.2: Cohesion policy's role in external relations

Related to spending programme(s): IPA/ENI

Result indicator 4.2.1: Number of strategies and agreements with strategic partners or world regions, containing a component for regional and urban policy, coordinating and steering relevant EU initiatives on regional and urban policy with strategic partners

Explanation: Inclusion of specific provisions on regional and urban policy cooperation in Strategic Partnership, Association and Cooperation Agreements with strategic partners, in EU strategies, policy documents (as Action Plans, Cooperation Agendas with strategic partners, Summit Conclusions or Policy Dialogues Conclusions), coordination of EU partnerships on urban policy as the EU-India Smart and Sustainable Urbanisation Partnership

Source of the data: Legal texts, strategic policy documents, minutes, joint statements or conclusions of regional and urban policy dialogues

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
Chile, Colombia, Peru, Argentina) and 1 regional organisation (SICA)	Successful conclusion of negotiations of articles on regional and urban policy in EU-Chile Association Agreement, EU-MERCOSUR Association Agreement, EU-Mexico Modernised Agreement	Achieved	Negotiations of the following articles successfully concluded: <ul style="list-style-type: none"> - EU-Chile Association Agreement: Articles 28 and 51. - EU-MERCOSUR Agreement: Article 28 - EU-Mexico Modernised Agreement : Article 4.4
Specific provisions in EU-Japan SPA, EU-India Urbanisation Partnership, EU-China Joint Statement EU Latin America Strategy	Regional and urban policy dialogues with operational conclusions with at least 5 of the 9 partners	Regional and urban policy dialogues with all partners	Regional and urban policy dialogues conducted with Japan, India, Peru and Colombia. In 2022, policy dialogues are expected with China, India and Japan

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
Regional and urban policy dialogues established with 9 strategic partners (Japan, China, India, Mexico, Brazil, Argentina, Peru, Colombia, Chile)	Inclusion of regional and urban policy provisions in Summit joint statements and new EU strategies and cooperation agendas with India, China, Japan and Latin America	Regional and urban policy cooperation strengthened and highlighted in subsequent high-level events (Summits) and operational documents (action plans, cooperation agendas)	Regional and urban policy cooperation advances made in the following contexts: <ul style="list-style-type: none"> - EU-China Cooperation Agenda 2025 and EU-India Strategic Partnership Roadmap 2025 - New signed letter of intent establishing a regional and urban policy dialogue with Japan - Signed EU-Colombia action plan on regional policy cooperation - EU-India Joint Action Plan 2021-2022 on Smart and Sustainable Urbanisation - EU-India Leaders' Meeting Joint Statement - EU-Peru MoU on an Agenda of enhanced political and sectoral dialogue and cooperation

Result indicator 4.2.2: Number of cooperation programmes, projects, initiatives, studies and networks with strategic partners

Explanation: Implementation of cooperation programmes and projects involving EU regions and cities with non-EU regions and cities, joint research and studies on common challenges

Source of the data: Related projects' reports and studies

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
Finalisation of the first phase of the International Urban Cooperation programme (IUC) funded by the PI	IURC: Second phase of IUC effectively launched, 100 cities (50 from EU) and 60 regions (30 from EU) selected and started to cooperate.	IURC programme successfully implemented, thematic networks established on topics of EU interest, action plans developed by participating cities, knowledge sharing platform completed	IURC successfully launched in 2021, including the selection of 66 EU cities (from 18 MS) and 72 non-EU cities (total of 138) together with 20 EU and 20 non-EU regions (total of 40 regions). Besides, 15 thematic networking events were organized.
	Pilot project (EP): Four thematic city networks established including selection of 32 cities (at least 16 from EU)	Pilot project successfully implemented, thematic networks established	EP "International City Partnerships (ICP)" launched with the establishment of four thematic networks on circular economy, energy transition, air quality and integration of migrants and refugees. Set-up of a website and collaborative platform for 14 EU and 14 non-EU selected cities. 4 EU cities and 4 Latin American cities cooperated under URBELAC network on inclusion of migrants and refugees and four thematic networking events were organised

Baseline (2020)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
	Studies on demographic change and territorial development (with Japanese partners) and on smart specialisation (with Chinese partners) carried out	Final reports delivered, including at least 5 case studies and a final event for each study	10 case studies on demographic change and territorial development with Japanese partners and 5 case studies on smart specialisation with Chinese partners finalised. Final reports delivered

Performance tables from the Management Plan 2021 (Outputs)

Main outputs in 2021:			
General objective 1: A European Green Deal			
Specific objective 1.1: Investments in climate			
<i>Related to spending programme(s): ERDF, CF, JTF</i>			
Other important outputs			
Output	Indicator	Target	Latest known results (2021)
Ensure effective integration of environmental, climate and energy priorities in cohesion policy programmes 2021-2027	Share of reviewed programmes submitted by Member States (environment, climate, energy, smart and sustainable mobility)	100%	Achieved / On track
Enabling conditions related to National Energy and Climate Plans, disaster risk management plans, waste management plans and comprehensive transport planning put in place	Number of assessed enabling conditions related to energy/ climate/water, waste and sustainable transport	Reviewed for all Member States to which these enabling conditions will be applicable	Likely to be achieved but with tolerable delays / shortfalls A good share of assessed enabling conditions related to energy, climate, water, waste and transport was reached for submitted draft programmes although some of the enabling conditions are still subject to a preliminary assessment
Specific objective 1.2: Mobilising research and innovation			
<i>Related to spending programme(s): ERDF, CF, JTF</i>			
Other important outputs			
Output	Indicator	Target	Latest known results (2021)
Initiate general integration of green technologies in programmes	Amount dedicated to green innovation in 2021-27 programmes	At least EUR 2.0 billion	Too early to report The amount dedicated to green innovation in 2021-27 programmes was not known, given the delay in their formal submission
Specific objective 1.3: Just transition			
<i>Related to spending programme(s): JTF</i>			
New policy initiatives			
Output	Indicator	Target	Latest known results (2021)
Adoption of the Just Transition Fund regulation	Speedy adoption to allow for implementation by Member States as soon as possible	Q2 2021	Achieved / On track

Adoption of the regulation and setting up of the Just Transition Mechanism 3rd pillar	Speedy adoption of the regulation to allow for implementation by Member States as soon as possible	Q2 2021	Achieved / On track
	Ensure that all other elements are in place (agreement with EIB signed, Work programme adopted, arrangements with the Agency in place)	Q4 2021	Likely to be achieved but with tolerable delays / shortfalls The Regulation on the PSLF under the JTM was adopted in July 2021. The loan scheme/framework loan remains to be finalised before adoption. The discussions on the Administrative Agreement with the EIB are continuing
Further development and operation of the Just Transition Platform (technical assistance for the implementation of the Just Transition Mechanism)	Timely implementation of the technical assistance to manage the Just Transition Platform	TA framework contract for 2020-23 signed by June 2021	Achieved / On track
Preparation of the Territorial Just Transition Plans (TJTJs)	Share of TJTJs formally submitted by MS	100%	At risk of non / under-achievement Only 10 TJTJs from 5 MSs were formally submitted
	Share of submitted TJTJs reviewed in a timely manner	100%	Achieved / On track

External communication actions

Output	Indicator	Target	Latest known results (2021)
Contribution of Cohesion policy to the delivery of Commission political priorities are aggregated and communicated to all citizens in an increasingly transparent and user friendly way	European Week of Regions and Cities: <ul style="list-style-type: none"> N° participants Media reach Satisfaction survey 	>10,000 >400 reports >75%	Achieved / On track Achieved / On track Achieved / On track
	Percentage of people of the target audience (18-24 years old) being reached by the campaign that have a positive attitude towards the regional EU efforts in sustainability	60%	Achieved / On track

General objective 2: A Europe Fit for the Digital Age

Specific objective 2.1: Digital transformation

Related to spending programme(s): ERDF, CF

Other important outputs

Output	Indicator	Target	Latest known results (2021)
Ensure effective integration of policy objectives related to digitalisation and broadband in 2021-2027 programmes	Share of programmes submitted by Member States reviewed on time	100%	Achieved / On track
Enabling condition related to national or regional broadband plans put in place	Number of assessed enabling conditions related to broadband	Reviewed for all Member States to which this enabling condition is applicable	Likely to be achieved but with tolerable delays / shortfalls Some of the enabling conditions are still subject to a preliminary assessment: in some cases the review process has started but has not been completed.

Specific objective 2.2: Innovative and smart transformation

Related to spending programme(s): ERDF, CF

Other important outputs

Output	Indicator	Target	Latest known results (2021)
Initiate a proper uptake of smart specialisation strategies in cohesion policy programmes 2021-2027	Number of assessed enabling conditions related to smart specialisation	Reviewed for all Member States to which this enabling condition is applicable	Likely to be achieved but with tolerable delays / shortfalls Not all enabling conditions related to smart specialisation could be reviewed
	Share of reviewed programmes during the informal dialogue with the Member States	100%	Achieved / On track
Initiate and sustain constructive relationship with regional stakeholders	Set up the Interregional innovation investments instrument in an executive agency (definition and approval of the first biannual work program)	First call Q3 2021	Achieved / On track

External communication actions

Output	Indicator	Target	Latest known results (2021)
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Contribution of Cohesion policy to the delivery of Commission political priorities are aggregated and communicated to all citizens in an increasingly transparent and user friendly way	INFOREGIO Website visits	2 million	Achieved / On track
	European Structural Investment Funds Open Data Platform: - Platform browser page views	>800,000	Achieved / On track
	- Website visits	>90,000	Achieved / On track
	A Scuola di Open Coesione: Number of countries	>5	Achieved / On track

General objective 3: An Economy that Works for People

Specific objective 3.1: Full, effective and compliant use of funds

Related to spending programme(s): ERDF, CF, JTF

New policy initiatives

Output	Indicator	Target	Latest known results (2021)
Adoption of the cohesion policy legislative framework for 2021-27 including changes introduced as follow up to the adjusted Multi Annual Financial Framework (MFF) proposal	Common Provisions Regulation (CPR) adopted	Achieved by Q2 2021	Achieved / On track
	ERDF/CF regulation adopted		Achieved / On track
	Interreg regulation adopted		Achieved / On track

Evaluations and fitness checks

Output	Indicator	Target	Latest known results (2021)
Reporting evidence of cohesion policy contribution to EU development through evaluation activities	Ex-post evaluation of investments in Research and Technological Development (RTD) infrastructures and activities supported by ERDF in the period 2007-2013	Final report by Q3 2021	Achieved / On track
	Study on beneficiary level monitoring systems and data in Member States (to feed 2014-20 ex-post evaluation)	11 out of 13 deliverables received by end of 2021	Achieved / On track
	Evaluation of e-cohesion in Member States	Draft final report by Q4 2021	Likely to be achieved but with tolerable delays / shortfalls The evaluation report on e-cohesion in Member States is well advanced and will be published in Q2 2022
	Evaluation of JASPERS	Staff Working Document by Q2 2021	Achieved / On track

Initiatives linked to regulatory simplification and burden reduction

Output	Indicator	Target	Latest known results (2021)
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Facilitating MS use of the 2021-2027 provisions in terms of performance, monitoring and evaluation	Staff Working Document on performance, monitoring and evaluation	Q2	Achieved / On track
Other important outputs			
Output	Indicator	Target	Latest known results (2021)
Senior management is regularly informed about the progress in implementation of the 2014-2020 period, including REACT-EU and CRII amendments	Number of Implementation reports providing comprehensive overview on the state of play of implementation	4	Achieved / On track
Effective mobilisation and monitoring of cohesion policy resources to respond to the COVID-19 outbreak in the context of CRII/CRII+ and REACT EU	Responses to MS questions for interpretation of new legislation and its application provided timely	100% questions answered on time	Achieved / On track
	Timely adoption (within the regulatory deadline) of programme amendments, accommodating Member States actions in the framework of CRII and CRII Plus and REACT-EU	90% of programmes eligible for the rapid adoption procedure adopted/amended within 15 working days	Achieved / On track
Effective monitoring and reporting of achievements of cohesion policy support to measures addressing the COVID-19 pandemic under CRII and REACT-EU	Update of the COVID-19 Dashboard in the Open Data Platform	12	Achieved / On track
	Share of CRII and REACT-EU programme amendments reviewed	100%	Achieved / On track
Adopt and start implementing the Brexit Adjustment Reserve to mitigate the impact on Member States, regions and sectors most affected	Regulation adopted by the co-legislators	Q2 2021	Achieved / On track
	Pre-financing paid to Member States	Q4 2021	Achieved / On track

Programming documents submitted by Member States for the 2021-2027 programming period	<p>Number of Partnership Agreements (PA) and mainstream programmes submitted</p> <p>Share of submitted mainstream programmes adopted</p> <p>Share of submitted Partnership Agreements adopted</p>	<p>27 PAs 208 mainstream programmes</p> <p>50%</p> <p>100%</p>	<p>At risk of non / under-achievement</p> <p>Due to the late adoption of the legislation and the focus of the MS on REACT-EU and RRF, the number of PAs and mainstream programmes submitted was only 40% and 15% respectively (with REGIO CdF). This resulted in the impossibility to adopt any of the submitted programmes by the end of 2021</p>
Roadmaps developed in Member States facing administrative capacity building challenges	Number of Member States where roadmaps developed	12	<p>Likely to be achieved but with tolerable delays / shortfalls</p> <p>On administrative capacity building (ACB), programme specific roadmaps developed by BG, HR, EL, ES and PL are being implemented. 10 MS were recommended to develop roadmaps in Annex D of the 2019 country reports and made progress, except for ES</p>
Exchange of experience and expertise, using REGIO Peer2Peer, between staff working in administrations managing the ERDF/Cohesion Fund	Number of participants in TAIEX-REGIO Peer2Peer exchange events in 2021	500	Achieved / On track
Encourage a wider uptake of financial instruments and promote InvestEU	Implementation of the 2021 fi-compass work programme	100%	Achieved / On track
Ensure effective justification of the forms of support in relation to the use of financial instruments in 2021-2027 programmes	Share of reviewed programmes	100%	Achieved / On track

Improvement of MS evaluation capacity	Support initiatives carried out through the evaluation helpdesk	10 support meetings 1 summer school Synthesis of all MS evaluations Update of 11 thematic reports and 29 country fact sheets	Achieved / On track
Publication of the 8th Cohesion Report	Publication of report	End 2021	Achieved / On track
Simplified cost options promoted	Revised guidelines adopted by the Commission	1	Achieved / On track
	Number of network meetings organised	3	Achieved / On track
Ensure quick start of the period with the pipeline of mature and high-quality projects	Offer tailored assistance to Member States, regions and cities by JASPERS for improving the project pipeline	Conclude the future agreement with JASPERS, including the work programmes	Achieved / On track
Ensure effective closure process	Closure Guidelines 2014-2020 Ensure (pre)closure of programmes of previous programming periods by end 2021	Commission decision adopted (after adoption of REACTEU and CPR Regulations) 100%	Achieved / On track Likely to be achieved but with tolerable delays / shortfalls For 2007-2013 (ERDF, CF and IPA), 9 programmes were fully closed in 2021 and 6 programmes went to pre-closed and 3 remain open. For 2000-2006 ERDF, 19 programmes remain partially closed. Of these, 16 are blocked by national proceedings. On the Cohesion Fund, five projects have been closed in 2021 (BG, GR, LT and RO) and four remain open

Specific objective 3.2: Complementarity with structural reforms*Related to spending programme(s): ERDF, CF***Other important outputs**

Output	Indicator	Target	Latest known results (2021)
Commission position on fulfilment of enabling conditions	Position established in time for programme adoption	100%	Too early to report Taking into account the delay in programming, no programme reached the stage of adoption. By end-December, out of 47 submitted REGIO-led programmes, observations were sent for one programme and they covered, among other issues, the fulfilment of enabling conditions

Specific objective 3.3: European semester*Related to spending programme(s): ERDF, CF***Other important outputs**

Output	Indicator	Target	Latest known results (2021)
Better link between cohesion policy programmes and EU's economic governance	PAs appropriately address relevant Country Specific Recommendations	100%	Achieved / On track
REGIO contribution to RRF	Assessment of RRFs for which we receive a request from RECOVER/ECFIN	100%	Achieved / On track

Specific objective 3.4: Demographic and social challenges*Related to spending programme(s): ERDF, CF, JTF, EUSF***New policy initiatives**

Output	Indicator	Target	Latest known results (2021)
Implement actions related to external dimension of REGIO's Equality Work plan 2020-21	Total number of completed actions	11	Achieved / On track

Other important outputs

Output	Indicator	Target	Latest known results (2021)
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Finalise process of awarding support to the 22 countries that have requested European Union Solidarity Fund financial assistance for major public health emergencies linked to the COVID-19 pandemic	Aid granted and final payments made to the countries that have requested EUSF financial assistance for major public health emergencies linked to the COVID-19 pandemic	Aid granted/final payments made to all 22 countries	Achieved / On track
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Specific objective 3.5: Urban and territorial development

Related to spending programme(s): ERDF, CF

New policy initiatives

Output	Indicator	Target	Latest known results (2021)
Long-term vision for rural areas	Quality contributions submitted on time	100% by Q2 2021 (as per CWP)	Achieved / On track

Other important outputs

Output	Indicator	Target	Latest known results (2021)
Preparatory work for the setting up of the EUI, including consulting relevant stakeholders and URBACT IV programming	Call for Entrusted Entity launched	Q2 2021	Achieved / On track
Delivery of 2014-20 Urban Innovative Actions (UIA)	Number of successfully tested urban innovative solutions	33	Likely to be achieved but with tolerable delays / shortfalls Most of the UIA projects were affected by the restrictions imposed by COVID-19, with delays from 6 to 12 months. In spite of these difficulties, the combination of a close monitoring at initiative level and policy of approval of project amendments has allowed to raise the total of UIA projects completed to 90% of target
Define the scope and the mechanism for support Urban Agenda for the EU	Scoping paper/fiche agreed with Commission services and Member states	Q4 2021	Achieved / On track
Establish support mechanism for local authorities on the Transition to Functional Areas	Sign the agreement with the WB	Q3 2021	Achieved / On track

Progress of implementation facilitated and monitored for the 4 EU macro-regional strategies (for the Baltic Sea, the Adriatic and Ionian, the Danube, and the Alpine Regions)	Number of MRS Annual fora organised	4	Achieved / On track
	Organisation of the annual MRS week including the High-level group meeting of experts	Q1 2021	Achieved / On track
Progress of actions under Border Focal Point (BFP) action plan: main deliverables	B-solutions: number of obstacles cases identified and associated solutions	25	Achieved / On track
	Study on cross border public transport services and related obstacles	Final report Q4 2021	Achieved / On track
Commission report on EU border regions: Commission Report on the implementation of the action plan outlined in the 2017 Communication “ Boosting Growth and Cohesion in EU Border Regions”, including its alignment with new European priorities	Adoption of Commission report	Q2 2021	Achieved / On track
Share of Interreg programmes 2021-2027 that have planned new specific Interreg objective 1 "better cooperation governance" in their programmes	Share of Interreg programmes/cross border programmes that have included the new specific objective for better cooperation governance in their programmes	70%	Achieved / On track
Implementation of the Strategic Partnership with the Outermost Regions through mainstreaming outermost regions' concerns into all relevant EU policies and initiatives.	n° of EU initiatives that reflect outermost regions' specificities/have specific provisions for these regions;	8-10	Achieved / On track
	n° of Outermost regions' working group meetings (OR and their Member-States);	4-5	Achieved / On track
	n° of meetings of Outermost regions' Inter-Service Group	4	Achieved / On track

External communication actions

Output	Indicator	Target	Latest known results (2021)
Organisation of the 8th Cohesion Forum	Holding of the Forum	End 2021	Likely to be achieved but with tolerable delays / shortfalls The 8th Cohesion Forum will be held in March 2022. This schedule allows for an appropriate gap after Cohesion Report publication, timing coordination with the French Presidency, and availability of premises.
Reporting evidence of cohesion policy contribution to EU development through external evaluation activities	9th Evaluation Conference on Cohesion Policy	June 2021	Achieved / On track
Contribution of Cohesion policy to the delivery of Commission political priorities are aggregated and communicated to all citizens in an increasingly transparent and user friendly way	EU in my region Number of physical + digital events organised	>1,000	Discontinued
	EU in my region Number of participants to physical and digital events	>100,000	Discontinued
	RegioStars Number of submitted projects	>200	Achieved / On track
	RegioStars Number of submitted projects	>200	Achieved / On track
	Smart Regions Reached audience	>5 million	Achieved / On track
	INFORM Number of participants	>500	Achieved / On track
	Youth4Regions Number of applications	>500	Likely to be achieved but with tolerable delays / shortfalls 354 applications received
	Calls for partnerships with media / academia Number of countries covered	18	Achieved / On track

	Reach of primary audiences (= broad local population segments who have low awareness of the EU, notably in areas where awareness of EU action in the region is lower than the EU average, the level of positive perception of EU action in the region is low and awareness is relatively low compared to the intensity of the funding)	100 million	Too early to report This campaign is scheduled to be rolled out from 2021 to 2023. The 100-million target is set for the end of 2023. The roll-out of this campaign has been seriously undermined by severe governance issues within the consortium that is responsible for delivery (staff turnover).
	Improvements of Open Data Platform	3 updates to reflect implementation progress	Achieved / On track

General objective 4: A Stronger Europe in the World

Specific objective 4.1: Neighbouring and enlargement

Related to spending programme(s): ENI-CBC, IPA-CBC

New policy initiatives

Output	Indicator	Target	Latest known results (2021)
Timely preparation and adoption of Interreg NEXT and Instrument for Pre-Accession Assistance (IPA) cooperation programmes on EU external borders with enlargement (IPA) and neighbouring countries	Interreg Regulation containing provisions for cooperation on EU external borders with enlargement (IPA) and neighbouring countries adopted	Q2 2021	Achieved / On track
	Draft multiannual strategic programming documents are prepared and discussed with MS and partner countries	2	Achieved / On track
	Draft financing agreement templates for the partner countries and Russia is initiated	3	Achieved / On track

Specific objective 4.2: Cohesion policy's role in external relations

Related to spending programme(s): ERDF, ENI-CBC, IPA-CBC

New policy initiatives

Output	Indicator	Target	Latest known results (2021)
Regional and urban policy dialogues with strategic partners	Number of dialogues including policy conclusions	At least 4 dialogues (most likely Japan, China, India, Peru)	Achieved / On track
Successful launching of the new International Urban and Regional Cooperation programme (IURC)	Number of cities selected in EU and in 18 non-EU partner countries and number of thematic networking events and webinars, contributions to IURC knowledge sharing platform	At least 64 cities (including 32 EU cities), 12 thematic networking events, 2 newsletters, 2 publications, 2 case studies	Achieved / On track

Launching of 4 city networks on energy transition, circular economy, integration of migrants and refugees, air quality with EU strategic partners	Number of EU and non-EU cities selected, thematic networks, thematic networking events	At least 14 EU cities and 14 non-EU cities, 4 thematic networks, 8 thematic networking events	Achieved / On track
Timely preparation and adoption of outermost cooperation programmes with improved participation of third countries	Number of third countries or regional organisations participating in outermost cooperation programmes Number of Common Draft Guidelines on coordination mechanisms ERDF (Outermost Regions) / NDICI 2021-2027 adopted	Increase by 10% 1 Common Draft Guidelines	Achieved / On track Too early to report The indicator on the timely preparation of Common Draft Guidelines on coordination mechanisms ERDF (Outermost Regions) / NDICI 2021-2027 was considered not necessary anymore as none of the territories proved to have an interest in making use of the new provisions set out by the Interreg Regulation

External communication actions

Output	Indicator	Target	Latest known results (2021)
Contribution of Cohesion policy to the delivery of Commission political priorities are aggregated and communicated to all citizens in an increasingly transparent and user friendly way	Annual Interreg Event organised: satisfaction survey	>75%	Likely to be achieved but with tolerable delays / shortfalls Due to the COVID-19 situation, the communication actions could not be entirely implemented and the annual Interreg event did not fully reach its satisfaction rate target with attendants (65% satisfied and 35% neither satisfied nor dissatisfied)

	Media programmes of the annual fora of the 4 macro-regional strategies: number of journalists attending	>60	<p>At risk of non / under-achievement</p> <p>The pandemic has seriously undermined the ability to hold these programmes this year:</p> <ul style="list-style-type: none"> -2 in 4 media programmes could simply not be held -For EUSAIR, the online format does not allow us to know the number of journalists -For EUSALP, only 8 journalists travelled to Nice
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ANNEX 3: Draft annual accounts and financial reports

Annex 3 Financial Reports - DG REGIO - Financial Year 2021

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 5 Bis: Off Balance Sheet

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated Procedures

Table 12 : Summary of Procedures

Table 13 : Building Contracts

Table 14 : Contracts declared Secret

Table 15 : FPA duration exceeds 4 years

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2021 (in Mio €) for DG REGIO					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 02 European Strategic Investments					
02	02 03	Connecting Europe Facility (CEF)	1.00	1.00	100.00 %
Total Title 02			1.00	1.00	100.00 %
Title 03 Single Market					
03	03 02	Single Market Programme	0.00	0.00	0.00%
Total Title 03			0.00	0.00	0.00%
Title 05 Regional Development and Cohesion					
05	05 01	Support administrative expenditure of the "Regional Development and Cohesion" cluster	6.39	1.03	16.16 %
	05 02	European Regional Development Fund (ERDF)	33,200.96	4,130.08	12.44 %
	05 03	Cohesion Fund (CF)	6,041.77	1,318.71	21.83 %
	05 20	Pilot projects, preparatory actions, prerogatives and other actions	0.04	0.00	0.00 %
Total Title 05			39,249.16	5,449.82	13.89 %
Title 07 Investing in People, Social Cohesion and Values					
07	07 01	Support administrative expenditure of the "Investing in People, Social Cohesion and Values" cluster	0.04	0.04	100.00 %
	07 02	European Social Fund Plus (ESF+)	16.84	2.49	14.79 %
	07 20	Pilot projects, preparatory actions, prerogatives and other actions	1.60	1.60	100.00 %
Total Title 07			18.48	4.13	22.35 %
Title 08 Agriculture and Maritime Policy					
08	08 03	European Agricultural Fund for Rural Development (EAFRD)	6.20	6.20	100.00 %
	08 04	European Maritime and Fisheries Fund (EMFF)	0.14	0.14	100.00 %
Total Title 08			6.34	6.34	100.00 %
Title 09 Environment and Climate Action					
09	09 01	Support administrative expenditure of the "Environment and Climate Action" Cluster	14.98	0.17	1.15 %
	09 03	Just Transition Fund (JTF)	1,136.97	3.94	0.35 %
	09 04	Public sector loan facility under the Just Transition Mechanism (JTM)	31.27	0.00	0.00 %
Total Title 09			1,183.22	4.11	0.35 %
Title 10 Migration					

1 0	10 01	Support administrative expenditure of the "Migration" Cluster	0.01	0.01	100.00 %
Total Title 10			0.01	0.01	100.00 %
Title 11 Border Management					
1 1	11 01	Support administrative expenditure of the "Border Management" cluster	0.00	0.00	100.00 %
Total Title 11			0.00	0.00	100.00 %
Title 12 Security					
1 2	12 01	Support administrative expenditure of the "Security" cluster	0.00	0.00	100.00 %
Total Title 12			0.00	0.00	100.00 %
Title 14 External Action					
1 4	14 01	Support administrative expenditure of the "External Action" cluster	0.27	0.27	100.00 %
	14 02	Neighbourhood, Development and International Cooperation Instrument (NDICI)	84.32	0.35	0.42 %
Total Title 14			84.59	0.62	0.73 %
Title 15 Pre-accession Assistance					
1 5	15 02	Instrument for Pre-accession Assistance (IPA III)	47.72	0.64	1.35 %
Total Title 15			47.72	0.64	1.35 %
Title 16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework					
1 6	16 02	Mobilisation of solidarity mechanisms (Special instruments)	2,501.33	1,198.64	47.92 %
Total Title 16			2,501.33	1,198.64	47.92 %
Title 20 Administrative expenditure of the European Commission					
2 0	20 02	Other staff and expenditure relating to persons	0.04	0.03	77.15 %
	20 04	Information and communication technology related expenditure	1.51	1.51	100.00 %
Total Title 20			1.55	1.54	99.48 %
Title 30 Reserves					
3 0	30 04	Solidarity mechanisms (special instruments)	0.00	0.00	0.00 %
Total Title 30			0.00	0.00	0.00 %
Total Excluding NGEU			43,093.40	6,666.85	15.47 %

Title 05 Regional Development and Cohesion					
0 5	05 01	Support administrative expenditure of the "Regional Development and Cohesion" cluster	13.43	0.00	0.00 %
	05 02	European Regional Development Fund (ERDF)	31,444.78	24,037.72	76.44 %
Total Title 05			31,458.21	24,037.72	76.41 %

Title 09 Environment and Climate Action					
09	09 01	Support administrative expenditure of the Environment and Climate Action Cluster	16.95	0.00	0.00 %
	09 03	Just Transition Fund (JTF)	10,851.51	5.11	0.05 %
Total Title 09			10,868.47	5.11	0.05 %
Total NGEU Only			42,326.67	24,042.83	56.80 %
Total DG REGIO			85,420.08	30,709.68	35.95 %

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

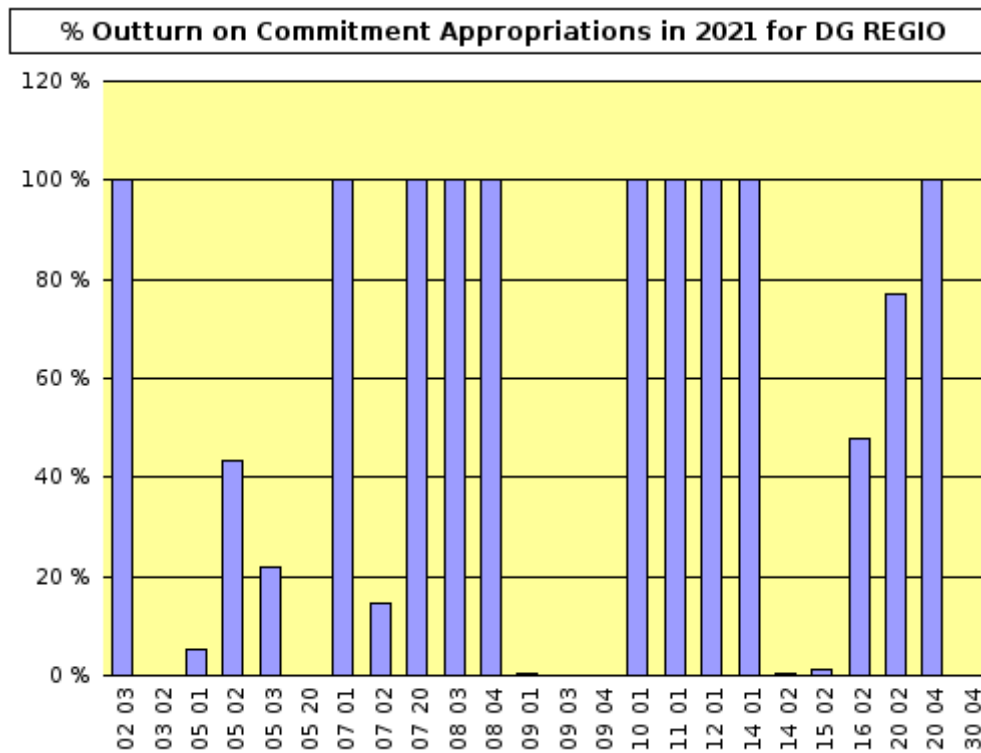


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2021 (in Mio €) for DG REGIO					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 02 European Strategic Investments					
02	02 03	Connecting Europe Facility (CEF)	0.80	0.80	100.00 %
Total Title 02			0.80	0.80	100.00%
Title 03 Single Market					
03	03 02	Single Market Programme	0.05	0.05	100.00 %
Total Title 03			0.05	0.05	100.00%
Title 05 Regional Development and Cohesion					

05	05 01	Support administrative expenditure of the `Regional Development and Cohesion¿ cluster	12.18	5.87	48.20 %
	05 02	European Regional Development Fund (ERDF)	41,383.02	40,472.25	97.80 %
	05 03	Cohesion Fund (CF)	9,846.67	9,713.90	98.65 %
	05 20	Pilot projects, preparatory actions, prerogatives and other actions	2.95	2.91	98.92 %
Total Title 05			51,244.81	50,194,93	97.95%
Title 07 Investing in People, Social Cohesion and Values					
07	07 01	Support administrative expenditure of the "Investing in People, Social Cohesion and Values" cluster	0.04	0,00	0.00 %
	07 02	European Social Fund PLus (ESF+)	1.02	1,02	100.00 %
	07 20	Pilot projects, preparatory actions, prerogatives and other actions	0.00	0,00	0.00 %
Total Title 07			1.06	1,02	96.22%
Title 08 Agriculture and Maritime Policy					
08	08 03	European Agricultural Fund for Rural Development (EAFRD)	2.45	2,45	100.00 %
	08 04	European Maritime and Fisheries Fund (EMFF)	0.21	0,21	100.00 %
Total Title 08			2.66	2,66	100.00%
Title 09 Environment and Climate Action					
09	09 01	Support administrative expenditure of the `Environment and Climate Action¿ Cluster	14.98	0,17	1.15 %
	09 03	Just Transition Fund (JTF)	1.20	1,20	100.00 %
	09 04	Public sector loan facility under the Just Transition Mechanism (JTM)	31.27	0,00	0.00 %
Total Title 09			47.45	1,37	2.89%
Title 10 Migration					
10	10 01	Support administrative expenditure of the "Migration" Cluster	0.01	0,00	0.00 %
Total Title 10			0.01	0,00	0.00%
Title 11 Border Management					
11	11 01	Support administrative expenditure of the `Border Management¿ cluster	0.00	0,00	0.00 %
Total Title 11			0.00	0,00	0.00%
Title 12 Security					
12	12 01	Support administrative expenditure of the "Security" cluster	0.00	0,00	0.00 %
Total Title 12			0.00	0,00	0.00%
Title 14 External Action					
14	14 01	Support administrative expenditure of the `External Action¿ cluster	0.50	0,42	84.75 %
	14 02	Neighbourhood, Development and International Cooperation Instrument (NDICI)	54.69	54,34	99.36 %
Total Title 14			55.19	54,76	99.22%
Title 15 Pre-accession Assistance					
15	15 02	Instrument for Pre-accession Assistance (IPA III)	63.54	61,75	97.18 %
Total Title 15			63.54	61,75	97.18%

Title 16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework					
16	16 02	Mobilisation of solidarity mechanisms (Special instruments)	2,501.33	1,198.64	47.92 %
Total Title 16			2,501.33	1,198.64	47.92%
Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	0.05	0.01	22.48 %
	20 04	Information and communication technology related expenditure	2.05	1.05	51.48 %
Total Title 20			2.09	1.06	50.85%
Title 30 Reserves					
30	30 04	Solidarity mechanisms (special instruments)	0.00	0.00	0.00 %
Total Title 30			0.00	0.00	0.00%
Total Excluding NGEU			53,919.00	51,517.05	95.55%

Title 05 Regional Development and Cohesion					
05	05 01	Support administrative expenditure of the `Regional Development and Cohesion¿ cluster	1.21	0.00	0.00 %
	05 02	European Regional Development Fund (ERDF)	6,057.00	4,925.95	81.33 %
Total Title 05			6,058.20	4,925.95	81.31%
Title 09 Environment and Climate Action					
09	09 01	Support administrative expenditure of the `Environment and Climate Action¿ Cluster	0.58	0.00	0.00 %
	09 03	Just Transition Fund (JTF)	93.70	0.00	0.00 %
Total Title 09			94.28	0.00	0.00%
Total NGEU Only			6,152.48	4,925.95	80.06%
Total DG REGIO			60,071.47	56,442.99	93.96 %

* 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).

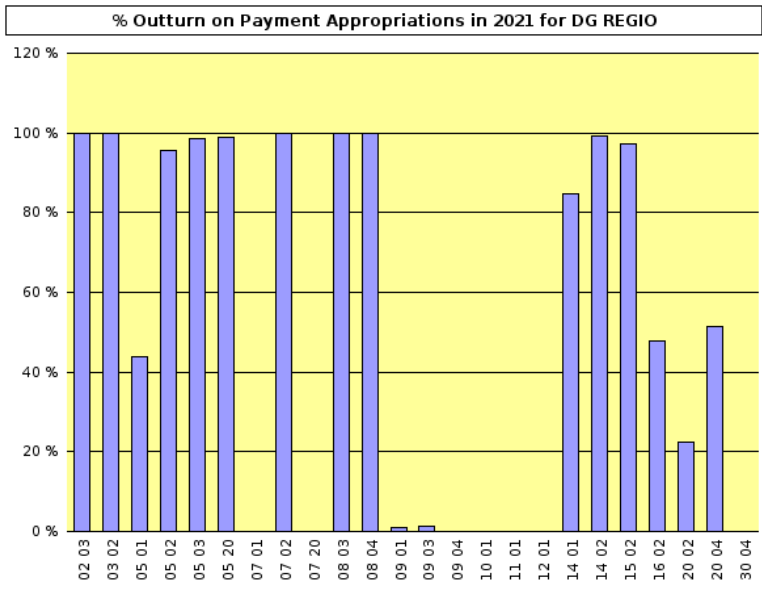


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG REGIO

			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
02	02 03	Connecting Europe Facility (CEF)	1.00	0.80	0.20	20.00%	0.00	0.20	0.00
Total Title 02			1.00	0.80	0.20	20.00%	0.00	0.20	0.00

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

			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
03	03 02	Single Market Programme	0.00	0.00	0.00	0.00%	0.00	0.00	0.05
Total Title 03			0.00	0.00	0.00	0.00%	0.00	0.00	0.05

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

			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
05	05 01	Support administrative expenditure of the 'Regional Development and Cohesion' cluster	1.03	0.26	0.78	75.21%	0.00	0.78	5.80

05 02	European Regional Development Fund (ERDF)	4,130.08	116.83	4,013.24	97.17%	60,906.68	64,919.92	101,275.00
05 03	Cohesion Fund (CF)	1,318.71	3.26	1,315.45	99.75%	17,078.81	18,394.26	26,830.50
05 20	Pilot projects, preparatory actions, prerogatives and other actions	0.00	0.00	0.00	0.00%	5.33	5.33	9.27
Total Title 05		5,449.82	120.35	5,329.47	97.79%	77,990.82	83,320.29	128,120.57

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

Chapter		Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
		Commitments	Payments	RAL	% to be settled			
		1	2	3=1-2	4=1-2/1	5	6=3+5	7
07	07 01	0.04		0.04	100.00%	0.00	0.04	0.00
	07 02	2.49	0.04	2.45	98.35%	1.45	3.90	2.43
	07 20	1.60		1.60	100.00%	0.00	1.60	0.00
Total Title 07		4.13	0.04	4.09	99.00%	1.45	5.54	2.43

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

			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
08	08 03	European Agricultural Fund for Rural Development (EAFRD)	6.20	0.00	6.20	100.00%	1.38	7.58	3.83
	08 04	European Maritime and Fisheries Fund (EMFF)	0.14	0.00	0.14	100.00%	0.08	0.22	0.35
Total Title 08			6.34	0.00	6.34	100.00%	1.46	7.80	4.17

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

			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
09	09 01	Support administrative expenditure of the 'Environment and Climate Action' Cluster	0.17	0.17	0.00	0.00%	0.00	0.00	0.00
	09 03	Just Transition Fund (JTF)	3.94	1.20	2.74	69.51%	0.00	2.74	0.00
	09 04	Public sector loan facility under the Just Transition Mechanism (JTM)	0.00		0.00	0.00%	0.00	0.00	0.00

Total Title 09			4.11	1.37	2.74	66.59%	0.00	2.74	0.00
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG REGIO									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
10	10 01	Support administrative expenditure of the "Migration" Cluster	0.01		0.01	100.00%	0.00	0.01	0.00
Total Title 10			0.01		0.01	100.00%	0.00	0.01	0.00
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG REGIO									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
11	11 01	Support administrative expenditure of the "Border Management" cluster	0.00		0.00	100.00%	0.00	0.00	0.00
Total Title 11			0.00		0.00	100.00%	0.00	0.00	0.00
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG REGIO									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			

			1	2	3=1-2	4=1-2/1	5	6=3+5	7
12	12 01	Support administrative expenditure of the "Security" cluster	0.00		0.00	100.00%	0.00	0.00	0.00
Total Title 12			0.00		0.00	100.00%	0.00	0.00	0.00

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

			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
14	14 01	Support administrative expenditure of the External Action; cluster Neighbourhood, Development and	0.27	0.25	0.02	6.23%	0.00	0.02	0.24
	14 02	International Cooperation Instrument (NDICI)	0.35	0.00	0.35	100.00%	151.27	151.62	205.61
Total Title 14			0.62	0.25	0.37	59.73%	151.27	151.64	205.84

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

			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7

15	15 02	Instrument for Pre-accession Assistance (IPA III)	0.64	0.00	0.64	100.00%	237.52	238.17	367.39
Total Title 15			0.64	0.00	0.64	100.00%	237.52	238.17	367.39

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

			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
16	16 02	Mobilisation of solidarity mechanisms (Special instruments)	1,198.64	1,198.64	0.00	0.00%	0.00	0.00	0.00
Total Title 16			1,198.64	1,198.64	0.00	0.00%	0.00	0.00	0.00

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

			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
20	20 02	Other staff and expenditure relating to persons Information and communication technology related expenditure	0.03	0.01	0.02	62.30%	0.00	0.02	0.01
	20 04		1.51	0.52	0.99	65.70%	0.00	0.99	0.54
Total Title 20			1.54	0.53	1.01	65.64%	0.00	1.01	0.55

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG REGIO									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
30	30 04	Solidarity mechanisms (special instruments)	0.00		0.00	0.00%	0.00	0.00	0.00
Total Title 30			0.00		0.00	0.00%	0.00	0.00	0.00
Total Excluding NGEU			6,666.85	1,321.98	5,344.87	80.17%	78,382.52	83,727.39	128,700.99

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2021 (in Mio €) for DG REGIO									
			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
05	05 01	Support administrative expenditure of the 'Regional Development and Cohesion' cluster	0.00		0.00	0.00%	0.00	0.00	0.00
	05 02	European Regional Development Fund (ERDF)	24,037.72	4,925.95	19,111.77	79.51%	0.00	19,111.77	0.00
Total Title 05			24,037.72	4,925.95	19,111.77	79.51%	0.00	19,111.77	0.00

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

			Commitments to be settled				Commitments to be settled from financial years previous to 2020	Total of commitments to be settled at end of financial year 2021	Total of commitments to be settled at end of financial year 2020
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
09	09 01	Support administrative expenditure of the 'Environment and Climate Action' Cluster	0.00		0.00	0.00%	0.00	0.00	0.00
	09 03	Just Transition Fund (JTF)	5.11		5.11	100.00%	0.00	5.11	0.00
Total Title 09			5.11		5.11	100.00%	0.00	5.11	0.00
Total NGEU Only			24,042.83	4,925.95	19,116.88	79.51%	0.00	19,116.88	0.00
Total for DG REGIO			30,709.68334	6,247.93	24,461.75	79.65 %	78,382.52	102.844,27	128.700.99

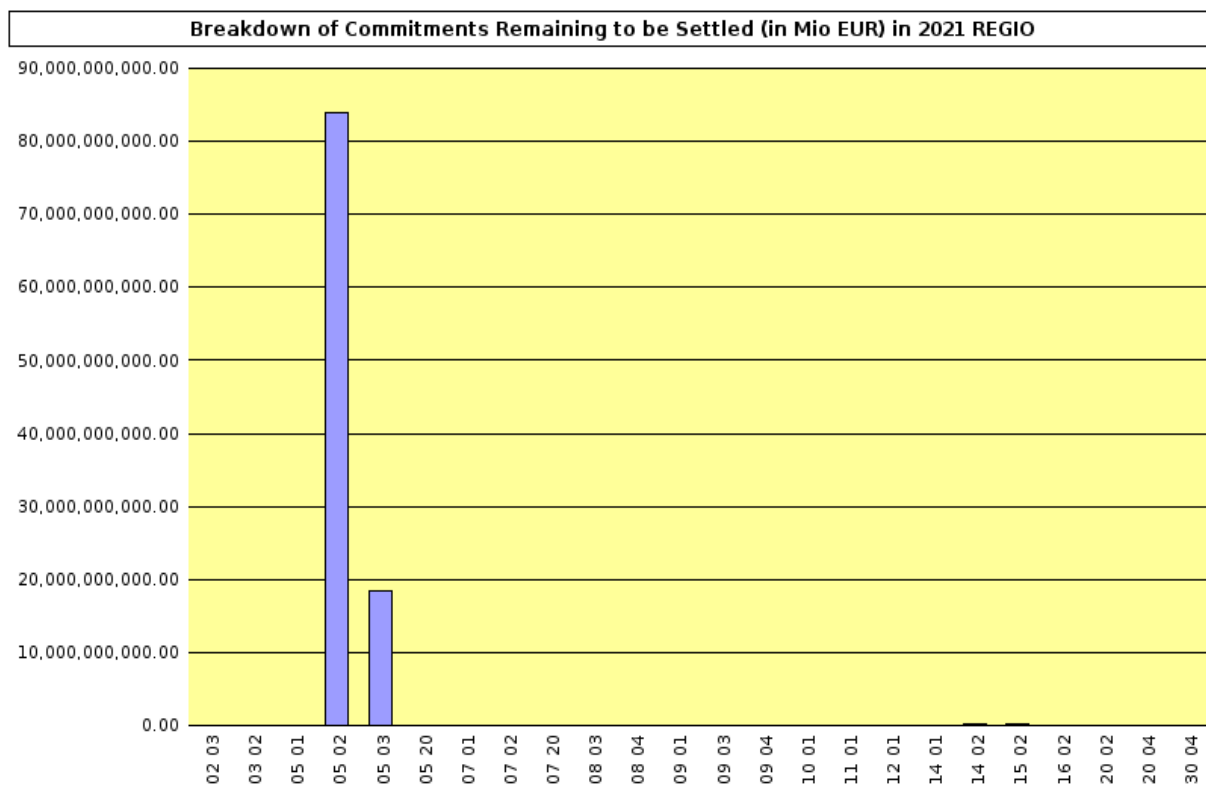


TABLE 4 : BALANCE SHEET for DG REGIO

BALANCE SHEET	2021	2020
A.I. NON CURRENT ASSETS	21149345394	18846464360
A.I.1. Intangible Assets	12.659.076,66	10.669.233,01
A.I.5. Non-Current Pre-Financing	20.181.883.938,96	17.880.992.748,48
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	954.802.378,85	954.802.378,85
A.II. CURRENT ASSETS	6151737407	8535272710
A.II.2. Current Pre-Financing	5.626.213.793,23	8.243.738.611,43
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	525.523.613,38	291.534.098,70
ASSETS	27301082801	27381737070
P.I. NON CURRENT LIABILITIES	0	
P.I.3. Non-Current Financial Liabilities	0,00	
P.II. CURRENT LIABILITIES	-16554464691	-18805171223
P.II.4. Current Payables	-4.680.614.983,04	-10.026.958.127,64
P.II.5. Current Accrued Charges & Defrd Income	-11.873.849.707,70	-8.778.213.095,49
LIABILITIES	-16554464691	-18805171223
NET ASSETS (ASSETS less LIABILITIES)	10746618110	8.576.565.847,34

P.III.2. Accumulated Surplus/Deficit	291.984.824.334,18	2,50689E+11
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Non-allocated central (surplus)/deficit*	-302.731.442.444,52	-2,59266E+11
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TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG REGIO

STATEMENT OF FINANCIAL PERFORMANCE	2021	2020
II.1 REVENUES	-600599045,4	-373855072
II.1.1. NON-EXCHANGE REVENUES	-605999023	-376845870,4
II.1.1.6. RECOVERY OF EXPENSES	-605.999.022,98	-376.845.870,44
II.1.2. EXCHANGE REVENUES	5399977,57	2990798,49
II.1.2.2. OTHER EXCHANGE REVENUE	5.399.977,57	2.990.798,49
II.2. EXPENSES	49482621535	41669443281
II.2. EXPENSES	49482621535	41669443281
II.2.10. OTHER EXPENSES	9.508.539,33	10.440.233,81
II.2.1. EXP IMPLM BY MEMBER STATES (SHARED)	49.344.587.944,46	41.546.721.681,78
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	72.917.848,85	82.948.437,04
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	3.895.388,11	1.160.330,31
II.2.5. EXP IMPLM BY OTHER ENTITIES (IM)	52.120.642,77	28.615.097,86
II.2.6. STAFF AND PENSION COSTS	-409.500,00	-442.500,00
II.2.8. FINANCE COSTS	671,23	
STATEMENT OF FINANCIAL PERFORMANCE	48.882.022.489,34	41.295.588.208,85

TABLE 5bis : OFF BALANCE SHEET for DG REGIO

OFF BALANCE	2021	2020
OB.1. Contingent Assets	0.00	2,782,028.22
GR for performance	0.00	
GR for pre-financing	0.00	2,782,028.22
OB.2. Contingent Liabilities	-210.044.165,81	-341,140,303.70
OB.2.5. CL legal cases COHESION	-210,044,165.81	-341,140,303.70
OB.2.7. CL Legal cases OTHER	0.00	0.00
OB.3. Other Significant Disclosures	-89,008,380,530.96	109,896,014,754.08
OB.3.2. Comm against app. not yet consumed	-86.293.755.361,90	-109,896,014,754.08
OB.3.3.1 Structural operations		0.00
OB.3.3.65. BAR	-2,714,625,169.06	
OB.4. Balancing Accounts	89,218,424,696.77	110,234,373,029.56
OB.4. Balancing Accounts	89,218,424,696.77	110,234,373,029.56
OFF BALANCE	0.00	0.00

TABLE 6 : PAYMENT TIMES

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
30	833	772	92,68 %	18,559585	61	7,32 %	36,32786885	3994135,68	0, %
60	1852	1821	98,33 %	20,925316	31	1,67 %	118,7741935	536143973,9	1, %
90	41	41	100,00 %	42,121951				0	0, %
180	405	405	100,00 %	25,671605				0	0, %
191	2	2	100,00 %	8				0	0, %
195	1	1	100,00 %	48				0	0, %
198	1	1	100,00 %	8				0	0, %
204	1	1	100,00 %	15				0	0, %
211	1	1	100,00 %	22				0	0, %
212	4	4	100,00 %	10,75				0	0, %
218	1	1	100,00 %	8				0	0, %
234	4	4	100,00 %	9				0	0, %
252	1	1	100,00 %	19				0	0, %
256	1	1	100,00 %	4				0	0, %
266	2	2	100,00 %	6				0	0, %
269	1	1	100,00 %	6				0	0, %
281	1	1	100,00 %	6				0	0, %
290	1	1	100,00 %	37				0	0, %
296	1	1	100,00 %	7				0	0, %
305	6	6	100,00 %	6,8333333				0	0, %
312	1	1	100,00 %	4				0	0, %
317	1	1	100,00 %	8				0	0, %
322	19	19	100,00 %	11,578947				0	0, %
330	6	6	100,00 %	10,833333				0	0, %
332	7	7	100,00 %	7,1428571				0	0, %
338	2	2	100,00 %	6				0	0, %
340	2	2	100,00 %	6				0	0, %
359	2	2	100,00 %	5				0	0, %
360	8	8	100,00 %	7,25				0	0, %

Total Number of Payments	3208	3116	97,13 %		92	2,87 %		540138109,5	1, %
Average Net Payment Time	22,20137157			20,964056			64,10869565		
Average Gross Payment Time	34,84226933			33,059371			95,22826087		

Suspensions							
Average Report Approval Suspension	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	24	1702	53,05 %	3208	46.301.993.585,36	90,38 %	51.232.455.829,38

Late Interest paid in 2021			
DG	GL Account	Description	Amount (Eur)
REGIO	65010100	Interest on late payment of charges New FR	671,23
			671,23

NB: Table 6 only contains payments relevant for the time statistics. Please consult its exact scope in the AAR Annex3 BO User Guide (https://myintracomm.ec.europa.eu/budgweb/EN/abac/dwh/Pages/its-030-10-20_documentation.aspx).

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

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	
33	Other administrative revenue	36.195,72	0,00	36.195,72	36.195,72	0,00	36.195,72	0,00
61	Cohesion, resilience and values	5.343.352.830,80	0,00	5.343.352.830,80	5.343.277.379,82	0,00	5.343.277.379,82	75.450,98
66	Other contributions and refunds	11.391.253,56	0,00	11.391.253,56	3.731,00	0,00	3.731,00	11.387.522,56
67	Completion for outstanding recovery orders prior to 2021	48.275.304,12	4.200.866,85	52.476.170,97	48.275.304,12	4.200.866,85	52.476.170,97	0,00
Total DG REGIO		5403055584	4200866,85	5407256451	5391592611	4200866,85	5395793478	11462973,54

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

INCOME BUDGET RECOVERY ORDERS ISSUED IN 2021	Irregularity		OLAF notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
Year of Origin (commitment)										
1998	1	15,534.55			1	15,534.55	1	15,534.55	100.00%	100.00%
2004							1	1,349,036		

2007						3	3,412,963,09			
2008	1	0			1	0	4,076,235,83	16.67%	0.00%	
2009	1	0			1	0	2,967,151,62	50.00%	0.00%	
2010	1	0			1	0	6,306,389,74	33.33%	0.00%	
2011							2	10,834,712,4		
2013	4	49,990,534,17			4	49,990,534,17	4	49,990,534,17	100.00%	100.00%
2014							44	71,558,809,4		
2015							180	486,165,769,9		
2016							247	1,567,452,525		
2017							298	2086107256		
2018							115	863169291,3		
2019							35	165822020,4		
2020							21	57418336,75		
No Link	4	6,757,507,7	1	15,534,55	5	6,773,042,25	18	30289428,11	27.78%	22.36%
Sub-Total	12	56,763,576,42	1	15,534,55	13	56,779,110,97	980	5,406,935,995	1.33%	1.05%

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	2	11,620,034,27			2	11,620,034,27	620	1,315,456,275.65	0.32%	0.88%
CREDIT NOTES							25	185,835.49		
Sub-Total	2	11,620,034,27			2	11,620,034,27	645	1,315,642,111	0.31%	0.88%
GRAND TOTAL	14	68,383,610,69	1	15,534,55	15	68,399,145,24	1625	6,722,578,106	0.92%	1.02%

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

	Number at 31/12/2020	Number at 31/12/2021	Evolution	Open Amount (Eur) at 31/12/2020	Open Amount (Eur) at 31/12/2021	Evolution
2021		4			11,462,973.54	
		4			11,462,973.54	

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

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

External Procedures > € 20.000

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Annex 1 - 11.1 (e) - New services/works consisting in the repetition of similar services/works	1	750,000.00
Total	1	750,000.00

Internal Procedures > € 60.000

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Annex 1 - 11.1 (b) - Artistic/technical reasons or exclusive rights or technical monopoly/captive market	1	3,900,000.00
Annex 1 - 11.1 (e) - New services/works consisting in the repetition of similar services/works	1	45,000,000,00
Total	2	48,900,000.00

Internal Procedures > € 60.000

Procedure Legal base	Number of Procedures	Amount (€)
Negotiated procedure middle value contract (Annex 1 - 14.2)	2	154,600.00
Negotiated procedure without prior publication (Annex 1 - 11.1)	2	48,900,000.00
Open procedure (FR 164 (1)(a))	10	21,491,342.00
Total	14	70,545,942.00

EXPLANATORY NOTE ON NEGOTIATED PROCEDURES 2021

1. Negotiated procedures falling within the provisions of Annex 1-Art 11.1 FR

1.1.

External Procedures > € 20,000		
Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Annex 1 - 11.1 (e) - New services/works consisting in the repetition of similar services/works	1	750,000.00
Total	1	750,000.00

This procedure concerns the increase of the DG REGIO FWC for training 2018CE16BAT060.

The FWC on training was signed on 18.09.2018²³ for 4 years. The original value of this FWC was EUR 500,000. On 07/06/2021 an amendment adding EUR 250,000 to the FWC value was signed²⁴.

The amendment followed the provisions indicated in the contract notice 2018/S 081-180399 of 26/04/2018:

“Following Article 104(5) of the Financial regulation, the contracting authority may use the negotiated procedure(Art. 134.1(e) of rules of application) to increase the threshold of the framework contract for a total estimated amount of maximum 250,000 EUR for the subsequent services. This procedure may be used at the latest during the 3 year following the signature of the framework contract”.

The reasons for the increase of the value of the FWC was the higher need of trainings that the one initially estimated.

The amendment did not alter the services described in the initial tender specification.

Till date the approved legal commitments under this FWC amount to EUR 450,680.41²⁵.

1.2.

Annex 1 - 11.1 (e) - New services/works consisting in the repetition of similar services/works	1	45,000,000.00
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This procedure concerns the increase of DG REGIO's FWC for events 2019CE16BAT043²⁶.

The FWC for events was signed on 10.01.2020 for 4 years. The original value of this FWC was EUR 30 000 000. On 01/06/2021 an amendment adding EUR 15,000,000 to the FWC value was signed²⁷.

The amendment increasing the value of this FWC followed the provisions indicated in the Tender specifications –Part 1: Administrative specifications of Call for tenders 2019CE16BAT043 –Organisation of events at the time of the procurement procedure:

“Within three years following the signature of the framework contract resulting from the current call for tenders, the Contracting authority may use

²³ Ares(2018)4787787

²⁴ Ares(2021)3722839

²⁵ Data from ABAC from 16/03/2022

²⁶ Ares(2020)142773

²⁷ Ares(2021)3609707

the negotiated procedure under point 11.1.e of Annex 1 to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union to procure new services from the contractor up to a maximum of 50 % of the initial framework contract ceiling. These services will consist in the repetition of similar services entrusted to the contractor and will be awarded under the following conditions: the modification does not alter the subject matter of the framework contract.”

The 50% increase of the ceiling of the FWC was deemed necessary in order to provide the essential contractual stability needed to deliver swiftly on REGIO's and other DGs' biggest communication commitments, including the European Week of Regions and Cities, the 2021 New European Bauhaus prize competition and awards and the necessary developments in the platform used for the Conference on the Future of Europa.

The amendment did not alter the services described in the initial tender specification.

Till date the approved legal commitments under this FWC amount to EUR 15,535,106.42²⁸.

1.3.

Internal Procedures > € 60,000		
Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Annex 1 - 11.1 (b) - Artistic/technical reasons or exclusive rights or technical monopoly/captive market	1	3,900,000.00

This procedure concerns the contract 2021CE160AT019 'Leveraging the Gallup World Poll in support of the European Commission's Regional Policymaking'.

It should be noted that the contract was concluded on 17,02,2022²⁹ for a duration of 84 months.

The use of a negotiated procedure without prior publication of a contract notice for the award of contract 2021CE160AT019³⁰ is justified by two of the three exceptions set out in points (b) of the second subparagraph of point 11.1 of Annex I FR, respectively points (b)(ii) and (b)(iii).

The exceptions apply where the works, supplies or services can only be provided by a single economic operator under the conditions set out in point 11.3 when competition is absent for technical reasons and when the protection of exclusive rights, including intellectual property rights, must be ensured.

²⁸ ABAC data as from 16/03/2022

²⁹ Ares(2021)6102706

³⁰ In accordance with Article 164.1 (d) of Regulation 2018/1046 of 18 July 2018 on the financial rules applicable to the general budget of the Union and points 11.1 and 11.3 of its Annex I.

For this action the exceptions are justified as follows:

(1) Regarding the absence of competition for technical reasons, Gallup makes a questionnaire to update and improve the regional social progress index. This questionnaire has to be compatible with the previous rounds of the Gallup World Poll to ensure that the update indicators can be compared with the indicators used in the first version of the EU regional social progress index. Thus, to avoid a break in the series, the questionnaire has to be conducted in the same way as the previous rounds. Gallup uses a mixture of face to face and telephone interviews. Changing the interview modality would reduce the comparability over time and make the results of previous surveys obsolete.

(2) Regarding the necessity to ensure exclusive rights, a regional survey is needed using the Gallup World Poll questionnaire which is protected under copyright. This right must be ensured.

2. Negotiated procedures falling within the provisions of Annex 1-Art 14.2 FR

Internal Procedures > € 60,000		
Procedure Legal base	Number of Procedures	Amount (€)
Negotiated procedure middle value contract (Annex 1 - 14.2)	2	154,600.00

2.1. Contract 2020CE160AT104 for carrying out a Massive Open Online Course (MOOC) – followed a negotiated procedure for middle value contracts (Annex I, art 14.2 FR) as the maximum amount available for the contract was EUR 80,000 (lump sum including fees, travel expenses and other costs).

The contract was concluded on 22.06.2021³¹ with contract value of EUR 79,800 and duration until 31/03/2023.

2.2. Contract 2020CE160AT106 for carrying out a study on EUSAIR bringing the Green Deal to the region, followed a negotiated procedure for middle value contracts (Annex I, art 14.2 FR) as the maximum amount available for the contract was EUR 88.000 (lump sum including fees, travel expenses and other costs).

The contract was concluded on 14/06/2021³² with contact value of EUR 74,800 and duration of 8 months.

³¹ Ares(2021)4059835 – duration extended via amendment - see Ares(2022)1191181

³² Ares(2021)3863266

TABLE 12 : Summary of Procedures in 2021 for DG REGIO

External Procedures > € 20,000

Procedure Legal base	Number of Procedures	Amount (€)
Negotiated procedure without prior publication (Annex 1 - 11.1)	1	750,000.00
Total	1	750,000.00

Internal Procedures > € 60,000

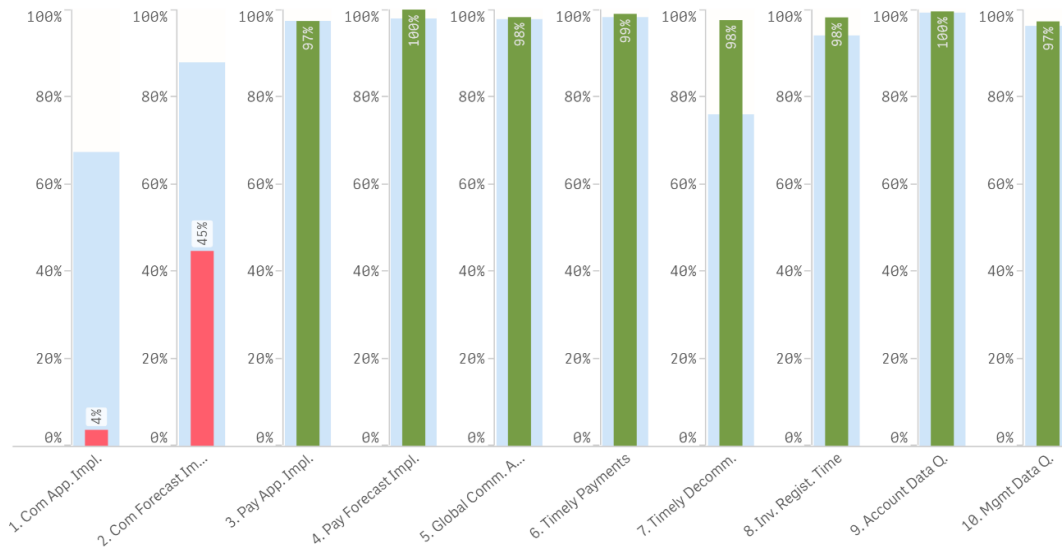
Procedure Legal base	Number of Procedures	Amount (€)
Negotiated procedure middle value contract (Annex 1 - 14.2)	2	154,600.00
Negotiated procedure without prior publication (Annex 1 - 11.1)	2	48,900,000.00
Open procedure (FR 164 (1)(a))	10	21,491,342.00
Total	14	70,545,942.00

TABLES 13 – 15 : No data reported

ANNEX 4: Financial Scorecard

This Annex summarises the annual result of the standard financial indicators measurement. 10 indicators are presented below, each with its objective and result for REGIO and for the EC as a whole.

REGIO Indicator Scores 2021



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

Indicator	Objective	Comment	REGIO Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year	As a consequence of the late agreement on the MFF 2021 - 2027, the various legal acts laying down provisions for implementing the funds were only adopted by mid-2021.	4%	67%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	As a consequence of the late agreement on the MFF 2021 - 2027, the various legal acts laying down provisions for implementing the funds were only adopted by mid-2021. Unused 2021 allocations have been transferred under the Article 7 adjustment to the Multiannual Financial Framework.	45%	88%
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year	At Commission average.	97%	97%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year	Above Commission average.	100%	98%
5. Global Commitment Absorption ³³	Ensure efficient use of already earmarked commitment appropriations (at L1 level)	At Commission average.	98%	98%
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	At 99%, REGIO's score is above the Commission average. 3,168 payments were made. For the amounts of the payments by management mode, please see the table in the main part of the AAR (section Efficiency of controls).	99%	98%
7. Timely Decommits	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	Above Commission average.	98%	76%
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC	Above Commission average.	98%	94%
9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts	Above Commission average.	100%	99%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions	Above Commission average.	97%	96%

³³ 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.

ANNEX 5: Materiality criteria

For shared management (ERDF/CF/IPA-CBC/ENI-CBC)

Since 2019³⁴, a corporate 'de minimis' threshold for financial reservations is in place. 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. The implementation of this corporate 'de minimis' threshold applies at the level of the AAR reservations, i.e. not at all affecting the detailed reservations at the level of the operational programmes. Given the amounts involved, this corporate de minimis threshold does not apply the Directorate General (no effect on the AAR reservations of the Directorate General for 2021).

Assessment of management and control systems in the Member States for the 2007-13 period

➤ The assessment at closure

At closure the Annual Control Reports were submitted as part of the closure packages. For each programme, the Directorate General carried out an in depth assessment of the information provided (in particular the audit opinion, the projected error rate covering the 2015 and 2016 expenditure and the residual risk rate).

As the audit authorities were required to disclose a residual risk rate calculated on the basis of the expenditure certified during the whole programming period, the residual risk rate is used, as this is the best estimate of the expenditure which is not in full conformity with contractual or regulatory provisions over the lifetime of the programme.

The assessment of the relevant reports, data and other information available requires the application of professional judgement, namely when weighting contradictory information or considering abnormal statistical results. When taking into account reported corrections, the authorising officer by delegation also assesses that they are reliable based on all audit information and in particular the validation made at closure by the audit authorities and that they effectively mitigate the risks identified and that they result in a reduction in the level of the error that remains uncorrected in the population.

➤ Materiality criteria and reservations

Final payments are made for the closure of the programme only when all issues are cleared.

Following the in-depth assessment of closure documents, a non-financial reservation is made for those programmes, where either additional audit work is requested or financial corrections may need to be applied exceeding the retention (5% or less for underspent

³⁴ Agreement of the Corporate Management Board of 30/4/2019

programmes of the overall allocation made at programme level)³⁵.

Exceptions, if any, are clearly reported and explained in the body of the AAR. In some cases, reservations may be made at sub-programme level (priority axis or implementing bodies) when the systemic deficiencies only affect a specific component of the management and control system, not used for the other activities under the same programme.

To calculate the amount at risk for programmes under reservation, the residual risk rate is applied to the payments made during the year. For a reservation made at sub-programme level, a flat rate depending on the deficiencies identified is applied to the relevant expenditure³⁶. No financial corrections are taken into account for the quantification of the reservation, as the financial corrections already implemented are mainly linked to expenditure declared in previous years. In case of no payments were made during the year, the reservation will be non-financial.

➤ **Estimation of the amounts at risk at payment and at closure**

For the 2017 AAR and onwards, the risk "at payment" is estimated by applying the residual risk rate communicated by the audit authorities as part of the closure documents and validated by the Commission services to the "relevant expenditure" (i.e. payments and the cleared pre-financing made during the reporting year).

For the estimation of the amount at risk at closure, the estimated future corrections -if any- are deducted from the amount at risk at payment.

Assessment of management and control systems in the Member States for the 2014-2020 period

➤ **The assessment of each programme is based on the following elements:**

1. The first element is the **assessment of the effectiveness of management and control systems**, carried out by the Joint Audit Directorate for cohesion (DAC) based on all information available (i.e. opinion issued by the audit authority on the management and control systems, total error rate, results of national systems audits, results of Commission audit work and/or the European Court of Auditors, elements received from operational managers in their regular contacts with programme authorities).
2. The second element is the **assessment of legality and regularity of expenditure**, as reflected in the residual total error rate reported by the audit authorities in their most recent annual control reports (ACR), adjusted as necessary when we consider that adjustments to previous years' error rates could impact the most recently reported rates. The residual total error rate is the best indicator of the corrective capacity of the programme's management and control system and represents the remaining risk present in the amounts certified in the accounts taking into account the already applied financial corrections.

³⁵ The decision on whether to issue a reservation will be made taking into account the cumulative residual risk.

³⁶ i.e. paid in the relevant year in relation to the concerned sub-programme

The Directorate General assesses the reliability of the total error rate and the residual total error rate reported in two stages:

- Total Error Rates and Residual Total Error Rates for the accounting year 2019-2020 (for accounts accepted in 2021) are confirmed (including adjusted where considered necessary), taking into account all available information and audit results assessed through desk review and, where necessary and conclusions are already available, risk-based on the spot compliance audits. Following the 2014-2020 legal framework, the Commission can in subsequent years (during the documents retention period of at least three years after the accounts were accepted) continue to carry out on the spot audits to address specific risks or programmes.
- In relation to the Total Error Rates and Residual Total Error Rates for the accounting year 2020-2021 communicated by the audit authorities by 1 March 2022, a first preliminary consistency review is carried out to identify potential inconsistencies, clerical mistakes or adjustments considered necessary following audit-based adjustments to previous years' error rates that could impact the most recently reported rates. The resulting adjusted total error rates and residual total error rates are disclosed in Annex 7 B of the AAR for information purposes and to identify the need to issue additional reservations. If no error rates are reported by the audit authorities or reported error rates are not considered reliable at this stage, the Directorate General uses flat rates instead.

➤ **Materiality criteria and reservations**

The Directorate General assesses **each programme** in order to identify the need for reservations and corrective measures to be applied. Programmes with common management and control systems can be grouped for the purpose of this assessment.

At programme level, reservations or partial reservations are made in case of significant weaknesses in the Member States' management and control systems leading to a material risk to the EU budget. In practice, this means that reservations or partial reservations are made for (parts of) programmes included in the categories 'limited assurance with medium risk' (when insufficient financial corrections are taken) and 'limited assurance with high risk' (see below).

As a general rule, a programme will be put under reservation if at least one of the following conditions applies, based on the 2020/2021³⁷ assurance packages received by 1 March 2022:

- a total error rate above 10%
- deficiencies in key elements of the systems (or part of the system), which could result in/lead to irregularities above 10% and for which no adequate corrective measures to remedy the deficiencies have yet been implemented (programmes in category 4 below);

³⁷ No reservation is made for cases where the Residual Total Error Rate for the previous accounting year 2019-2020 is confirmed above 2% given that this expenditure does not concern the 'relevant expenditure' as defined for the corporate instructions for reporting under the current AAR. For such previous accounting year, additional financial corrections will be applied as necessary (see annex 7H).

- a residual total error rate above 2%;
- material issues concerning the completeness, accuracy and veracity of the accounts.

Exceptions, if any, are clearly reported and explained in the body of the AAR. In some cases, reservations may be made at sub-programme level (priority axis or intermediate bodies) when the systemic deficiencies only affect a specific component of the management and control system, not applicable to the other activities under the same programme. However, when the concerned part of the programme concerns less than 2% of the expenditure included in the accounts under assessment (or of the programme allocation in case no payments were made in the year), this deficiency is considered not material and not deserving a reservation. Such cases are reported in the body of the AAR.

In case there is no financial impact for the reporting year (e.g. no expenditure paid) for a programme under reservation, a non-quantified (non-financial) reservation is made.

In addition, reputational reservations are made for deficiencies of a qualitative nature which have a significant impact on the reputation of the Commission.

As regards the functioning of the management and control system, the programmes are classified in four categories:

Programmes not in reservation:

- Programmes with management and control systems which work well and for which only minor improvements are needed (category 1³⁸). For these programmes, **reasonable assurance** means that there is no material deficiency affecting key elements of the systems (non-material risk of irregularities, below 2%) and residual total error rate well <2%) or the accounts;
- Programmes with management and control systems which work but for which some improvements are needed (category 2). For these programmes, **reasonable assurance with low risk** means that the deficiencies detected in key elements of the systems are with limited impact on the EU Budget (limited risk of irregularities, below 5%, therefore well covered by the payment retention of 10% and residual total error rate <or= 2%);
- Programmes with management and control systems which work only partially and for which substantial improvements are needed (category 3). For these programmes, **limited assurance with medium risk** means that the deficiencies detected in key elements of the systems have material risk for the EU budget (risk of irregularities between 5% and 10%, therefore well covered by the payment retention of 10%) but adequate financial corrections have been implemented (residual total error rate <or= 2%).

³⁸ Table 2 on the classification of key requirements for manage a control systems with regard to their functioning of Annex IV of Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014

Programmes in reservation:

- Programmes which essentially do not work (category 4). For these programmes **limited assurance with high risk** means that there are serious deficiencies in key elements of the systems with material risk for the EU budget (risk of irregularities above 10% therefore the risk is not covered by the payment retention of 10%), even if adequate financial corrections have been implemented (residual total error rate <or = 2%).

In addition are also put in reservation

- Programmes with management and control systems which work but for which some improvements are needed (category 2) or which work only partially and for which substantial improvements are needed (category 3), but insufficient financial correction were carried out (residual total error rate remaining > 2%);
- programmes with material issues concerning the completeness, accuracy and veracity of the accounts.

For the calculation of the amounts impacted by a reservation, the reportable residual error rate for the 2020/2021 accounts, adjusted as considered necessary, is applied to the 2021 relevant expenditure of the programmes concerned.

Where there is no financial impact for the reporting year in question (e.g. no expenditure paid) for a programme under reservation, a non-financial reservation is made. In addition, reputational reservations are made for issues that could have a significant impact on the reputation of the Commission (e.g. fraud suspicions).

➤ Estimation of the amounts at risk at payment and at closure

The **amount at risk at payment** is calculated by applying the KPI 5 (weighted residual total error rate of the accounting year 2019-2020 as confirmed by the Commission services³⁹) to the "relevant expenditure" of the Commission reporting year (i.e. payments made during 2021, after excluding new pre-financing and including the 10% retained, and including the cleared pre-financing minus the retentions released and any deductions applied in the accounts covering the expenditure of the period 1 July 2020 to 30 June 2021).

The **amount at risk at closure** indicates the remaining risk to the 2021 relevant expenditure once the Commission will apply the financial corrections that it considers necessary to bring the confirmed total residual error rates for all programmes down to 2%. The Directorate General has been able to identify for which programmes additional financial corrections will be required upon finalisation of the ongoing audit contradictory procedures for the accounting year 2019-2020.

³⁹ After neutralizing the impact of the advances paid into financial instruments and included in the sample of audit authorities based on declared expenditure (in line with Article 127 CPR)

For direct and indirect management

The qualitative factors are based on the detection of significant and/or repetitive weaknesses which would be identified through the internal control system within the framework of supervision.

Based on Commission agreed principles, a reservation is envisaged when the error rate resulting from the annual ex-post audit missions would account for more than 2% of the payments made for the selected files.

ANNEX 6: Relevant Control Systems (RCSs) for budget implementation

Shared Management

REGIO distinguishes three main stages in the implementation of its budget under shared/decentralised management modes: (1) Negotiation and assessment/approval of spending proposals; (2) Implementation of operations (Member States); and (3) Monitoring and supervision of the execution, including ex-post control.

REGIO estimates that the **annual overall Commission costs incurred amount to approximately 0.16%** of total appropriations. This is made up of:

- The annual cost of audit work (internal team and outsourced contract) which covers the assessment by the Commission of management and control systems in Member States.
- The annual costs of Commission staff which carries out controls throughout the different design, implementation and monitoring phases.

The table below elaborates, per stage, on the main risks identified and related benefits.

Stage 1 – Negotiation and assessment/approval of spending proposals:

Main control objectives: Ensuring that the Commission (COM) adopts the actions that contribute the most towards the achievement of the policy objectives (effectiveness);

Main risks	Mitigating controls	Coverage frequency and depth	Cost-Effectiveness indicators
The programmes financed do not adequately reflect the policy objectives or priorities.	Internal consultation, hierarchical validation at DG-level of each programme. Inter-service consultation (including all relevant DGs) Adoption by Commission Decision, where foreseen by EU law.	Coverage / Frequency: 100%. Depth: checklist, guidelines, lists of requirements in the relevant regulatory provisions and reflection of policy objectives and priorities in position papers and Country Specific Recommendations.	Effectiveness: - % of programmes adopted/ approved Benefits: adopted programmes focus on challenges Member States and regions are facing (as identified in European Semester) and have a clear intervention logic, allowing the Commission to evaluate their impact [<i>non-quantifiable individually</i>] Efficiency: - average time to adopt/ approve an programme ⁴⁰ Economy (costs): estimation of cost of staff involved in the validation of the programmes put forward by the Member States.

Stage 2 – Implementation of operations (Member States):

A. Setting up of the systems

Main control objectives: ensuring that the management and control systems are adequately designed

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators
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⁴⁰ Impacted by the time required by Member States to react

The process of designation of national authorities in the Member States is not effective and, as a result, the management and control systems are not compliant with the applicable rules.	Supervision by Commission (for 2014-2020): - Commission review (and audits) of a sample of national designations - submission of Member States' Audit Strategies to the Commission (on request)	Coverage / Frequency: fixed in sector-specific rules Depth: verification (desk review + audit missions where necessary) of description of management and control systems communicated by Member States. Designation audits are generally done on the spot.	For 2014-2020 ⁴¹ : Effectiveness: - % of authorities designated Benefits: (part of) the amounts associated with unreliable systems for which the Commission audit work revealed substantial compliance problems (for 2014-2020) [not quantifiable] Efficiency: - number of authorities for which serious weaknesses found by designation reviews/audits (% of total checked) Economy (costs): estimation of cost of COM staff involved in the audits of samples of national designations
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B. Member States controls to prevent detect and correct errors within the declared certified expenditure

Main control objectives: ensuring that the periodic expenditure declarations submitted to the Commission for each action are legal and regular

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators
Periodic expenditure declarations submitted to the Commission include expenditure, which is irregular or non-compliant with EU and/or national eligibility rules and legislation.	Management verifications: first level checks by Managing Authorities (MA). Certification, audit opinion and annual report by the relevant authorities designated/accredited.	Coverage: fixed in sector-specific rules Depth: - management verifications: performance of first-level checks (administrative and on the spot controls). - certification: additional verification (desk checks & on the spot). - audit opinion: system audits on the checks already carried out, where necessary with re-performance of on-the-spot checks; where applicable, audits of operations (on a statistical basis) and additional substantive testing on expenditure.	Effectiveness: error rates as reported by the Member States, annual audit opinions (or certificate opinions) of the Member States, Member States' recoveries (if applicable) Efficiency: time to lift interruption of payments ⁴²

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

Main control objectives: ensuring that the expenditure reimbursed from the EU budget is eligible and regular

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators
The management verifications and subsequent audits/controls by the Member States have failed to detect and correct ineligible costs or calculation errors. The audit work carried out by the audit/certifying authorities is not sufficient to obtain adequate assurance on the submitted	Commission checks of periodic Member States' expenditure declarations. Commission assessment of management and control systems in the Member States, in particular of work done and/or reported by the Audit Authorities, namely: - assessment of Annual Control Reports / Annual Audit Opinion - calculation of projected error rate - estimation of a	Coverage: verification of information provided in the annual control reports and annual audit opinions. Depth: desk checks and/or on-the-spot audits based on risk assessment; verification of the quality and reliability of the information based on Commission's own audit work;	Effectiveness: - residual risk (EU and per Member State) - number of programmes with a reported error rate assessed as reliable (unchanged or re-calculated) - Number and amount of interruptions / suspensions of payments - corrections made resulting from Commission audit work (decided and implemented) - % of the expenditure for which the Commission can rely on the work of the AA (based on ACRs unchanged or adjusted exchange rates) - weighted average error rate after Commission analysis (KPI5) Benefits: errors prevented [<i>unquantifiable</i>], errors detected or corrected (amount of financial corrections); the impact of the Commission's adjustments made on the error rates reported by the Member States following its own audit work and the

⁴¹ This cannot be defined yet for 2021-27. To be updated in the next AAR.

⁴² Impacted by the complexity of the issues and the time required by MS to react.

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators
<p>declarations.</p> <p>The Commission services have failed to take appropriate measures to safeguard EU funds, based on the information it received.</p>	<p>residual error rate (RER)</p> <ul style="list-style-type: none"> - assessment of systems audits reports from AA - assessment of annual summaries - own Commission audits - technical and bilateral meetings with Member States <p>Interruptions and suspensions of payments</p> <p>Financial corrections (implemented by MS resulting from Commission audit work)</p>	<p>'validation' and where necessary adjusting of error rates reported by Member States to calculate a residual error risk (RER);</p> <p><i>[at closure: where applicable scrutiny of closure report and closure opinion, if needed with audits on sample of programmes]</i></p>	<p>total amount of expenditure for which the Commission has assurance</p> <p>Efficiency:</p> <ul style="list-style-type: none"> - overall cost of control/financial management of the Commission checks and assessment (% of total appropriations) – stages 1 to 3 - % of Commission payments on time - % interruptions of payments notified to Member States within 2 months - % suspensions of payments notified to Member States within 6 months <p>Economy (costs): cost of Commission staff checking Member States expenditure (financial circuits); estimation of cost of Commission staff involved in the assessment of management and control systems in Member States, including analysis of Annual Control Reports / Annual Audit Opinion, own audit work, and drafting of interruption/suspension/financial correction letters</p>

ANNEX 7: Specific annexes related to "Financial Management"

Table Y - Overview of REGIO's estimated cost of controls at Commission (EC) level

The absolute values are presented in EUR

EXPENDITURE

REGIO	Ex ante controls***			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*	EC total costs	related payments Made	Ratio (%)** (a)/(b)	EC total costs	total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)** (g)/(b)
Shared Management		56.340.470.862,23 €	0,00%	85.336.109,29 €		0,00%	85.336.109,29 €	0,15%
Indirect Management		17.282.678,82 €	0,00%	1.498.250,00 €		0,00%	1.498.250,00 €	8,67%
Direct Management		85.240.255,08 €	0,00%	4.156.545,00 €		0,00%	4.156.545,00 €	4,88%
OVERALL total estimated cost of control at EC level for expenditure	- €	56.442.993.796,13 €	0,00%	90.990.904,29 €	- €	0,00%	90.990.904,29 €	0,16%

ANNEX 7A: 2014-2020 ERDF / CF programmes: brief introduction to shared management and architecture for building assurance⁴³

European Structural and Investment Funds are spent through a system of shared responsibility between the European Commission and national authorities:

- the Commission negotiates and approves programmes proposed by EU Member States, and allocates resources accordingly;
- the EU Member States / regions manage the programmes, implement them by selecting projects, follow their implementation and perform controls;
- the Commission is involved in programme monitoring, commits, pays out approved expenditure, and verifies the control systems.

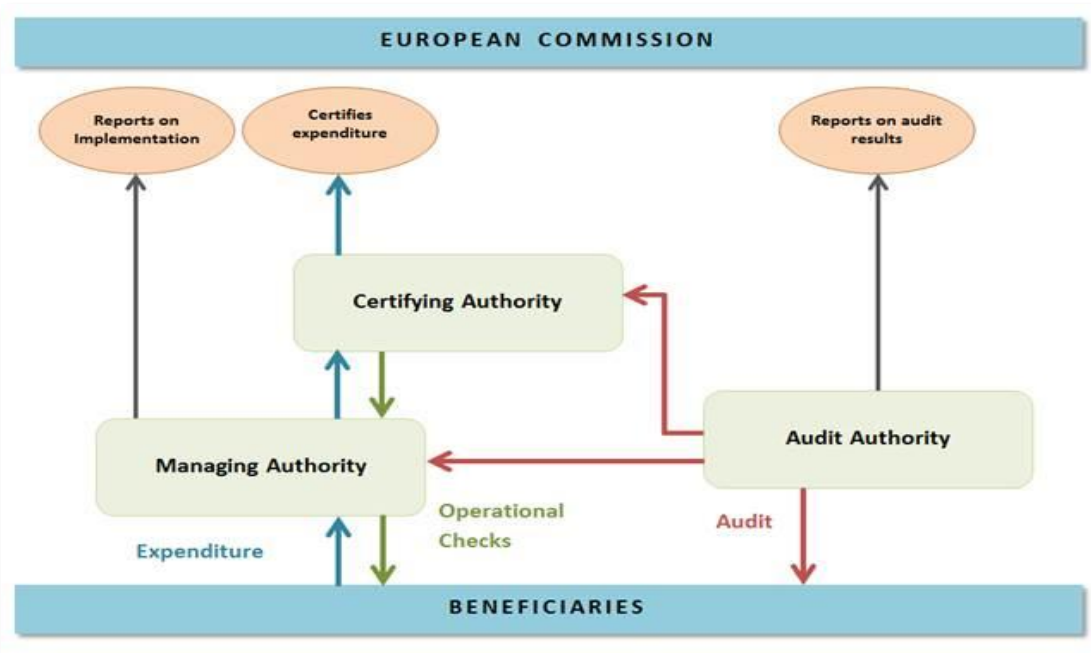
For each programme, the national authority appoints:

- a **managing authority** (national, regional or local public authority or public/private body to manage the programme) and **intermediate bodies**;
- a **certifying authority** (national, regional or local public authority or body to prepare payment applications and to certify the accounts to the Commission) and **intermediate bodies**;
- an **audit authority** (national, regional or local public authority or body to oversee the efficient functioning of the management and control system and to provide yearly professional, independent audit opinions to the Commission).

The Commission plays a supervisory role, ensuring arrangements for the effective functioning of the management and control systems. The Commission further verifies the effective functioning of the systems and if necessary, makes financial corrections.

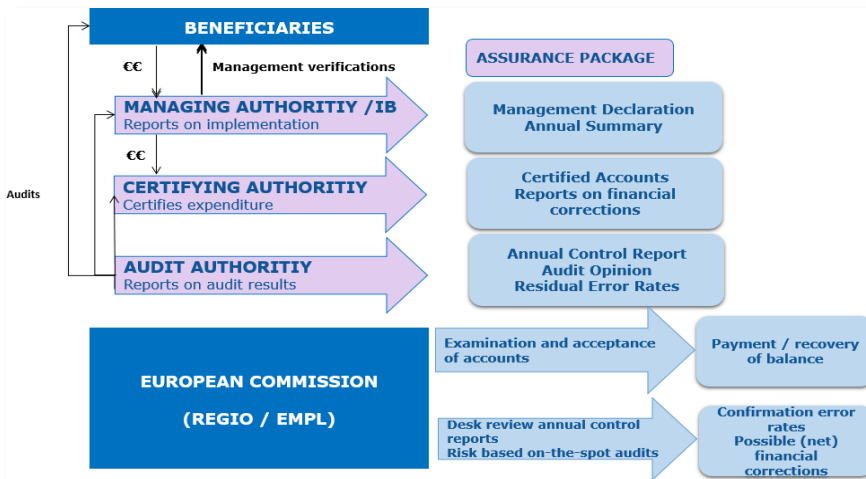
⁴³ The below system description remains largely applicable to 2021-2027 programmes as well, since the co-legislator decided to ensure a carry-over of the 2014-2020 architecture as part of the simplification measures. However no 2021-2027 programme were approved yet in the reporting year (2021).

Graph 1: Assurance architecture for shared management



The control system is built on several levels. Each level may rely on previous controls performed by other bodies after having performed its own verifications that those controls are effective (single audit concept).

Graph 2: Control system



1. Member States are in the first instance responsible for putting in place robust management and control systems, which are capable of preventing and detecting irregularities, and allowing for the reporting of the residual total error rates for each programme each year, whilst also having recourse to the imposition of financial corrections where necessary.

For each accounting year the Management and Control System (MCS) performs the following tasks:

- During the accounting year (1 July N-1 to 30 June N)

The **managing authority/intermediate body** carries out verifications until the submission of the regio_aar_2021_annexes

programme accounts. It verifies that the co-financed products have been delivered, that the expenditure declared by the beneficiaries has been paid and that it complies with the applicable law, the programme and the conditions for support of the operation.

Before submitting interim payment applications, the **certifying authority** certifies that they result from reliable accounting systems, are based on verifiable supporting documents and have been subject to verifications by the managing authority. The last interim payment claim is submitted by the certifying authority to the Commission by 31 July following the end of the accounting year.

The **audit authority** carries out audits on the management and control systems (system audits), the accounts, and of a sample of operations based on the declared expenditure to the Commission during the accounting year. It has to perform its system audits and audits of operations in order to deliver the audit opinion by 15 February following the end of the accounting year.

➤ At the moment of the assurance package (15 February N+1)

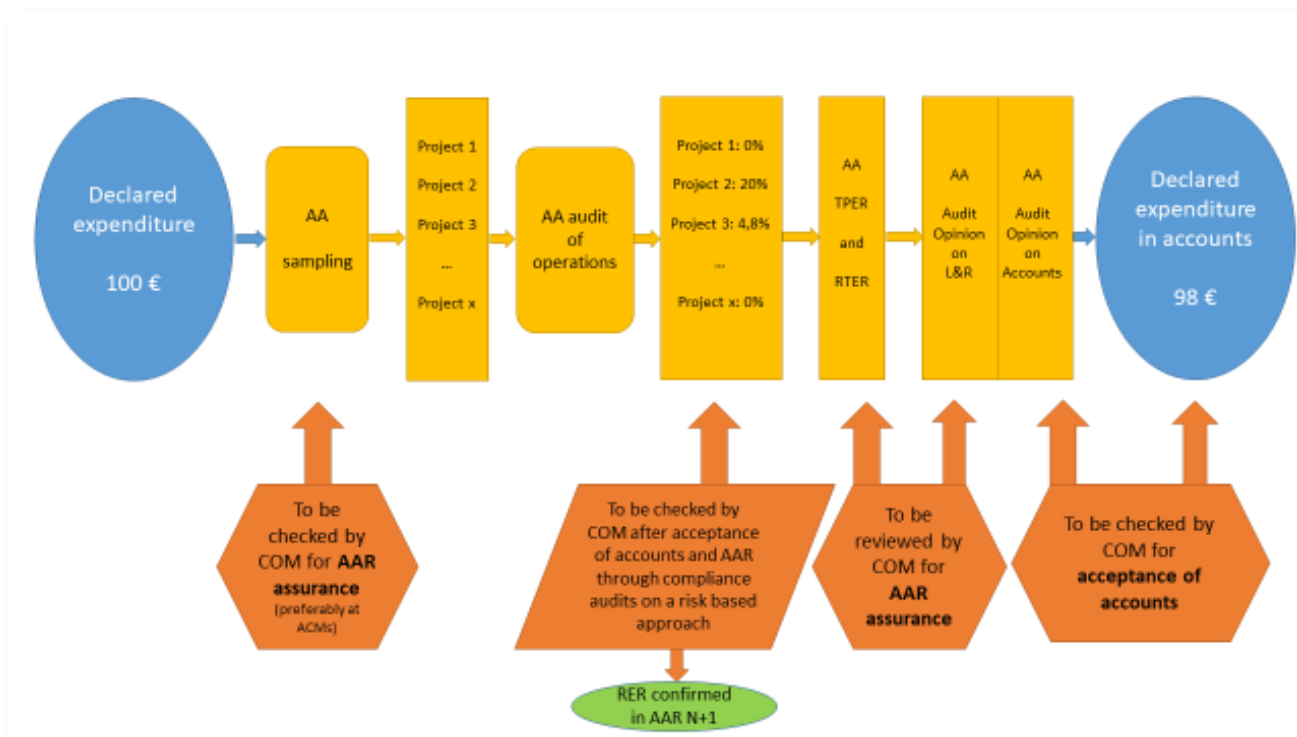
The managing authority finalises the verifications to ensure that the expenditure to be certified in the accounts is legal and regular. It takes account of findings of the audit authority and makes necessary financial corrections including flat rates corrections. It draws up the management declaration and annual summary.

The certifying authority collates all interim claims in the accounts and excludes the irregular amounts (and those under ongoing assessment) detected in relation to expenditure included in interim payment claims. It takes account of findings of the audit authority and satisfies itself that necessary financial corrections including flat rates corrections have been made. It provides in the accounts explanations for the difference between the sum of interim payment claims and the accounts. It draws up the accounts certifying their completeness, accuracy and veracity and that the expenditure entered in the accounts complies with applicable law.

The audit authority finalises the system audits and audit of operations. It informs the MA/CA of the final audit results for their follow-up and corrective measures. It prepares the annual control opinion and annual audit opinion and calculates a total error rate and total residual error rate in the accounts, taking into account the financial corrections implemented by MA/CA as a result of audits. In addition, it carries out final audit work on the accounts and assesses the consistency of the management declaration.

The acceptance of accounts is a separate process from the assessment of legality and regularity, as foreseen in the Regulation (EC) 1303/2013. However, the national authorities should ensure that the block of expenditure certified in the accounts does not contain any remaining material level of irregularity. When a material level of irregularities is identified in the accounts, as reported by the audit authority (for ex. because of an annual residual total error rate above 2%), the Commission may decide to interrupt the payment of the final annual balance.

Graph 3: Annual assurance package and audits of operations



2. At Commission level, the way in which REGIO defines its assurance for the management and control systems for each programme is a process based on internal control and audit procedures carried out by audit, financial and operational units.

a) The following audit sources are used based on the single audit approach and in line with the single audit strategy and risk-assessment in place:

- Audit authorities' work and results on both systems and operations, reported to REGIO throughout the year (systems audit reports) or at year end (annual control reports and audit opinions);
- REGIO's desk and on-the-spot review of the work of audit authorities;
- REGIO's on-the-spot system audits including at the level of operations where necessary;
- Relevant audit information received from other ESIF directorates general (EMPL, MARE and possibly AGRI);
- Audits from the European Court of Auditors;
- OLAF final case reports.

b) Any other source of information, formal or informal, acquired by the geographical units in the context of their day-to-day management of the programmes are also contributing to the assurance process, for example:

- Annual Implementation Reports from the Member States;

- Monitoring committees and annual meetings;
- Contacts with regional and national programme managers.

The Single Audit Strategy for the funds managed by REGIO, EMPL and MARE for the 2014-2020 programming period aims at focusing the Commission's audit activity on the review and re-performance of the work of the audit authorities. This single audit approach is complemented by capacity building actions and thematic/targeted audits to ensure that no serious deficiencies remain undetected or uncorrected by the Member States when submitting the accounts, and that the Commission can rely on the assurance packages. The overall objective of the Single Audit Strategy is to obtain reasonable assurance that the management and control systems of the Member States:

- comply with requirements of the relevant EU Regulations;
- are functioning effectively to prevent and detect errors and irregularities and to ensure the legality and regularity and the effectiveness of the expenditure declared to the Commission.

Through the **single audit approach**, each year REGIO can rely on audit work and opinions carried out by audit authorities for each programme, complemented by REGIO's risk-based audits. The assessment of all available audit sources results in an Annual Audit Opinion of the Directorate General for each programme. This forms the basis for management opinions by the Authorising Officers by Sub-Delegation.

Following the reception of the assurance packages, the Commission auditors perform:

1. first a **desk review for the acceptance of accounts** and preliminary consistency checks of the reported total error rates and audit opinions for the assurance declaration in the AAR,
2. followed by a **thorough risk analysis taking into account also the Annual Control Reports**, audit opinions and error rates reported (ending after finalisation of the AAR) and,
3. as a consequence of the risk analysis, for a number of programmes / audit authorities for which specific risks have been identified, **on-the-spot compliance audits** to re-perform the work done by the audit authorities. Furthermore, thematic audits are performed in order to address specific identified risky areas.

3. Calculation of the risk at payment and residual total error rates

The process for the confirmation of the residual total error rates and the calculation of the risk to the relevant expenditure in 2020 is performed as follows:

- The Directorate General reports in this AAR its assessment of the reliability of residual total error rates reported for the **accounting year 2019-2020** (amounts certified and cleared in 2021). It confirms, where possible, individual rates per programme and the resulting average after the whole control process at national and Commission levels has been performed.
 - ✓ This average residual total error rate for 2019-2020 accounts represents the most relevant

key performance indicator of the overall residual risk for year 2021 to the underlying programmes expenditure. It is reported as **KPI 5 in the AAR**⁴⁴.

- ✓ Reported total and residual error rates for individual programmes are confirmed considering all available audit information, following a two-stage audit process:
 - 1) a thorough desk review of all programmes (resulting, where relevant, in an assessment letter with recommendations), completed where needed by extended desk work⁴⁵ and/or fact finding missions; 2) followed for programmes at risk, by on-the spot compliance audits (to re-perform audits reported by audit authorities to validate their results). This process may lead to a confirmation or a re-calculation of the programme's residual total error rate for the accounting year at stake.
- ✓ Where contradictory procedures for compliance audits are still ongoing at the moment of the adoption of this AAR, a prudent approach is taken when re-calculating the residual total error rates, i.e. using the most conservative results at that stage of the audit process; in some cases a flat rate is used. For the concerned programmes REGIO may still further adjust downwards the residual total error rates upon completion of the contradictory procedure with the Member State (after signature of the AAR).
- ✓ A similar approach is taken for ECA's preliminary results on the 2019-2020 assurance packages, pending the results of the on-going contradictory procedure.
- ✓ As a complement to KPI 5, REGIO is also estimating **a prudent maximum residual error rate** to take into account potential additional risks for some programmes, estimated at flat rate⁴⁶.

When the Commission, through its desk review and on-the-spot compliance audits, still identifies further irregularities in the accepted accounts, it launches **financial correction procedures** which shall be net if **serious deficiencies** in the management and control system of the Member State are identified by the Commission or the European Court of Auditors after the accounts were submitted, and which were not identified, reported and corrected by the Member State's authorities, under the strict conditions designed by the co-legislator under Article 145 (7) of Regulation (EC) 1303/2013 are fulfilled.

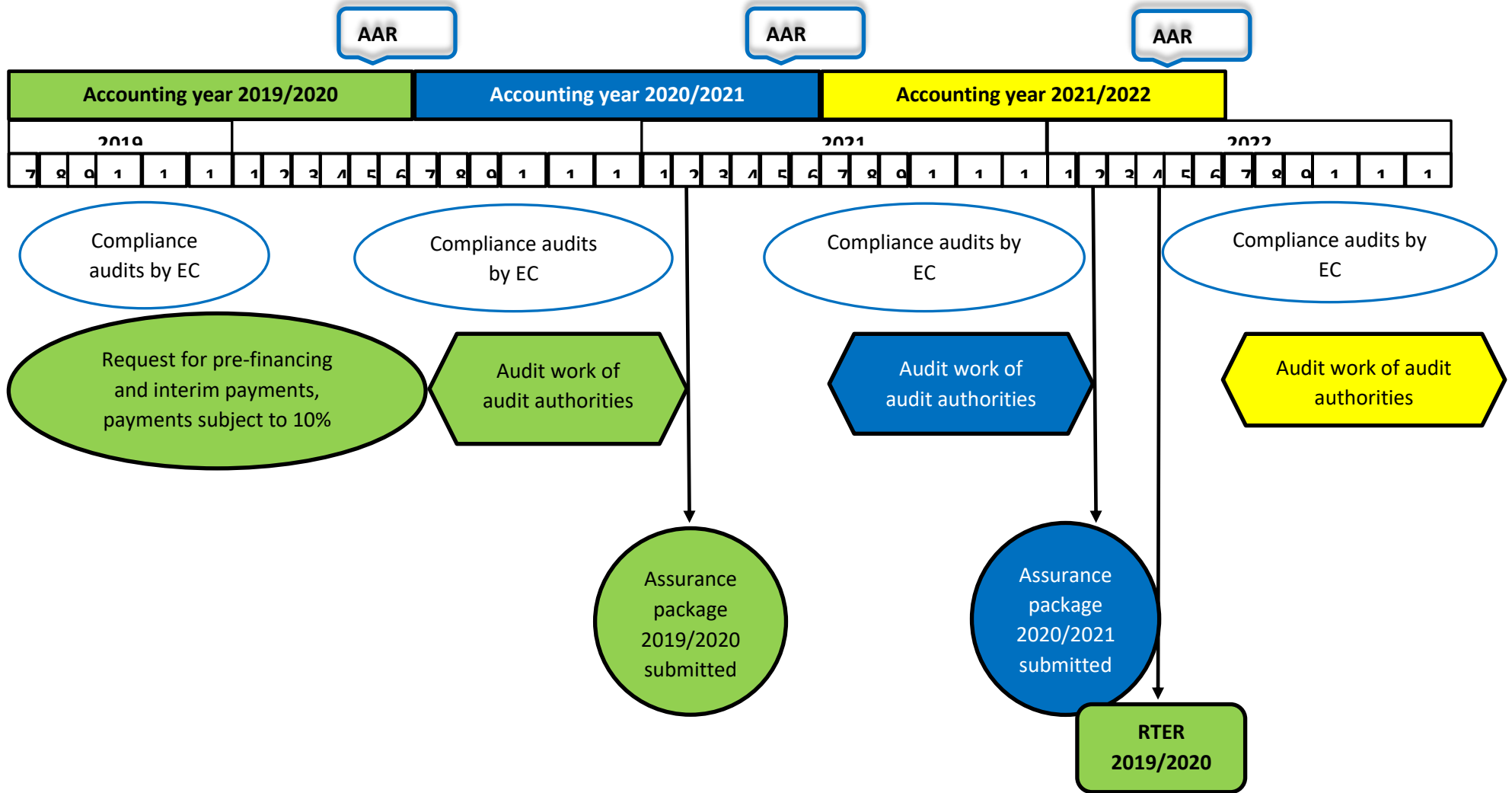
The graph below illustrates how REGIO assesses the certified expenditure:

⁴⁴ After neutralising the impact of advances paid into financial instruments included (in line with Article 127 CPR) in the samples of audit authorities based on declared expenditure, as per the ECA recommendation.

⁴⁵ E.g. a desk review of samples of underlying control reports obtained from audit authorities on request, when doubts occur.

⁴⁶ Namely to consider additional risks that may be present in that part of the audit sample of the audit authority that was not covered by the Commission services' audits, as well as additional risks identified during the Commission services' desk reviews or during ECA audits but not yet communicated.

Graph 4: Assurance process covering different accounting years (July N to June N+1)



ANNEX 7B: 2014-2020 ERDF / CF programmes: Audit opinion and error rates

MS	Ref	Title	(1) MCS functioning effectively AAR2020 (Y/N/NA*); Y=Cat. 1-2; N=Cat. 3-4	(1) MCS functioning effectively AAR 2021 (Y/N/NA*); Y=Cat. 1-2; N=Cat. 3-4	Accounting year 2018-2019	Accounting year 2019-2020			Accounting year 2020-2021			Issued Reservation for 2021 (Y/N)	Comments
					Confirmed error rates after EC's assessment (desk review of all OPs and risk-based compliance audits)	Confirmed error rates after EC's assessment (desk review of all OPs and risk-based compliance audits)			Reportable rates (reported by audit authorities and, where necessary, adjusted by EC following preliminary consistency checks)				
					(2) Total Error Rate	(3) Total Error Rate	(4) Residual Total Error Rate	(5) Residual Total Error Rate removing impact of advances to financial instruments	(6) Total Error Rate reportable by EC	(7) Residual Total Error Rate reportable by EC	(8) Relevant Expenditure (€)		
AT	2014AT16RFO P001	Investments in Growth and Employment Austria 2014-2020 - Operational Programme for the use of the ERDF funds	Y	Y	10.30%	4.72%	1.99%	2.00%	0.33%	0.05%	157,715,885.70	N	
BE	2014BE16RFO P001	OP Brussels Capital Region	Y	Y	3.81%	0.90%	0.00%	0.00%	12.55%	11.50%	18,689,221.87	Y	Partial Reservation
BE	2014BE16RFO P002	OP Flanders	N	Y	0.97%	6.86%	2.00%	2.00%	0.98%	0.71%	25,524,577.81	N	
BE	2014BE16RFO P003	OP Wallonia	Y	Y	3.09%	0.24%	0.22%	0.35%	0.27%	0.26%	142,236,688.20	N	
BG	2014BG05M2 OP001	Operational Programme Science and Education for Smart Growth	Y	Y	0.96%	0.61%	0.00%	0.00%	0.77%	0.37%	30,113,932.79	N	
BG	2014BG16M1 OP001	Operational programme "Transport and transport infrastructure"	Y	Y	1.25%	0.21%	0.21%	0.21%	1.01%	0.69%	181,190,675.90	N	
BG	2014BG16M1 OP002	Operational programme "Environment"	Y	Y	1.48%	0.57%	0.05%	0.05%	4.72%	2.00%	209,156,953.70	N	
BG	2014BG16RF	Operational programme	Y	Y	1.85%	2.43%	1.91%	1.91%	1.58%	0.93%	220,389,384.60	N	

MS	Ref	Title	(1) MCS functioning effectively AAR2020 (Y/N/NA*): Y=Cat. 1-2; N=Cat. 3-4	(1) MCS functioning effectively AAR 2021 (Y/N/NA*): Y=Cat. 1-2; N=Cat. 3-4	Accounting year 2018-2019	Accounting year 2019-2020			Accounting year 2020-2021			Issue d Reservation for 2021 (Y/N)	Comments
					Confirmed error rates after EC's assessment (desk review of all OPs and risk-based compliance audits)	Confirmed error rates after EC's assessment (desk review of all OPs and risk-based compliance audits)			Reportable rates (reported by audit authorities and, where necessary, adjusted by EC following preliminary consistency checks)				
					(2) Total Error Rate	(3) Total Error Rate	(4) Residual Total Error Rate	(5) Residual Total Error Rate removing impact of advances to financial instruments	(6) Total Error Rate reportable by EC	(7) Residual Total Error Rate reportable by EC	(8) Relevant Expenditure (€)		
	OP001	"Regions in Growth"											
BG	2014BG16RF OP002	Operational programme "Innovations and Competitiveness"	Y	Y	4.20%	0.90%	0.77%	0.77%	2.19%	2.00%	244,536,627.20	N	
BG	2015BG16RFS M001	Operational Programme under the SME Initiative	Y	Y	-	0.00%	0.00%	0.00%	0.00%	0.00%	-	N	
CY	2014CY16M1 OP001	Competitiveness and sustainable development	Y	Y	0.08%	0.13%	0.09%	0.09%	0.86%	0.79%	131,520,824.00	N	
CZ	2014CZ05M2 OP001	OP Research, Development and Education	Y	Y	0.42%	0.23%	0.22%	0.22%	1.27%	1.27%	323,781,265.60	N	
CZ	2014CZ16CFT A001	Technical assistance	Y	Y	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%	34,739,003.20	N	
CZ	2014CZ16M1 OP001	Transport	Y	Y	0.39%	0.00%	0.00%	0.00%	0.02%	0.01%	717,992,499.80	N	
CZ	2014CZ16M1 OP002	Environment	Y	Y	0.87%	1.77%	1.71%	1.71%	1.46%	1.43%	576,020,151.40	N	
CZ	2014CZ16M2 OP001	OP Prague – Growth Pole	Y	Y	0.10%	0.70%	0.61%	0.61%	0.00%	0.00%	66,598,539.68	N	
CZ	2014CZ16RFO P001	Enterprise and Innovation for Competitiveness	N	N	5.70%	4.11%	3.81%	4.09%	3.37%	3.27%	587,133,634.10	Y	Full reservation. Additional corrections needed to reduce RTER

MS	Ref	Title	(1) MCS functioning effectively AAR2020 (Y/N/NA*): Y=Cat. 1-2; N=Cat. 3-4	(1) MCS functioning effectively AAR 2021 (Y/N/NA*): Y=Cat. 1-2; N=Cat. 3-4	Accounting year 2018-2019	Accounting year 2019-2020			Accounting year 2020-2021			Issue d Reser vation for 2021 (Y/N)	Comments
					Confirmed error rates after EC's assessment (desk review of all OPs and risk-based compliance audits)	Confirmed error rates after EC's assessment (desk review of all OPs and risk-based compliance audits)			Reportable rates (reported by audit authorities and, where necessary, adjusted by EC following preliminary consistency checks)				
					(2) Total Error Rate	(3) Total Error Rate	(4) Residual Total Error Rate	(5) Residual Total Error Rate removing impact of advances to financial instruments	(6) Total Error Rate reportable by EC	(7) Residual Total Error Rate reportable by EC	(8) Relevant Expenditure (€)		
													<2%
CZ	2014CZ16RF0 P002	Integrated Regional Operational Programme	Y	Y	1.19%	0.60%	0.59%	0.59%	1.85%	1.73%	985,761,855.80	N	
DE	2014DE16M2 OPO01	OP Niedersachsen ERDF/ESF 2014-2020	Y	Y	0.70%	1.62%	1.16%	1.25%	0.40%	0.39%	153,256,602.10	N	
DE	2014DE16RF OPO01	OP Baden-Württemberg ERDF 2014-2020	Y	Y	2.00%	3.52%	0.97%	0.97%	0.54%	0.02%	33,660,557.14	N	
DE	2014DE16RF OPO02	OP Bayern ERDF 2014-2020	Y	Y	1.28%	1.57%	1.11%	1.11%	1.42%	1.38%	64,158,063.82	N	
DE	2014DE16RF OPO03	OP Berlin ERDF 2014-2020	Y	Y	0.80%	1.43%	1.41%	1.73%	1.46%	1.37%	172,720,151.80	N	
DE	2014DE16RF OPO04	OP Brandenburg ERDF 2014-2020	Y	Y	5.00%	0.63%	0.00%	0.00%	2.88%	2.00%	126,442,908.00	N	
DE	2014DE16RF OPO05	OP Bremen ERDF 2014-2020	Y	Y	0.80%	4.55%	0.23%	0.25%	1.80%	0.81%	27,378,045.35	N	
DE	2014DE16RF OPO06	OP Hamburg ERDF 2014-2020	Y	Y	0.08%	0.47%	0.00%	0.00%	0.41%	0.30%	11,991,661.57	N	
DE	2014DE16RF OPO07	OP Hessen ERDF 2014-2020	Y	Y	1.32%	0.93%	0.00%	0.00%	0.83%	0.81%	35,053,492.01	N	
DE	2014DE16RF OPO08	OP Mecklenburg-Vorpommern ERDF	Y	Y	0.85%	1.41%	0.16%	0.16%	0.37%	0.23%	112,658,572.30	N	

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		2014-2020											
DE	2014DE16RF OP009	OP Nordrhein-Westfalen ERDF 2014-2020	Y	Y	0.60%	0.67%	0.56%	0.56%	0.59%	0.55%	170,868,964.80	N	
DE	2014DE16RF OP010	OP Rheinland-Pfalz ERDF 2014-2020	Y	Y	0.70%	0.00%	0.00%	0.00%	0.29%	0.27%	2,8465,856.83	N	
DE	2014DE16RF OP011	OP Saarland ERDF 2014-2020	Y	Y	3.49%	0.52%	0.00%	0.00%	0.08%	0.10%	15,319,393.07	N	
DE	2014DE16RF OP012	OP Sachsen ERDF 2014-2020	N	Y	2.94%	1.60%	1.42%	1.50%	2.76%	2.00%	362,262,997.20	N	
DE	2014DE16RF OP013	OP Sachsen-Anhalt ERDF 2014-2020	Y	Y	0.91%	4.96%	2.00%	2.24%	2.82%	1.99%	469,477,623.80	N	
DE	2014DE16RF OP014	OP Schleswig-Holstein ERDF 2014-2020	Y	Y	1.57%	0.74%	0.23%	0.30%	0.56%	0.59%	35,489,064.97	N	
DE	2014DE16RF OP015	OP Thüringen ERDF 2014-2020	Y	Y	4.61%	0.35%	0.12%	0.13%	2.99%	1.73%	11,2261,637.80	N	
DE	2020DE16M2 RE017	OP Mecklenburg-Western Pomerania REACT-EU 2021-2022	-	-	-	-	-	-	-	-	-	N	
DK	2014DK16RF OP001	Innovation and Sustainable Growth in Businesses. National Programme for the	Y	Y	2.06%	2.00%	2.00%	2.00%	0.34%	0.32%	40,817,995.43	N	

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		European Regional Fund – 2014-2020											
EE	2014EE16M3 OPO01	Operational Programme for Cohesion Policy Funding 2014-2020	Y	Y	0.94%	0.75%	0.67%	0.95%	1.43%	1.37%	39,8534,289.60	N	
ES	2014ES16RFO P002	Multiregional OP for Spain ERDF 2014-20	Y	Y	5.00%	2.32%	2.15%	2.15%	2.34%	0.00%	2,165,799,374.13	N	
ES	2014ES16RFO P003	Andalucía ERDF 2014-20 OP	N	N	5.00%	15.36%	1.14%	1.14%	5.51%	1.58%	558,994,900.30	N	
ES	2014ES16RFO P004	Aragón ERDF 2014-20 OP	Y	Y	2.00%	0.01%	0.01%	0.01%	0.32%	0.00%	26,502,236.96	N	
ES	2014ES16RFO P005	Asturias ERDF 2014-20 OP	Y	Y	2.00%	2.35%	2.35%	2.35%	0.59%	0.29%	865,421,77.05	N	
ES	2014ES16RFO P006	Baleares ERDF 2014-20 OP	Y	Y	2.00%	0.98%	0.03%	0.03%	0.55%	0.00%	103,363,708.40	N	
ES	2014ES16RFO P007	Canary Islands ERDF 2014-20 OP	Y	Y	5.00%	2.86%	0.00%	0.00%	2.87%	1.27%	24,6786,189.30	N	
ES	2014ES16RFO P008	Cantabria ERDF 2014-20 OP	Y	Y	5.00%	0.16%	0.15%	0.15%	0.00%	0.00%	21,076,059.99	N	
ES	2014ES16RFO P009	Castilla y León ERDF 2014-20 OP	Y	Y	2.00%	0.75%	0.74%	0.74%	0.68%	0.64%	202,632,588.40	N	

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ES	2014ES16RFO P010	Castilla-La Mancha ERDF 2014-20 OP	Y	Y	5.00%	1.34%	1.30%	1.30%	0.00%	0.00%	324,960,217.20	N	
ES	2014ES16RFO P011	Cataluña ERDF 2014-20 OP	N	Y	10.00%	4.46%	0.00%	0.00%	2.21%	1.44%	305,733,931.20	N	
ES	2014ES16RFO P012	Ceuta ERDF 2014-20 OP	Y	Y	15.00%	3.75%	3.75%	3.75%	0.50%	0.00%	1,795,3843.69	N	
ES	2014ES16RFO P013	Comunidad Valenciana ERDF 2014-20 OP	Y	Y	20.00%	2.60%	2.00%	2.00%	5.03%	1.97%	430,054,160.10	N	
ES	2014ES16RFO P014	Extremadura ERDF 2014-20 OP	N	N	10.00%	0.75%	0.63%	0.63%	8.45%	0.14%	161,298,485.40	N	
ES	2014ES16RFO P015	Galicia ERDF 2014-20 OP	Y	N	2.00%	2.17%	2.10%	3.34%	7.56%	1.73%	173,020,336.30	N	
ES	2014ES16RFO P016	La Rioja ERDF 2014-20 OP	Y	Y	2.00%	0.34%	0.34%	0.34%	0.46%	0.33%	14,932,479.04	N	
ES	2014ES16RFO P017	Madrid ERDF 2014-20 OP	Y	Y	15.00%	2.40%	2.40%	2.40%	2.56%	1.99%	209,915,798.70	N	
ES	2014ES16RFO P018	Melilla ERDF 2014-20 OP	Y	Y	2.00%	0.00%	0.00%	0.00%	2.12%	0.89%	110,149,92.80	N	
ES	2014ES16RFO P019	Murcia ERDF 2014-20 OP	N	Y	2.00%	4.61%	0.00%	0.00%	3.01%	1.92%	53,885,739.69	N	
ES	2014ES16RFO	Navarra ERDF 2014-20	Y	Y	2.00%	0.00%	0.00%	0.00%	4.82%	1.86%	15,950,462.06	N	

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	P020	OP											
ES	2014ES16RFO P021	País Vasco ERDF 2014-20 OP	Y	Y	5.00%	1.96%	0.51%	0.51%	0.49%	0.41%	81,748,659.81	N	
ES	2014ES16RFS M001	SME Initiative ERDF 2014-20 OP	N	N	-	0.00%	0.00%	0.00%	0.00%	0.00%	5,946,386.22	Y	Reputational
FI	2014FI05M20 P001	Entrepreneurship and skills, Åland Structural Fund Programme 2014-2020	Y	Y	0.00%	2.00%	2.00%	2.00%	0.03%	0.00%	872,978.35	N	
FI	2014FI16M20 P001	Sustainable growth and jobs 2014-2020 - Structural Funds Programme of Finland	Y	Y	1.31%	0.60%	0.59%	0.59%	0.17%	0.17%	156,509,101.10	N	
FI	2016FI16RFS M001	SME Initiative: Finnish guarantee scheme to improve access to finance for high-growth firms	Y	Y	-	0.00%	0.00%	0.00%	0.00%	0.00%	-	N	
FR	2014FR05M0 OPO01	Operational Programme ERDF-ESF ile-de-France et Seine 2014-2020	Y	N	-	5.28%	2.00%	2.47%	5.39%	2.00%	49,615,674.63	Y	Partial reservation
FR	2014FR05M2	Operational Programme	Y	Y	2.19%	0.63%	0.54%	0.54%	3.61%	2.00%	5,089,928.22	N	

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	OP001	ERDF-ESF Guadeloupe et St Martin Etat 2014-2020											
FR	2014FR16MO OP001	Regional programme Aquitaine 2014-2020	Y	N	7.29%	3.95%	2.00%	2.08%	5.99%	2.00%	47,991,734.39	N	
FR	2014FR16MO OP002	Regional programme Auvergne 2014-2020	Y	Y	18.21%	3.80%	1.59%	1.59%	2.46%	2.00%	21,636,799.06	N	
FR	2014FR16MO OP003	Regional programme Centre 2014-2020	Y	Y	2.69%	1.25%	1.19%	1.19%	1.84%	1.31%	42,887,530.15	N	
FR	2014FR16MO OP004	Regional programme Champagne-Ardenne 2014-2020	Y	Y	1.33%	0.52%	0.47%	0.47%	0.65%	0.54%	45,082,523.09	N	
FR	2014FR16MO OP005	Regional programme Haute-Normandie 2014-2020	Y	Y	5.99%	0.14%	0.07%	0.07%	2.82%	1.31%	31,458,089.71	N	
FR	2014FR16MO OP006	Regional programme Languedoc-Roussillon 2014-2020	Y	Y	5.71%	2.56%	1.90%	2.07%	3.62%	2.00%	58,653,813.81	N	
FR	2014FR16MO OP007	Regional programme Midi-Pyrénées et Garonne 2014-2020	Y	Y	5.71%	2.56%	1.90%	2.07%	3.62%	2.00%	66,566,026.54	N	
FR	2014FR16MO	Regional programme	Y	Y	0.96%	2.46%	2.00%	2.12%	1.28%	0.97%	32,319,195.25	N	

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	OP008	Picardie 2014-2020											
FR	2014FR16MO OP009	Regional programme Guadeloupe Conseil Régional 2014-2020	N	Y	2.22%	10.28%	2.00%	2.00%	0.14%	0.12%	60,359,721.37	N	
FR	2014FR16MO OP011	Regional programme Martinique Conseil Régional 2014-2020	Y	N	1.09%	0.72%	0.54%	0.54%	64.59%	64.59%	67,052,866.47	Y	Full reservation
FR	2014FR16MO OP012	Regional programme Nord-Pas de Calais 2014-2020	Y	Y	0.96%	2.46%	2.00%	2.12%	1.28%	0.97%	107,248,128.00	N	
FR	2014FR16MO OP013	Regional programme Provence Alpes Côte d'Azur 2014-2020	Y	Y	7.03%	14.54%	14.39%	15.49%	2.91%	2.00%	44,360,379.46	N	
FR	2014FR16MO OP014	Regional programme Bourgogne 2014-2020	Y	Y	6.60%	2.67%	2.06%	2.09%	0.98%	0.88%	31,508,418.38	N	
FR	2014FR16MO OP015	Regional programme Lorraine et Vosges 2014-2020	Y	Y	1.33%	0.52%	0.47%	0.47%	0.65%	0.54%	95,546,645.01	N	
FR	2014FR16M2 OP001	Regional programme Basse-Normandie 2014-2020	Y	Y	6.24%	1.34%	1.32%	1.45%	3.48%	2.00%	33,723,499.36	N	
FR	2014FR16M2	Regional programme	Y	Y	3.65%	1.29%	0.77%	0.77%	1.05%	0.91%	44,082,982.03	N	

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	OP003	Bretagne 2014-2020											
FR	2014FR16M2 OP004	Regional programme Corse 2014-2020	Y	N	2.57%	4.24%	2.00%	2.00%	15.26%	2.00%	23,856,356.31	Y	Full Reservation
FR	2014FR16M2 OP005	Regional programme Franche-Comté et Jura 2014-2020	Y	Y	6.60%	2.67%	2.06%	2.09%	0.98%	0.88%	31,346,737.66	N	
FR	2014FR16M2 OP006	Regional programme Limousin 2014-2020	Y	N	7.29%	3.95%	2.00%	2.31%	5.99%	2.00%	24,710,610.80	N	
FR	2014FR16M2 OP008	Regional programme Pays de la Loire 2014-2020	Y	Y	4.35%	1.79%	1.61%	1.61%	1.18%	0.72%	44,168,901.83	N	
FR	2014FR16M2 OP009	Regional programme Poitou Charentes 2014-2020	Y	N	7.29%	3.95%	2.00%	2.09%	5.99%	2.00%	43,816,133.96	N	
FR	2014FR16M2 OP010	Regional programme Rhône Alpes 2014-2020	Y	Y	18.21%	3.80%	1.59%	1.99%	2.46%	2.00%	56,468,263.86	N	
FR	2014FR16M2 OP011	Regional programme Guyane Conseil Régional 2014-2020	N	Y	0.58%	9.34%	2.00%	2.00%	0.71%	0.64%	36,546,574.14	N	
FR	2014FR16M2 OP012	Regional programme Mayotte 2014-2020	N	N	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	Y	Full non-financial

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FR	2014FR16M2 TA001	National technical assistance programme 2014-2020	Y	Y	0.25%	0.00%	0.00%	0.00%	0.00%	0.00%	8,775,139.99	N	
FR	2014FR16RFO P001	Interregional programme Alpes 2014-2020	Y	Y	0.83%	3.15%	2.00%	2.00%	0.34%	0.28%	4,758,765.49	N	
FR	2014FR16RFO P002	Interregional programme Loire 2014-2020	Y	Y	2.69%	1.25%	1.19%	1.19%	1.84%	1.31%	3,116,701.62	N	
FR	2014FR16RFO P003	Interregional programme Massif Central 2014-2020	Y	N	0.13%	4.48%	2.00%	2.00%	6.34%	2.00%	4,720,111.36	N	
FR	2014FR16RFO P004	Interregional programme Pyrénées 2014-2020	Y	Y	5.71%	2.56%	1.90%	2.07%	3.62%	2.00%	1,278,384.12	N	
FR	2014FR16RFO P005	Interregional programme Rhône 2014-2020	Y	Y	18.21%	3.80%	1.59%	1.59%	2.46%	2.00%	4,515,747.81	N	
FR	2014FR16RFO P006	Interregional programme Alsace 2014-2020	Y	Y	1.33%	0.52%	0.47%	0.47%	0.65%	0.54%	16,435,225.93	N	
FR	2014FR16RFO P007	Interregional programme Réunion Conseil Régional 2014-2020	Y	Y	0.37%	0.42%	0.40%	0.40%	0.81%	0.47%	137,493,474.50	N	
GR	2014GR05M2 OP001	Reform of the Public Sector	Y	Y	4.25%	8.39%	6.61%	9.40%	2.00%	2.00%	25,961,430.22	N	

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GR	2014GR16M1 OPO01	TRANSPORT INFRASTRUCTURE, ENVIRONMENT AND SUSTAINABLE DEVELOPMENT OP	Y	Y	4.25%	8.39%	6.61%	9.40%	2.00%	2.00%	291,823,308.50	N	
GR	2014GR16M2 OPO01	COMPETITIVENESS, ENTREPRENEURSHIP AND INNOVATION OP	Y	Y	4.25%	8.39%	6.61%	9.40%	2.00%	2.00%	169,5736,355.00	Y	Partial reservation
GR	2014GR16M2 OPO02	CENTRAL MACEDONIA OP	Y	Y	4.25%	8.39%	6.61%	9.40%	2.00%	2.00%	216,555,452.70	N	
GR	2014GR16M2 OPO03	THESSALY OP	Y	Y	4.25%	8.39%	6.61%	9.40%	2.00%	2.00%	52,831,330.02	N	
GR	2014GR16M2 OPO04	EPIRUS OP	Y	Y	4.25%	8.39%	6.61%	9.40%	2.00%	2.00%	52,100,957.52	Y	Partial reservation
GR	2014GR16M2 OPO05	WESTERN GREECE OP	Y	Y	4.25%	8.39%	6.61%	9.40%	2.00%	2.00%	47,697,569.23	N	
GR	2014GR16M2 OPO06	WESTERN MACEDONIA OP	Y	Y	4.25%	8.39%	6.61%	9.40%	2.00%	2.00%	43,600,122.29	N	
GR	2014GR16M2 OPO07	CONTINENTAL GREECE OP	Y	Y	4.25%	8.39%	6.61%	9.40%	2.00%	2.00%	14,112,469.02	N	
GR	2014GR16M2 OPO08	PELOPONNESUS OP	Y	Y	4.25%	8.39%	6.61%	9.40%	2.00%	2.00%	35,896,748.03	N	

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GR	2014GR16M2 OP009	IONIAN ISLANDS OP	Y	Y	4.25%	8.39%	6.61%	9.40%	2.00%	2.00%	17,680,906.85	N	
GR	2014GR16M2 OP010	NORTH AEGEAN OP	Y	Y	4.25%	8.39%	6.61%	9.40%	2.00%	2.00%	50,955,529.83	N	
GR	2014GR16M2 OP011	CRETE OP	Y	Y	4.25%	8.39%	6.61%	9.40%	2.00%	2.00%	74,987,948.75	N	
GR	2014GR16M2 OP012	ATTICA OP	Y	Y	4.25%	8.39%	6.61%	9.40%	2.00%	2.00%	214,673,056.90	N	
GR	2014GR16M2 OP013	SOUTH AEGEAN OP	Y	Y	4.25%	8.39%	6.61%	9.40%	2.00%	2.00%	11,173,795.96	N	
GR	2014GR16M2 OP014	EASTERN MACEDONIA-THRACE OP	Y	Y	4.25%	8.39%	6.61%	9.40%	2.00%	2.00%	45,692,826.71	N	
GR	2014GR16M3 TA001	Technical Assistance Programme	Y	Y	4.25%	8.39%	6.61%	9.40%	2.00%	2.00%	31,353,441.98	N	
HR	2014HR16M1 OP001	Competitiveness and Cohesion OP	Y	Y	0.42%	0.91%	0.52%	0.58%	0.65%	0.62%	1,145,083,709.00	N	
HU	2014HU05M2 OP001	Human Resources Development Operational Programme	Y	Y	5.04%	2.22%	1.29%	1.29%	2.96%	1.99%	244,911,184.50	N	
HU	2014HU05M3 OP001	Public Administration and Civil Service Development	Y	Y	5.61%	3.42%	1.17%	1.17%	1.32%	0.32%	13,731,606.17	N	

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		OP											
HU	2014HU16M0 OP001	Economic Development and Innovation Operational Programme	Y	Y	3.95%	3.50%	1.99%	2.80%	1.71%	1.66%	593,474,777.70	Y	Partial financial and reputational reservations
HU	2014HU16M1 OP001	Environmental and Energy Efficiency OP	Y	Y	4.74%	1.47%	1.23%	1.23%	1.29%	1.06%	424,846,278.20	N	
HU	2014HU16M1 OP003	Integrated Transport OP	Y	Y	0.67%	1.51%	1.27%	1.27%	2.27%	0.65%	524,070,960.10	N	
HU	2014HU16M2 OP001	Territorial and settlement development OP	Y	Y	13.19%	2.36%	1.99%	2.16%	0.83%	0.72%	460,357,023.80	Y	Partial non-financial reservation
HU	2014HU16M2 OP002	Competitive Central-Hungary OP	Y	Y	13.19%	2.36%	1.99%	2.16%	0.83%	0.72%	140,374,912.80	N	
IE	2014IE16RFO P001	Border, Midland and Western Regional Operational Programme 2014-2020	Y	Y	16.86%	6.50%	2.00%	2.00%	0.00%	0.00%	67,772,027.01	N	
IE	2014IE16RFO P002	Southern & Eastern Regional Operational Programme	Y	Y	16.86%	6.50%	2.00%	2.00%	0.00%	0.00%	130,205,108.30	N	
IT	2014IT05M20 P001	National Operational Programme on Education	Y	Y	5.00%	1.15%	1.15%	1.15%	1.12%	1.07%	141,089,351.80	N	

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IT	2014IT05M20 P002	National Operational Programme on Governance and Institutional Capacity	Y	Y	5.02%	2.33%	2.32%	2.32%	0.96%	0.96%	116,503,453.80	N	
IT	2014IT16M20 P001	ROP Molise ERDF ESF	Y	N	2.00%	0.30%	0.30%	0.30%	23.80%	0.00%	27,499,839.38	Y	Partial reservation
IT	2014IT16M20 P002	ROP Puglia ERDF ESF	Y	Y	7.01%	4.17%	0.35%	0.36%	3.44%	0.86%	1,166,160,356.00	N	
IT	2014IT16M20 P003	National Operational Programme on Legality	Y	Y	0.15%	1.29%	1.29%	1.29%	0.62%	0.47%	27,773,735.30	N	
IT	2014IT16M20 P004	National Operational Programme on Metropolitan Cities	N	Y	2.66%	8.80%	5.69%	5.69%	3.93%	3.86%	50,830,533.71	Y	Full reservation
IT	2014IT16M20 P005	National Operational Programme on Research and Innovation	Y	Y	0.52%	0.15%	0.15%	0.24%	1.10%	1.08%	105,137,513.20	N	
IT	2014IT16M20 P006	ROP Calabria ERDF ESF	N	Y	7.56%	7.40%	2.01%	2.09%	3.76%	2.18%	236,617,513.50	Y	Full reservation
IT	2014IT16RFO P001	National Operational Programme on Culture	Y	Y	3.53%	0.95%	0.88%	0.88%	0.13%	0.13%	19,055,650.35	N	
IT	2014IT16RFO P002	National Operational Programme on	Y	Y	4.51%	3.93%	3.93%	3.93%	2.81%	2.77%	183,545,403.00	Y	Full reservation

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		Infrastructures and Networks											
IT	2014IT16RFO P003	National Operational Programme on Enterprises and Competitiveness	Y	Y	0.48%	1.81%	1.66%	2.43%	2.00%	2.00%	1,833,280,729.00	N	
IT	2014IT16RFO P004	ROP Abruzzo ERDF	Y	Y	1.95%	0.66%	0.66%	0.66%	0.25%	0.25%	51,188,964.42	N	
IT	2014IT16RFO P005	ROP PA Bolzano ERDF	Y	Y	7.53%	0.30%	0.30%	0.30%	0.71%	0.64%	15,011,403.32	N	
IT	2014IT16RFO P007	ROP Campania ERDF	N	Y	25.00%	2.00%	2.00%	2.00%	2.00%	2.00%	299,669,534.90	N	
IT	2014IT16RFO P008	ROP Emilia Romagna ERDF	N	Y	6.89%	0.27%	0.27%	0.29%	1.38%	1.20%	19,301,254.80	N	
IT	2014IT16RFO P009	ROP Friuli Venezia Giulia ERDF	Y	Y	0.42%	2.64%	2.01%	2.01%	0.13%	0.13%	30,849,363.97	N	
IT	2014IT16RFO P010	ROP Lazio ERDF	Y	Y	9.93%	1.39%	1.34%	1.95%	6.50%	0.00%	196,610,735.60	N	
IT	2014IT16RFO P011	ROP Liguria ERDF	Y	Y	0.54%	0.41%	0.38%	0.41%	0.14%	0.14%	34,376,737.60	N	
IT	2014IT16RFO P012	ROP Lombardia ERDF	Y	N	2.00%	1.83%	1.83%	2.29%	13.95%	1.17%	206,212,051.20	Y	Partial reservation

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IT	2014IT16RFO P013	ROP Marche ERDF	Y	N	7.61%	0.20%	0.18%	0.18%	9.96%	0.16%	86,372,027.12	Y	Partial reservation
IT	2014IT16RFO P014	ROP Piemonte ERDF	Y	Y	0.16%	1.12%	0.14%	0.16%	0.03%	0.03%	170,047,760.20	N	
IT	2014IT16RFO P015	ROP Sardegna ERDF	Y	Y	1.29%	2.98%	2.00%	2.32%	5.00%	5.00%	161,361,586.30	Y	Partial reservation
IT	2014IT16RFO P016	ROP Sicilia ERDF	Y	N	6.57%	2.66%	2.14%	2.25%	8.36%	2.44%	627,888,090.80	Y	Full reservation
IT	2014IT16RFO P017	ROP Toscana ERDF	Y	Y	1.94%	1.67%	1.45%	1.63%	1.90%	1.87%	7,7016,615.57	N	
IT	2014IT16RFO P018	ROP PA Trento ERDF	Y	Y	3.22%	0.55%	0.00%	0.00%	0.00%	0.00%	22,752,427.23	N	
IT	2014IT16RFO P019	ROP Umbria ERDF	Y	Y	1.02%	1.84%	1.72%	1.96%	0.09%	0.08%	62,902,636.98	N	
IT	2014IT16RFO P020	ROP Valle d'Aosta ERDF	Y	Y	2.99%	0.92%	0.45%	0.45%	6.72%	0.49%	12,443,975.98	N	
IT	2014IT16RFO P021	ROP Veneto ERDF	Y	Y	0.41%	0.36%	0.32%	0.32%	0.43%	0.42%	112,724,575.80	N	
IT	2014IT16RFO P022	ROP Basilicata ERDF	Y	N	2.00%	5.00%	5.00%	5.00%	10.00%	10.00%	76,482,894.06	Y	Full reservation
IT	2015IT16RFS	National operational	Y	Y	-	0.00%	0.00%	0.00%	0.00%	0.00%	-	N	

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	M001	programme SME Initiative											
LT	2014LT16MA OP001	Operational Programme for EU Structural Funds Investments for 2014-2020	Y	Y	3.60%	1.90%	1.87%	1.94%	2.33%	2.00%	919,177,172.60	N	
LU	2014LU16RFO P001	Operational Programme ERDF Luxembourg 2014-2020	Y	Y	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4,282,477.77	N	
LV	2014LV16MA OP001	Growth and Employment	Y	Y	3.61%	3.61%	3.60%	3.60%	2.33%	1.87%	459,131,480.90	Y	Partial reservation
MT	2014MT16M1 OP001	Fostering a competitive and sustainable economy to meet our challenges	Y	Y	0.01%	0.03%	0.03%	0.03%	0.12%	0.05%	84,561,910.59	N	
MT	2014MT16RF SM001	Stimulate private sector investment for economic growth	Y	Y	-	0.00%	0.00%	0.00%	0.00%	0.00%	700,000.00	N	
NL	2014NL16RF OP001	OP North Netherlands ERDF 2014-2020	Y	Y	2.12%	0.17%	0.05%	0.05%	0.19%	0.11%	20,908,099.26	N	
NL	2014NL16RF OP002	OP West Netherlands ERDF 2014-2020	Y	Y	0.42%	0.55%	0.53%	0.69%	0.00%	0.00%	45,941,513.47	N	
NL	2014NL16RF	OP South Netherlands	Y	Y	1.61%	0.23%	0.18%	0.18%	1.15%	1.08%	18,401,451.27	N	

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	OP003	ERDF 2014-2020											
NL	2014NL16RF OP004	OP East Netherlands ERDF 2014-2020	Y	Y	0.10%	0.01%	0.01%	0.01%	0.36%	0.34%	11,968,579.60	N	
PL	2014PL16CFT A001	OP Technical Assistance	Y	Y	0.11%	0.13%	0.10%	0.10%	0.02%	0.00%	107,964,275.60	N	
PL	2014PL16M1 OP001	OP Infrastructure and Environment	Y	Y	0.88%	0.02%	0.02%	0.02%	0.56%	0.55%	4,865,101,104.00	N	
PL	2014PL16M2 OP001	ROP 1 Regional Operational Programme for Dolnośląskie Voivodeship 2014-2020	N	Y	0.35%	0.40%	0.40%	0.40%	1.00%	0.96%	276,300,445.90	N	
PL	2014PL16M2 OP002	ROP 2 Regional Operational Programme for Kujawsko-Pomorskie Voivodeship 2014-2020	Y	Y	3.89%	2.45%	2.11%	2.30%	0.65%	0.61%	286,709,494.50	N	
PL	2014PL16M2 OP003	ROP 3 Regional Operational Programme for Lubelskie Voivodeship 2014-2020	Y	Y	0.67%	0.16%	0.07%	0.07%	1.13%	0.97%	437,405,092.80	N	
PL	2014PL16M2 OP004	ROP 4 Regional Operational Programme for Lubuskie Voivodeship	Y	Y	0.25%	0.39%	0.37%	0.40%	1.11%	1.09%	143,838,888.90	N	

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		2014-2020											
PL	2014PL16M2 OP005	ROP 5 Regional Operational Programme for Łódzkie Voivodeship 2014-2020	Y	Y	0.32%	1.71%	1.65%	1.78%	0.70%	0.62%	282,210,930.60	N	
PL	2014PL16M2 OP006	ROP 6 Regional Operational Programme for Małopolskie Voivodeship 2014-2020	Y	Y	0.81%	0.59%	0.35%	0.36%	1.52%	1.45%	370,242,910.70	N	
PL	2014PL16M2 OP007	ROP 7 Regional Operational Programme for Mazowieckie Voivodeship 2014-2020	Y	N	2.00%	0.34%	0.05%	0.05%	6.42%	6.40%	265,934,176.40	Y	Partial reservation
PL	2014PL16M2 OP008	ROP 8 Regional Operational Programme for Opolskie Voivodeship	Y	Y	2.55%	0.97%	0.67%	0.67%	0.97%	0.90%	119,197,303.40	Y	Partial non-financial reservation
PL	2014PL16M2 OP009	ROP 9 Regional Operational Programme for Podkarpackie Voivodeship	Y	Y	0.46%	0.37%	0.08%	0.26%	0.41%	0.35%	263,035,847.20	N	
PL	2014PL16M2 OP010	ROP 10 Regional Operational Programme for Podlaskie Voivodeship	Y	Y	0.95%	0.93%	0.86%	0.89%	2.44%	1.95%	223,464,519.90	N	

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PL	2014PL16M2 OP011	ROP 11 Regional Operational Programme for Pomorskie Voivodeship	Y	Y	2.07%	0.86%	0.74%	0.77%	4.21%	1.66%	237,036,960.10	N	
PL	2014PL16M2 OP012	ROP 12 Regional Operational Programme for Śląskie Voivodeship	N	Y	1.29%	2.78%	2.00%	2.05%	2.15%	2.00%	439,493,334.30	N	
PL	2014PL16M2 OP013	ROP 13 Regional Operational Programme for Świętokrzyskie Voivodeship	Y	N	0.78%	0.13%	0.12%	0.20%	3.66%	2.00%	206,858,970.80	Y	Partial reservation
PL	2014PL16M2 OP014	ROP 14 Regional Operational Programme for Warmińsko-Mazurskie Voivodeship	Y	Y	0.72%	3.63%	2.00%	2.29%	0.31%	0.27%	235,801,240.30	N	
PL	2014PL16M2 OP015	ROP 15 Regional Operational Programme for Wielkopolskie Voivodeship	N	Y	6.71%	5.00%	5.00%	5.00%	5.00%	5.00%	295,250,800.20	Y	Full reservation
PL	2014PL16M2 OP016	ROP 16 Regional Operational Programme for Zachodniopomorskie Voivodeship	Y	Y	0.52%	1.32%	1.23%	1.42%	0.09%	0.07%	293,680,376.10	N	

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PL	2014PL16RFO P001	OP Smart growth	Y	Y	0.53%	2.00%	2.00%	2.00%	2.00%	2.00%	2,198,757,371.00	Y	Partial reputational reservation
PL	2014PL16RFO P002	OP Digital Poland	Y	Y	0.01%	0.14%	0.12%	0.12%	0.29%	0.17%	555,363,115.70	N	
PL	2014PL16RFO P003	OP Development of Eastern Poland	Y	Y	0.12%	0.67%	0.07%	0.07%	0.42%	0.34%	345,390,156.40	N	
PT	2014PT16CFO P001	Sustainability and Resource Use Efficiency OP	Y	Y	8.00%	10.00%	5.00%	5.00%	3.53%	2.50%	368,799,737.10	Y	Full reservation
PT	2014PT16M2 OP001	Regional OP Norte	Y	Y	8.00%	10.00%	5.00%	5.00%	3.53%	2.50%	754,277,535.70	Y	Full reservation
PT	2014PT16M2 OP002	Regional OP Centro	Y	Y	8.00%	10.00%	5.00%	5.00%	3.53%	2.50%	420,496,821.70	Y	Full reservation
PT	2014PT16M2 OP003	Regional OP Alentejo	Y	Y	8.00%	10.00%	5.00%	5.00%	3.53%	2.50%	188,808,523.30	Y	Full reservation
PT	2014PT16M2 OP004	Regional OP Azores (Autonomous Region)	Y	Y	8.00%	10.00%	5.00%	5.00%	3.53%	2.50%	103,686,279.80	Y	Full reservation
PT	2014PT16M2 OP005	Regional OP Lisboa	Y	Y	8.00%	10.00%	5.00%	5.00%	3.53%	2.50%	166,576,401.60	Y	Full reservation
PT	2014PT16M2 OP006	Regional OP Madeira (Autonomous Region)	Y	Y	8.00%	10.00%	5.00%	5.00%	3.53%	2.50%	43,899,515.34	Y	Full reservation

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PT	2014PT16M2 OP007	Regional OP Algarve	Y	Y	8.00%	10.00%	5.00%	5.00%	3.53%	2.50%	591,77,227.83	Y	Full reservation
PT	2014PT16M3 OP001	Competitiveness and Internationalisation OP	Y	Y	8.00%	10.00%	5.00%	5.00%	3.53%	2.50%	1,681,270,962.00	Y	Full reservation
PT	2014PT16RFT A001	OP Technical Assistance	Y	Y	8.00%	10.00%	5.00%	5.00%	3.53%	2.50%	16,315,453.97	Y	Full reservation
RO	2014RO16M1 OP001	Large Infrastructure Operational Programme	Y	Y	2.00%	1.16%	0.50%	0.50%	0.82%	0.12%	1,465,081,273.00	N	
RO	2014RO16RF OP001	Competitiveness Operational Programme	Y	Y	1.01%	1.91%	0.00%	0.00%	1.15%	0.49%	193,235,475.10	N	
RO	2014RO16RF OP002	Regional Operational Programme	N	Y	6.06%	5.28%	3.61%	3.61%	2.00%	2.00%	1,013,982,292.00	Y	Reputational
RO	2014RO16RFT A001	Technical Assistance Operational Programme	Y	Y	0.00%	0.19%	0.01%	0.01%	1.96%	1.88%	30,884,924.10	N	
SE	2014SE16M2 OP001	Community-led local development programme with support from ERDF and ESF 2014-2020	N	Y	0.00%	2.41%	0.00%	0.00%	0.34%	0.28%	1,486,613.73	N	
SE	2014SE16RFO P001	South Sweden	Y	Y	0.07%	0.77%	0.75%	0.75%	1.91%	1.86%	8,634,504.32	N	
SE	2014SE16RFO P002	Småland and islands	Y	Y	0.07%	0.77%	0.75%	0.75%	1.91%	1.86%	8,793,409.56	N	

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SE	2014SE16RFO P003	West Sweden	Y	Y	0.07%	0.77%	0.75%	0.75%	1.91%	1.86%	7,871,300.97	N	
SE	2014SE16RFO P004	East-Central Sweden	Y	Y	0.07%	0.77%	0.75%	0.75%	1.91%	1.86%	10,685,372.96	N	
SE	2014SE16RFO P005	Stockholm	Y	Y	0.07%	0.77%	0.75%	0.75%	1.91%	1.86%	5,959,644.01	N	
SE	2014SE16RFO P006	North-Central Sweden	Y	Y	0.07%	0.77%	0.75%	0.75%	1.91%	1.86%	19,503,261.54	N	
SE	2014SE16RFO P007	Central Norrland	Y	Y	0.07%	0.77%	0.75%	0.75%	1.91%	1.86%	20,868,427.00	N	
SE	2014SE16RFO P008	Upper Norrland	Y	Y	0.07%	0.77%	0.75%	0.75%	1.91%	1.86%	35,765,653.10	N	
SE	2014SE16RFO P009	National regional fund programme for investments in growth and jobs 2014-2020	Y	Y	0.07%	0.77%	0.75%	0.75%	1.91%	1.86%	10,156,997.38	N	
SI	2014SI16MAO P001	Operational Programme for the Implementation of the EU Cohesion Policy in the period 2014 – 2020	Y	Y	1.46%	4.29%	2.00%	4.07%	1.00%	0.98%	549,264,851.50	N	
SK	2014SK05M0	Operational Programme	N	N	3.00%	2.54%	2.05%	2.05%	5.45%	2.00%	13,997,834.08	N	

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	OP001	Human Resources											
SK	2014SK16M1 OP001	Integrated Infrastructure	N	N	11.24%	10.26%	8.12%	8.20%	7.00%	1.35%	682,627,484.20	N	
SK	2014SK16M1 OP002	Quality of Environment	N	Y	4.18%	1.22%	0.97%	4.15%	1.69%	1.37%	436,195,703.50	N	
SK	2014SK16RFO P002	Integrated Regional Operational Programme	Y	Y	1.34%	3.53%	0.52%	0.98%	4.99%	2.00%	329,594,970.10	N	
SK	2014SK16RFT A001	Technical Assistance	Y	Y	0.82%	0.00%	0.00%	0.00%	0.01%	0.00%	31,515,182.06	N	
TC	2014TC16M4 TN001	Mediterranean	Y	Y	0.18%	0.07%	0.07%	0.07%	1.11%	1.09%	37,574,277.82	N	
TC	2014TC16M4 TN002	Adriatic-Ionian	Y	Y	0.56%	1.21%	1.19%	1.19%	0.26%	0.25%	20,854,509.35	N	
TC	2014TC16M4 TN003	Balkan-Mediterranean	Y	Y	2.21%	1.70%	1.50%	1.50%	1.97%	1.89%	9,120,437.87	N	
TC	2014TC16M5 TN001	Baltic Sea	Y	Y	0.03%	2.55%	2.00%	2.00%	0.00%	0.00%	61,925,617.64	N	
TC	2014TC16M6 TN001	Danube	Y	Y	1.71%	0.66%	0.63%	0.63%	0.28%	0.26%	34,987,036.36	N	
TC	2014TC16RFC B001	Interreg V-A - Belgium-Germany-The	Y	Y	1.10%	0.50%	0.49%	0.49%	0.28%	0.16%	29,262,343.33	N	

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		Netherlands (Euregio Meuse-Rhin/Euregio Maas-Rijn/Euregio Maas-Rhein)											
TC	2014TC16RFC B002	Interreg V-A - Austria-Czech Republic	Y	Y	2.54%	0.18%	0.17%	0.17%	0.03%	0.03%	19,511,974.68	N	
TC	2014TC16RFC B003	Interreg V-A - Slovakia-Austria	Y	Y	0.31%	0.55%	0.46%	0.46%	0.91%	0.62%	14,458,818.91	N	
TC	2014TC16RFC B004	Interreg V-A - Austria-Germany/Bavaria (Bayern-Österreich)	Y	Y	0.77%	0.29%	0.04%	0.04%	0.47%	0.27%	11,638,312.84	N	
TC	2014TC16RFC B005	Interreg V-A - Spain-Portugal (POCTEP)	Y	Y	2.00%	0.63%	0.58%	0.58%	1.16%	1.07%	66,307,087.40	N	
TC	2014TC16RFC B006	Interreg V-A - Spain-France-Andorra (POCTEFA)	Y	Y	2.00%	2.16%	1.98%	1.98%	2.49%	2.00%	21,022,407.72	N	
TC	2014TC16RFC B007	Interreg V-A - Spain-Portugal (Madeira-Açores-Canarias (MAC))	Y	Y	2.00%	0.66%	0.56%	0.56%	0.97%	0.95%	33,225,104.35	N	
TC	2014TC16RFC B008	Interreg V-A - Hungary-Croatia	Y	Y	0.55%	0.24%	0.20%	0.20%	0.81%	0.01%	1,0334,594.79	N	
TC	2014TC16RFC	Interreg V-A -	Y	Y	1.23%	0.27%	0.25%	0.25%	2.43%	1.99%	21,286,370.86	N	

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	B009	Germany/Bavaria-Czech Republic											
TC	2014TC16RFC B010	Interreg V-A - Austria-Hungary	Y	Y	0.24%	1.48%	1.31%	1.31%	0.00%	0.00%	11,944,202.03	N	
TC	2014TC16RFC B011	Interreg V-A - Germany/Brandenburg-Poland	Y	Y	0.43%	0.21%	0.00%	0.00%	0.74%	0.63%	33,040,078.00	N	
TC	2014TC16RFC B012	Interreg V-A - Poland-Slovakia	Y	Y	0.87%	1.10%	0.91%	0.91%	0.00%	0.00%	32,296,642.16	N	
TC	2014TC16RFC B013	Interreg V-A - Poland-Denmark-Germany-Lithuania-Sweden (South Baltic)	Y	Y	1.33%	0.91%	0.88%	0.88%	0.38%	0.34%	11,424,079.08	N	
TC	2014TC16RFC B014	Interreg V-A - Finland-Estonia-Latvia-Sweden (Central Baltic)	Y	Y	1.76%	0.88%	0.86%	0.86%	1.47%	1.34%	24,379,698.87	N	
TC	2014TC16RFC B015	Interreg V-A - Slovakia-Hungary	Y	Y	0.01%	0.24%	0.22%	0.22%	0.62%	0.27%	28,539,846.24	N	
TC	2014TC16RFC B016	Interreg V-A - Sweden-Norway	Y	Y	0.00%	0.91%	0.78%	0.78%	0.13%	0.12%	6,998,604.84	N	
TC	2014TC16RFC B017	Interreg V-A - Germany/Saxony-Czech	N	N	2.48%	5.47%	2.00%	2.00%	7.15%	2.00%	13,080,315.09	N	

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		Republic											
TC	2014TC16RFC B018	Interreg V-A - Poland-Germany/Saxony	Y	Y	0.74%	2.78%	2.00%	2.00%	3.13%	2.00%	8,411,198.32	N	
TC	2014TC16RFC B019	Interreg V-A - Germany/Mecklenburg-Vorpommern-Brandenburg-Poland	Y	Y	0.42%	0.18%	0.00%	0.00%	0.34%	0.27%	32,953,637.39	N	
TC	2014TC16RFC B020	Interreg V-A - Greece-Italy	Y	Y	0.00%	0.05%	0.05%	0.05%	0.00%	0.00%	19,945,558.42	N	
TC	2014TC16RFC B021	Interreg V-A - Romania-Bulgaria	Y	Y	9.35%	3.08%	0.00%	0.00%	1.75%	1.39%	66,837,940.61	N	
TC	2014TC16RFC B022	Interreg V-A - Greece-Bulgaria	Y	Y	1.10%	0.01%	0.00%	0.00%	1.10%	1.02%	20,889,463.82	N	
TC	2014TC16RFC B023	Interreg V-A - Germany-The Netherlands (Deutschland-Nederland)	Y	Y	0.07%	0.22%	0.20%	0.20%	0.56%	0.54%	25,063,099.74	N	
TC	2014TC16RFC B024	Interreg V-A - Germany-Austria-Switzerland-Liechtenstein (Alpenrhein-Bodensee-Hochrhein)	Y	Y	0.28%	1.59%	0.01%	0.01%	0.61%	0.02%	7,659,032.76	N	
TC	2014TC16RFC	Interreg V-A - Czech	N	Y	0.14%	5.96%	2.00%	2.00%	1.03%	0.80%	34,127,267.16	N	

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	B025	Republic-Poland											
TC	2014TC16RFC B026	Interreg V-A - Sweden-Denmark-Norway (Öresund-Kattegat-Skagerrak)	Y	Y	0.20%	0.24%	0.22%	0.22%	0.26%	0.23%	26,657,295.91	N	
TC	2014TC16RFC B027	Interreg V-A - Latvia-Lithuania	Y	Y	0.34%	0.64%	0.64%	0.64%	0.00%	0.00%	10,709,286.27	N	
TC	2014TC16RFC B028	Interreg V-A - Sweden-Finland-Norway (Botnia-Atlantica)	Y	Y	0.29%	0.01%	0.01%	0.01%	0.94%	0.82%	6,838,033.10	N	
TC	2014TC16RFC B029	Interreg V-A - Slovenia-Croatia	Y	Y	0.00%	0.07%	0.06%	0.06%	0.30%	0.24%	10,263,213.45	N	
TC	2014TC16RFC B030	Interreg V-A - Slovakia-Czech Republic	Y	N	0.10%	3.65%	0.00%	0.00%	7.04%	0.39%	18,084,788.83	N	
TC	2014TC16RFC B031	Interreg V-A - Lithuania-Poland	Y	Y	0.01%	0.00%	0.00%	0.00%	0.09%	0.00%	9,566,623.18	N	
TC	2014TC16RFC B032	Interreg V-A - Sweden-Finland-Norway (Nord)	Y	Y	0.17%	1.40%	1.20%	1.20%	0.43%	0.39%	12,183,245.84	N	
TC	2014TC16RFC B033	Interreg V-A - Italy-France (Maritime)	Y	Y	0.72%	0.00%	0.00%	0.00%	0.00%	0.00%	52,955,710.23	N	
TC	2014TC16RFC	Interreg V-A - France-	Y	Y	4.84%	0.05%	0.04%	0.04%	1.60%	1.57%	22,460,808.54	N	

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	B034	Italy (ALCOTRA)											
TC	2014TC16RFC B035	Interreg V-A - Italy-Switzerland	Y	Y	2.11%	0.43%	0.37%	0.37%	0.46%	0.45%	34,547,379.23	N	
TC	2014TC16RFC B036	Interreg V-A - Italy-Slovenia	Y	Y	1.57%	0.53%	0.49%	0.49%	0.07%	0.07%	18,924,979.10	N	
TC	2014TC16RFC B037	Interreg V-A - Italy-Malta	Y	Y	0.14%	1.84%	1.64%	1.64%	1.44%	1.30%	6,596,619.04	N	
TC	2014TC16RFC B038	Interreg V-A - France-Belgium-The Netherlands-United Kingdom (Les Deux Mers/Two seas/Twee Zeeën)	Y	Y	0.29%	0.01%	0.01%	0.01%	0.06%	0.05%	62,227,695.62	N	
TC	2014TC16RFC B039	Interreg V-A - France-Germany-Switzerland (Rhin supérieur/Oberrhein)	Y	Y	1.18%	0.00%	0.00%	0.00%	0.51%	0.50%	12,146,273.42	N	
TC	2014TC16RFC B040	Interreg V-A - France-United Kingdom (Manche/Channel)	Y	Y	0.13%	0.44%	0.36%	0.36%	1.71%	1.69%	54,328,898.41	N	
TC	2014TC16RFC B041	Interreg V-A - France-Switzerland	Y	Y	0.18%	0.15%	0.12%	0.12%	1.87%	1.28%	11,880,714.62	N	

MS	Ref	Title	(1) MCS functioning effectively AAR2020 (Y/N/NA*): Y=Cat. 1-2; N=Cat. 3-4	(1) MCS functioning effectively AAR 2021 (Y/N/NA*): Y=Cat. 1-2; N=Cat. 3-4	Accounting year 2018-2019	Accounting year 2019-2020			Accounting year 2020-2021			Issue d Reservation for 2021 (Y/N)	Comments
					Confirmed error rates after EC's assessment (desk review of all OPs and risk-based compliance audits)	Confirmed error rates after EC's assessment (desk review of all OPs and risk-based compliance audits)			Reportable rates (reported by audit authorities and, where necessary, adjusted by EC following preliminary consistency checks)				
					(2) Total Error Rate	(3) Total Error Rate	(4) Residual Total Error Rate	(5) Residual Total Error Rate removing impact of advances to financial instruments	(6) Total Error Rate reportable by EC	(7) Residual Total Error Rate reportable by EC	(8) Relevant Expenditure (€)		
TC	2014TC16RFC B042	Interreg V-A - Italy-Croatia	Y	Y	0.34%	1.52%	1.38%	1.38%	1.69%	1.56%	53,712,636.75	N	
TC	2014TC16RFC B043	Interreg V-A - France (Saint Martin-Sint Maarten)	NA	N	-	0.00%	0.00%	0.00%	100.00 %	0.00%	-	Y	Full reservation
TC	2014TC16RFC B044	Interreg V-A - Belgium-France (France-Wallonie-Vlaanderen)	Y	Y	0.61%	2.37%	2.00%	2.00%	2.86%	2.00%	29,218,537.44	N	
TC	2014TC16RFC B045	Interreg V-A - France-Belgium-Germany-Luxembourg (Grande Région/Großregion)	Y	Y	0.02%	0.00%	0.00%	0.00%	0.16%	0.14%	28,677,140.36	N	
TC	2014TC16RFC B046	Interreg V-A - Belgium-The Netherlands (Vlaanderen-Nederland)	Y	Y	1.73%	0.76%	0.76%	1.70%	0.12%	0.11%	19,803,055.95	N	
TC	2014TC16RFC B047	Interreg V-A - United Kingdom-Ireland (Ireland-Northern Ireland-Scotland)	Y	Y	2.00%	1.38%	1.35%	1.35%	3.22%	2.00%	48,483,981.17	N	
TC	2014TC16RFC B048	Interreg V-A - United Kingdom-Ireland (Ireland-Wales)	Y	Y	0.00%	0.64%	0.57%	0.57%	0.23%	0.22%	15,729,985.62	N	

MS	Ref	Title	(1) MCS functioning effectively AAR2020 (Y/N/NA*): Y=Cat. 1-2; N=Cat. 3-4	(1) MCS functioning effectively AAR 2021 (Y/N/NA*): Y=Cat. 1-2; N=Cat. 3-4	Accounting year 2018-2019	Accounting year 2019-2020			Accounting year 2020-2021			Issue d Reservation for 2021 (Y/N)	Comments
					(2) Total Error Rate	Confirmed error rates after EC's assessment (desk review of all OPs and risk-based compliance audits)			Reportable rates (reported by audit authorities and, where necessary, adjusted by EC following preliminary consistency checks)				
						(3) Total Error Rate	(4) Residual Total Error Rate	(5) Residual Total Error Rate removing impact of advances to financial instruments	(6) Total Error Rate reportable by EC	(7) Residual Total Error Rate reportable by EC	(8) Relevant Expenditure (€)		
TC	2014TC16RFCB049	Interreg V-A - Romania-Hungary	Y	Y	3.21%	0.95%	0.67%	0.67%	0.88%	0.00%	49,425,847.33	N	
TC	2014TC16RFCB050	Interreg V-A - Estonia-Latvia	Y	N	1.94%	0.00%	0.00%	0.00%	32.81%	24.83%	469,075.14	Y	Full reservation
TC	2014TC16RFCB051	Interreg V-A - France (Mayotte-Comores-Madagascar)	N	N	-	0.00%	0.00%	0.00%	0.00%	0.00%	-	Y	Full reservation
TC	2014TC16RFCB052	Interreg V-A - Italy-Austria	Y	Y	0.05%	0.17%	0.17%	0.17%	0.31%	0.28%	23,115,887.65	N	
TC	2014TC16RFCB053	Interreg V-A - Slovenia-Hungary	Y	Y	1.87%	0.02%	0.00%	0.00%	0.97%	0.85%	2,744,431.38	N	
TC	2014TC16RFCB054	Interreg V-A - Slovenia-Austria	Y	Y	0.39%	0.22%	0.18%	0.18%	0.82%	0.58%	10,672,313.75	N	
TC	2014TC16RFCB055	Interreg V-A - Greece-Cyprus	Y	Y	0.20%	0.00%	0.00%	0.00%	0.00%	0.00%	6,208,749.95	N	
TC	2014TC16RFCB056	Interreg V-A - Germany-Denmark	Y	Y	1.64%	0.84%	0.81%	0.81%	1.29%	1.11%	14,383,792.83	N	
TC	2014TC16RFIR001	INTERREG EUROPE	Y	Y	0.26%	0.10%	0.09%	0.09%	0.22%	0.21%	61,431,385.80	N	
TC	2014TC16RFIR002	INTERACT	Y	Y	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	8,883,483.77	N	

MS	Ref	Title	(1) MCS functioning effectively AAR2020 (Y/N/NA*): Y=Cat. 1-2; N=Cat. 3-4	(1) MCS functioning effectively AAR 2021 (Y/N/NA*): Y=Cat. 1-2; N=Cat. 3-4	Accounting year 2018-2019	Accounting year 2019-2020			Accounting year 2020-2021			Issued Reservation for 2021 (Y/N)	Comments
					Confirmed error rates after EC's assessment (desk review of all OPs and risk-based compliance audits)	Confirmed error rates after EC's assessment (desk review of all OPs and risk-based compliance audits)			Reportable rates (reported by audit authorities and, where necessary, adjusted by EC following preliminary consistency checks)				
					(2) Total Error Rate	(3) Total Error Rate	(4) Residual Total Error Rate	(5) Residual Total Error Rate removing impact of advances to financial instruments	(6) Total Error Rate reportable by EC	(7) Residual Total Error Rate reportable by EC	(8) Relevant Expenditure (€)		
TC	2014TC16RFIR003	URBACT	Y	Y	1.36%	1.01%	0.90%	0.90%	0.05%	0.04%	4,485,104.42	N	
TC	2014TC16RFIR004	ESPON	Y	Y	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	9,584,561.22	N	
TC	2014TC16RFP C001	Ireland-United Kingdom (PEACE)	Y	Y	2.00%	1.38%	1.35%	1.35%	3.22%	2.00%	36,750,588.16	N	
TC	2014TC16RFT N001	Alpine Space	Y	Y	1.55%	0.29%	0.27%	0.27%	1.75%	1.71%	21,327,130.67	N	
TC	2014TC16RFT N002	Atlantic Area	Y	Y	0.18%	1.07%	1.01%	1.01%	0.79%	0.75%	37,268,673.99	N	
TC	2014TC16RFT N003	Central Europe	Y	Y	0.34%	0.03%	0.03%	0.03%	0.21%	0.20%	46,761,702.68	N	
TC	2014TC16RFT N004	Northern Periphery and Arctic	Y	Y	0.02%	0.00%	0.00%	0.00%	0.27%	0.24%	7,198,505.58	N	
TC	2014TC16RFT N005	North Sea	Y	Y	2.47%	0.39%	0.33%	0.33%	2.47%	2.34%	34,542,498.83	Y	Full reservation
TC	2014TC16RFT N006	North West Europe	Y	Y	0.10%	0.16%	0.15%	0.15%	0.63%	0.61%	78,748,703.25	N	
TC	2014TC16RFT N007	South West Europe	Y	Y	0.05%	0.58%	0.56%	0.56%	1.53%	1.50%	20,736,229.30	N	
TC	2014TC16RFT	Caribbean Area	N	N	0.00%	5.25%	2.00%	2.00%	43.38%	2.00%	4,885,880.39	Y	Full reservation

MS	Ref	Title	(1) MCS functioning effectively AAR2020 (Y/N/NA*): Y=Cat. 1-2; N=Cat. 3-4	(1) MCS functioning effectively AAR 2021 (Y/N/NA*): Y=Cat. 1-2; N=Cat. 3-4	Accounting year 2018-2019	Accounting year 2019-2020			Accounting year 2020-2021			Issue d Reservation for 2021 (Y/N)	Comments
					Confirmed error rates after EC's assessment (desk review of all OPs and risk-based compliance audits)	Confirmed error rates after EC's assessment (desk review of all OPs and risk-based compliance audits)			Reportable rates (reported by audit authorities and, where necessary, adjusted by EC following preliminary consistency checks)				
					(2) Total Error Rate	(3) Total Error Rate	(4) Residual Total Error Rate	(5) Residual Total Error Rate removing impact of advances to financial instruments	(6) Total Error Rate reportable by EC	(7) Residual Total Error Rate reportable by EC	(8) Relevant Expenditure (€)		
	N008												
TC	2014TC16RFT N009	Indian Ocean Area	Y	Y	1.65%	0.44%	0.34%	0.34%	1.39%	1.21%	11,148,791.63	N	
TC	2014TC16RFT N010	Amazonia	Y	Y	0.41%	0.02%	0.01%	0.01%	0.10%	0.04%	6,452,002.02	N	
UK	2014UK16RF OP001	United Kingdom - ERDF England	Y	Y	5.05%	1.19%	1.18%	1.55%	1.35%	1.08%	887,186,886.04	N	
UK	2014UK16RF OP002	United Kingdom - ERDF Gibraltar	N	N	2.00%	5.00%	5.00%	0.00%	0.00%	0.00%	-	Y	Full non-financial reservation
UK	2014UK16RF OP003	United Kingdom - ERDF Northern Ireland	Y	Y	0.11%	0.06%	0.04%	0.04%	0.60%	0.48%	41,261,940.20	N	
UK	2014UK16RF OP004	United Kingdom - ERDF Scotland	N	Y	-	3.23%	1.99%	1.99%	4.06%	1.99%	11,6260,768.22	N	
UK	2014UK16RF OP005	United Kingdom - ERDF West Wales and The Valleys	N	Y	0.67%	0.03%	0.03%	0.04%	0.28%	0.28%	113,525,958.04	N	
UK	2014UK16RF OP006	United Kingdom - ERDF East Wales	Y	Y	0.67%	0.03%	0.03%	0.05%	0.28%	0.28%	24,621,919.29	N	
KPI 5 confirmed for accounting year 2019-2020								1.87%					
Amount at risk at closure (where all RTERs 2019-2020 >2 % are brought down to 2%)								1.15%					

ANNEX 7C: 2014-2020: List of programmes with deficiencies in the functioning of the management and control systems (MCS)

#	MS	CCI	Programme Title	Part of the MCS for which deficiencies were identified (KR ⁴⁷)	Authority concerned	Reservation Y/N	Expenditure concerned in 2020-2021 accounts (million EUR)	% of total expenditure in 2020-2021 accounts
1	CZ	2014CZ16RFOP001	Enterprise and Innovation for Competitiveness	KR2 (findings linked to COI, project innovativeness and cost effectiveness of budget) and KR4 (in particular public procurement)	Managing authority	Yes, full	1,203	2.00%
2	ES	2014ES16RFOP003	Andalucía ERDF 2014-20 OP	KR4 and KR7 – TER>5%	Managing authority / Regional intermediate body	No	834	1.39%
3	ES	2014ES16RFOP014	Extremadura ERDF 2014-20 OP	KR4 as TER>5%	Managing authority	No	207	0.34%
4	ES	2014ES16RFOP015	Galicia ERDF 2014-2020	KR4 as TER>5%	Managing authority	No	230	0.38%
5	ES	2014ES16RFSM001	SME Initiative ERDF 2014-20 OP	KR2, 4 and 5 - insufficient checks by financial institutions (ineligible loans or beneficiaries identified by the audit).	Managing authority	Yes, reputational	0	0.00%
6	FR	2014FR05M00P001	Operational Programme ERDF-ESF Ile-de-France et Seine 2014-2020	KR4 - TER is 5,39% and the TER without FIs is 11,63%	Managing authority	Yes, partial	170	0.28%
7	FR	2014FR16M00P001	Regional programme Aquitaine 2014-2020	KR4, total error rate > 5%	Managing authority	No	136	0.23%
8	FR	2014FR16M20P006	Regional programme Limousin 2014-2020	KR4 - TER >5%	Managing authority	No	72	0.12%
9	FR	2014FR16M20P009	Regional programme Poitou Charentes 2014-2020	KR4 - TER >5%	Managing authority	No	52	0.09%
10	FR	2014FR16M00P011	Regional programme Martinique Conseil Régional 2014-2020	KR 18 (due to unfinished audit of operations)	Audit Authority	Yes, full	84	0.14%
11	FR	2014FR16M20P004	Regional programme Corse 2014-2020	KR4, total error rate > 10%	Managing authority	Yes, full	16	0.03%
12	FR	2014FR16M20P012	Regional programme Mayotte 2014-2020	KR4, KR16 and KR18, total error rate > 5%	Managing authority, Audit authority	Yes, full non-financial	0	0.00%
13	FR	2014FR16RFOP003	Interregional programme Massif Central 2014-2020	KR4, total error rate > 5%	Managing authority	No	10	0.02%
14	IT	2014IT16M20P006	ROP Calabria ERDF ESF	KR1, KR2 and KR4	Managing authority	Yes, full	284	0.47%
15	IT	2014IT16RFOP016	ROP Sicilia ERDF	KR 4 (linked to unjustified use of subcontracting)	Managing authority	Yes, full	571	0.95%
16	IT	2014IT16RFOP022	ROP Basilicata ERDF	KR 4 and KR16	Managing authority, Audit authority	Yes, full	109	0.18%
17	PL	2014PL16M20P015	ROP 15 Regional Operational Programme for Wielkopolskie Voivodeship	KR4, KR16 - reporting of the error rate for the programme by the audit authority as a consequence of a	Managing authority/Audit authority	Full	369	0.61%

⁴⁷ Managing authority: KR1: separation of functions, KR2: selection of operations, KR4: management verifications, KR5: audit trail, KR6: reliability of performance data,

Certifying authority: KR13: drawing up accounts,

Audit authority: KR15: system audits, KR16: audits of operations, KR18: annual control report and audit opinion

#	MS	CCI	Programme Title	Part of the MCS for which deficiencies were identified (KR ⁴⁷)	Authority concerned	Reservation Y/N	Expenditure concerned in 2020-2021 accounts (million EUR)	% of total expenditure in 2020-2021 accounts
				disagreement on the methodology to quantify errors found irregular by the managing authority after the audit sample was drawn				
18	SK	2014SK05M00P001	Operational Programme Human Resources	KR 4 (TER >5%) and KR6	Managing authority/Intermediate body	No	13	0.02%
19	SK	2014SK16M10P001	Integrated Infrastructure	KR4 and KR16	Managing authority/Audit authority	No	974	1.62%
20	ETC	2014TC16RFCB017	Interreg V-A - Germany/Saxony-Czech Republic	KR4 - TER>5%	Managing authority	No	25	0.04%
21	ETC	2014TC16RFCB040	Interreg V-A - France-United Kingdom (Manche/Channel)	KR1, KR4 and KR7	Managing authority	No	57	0,09%
22	ETC	2014TC16RFCB043	Interreg V-A - France (Saint Martin-Sint Maarten)	KR 2 and KR 4	Managing authority	Yes, full	0	0.00%
23	ETC	2014TC16RFCB050	Interreg V-A - Estonia-Latvia	KR4, KR16 (audit of operations not yet completed)	Managing authority, Audit Authority	Yes, full	9	0.01%
24	ETC	2014TC16RFCB051	Interreg V-A - France (Mayotte-Comores-Madagascar)	KR4, KR16 and KR18	Managing authority, Audit Authority	Yes, full	0	0.00%
25	ETC	2014TC16RFTN008	Caribbean Area	KR4	Managing authority	Yes, full	6	0.01%
26	ETC	2014TC16RFCB030	Interreg V-A - Slovakia-Czech Republic	KR4 - TER>5%	Managing authority	No	24	0.04%
27	UK	2014UK16RFOP002	United Kingdom - ERDF Gibraltar	KR4 (public procurement and state aid)	Managing authority, Audit Authority	Yes, full non-financial	0	0.00%
						TOTAL	5,455 out of 60,124	9.07%

ANNEX 7D: 2014-2020: Audit authorities with weaknesses and requested improvements

#	MS	Audit authority (AA) or control body concerned	Identified deficiencies	Reservation Y/N	Share of total ERDF/CF expenditure audited by AA/ control body
1	DE	Brandenburg	Deficiencies detected in the work of the AA following the desk review of the ACR and a Commission fact finding mission	No	0.39%
2	FR	Regional control body Martinique	Incomplete audits of operations by the regional control body of the audit authority (only 12 out of 30 audits of operations finished). As a result high error rate provisionally reported (above 25%).	Yes, full	0.18%
3		Regional control body Mayotte	Deficiencies detected in the work of the regional control body of the audit authority following a Commission audit in 2020 in relation to lack of detection of irregularities in public procurement and eligibility of expenditure. Lack of administrative capacity of the regional control body. Zero accounts submitted in 2022 pending system improvements.	Yes, full non-financial	0.06
4	IT	AA Basilicata	Deficiencies detected in the work of the audit authority following a Commission audit in relation to lack of detection of irregularities in public procurement and eligibility of expenditure.	Yes - full	0.17%
5	PL	Regional control body Opolskie	Deficiencies detected in the work of the audit authority following a Commission audit on financial instruments part of the programme.	Yes – Partial Non-Financial	0.27%
6		Regional control body Wielkopolskie	The desk review and a Commission audit confirmed the under-reporting of the error rate for the programme by the audit authority as a consequence of a disagreement on the methodology to quantify errors found irregular by the managing authority after the audit sample was drawn.	Yes - Full	0.71%
7	SK	AA Slovakia	Deficiencies detected in the work of the audit authority following a Commission audit in relation to lack of detection of a specific State aid issue limited to a number of calls. This weakness is currently being addressed by the programme authorities.	No	4.70%
8	UK	AA Gibraltar	Deficiencies detected in the work of the audit authority following a Commission audit in relation to weak verifications on public procurement and State aid.	Yes – Full Non-Financial	0.002%
				Total	6.5%

ANNEX 7E: Actions to improve further the effectiveness of management and control systems and to boost the prevention, detection and correction of errors

Capacity building is an ongoing challenge requiring permanently to refocus and update the action. In the continuity of achievements made, and in order to address weaknesses still identified for some programmes, REGIO will further amplify its efforts towards the target to ensure compliance and a residual risk below materiality for all programmes.

REGIO offers tailored preventive actions to address the risk of non-detection of errors by the first and second control layers of programmes (managing authorities / audit authorities) and under-reporting of their financial impact, thereby improving the quality of assurance offered by programme authorities:

- Organising dedicated information sessions, workshop discussions, training material and best practice guidance for managing and audit authorities on the basis of an analysis of the recurrent errors identified for the concerned programmes;
- Sharing with programme authorities detailed analysis of the errors found in REGIO/EMPL and ECA audits and divergence against the applicable legal framework;
- Providing an overall analysis comparing the main error types identified by the audit authorities and by REGIO auditors, based on the joint typology of errors;
- Lending assistance and supervision to audit authorities in need of support to arrive at reliable assurance results, providing support for the analysis of specific systemic or recurrent findings;
- Consistently imposing remedial action plans to managing and/or audit authorities in case of deficiencies identified.

Examples of general administrative capacity building actions

- **Sharing common audit tools:** the Commission audit services share with audit authorities their detailed audit check lists. Audit authorities can thus review and complement / update their own checklists, as needed. In 2021, the Commission audit services have further updated their checklist for audit of operations and shared it with audit authorities. Furthermore, first draft of the audit methodology related to the assessment of the management and control system and risk-based management verifications for the 2021-2027 period were discussed with the audit authorities.
- **Sharing good practices between peers:** In 2021 26 TAIEX-REGIO Peer2Peer exchanges involving 725 participants from all Member States were organised (all remotely due to the pandemic). This allows programme authorities to exchange good practice on concrete implementation or control issues, such as green public procurement, simplified cost options, conflict of interest, State aid, and management and control systems.
- **Continuous professional development of programme authorities' staff:** due to staff turn-over in the programme authorities, continuous professional development is necessary to avoid that the quality of management and control systems deteriorates over time and that expertise gets lost. In 2021 six trainings sessions (virtual due to pandemic) on State aid, prevention of fraud and corruption and development of roadmaps for administrative capacity building were carried out with the help of EIPA with some 220 participants from national or regional administrations managing the Funds.

REGIO takes targeted actions to safeguard the reliability of the assurance results presented by audit authorities and addresses high error rates

- Reviewing thoroughly all error rates reported and re-calculating them in case errors are not detected and/or not sufficiently quantified;

- Providing as the case may be preventive advice and support to audit authorities (before the annual control report is issued), should the nature and difficulties of the findings so require;
- Analysing the frequency and seriousness of errors found, including cases of systematic low error rates, auditing itself relevant expenditure if its risk assessment reveals the need to perform additional work in order to obtain direct assurance for a programme;
- In case of systemic deficiencies identified, re-calculating the residual error rates and monitoring how the authorities/management and control systems evolve over time;
- Adopting a strict approach to sampling parameters used by audit authorities, however in line with the flexibility offered by existing rules, and to the reporting of possible anomalous errors not extrapolated towards the total error rate.
- Systematically assessing under its compliance audits, when the Commission identifies additional errors in its re-performed samples, whether such errors can re-occur in the rest of the audit authority's sample and requesting additional audit work where necessary.
- Assessing the reliability of audit authorities not only on the basis of the recalculated error rates (which can be influenced by single errors having an important statistical impact) but on the basis of a number of criteria which, if not satisfactorily assessed, reflect the presence of systemic weaknesses in their work and in the control systems.
- Focussing the audit work on those audit authorities on which REGIO was not yet able to place an adequate level of reliance, for which limited review was performed so far or for which new risks emerged, bearing in mind that a certain level of audit work is to be done for other audit authorities as well, which will ensure the coverage of the main audit authorities over time.

REGIO takes initiatives to curb the root causes of errors, in particular by:

- Reinforcing efforts for administrative capacity building through up-dated action plans on public procurement and State aid, peer-to-peer exchanges (open to managing as well as audit authorities) and technical assistance support;
- Facilitating the uptake of simplified cost options (SCO) – a radical game-changer for programme error rates – by providing assistance and support to the programme authorities to prepare and assess the SCO schemes for 2021 – 2027 programmes;
- Contributing to predictability based on methodologies approved and agreed with all actors, including with the ECA, taking account of recommendations issued by the ECA;
- Communicating, increasing trust and dialogue between programme authorities and with the Commission services and promoting simplification at all levels and fight against gold-plating at national / programme level.

ANNEX 7F: 2014-2020: On-the-spot audit work⁴⁸ carried out by REGIO in 2021

In line with its Single Audit Strategy, the DAC annually updates its risk assessment covering EMPL and REGIO programmes⁴⁹ and defines the on-the-spot audit plan (2014-2020 programmes). For 2021, this audit plan continued to focus mainly on the **review of the work of audit authorities to assess the reliability of reported results**. This included compliance audits and fact-finding missions in relation to the annual control reports (ACR) under assessment, entailing a re-performance of the audit work carried out by audit authorities on a sample basis (desk and on the spot). Such re-performance and clarification work was mainly risk-based but also covered lower risk audit authorities and programmes to ensure monitoring of the main audit authorities over time. Thematic system audits were also part of the audit plan to obtain direct assurance for specific systems, implementation bodies or areas when specific risks had been identified.

The DAC carried out **46 audits** related to ERDF/CF programmes in 18 Member States⁵⁰, the UK and one ETC programme. Out of these, audit work to review the work of audit authorities covered: **18 compliance audits** in 10 Member States⁵¹ covering 20 assurance packages (30 programmes) and 10.5% of the EUR 41.9 billion of ERDF and CF certified in the annual accounts 2019/2020 submitted in February/March 2021; and **seven post-2021 ACR** fact finding missions (including a desk review of audit report in one case) in seven Member States⁵² and one ETC OP with a view to clarifying audit information reported in the concerned 5 assurance packages submitted in 2021. Altogether the DAC therefore reviewed on the-spot or remotely the audit work performed by audit authorities for **25 assurance packages**⁵³ submitted in 2021⁵⁴. As a result of these 25 compliance audits and post-ACR fact findings, DAC identified further irregularities to the

Thematic audit on measures to prevent conflicts of interests in Poland

For Świętokrzyskie, the audit covered in particular the allegations made in press articles related to two calls organised as a response to difficulties in SMEs caused by the COVID-19 pandemic, under CR11, where employees of the managing authority and their family members applied for and obtained grants.

For Mazowieckie, the Commission auditors selected a sample of operations with an increased risk of a conflict of interest, including operations in the area of combat against the COVID-19 pandemic and involving public procurement.

The main finding from the audit relates to the lack of sufficient and adequate preventive measures to avoid conflict of interests.

The managing authorities have been requested to review their current systems in order to ensure that their procedures for all aspects of conflicts of interests and for all persons involved in decision-making processes related to EU budget implementation are adequately covered in line with the Article 61 of the Financial Regulation. These procedures should prevent, detect, properly mitigate and address the risk of conflicts of interests.

⁴⁸ Due to the Covid-19 restrictions REGIO carried out 63% of its audits remotely in 2021. In only one case the planned audit could not be carried out due to the Covid-19 restrictions in the region (DE, Sachsen). This audit will be postponed to 2022. The scope of all other planned audits were covered through appropriate audit procedures and REGIO auditors obtained sufficient audit evidence to be able to conclude for each of these audits.

⁴⁹ To determine which audit authorities and programmes will be subject to compliance audits; the risk assessment is based on a set of risk criteria which are weighted to obtain a risk scoring for each audit authority and programme.

⁵⁰ Belgium, Bulgaria (2), Cyprus, Czech Republic (2), Germany (5), Denmark, Greece, Spain (3), France (5), Hungary (3), Italy (5), Lithuania (2), Latvia (2), Malta, Poland (5), Portugal, Romania (2), Slovakia (2).

⁵¹ Cyprus, Czech Republic, Germany (4), Denmark (ongoing), Spain (2), France (3), Italy (2), Poland (2), Portugal (ongoing) and Slovakia covering on average 23% of the number of audits of operations carried out by the national audit authorities.

⁵² Bulgaria, Italy, Latvia, Romania and covering several programmes for Hungary, Poland and Spain.

⁵³ The post-ACR missions in ES, HU and PL covered review work across all programmes and therefore are not accounted for in the reviewed assurance packages.

⁵⁴ In addition, in the end of 2020, DAC carried out two preventive reviews (1 FR and 1 IT) of preliminary audit results to be reported in 2021 ACRs covering the accounting year 2019-2020. In 2021, three pre-ACR fact finding missions covering covering three Member States (IT, SK) and 1 ETC OP were carried out on the accounting year 2019-2020 and one pre-ACR mission was carried out in FR to cover the accounting year 2020/2021.

ones detected by audit authorities in **16 assurance packages** leading to a **re-calculated residual risk** at this stage of the contradictory procedures⁵⁵, **above 2% in four cases (FR (2), IT and SK)**.

The DAC also carried out the following audits:

- **nine thematic audits** in eight Member States⁵⁶ covering 14 programmes to cover specific risk areas including: selection of operations (EL, HU (2)); management verifications including public procurement (BE, BG, EL, HU (2), LT); SCOs (PL); financial instruments (FR); compliance with the durability provisions (CZ). Thanks to the level of expenditure already declared for the concerned programmes, two of these audits in LT and EL covered CRII+ measures (and REACT-EU expenditure in EL) to verify whether the risks identified in REGIO's updated risk management in 2020 were appropriately mitigated. In both cases the audits detected some weaknesses in the (depth and timing of) management verifications carried out, with however limited impact. Remedial measures were recommended to reinforce the controls.
- **Four thematic audits** to cover the measures taken by specific programmes or Member States to avoid **conflicts of interests**⁵⁷ in PL (two regional programmes), in RO (public procurements), LV (selection of projects by Competence Centres) and one audit launched (and on-going) in MT. Serious deficiencies were detected in PL (Mazowieckie and Świętokrzyskie Voivodeships) and LV.
- **Four audit missions to verify the implementation of adequate remedial action plans** in DE, IT, LT and the UK, in follow up to prior interruptions of payments.

EXAMPLES OF REMEDIAL ACTIONS

Following a Commission audit, the Campania programme authorities in Italy improved the management and control systems so that operations that are either completed or fully implemented are not declared to the Commission.

The DAC audits carried out in 2021 led to the identification of **88 system** and **79 project findings** in relation to the **235 ERDF/CF operations audited**⁵⁸. In line with the joint typology of errors shared with audit authorities, the vast majority of the ERDF/CF project findings, pending on-going

contradictory procedures, related to **public procurement (26%), ineligible expenditure (21%), missing documentation rendering the expenditure irregular (15%) or non-compliance with State aid rules (10%)**. These irregularities were not detected or not sufficiently quantified by the programme authorities. Other findings are reported in the following chart.

REGIO is requesting programme authorities to apply appropriate financial corrections for past expenditure concerned in all cases and in case this is not done, will issue financial correction procedures to apply the required financial corrections through a Commission decision⁵⁹. Moreover

⁵⁵ DAC requested audit authorities to ascertain, in 12 compliance audits (75% of compliance audits carried out), that no similar irregularities as the ones it found remained undetected in the parts of the audit samples not re-performed. Pending such verifications the risk has been reflected at flat rate in the maximum risk reported in KPI 5.

⁵⁶ Belgium, Bulgaria, Czech Republic, France, Greece, Hungary (2), Lithuania and Poland

⁵⁷ Article 61 of the 2018 Financial Regulation.

⁵⁸ Operations were audited on the spot mostly at the level of managing or audit authorities to avoid duplication of audits and control burden to beneficiaries, or at the level of beneficiaries.

⁵⁹ In which case the financial correction would be net.

REGIO assesses in each case if the strict legal conditions for net financial corrections would apply. Such legal assessment is on-going in two cases (FR, IT), due to the serious deficiencies identified and not reported in first instance by the programme authorities before submitting the respective accounts.

As a result of its audits, REGIO is also taking **preventive action** to tackle the most frequent errors it detects. For each system finding, REGIO issues a recommendation for **remedial measures** and ensures a close follow-up to verify that the recommendation is effectively and timely implemented to fix the system and mitigate any risk for future expenditure. For **audit authorities**, remedial actions refer mainly to the improvement of their capacity to detect all irregularities through updated and completed audit check lists and methodology, clarification of applicable law (in particular in relation to public procurement), recruitment of additional staff and continuous professional training.

ANNEX 7G: Preventive measures under Articles 83 and 142 of the Common Provisions Regulation

The measures under Article 83 (interruption of the payment deadline) and 142 (suspension of payments) of CPR aim to remedy to deficiencies in the setup and functioning of management and control systems with the aim to prevent these systems from generating irregular expenditure in future. Thus, these measures are called “preventive”.

Payments are interrupted when serious deficiencies / irregularities are found

DG REGIO follows a balanced approach that protects the EU budget. DG REGIO applies a common approach to interruptions of payments with DG EMPL which is strict but proportionate, taking into account the annual acceptance of accounts and the 10% retention on reimbursement of interim payments until accounts are accepted (Articles 130 and 139 of the CPR). This means that as soon as serious irregularities or deficiencies in the management and control system are reported payments are interrupted (stopped) where the deficiency would require a correction higher than the 10% retention, or where the individual irregularity would have serious financial consequences⁶⁰. This proportionate approach, to take account of the protection inbuilt within the system of annual accounts until the latter are accepted, leads to less interruptions than in the past (4 cases in 2021). If no payment claim was submitted by the time the serious deficiency / irregularity was detected, a warning letter of possible interruption of payment deadlines (in case a payment claim would be introduced) is sent to the Member State (22 cases in 2021).

In 2021, payments were interrupted for five programmes (four new ones and one carried over from 2020), together six payment applications. The total interrupted volume amounted to some EUR 322 million (almost EUR 7 million reported from 2020). By the end of 2021, remedial actions implemented by the concerned programmes allowed to lift interruptions for four programmes, leaving interrupted one payment application only amounting to around EUR 30,000.

Warning of corrective measures letters are also sent when risks linked to deficiencies are covered by the 10% retention

A warning letter for corrective measures is still sent to the concerned programmes for cases of system deficiencies with estimated risk to the EU budget above 5% but less than the 10% retention. In such cases, the Member State is requested to take the necessary preventive and corrective measures to make financial corrections and improve the system, so that sufficient assurance is provided that expenditure included in the next accounts is not materially misstated. Overall in 2021, 15 programmes received a letter requesting the implementation of corrective measures. The effective implementation of the required remedial actions by the programme authorities allowed the Commission services during the same period to close such warnings from the preceding year(s) for 27 programmes. In case the deficiency still persists at the moment of settling the accounts, and in case the balance would be positive, the warning may be transformed in a formal interruption of

⁶⁰ Article 83 (1)(a) of Common Provisions Regulation 1303/2013.

payments to speed up the implementation of the requested measures. There were no such cases in 2021.

Suspension procedures are opened when required based on the CPR requirements (Art. 142): legality and regularity issues; ex ante conditionalities not fulfilled; or insufficient quality or reliability of performance data indicators

The Commission needs to take a decision to suspend payments to a programme when a serious system deficiency or irregularity are confirmed or was not solved within 6 months (possibly extended by 3 months at the request of the Member State) following an interruption of payments. In 2021 such a case occurred for the Czech OP Enterprise and Innovation for Competitiveness, linked to a payment claim (of less than EUR 30,000) submitted in June 2021 by the Czech authorities for one operation falling under the then Prime Minister’s conflict of interest with a view to have a Commission actionable act which Czechia could then contest in the Court of Justice. REGIO interrupted the payment claim in August 2021 and the suspension decision was adopted on 26 January 2022.

Ex ante conditionalities for the 2014-2020 period were fulfilled in all but two cases. In total, two suspension decisions were adopted for a failure to complete actions to fulfil an ex ante conditionality (one in 2018 and one in 2019), but only one was still applicable at the end of 2021⁶¹.

With respect to the reliability of the monitoring system or of the data on common or specific indicators and as a result of audit results available based on the audit authorities’ and its audit work, no such decision needed to be adopted in 2021.

The table below shows the number of warnings of corrective measures, warning of possible interruption, interruptions and pre-suspension letters issued by the Commission in 2021 and early 2022.

	Warning letter of corrective measures (risk >5% but < 10%)	Warning of possible interruption of payment (risk >10% but no pending payment claim)	Interruption of payment (risk >10% and pending payment claim)	Pre-suspension letters	Suspensions
2021	15	22	4	1	0
Until end of Q1 2022	11	11	4	0	1
Lifting of previous years’ cases	27	13	4	N/A	2

Details on individual cases are presented below.

⁶¹ Commission Implementing Decision C(2019) 911 of 12 February 2019 concerning the suspension of interim payments from the European Regional Development Fund for the operational programme "Sicily" in Italy (CCI 2014IT16RFOP016).

Number of Decisions taken in 2021 by DG REGIO to initiate preventive measures

	Warning letters of corrective measures	Warning letters of possible interruption	Interruptions of payment	Pre-suspension letters	Suspension decisions
BE	1				
CZ	1	7	1		
DE	1				
ES	3	2			
FR	1	2	1	1	
HU		2			
IT	1	1	1		
LT		1			
PL	1	2			
RO		1			
SE	1				
SK	1				
TC (including ENI-CBC)	4	4	1		
UK		1			
Total	15	22	4	1	0

Number of Decisions in Q1 2022

	Warning letters of corrective measures	Warning letters of interruption	Interruptions of payment	Pre-suspension letters	Suspension decisions
AT	1				
BE		1			
CZ					1
EE	1				
ES	2				
FI	1				
FR	4	3	3		
LV		1			
PL		2			
SK	1	1			
TC	1	3	1		
Total	11	11	4	0	1

Interruptions decided in 2021

	MS	Region/ Operational programme	CCI N°	DATE	AMOUNT (EUR)	DATE of LIFTING	Main weaknesses identified
1	CZ	Enterprise and innovation For Competitiveness	2014CZ16RFOP001	9/8/2021	29,069	N/A	Disagreement with regard to the interpretation of Article 4c of the Czech Conflict of Interest Act No 159/2006 Coll., in relation to companies under a trust fund controlled by the then Prime Minister and benefitting from EU funds - one operation concerned by the payment claim
2	FR	Guadeloupe	2014FR162M00P009	04/06/2021	17,632,701	16/08/2021	Significant deficiencies in management

MS	Region/ Operational programme	CCI N°	DATE	AMOUNT (EUR)	DATE of LIFTING	Main weaknesses identified
						verifications (KR4) not adequately preventing errors from occurring, as reflected by the total error rate reported by the audit authority: 10.3%
3	IT Campania	2014IT16RFOP007	04/08/2021	299,280,868	22/12/2021	Significant deficiencies identified and expenditure declared linked to irregularities having serious financial consequences: deficiencies linked to the adequate selection of operations (key requirement (KR) 2), in particular in relation to retrospective operations; adequate management verifications (KR 4); adequate audits of operations (KR 16) in particular non detection of serious irregularities linked to irregular retrospective projects; and adequate procedures for providing reliable audit opinion and for preparing the annual control report (KR 18) (unreliable reported error rate)
4	TC France- Wallonie- Vlaanderen	2014TC16RFCB044	30/04/2021	5,157,769	24/11/2021	Significant deficiencies in management verifications (KR4) for the French side of the programme, in particular in relation to first-level checks not carried out in a uniform manner resulting in misunderstanding of the eligibility rules for staff and mission costs.

Interruptions decided in Q1 2022

MS	CCI N°	Region/ Operational programme	DATE	AMOUNT (EUR)	DATE of LIFTING	Main weaknesses identified
1	FR 2014FR16M2OP012	FEDER-FSE Mayotte 2014- 2020	18/2/2022	ERDF – 9,031,135.28	N/A	Findings concern both ERDF and ESF: - Important issues with the functioning of the management and control system of the programme; deficiencies are linked to key requirement (KR) 4: appropriated control of control systems; KR 16: adequate audits of the operations; KR 18: appropriate procedures for the production of a reliable audit opinion and the preparation of the annual audit report.
2	FR 2014FR05M0OP001	ERDF-ESF Ile-de- 3France et Seine 2014-2020	Decided on 25 March 2022	996,500.31	N/A	Interruption concerns the outstanding balance to pay. The TER without financial instruments is 11.6%. An indication of persisting problems following the previous years of interruption and pre-suspension.
3	FR 2014FR16M0OP011	Regional programme Martinique Conseil Régional 2014- 2020	Decided on 25 March 2022	1,330,939.14	N/A	Provisional ACR, audit work not finished. 12 out of 30 audits of operations are finished. Data imported from SFC in the country fiche is not correct. Adverse opinion due to incomplete audit work (same as AA). 12 out of 30 audits of operations are finished. A thematic audit on management verifications is planned for November 2022.

MS	CCI N°	Region/ Operational programme	DATE	AMOUNT (EUR)	DATE of LIFTING	Main weaknesses identified	
4	TC	2014TC16RFCB050	Interreg V-A - Estonia-Latvia	Decided on 25 March 2022	639,812.75	N/A	The total error rate (32.8%) and the residual error rate (24.8) are both highly above the materiality level (2%); Audit work is not yet finalised and is on-going according to ACR.

Warning letters of possible interruption

	MS	CCI N°	Title	Date of letter	Lifting letter	Main weaknesses identified
1-7	CZ	2014CZ05M20P001 2014CZ16CFTA001 2014CZ16M10P001 2014CZ16M10P002 2014CZ16M20P001 2014CZ16RFOP0012 014CZ16RFOP002	Research, Development and Education Technical Assistance Transport Environment Prague – Growth Pole Enterprise and Innovation for competitiveness Integrated Regional OP	23/08/2021	N/A	Significant deficiency in the functioning of the management and control system of the ERDF, CF and ESF in relation to the verification of possible conflicts of interests arising for companies under Trust Funds (Article 4c of Czech Act No 159/2006 Coll., on conflict of interests)
8	ES	2014ES16RFOP002	OP Plurirregional de España FEDER	24/03/2021	N/A	Alleged collusion
9	ES	2014ES16RFOP011	Cataluña	23/04/2021	N/A	Significant deficiency linked to key requirement 16: Adequate audits of operations and 18: Adequate procedures for providing a reliable audit opinion and for preparing the annual control report (incomplete audits by the regulatory deadline, with possible high impact on the reported error rate)
10	FR	2014FR16M00P009	Guadeloupe	27/04/2021	N/A	Significant deficiencies in management verifications (KR4) not adequately preventing errors from occurring, as reflected by the total error rate reported by the audit authority: 10.28%
11	FR	2014FR16M20P012	Mayotte	05/03/2021	N/A	Significant deficiencies in management verifications (KR4), audits of operations (KR16) and procedures for providing a reliable audit opinion and for preparing the annual control report (KR18) as reflected by the recalculated error rate by the Commission following a compliance audit: 100% and demonstrating serious deficiency in the programme capacity to prevent and detect irregularities

	MS	CCI N°	Title	Date of letter	Lifting letter	Main weaknesses identified
12	HU	2014HU16M00P001	Economic Development And Innovation	19/08/2021	N/A	Serious deficiencies linked to adequate project selection and management verifications (key requirements 2 and 4) related to serious eligibility (project selection) deficiencies and irregularities, as well as management verifications on staff costs.
13	IT	2014IT16RFOP007	Campania	04/03/2021	N/A	Significant deficiencies identified and expenditure declared linked to irregularities having serious financial consequences: deficiencies linked to the adequate selection of operations (key requirement (KR) 2), in particular in relation to retrospective operations; adequate management verifications (KR 4); adequate audits of operations (KR 16) in particular non detection of serious irregularities linked to irregular retrospective projects; and adequate procedures for providing reliable audit opinion and for preparing the annual control report (KR 18) (unreliable reported error rate)
14	LT	2014LT16MAOP001	EU Structural Funds Investments	04/03/2021	27/04/2021	Significant deficiency on the intermediate body "Environmental Projects Management Agency" linked to adequate management verifications (KR4)
15	PL	2014PL16M2OP013	Świętokrzyskie Voivodeship	11/08/2021	N/A	Expenditure linked to two calls for working capital in SMES (Covid expenditure) may be linked to an irregularity having serious financial consequences due to non-compliance with requirements for preventing conflicts of interest
16	PL	2014PL16RFOP003	Development Of Eastern Poland	19/04/2021	01/06/2021	Based on a communication of the Polish Central Anti-corruption Office, expenditure linked to the "Park of Science and Technology Energy" may be linked to an irregularity having serious financial consequences.
17	RO	2014RO16RFOP002	Regional	19/11/2021	N/A	Expenditure linked to ITI Danube Delta may be linked to irregularities and fraud suspicions having serious financial consequences
18	TC	2014TC16M5CB006	Lithuania-Russia	27/05/2021	N/A	Audits of operations were not carried out in Lithuania and Russia and thus there is no assurance on the eligibility of the expenditure included in the accounts.

	MS	CCI N°	Title	Date of letter	Lifting letter	Main weaknesses identified
19	TC	2014TC16M5CB008	Latvia-Lithuania-Belarus	27/05/2021	N/A	Audits of operations were not carried out in Lithuania and Belarus and thus there is no assurance on the eligibility of the expenditure included in the accounts.
20	TC	2014TC16RFCB025	Czech Republic-Poland	23/08/2021	N/A	Significant deficiency in the functioning of the management and control system of the ERDF, CF and ESF in relation to the verification of possible conflicts of interests arising for companies under Trust Funds (Article 4c of Czech Act No 159/2006 Coll., on conflict of interests)
21	TC	2014TC16RFCB051	Mayotte-Comores-Madagascar	19/04/2021	N/A	Significant deficiencies in management verifications (KR4), audits of operations (KR16) and procedures for providing a reliable audit opinion and for preparing the annual control report (KR18) as reflected by the recalculated error rate by the Commission following a compliance audit: 100% and demonstrating serious deficiency in the programme capacity to prevent and detect irregularities
22	UK	2014UK16RFOP002	Gibraltar	22/12/2021	N/A	Checks on compliance with State Aid and public procurement rules are inadequate and insufficient - serious deficiencies identified in Commission audit linked to management verifications (KR4), system audits (KR15) and procedures for providing reliable audit opinion and for preparing the annual control report (KR18)

Warning letters of possible interruption sent or decided in Q1 2022

	MS	CCI N°	Title	DATE	DATE of LIFTING	Main weaknesses identified
1	BE	2014BE16RFOP001	OP Brussels Capital Region	Decided on 25 March 2022	N/A	High TER and RTER due to 100% error for financial instruments put under "ongoing assessment". TER and RTER may change upon final decision, after the MA performs management verifications. This quantification was applied by the AA because the management verifications were not performed for the FI (and due to errors found by AA). Without FI "error" TER would be 1.05%.
2	FR	2014FR05MOOP001	ERDF-ESF Ile-de-France et Seine 2014-2020	Decided on 25 March 2022	N/A	Interruption concerns the outstanding balance to pay. the TER without financial instruments is 11.63%, An indication of persisting problems following the previous years of interruption and pre-suspension.

	MS	CCI N°	Title	DATE	DATE of LIFTING	Main weaknesses identified
3	FR	2014FR16M00P011	Regional programme Martinique Conseil Régional 2014-2020	Decided on 25 March 2022	N/A	Provisional ACR, audit work not finished. 12 out of 30 audits of operations are finished. Data imported from SFC in the country fiche is not correct. Adverse opinion due to incomplete audit work (same as AA). 12 out of 30 audits of operations are finished. A thematic audit on management verifications is planned for November 2022
4	FR	2014FR16M20P004	Regional programme Corse 2014-2020	Decided on 25 March 2022	N/A	TER > 10%
5	LV	2014LV16MAOP001	Growth And Employment	31/3/2022	N/A	deficiencies are linked to: Key requirement 2 - Appropriate selection of operations, 5 - Effective system in place to ensure an adequate audit trail
6	PL	2014PL16M20P013	Świętokrzyskie Voivodeship	Decided on 4 March 2022	N/A	- Article 83(1)(b) conflict of interest based on press articles (possible irregularities in calls for working capital in the programme in subject. Two calls were organised as a response to difficulties in SMEs caused by the COVID-19 pandemic, under the Coronavirus Response Investment Initiative. The Polish media reported that employees of the Marshall's Office) - DAC214PL1062 - category 3 for Key Requirement 2 and Key Requirement 4. The procedures to mitigate conflicts of interest cover both ERDF and ESF expenditure
7	PL	2014PL16M20P007	Mazowieckie Voivodeship	Decided on 4 March 2022	N/A	- DAC214PL1062 - category 3 for Key Requirement 2 and Key Requirement 4. The procedures to mitigate conflicts of interest cover both ERDF and ESF expenditure.
8	SK	2014SK16M10P001	Integrated Infrastructure	15/2/2022	N/A	Significant deficiencies identified by a Commission audit linked to the work of the audit authority: audits of operations (KR16) and procedures for providing a reliable audit opinion and for preparing the annual control report (KR18), and to management verifications (KR4) carried out by the managing authority, as reflected by the preliminary audit results and recalculated total error rate: 10.26%
9	TC	2014TC16RFCB017	Interreg V-A - Germany/Saxony-Czech Republic	Decided on 25 March 2022	N/A	Given the existence of an pending warning letter sent in May 2021, due to the TER of 5.47% for 2019-2020, it was decided to send a warning for possible interruption (instead of another warning for corrective measures). It follows from the 2021 ACR that significant deficiencies in the area of procurement procedures had not been identified or corrected by the managing authority in the framework of its management verifications.
10	TC	2014TC16RFCB043	Interreg V-A - France (Saint Martin-Sint Maarten)	Decided on 25 March 2022	N/A	DG REGIO's opinion is negative taking into account the 100% TER. The AA indicates the "impossibility to issue an opinion" due to restrictions within the SFC 2014 since the expenditure was removed from the accounts. The opinion issued by the EC will be notified to the AA.
11	TC	2014TC16RFTN008	Caribbean Area	Decided on 25 March 2022	N/A	The TER reported by AA 43.38%. The adverse opinion is based on the TER of 43.38%. No system audit performed (no assessment of KRs).

Pre-suspension letters issued in 2021

MS	CCI Nr	Title	DATE	AMOUNT	DATE of LIFTING	Main weaknesses identified
CZ	2014CZ16RFOP001	Enterprise and Innovation for Competitiveness OP	16/9/2021	29,069		Disagreement with regard to the interpretation of Article 4c of the Czech Conflict of Interest Act No 159/2006 Coll., in relation to companies under a trust fund controlled by the then Prime Minister and benefitting from EU funds - one operation concerned by the payment claim.

Pre-suspension letters issued in Q1 2022

None

ANNEX 7H: 2014-2020 ERDF / CF Programmes: Financial corrections applied by the Member States, including at the request of the Commission

In shared management, programme managing authorities are required to prevent irregularities by not declaring expenditure found to be irregular in interim payment claims submitted to the Commission. For this purpose appropriate management verifications need to be carried out before validating expenditure submitted by beneficiaries. Management verifications however continue even after declaring expenditure to the Commission during the accounting year (for ex. risk-based on the spot visits to operations) and up to the preparation of the programme annual accounts to be submitted to the Commission by 15 February (1 March at the latest), when the programme certifying authority formally certifies to the Commission that expenditure entered in the accounts is legal and regular.

The programme audit authorities audit a statistical sample of operations declared during the accounting year to the Commission. The errors found are withdrawn by programme authorities before submitting the accounts.

Taking into account the multi-annual programming in Cohesion and the fact that irregularities or other clerical errors are corrected before the legality and regularity of expenditure is formally certified to the Commission in the accounts, these financial corrections can be considered as **preventive measures safeguarding the EU budget**. Corrections intervening after accounts are submitted, identified by the Member States or at the request of the Commission, constitute **corrective measures** and are implemented in interim payment claims of subsequent accounting years.

Financial corrections reported by the programme authorities in the annual accounts

For safeguarding the EU budget, Member States implement during the year and at the latest in the accounts financial corrections following controls, audits and investigations which take place throughout the accounting year. These financial corrections are implemented in interim payment claims (column A in the table below) or at the latest in the accounts (column B in the table below), where they are reported in appendices 2 and 8 respectively. These implemented corrections result mainly from management verifications and audits carried out at national level, but also from the Commission's own audits and its follow-up to ECA audits or OLAF investigations. According to the CPR Article 137(2), programme authorities can also temporarily withdraw from the accounts expenditure that is subject to an ongoing assessment, so that only legal and regular expenditure is certified. The CPR also foresees that corrections resulting from audits from the programmes' audit authorities are indicated separately in the accounts appendices, while all other amounts of corrections and temporary withdrawals are reported together.

The table below lists the total deductions (**financial corrections⁶² and temporary deductions**) **reported** by the Member States **in the 2020-2021 programme accounts** (column C), and the amounts of financial corrections stemming from the irregularities detected during the audits of

⁶² Withdrawn from interim payment claims or deducted from accounts.

operations by audit authorities (column D). Amounts are in total expenditure declared (including public –European and national- and private contributions).

(EUR)	Withdrawals and recoveries from interim claims	Deductions from accounts	Total deductions included in the accounts	Out of which financial corrections resulting from audits of operations (by audit authorities)
	A	B	C= (A+B)	D
AT	6,267,322	26,960,267	33,227,589	51,357
BE	2,617,700	3,528,263	6,145,963	2,492,479
BG	1,851,314	10,124,209	11,975,523	7,921,430
CY	430,121	199,994	630,114	197,251
CZ	3,785,116	55,956,658	59,741,774	1,609,593
DE	20,751,489	48,222,079	68,973,568	12,956,237
DK	0	23,746	23,746	0
EE	2,034,925	164,826,234	166,861,159	254,446
ES	12,195,922	550,604,138	562,800,061	476,653,071
FI	278,454	8,786,293	9,064,747	9,723
FR	3,155,533	89,304,659	92,460,192	31,707,498
GR	730,957	53,585,187	54,316,143	20,220,881
HR	5,511,892	6,781,463	12,293,354	27,494
HU	201,480,447	557,480,742	758,961,189	3,484,771
IE	501,392	3,877,882	4,379,274	501,392
IT	39,495,368	271,144,443	310,639,811	101,915,983
LT	3,391,399	56,276,114	59,667,513	983,697
LU	0	0	0	0
LV	749,137	66,298,126	67,047,262	3,671,967
MT	9,575,321	515,229	10,090,550	55,345
NL	189,633	333,143	522,776	55,344
PL	23,575,910	318,287,231	341,863,140	14,665,180
PT	38,692,949	64,134,412	102,827,360	52,314,171
RO	58,211,596	111,891,541	170,103,138	28,689,654
SE	474,433	413,213	887,646	394,680
SI	1,291,510	11,670,306	12,961,816	211,576
SK	110,738,191	124,962,290	235,700,481	128,664,819
TC	4,879,495	28,530,234	33,409,729	12,040,735
UK	4,780,214	11,348,079	16,128,293	4,937,371
TOTAL	557,637,738	2,646,066,175	3,203,703,913	906,688,147

For the accounting year 2020–2021, the total ERDF/CF expenditure certified in the accounts is EUR 53.5 billion. The **programme authorities directly withdrew EUR 2.65 billion from the programme accounts** before submitting them to the Commission. Added to the EUR 0.56 billion of corrections already included in payment claims during the year, this makes **a total of EUR 3.2 billion of ERDF/CF expenditure** that were **deducted during the accounting year**. **These deductions protect the EU budget** as they result from
(a) continued management verifications after the end of the accounting year and until submission for the accounts (approx. EUR 407 million of definitive deductions, 13%);
(b) audits of operations by audit authorities (EUR 907 million of implemented, definitive

financial corrections, 28%);

(c) financial corrections implemented at the request of the Commission as a follow-up to its own audits, ECA audits or OLAF investigations;

(d) amounts previously declared during the accounting year and **temporarily withdrawn** in view of the **further assessment of their legality and regularity** in application of Article 137(2) CPR (approx. EUR 1,890 million, 59%)⁶³.

Such implemented financial corrections and temporary withdrawals under further confirmation of the legality and regularity of the concerned expenditure, deducted from the annual accounts, are therefore a powerful tool to protect the EU budget, year after year. Since the beginning of the programming period 2014-202, Member States deducted **cumulatively EUR 12.2 billion of definitive corrections and temporary withdrawals in the accounts**, including **EUR 1.8 billion of financial corrections implemented as a result of the audit authorities' work**.

	Withdrawals and recoveries from interim claims	Deductions from accounts	Total deductions included in the accounts	Out of which financial corrections resulting from audits of operations (by audit authorities)
	A	B	C=(A+B)	D
AT	6,370,118	62,268,619	68,638,737	16,754,544
BE	14,452,223	28,552,096	43,004,319	8,246,391
BG	6,372,595	56,228,567	62,601,162	27,540,981
CY	605,748	752,676	1,358,424	405,930
CZ	10,140,711	219,118,804	229,259,515	34,391,126
DE	25,340,033	199,200,455	224,540,488	60,003,904
DK	0	13,977,675	13,977,675	0
EE	5,650,113	234,756,677	240,406,790	13,218,782
ES	30,364,716	1,406,430,371	1,436,795,087	301,241,233
FI	700,918	41,851,623	42,552,540	297,669
FR	20,165,454	267,917,421	288,082,875	139,966,785
GR	1,095,080,327	244,064,618	1,339,144,944	100,069,814
HR	71,279,195	68,119,772	139,398,967	13,658,021
HU	414,035,327	2,712,229,238	3,126,264,565	58,237,695
IE	31,990,531	8,941,085	40,931,616	5,567,595
IT	59,116,507	773,229,579	832,346,086	177,966,851
LT	8,784,973	358,835,261	367,620,234	19,453,077
LU	0	0	0	0
LV	1,268,599	180,491,216	181,759,815	5,281,630
MT	10,804,866	5,516,421	16,321,287	63,882
NL	402,017	1,358,012	1,760,029	341,538
PL	81,960,869	1,159,315,018	1,241,275,887	62,173,557
PT	184,139,300	387,988,357	572,127,657	301,065,927
RO	62,074,904	424,019,566	486,094,470	131,632,225
SE	721,226	6,831,103	7,552,329	526,878
SI	7,520,907	132,107,930	139,628,837	4,034,475
SK	113,098,871	693,757,205	806,856,076	197,211,429
TC	6,559,053	76,592,218	83,151,271	18,488,029

⁶³ These amounts under ongoing assessment can be reintroduced only once the outstanding verifications have been completed and confirmed that the concerned expenditure is indeed legal and regular. Otherwise they are transformed in definitive financial corrections implemented in the accounts.

	Withdrawals and recoveries from interim claims	Deductions from accounts	Total deductions included in the accounts	Out of which financial corrections resulting from audits of operations (by audit authorities)
UK	13,663,352	131,653,049	145,316,401	56,802,204
TOTAL	2,282,663,453	9,896,104,630	12,178,768,083	1,754,642,172

Financial corrections imposed by REGIO to programmes and implemented by the Member States in the annual accounts

The corrective mechanism under Cohesion policy provides incentives for the Member States to carry out appropriate and timely financial correction before submitting accounts to the Commission, so that they can re-use the corresponding allocations. The Commission services have also provided clear guidance to ensure that expenditure is duly withdrawn before submitting accounts, when doubts are raised about its eligibility (under Article 137(2) CPR).

REGIO, through its audit and supervisory role, contributes to the above preventive and corrective mechanisms. In particular, **financial corrections requested by REGIO in 2021 through its audit activity and accepted by Member States** comprise corrections resulting from:

- (i) its own audits: EUR 146.49 million
- (ii) the Commission’s follow-up to ECA audit: EUR 10.04 million
- (iii) the Commission’s follow-up to OLAF investigations: EUR 0.06 million
- (iv) additional corrections required to ensure a risk at closure below 2% for all programmes: EUR 225 million cumulatively since the beginning of the programming period (see details below).

This represents **REGIO’s corrective capacity due to the Commission and the ECA’s audit work** (which is included in the total deductions from the accounts, column C in the above table for 2020-2021 accounts). REGIO is currently collecting the required data to be able, in future annual

activity reports, to report this information on a multiannual basis, per Member State since the beginning of the programming period.

In 2021, Slovakia agreed to improve the management and control system and to implement flat rate corrections to reduce the RTER<2% for two programmes linked to a systemic cartel issue which had led to a material residual error rate over different accounting years.

The CPR requires REGIO to launch financial correction procedures each time it concludes that the national authorities failed to apply corrections in first instance, for example when it has concluded that **the**

confirmed residual total error rate for a programme remains material.

In relation to **previous accounting years** and with respect to remaining residual error rates above 2% reported in previous AARs, the following **additional financial corrections** were carried out by REGIO in 2021, **allowing to reach an overall “risk at closure” below 2% for each accounting year** (even if not for each individual programme yet, pending on-going contradictory procedures). In as much as necessary to bring the error rates further down and achieve a risk of irregularities below materiality, **REGIO’s complementary multiannual corrective capacity is**

effective and brings the risk at closure below 2% over time (following the application of strict contradictory procedures), as indicated in previous AARs⁶⁴.

AAR	Acc. year	Number of programmes concerned	Additional audit work proving RTER<2% (no extrapolated correction needed beyond possible individual ones)	Financial corrections applied with after RTER<2% corrections	Financial corrections on-going to ensure a RTER<2%	Estimated RTER (KPI)	Additional corrections applied at this stage of the contradictory procedures ⁶⁵	Risk at closure at this stage of the planned contradictory procedures
2017	2015-2016	1	-	1 multi-fund OP (PL, ESF exp.)	-	0.6% ⁶⁶	EUR 56,675	0.6% (est. 1.05%)
2018	2016-2017	29 (6 MS +UK)	4 (3 FR, UK)	23 (BG, 17 EL, 2 FR, IT, LT, 2 SK, UK)	-	1.96%	EUR 66 million	1.2 % (est. 1.2%)
2019	2017-2018	46 (1 MS + UK)	10 (3 DE, 2 FR, 2 PL, LT, RO, UK)	6 (3 ES, 2 IE, SK)	31 ⁽⁶⁷⁾	2.7%	EUR 77.8 million ⁶⁸	1.6 % (est. 1.1%)
2020	2018-2019	63 (12 MS + UK + ETC)	5 (ES, FR, 2 IT, ETC)	31 (2 DE, 17 EL, 7 ES, 2 HU, PL, 2 SK)	27 ⁽⁶⁹⁾	2.1%	EUR 81.2 million ⁷⁰	1.6% (est. 1.2%)
2021	2019-2020	49 (10 MS + UK)	-	N/A	49 ⁽⁷¹⁾	1.9%	-	(est. 1,2%)

Financial corrections procedure by the Commission

Financial correction Decisions adopted by the Commission reduce the Funds' contribution to the programmes, i.e. they are always net. Such financial correction procedures incorporate steps providing the concerned Member State with ample possibilities to defend itself. During the procedure, the Commission may drop some findings and the Member State may accept to perform corrections. In the latter case, these corrections would in principle not be net and the Member State will be able to replace them with eligible expenditure. In addition any formal Commission decision on financial correction would mean a net correction for the programme (loss of corresponding allocations). No need for such decisions occurred in 2021, since Member States appropriately carried out all corrections requested by the Commission.

Furthermore, the CPR provides that the Commission shall apply **net financial corrections**, should **serious deficiencies** in the management and control system of the Member State be identified by the DAC or the European Court of Auditors after the accounts were submitted, and which were not identified, reported and corrected by the Member State's authorities.

⁶⁴ The table refers only to these those programmes which were reported with a RTER above 2% in previous AARs and which are taken into account for the calculation of the KPI5 following the complete audit cycle. All other cases are followed-up on a case by case basis to ensure that at closure no operational programme remains with a material residual total error rate.

⁶⁵ Amounts in EU contribution

⁶⁶ In the AAR 2017 the KPI did not exist. It was weighted average of the RTER without financial instruments advances.

⁶⁷ 1 BE, 2 DE, 3 ES, 1 FR, 1 HR, 9 IT, 3 PL, 10 PT (covered under one single ACR), 1 UK

⁶⁸ This amount does not include the corrections Spain applied on 3 programmes to bring the RTER to 2% because of the issue of irregular subcontracting. The exact amounts are being determined.

⁶⁹ 1 AT, 1 DE, 1 FR, 8 IT, 1 LV, 1 PL, 10 PT, (covered under one single ACR), 1 RO, 1 SK, 1 ETC, 1 UK

⁷⁰ This amount does not include the corrections Spain applied on 7 programmes to bring the RTER to 2% because of the issue of irregular subcontracting. The exact amounts are being determined.

⁷¹ 1 CZ, 4 ES, 3 FR, 17 GR (covered under one single ACR), 7 IT, 1 LV, 2 PL, 10 PT (covered under one single ACR), 1 RO, 2 SK, 1 UK

In this case, even if the Member State accepts the proposed corrections during the financial correction procedure, these corrections reduce the Funds allocations to the concerned programme, i.e. they are net. It should be noted, however, that the provisions for net financial corrections adopted by the co-legislators in the Common Provisions Regulation are subject to strict cumulative requirements, considerably limiting their scope of application and in practice leading to considerable challenges in applying net financial corrections. In a first step, the Commission auditors shall find evidence of irregularities demonstrating a serious deficiency in the functioning of the management and control system. Then the Commission auditors must establish that the serious deficiency has not already been a) detected, b) reported, and c) been made subject to appropriate measures by the Member State prior to the date of detection by the Commission or the European Court of Auditors.

DG REGIO has not applied any net financial corrections till end 2021, the Commission's assessment being that the conditions to impose such net financial corrections were not met.

ANNEX 7I: 2014-2020 ERDF / CF programmes: Typologies of irregularities reported by Member States with the 2019-2020 assurance packages and by REGIO auditors

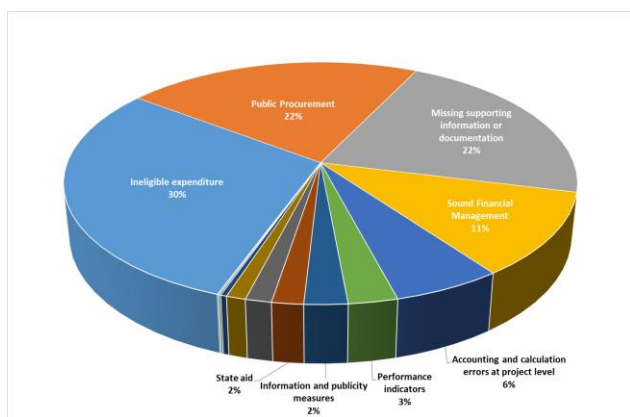
1) Typologies of irregularities reported by Member States in their 2021 annual control reports related to the 2019-2020 assurance packages

Category	Frequency		Amount of the reported irregularities (total costs, in million EUR)
	number of cases	percentage of cases	
Ineligible expenditure	910	29.8%	13.5
Public Procurement	667	21.8%	74.4
Missing supporting information or documentation	663	21.7%	6.1
Sound Financial Management	340	11.1%	0.3
Accounting and calculation errors at project level	180	5.9%	0.9
Performance indicators	81	2.7%	0.1
Information and publicity measures	71	2.3%	0.0
State aid	52	1.7%	3.1
Simplified Cost Options	43	1.4%	0.2
Financial instruments	32	1.0%	6.9
Revenue Generating projects	3	0.3%	0.0
Sub TOTAL	3,052	99.9%	110.8

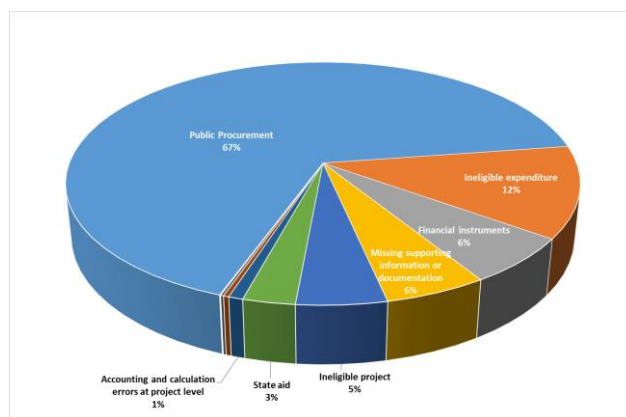
Other non-quantifiable irregularities reported		
Equal Opportunities / Non discrimination	3	0.1%
Sub TOTAL	3	0.1%
Grand total (quantifiable and non quantifiable)	3,055	

Audit authorities' results (% of total)

Frequency of cases



Amounts



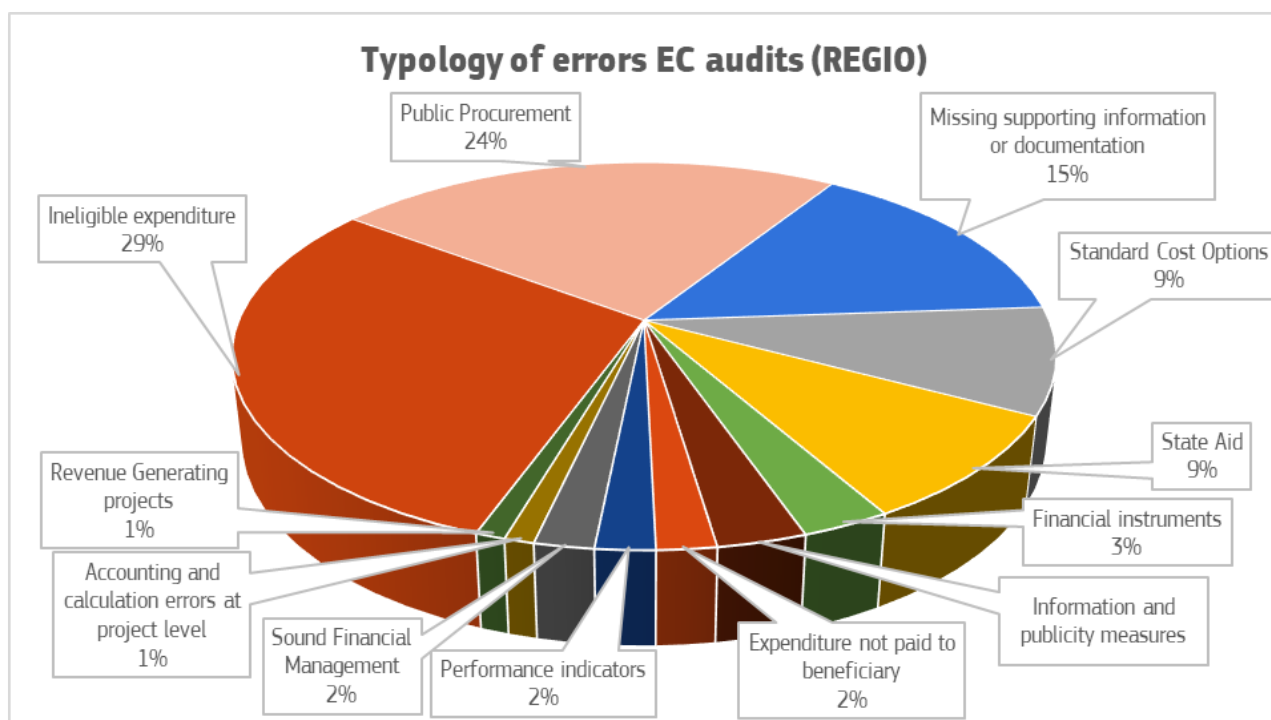
2) Typologies of irregularities reported in REGIO audits in 2021 (related mostly but not exclusively to the 2019-2020 assurance packages)

The different types of audits carried out in 2020 by REGIO also led to the identification of **118 system** and **101 project findings** in relation to the **235 ERDF/CF operations** that REGIO

audited on the spot. In line with the joint typology of errors agreed with audit authorities, the vast majority of the 101 project audit findings related to **ineligible expenditure/project (29%)** and **public procurement irregularities (26%).**

For the accounting year 2020-2021, audit results from both audit authorities and REGIO concern the same main categories: ineligible expenditure, public procurement, missing supporting information or documentation. These categories show the main risky areas for the ESI Funds implementation.

There are, however, some differences between the results obtained by the audit authorities and REGIO auditors. In 2020 audits REGIO identified again a high frequency of public procurement irregularities compared to the irregularities reported by the audit authorities. This is mainly due to a systemic issue detected already in 2019 in Spain and in Italy concerning the incorrect transposition of the public procurement Directives into former national law (limitation of sub-contracting without justification) and in Italy relating to the limitation of sub-contracting without justification. The other main source of public procurement irregularities was due to the use of technical specifications, standards or brands without the mention “or equivalent” in Spain, Poland and Romania as well as irregular award of additional contracts. These irregularities were not detected or not sufficiently quantified by the audit authorities.



ANNEX 7J: 2007-2013 and 2000-2006 ERDF/CF programmes: Assurance at closure

2007-2013 ERDF / CF programmes

A. Overview closure and residual error rates

Closure is a threefold process involving different parts of the Directorate General (implementation, audit, financial part) which results in the financial settlement of outstanding Union commitments through payment of the final balance to the appointed authority or issue of a debit note and/or decommitment, as appropriate. The closure of programmes does not prejudice the Commission's right to impose financial corrections.

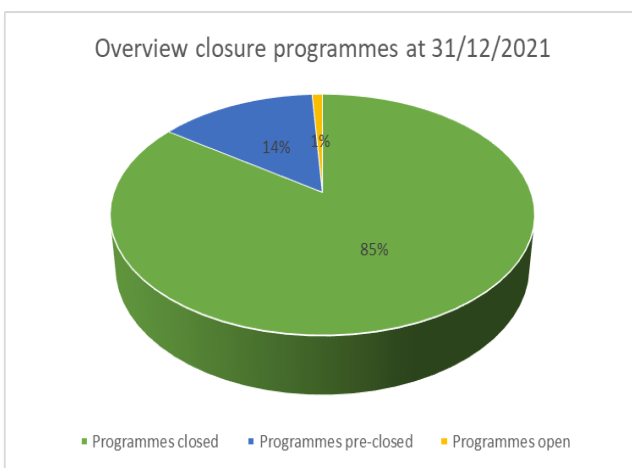
If there are no pending issues identified in the programme or all pending issues have been resolved, the final balance can be determined and paid. Consequently, a **closure letter** can be sent accepting the closure documents. However, if there are pending issues (such as on-going OLAF/national investigations, open audit findings, pending recoveries, etc.) identified in the programme, the final balance cannot yet be determined, the Commission pays only the uncontested amount to the Member State. A **pre-closure letter** shall be sent. Once the pending issues are resolved, a closure letter can be sent to the Member State.

At closure, the control objective is to ensure that the residual risk of each programme does not exceed 2% on a cumulative basis and that, where this is the case, the necessary additional financial corrections are applied. Therefore, this ultimate filter ensures that no material level of error exists in the co-funded expenditure.

By end December 2021, 319 programmes were fully closed (273 or 85%) or pre-closed (46 or 14%) so far, representing **99% of the total 322 programmes**. Only three programmes (**1%**) remain fully open due to pending issues, as shown in the pie chart.

For the 46 programmes with pre-closure, the Commission agreed to make a partial closure payment covering only the uncontested amounts, and withheld any expenditure affected by potential irregularities or on-going investigations at national (pending recoveries, fraud investigations, administrative/court proceedings) or EU level. The majority of these pre-closed programmes are affected by on-going procedures at national level for which it is difficult to predict the date of full closure.

Closure declarations and final control reports contain a synthesis of all EU and national audit work carried out during the programming period to monitor and mitigate irregularities and risks identified throughout implementation. On its side, during the 2007-2013 programming period, REGIO's audit directorate has built up significant knowledge of the effective functioning of management and



control systems at national/regional level both from monitoring and analysing the work carried out by the audit authorities, and from its over 580 audits in the Member States under different audit enquiries, in line with its audit strategy:

Enquiry planning memorandum	Number of audits
Review of the work of audit authorities	243
Monitoring of Article 73	21
Fact finding audits on annual control reports and final control reports	72
Bridging the assurance gap	156
Reliability of reporting of withdrawals and recoveries	36
Financial instruments	15
Audit of the management verifications in ETC programmes	20
Audits to estimate an error rate at the beginning of the programming period (2009)	14
Performance audits (pilot exercise)	9
TOTAL	586

Indicator (programming period 2007-2013)	2021
Reviewed audit authorities by REGIO	52 ⁷² in charge of >98% of ERDF/CF allocations ⁷³
Reliance on reviewed audit authorities by REGIO	100% of reviewed audit authorities (after action plans, where necessary)

The 2007-2013 ERDF / CF programmes Error Rates are presented below:

⁷² The on the spot audits by Directorate General of Regional and Urban Policy covered the following ERDF/CF audit authorities responsible for audit of mainstream programmes: (1 AT, 2 BE (out of 3 AAs), 1 BG, 1 CY, 1 CZ, 11 DE (out of 17 AAs), 1 DK, 1 EE, 1 ES, 1 FI (out of 2 AAs), 1 FR, 1 EL, 1 HR, 1 HU, 1 IE, 12 IT (out of 25 AAs), 1 LT, 1 LV, 1 MT, 1 NL, 1 PL, 1 PT, 1 RO, 1 SE, 1 SI, 1 SK and 4 UK (out of 5 AAs). LU was the only Member States without on-the-spot audit by REGIO. In addition, 7 audit authorities responsible for ETC programmes only were indirectly covered by the specific ETC audits as well (the latter representing 0.36% of total ERDF allocation).

⁷³ ERDF/CF allocation for both mainstream and ETC programmes under the audit responsibility of 75 ERDF/CF audit authorities.

	MS	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate reported at closure	Residual error rate validated by REGIO	Rate of risk on payment
1	AT	2007AT161P0001	Burgenland		Closed		0.00%	0.00%	
2	AT	2007AT162P0001	Niederösterreich		Closed		0.00%	0.00%	
3	AT	2007AT162P0002	Oberösterreich		Closed		0.00%	0.00%	
4	AT	2007AT162P0003	Vorarlberg		Closed		0.00%	0.00%	
5	AT	2007AT162P0004	Wien		Closed		0.00%	0.00%	
6	AT	2007AT162P0005	Kärnten		Pre-Closed		0.00%	0.00%	
7	AT	2007AT162P0006	Salzburg		Closed		0.00%	0.00%	
8	AT	2007AT162P0007	Steiermark		Closed		0.00%	0.00%	
9	AT	2007AT162P0008	Tirol		Closed		0.00%	0.00%	
10	BE	2007BE161P0001	Hainaut		Closed		0.40%	0.36%	
11	BE	2007BE162P0001	Région de Bruxelles-Capitale		Closed		0.90%	1.41%	
12	BE	2007BE162P0002	Vlaanderen		Closed		0,63%	0.63%	
13	BE	2007BE162P0003	Wallonie (hors Hainaut)		Closed		0.40%	0.36%	
14	BG	2007BG161P0001	Regional Development		Pre-Closed		0.19%	0.19%	
15	BG	2007BG161P0002	Technical Assistance		Closed		0.12%	0.12%	
16	BG	2007BG161P0003	Bulgarian Economy		Pre-Closed		0.39%	0.39%	
17	BG	2007BG161P0004	Transport		Pre-Closed		0.00%	0.00%	
18	BG	2007BG161P0005	Environment		Pre-Closed		0.00%	0.00%	
19	CY	2007CY16UP0001	Sustainable Development and Competitiveness		Closed		0.10%	0.00%	
20	CZ	2007CZ161P0001	South East		Closed		0.00%	0.00%	
21	CZ	2007CZ161P0002	Central Moravia		Closed		0.30%	0.28%	
22	CZ	2007CZ161P0004	Enterprise and Innovation		Closed		0.21%	0.21%	
23	CZ	2007CZ161P0005	North East		Closed		0.00%	0.00%	
24	CZ	2007CZ161P0006	Environment		Closed		1.34%	1.34%	

	MS	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate reported at closure	Residual error rate validated by REGIO	Rate of risk on payment
25	CZ	2007CZ161P0007	Transport		Closed		0.00%	0.00%	
26	CZ	2007CZ161P0008	North-West		Pre-Closed		1.85%	1.85%	
27	CZ	2007CZ161P0009	Central Bohemia		Closed		0.24%	0.24%	
28	CZ	2007CZ161P0010	Moravia Silesia		Closed		0.00%	0.00%	
29	CZ	2007CZ161P0012	Research and Development for Innovation		Pre-Closed	0.002	0.00%	0.00%	0.00%
30	CZ	2007CZ161P0013	South West		Pre-Closed		0.00%	0.00%	
31	CZ	2007CZ162P0001	Prague		Closed		0.00%	0.00%	
32	CZ	2007CZ16UP0001	Technical Assistance		Closed		0.55%	15.91%	
33	CZ	2007CZ16UP0002	Integrated OP		Pre-Closed		0.00%	0.00%	
34	DE	2007DE161P0001	Thüringen		Closed		0.00%	0.00%	
35	DE	2007DE161P0002	Brandenburg		Pre-Closed		0.00%	0.00%	
36	DE	2007DE161P0003	Mecklenburg - Vorpommern		Closed		0.00%	0.00%	
37	DE	2007DE161P0004	Sachsen		Pre-Closed		0.00%	0.00%	
38	DE	2007DE161P0005	Verkehr		Closed		0.00%	0.00%	
39	DE	2007DE161P0006	Niedersachsen - Region Lüneburg		Closed		0.00%	0.00%	
40	DE	2007DE161P0007	Sachsen - Anhalt		Pre-Closed		1.60%	0.70%	
41	DE	2007DE162P0001	Bayern		Closed		0.15%	0.15%	
42	DE	2007DE162P0002	Saarland		Closed		0.00%	0.00%	
43	DE	2007DE162P0003	Schleswig - Holstein		Pre-Closed		0.00%	0.00%	
44	DE	2007DE162P0004	Berlin		Pre-Closed		0.00%	0.00%	
45	DE	2007DE162P0005	Hessen		Closed		0.00%	0.04%	

	MS	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate reported at closure	Residual error rate validated by REGIO	Rate of risk on payment
46	DE	2007DE162P0006	Bremen		Closed		0.00%	0.00%	
47	DE	2007DE162P0007	Nordrhein - Westfalen		Closed		1.63%	1.60%	
48	DE	2007DE162P0008	Baden - Württemberg		Closed		0.00%	0.00%	
49	DE	2007DE162P0009	Hamburg		Closed		0.00%	0.00%	
50	DE	2007DE162P0010	Niedersachsen (ohne Region Lüneburg)		Closed		0.00%	0.00%	
51	DE	2007DE162P0011	Rheinland - Pfalz		Closed		0.00%	0.00%	
52	DK	2007DK162P0001	Innovation og Viden		Closed		0.39%	0.39%	
53	EE	2007EE161P0001	Economic Environment		Closed		0.00%	0.00%	
54	EE	2007EE161P0002	Living Environment		Closed		0.00%	0.00%	
55	ES	2007ES161P0001	Región de Murcia		Closed		0.45%	0.45%	
56	ES	2007ES161P0002	Melilla		Closed		1.96%	1.97%	
57	ES	2007ES161P0003	Ceuta		Closed		0.00%	0.01%	
58	ES	2007ES161P0004	Asturias		Closed		0.77%	0.76%	
59	ES	2007ES161P0005	Galicia		Closed		0.00%	2,00%	
60	ES	2007ES161P0006	Extremadura		Closed		0.00%	0.00%	
61	ES	2007ES161P0007	Castilla La Mancha		Closed		0.38%	0.21%	
62	ES	2007ES161P0008	Andalucía		Closed		0.00%	0.50%	
63	ES	2007ES161P0009	Fondo de Cohesión - FEDER		Pre-Closed		0.00%	0.00%	
64	ES	2007ES162P0001	Cantabria		Closed		0.00%	0.00%	
65	ES	2007ES162P0002	País Vasco		Closed		1.67%	1.67%	
66	ES	2007ES162P0003	Navarra		Closed		1.35%	1.35%	
67	ES	2007ES162P0004	Madrid		Closed		0.00%	0.00%	
68	ES	2007ES162P0005	La Rioja		Closed		0.00%	0.00%	
69	ES	2007ES162P0006	Cataluña		Closed		0.00%	0.00%	

	MS	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate reported at closure	Residual error rate validated by REGIO	Rate of risk on payment
70	ES	2007ES162P0007	Baleares		Closed		0.00%	0.00%	
71	ES	2007ES162P0008	Aragón		Closed		0.70%	0.64%	
72	ES	2007ES162P0009	Castilla y León		Closed		0.00%	0.00%	
73	ES	2007ES162P0010	Comunidad Valenciana		Pre-Closed		0.00%	0.00%	
74	ES	2007ES162P0011	Canarias		Closed		0.35%	0.29%	
75	ES	2007ES16UP0001	Investigación, Desarrollo e innovación		Pre-Closed		0.32%	0.80%	
76	ES	2007ES16UP0002	Asistencia Técnica y Gobernanza		Closed		0.32%	0.80%	
77	ES	2007ES16UP0003	Economía basada en el Conocimiento		Closed		0.32%	0.80%	
78	ETC	2008CB163P0001	España - Fronteras Exteriores		Closed		0.62%	0.56%	
79	ETC	2013CB163P0001	Slovenia-Croatia		Closed		0.00%	0.37%	
80	ETC	2013CB163P0002	Hungary Croatia		Closed		0.00%	0.00%	
81	ETC	2007CB163P0001	EUREGIO Maas Rijn		Closed		0.10%	0.85%	
82	ETC	2007CB163P0002	Austria-Czech Republic		Closed		0.48%	0.48%	
83	ETC	2007CB163P0003	Slovakia-Austria		Closed		0.06%	0.10%	
84	ETC	2007CB163P0004	Austria-Bavaria		Closed		0.26%	0.27%	
85	ETC	2007CB163P0005	España - Portugal		Closed		0.17%	0.13%	
86	ETC	2007CB163P0006	España - Francia		Closed		1.59%	1.77%	
87	ETC	2007CB163P0007	Madeira - Azores - Canarias		Closed		0.32%	0.32%	
88	ETC	2007CB163P0008	South West Europe		Closed		0.75%	0.75%	
89	ETC	2007CB163P0009	Bavaria - Czech Republic		Closed		0.30%	0.30%	
90	ETC	2007CB163P0010	Austria - Hungary		Closed		0.33%	0.33%	

	MS	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate reported at closure	Residual error rate validated by REGIO	Rate of risk on payment
91	ETC	2007CB163P0011	Lubuskie - Branderburg		Pre-Closed		0.04%	0.04%	
92	ETC	2007CB163P0012	Poland-Slovakia		Pre-Closed		0.01%	0.01%	
93	ETC	2007CB163P0013	South Baltic		Pre-Closed		0.00%	0.00%	
94	ETC	2007CB163P0014	Alpine Space		Closed		0.87%	0.87%	
95	ETC	2007CB163P0015	INTERACT		Closed		0.05%	0.05%	
96	ETC	2007CB163P0016	Sweden - Norway		Closed		1.18%	1.18%	
97	ETC	2007CB163P0017	Saxony-CZ Republic		Closed		0.83%	1.21%	
98	ETC	2007CB163P0018	Sachsen - Polen		Closed		0.61%	0.61%	
99	ETC	2007CB163P0019	MV/BB - Polen		Closed		0.00%	0.00%	
100	ETC	2007CB163P0020	Baltic Sea Region		Closed		0.53%	0.53%	
101	ETC	2007CB163P0021	Romania - Bulgaria		Pre-Closed		0.52%	0.60%	
102	ETC	2007CB163P0022	ESPON 2013		Closed		0.15%	0.15%	
103	ETC	2007CB163P0023	Deutschland-Niederlande		Closed		0.62%	0.62%	
104	ETC	2007CB163P0024	Alpenrhein-Bodensee-Hochrhein		Closed		0.42%	0.42%	
105	ETC	2007CB163P0025	Ceská republika - Polsko		Closed		0.83%	0.83%	
106	ETC	2007CB163P0026	Öresund - Kattegatt - Skagerrak		Closed		0.00%	0.00%	
107	ETC	2007CB163P0027	Northern Periphery		Closed		0.70%	0.70%	
108	ETC	2007CB163P0028	Botnia-Atlantica		Closed		0.90%	0.90%	
109	ETC	2007CB163P0029	Atlantic Area		Closed		0.44%	0.52%	
110	ETC	2007CB163P0030	Slowacja - Česká Republika		Closed	-0,07	0.00%	0.00%	0,00%
111	ETC	2007CB163P0031	Lithuania - Poland		Closed		0.00%	0.00%	
112	ETC	2007CB163P0032	Nord Interreg		Closed		0.85%	0.85%	

	MS	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate reported at closure	Residual error rate validated by REGIO	Rate of risk on payment
113	ETC	2007CB163P0033	Italia - Francia frontiera marittima		Closed		0.46%	0.45%	
114	ETC	2007CB163P0034	Italia - Francia Alpi		Closed		0.78%	0.71%	
115	ETC	2007CB163P0035	Italia - Svizzera		Closed		0.12%	0.00%	
116	ETC	2007CB163P0036	Italia - Slovenia		Closed		0.88%	1.25%	
117	ETC	2007CB163P0037	Italia - Malta		Closed		0.33%	0.33%	
118	ETC	2007CB163P0038	Les 2 mers		Closed		0.82%	0.82%	
119	ETC	2007CB163P0039	Rhin supérieur		Closed		0.36%	0.36%	
120	ETC	2007CB163P0040	Manche		Closed		0.47%	0.47%	
121	ETC	2007CB163P0041	France - Suisse		Closed		1.87%	1.84%	
122	ETC	2007CB163P0042	Réunion		Closed		1.17%	1.17%	
123	ETC	2007CB163P0043	Caraïbes		Closed		1.32%	1.32%	
124	ETC	2007CB163P0044	Nord Ouest Européen		Closed		0.48%	0.48%	
125	ETC	2007CB163P0045	Méditerranée		Closed		0.81%	0.81%	
126	ETC	2007CB163P0046	Interreg IV C		Closed		0.49%	0.49%	
127	ETC	2007CB163P0047	Ireland - Northern Ireland - Scotland		Closed		0.00%	0.00%	
128	ETC	2007CB163P0048	URBACT		Closed		0.19%	0.19%	
129	ETC	2007CB163P0049	Peace III		Closed		0.00%	0.00%	
130	ETC	2007CB163P0050	Estonia - Latvia		Closed		0.09%	0.09%	
131	ETC	2007CB163P0051	Amazonie		Closed		113%	1.13%	
132	ETC	2007CB163P0052	Italia - Austria		Closed		0.77%	0.79%	
133	ETC	2007CB163P0053	Slovenia - Hungary		Closed		1.29%	1.21%	
134	ETC	2007CB163P0054	Slovenia - Austria		Closed		0.00%	0.00%	
135	ETC	2007CB163P0055	North Sea		Closed		1.08%	1.08%	
136	ETC	2007CB163P0056	Syddanmark-Schleswig		Closed		0.40%	0.40%	

	MS	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate reported at closure	Residual error rate validated by REGIO	Rate of risk on payment
137	ETC	2007CB163P0057	Fehmarnbeltregion		Closed		1.09%	1.09%	
138	ETC	2007CB163P0058	Greece - Cyprus		Closed		0.38%	0.38%	
139	ETC	2007CB163P0059	Greece - Bulgaria		Closed		1.10%	1.10%	
140	ETC	2007CB163P0060	Greece - Italy		Closed		0.37%	0.21%	
141	ETC	2007CB163P0061	Central Europe		Closed		0.84%	0.84%	
142	ETC	2007CB163P0062	Ireland Wales		Closed		0.18%	0.36%	
143	ETC	2007CB163P0063	France - Wallonie - Vlaanderen		Closed		0.46%	0.50%	
144	ETC	2007CB163P0064	Grande Région		Closed		2.00%	2.00%	
145	ETC	2007CB163P0065	Vlaanderen - Nederland		Closed		0.99%	0.99%	
146	ETC	2007CB163P0066	Central Baltic		Closed		0.60%	0.60%	
147	ETC	2007CB163P0067	Hungary - Romania		Pre-Closed		0.50%	0.50%	
148	ETC	2007CB163P0068	Hungary - Slovakia		Closed		0.34%	0.34%	
149	ETC	2007CB163P0069	South East Europe		Closed		0.15%	0.15%	
150	ETC	2007CB163P0070	Latvia - Lithuania		Closed		0.00%	0.00%	
151	FI	2007FI162P0001	Itä		Closed		0.00%	0.00%	
152	FI	2007FI162P0002	Pohjois		Closed		0.00%	0.00%	
153	FI	2007FI162P0003	Länsi		Closed		0.00%	0.00%	
154	FI	2007FI162P0004	Etelä		Closed		0.00%	0.00%	
155	FI	2007FI162P0005	Åland		Closed		1.87%	1.87%	
156	FR	2007FR161P0001	Guyane		Closed		1.84%	1.84%	
157	FR	2007FR161P0002	Guadeloupe		Closed		1.84%	1.84%	
158	FR	2007FR161P0003	Martinique		Closed		1.84%	1.84%	
159	FR	2007FR161P0004	Réunion		Closed		1.84%	1.84%	
160	FR	2007FR162P0001	Aquitaine		Closed		1.84%	1.84%	
161	FR	2007FR162P0002	Centre		Closed		1.84%	1.84%	

	MS	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate reported at closure	Residual error rate validated by REGIO	Rate of risk on payment
162	FR	2007FR162P0003	Alsace		Closed		1.84%	1.84%	
163	FR	2007FR162P0004	Auvergne		Closed		1.84%	1.84%	
164	FR	2007FR162P0005	Basse-Normandie		Closed		1.84%	1.84%	
165	FR	2007FR162P0006	Bourgogne		Closed		1.84%	1.84%	
166	FR	2007FR162P0007	Bretagne		Closed		1.84%	1.84%	
167	FR	2007FR162P0008	Champagne-Ardenne		Closed		1.84%	1.84%	
168	FR	2007FR162P0009	Corse		Closed		1.84%	1.84%	
169	FR	2007FR162P0010	Franche-Comté		Closed		1.84%	1.84%	
170	FR	2007FR162P0011	Haute-Normandie		Closed		1.84%	1.84%	
171	FR	2007FR162P0012	Ile-De-France		Closed		1.84%	1.84%	
172	FR	2007FR162P0013	Languedoc-Roussillon		Closed		1.84%	1.84%	
173	FR	2007FR162P0014	Limousin		Closed		1.84%	1.84%	
174	FR	2007FR162P0015	Lorraine		Closed		1.84%	1.84%	
175	FR	2007FR162P0016	Pays De La Loire		Closed		1.84%	1.84%	
176	FR	2007FR162P0017	Nord Pas-De-Calais		Closed		1.84%	1.84%	
177	FR	2007FR162P0018	Picardie		Closed		1.84%	1.84%	
178	FR	2007FR162P0019	Poitou-Charentes		Closed		1.84%	1.84%	
179	FR	2007FR162P0020	PACA		Closed		1.84%	1.84%	
180	FR	2007FR162P0021	Midi-Pyrénées		Closed		1.84%	1.84%	
181	FR	2007FR162P0022	Rhône-Alpes		Closed		1.84%	1.84%	
182	FR	2007FR162P0023	Alpes		Closed		1.84%	1.84%	
183	FR	2007FR162P0024	Loire		Closed		1.84%	1.84%	
184	FR	2007FR162P0025	Massif Central		Closed		1.84%	1.84%	
185	FR	2007FR162P0026	Rhône		Closed		1.84%	1.84%	
186	FR	2007FR16UP0001	Europact		Closed		1.84%	1.84%	
187	GR	2007GR161P0001	Competitiveness		Closed		0.00%	0.00%	

	MS	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate reported at closure	Residual error rate validated by REGIO	Rate of risk on payment
188	GR	2007GR161P0002	Digital convergence		Closed		0.00%	0.00%	
189	GR	2007GR161P0003	Technical assistance		Closed		0.00%	0.00%	
190	GR	2007GR161P0004	Accessibility		Closed		0.00%	0.00%	
191	GR	2007GR161P0005	Environment - sustainable development		Closed		0.00%	0.00%	
192	GR	2007GR161P0006	Attica		Closed		0.00%	0.00%	
193	GR	2007GR161P0007	Western Greece - Peloponese - Ionian islands		Closed		0.00%	0.00%	
194	GR	2007GR161P0008	Macedonia - Thrace		Closed		0.00%	0.00%	
195	GR	2007GR16UP0001	Thessaly - Continental Greece - Epirus		Closed		0.00%	0.00%	
196	GR	2007GR16UP0002	Crete & Aegean islands		Closed		0.00%	0.00%	
197	HR	2007HR161P0001	Environment		Closed	3.89	1.90%	1.91%	1.91%
198	HR	2007HR161P0002	Transport	Full non-financial reservation	Pre-Closed		not reported	0.45%	
199	HR	2007HR161P0003	Regional Competitiveness		Closed		0.00%	0.04%	
200	HU	2007HU161P0001	Economic Competitiveness		Closed		0.44%	0.44%	
201	HU	2007HU161UP0002	Environment and Energy		Closed		17.00%	0.17%	
202	HU	2007HU161UP0003	West Pannon		Closed		0.00%	0.00%	
203	HU	2007HU161UP0004	South Great Plain		Closed		0.00%	0.00%	
204	HU	2007HU161UP0005	Central Transdanubia		Closed		0.00%	0.00%	
205	HU	2007HU161UP0006	North Hungary		Closed		0.00%	0.00%	
206	HU	2007HU161P0007	Transport		Pre-Closed		0.32%	0.32%	

	MS	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate reported at closure	Residual error rate validated by REGIO	Rate of risk on payment
207	HU	2007HU161UP0008	Social Infrastructure		Closed		1.04%	1.04%	
208	HU	2007HU161UP0009	North Great Plain		Closed		0.00%	0.00%	
209	HU	2007HU161P0010	Implementation		Closed		0.95%	0.95%	
210	HU	2007HU161UP0011	South Transdanubia		Closed		0.00%	0.00%	
211	HU	2007HU162UP0001	Central Hungary		Closed		0.09%	0.09%	
212	HU	2007HU16UP0001	Electronic Public Administration		Open	17.36	0.98%	5.00%	5.00%
213	IE	2007IE162P0001	Border, Midland and Western Operational Programme		Closed		1.29%	0.00%	
214	IE	2007IE162P0002	Southern and Eastern		Closed		1.39%	0.00%	
215	IT	2007IT161P0001	Attrattori Culturali		Closed		0.00%	0.00%	
216	IT	2007IT161P0002	Renewable Energy		Closed		0.00%	0.00%	
217	IT	2007IT161P0003	Governance e AT		Pre-Closed		0.00%	0.00%	
218	IT	2007IT161P0004	Ambienti per l'apprendimento		Pre-Closed		0.62%	0.67%	
219	IT	2007IT161P0005	Reti e mobilita	Full non-financial reservation	Pre-Closed		0.00%	0.00%	
220	IT	2007IT161P0006	Ricerca e competitivita	Full non-financial reservation	Open	281.42	0.00%	10.00%	10.00%
221	IT	2007IT161P0007	Sicurezza per lo Sviluppo		Closed		0.00%	0.00%	
222	IT	2007IT161P0008	Calabria		Pre-Closed		0.88%	1.82%	
223	IT	2007IT161P0009	Campania		Pre-Closed		0.00%	1.00%	
224	IT	2007IT161P0010	Puglia		Closed		0.85%	0.85%	
225	IT	2007IT161P0011	Sicilia	Full non-financial	Pre-Closed		0.49%	0.76%	

	MS	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate reported at closure	Residual error rate validated by REGIO	Rate of risk on payment
				reservation					
226	IT	2007IT161P0012	Basilicata		Closed		0.79%	0.71%	
227	IT	2007IT162P0001	Abruzzo		Closed		0.00%	0.00%	
228	IT	2007IT162P0002	Emilia Romagna		Closed		0.00%	0.00%	
229	IT	2007IT162P0003	Friuli Venezia Giulia		Closed	0.49	0.00%	0.00%	0.00%
230	IT	2007IT162P0004	Lazio		Closed		1.99%	1.01%	
231	IT	2007IT162P0005	Liguria		Closed		0.00%	0.00%	
232	IT	2007IT162P0006	Lombardia		Closed		0.13%	0.00%	
233	IT	2007IT162P0007	Marche		Closed		0.41%	0.41%	
234	IT	2007IT162P0008	Molise		Closed	3.50	0.00%	0.00%	0.00%
235	IT	2007IT162P0009	Provincia Autonoma di Bolzano		Closed		0.12%	0.03%	
236	IT	2007IT162P0010	Trento		Pre-Closed		0.00%	0.00%	
237	IT	2007IT162P0011	Piemonte		Closed		0.00%	0.00%	
238	IT	2007IT162P0012	Toscana		Closed		0.26%	0.00%	
239	IT	2007IT162P0013	Umbria		Closed		0.28%	0.28%	
240	IT	2007IT162P0014	Valle d'Aosta		Closed		0.01%	0.00%	
241	IT	2007IT162P0015	Veneto		Closed		0.69%	1.00%	
242	IT	2007IT162P0016	Sardegna		Pre-Closed	34.03	1.43%	1.30%	1.30%
243	LT	2007LT161P0001	Promotion of Cohesion		Closed		0.37%	0.00%	
244	LT	2007LT161P0002	Economic Growth		Closed		0.37%	0.00%	
245	LU	2007LU162P0001	Compétitivité & emploi		Closed		0.00%	0.00%	
246	LV	2007LV161P0001	Entrepreneurship and Innovations		Pre-Closed		0.00%	0.00%	
247	LV	2007LV161P0002	Infrastructure and Services		Pre-Closed		0.00%	0.00%	

	MS	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate reported at closure	Residual error rate validated by REGIO	Rate of risk on payment
248	MT	2007MT161P0001	Competitiveness		Closed		0.05%	0.05%	
249	NL	2007NL162P0001	Noord		Closed		0.38%	0.38%	
250	NL	2007NL162P0002	West		Closed		0.00%	0.00%	
251	NL	2007NL162P0003	Zuid		Closed		0.00%	0.00%	
252	NL	2007NL162P0004	Oost		Closed		0.36%	0.36%	
253	PL	2007PL161P0001	Innovative Economy		Closed		0.00%	0.00%	
254	PL	2007PL161P0002	Infrastructure & Environment		Closed		0.00%	0.00%	
255	PL	2007PL161P0003	Eastern Poland		Closed		0.00%	0.00%	
256	PL	2007PL161P0004	Technical Assistance		Closed		0.15%	0.15%	
257	PL	2007PL161P0005	Dolnoslaskie		Closed		0.00%	0.29%	
258	PL	2007PL161P0006	Kujawsko-Pomorskie		Closed		0.00%	0.00%	
259	PL	2007PL161P0007	Lubelskiego		Closed		0.00%	0.00%	
260	PL	2007PL161P0008	Lubuskie		Closed		0.00%	0.00%	
261	PL	2007PL161P0009	Lódzkie		Closed		0.00%	0.00%	
262	PL	2007PL161P0010	Malopolskie		Closed		0.00%	0.88%	
263	PL	2007PL161P0011	Mazowieckie		Closed		0.00%	0.00%	
264	PL	2007PL161P0012	Opolskie		Closed		1.10%	1.07%	
265	PL	2007PL161P0013	Podkarpackie		Closed		0.00%	0.35%	
266	PL	2007PL161P0014	Podlaskie		Closed		0.00%	0.00%	
267	PL	2007PL161P0015	Pomorskie		Closed		0.00%	0.00%	
268	PL	2007PL161P0016	Zachodniopomorskie		Closed		0.00%	0.00%	
269	PL	2007PL161P0017	Wielkopolskie		Closed		0.00%	0.00%	
270	PL	2007PL161P0018	Swietokrzyskie		Closed		0.00%	0.00%	
271	PL	2007PL161P0019	Slaskie		Closed		0.00%	0.00%	
272	PL	2007PL161P0020	Warminsko-Mazurskie		Closed		0.00%	0.00%	

	MS	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate reported at closure	Residual error rate validated by REGIO	Rate of risk on payment
273	PT	2007PT161P0001	Factores de Competitividade		Closed		0.01%	0.01%	
274	PT	2007PT161P0002	Norte		Closed		0.01%	0.01%	
275	PT	2007PT161P0003	Centro		Closed		0.01%	0.01%	
276	PT	2007PT161P0004	Alentejo		Closed		0.01%	0.01%	
277	PT	2007PT161P0005	Algarve		Closed		0.01%	0.01%	
278	PT	2007PT161P0006	Açores		Closed		0.01%	0.01%	
279	PT	2007PT162P0001	Lisboa		Closed		0.01%	0.01%	
280	PT	2007PT162P0002	Madeira		Closed		0.01%	0.01%	
281	PT	2007PT16UP0001	Valorização do Território		Pre-Closed		0.00%	0.00%	
282	PT	2007PT16UP0002	Assistência Técnica		Closed		0.00%	0.00%	
283	RO	2007RO161P0001	Regional Operational Programme	Full non-financial	Pre-Closed		0.00%	0.00%	
284	RO	2007RO161P0002	Increase of Economic Competitiveness		Open	270.09	0.00%	0.25%	0.25%
285	RO	2007RO161P0003	Transport	Full non-financial	Pre-Closed		0.00%	0.00%	
286	RO	2007RO161P0004	Environment	Full non-financial	Pre-Closed		0.00%	0.00%	
287	RO	2007RO161P0005	Technical Assistance		Closed		0.38%	0.43%	
288	SE	2007SE162P0001	Skåne-Blekinge		Closed		0.15%	0.15%	
289	SE	2007SE162P0002	Småland och Öarna		Closed		0.15%	0.15%	
290	SE	2007SE162P0003	Västsverige		Closed		0.15%	0.15%	
291	SE	2007SE162P0004	Östra Mellansverige		Closed		0.15%	0.15%	
292	SE	2007SE162P0005	Stockholm		Closed		0.15%	0.15%	
293	SE	2007SE162P0006	Norra Mellansverige		Closed		0.15%	0.15%	

	MS	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate reported at closure	Residual error rate validated by REGIO	Rate of risk on payment
294	SE	2007SE162P0007	Mellersta Norrland		Closed		0.15%	0.15%	
295	SE	2007SE162P0008	Övre Norrland		Closed		0.15%	0.15%	
296	SI	2007SI161P0001	Regional Potentials		Closed		0.00%	0.00%	
297	SI	2007SI161P0002	Environment & Transport Infrastructure		Closed		0.00%	0.00%	
298	SK	2007SK161P0001	Information Society		Pre-Closed		0.20%	0.20%	
299	SK	2007SK161P0002	Environment		Pre-Closed		1.10%	1.18%	
300	SK	2007SK161P0003	Regional OP		Pre-Closed		0.98%	0.98%	
301	SK	2007SK161P0004	Transport		Pre-Closed		0.00%	0.00%	
302	SK	2007SK161P0005	Health		Pre-Closed		0.00%	2.00%	
303	SK	2007SK161P0006	Competitiveness		Pre-Closed		0.44%	0.44%	
304	SK	2007SK161P0007	Technical Assistance		Closed	-17.36	0.61%	20.51%	20.51%
305	SK	2007SK162P0001	Bratislava		Pre-Closed		0.00%	0.00%	
306	SK	2007SK16UP0001	Research and Development		Pre-Closed		0.00%	0.00%	
307	UK	2007UK161P0001	Highlands and Islands		Closed		0.80%	0.00%	
308	UK	2007UK161P0002	West Wales and the Valleys		Closed	4.46	0.05%	0.11%	0.11%
309	UK	2007UK161P0003	Cornwall and the Isles of Scilly		Closed	0.10	0.92%	0.92%	0.92%
310	UK	2007UK162P0001	Lowlands and Uplands		Closed		1.33%	0.39%	
311	UK	2007UK162P0002	South East England		Closed		0.92%	0.92%	
312	UK	2007UK162P0003	Northern Ireland		Closed		0.00%	0.00%	
313	UK	2007UK162P0004	East of England		Closed		0.92%	0.92%	
314	UK	2007UK162P0005	North East England		Closed		0.92%	0.92%	

	MS	Ref	Title	Reservation AAR 2021	Closure status at end 2021	Relevant expenditure 2021 (in mln Eur)	Residual error rate reported at closure	Residual error rate validated by REGIO	Rate of risk on payment
315	UK	2007UK162P0006	London		Closed		0.92%	0.92%	
316	UK	2007UK162P0007	West Midlands		Closed		0.92%	0.92%	
317	UK	2007UK162P0008	North West England		Closed		0.92%	0.92%	
318	UK	2007UK162P0009	Yorkshire and Humberside		Closed		0.92%	0.92%	
319	UK	2007UK162P0010	East Midlands		Closed		0.92%	0.92%	
320	UK	2007UK162P0011	South West England		Closed		0.92%	0.92%	
321	UK	2007UK162P0012	East Wales		Closed		0.05%	0.11%	
322	UK	2007UK162P0013	Gibraltar		Closed		0.00%	0.00%	

Total						597.91			
Weighted average residual risk based on the expenditure declared at closure								0.38%	
Average residual risk at payment/at closure									4.46%

B. Safeguarding the EU budget by corrective actions

The purpose of financial corrections is to ensure that the risk on the legality and regularity of the expenditure declared for co-financing at programme level is below materiality, either through corrections of individual irregularities detected or through extrapolated corrections in case of material representative error rates. These must be based on evidence. The Commission bears the (initial) burden of proof for system deficiencies, irregularities and breaches of the obligations under Articles 98 and 15(4)⁷⁴ of Regulation (EC) No 1083/2006.

Financial corrections as a result of the Commission supervisory role

Indicator	2021 (EUR million)	Cumulative since 2007 (EUR million)
Financial corrections as a result of the Commission supervisory role (Decided/Confirmed) ⁷⁵	140.8	4,537.6
Financial corrections as a result of the Commission supervisory role (implemented)	253.8	4,424.9
Rate of implementation of financial corrections 2007-2013		97.5%

The amount of financial corrections reported above does not reflect the total amount of corrections accepted by Member States as a result of the Commission's supervisory role. Remedial action plans are requested by the Commission from Member States when deficiencies are identified. These also have a **preventive effect** on expenditure already incurred by beneficiaries and registered at national level in the certifying authority's accounts, but not yet declared to the Commission. For such expenditure, the certifying authority applies the financial correction requested by the Commission prior to declaring expenditure ('ex ante' or 'at source'). Expenditure declared to the Commission is therefore **net** from irregular amounts.

The detailed table of financial corrections 2007-2013 by Member State is presented below:

2007-2013 ERDF / CF programmes: Financial Corrections, Withdrawals and Recoveries

1. Commission supervisory role - Financial corrections confirmed/decided in 2021 (excluded at source corrections) by programming period, in EUR million (adjustments/corrections to reporting of previous years are directly reflected in the cumulative amounts)

Member State	1994-99	2000-06	2007-13			Cumulative (ERDF + CF) end of 2021	Total Cumulative (ERDF + CF) end of 2021
	Cumulative (ERDF + CF) end of 2021	Cumulative (ERDF + CF) end of 2021	2021				
			ERDF	CF	Total 2021		
Austria	0.2	0.7				16.2	17.1
Belgium	9.1	8.2				13.3	30.6
Bulgaria		25.7	0.01	8.06	8.07	132.8	158.5
Croatia		1				0.9	1.9
Cyprus							
Czech Republic		45				388.8	433.8
Denmark	1.8	0.5					2.3
Estonia		2.2				16.3	18.5
ETC	1.8	69.1				12.1	83.0
Finland	0.5						0.5
France	32.7	112.3				21.2	166.2

⁷⁴ The Communications on the protection of the EU Budget is integrated in the Annual Management and Performance report (AMPR).

⁷⁵ Excluding financial corrections at source

Member State	1994-99	2000-06	2007-13			Cumulative (ERDF + CF) end of 2021	Total Cumulative (ERDF + CF) end of 2021
	Cumulative (ERDF + CF) end of 2021	Cumulative (ERDF + CF) end of 2021	2021				
			ERDF	CF	Total 2021		
Germany	48.6	26.6				161.5	236.7
Greece	519.6	1,235.4				412.6	2,167.6
Hungary		64.9	-0.66		-0.66	821.9	886.8
Ireland	11.2	64.9				2.4	78.5
Italy	344.6	1,312.6				532.0	2,189.2
Latvia		17.9				61.1	79.0
Lithuania		8.4					8.4
Luxembourg	0.3						0.3
Malta						11.0	11.0
Netherlands	8.2	0.2					8.4
Poland		303.5				585.8	889.3
Portugal	85	240.3				81.1	406.4
Romania		27.4	66.7	7.73	74.43	148.5	175.9
Slovakia		119.8	17.36		17.36	386.3	506.1
Spain	225.9	2,918.4	5.17		5.17	561.2	3,705.5
Slovenia		2.9				49.4	52.3
Sweden	0.5	0.1				0.7	1.3
United Kingdom	126.9	159.9	36.42		36.42	120.5	407.3
TOTAL	1,416.9	6,767.9	125.00	15.79	140.79	4,537.6	12,722.4
Implemented	1,415.0	6,765.5				4,424.9	12,605.4
%	99.9%	99.9%				97.5%	99.1%

2. Commission supervisory role - Financial corrections implemented in 2021 (excluded at source corrections) by programming period, in EUR million (adjustments/corrections to reporting of previous years are directly reflected in the cumulative amounts)

Member State	1994-99	2000-06	2007-13			Cumulative (ERDF + CF) end of 2021	Total			Cumulative (ERDF + CF) end of 2021
	Cumulative (ERDF + CF) end of 2021	Cumulative (ERDF + CF) end of 2021	2021							
			ERDF	CF	Total 2021	ERDF	CF	Total 2021		
Austria	0.2	0.7				16.2				17.1
Belgium	9.1	8.2				13.3				30.6
Bulgaria		25.7				120.6				146.3
Croatia		1.0				1.0				2
Cyprus										0
Czech Republic		45.0				455.7				500.7
Denmark	1.8	0.5								2.3
Estonia		2.2				16.3				18.5
ETC	1.8	69.1				12.1				83
Finland	0.5									0.5
France	32.7	112.3				21.2				166.2
Germany	48.6	26.6				161.5	0.0		0.0	236.74
Greece	517.7	1,237.8				412.6				2,168.1
Hungary		64.9	60.7		60.7	740.7	60.7		60.7	805.6
Ireland	11.2	64.9				2.4				78.5
Italy	344.6	1,312.7	3.2		3.2	523.0	8.9		8.9	2,180.3
Latvia		17.9				61.1				79
Lithuania		8.4								8.4
Luxembourg	0.3									0.3
Malta						11.0				11
Netherlands	8.2	0.2								8.4
Poland		303.5				585.8				889.3
Portugal	85	240.3				85.7				411
Romania		27.4				71.6				99
Slovakia		119.8	17.4		17.4	385.8	17.4		17.4	505.6
Slovenia		2.9				46.8				49.7
Spain	225.9	2,913.5	133.2		133.2	559.2	133.2		133.2	3,698.6
Sweden	0.5	0.1				0.7				1.3
United Kingdom	126.9	159.9	39.3		39.3	120.6	39.3		39.3	407.4
TOTAL	1,415.0	6,765.5	253.8	0.0	253.8	4,424.9	259.5	0.0	259.5	12,605.4
ERDF	1,148.8	5,916.0				3,745.0				10,809.8
CF	266.2	849.5				679.9				1,795.6

IPA-CBC 2007-2013

In 2021, REGIO paid EUR 0.4 million for IPA-CBC 2007-2013.

Indicator	2021
Residual risk rate at closure (average IPA-CBC programmes)	0.38%
Number of IPA-CBC programmes from the 2007-2013 period in reservation (Adriatic)	1

IPA Cross Border programmes are ETC programmes involving at least one candidate country. In terms of management and control system, the assurance model does not differ from the mainstream programmes, as both the requirements and the control objective are identical to those for ERDF/CF.

The review carried out confirms that reasonable assurance can be obtained at this stage on all the programmes which report a residual error rate below 2%. Only the IPA-CBC Adriatic programme was maintained under reputational reservation related to delays in payments to beneficiaries and missing audit trail of payments with ongoing investigations by the Italian Guardia di Finanza.

2000-2006 ERDF / CF programmes: State of play of closures

In 2021, REGIO has made the following financial transactions for the 2000-2006 ERDF programmes and for the Cohesion Fund projects:

Fund	Payments (EUR)	Recoveries (EUR)
CF 2000-2006 / ISPA	51,035,666	24,655,344
ERDF 2000-2006	0	0
TOTAL	51,035,666	24,655,344

ERDF: In 2021, no programme was closed. Currently, out of 379 programmes, 19 remain partially closed. In 16 programmes there are projects which are awaiting the decision of national institutions under administrative and/or legal procedures (including court cases). Depending on the decision of national authorities, they may result in the recovery of financial amounts or a decision to charge the amounts to the EU budget. Final closure of these programmes is not possible as long as no court decision is taken at national level. Therefore there is no risk on EU payments.

Cohesion Fund: In 2021, 5 Cohesion Fund projects (1 LT, 2 GR, 1 BG and 1 RO) out of the remaining 9 were closed. There are still 4 projects, which were open at the end of 2021. Of these, 2 are being closed (LT awaits credits for final payment, and GR awaits recovery, for which the deadline is 2 May 2022). Of the remaining 2 projects, 1 (ES) is blocked by national proceedings, and for the other (GR) it is not possible to estimate the closure date due to the ongoing financial correction procedure. The Directorate General can conclude that it has reasonable assurance on all the final Cohesion Fund 2000-2006 payments it has made in 2021.

ANNEX 7K: Assurance for ENI CBC

These programmes cover territorial cooperation between regions on EU external borders with the Southern and Eastern Neighbourhood countries and Russia. Following the Russian military aggression against Ukraine and in line with the Commission's decision to fully implement all EU restrictive measures, the Commission has suspended the cooperation with Russia and its ally Belarus in the European Neighbourhood Instrument cross-border cooperation programmes (ENI CBC 2014-2020) as well as in the Interreg Baltic Sea region 2014-2020 programme. This means, among others, that no further payments to Russia or Belarus can be made until further notice. The suspension has immediate effect for the nine [ENI CBC programmes](#) involving Russia and Belarus and for the transnational programme [Interreg Baltic Sea region](#) under the programming period 2014-2020. The overall EU funding for the eight programmes with Russia is EUR 178 million, while the total EU funding for the two programmes with Belarus amounts to EUR 257 million. The Financing Agreement signed between the non-EU partner countries (Russia and Belarus in this case) and the Commission for each on the ENI CBC programme and for the Baltic Sea Region programme provides for the suspension of such cooperation with the partner countries in case of breaches to international law, human rights, democratic principles and rule of law.

Total EU funding for these 2014-2020 programmes amounts to approximately **EUR 1 billion**. As a general rule, 50% comes from ERDF and 50% from ENI funds, but IPA funds are also included. The programmes contribute to both EU external (Neighbourhood) policy and EU regional policy.

The ENI CBC are implemented under shared management. However, they have **a different legal basis** than Interreg programmes. The applicable legal rules are ENI (Council) Regulation, ENI CBC Implementing Regulation No 897/2014 and ENI CBC multiannual strategic programming document. They combine elements of shared management, direct management and EU external policy aspects.

ENI CBC programmes 2014-2020 also have *a different financial management system* than other Interreg programmes. In particular, payments from the Commission to the programmes are done only as pre-financing paid at the request of the Managing Authorities (MA) and as a payment of a final balance at closure. There are no interim payment claims. Payment of the pre-financing is not directly linked to the expenditure incurred and paid in the programme. The MA may request a pre-financing of **up to 80%** of the annual EU commitment. In the event that the initial 80% pre-financing proves insufficient to cover all forecasted expenditure, the MA may request an additional transfer of all or part of the annual EU commitment.

The annual accounts are part of the annual report assessment package submitted by the managing authority every year by 15 February. The Commission receives the information about the certified expenditure incurred and paid by the ENI CBC programmes only once a year in the annual accounts which are part of the annual reports submitted on 15 February. The reports cover the preceding accounting year which ends on 30 June. There, the MA reports the expenditure incurred and paid *as certified by the audit authority*. The Commission then clears the pre-financing on this basis.

REGIO has performed desk work on the assurance packages received in February 2021 and February 2022 and also carried out two on-the-spot audits in 2021 covering the accounting year 2019/2020 (assurance packages received in February 2021) for two programmes⁷⁶. The REGIO

⁷⁶ Black Sea Basin (2014TC16M6CB001) and Karelia (2014TC16M5CB002)

reportable error rates for the ACRs submitted in February 2022 are all below 2% apart from three programmes⁷⁷ with error rates above 2%. In one of these cases (Poland-Russia) due to unfinished audit work REGIO has provisionally re-calculated the reported error rate to be 36.4%. As REGIO has no assurance on the legality and regularity of the expenditure for the ENI-CBC programmes Poland-Russia and Black Sea Basin, they are in a reservation (see Annex 70). Following weaknesses identified for 2014-2020:

Audit authority (AA) or control body concerned	Identified deficiencies	Reservation Y/N
Poland-Russia	Uncompleted audits of operations by the programme group of auditors (Russian part) leading to an unreliable reported error rate for the programme. No reliability can be put on expenditure incurred by Russian partners.	Yes – Partial
Black Sea Basin	Deficiencies detected in the work of the audit authority and group of auditors following a Commission audit in relation to lack of detection of irregularities, leading to a material residual level of error.	Yes - Full

For the accounting year 2020-2021, **EUR 87.2 million** was reported as expenditure paid for ENI CBC operations and **EUR 10.5 million** was reported for technical assistance. However, the accuracy of the amounts claimed by individual programmes still needs to be verified during the quality assessment of the Annual report/Accounts.

At the same time, overall **EUR 651.7 million** was paid to the ENI CBC programmes as pre-financing up to date.

⁷⁷ Poland - Russia (2014TC16M5CB007), Mediterranean Sea Basin (2014TC16M5CB015) and Black Sea Basin (2014TC16M6CB001)

ANNEX 7L: Assurance for EU Solidarity Fund

In March 2021, the Commission adopted the Communication on the applications for a financial contribution from the EUSF in relation to regional natural disasters presented by the applications from Greece and France. In May 2021, the budget authority approved mobilisation of the EUSF for the total amount of **EUR 87 million** to assist Greece and France in relation to four natural disasters.

In 2021, the Commission completed its assessment and mobilised assistance for the natural disaster applications received at the end of 2020:

- The application from Greece submitted in October 2020 regarding the floods in the region of Sterea Ellada of August 2020 received the advance payment of the EUSF financial contribution amounting to EUR 330 thousand in March 2021 and the balance payment amounting to nearly EUR 3 million in July 2021.
- The application from Greece submitted in December 2020 regarding the damages caused by the Mediterranean Cyclone Ianos in September 2020 received the advance payment of the EUSF financial contribution amounting to over EUR 2 million in March 2021 and the balance payment amounting to over EUR 19 million in July 2021.
- The application from France submitted in December 2020 relating to the damages caused by the storm Alex in October 2020 received the advance payment of the EUSF financial contribution amounting to nearly EUR 6 million in March 2021 and the balance payment amounting to over EUR 53 million in July 2021.

In 2021, the Commission received ten new natural disaster applications:

- The application from Greece submitted in January 2021 regarding the earthquake in islands of Samos, Ikaria and Chios in October 2020. Greece received the advance payment of the EUSF financial contribution amounting to EUR 253 thousand in March 2021 and the balance payment amounting to over EUR 3 million in July 2021.
- The application from Croatia submitted in March 2021 regarding the series of earthquakes starting from December 2020. Croatia received the advance payment of the EUSF financial contribution amounting to over EUR 41 million in August 2021 and the balance payment amounting to EUR 278 million in December 2021.
- The application from Cyprus relating to the damages caused by the drought and wild fires in June 2021 was submitted in September 2021. However, the application failed to reach the major disaster threshold for Cyprus therefore it was rejected.
- On the first days of October 2021, Germany, Belgium, Austria, Luxemburg and the Netherlands submitted their applications regarding the floods in July 2021.
- In December 2021, Spain submitted an application in relation to the volcanic eruption in La Palma, Canary Islands.

- In December 2021, Greece submitted an application in relation to the earthquake in Crete in September 2021.

The Commission has started assessment of the five floods applications and the applications from Spain and Greece (both received in December 2021) but the decisions and mobilisation of the EUSF assistance will be taken in 2022.

At the level of the Commission, assurance on the legality and regularity of EUSF spending is mainly obtained through the desk review of the validity statements (audit opinions) provided by independent audit bodies, which may be audit authorities in charge of ERDF/CF programmes as well. These desk reviews are complemented by on the spot audits carried out on a risk basis by the DAC.

In 2021, the Commission finalised one audit (2016UK16SP0001 - UK floods 2015) and carried out the audit planned (2014SI16SP0001 -Ice storm 2014) in December 2021. For the UK case, the Commission's auditors did not formulate any findings or recommendations. No amount had to be recovered.

For the Slovenian case, the audit report is currently on contradictory procedure with the Member state. Based on the preliminary conclusions, the Commission auditors identified a case of irregular expenditure linked to ineligible expenditure and issues in the projection of the errors by the audit authorities. The residual error rate after the Commission audit is 1.81% and is covered by the declared overbooking. There is no need for financial correction.

In 2021 the Commission auditors assessed positively six implementation reports and validity statements / audit opinions which were submitted to REGIO for disasters for which EUSF assistance was paid.

Last 16 September 2021, a technical meeting was held between Slovakian authorities and different Commission services in order to discuss the contested issues following the audit carried out in 2015 (Flooding disaster of 2010 in Slovakia) and to provide the opportunity to Slovakia that they have delivered all relevant documents and arguments. Following the outcome of the constructive discussions during this technical meeting, and as a result that no new elements were provided by the Slovak authorities, the Commission services considered that the findings were maintained. The amount of EUR 11 million was therefore recovered and reimbursed from the Ministry of Finance of the Slovak Republic to the European Commission account on January 2022.

Based on the received audit opinions and audit work carried out so far, the Directorate-General can conclude that it has reasonable assurance on the compliance of EUSF expenditure that was accepted.

In 2021, no reservation is made.

In addition, in response to the COVID-19 outbreak and the urgency to address the associated public health crisis, the Commission extended the scope of the EUSF to encompass major public health emergencies. 20 countries (including of 3 candidate countries) received assistance from the Fund relating to the major health emergency caused by COVID-19 and in total, almost EUR 530 million were mobilised for this purpose.

ANNEX 7M: Assurance for direct and indirect management

Indirect management: Urban Innovative Actions

The Urban Innovative Actions (UIA) is an instrument allowing the Commission to directly support cities to test new solutions to address their future challenges. The initiative has a budget of around EUR 372 million for the 2014-2020 period and is implemented via indirect management. The management of the instrument is delegated to the Hauts-de-France Region in France, which has set up a Secretariat to manage it.

Themes of calls for proposals are defined by the Commission services. The evaluation of proposals is carried out by an expert panel, set up in agreement with the Commission, and evaluation results are checked by Commission services. Grants are selected and awarded by the entrusted entity and Commission's services using defined rules and procedures in accordance with the set of principles defined in the Delegation Agreement (including equal treatment, non-discrimination, adequate publication, prevention of conflict of interest, non-cumulative and non-retrospective award of grants, existence of transparent and effective review procedures, etc.).

The entrusted entity is monitoring the operations and payments to beneficiaries. Ex-ante controls are performed before the selection of each operation. Administrative controls for interim payments and on-the-spot visits are performed by the first level controller under the supervision of the entrusted entity for each operation. An annual implementation report is provided by the entrusted entity each year by 15 February.

The certifying authority (Province of east Flanders) is preparing payment applications and submitting accounts by 15 February each year.

The spending is audited by an independent External Auditor who carries out audits on systems and operations by way of sampling. The results are provided to the Commission every year by 15 February in the form of an audit opinion and a control report. Audits are carried out according to a multiannual audit strategy sent to and approved by the Commission services, which is reviewed annually.

The Commission supervises throughout the budget implementation cycle. In addition, the Commission has the possibility to suspend payments, apply financial corrections or suspend the entrusted tasks in case of detected irregularities.

The processing of all five calls for proposals from the Urban innovative actions (UIA) in previous years (leading to the contracting of a total budget of EUR 368.5 million by the entrusted entity and the payment by the Commission of an ERDF cumulative amount of pre-financing of EUR 297 million by end 2020) has allowed to switch the management focus of the EU initiative on the implementation and closure of the projects and on the rolling out of the UIA knowledge management strategy geared at preparing the ground for the new European Urban Initiative, aimed at replacing the UIA over the 2021/2027 programming period. The restrictions imposed in the context of COVID-19 led to implementation delays and required close monitoring. Finally, at the end of 2021, 30 UIA projects (out of the 86 contracted) had managed to complete their activities. Although total eligible amounts certified would have entitled it, there has been no payment of further pre-financing by the Commission to the entrusted entity in 2021 to avoid exposure of

Certifying authority's accounts to negative interests imposed by the banks. The postponed payments are scheduled to be realised in 2022.

Indirect management: Instrument for Pre-Accession (IPA)

The five IPA component III programmes for 2007-13 in Turkey, North Macedonia and Montenegro were managed under indirect management, with the EU delegations carrying-out ex-ante controls on the tendering of contracts, launch of calls for proposals and the award of contracts and grants. This represented an important mitigating element in the overall assessment of the functioning of management and control systems in these candidate countries. The control system was built on multiannual and multilevel control whereby one level of control might rely on the work of previous controls performed by other bodies.

Indicator	2021
Weighted average error rate on 2021 payments as reported by the audit authorities	0.01%

REGIO assessed for all three countries the National Authorising Officer (NAO)'s statement of assurance, the system audit reports, the annual audit work plan, the annual audit opinion and the annual audit activity report, which were submitted at the end of 2019. On this basis, REGIO could conclude that the management and control systems were functioning effectively and obtained reasonable assurance on the legality and regularity of underlying transactions for all five programmes. However, in the same period of time, all these programmes applied the flexibility included in the IPA closure guideline (i.e. possibility under certain conditions to complete a selected number of non-functioning projects by 31 December 2019). The five programmes therefore started their closure process only in 2020. The closure processes were slowed down due to the COVID-19 outbreak, in particular in Montenegro and North Macedonia which requested the possibility to use the remaining funds on the IPA I Component III euro account to implement mitigation measure to fight the consequences of the COVID-19 crisis. As the closure of these two programmes were postponed until the refund of the total amount, some additional verifications by the Audit Authorities and the NAOs have been requested and must still be provided to REGIO.

Regarding the Turkish programmes, some financial corrections might be required at closure, e.g. due to the possible non-completions of major projects under the Turkish OP Environment and the Turkish OP Transport. For this purpose, REGIO will contract audit services to assess these projects. For the Turkish OP Regional Competitiveness, a dispute relating to a termination of a contract resulted in the lodging of a Court case against the Commission in January 2021 [case (T-22/21) Equinoccio-Compañía de Comercio Exterior, SL (contractor) v European Commission]. For this case, there is also one request before the President of the Commercial Court of Brussels and one more action for annulment before the European General Court.

All these programmes closures are nonetheless expected to be completed by 2023, one of them being already pre-closed (Turkey OP Transport).

Direct management

The assurance model for direct management transactions is embedded in REGIO's internal control

system: all transactions are processed according to the Financial Regulation and REGIO's financial circuits, which follow a partly decentralised model.

The assurance system for direct management comprises the following blocks:

Programming: overall and individual action

For technical assistance, assurance that operations cover the needs of the DG and are carried out according to priorities is derived from the programming exercise. The main objectives and priorities for technical assistance interventions in the 2014-2020 period are spelled out in the TA strategy. Specific actions implementing the TA strategy are identified by REGIO services and are consolidated and assessed against the overall strategy through the preparation of the annual Financing decision and its mid-year modification. Reporting on the implementation of the TA strategy (financial execution of the yearly Financing Decision and annual progress in implementing the TA strategy) gives additional assurance that TA funds were used for their intended purpose.

Tendering and contracting

For the award of contracts and grants, REGIO has put in place partly decentralised financial circuits. In addition to these standard circuits, all administrative, financial and procedural tasks were centralised in the central financial unit (TA Cell).

Following the centralisation of the administrative, procedural and financial tasks in the TA Cell, the 4 eyes principle is applied within the TA Cell. Therefore, the role of the former Committee on Public Procurement and Grants (CIMS), checking the legality and regularity of the public procurement processes according its internal procedural rules became redundant.

To provide assurance to the AO(S)D the 4-eyes principle is applied for all procedures in the TA Cell, and an additional ex-ante verification is performed by the Legal Unit before awarding contracts above the Directive ceiling.

Monitoring of implementation and payments

In accordance with the partly decentralised financial circuit, payments are approved following the 4-eye principle (each file is double-checked both on operational and financial aspects). Operational monitoring is carried out along the life of the contracts by the implementing services; generally through verifications of deliverables (e.g. interim, final reports).

Ex-post controls

Additional assurance is provided through the performance of ex-post controls on a sample of payments (including both mainstream and direct payments), to ensure that these were duly authorised, paid to the right beneficiaries, properly accounted for and materially correct. There were no critical or very important findings identified for 2021 payments.

In 2021, REGIO made about EUR 80 million in direct payments. The budget under direct management was used mainly for operational and administrative technical assistance for the ERDF and Cohesion Fund.

Based on the results of the substantive testing on a sample of payments for the year 2021, it can be concluded that, apart from minor risks linked to the replacement of WFS and Sysfin/Sysregio by an ABAC workflow system using Ares, there is reasonable assurance that the payment operations in REGIO are in general properly designed and working as planned.

In 2021, three direct grants were object of ex-post verification. They represent 28% of the total paid amount referring to auditable direct grants closed in 2020. The detected error (amount) for three direct grants for which the draft reports were issued was less than EUR 65 representing an error rate of 0 %. On this basis, REGIO can conclude that it obtained reasonable assurance about the legality and regularity of the expenditure related to direct grants.

Budget implementation tasks entrusted to/by other services and entities

This section reports and assesses the elements that support the assurance on the achievement of the internal control objectives as regards the results of the DG's supervisory controls on the budget implementation tasks carried out by other Commission services and entrusted entities distinct from the Commission.

REGIO has **given** one **cross-sub-delegations** to ECFIN, of EUR 2.5 million for the advisory support under the public sector loan facility (PSLF). This was required by ECFIN to proceed with the signature of the InvestEU Advisory Agreement, but no payments have been made from this envelope in 2021.

REGIO also **received cross-sub-delegations** from other DGs and services (commitments – rounded figures):

- EMPL (EUR 0.2 m) for mission budget and outsourced audit of EASI grants;
- NGEU/ECFIN (EUR 0.02 m) for the INFORM EU project and a plenary meeting in Dubrovnic;
- REFORM (EUR 0.1 m) for the provision of IT services;
- MOVE (EUR 5.5 m) for the JASPERS 2021 specific grant agreement.

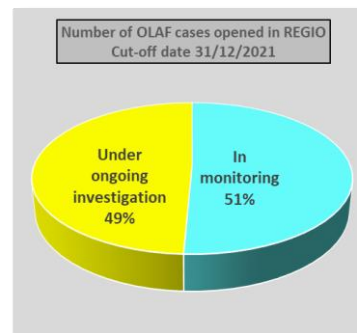
⁷⁸ Payments made to Member States under adopted programmes

ANNEX 7N: Fraud prevention and detection

Ongoing OLAF cases

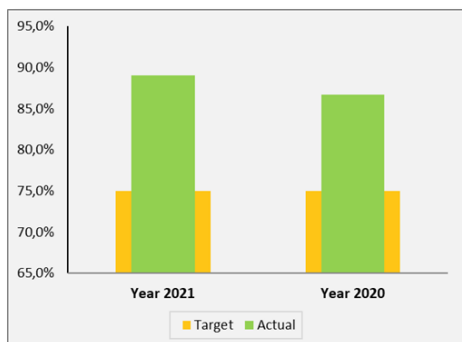
On 31/12/2021, 139 OLAF cases were open for REGIO, at different stages of the procedure. More in detail:

- 69 cases were under investigation: OLAF was still investigating the case before issuing the Final Case Report;
- 70 cases were in their "monitoring phase": OLAF issued a Final Case Report and REGIO was working on the related follow-up.



Closed OLAF cases

During 2021, REGIO closed 9 OLAF cases with financial follow up. The Final Case Reports were cumulatively recommending recoveries totalling EUR 73 million. In accordance with the regulatory basis and the applicable Guidelines for determining financial corrections, REGIO recovered EUR 65 million. The recovery rate of 89% exceeds the target (75%).

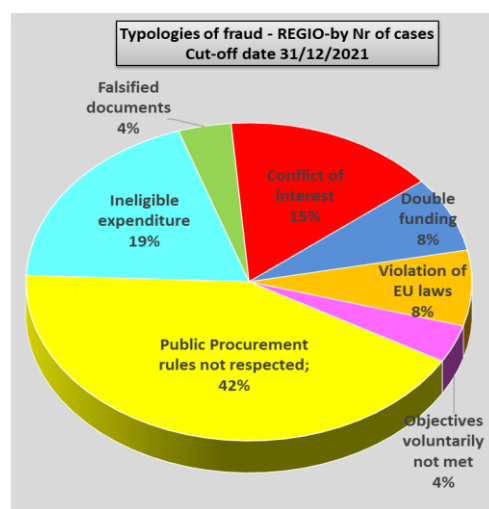
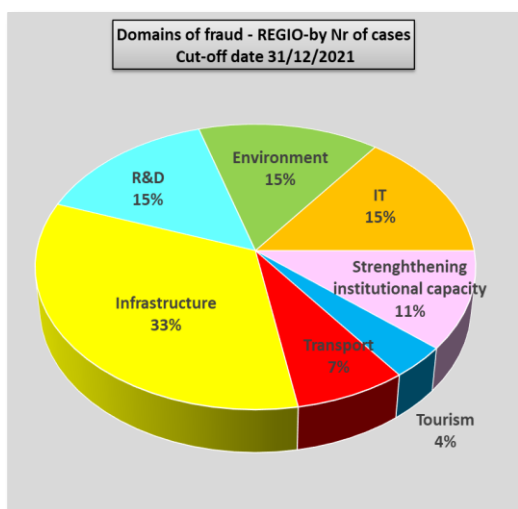


OLAF cases, REGIO recovery rate

The review of the OLAF cases closed in 2021 indicates that the most significant types of detected fraud were "Public Procurement rules not respected" (11 cases) and "Ineligible expenditure" (5 cases).

Regarding the typologies of fraud, the field Public Procurement is relevant in 42% of the 27 cases closed in 2021 (of which 9 comprised financial recommendations and 18 not).

“REGIO cases closed in 2021, domains of fraud”



Regarding the domains of fraud, the field “Infrastructure” is relevant in 33%, i.e. 9 of the 27 cases closed in 2021.

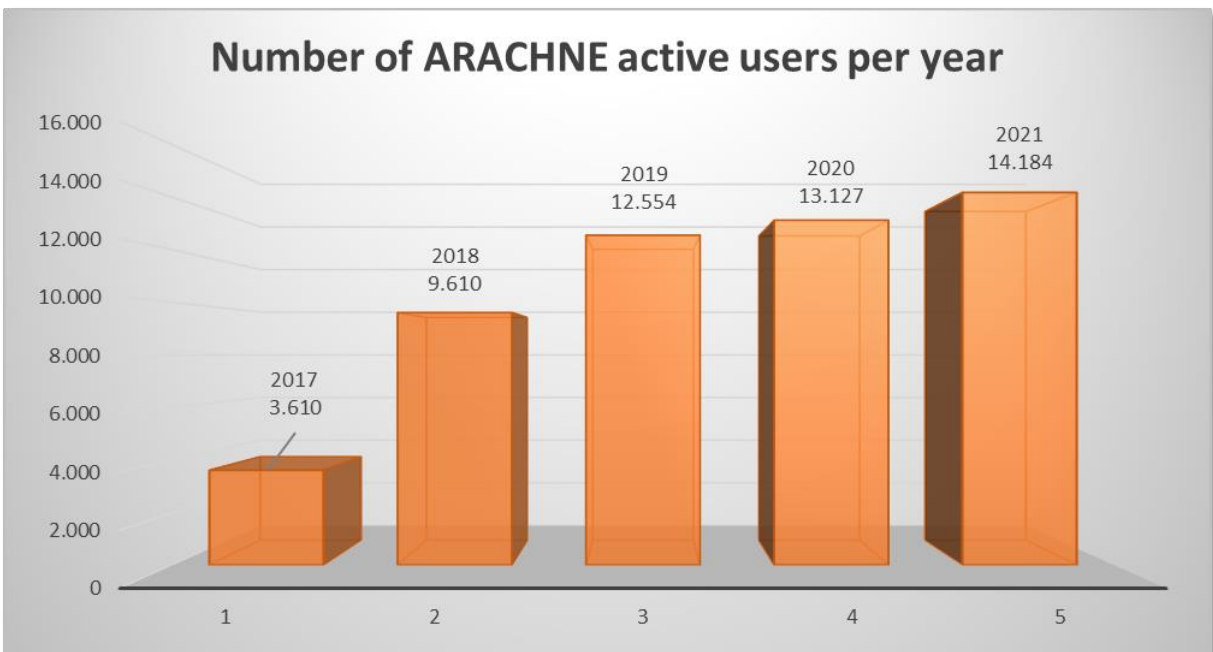
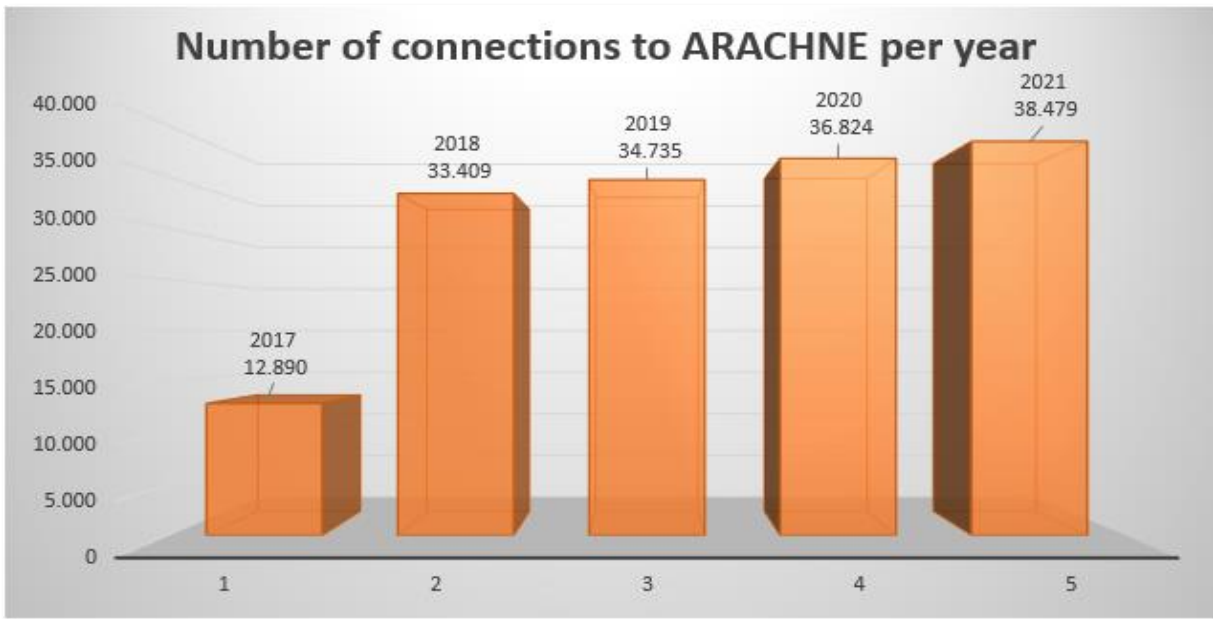
List of OLAF case reports including financial recommendations for which the follow-up was completed by REGIO in 2021:

OLAF Number	Period	Fund	MS	Programme	Financial Recommendation from OLAF (Final Case Report)	Amount recovered	Amount prevented from being unduly spent	Type of recovery (Withdrawal at closure, De-certification by MS, Financial)	Reason for not following OLAF Financial Recommendation	Date of closure of the case
OF/2010/xxxx	2000-2006/ 2007-2013	ERDF	HU	Environment and Energy (2007HU161PO002), Central Transdanubia (2007HU161PO005), Regional programme (2003HU051PO001)	46.139.159	36.000.000	54.059	Withdrawal at closure	The MS communicated objections regarding OLAF's findings. REGIO services took into consideration part of the MS objections and revised the amount of the financial correction.	11-02-2021
OF/2012/xxxx	2007-2013	ERDF	IT	2007IT161PO006 Ricerca e competitivita	14.928.465	13.550.918	3.582.805	De-certification by MS	N/A	28-04-2021
OF/2016/xxxx	2007-2013	ERDF/ESF	ES	OP Fondo Tecnologico	2.417	2.417		De-certification by MS	N/A	4-03-2021
OC/2017/xxxx	2007-2013	ERDF	UK	2007UK161PO003	156.109	156.109	0	De-certification by MS	N/A	16-06-2021
OC/2017/xxxx	2007-2013	ERDF	UK	2007UK161PO003	3.176.694	3.176.694	0	De-certification by MS	N/A	16-06-2021
OC/2019/xxxx	2014-2020	ERDF	EE	OP Enterprise Estonia (EAS)	19.902	4.976	0	De-certification by MS	The correction rate proposed by OLAF (100%) was modified by REGIO and reduced to 25% (applicable rate for non-fraudulent cases).	16-04-2021
OC/2018/xxxx	2007-2013	ERDF	RO	2007RO161PO002 Operational Sectorial Programme "Increasing Economic Competitiveness"	2.245.000	2.245.000	0	Financial correction	N/A	11-02-2021
OC/2019/xxxx	2014-2020	ERDF	IT	Operational Programme Campania 2007IT161PO009	132.088	52.835	80.088	Withdrawal at closure	N/A	4-08-2021
OF/2014/xxxx	2007-2013	CF	RO	2009RO161PR009	6.119.984	6.119.984	0	De-certification by MS	N/A	12-10-2021

ARACHNE

Arachne is a datamining and risk-scoring tool made available to all Member States' authorities that can help them to identify, among others, the presence of situations of conflict of interests and the risks of fraud.

The last years show that the number of connections as well as the number of active users is gradually increasing. The trend was confirmed in 2021.



At the end of 2021 there were about 6,400 named users in Arachne and about 3,500 of these users got connected and performed queries at least once during the year.

ANNEX 70: European Court of Auditors: Audit observations and recommendations

ECA Annual report for 2020

The main sources of errors in the ECA annual report for 2020 relate to ineligible projects and costs, infringements of internal market rules (in particular non-compliance with State aid rules) and the absence of essential supporting documents contributed most to the ECA's estimated level of error. In particular the ECA found ineligible expenditure in 13 of the transactions they examined and these cases accounted for 57% of the number of quantifiable errors they found. The main causes of ineligible expenditure were project participants or cost items that did not meet the eligibility rules.

The ECA issued three recommendations in chapter 5 dedicated to 'Economic, social and territorial Cohesion' of its 2020 Annual Report. The Commission accepted all of them and will make the necessary follow-up.

1 – Balanced standard scales of unit costs for reimbursing payments made by Member States

Closely monitor Member States using its standard scales of unit costs, to ensure that the scheme does not result in excessive imbalances in favour of Member States. The Commission should ask Member States to adjust excessive rates and correct imbalances to avoid any gains at programme closure.

The Commission has accepted this recommendation and highlights that this case was originally identified by a Commission audit. The SCO scheme foresees an adjustment method in case of discrepancy and the problem has in the meantime been solved.

2 – Keeping track of the risk of fraud in audit authorities' audits of operations

Encourage audit authorities explicitly to introduce specific questions in their checklists on fraud risks and document the steps taken to address any such risks discovered in the course of an audit.

The Commission has accepted this recommendation and has requested the audit authorities in the Technical Group Meeting of December 2021 to complete their checklists for audit operations and better document the steps taken to address any fraud risks discovered.

3 – Follow-up of amounts under an ongoing assessment

Ask Member States to make available sufficient information available in the annual summary on conclusions and follow-up of operations for which they have withdrawn amounts under an ongoing assessment from the accounts. This would enhance transparency about the way programme authorities monitor these amounts.

The Commission has accepted this recommendation, although it has no legal basis to impose such additional reporting obligation on programme authorities. Furthermore, the Commission has requested the audit authorities in the Technical Group Meeting of December 2021 to pay particular

attention during their audits of accounts and reporting in their ACR (population reconciliation for audit sampling).

The ECA also issued a recommendation in its chapter 2 on Budgetary and financial management regarding the reporting on EU funds for COVID-19-related purposes, which has been partially accepted by the Commission. From 2021, the Commission will focus on the recovery from the COVID-19 pandemic and fulfil its reporting obligations, in particular, for Next Generation EU. The Commission does not intend to prepare further reporting on the immediate response beyond the already existing reports of the various instruments.

Follow-up of previous recommendations

REGIO systematically follows up the recommendations issued by the Court in its Annual Reports and accepted by the Commission. In its 2020 Annual report, the Court assessed that the recommendations issued in 2017, 2018 and 2019 with an expired expected implementation date have been implemented, either fully or in most/some respects, except one recommendation on the VAT eligibility in cohesion policy issued in 2017. The Commission considers however that it has addressed the Court’s concern on this issue through an alternative proposal on VAT eligibility for post-2020.

The following table gives an overview of the status of implementation of the recommendations for which REGIO is responsible, as registered by the Commission in the RAD database.

Annual Report	Number of recommendations issued	DONE/CLOSED	OPEN
2015	5*	5	0
2016	7	7	0
2017	6	6	0
2018	3	3	0
2019	2	2	0

* The 2015 recommendation asking to submit a legislative proposal to amend Regulation (EC) No 1083/2006 with respect to the extension of the eligibility period for financial instruments under shared management was rejected by the Commission.

Summary of the results of the most strategic Court's Performance audits and reports published in 2021 involving cohesion policy and its funding

In 2021, the ECA published the following seven Special Reports where DG REGIO, involved as lead or associated DG, will have to play a role in the implementation of the related recommendations.

SR 06/2021 “Financial instruments in Cohesion policy at closure of the 2007–2013 period: verification work yielded good results overall, but some errors remained”

Financial instruments were a relatively new but important method of cohesion policy financing in the 2007-2013 programming period. Over 1,000 financial instruments under shared management (FISM) were used across 25 Member States, with operational programme contributions exceeding

€16 billion, including €11 billion in EU funding through the European Regional Development Fund and the European Social Fund. The ECA's previous audits concerning these instruments revealed a number of errors and weaknesses during implementation. The Commission stated that these shortcomings would be addressed at closure.

The audit objective of this special report was to analyse whether the Member States and the Commission had taken the necessary steps to properly verify and assess FISM expenditure at closure of the 2007-2013 operational programmes. As financial instruments have an even greater role and increased reach in cohesion policy for the 2014-2020 programming period, the ECA's conclusions on 2007-2013 FISM expenditure at closure would be relevant for the upcoming 2014-2020 closure process.

The ECA found that the Member States and the Commission had largely taken the necessary steps to verify the eligibility of FISM expenditure at closure. The Commission and the national audit authorities had carried out checks, and these had yielded results. Despite this, however, the ECA still identified errors with a financial impact in three of the seven instruments they audited during their legality and regularity audits at closure.

The Commission had taken the necessary steps to approve final expenditure, with one noteworthy exception. It accepted as eligible a FISM that disbursed more than 80 % of funds to large corporations (some publicly listed), instead of disbursing primarily to small and medium-sized enterprises as per the applicable legislation. Most of the shortcomings the ECA identified, such as limitations on the audit authorities' mandate, have been addressed for 2014-2020. For the remaining weaknesses, the Commission has updated its financial instrument audit methodology and developed guidance on audit documentation practices in cooperation with audit authority representatives.

Based on its conclusions, the ECA recommended that the Commission took the following actions for 2014-2020 financial instruments under shared management:

- Provide guidance targeting risk areas identified in Commission and ECA audits;
- Complete the necessary guidance on the role and responsibilities of audit authorities when assessing the eligibility of financial instrument expenditure at closure.

In its replies to the observations of the ECA, the Commission stated that financial instruments play a significant role in delivering the cohesion policy objectives. In 2007- 2013 this delivery tool was implemented in nearly all Member States. Many important lessons were learnt during the implementation and the closure of the programmes with financial instruments. To facilitate a greater uptake of financial instruments, in 2014-2020 the legislative framework was significantly improved by providing clear provisions and a greater legal certainty for the Member States. Both the Member States and the Commission take the necessary steps to achieve assurance that the expenditure are verified and are legal and regular throughout the programme implementation and at closure. Reporting requirements also improved by covering a more extensive scope of data and actions taken to help the Member States to submit more accurate and reliable data. The Commission continued to work on the audit methodology taking into account the experience from the audits carried on the financial instruments in the 2014-2020 programmes. The importance of verification by the audit authorities at closure is also emphasised in the 14-20 guidance on closure. As a result, the Commission expects that the legislative framework as well as the audit

methodology and guidelines for closure constitute an adequate basis for ensuring the necessary assurance to close the 2014-2020 programmes.

The Commission has accepted both recommendations and has updated the audit methodology for FISMs strengthening the aspects on closure. This has been shared with both audit and managing authorities.

The report was published on 29 April 2021.

SR 10/2021 “Gender mainstreaming in the EU budget: time to turn words into action”

The ECA assessed whether gender mainstreaming had been applied in the EU budget from 2014 onwards. The auditors found that there was not yet any effective framework to support gender mainstreaming, and that the EU’s budget cycle has not adequately taken gender equality into account. Although the new 2020-2025 Gender Equality Strategy stepped up the Commission’s commitment to gender mainstreaming, fundamental prerequisites and specific actions was still missing. In the NGEU instrument, there is a commitment to take gender equality into account under the Recovery and Resilience Facility, the largest part of the instrument. National recovery and resilience plans will be required to explain how proposed measures are expected to contribute to gender equality.

The ECA recommended that the Commission should:

- strengthen the institutional framework for supporting gender mainstreaming;
- carry out gender analyses of needs and impacts and update its better regulation guidelines;
- systematically collect, analyse and report on existing sex-disaggregated data for the EU funding programmes;
- use gender-related objectives and indicators to monitor progress;
- develop a system for tracking funds allocated and used to support gender equality and report annually on the results achieved in terms of gender equality; and
- assess and report whether Member States’ recovery and resilience plans address gender equality.

The Commission accepted partially all of the recommendations. In particular, the Commission was not in the position to commit on internal distribution of responsibilities. As concern evaluations and analysis the Commission will use sex-disaggregated data under direct management and shared management in line with the Better Regulation guidance and the relevant programmes regulations. As concerns future legislative proposals, the Commission at the moment of the adoption of the report was not in the position to give commitments. On reporting, this will be limited to the available data at any given moment in time and will cover all EU funding programmes only progressively. On the Recovery and Resilience Facility, the Commission recalled that the implementation on the national plans is the responsibility of the Member States.

The report was published on 26 May 2021.

SR 12/2021: The Polluter Pays Principle: Inconsistent application across EU environmental policies and actions

In its audit the ECA has focused on investigating whether the Polluter Pays Principle was well applied in four EU environmental policy areas: industrial pollution, waste, water, and soil. The Special Report assessed whether the Commission's actions related to the Environmental Liability Directive for regulating environmental damage from economic activity brought any results, and whether the EU budget was protected from covering the expenses that should have been paid by the polluters. The audit work focused on the 2014-2020 Multiannual Financial Framework.

The ECA concluded that the Polluter Pays Principle was reflected and applied to varying degrees in the different EU environmental policies and its coverage and application was incomplete. The Commission's support to Member States in implementing the Directive did not solve all weaknesses, such as unclear concepts and definitions, or the absence of financial security in cases of insolvency.

ECA recommended that the Commission should:

- assess the scope for strengthening the integration of the Polluter Pays Principle into environmental legislation
- consider reinforcing the application of the Environmental Liability Directive, and
- protect EU funds from being used to finance projects that should be funded by the polluter.

The Commission accepted all recommendations with the exception of partial acceptance for one sub-recommendation. The Commission acknowledged the need for the examination of how the Polluter Pays Principle is applied in delivering the European Green Deal commitments by evaluating its implementation in the Member States. DG REGIO is particularly concerned by the third recommendation on protecting the EU funds from being used to finance projects that should be funded by the polluter. The Commission stressed that under the shared management it is primarily the responsibility of the Member State to select operations where the recommended conditions should be applied. However, the Commission is committed to ensure through the mechanisms put in place in the framework of the cohesion policy that applicable law is respected and that the Member States are aware of their obligation in this respect.

The report was published on 5 July 2021.

SR 14/2021: Interreg cooperation: The potential of the European Union's cross-border regions has not yet been fully unlocked

The objective of the audit was to assess whether the Commission and the Member States had addressed effectively the challenges of the cross border regions in the internal borders cooperation programmes funded through Interreg. The audit was also carried out in view of the implementation of the 2021-2027 period and the co-legislators' ongoing discussions about a potential mechanism tackling legal and administrative obstacles in cross border regions.

The ECA concluded that, overall, there were clear links between objectives proposed, inputs and activities planned and the intended results and impact. However, the frequent absence of a clear demarcation between cooperation and mainstream programmes meant that cooperation programmes could finance the same types of operations as the mainstream programmes

The ECA noted that in the context of the cooperation programmes the needs of the regions concerned were analysed as well as a strong coherence between objectives proposed, inputs and activities planned and the intended results and impact. It observed that the financial resources allocated to these programmes meant that cross border challenges could only be partially addressed and a better targeting of resources was needed. It also noted a frequent absence of a clear demarcation between cooperation and mainstream programmes, leading to a situation where cooperation programmes could finance the same types of operations as the mainstream programmes. Finally it pointed as well to weaknesses in the project selection procedures and to the statistical data limitations affecting the evaluation of the co-funded projects.

One recommendation and one sub-recommendation were addressed to the Commission which were all accepted:

- Recommendation 1b) related to the complementarity of mainstream and cooperation programmes.
- Recommendation 3 targeted the cooperation with programme authorities, especially regarding the selection of the common output and result indicators relevant to the types of actions the programmes should implement.

The report was published on 1 July 2021.

SR 24/2021 “Performance-based financing of Cohesion policy: worthy ambitions, but obstacles remained in the 2014-2020 period”

Delivering results is key in order to achieve the EU’s policy objectives and thus also to strengthen the Union’s economic, social and territorial cohesion. Making Cohesion policy more performance-based is a shared objective of the European Parliament, the Council and the Commission. The 2014-2020 common provisions regulation provided for an explicit ‘performance framework’ for Member States’ operational programmes, including milestones and targets to attain with European Structural and Investment Fund investments. Moreover, three instruments gave Member States financial incentives to achieve results and optimise their use of funding:

- The requirement to fulfil specific prerequisites (‘ex-ante conditionalities’) to create an investment-friendly environment from the start of the programmes. These were also aimed at ensuring that the necessary conditions for the effective and efficient use of European Structural and Investment Funds were in place for Member State expenditure to be reimbursed from the EU budget;
- A mandatory performance reserve of around €20 billion (or 6 % of Cohesion spending), which could be released for successful priority axes, or had to be re-allocated to other priority axes of the same programme or to other programmes in the same Member State; and
- Performance-based funding models which linked EU financial support directly to pre-defined outputs or results.

The ECA audit assessed the use of these instruments in 2014-2020. In particular, they examined whether:

- these instruments were well designed to incentivise performance and shift the focus to achieving results;
- the Commission and Member States used them effectively; and
- their use made a difference in the way Cohesion funding was allocated and disbursed.

All three instruments had the potential to incentivise performance and to shift focus to achieving results. Moreover, the instruments are complementary being applicable at different stages and to different aspects of programme implementation, but they all link Cohesion funding to performance and results.

The Commission and Member States have been only partially successful in using the three instruments to make the financing of Cohesion policy more performance-based. The ECA's assessment is more positive for ex-ante conditionalities than for the performance reserve, and least positive for performance-based funding models (except simplified cost options, which already existed before 2014).

Member States fulfilled most but not all ex-ante conditionalities before programmes started. Action plans on outstanding ex-ante conditionalities were agreed and largely completed, but in some cases only late in the period. The assessment of ex-ante conditionalities by the Commission was designed as a one-off exercise rather than monitoring their fulfilment throughout the period. 'Enabling conditions' (their successor for the 2021-2027 period) require fulfilment throughout the period.

In 2019, the Commission released 82 % of the €20 billion performance reserve for the 2014-2020 period. The amounts released were based mainly on Member States' achievement of their spending and output targets, as hardly any result indicators were used for allocating the performance reserve. Overall, the allocation of the performance reserve had only a limited impact on programme budgets. The use of a mandatory performance reserve has been discontinued for 2021-2027 and replaced by a mid-term review.

Member States showed very limited interest in using the two new performance based funding models, i.e. 'joint action plans' and 'financing not linked to costs'. The Commission was more successful in promoting the use of the more traditional simplified cost options, though not all these are performance-based. 'Financing not linked to costs' will become the dominant EU funding model in the coming years, mainly due to its mandatory use under the Resilience and Recovery Facility. However, the ECA considers that there is a need to further clarify the applicable rules on its use in Cohesion policy so that Member States are more likely to use this innovative funding model.

Overall, the ECA's audit confirmed that the introduction of the performance framework in the 2014-2020 period has contributed to a cultural change in the financial management of Cohesion policy. However, the ECA's audit also showed that performance-based financing is not yet a reality in Cohesion policy. In particular, while the three new instruments led to new approaches to implementation, they did not make a noticeable difference to the way EU funding was allocated and disbursed.

The ECA addressed the following four recommendations to the Commission:

- Make the best use of enabling conditions in the 2021-2027 period;

- Prepare the ground early for an effective mid-term review for the 2021-2027 period;
- Clarify the rules underlying the ‘financing not linked to costs’ funding model;
- Clarify the approach for providing assurance on EU funding through the ‘financing not linked to costs’ model.

All four recommendations were accepted by the Commission.

The ECA published the report on 21 October 2021.

SR 26/2021 “Regularity of spending in EU Cohesion policy: Commission discloses annually a minimum estimated level of error that is not final”

Cohesion policy represents one of the largest parts of the EU budget. It is also a policy area, where the ECA considers the risk of irregular expenditure to be high. A relevant and reliable estimated level of error in Cohesion is a key element for the Commission’s disclosure and monitoring whether expenditure in this policy area complied with the legal provisions. It is also the basis for taking the required corrective actions. Regularity information in Cohesion is based on the work of Member State audit authorities and the Commission’s subsequent verification and assessment of their work and results. The result of this audit work is presented in the annual activity reports of the relevant Directorates-General, and in the Commission’s annual management and performance report as a key performance indicator for the estimated level of error in expenditure of the underlying programmes.

The ECA had previously highlighted in its annual reports that the weaknesses that they found in the work of audit authorities limits the reliance that can be placed on that work. The main objective of this audit was therefore to assess whether the Commission’s audit processes compensate for this limitation and enable it to disclose a relevant and reliable estimate of the level of error in Cohesion spending in the annual activity reports and the annual management and performance report.

For this purpose, the ECA examined the Commission’s processes and procedures for the acceptance of the accounts and for its assessment of the regularity of the expenditure underlying the annual accounts, which provides the basis for the validation and confirmation of the annual residual error rates reported by the audit authorities. The ECA also examined the way the Commission prepares and presents regularity information in the annual activity reports and the annual management and performance report.

While the Directorates-General present the key performance indicators as their best estimate of the level of error, the ECA concluded overall that they are not final and represent a minimum level of error at Directorate-General level and consequently in the annual management and performance report.

In line with the regulatory framework, the Commission accepts the annual accounts of Member States without taking into account the regularity of the related expenditure. Consequently, the 10 % payment retention, introduced with the intention of safeguarding the EU budget, is released, even in situations where Member States’ audit authorities had confirmed a residual error above the materiality threshold of 2 % and where the Commission’s regularity checks had yet to be completed.

The Commission in its desk reviews, checks the consistency of the regularity information included in the assurance packages. However, desk reviews are not designed to detect additional ineligible expenditure, which limits their added value. These desk reviews contribute to the Commission's risk-based approach for selecting audit authorities for its compliance audits. However, the Commission did not always select the audit authorities with the highest risk score and did not sufficiently document the justification for selecting these audit authorities.

Compliance audits, where the Commission reviews the eligibility of operations, represent the most important element for its assessment of the audit authority's work and related results. While the Commission found a number of undetected errors in the compliance audits that the ECA reviewed, it often revised its final audit results in a follow-up phase with the Member States. The ECA also noted the high frequency of undetected errors found by the Commission in the cases that they reviewed. Together with its often limited sample of operations, this indicates that further types of errors are likely to be present in the rest of the audit authority's sample not reviewed by the Commission. This means that the residual total error rate is a minimum rate at programme level.

The Commission reports the results of its work in the annual activity reports as a key performance indicator. While this indicator represents the Commission's best estimate of the level of error, the ECA considers that the key performance indicators published by the Directorates-Generals represent a minimum. This is because of the limited coverage of both operational programs and operations through compliance audits, the inherent limitations of the Commission's desk reviews and other issues related to its audit work. The ECA also considers that the published key performance indicators are not final, so they are therefore provisional.

In its replies, the Commission stressed the reasons why it considers that the levels of error reported in its Annual Activity Reports present a fair and prudent view of the risks for each programme, based on a combination of thorough desk review and on the spot audit work and allowing to provide a nuanced, differentiated assessment by programme and by authority. It however referred to the need to balance the efficient use of our resources and the mitigation of risks due to certain inherent limitations to its work, as it cannot expand its sample of transactions, [audits are risk based and it is not possible to extrapolate results](#). Due to the fact that half or more of ECA sample each year presents no or very limited additional errors, desk reviews are fully justified for the low risk programmes.

The levels of error reported in the Annual Activity Reports fully reflect that the audit and corrective capacity of Cohesion policy programmes remains multi-annual. Commission audits continue after accounts are accepted and the Annual Activity Reports are signed and additional financial corrections may be requested. As a result, the overall actual level of error for each accounting year can only be known once all audit procedures are finalised and corrections applied for the concerned programmes. The Commission updates this risk at closure every year, which is confirmed to be well below 2%.

In parallel, the Commission continues to work with audit authorities to improve their detection capacity.

With a view to improving the reporting of regularity information in Cohesion for the new programming period, the ECA recommended that the Commission should:

- propose a legislative revision to ensure that the legal framework adequately protects the payment retention before it is released (not accepted by the Commission);
- improve its audit work, audit documentation and review process (partially accepted by the Commission);
- strengthen the main elements of the regularity information provided in the annual activity reports (partially accepted by the Commission).

The ECA also recommended that Central Services receive instructions on the production of the annual management and performance report from its owner, the College of Commissioners (partially accepted by the Commission).

The ECA published the report on 23 November 2021.

SR 27/2021: EU Support to tourism - Need for a fresh strategic orientation and a better funding approach

The ECA assessed whether the Commission's actions, aimed at supporting the EU's tourism industry during the 2014-2020 period, were effective. To do this, the ECA looked at three aspects: firstly, the effectiveness of the Commission's tourism strategy, secondly, the consistency of ERDF financial support with existing tourism strategies at EU, national and regional level (auditing projects in four Member States: Hungary, Poland, Romania and Spain) and, thirdly, if the Commission has initiated mitigating actions concerning the impact of the COVID-19 pandemic on the tourism sector.

The ECA concluded that the Commission has taken first initiatives towards a new tourism strategy. The tourism strategies in the four audited Member States, currently being revised to be relevant for the period up to 2030, addressed similar priorities to those in the EU strategy, such as tourism sustainability and quality, digitalisation and competitiveness.

Equally, the ECA concluded that the 2014-2020 ERDF funding of tourism investments has addressed and was consistent with EU and national tourism objectives, based on the ex-ante assessment performed by managing authorities and the provisions of the corresponding partnership agreement. The Commission has put in place actions to mitigate the impact of the COVID-19 pandemic on the EU's tourism sector.

At the same time, the ECA highlighted that the current EU's tourism strategy is not fit for the new challenges facing the sector. Priorities have been updated twice during 2014-2020: In 2015, to include elements like digitalisation and the improvements of tourism workers' skills and competences, and 2019, to align the strategy with the European Green Deal, giving attention to sustainable and responsible tourism. However, new priorities were not associated with specific actions nor proposals on how to best use EU funding to achieve them. In addition, the reduction of staff dealing directly with tourism policy within the Commission was of concern to the ECA.

The ECA furthermore observed that whilst the selection of ERDF funded projects by MS was in line with the applicable rules, several audited projects lacked adequate initial planning and needs assessment, leading to delays (11 out of 17 selected projects), cost overruns and changes in project scope. The Commission's guidance about the conditions for ERDF funding included effectiveness and

sustainability of tourism investments, but several aspects were not dealt with (possible risk of incompatibility with strategies of neighbouring areas, risk of overlap with other EU funded projects nearby or for proper maintenance of projects after their completion). Only one common tourism indicator was used in 2014-2020 for the monitoring of output (increase in expected number of visits to supported sites) and did not allow to measure all possible types of project results, like a reduction of seasonality or reduction of the environmental impact of tourism sites and facilities. Therefore, according to the ECA, the monitoring information did not allow to comprehensively assess the results of ERDF funding of tourism in 2014-2020.

The report was published on 14 December 2021.

REGIO was further associated in other ECA performance audits published in 2021 which covered a broad range of topics, from alternative fuels and sustainable finance to EU space programmes, where it contributed to deliver its expertise to the other Directorate Generals in the lead for these audits.

Finally, the following special reports and review-based documents were in the pipeline at the end of 2021 for DG REGIO:

- EU support to SME competitiveness
- EU support to SME internationalisation
- Energy efficiency in enterprises
- EU measures addressing the innovation divide
- LEADER/CLLD
- Conflict of interest in shared management
- Blacklisting economic operators
- Climate mainstreaming
- Cross-border cooperation in Neighbourhood
- ESI-funds and the RRF
- Coal regions in transition
- EU financial architecture
- Circular economy
- CRI, CRII+ and REACT-EU measures
- EU battery value chain
- Intermodal freight transport
- Digitalisation of schools

Follow-up to previous ECA recommendations:

The Court conducted in 2021 a follow-up of nine Special Reports published in 2018 and involving directly or indirectly REGIO:

- SR 01/2018 on Joint Assistance to Support Projects in European Regions (JASPERS): time for better targeting
- SR 08/2018 on EU support for productive investments in businesses: greater focus on

durability needed

- SR 09/2018 on Public Private Partnerships in the EU: widespread shortcomings and limited benefits
- SR 12/2018 on Broadband in the EU Member States: despite progress, not all the Europe 2020 targets will be met
- SR 17/2018 on Commission's and Member States' actions in the last years of the 2007-2013 programmes tackled low absorption but had insufficient focus on results
- SR 19/2018 on A European high speed rail network: not a reality but an ineffective patchwork
- SR 21/2018 on Selection and monitoring for ERDF and ESF projects in the 2014-2020 period are still mainly outputs-oriented
- SR 23/2018 on Air pollution: Our health still insufficiently protected
- SR 25/2018 on Floods Directive: progress in assessing risks, while planning and implementation need to improve

The Commission considers that all recommendations issued in those special reports and accepted have been implemented, except for the ones which have an implementation date not yet reached. The Court's assessment on the implementation of these recommendations will be reported in its next Annual Report on Performance.

Impact of the ECA findings on DG REGIO's assurance

DG REGIO notes that the ECA's conclusions and recommendations in its 2020 annual and special reports support the achievement of the internal control objectives. DG REGIO will continue to (i) focus its audits and actions on the most risky programmes/Member States and implement corrective measures when needed through a strict policy of interruptions and suspensions of payments up to closure, and (ii) apply strict procedures at closure to exclude any remaining material risk of irregular expenditure.

The newly created Joint Audit Directorate for Cohesion is further strengthening the audit trail for establishing the audit plan, including clear links to results of risk assessment as well as to other relevant criteria. The Directorate is further strengthening the review process of the audit work carried out to ensure that checklists and other audit documentation are sufficiently detailed to allow a review, including by an external auditor. DG REGIO's annual activity report describes previous deficiencies found in the reported error rates and management and control systems, and the actions applied to improve the situation. DG REGIO will also continue to clearly disclose in annex 5 of the annual activity reports the materiality criteria for establishing reservations, taking into account the latest information provided in the assurance packages, including the reportable error rates.

ANNEX 7P: Internal Audit Service: Audit observations and recommendations

At the end of January 2022, the following IAS recommendations considered as 'Very Important' were under review of IAS or reported as pending. For the latter, the actions identified in the respective action plans are in the course of being implemented by REGIO.

Audit title	Very important recommendations	Status / Deadline
Audit on Monitoring the implementation and performance of 2014-2020 OPs by REGIO, EMPL and MARE	Performance data reliability	Ready for review
Audit on preparation for the 2021-2027 programming period by DGs REGIO, EMPL and MARE	Support to Member States in the preparation of the 2021-27 programming period: procedure for issuing "non-guidance documents" & availability of guidance and non-guidance documents for MSs in a common repository (rec. n°1)	Pending 30/06/2022
	Support to Member States in the preparation of the 2021-27 programming period: availability of guidance and non-guidance documents to all desk officers in a common repository (rec. n°4).	Pending 30/06/2022
	Timing of the preparation and operational start of the programming (rec. n°5): a) Improve coordination and communication between SFC team and CPR DGs b) Participation of all DGs in development and finalisation of checklists for assessment of horizontal enabling conditions c) Improve internal reporting system to senior management	Pending 31/12/2021* Pending 31/1/2022* Pending 31/10/2021*
	Timing of the preparation and operational start of the programming (rec. n°8): Interreg checklist for programme assessment	Pending 23/11/2021*
Audit on interruptions, suspensions and financial corrections for ESIF 2014-2020 by DGs REGIO, EMPL and MARE	Key criteria for preventive measures (rec. n°1): 1) explanation of the impact and use of the 10% threshold to interrupt payments & assessment of criteria for deciding on interruptions AAR analysis of the impact of the interruption approach on high error rates (2014-20)	Pending 30/06/2022 Pending 30/4/2023
	2) Key criteria for preventive measures (rec. N°1.2): guidelines to explain rationale for interrupting payments in 2021-2027 programmes AAR to include analysis of the change approach on interruptions on high error rates (2021-27)	Pending 30/12/2022 Pending 30/4/2023
	Warning letters as additional preventive measures (rec. n°3): 1) Effectiveness of corrective measures AAR to include analysis on effectiveness of corrective measures 2) Follow-up of warning letters: internal deadline Follow-up of warning letters: deadline for MSs	Pending 30/09/2022 Pending 30/04/2023 Pending 30/07/2022 Pending 30/04/2022
	Financial corrections (rec. n°6): 1) Update of guidelines: set of internal deadlines; including SJ opinion; checklist on financial corrections 1) AAR to report on constrains in applying financial corrections & analyse the impact of net financial corrections on DG's corrective capacity	Pending 30/09/2022 Pending 30/04/2022

* finalised on REGIO side, however this recommendation will be marked as ready for review by IAS only at the occasion of the next TeamCentral update

IAS audits completed in 2021:

In 2021, the IAS completed two audits in REGIO. In reply to the recommendations received, REGIO has developed action plans for all open recommendations, which were accepted by the IAS and were implemented by REGIO as planned:

- Audit on the **preparation for the 2021-2027 programming period** by DGs REGIO, EMPL and MARE. The IAS concluded that although DGs REGIO, EMPL and MARE have, up to now, designed and implemented adequate processes to support the start of the 2021-2027 period, there are significant weaknesses as regards the support to Member States (deficiencies in procedures to provide guidance for Member States) and the timing of the preparation and operational start of the programming period (delays and internal reporting). In response, REGIO is preparing a clear procedure for issuing (non-) guidance documents and creating a common repository of documents on the REGIO Wiki extranet accessible for the national authorities implementing the policy. In addition, REGIO further improved the communication and coordination between SFC Team and CPR DGs and increased reporting to senior management, including on country specific issues.
- Audit on **interruptions, suspensions and financial corrections** for ESIF 2014-2020 by DGs REGIO, EMPL and MARE. The IAS concluded that there are significant weaknesses, which impact on the effective implementation of the DGs' processes for interruptions (namely the management decision not to interrupt payments when the risk is covered by the 10% payment retention should be better explained, and warning letters for corrective measures should contain deadlines for the Member States to take the required actions), suspensions and financial corrections (namely net financial corrections, not yet applied) in the areas of both preventive and corrective measures. The IAS acknowledged that the DGs are operating under the constraints of a very challenging legal framework for net financial corrections, where the conditions set in the regulation are stricter than the Commission's original proposal. In response to the findings, REGIO (& EMPL) will clearly explain in an internal note the use and impact of the 10% threshold to interrupt payments, its link with the acceptance of accounts exercise and with the subsequent potential financial correction procedure. The criteria for deciding on interruptions will also be reviewed in the light of persisting material levels of error reported by ECA for the Cohesion area and an analysis of the resulting impact of the approach will be included in future AARs. In relation to the 2021-2027 period the change in approach (95% reimbursement) will be also clearly explained in the internal guidelines and an analysis of the resulting impact will be included in the next AAR. The effectiveness of warning letters and the underlying procedures will be assessed as well. Finally, the financial corrections manual will be updated and the future AARs will analyse the impact of the provisions on net financial corrections on REGIO's corrective capacity.

ANNEX 7R: Glossary of terms

Accounting year: a period of 1 July year N till 30 June year N+1

Annual Accounts: They are submitted by Member States every year as part of the assurance package (15 February or 1 March if an extension is requested). The annual accounts present the expenditure that was incurred during the relevant reference period and are submitted to the Commission for reimbursement. According to Article 126(b) CPR, it is the programme's Certifying Authority (CA) who is responsible for drawing up the accounts. The CA is also responsible for certifying the completeness, accuracy and veracity of the accounts and that the expenditure entered in the accounts complies with applicable law and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme. Accounts are submitted by 15 February in the year following the end of the accounting year, per Fund and programme. Following the submission of the accounts, the Commission proceeds with the examination of the accounts and provides its conclusion as for their acceptance by 31 May at the latest.

Annual activity report (AAR): An internal management report submitted to the Commissioners by the Director-General of each Commission DG. Each AAR covers the relevant DG's management and internal control, and its performance in relation to the key objectives and activities identified in its management plan. The AAR includes a declaration by the relevant Director-General or head of department on the financial information provided in the AAR.

Assurance package: Set of documents which each Member State submits to the Commission yearly in respect of the ESI funds, comprising the annual accounts, annual summary, annual control report, management declaration and audit opinion.

Audit authority: It is a national or regional public authority or body designated for each operational programme and responsible for verifying the effective functioning of the management and control system. It also monitors project compliance with national and European regulations. The Member State designates an audit authority for each operational programme (along with a managing authority and certifying authority).

Authorising Officer by (Sub-) Delegation (AO(S)D): Person responsible for implementing revenue and expenditure in accordance with the Financial Regulation and the principles of sound financial management, and for ensuring compliance with legality and regularity requirements.

Beneficiary: A natural or legal person receiving a subsidy from the EU budget.

Certifying authority: It is responsible for guaranteeing the accuracy and probity of statements of expenditure and requests for payments before they are sent to the European Commission.

Closure of programmes: It refers to the settlement of EU budgetary commitments of the programming period for each OP. This closure is done through the payment of the final balance to the competent national authority of the OP. It also refers to the period until which all the EC and Member State rights and obligations remain valid in respect of assistance to operations. Till the period 2007-2013, the closure was done at the end of the multi-annual financial period. Since the period 2014-2020 the closure is done annually, based on the closure (payment or recovery) of the annual accounts.

Confirmed RTER: Residual total error rate of the accounting year N-1 confirmed by the Commission after having carried out the audit cycle, i.e. thorough desk verifications of all annual control reports and on-the-spot compliance audits by the Commission and the European Court of Auditors for a sample of programmes, in particular when risks were identified.

Cumulative residual risk: The expenditure which remains irregular at the end of the 2007-2013 programming period, once all corrective measures have been taken on the cumulative expenditure declared over the programming period. For the period 2014-2020, annual accounts were introduced and the residual risk is therefore the annual confirmed RTER. See also the explanation about the closure of 2007-2013 programmes.

Declaration of assurance: Declaration by a Commission Director-General, in their annual activity report, on the completeness and accuracy of the accounts, the legality and regularity of the transactions underlying them, the functioning of internal control systems, and adherence to the principles of sound financial management.

Deductions from the accounts: The deduction can be definitive and in line with Art. 137*2(CPR (due to ongoing assessment of the legality and regularity of the concerned expenditure). 1) Definitive implemented deductions are the result of management verifications, audits by audit authorities or follow-up to accepted findings from Commission and ECA audits or OLAF investigations performed with regard to expenditure already declared to the Commission in an interim payment claim. 2) Deductions in line with Art. 137(2) CPR involve further controls regarding the legality and regularity of expenditure. Once these controls are finalised, only the expenditure deemed legal and regular is re-introduced in an interim payment claim.

Direct management: The EC implements the budget directly through its services (including through its staff in the EU Delegations or Executive Agencies).

Error: An error is a quantifiable overstatement of the expenditure declared to the EC by Member States. Errors can be due to clerical mistakes, irregularities, fraud, etc.

Estimated future corrections: These are the amounts to be corrected in order to reduce the confirmed RTER without the impact of financial instruments advances to at least 2% for each single programme. As the Commission uses the confirmed RTER without the impact of financial instruments advances, the estimated future corrections are considered a conservative estimate⁷⁹.

Financial corrections: Financial corrections are withdrawals of funding that take place after the expenditure was declared to the Commission in an interim payment claim. The Commission is committed to recovering funds that have been obtained or used wrongly or fraudulently, and will use the full force of the law to track down such payments. Financial corrections can be net (see below “net financial corrections). The Commission has a range of controls available to ensure that EU funding is spent properly.

Fraud: The term fraud is commonly used to describe a wide range of misconducts including theft, corruption, embezzlement, bribery, forgery, misrepresentation, collusion, money laundering, conflict of interest and concealment of material facts. It often involves the use of deception to

⁷⁹ The CPR requires a confirmation about the eligibility of the expenditure declared to the Commission, i.e. including financial instrument advances. As those advances are less prone to error, the RTER calculated by excluding them is considered conservative.

make a personal gain for oneself, a connected person or a third party, or a loss for another. The EU Treaty defines fraud, in respect of expenditure, as an intentional act or omission related to:

- The use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the EU;
- Non-disclosure of information in violation of a specific obligation, with the same effect;
- The misapplication of such funds for purposes other than those for which they were originally granted.

Indirect management: The EC delegates the budget implementation to several actors (e.g. third countries, MS, international organisations, decentralised agencies, etc).

Irregularity: Any breach of applicable law, resulting from an act or omission by an economic operator, which has or would have, the effect of prejudicing the budget of the Union by charging unjustified expenditure to that budget.

Key Performance Indicator (KPI): This is the main error rate reported in the AAR as a regularity indicator. It is the confirmed RTER aggregated and weighted for all programmes, removing the impact of financial instrument advances (see explanation in footnote 75).

Management and Control system (MCS): Set of bodies, procedures, relationships, processes. According to legal provisions - Art. 72 of Common Provision Regulation (CPR) -, the MCS shall provide for a description of functions of the bodies involved in management and control, allocation of functions, separation of functions, procedures (for ensuring correctness and regularity of expenditure declared), computerised systems (for accounting, storage and transmission of data, monitoring and reporting), arrangement for auditing, systems and procedures for adequate audit trail, procedures for prevention, detection and correction of irregularities, including fraud.

Managing authority: A designated managing authority is responsible for the efficient management and implementation of an operational programme, in particular selection of operations and monitoring their implementation. A managing authority may be a national ministry, a regional authority, a local council, or another public or private body that has been nominated and approved by a Member State. Managing authorities are expected to conduct their work in line with the principles of sound financial management.

Net financial correction: a Commission decision that reduces the amount of the total allocation to an operational programme. A correction can be net because the Member State does not agree to deduct the irregular amount or because the Commission considers that there is a serious deficiency in the effective functioning of the management and control system (under strict regulatory conditions set out in Article 145.7 CPR).

Operational programmes (OP): The funds are implemented through operational programmes that contain the objectives to be achieved, the EU and Member State's means put at the disposal for this purpose and the applicable performance framework. OPs are agreed between Member States and the EC and adopted by the EC.

Recoveries: The Member State withdraws the irregular expenditure from the programme only when the beneficiary corrects the irregular amount vis-à-vis the OP authorities. Till this is the case, the irregular expenditure remains in the EU budget. One of the ways to implement a financial correction.

Reportable RTER: Residual total error rate of the latest accounting year N as reported by the audit authority and adjusted by the Commission following a desk review of the data provided in the annual control reports, just before finalisation the annual activity report (end April). In view of its confirmation in the following annual activity report, the reportable RTER can be further adjusted as a result of on the spot audits that are performed by the Commission and/or the European Court of Auditors. Such error rates are therefore 'reportable' in the annual activity report that is signed immediately after such rates are communicated to the Commission, pending the required complete audit work to confirm these rates in the subsequent annual activity.

Risk "at closure": It indicates the remaining risk to the 2021 relevant expenditure once the Commission will have applied the necessary additional financial corrections to bring the total residual error rates down to 2% for all programmes, as this is found to be needed as a result of the Commission's assessment of the reported error rates for each programme. See also estimated future corrections.

Risk "at payment": For shared management, the risk "at payment" is calculated by applying the residual total error rate of the previous accounting year after neutralising the effect of financial instruments advances (2019-2020 in this AAR) as confirmed by the Commission once the control cycle was completed (KPI5), to the "relevant expenditure" of the Commission reporting year.

Shared management: The EC implements the EU budget together with the Member States. Under shared management, the European Commission remains the ultimate responsible for the execution of the EU budget. However, Member States are responsible for selecting the projects through which the funds are implemented, and for their day-to-day management. Therefore, to ensure that the funds are used respecting the principles of sound financial management - Article 317 of the Treaty on the Functioning of the European Union (TFEU) -, the European Commission carries out audits and performs various other audit and control activities as well as capacity building activities.

Statistical sampling: A statistically based sampling technique selecting a random sample from the expenditure declared to the Commission and used in audit testing to provide representative results.

Suspension: The Commission may suspend all or part of an interim payment if a significant deficiency exists in the functioning of the management and control system of the Member State or uncorrected irregular expenditure have been certified in a statement of expenditure or a serious breach by the Member State of its management and control obligations occurred.

Warning of interruption letter: With this type of administrative letter Member States are 'warned' that the payment deadline of any future payment claim will be interrupted (i.e. interruption procedure Article 83(1)(a) or (b) CPR) if actions to correct deficiencies in MCS or/and irregularities are not implemented.

Warning letter of corrective measures: If deficiencies are detected in a management and control system, and in case the risk to the EU budget is estimated below 10% the submitted interim payments are not interrupted as the risk to the EU budget is covered by 10% retained.

However, the letter requests programme authorities to implement the necessary corrective measures before submission of the next accounts.

Withdrawals: The Member State withdraws the irregular expenditure from the programme immediately when the irregularity is detected, by deducting it from the next interim payment claim and thereby releases EU funds for other operations. One of the ways to implement a financial correction.

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

Not applicable

ANNEX 9: Specific Annexes related to "Control results" and "Assurance: Reservations"

ANNEX 9A: Table X: Estimated risk at payment and at closure

Table X : Estimated risk at payment and at closure

DG REGIO	'payments made' (2021;MEUR)	minus new prefinancing [plus retentions made] (in 2021;MEUR)	plus cleared prefinancing [minus retentions released and deductions of expenditure made by MS] (in 2021;MEUR)	'relevant expenditure' (for 2021;MEUR)	Detected error rate or equivalent estimates	estimated risk at payment (2021;MEUR)	Adjusted Average Recoveries and Corrections (adjusted ARC, %)	estimated future corrections [and deductions] (for 2021;MEUR)	estimated risk at Closure (2021;MEUR)
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
2021-2027 ERDF/CF/JTF	0,00	0,00	0,00	0,00	0,00% - 0,00%	0,00 - 0,00	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,00
2014-2020 ERDF/CF	54 892,42	-2 779,28	308,34	52 421,49	1,87% - 2,47%	978,24 - 1 295,26	0,71% - 1,32%	374,76 - 691,78	603,48 - 603,48
2014-2020 IPA-CBC/ENI	153,01	- 92,23	28,93	89,71	0,36% - 2,35%	0,32 - 2,11	0,00% - 1,99%	0,00 - 1,79	0,32 - 0,32
Urban Innovative Actions	0,00	0,00	76,30	76,30	0,34% - 0,34%	0,26 - 0,26	0,00% - 0,00%	0,00 - 0,00	0,26 - 0,26
2007-2013 ERDF/CF	46,47	0,00	101,88	148,35	0,38% - 0,38%	0,56 - 0,56	0,00% - 0,00%	0,00 - 0,00	0,56 - 0,56
pre-2006	51,04	0,00	81,63	132,66	0,50% - 0,50%	0,66 - 0,66	0,00% - 0,00%	0,00 - 0,00	0,66 - 0,66
EUSF	791,42	- 791,42	75,61	75,61	1,81% - 1,81%	1,37 - 1,37	0,00% - 0,00%	0,00 - 0,00	1,37 - 1,37
Brexit Adjustment reserve	407,21	- 407,21	0,00	0,00	0,00% - 0,00%	0,00 - 0,00	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,00
Pilot projects - preparatory actions	2,91	- 0,94	0,09	2,07	0,50% - 0,50%	0,01 - 0,01	0,00% - 0,00%	0,00 - 0,00	0,01 - 0,01
Technical assistance (direct)	95,43	- 33,87	26,00	87,56	0,00% - 0,00%	0,00 - 0,00	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,00
Technical assistance (indirect)	3,07	- 3,07	0,00	0,00	0,50% - 0,50%	0,00 - 0,00	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,00
DG total	56 442,99	-4 108,03	698,79	53 033,76		981,43 - 1 300,23	0,71% - 1,31%	374,76 - 693,56	606,67 - 606,67
					Overall risk at payment in %	1,85% - 2,45% (7) / (5)		Overall risk at closure in %	1,14% - 1,14% (10) / (5)

Notes to the table X

NOTE: For a project implemented through a cross sub-delegated budget line, a total of 2.750.000 EUR paid pre-financing amount in 2021 appears in the payment implementation of the 'delegator' entity (MOVE as the paying authorising DG), whilst the pre-financing and clearing are reported by the 'delegated' entity (REGIO as profit centre). The split reporting (budgetary and accounting) is regularized in the next year AAR, when the cross sub-delegation becomes a co-delegation of type II.

(1) Relevant Control Systems differentiated per relevant portfolio segments and at a level which is lower than the DG total

(2) Payments made or equivalent, e.g. expenditure registered in the Commission's accounting system, accepted expenditure or cleared pre-financing. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle.

In all cases of Co-Delegations (Internal Rules Article 3), "payments made" are reported by the Delegated DGs. For Cross-SubDelegations (Internal Rules Article 12), the reporting remains with the Delegating DGs.

(3) New pre-financing actually paid out by the department itself during the financial year (i.e. excluding any pre-financing received as a transfer from another department). as per note 2.5.1 to the Commission annual accounts thus excluding "Other advances to Member States" which are covered on a purely payment-made basis (note 2.5.2). Pre-financing paid/cleared" are always covered by the Delegated DGs, even for Cross-SubDelegations.

Retentions: in Cohesion, the 10% retention applied during the year.

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

Retentions: in Cohesion, the retentions released during the year by the Commission.

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to legality & regularity errors (see the ECA's Annual Report methodological Annex 1.1), our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out & adds the retentions made, and adds the pre-financing actually cleared & subtracts the retentions released; and any deductions of *expenditure made by MS* during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.

(6) In this column, we disclose the detected error rates or equivalent estimates.

For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (e.g. *administrative expenditure, operating contributions to agencies*), the rate which should be used is 0.5% as a conservative estimate, unless the DG has a more precise estimate based on evidence.

(8) The estimated future corrections are estimated using the most conservative calculation of the corrections to be implemented by the programme authorities to bring the risk at closure to 2% for all programmes individually.

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

ANNEX 9B: Reservations

a. Reservation fiche 2014-2020

DG	Directorate-General Regional and Urban Policy
Title of the reservation, including its scope	Reservation concerning ERDF/CF management and control systems for 38 programmes of the 2014-2020 programming period in BE, CZ, EL, ES, FR, HU, IT, LV, PL, PT, RO, and UK, 5 ETC and 3 ENI-CBC programmes
Domain	Structural and Cohesion Funds and IPA-ENI carried out under 'Shared Management Responsibility'
Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme	<u>05.029901 ERDF and 05.039901 Cohesion Fund</u> Payments made to ERDF/CF programmes affected by reservations: EUR 10,482.2 million ⁸⁰ <u>14.029901 ENI CBC</u> Payments (pre-financing) made to programmes affected by reservations: EUR 41.4 million ⁸¹ .
Reason for the reservation	<ul style="list-style-type: none"> - systems deficiencies leading potentially to risk above the 10% retention - total error rates above 10% - residual total error rate above 2% - non-acceptance of accounts
Materiality criterion/criteria	Significant deficiencies at the level of the key elements of the management and control systems with a material risk to the EU Budget, Residual error rate >2%, material issues on the completeness, accuracy and veracity of the accounts
Quantification of the financial impact (amount at risk)	Total quantification of the reservation (amount at risk): EUR 342.9 million (3.5% of the relevant expenditure concerned) The total amount of future corrections is estimated at EUR 693.6 million ⁸² .
Impact on the assurance	The weakness affects the legality and regularity of the expenditure concerned and the effective functioning of the management and control systems in place. Financial impact is mitigated through: <ul style="list-style-type: none"> - interruption/suspension of payments pending the correction by the Member States concerned of the identified weaknesses; - financial corrections to be applied before accepting the next expenditure statement.
Responsibility for the weakness	The weakness affects the legality and regularity of the expenditure concerned and the effective functioning of the management and control systems in place. Financial impact is mitigated through: <ul style="list-style-type: none"> - interruption/suspension of payments pending the correction by the Member States concerned of the identified weaknesses; - financial corrections to be applied before accepting the next expenditure statement.
Responsibility for the corrective action	At Commission level <ul style="list-style-type: none"> - warning letters / interruption of payment deadlines / launch of suspension and financial correction procedures, - audit work both desk, on the spot and/or remote to check the ability of programme

⁸⁰ Incl. ETC

⁸¹ 2014TC16M5CB007: EUR 5,000,000; 2014TC16M5CB015: EUR 32,605,393; 2014TC16M6CB001: EUR 3,800,000

⁸² 2014-2020 ERDF/CF and IPA-CBC/ENI

managing and / or audit authorities to fulfil their obligations,

At Member State level

- implementation of remedial actions including when necessary financial corrections in order to remedy the deficiencies,
- audit by the audit authority of the effective implementation of remedial measures applied by managing authorities in management and control systems and of the basis for the application of financial corrections when required.

b. Reservation fiche 2007-2013

DG	Directorate-General Regional and Urban Policy
Title of the reservation, including its scope	Reservation concerning ERDF/CF management and control systems for 7 programmes of the 2007-2013 period in HR, IT and RO and 1 IPA-CBC programme
Domain	Structural and Cohesion Funds and IPA-CBC programmes carried out under 'Shared Management Responsibility'
Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme	<u>05.029901 ERDF and 05.039901 Cohesion Fund</u> Payments made to ERDF/CF programmes affected by reservations: EUR 0.0 <u>14.029901 IPA-CBC</u> Payments made to IPA-CBC programmes affected by reservations: EUR 0.0 . The reservation for Adriatic is reputational.
Reason for the reservation	Serious deficiencies in management and control systems for these programmes as detected by the programme audit authority and/or the Commission at closure which have significant financial impact (i.e. risk above the amount retained). In particular, these deficiencies concern one or several of the following key elements: - compliance with public procurement rules and directives /revenue generated project/eligibility rules, - high error rates following audit of operations, - audit work (incomplete, procurement irregularities not detected...), - suspicion of fraud.
Materiality criterion/criteria	Following the in-depth assessment of closure documents, reservations are made for programmes with estimated financial corrections to be implemented exceeding the retention of the overall allocation made at programme level (5% or less for underspent programmes of the overall allocation made at programme level)
Quantification of the financial impact (amount at risk)	Total quantification of the reservation: EUR 0.0 (0%)
Impact on the assurance	The weakness affects the legality and regularity of the payments concerned and the effective functioning of the management and control systems in place. The Commission will not make the final payment until the Member States' authorities will have agreed all necessary additional financial corrections.
Responsibility for the weakness	The expenditure concerned is under shared management in which the Member State is primarily responsible for implementing the management and control systems. Therefore, the designated national and regional authorities of the programmes concerned are responsible for undertaking corrective measures. The Commission supervises the national authorities in this respect.
Responsibility for the corrective action	For each programme included in the reservation, with the aim to obtain assurance that the required corrective measures have been completed, the Commission has analysed the Final Control Reports received and when needed has requested Member States to perform additional audit work and/or to apply additional financial corrections.

c. Programmes under reservation and targeted actions

Five types of reservations can be issued:

- Full reservation: in cases where a weakness affects the whole system and which is considered significant and payments were done during the year covered by the AAR.
- Partial reservation: in cases where a weakness affects a part of the system and which is considered significant and payments were done during the year covered by the AAR.
- Partial non-financial: in cases where a weakness affects a part of the system and which is considered significant but no payments were done during the year covered by the AAR.
- Full non-financial: in cases where a weakness affects the whole system and which is considered significant but no payments were done during the year covered by the AAR.
- Reputational: in cases where an event carries a very high risk of damaging the Commission's reputation. Even if no payments are incurred, a reservation on reputational grounds should be considered.

2007-2013

N°	MS	Ref	Title	Type of Reservation	Reasons for Reservation	Financial impact (M€) in 2021	Structural weakness ⁸³ (Y/N)	Actions to be taken
HR – 1 Reservation (1 Full Non-Financial) - Quantification = EUR 0 million								
1	HR	2007HR161P0002	Transport	Full Non-Financial	The Programme did not reach the 95% of the allocation. As no retention in place the risk of a net correction is a potential scenario		N	
IT – 3 Reservations (3 Full Non-Financial) – Quantification = EUR 0 million								
2...	IT	2007IT161P0005	Reti e mobilita	Full Non-Financial	There are two correction procedures on-going for ineligible projects linked to breaches in public procurement and for compliance issues with state aid for a series of projects.		N	...
3	IT	2007IT161P0006	Ricerca e competitivita	Full Non-Financial	Individual financial corrections by the Member State are on-going.		N	
4	IT	2007IT161P0011	OP Sicily	Full Non-Financial	Closure proposal with all required corrections has been issued and Member State has not yet confirmed acceptance of the proposal.		N	
RO – 3 Reservations (3 Full Non-Financial) - Quantification = EUR 0 million								
5	RO	2007RO161P0001	Regional OP	Full Non-Financial	The Programme did not reach the 95% of the allocation. As no retention in place the risk of a net correction is a potential scenario		N	
6	RO	2007RO161P0003	Transport	Full Non-Financial	The Programme did not reach the 95% of the allocation. As no retention in place the risk of a net correction is a potential scenario.		N	
7	RO	2007RO161P0004	Environment	Full Non-Financial	The Programme did not reach the 95% of the allocation. As no retention in place the risk of a net correction is a potential scenario		N	
TC – 1 Reservation (1 Reputational) - Quantification = EUR 0 million								

⁸³ Programmes in reservation and for which there is a Cat 3 or 4 for the whole MCS. Yes = the programme is also in Annex 7C.

8	TC	2007CB16IP0001	IPA Adriatic	Reputational	Reputational issues related to delays in payments to beneficiaries and missing audit trail of payments.		N	
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2014-2020

N°	MS	Ref	Title	Type of Reservation	Reasons for Reservation	Financial impact (M€) in 2021	Structural weakness (Y/N) ⁸⁴	Actions to be taken
BE – 1 Reservation (1 Partial) - Quantification = EUR 0.6 million								
1	BE	2014BE16RFOP001	OP Brussels Capital Region	Partial reservation	RTER >2% and TER >10% because the MA did not perform management verifications on the FI. Issue ring-fenced to FI.	0.6	N	
CZ – 1 Reservation (1 Full Reservation) - Quantification = EUR 22.4 million								
2	CZ	2014CZ16RFOP001	Enterprise and Innovation for Competitiveness	Full Reservation	The programme authorities did not apply the extrapolated correction to bring the RTER to below 2%. The MCS is assessed in category 3 for KR 2 (findings linked to Conflict of Interest, project innovativeness and cost effectiveness of budget).	22.4	Y	
EL – 2 Reservation (2 Partial Reservation) - Quantification = EUR 12.1 million								
3	EL	2014GR16M20P001	Competitiveness, entrepreneurship and innovation OP	Partial reservation	Inappropriate evaluation of proposals in one specific call with significant impact for IB "General Secretariat of Research and Innovation"	11.2	N	
4	EL	2014GR16M20P004	Epirus OP	Partial reservation	Inappropriate selection of operations, namely conflict of interest in composition of an evaluation committee in charge of the evaluation of applications in state aid calls.	0.9	N	
ES – 1 Reservation (1 Reputational Reservation) - Quantification = EUR 0 million								
5	ES	2014ES16RFSM001	SME Initiative ERDF 2014-20 OP	Reputational	The AA did not carry out any audits of operations or system audits in relation to the SME Initiative. No good progress in the execution of the Action Plan by EIF.	0	N	
FR – 4 Reservations (2 Full, 1 Full non-financial and 1 partial reservation) - Quantification = EUR 44.2 million								
6	FR	2014FR05M00P001	Operational Programme ERDF-ESF Ile-de-France et Seine 2014-2020	Partial reservation	TER between 5% and 10% and significant legality and regularity issues on all OP expenditure except on FIs.	0.4	Y	
7	FR	2014FR16M00P011	Regional programme Martinique Conseil Régional 2014-2020	Full Reservation	TER >10% demonstrating serious deficiencies in MCS (KR4)	43.3	Y	
8	FR	2014FR16M20P004	Regional programme Corse 2014-2020	Full Reservation	RTER >2% and adverse opinion on management and control systems	0.5	Y	
9	FR	2014FR16M20P012	Regional programme Mayotte 2014-2020	Full non-financial	Significant deficiencies in management and control systems. No payments were made to the programme in 2021.	0	Y	
HU – 2 Reservations (1 Partial financial and Reputational reservation, 1 Partial Non-Financial) - Quantification = EUR 3.0 million								

⁸⁴ Programmes in reservation and for which there is a Cat 3 or 4 for the whole MCS. Yes = the programme is also in Annex 7C.

N°	MS	Ref	Title	Type of Reservation	Reasons for Reservation	Financial impact (M€) in 2021	Structural weakness (Y/N) ⁸⁴	Actions to be taken
10	HU	2014HU16M00P001	Economic Development and Innovation Operational Programme	Partial financial and reputational reservations	The partial financial reservation is linked to the estimated risk >10% concerning the legality and regularity of a call under Priority 2. In addition, there are ongoing investigations on the programme by the national prosecutor on allegations of corruption.	3.0	N	
11	HU	2014HU16M20P001	Territorial and settlement development OP	Partial non-financial reservation	Four calls under priority 3 and 6 are currently under a warning of interruption due to an ongoing OLAF investigation. No payments were made in 2021 for these concerned calls.	0	N	
IT – 9 Reservations (5 Full Reservations, 4 partial Reseservation) - Quantification = EUR 40.0 million								
12	IT	2014IT16M20P001	ROP Molise ERDF ESF	Partial reservation	The partial reservation is specifically linked to expenditure linked to Covid supplies (lots of masks not compliant with the EU standards and cases of suspicion of fraud) under investigation at national level.	0.02	N	
13	IT	2014IT16M20P004	National Operational Programme on Metropolitan Cities	Full Reservation	Reportable error rates by the audit authority have been recalculated by the Commission auditors leading to an RTER>2% due to unjustified limitation of subcontracting and inadequate treatment of one irregularity detected by the audit authority but not included in the error rate.	3.0	N	
14	IT	2014IT16M20P006	ROP Calabria ERDF ESF	Full Reservation	Reportable error rates by the audit authority have been recalculated by the Commission auditors leading to an RTER>2% due to unjustified limitation of subcontracting	5.2	Y	
15	IT	2014IT16RFOP002	National Operational Programme on Infrastructures and Networks	Full Reservation	Reportable error rates by the audit authority have been recalculated by the Commission auditors leading to an RTER>2% due to unjustified limitation of subcontracting	7.2	N	
16	IT	2014IT16RFOP012	ROP Lombardia ERDF	Partial reservation	The partial reservation is specifically linked to expenditure linked to Covid supplies (lots of masks not compliant with the EU standards and cases of suspicion of fraud) under investigation at national level.	0.5	N	
17	IT	2014IT16RFOP013	ROP Marche ERDF	Partial reservation	The partial reservation is specifically linked to expenditure linked to Covid supplies (lots of masks not compliant with the EU standards and cases of suspicion of fraud) under investigation at national level.	0.9	N	
18	IT	2014IT16RFOP015	ROP Sardegna ERDF	Partial reservation	TER/RTER provisionally recalculated on a flat rate basis due to the lack of information in the ACR regarding the audit authority work on the Covid expenditure	0.4	N	
19	IT	2014IT16RFOP016	ROP Sicilia ERDF	Full Reservation	Reportable error rates by the audit authority have been recalculated by the Commission auditors leading to an RTER>2% due to unjustified limitation of subcontracting	15.3	Y	
20	IT	2014IT16RFOP022	ROP Basilicata ERDF	Full Reservation	The reportable TER/RTER are provisionally estimated at flat rate 10%, following the provisional results of the compliance audit on the audit authority carried out by the Commission auditors in 2021. The audit authority is currently assessed in category 3.	7.6	Y	
LV – 1 Reservation (1 Partial Reservation) - Quantification = EUR 1.7 million								
21	LV	2014LV16MAOP001	Growth and Employment	Partial reservation	The partial reservation is linked to the priority 1.2.1.1 (competence centres) following the results of a Commission audit.	1.7	N	
PL – 5 Reservations (3 Partial Reservation, 1 Partial non-financial and 1 Full Reservation) - Quantification = EUR 25.3 million								
22	PL	2014PL16M20P007	ROP 7 Regional Operational Programme	Partial reservation	The TER and RTER were recalculated >2% taking into consideration the result of the Commission audit on conflict of interest with issues detected in 3 priorities of the	8.5	N	

N°	MS	Ref	Title	Type of Reservation	Reasons for Reservation	Financial impact (M€) in 2021	Structural weakness (Y/N) ⁸⁴	Actions to be taken
			for Mazowieckie Voivodeship 2014-2020		programme.			
23	PL	2014PL16M20P008	ROP 8 Regional Operational Programme for Opolskie Voivodeship	Partial non-financial	The partial non-financial reservation is linked to issues detected following a Commission thematic audit on financial instruments of the programme. No payments were made in 2021 for these financial instruments.	0	Y	
24	PL	2014PL16M20P013	ROP 13 Regional Operational Programme for Świętokrzyskie Voivodeship	Partial reservation	The TER and RTER were recalculated >2% taking into consideration the result of the Commission audit on conflict of interest with issues detected in 2 priorities of the programme.	2.1	N	
25	PL	2014PL16M20P015	ROP 15 Regional Operational Programme for Wielkopolskie Voivodeship	Full reservation	The flat rate of 5% is maintained for TER and RTER as the corrective measures set out in the waning letter have not been implemented. The audit authority is currently assessed in category 3.	14.8	Y	
26	PL	2014PL16RFOP001	OP Smart growth	Partial reputational	There is an ongoing warning of interruption relating to few operations subject of investigations by prosecutor and anti-corruption office. No payments were made in 2021 for these operations.	0	N	
PT – 10 Reservations (10 Full Reservations) - Quantification = EUR 171.7 million								
27 - 36	PT	2014PT16CFOP001	All OPs ⁸⁵	Full Reservation	due to various ongoing action plans for various accounting years which may further impact the last reported TER/RTER as well	171.7	N	
RO – 1 Reservation (1 Reputational) - Quantification = EUR 0 million								
37	RO	2014RO16RFOP002	Regional Operational Programme	Reputational	TER exceeded 5% in the past and could further impact the reported TER/RTER this year. Further detailed assessment needed this year. Limited financial risk.	0	N	
TC – 8 Reservations (7 Full Reservations, 1 Partial Reservation) - Quantification = EUR 3.6 million								
38	TC	2014TC16RFCB051	(Interreg V-A) Mayotte / Comores / Madagascar	Full Reservation	No TER/RTER reported by the AA because of zero accounts. AA and DAC opinion on MCS adverse.	0	Y	
39	TC	2014TC16RFCB043	(Interreg V-A) Saint Martin- Sint Maarten	Full Reservation	TER >2%. DAC Opinion adverse	0	Y	
40	TC	2014TC16M6CB001	ENI CBC Black Sea Basin	Full Reservation	The programme authorities did not apply the extrapolated correction to bring the RTER to below 2%.	0.1	Y	

⁸⁵ 2014PT16CFOP001 Sustainability and Resource Use Efficiency OP
2014PT16M20P001 Regional OP Norte
2014PT16M20P002 Regional OP Centro
2014PT16M20P003 Regional OP Alentejo
2014PT16M20P004 Regional OP Azores (Autonomous Region)
2014PT16M20P005 Regional OP Lisboa
2014PT16M20P006 Regional OP Madeira (Autonomous Region)
2014PT16M20P007 Regional OP Algarve
2014PT16M30P001 Competitiveness and Internationalisation OP
2014PT16RF001 OP Technical Assistance

N°	MS	Ref	Title	Type of Reservation	Reasons for Reservation	Financial impact (M€) in 2021	Structural weakness (Y/N) ⁸⁴	Actions to be taken
41	TC	2014TC16M5CB015	ENI CBC Mediterranean Sea Basin	Full Reservation	The programme authorities did not apply the extrapolated correction to bring the RTER to below 2%.	0.7	N	
42	TC	2014TC16M5CB007	ENI CBC Poland - Russia	Partial reservation	The audit of operations sampled by the audit authority for the Russian part of the programme were not carried out. The partial reservation is thereby for the Russian part of the programme.	1.8	Y	
43	TC	2014TC16RF050	Interreg V-A EE-LV - Estonia-Latvia	Full Reservation	RTER >2% .	0.1	Y	
44	TC	2014TC16RFTN005	North sea region	Full Reservation	TER >10% and RTER >2%	0.8	N	
45	TC	2014TC16RFTN008	Caribbean Area	Full Reservation	TER >2%; DAC Opinion adverse	0.1	Y	
UK – 1 Reservation (1 Full non-financial) - Quantification = EUR 0 million								
46	UK	2014UK16RF0P002	ERDF Gibraltar	Full non-financial	Following a fact finding audit carried out in 2021, the Commission auditors identified significant weaknesses with respect to verification of public procurement and state aid by both AA and MA level.	0	Y	

d. Reservations issued in last year's AAR and lifted in 2021

In total, 13 of the 48 reservations were lifted.

2007-2013

N°	Country code	Ref	Title	Type	Reasons for Reservation	Financial impact (M€) in 2020	Reason for lifting the reservation
1	HU	2007HU16UP0001	Electronic Public Administration	Full non-financial	Risk estimated above 5%	€ -	Audit closed. Ares(2021)7287797
2	SK	2007SK161P0007	Technical Assistance	Partial non-financial	Deficiency in public procurement related to ITMS projects in priority measure 1.5	€ -	SK authorities accepted the proposed correction. Mission 1231 closed by letter Ares(2021)5385801 of 01.09.21

2014-2020

N°	Country code	Ref	Title	Type	Reasons for Reservation	Financial impact (M€) in 2020	Reason for lifting the reservation
1	DE	2014DE16RF OP011	OP Saarland ERDF 2014-2020	Partial non-financial	MCS not functioning at the level of the IB - Referat F3 in the Ministry of the Economy (MWAEV)	€ -	Following REGIO's warning letter, the programme authorities took the necessary actions to address the deficiencies detected by the AA. These actions corresponded to extensive adjustments to internal procedures, clarifications in the funding guidelines, regular meetings within the IB/MA and additional training for staff. The MA has also closely monitored the IB's

							management verifications. The AA has verified the implementation of these actions within its follow-up system audit. The necessary corrective measures have been taken.
2	ES	2014ES16RF OP003	Andalucía ERDF 2014- 20P	Full reservation	TER > 10%. MCS not functioning due to weaknesses at the level of the MA.	€ -	Most of the preventive measures have already been set up and these measures are adequate to prevent the reoccurrence of the errors that had led to the high TER of 15.24%. The ISFC agreed to issue a warning of corrective measures.
3	ES	2014ES16RF OP011	Cataluña ERDF 2014- 20 OP	Full reservation	TER>10%, RTER>2%. MCS is not functioning due to weaknesses at the level of the AA (audit of operations not completed).	€ -	The TER of 45.76% was the consequence of non completion of the audits of operations by the AA. After REGIO's warning of interruption, operations were finalised and TER had recalculated to 4.39%. No need for a warning of interruption anymore and a warning to implement the remaining corrective measures was issued.
4	FR	2014FR16M0 OP009	Regional Programme Guadeloupe Conseil Régional 2014-2020	Full reservation	TER>10%. MCS not functioning due to weaknesses at the level of the MA.	€ 1.3	The MA implemented corrective measures and the ISFCC decided to lift the interruption.
5	HU	2014HU16M2 OP002	Competitive Central- Hungary OP	Partial non- financial	MCS not functioning at the level of PA2.	€ -	The MA implemented corrective measures and the ISFCC decided to lift the interruption.

6	PL	2014PL16M2 OP014	ROP 14 Regional Operational Programme for Warmińsko- Mazurskie Voivodeship	Full reservation	RTER>2%.	€ 5.9	Financial correction applied and RTER brought to 2%
7	ENI-CBC	2014TC16M5 CB006	Lithuania – Russia (ENI CBC)	Full reservation	Accounts not accepted. The AA did not carry out any audits of operations. MCS not functioning. .	€ -	The AA finalised the outstanding audit work and reported it in February 2022. As the audit work has been completed and the error rate is below 2%, the conditions for lifting the reservation are fulfilled.
8	ENI-CBC	2014TC16M5 CB008	Latvia - Lithuania - Belarus (ENI CBC)	Full reservation	Accounts not accepted. The AA did not carry out any audits of operations. MCS not functioning. .	€ -	The AA finalised the outstanding audit work and reported it in February 2022. As the audit work has been completed and the error rate is below 2%, the conditions for lifting the reservation are fulfilled.
9	ETC	2014TC16RFC B044	Interreg V-A Belgium- France (France- Wallonie- Vlaanderen)	Partial reservation	MCS not functioning due to the deficiencies identified at the level of the French authorities concerning the first level checks.	€ 0.7	The corrective measures have been implemented / the conditions for lifting the interruption fulfilled. The financial correction of EUR 21 437.82 in total (3.06% error rate)
10	UK	2014UK16RF OP001	United Kingdom - ERDF England	Full reservation	RTER>2%.. MCS not functioning due to weaknesses at the level of MA and AA.	€ 28.9	The AAR2021 reservation was based on a flat rate RTER of 5% for 2019/2020 which has now been confirmed at 1.18% and thereby the reservation is resolved."
11	UK	2014UK16RF OP005	United Kingdom - ERDF West Wales and The Valleys	Partial non- financial	MCS not functioning at the level of projects managed by	€ -	Audit finding related to one single operation from Network Railway (so no systemic issue),

					Network Rail.		and Welsh authorities accepted to withdraw all expenditure of the operation. In November 2021, Welsh authorities confirmed full withdrawal.
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ANNEX 10: Reporting on human resources, digital transformation and information management and sound environmental management

Human resources management

Objective: REGIO 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 the data: SEC(2020) 146

Baseline (female representation in management) (2019)	Target (2022) + (2024) ⁸⁶	Latest known results (2021)
33%	First female appointments target: 3 out of 6 (50%) new appointments to middle management between 2020-2022 2024: still to be defined	- In April 2020, the Commission adopted targets for first female appointments to middle management during 2020-2022. DG REGIO reached its target of three female colleagues appointed for the first time as middle managers in 2020 and continued to encourage female candidates to apply for vacant management positions. Coaching programmes are offered for female team leaders and deputies to help them advance in their career. DG REGIO also appointed three female senior managers in 2020-2021.

Indicator 2: REGIO staff engagement index

Source of the data: Commission staff survey

Baseline	Target (2024)	Latest known results (2021)
72 % (EC average 69 %)	Further increase the index results	72%

⁸⁶ The target will be revised and extended for the period 2023-2024 by January 2023.

Main outputs in 2021:			
Description	Indicator	Target	Latest known results (2021)
Monitoring of the Workforce allocation to the priority area	Review of the staff allocation	done	Achieved / On track
Training plan to be developed by the HR BC	Approval of training plan (based on training needs to be identified by end 2020)	Q1 2021	Achieved / On track
	Rolling out of training plan 2021	Q1 2021	Achieved / On track
	Share of e-trainings prepared for REGIO staff based on collected learning needs	80%	Achieved / On track
	Career development trainings developed at REGIO level with particular focus on female team leaders and deputy heads of units	2 sessions during 2021 (target: 16 female AD colleagues/year)	Achieved / On track
Follow-up of Commission Staff Satisfaction Survey 2018 and 2021	Update of the development plan taking into account the results of the Staff Satisfaction Survey carried out in Q1 2021	Q3 2021	Achieved / On track
HR local strategy of DG REGIO to be developed by the HR BC	Approval of local HR strategy for REGIO by the Board	End January 2021	Achieved / On track
Implement actions related to the internal dimension of REGIO's Equality Work Plan 2020-21	Total number of completed actions	12	Likely to be achieved but with tolerable delays / shortfalls The career development trainings were developed with particular focus on female team leaders and deputy heads of units and the 2020-21 Equality Work plan included a total of 12 internal actions, among which 8 have been achieved and 4 are delayed or need to be adapted to new realities

Gender equality in middle management	First female appointments to middle management	Progress in the target for end 2022 (3 first appointments = 50%)	Achieved / On track
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Sound financial management

Objective: The authorising officer by delegation has reasonable assurance that resources have been used in accordance with the principles of sound financial management, and that cost-effective controls are in place which give the necessary guarantees concerning the legality and regularity of underlying transactions

Indicator 1: Estimated risk at closure

Source of the data: Member States'/programmes' Annual Control Reports, EC audits, ECA audits and the conclusions presented in the AAR (table 10 B of REGIO AAR annexes)

Baseline (2019)	Target (2024)	Latest known results (31/12/2021)
1.1%	<2% of relevant expenditure	1.2%

Indicator 2: Reliance on the management and control systems (systems which are functioning adequately⁸⁷)

Source of the data: Member States'/programmes' Annual Control Reports, EC audits, ECA audits and the conclusions presented in the AAR (table 10 B of REGIO AAR annexes)

Baseline (2019)	Target (2024)	Latest known results (31/12/2021)
77%	90%	89%

⁸⁷ Systems which work well (category 1) or which work but for which some improvements are needed (category 2)

Main outputs in 2021:			
Description	Indicator	Target	Latest known results (2021)
Effective controls: Legal and regular transactions	Risk at payment or Residual total error rate	becomes <2% of relevant expenditure	Achieved / On track
	Estimated risk at closure ⁸⁸	remains <2% of relevant expenditure	Achieved / On track
Efficient controls	Budget execution	100% of payment appropriations (not including assigned revenue)	Achieved / On track
	Percentage of payments made within the applicable deadline (subject to budget availabilities)	98%	Achieved / On track
	Control system able to monitor each programme compliance with the objective of a risk at payment below 2%, and to apply as may be necessary additional financial corrections to bring the programmes' risk below 2%	100% of programmes	Achieved / On track

⁸⁸ Risk at closure is calculated once a year in the AAR: residual total error rate minus the necessary financial correction to bring every residual total error rate down to 2%. This indicator will be updated once a year using the reported estimated risk at closure in the AAR.

Economical controls	Total overall estimated cost of controls (shared, indirect and direct management)	Remains below 0.5% of funds managed	Likely to be achieved but with tolerable delays / shortfalls Currently being calculated, but should be within the target of 0.5% of funds managed
Reliance on the management and control systems	% of all programmes assessed as functioning well or functioning with only some improvements needed ⁸⁹	80%	Achieved / On track

Fraud risk management

Objective: The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission Anti-Fraud Strategy⁹⁰ aimed at the prevention, detection and correction⁹¹ of fraud

Indicator: Implementation of the actions included in REGIO's anti-fraud strategy over the whole strategic plan lifecycle (2020-2024)

Source of the data: REGIO's annual activity report, REGIO's anti-fraud strategy, OLAF reporting

Baseline (2019)	Target (2024)	Latest known results (31/12/2021)
100% action points of the 2015 Joint Anti-Fraud Strategy implemented	100% of action points implemented in time	In December 2019, an updated multi-annual Joint Anti-fraud Strategy (JAFS) covering the period 2020-2025 and composed by 5 action points was issued. All those have been implemented over the course of 2021.

⁸⁹ Category 1 or 2.

⁹⁰ Communication from the Commission 'Commission Anti-Fraud Strategy: enhanced action to protect the EU budget', COM(2019) 176 of 29 April 2019 – 'the CAFS Communication' – and the accompanying action plan, SWD(2019) 170 – 'the CAFS Action Plan'

⁹¹ Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.

Main outputs in 2021:			
Description	Indicator	Target	Latest known results (2021)
Dissemination of information and training offer to MS on fraud prevention and detection	Number of presentations and trainings given to MS	2	Achieved / On track
Increase the systematic use of ARACHNE or alternative datamining tools available at national level and encourage MS to use exclusion databases such as EDES when selecting beneficiaries of their programmes	Number of active users	1,850	Achieved / On track
	Number of connections	14,000	Achieved / On track
	% of all programmes use Arachne	55%	Achieved / On track
Organise regular meetings with counterparts from selection, policy and investigative units in OLAF	Number of meetings per year	At least 5 meetings	Achieved / On track
Financial corrections implemented as a follow-up of financial recommendations in OLAF final reports	% of financial corrections implemented ⁹²	75%	Achieved / On track

⁹² Further to each OLAF case report which includes a financial recommendation, REGIO launches a financial follow-up procedure. This indicator aims at capturing the proportion of the amount corrected compared to the amount recommended in a year (typically for cases closed in the previous year).

Digital transformation and information management

Objective: REGIO 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 the data: Compass Corporate Steering board, SFC IT Steering Committee

Baseline (2018-2019)	Interim milestone (2020-2022)	Target (2024)	Latest known results (31/12/2021)
<p>Compass Corporate: Formal validation by ITCB of Compass Corporate, as the corporate reusable workflow solution enabling the Shared management DGs to operate the next programming period (2021-2027) processes - Business case document eventually approved in April 2018</p>	<p>Make Compass Corporate ready for the start-up of the programming period 2021-2027</p>	<p>Compass Corporate stable and implement with all expected features and processes according to the Business Processes Team (BPT) roadmap</p>	<p>Under the umbrella of the Compass Corporate program, MyWorkplace as the new workflow system, used by REGIO and MARE for the 2021-2027 programming period went "LIVE" in early July 2021. By end-December, 7 PAs (1 already adopted) and 33 Programmes were submitted. Since summer 2021, REGIO's IT Guidance team delivered 42 training sessions with a total of 225 participants. Meanwhile, developments of the technical components marked as critical features in the Business Process Team and IT work plans, continued as outlined in the mid-year state of play of the IT work plan 2021. The project is on-track, aligned with the updated business priorities set out by the BPT and in line with the revised timeline for the first programme submissions</p>

Baseline (2018-2019)	Interim milestone (2020-2022)	Target (2024)	Latest known results (31/12/2021)
<p>SFC2021: ITCB green light for a solution encompassing a system supporting financial management (Back-office), covering all official exchanges of information between Managing Authorities and the Shared management DGs (Front-office) and providing Business reporting (Data warehouse), for the programming period 2021-2027 Business case document approved in October 2019</p>	<p>Make SFC2021 ready for the start-up of the programming period 2021-2027</p> <ul style="list-style-type: none"> - Make reports available for the start-up of the programming period 2021-2027 - Provide reports with real-time data - Improve user interface and set up new full-fledge dashboards for 2021-2027 programming period - Deliver impact study on the usage of Data analytics' new technologies (AI data prediction and Block chain) 	<p>Get SFC2021 stable and filled with required features and processes in alignment with the business processes roadmap</p> <p>Adapt Business reporting to the new programming period needs in alignment with the EC data strategy</p>	<p>Financial management system: SFC2021 BO's main goal for 2021, aiming at managing pre-financing payments and commitments was achieved in Q2-2021 as planned. In this context, amongst the main achievements reached in 2021 are:</p> <ul style="list-style-type: none"> • Implementation of Administrative module (Budget lines, Responsible unit, Legal entities, Bank accounts); • OP management • IGJ programmes commitment management (except JTF) / IGJ programmes pre-financing management (except JTF); • Specifications for HOME programmes (AMIF, ISF, BMVI) commitments & pre-financing; • The implementation of commitments & pre-financing for JTF programmes / HOME programmes (AMIF, ISF, BMVI) / EGF programmes; • The testing of EMFF commitments & pre-financing (no further implementation is foreseen); • Other functionalities: creation of manual commitments / management of posting criteria / visa to ABAC

Baseline (2018-2019)	Interim milestone (2020-2022)	Target (2024)	Latest known results (31/12/2021)
			<p>Business Reporting: REGIO remains the centralised provider of a common reporting service to all ESIF DGs, HOME and BUDG for shared management. After the adaptation of the platform (Launchpad), in 2021, 134 common and specific reports (or significant revisions) were provided. In addition to this, other important achievements were realised:</p> <ul style="list-style-type: none"> • Real-time reporting proof of concept was finalised and integrated in the SFC DWH architecture enabling users to request real-time reports; • ESIF Open Data Platform provided with new/updated data sets (including REACT EU adaptations); • Embedded reports realised for RegioWiki; (including REACT-EU adaptations); • Technical migrations (transparently to the users) of the data warehouse were completed (transparency to the users) in compliance with the latest version supported by DIGIT; • Reflection with the business stakeholders from the different DGs started on Common SFC DWH strategy in order to go one step beyond in the usage of data, towards a Data Driven EC in alignment with the EC data strategy and EC data governance; • Progress was achieved on the proof of concepts on Artificial Intelligence (budget forecasting for A3 and spending per thematic objective for B2) and dashboarding/self-service analytics (R-Shiny and Power BI)

Baseline (2018-2019)	Interim milestone (2020-2022)	Target (2024)	Latest known results (31/12/2021)
<p>Average score on the implementation of the 11 core principles⁹³ defined by the EC Digital Strategy:</p> <ul style="list-style-type: none"> - Compass Corporate: 1.8 - SFC2021: 1.9 - Business reporting: 1.6 	<p>Average score of implementation:</p> <ul style="list-style-type: none"> - Compass Corporate: 1.8 - SFC2021: 1.9 - Business reporting: 1.8 	<p>Average score of implementation:</p> <ul style="list-style-type: none"> - Compass Corporate: 2 - SFC2021: 2 - Business reporting: 2 	<p>As a result of further developments in the context of MyWorkplace, SFC2021 and the Business Reporting platform, the average score of implementation of the EC Digital Strategy's core principles remains unchanged in 2021 and is considered on track towards both the 2022 interim milestones as well as the final targets set for 2024:</p> <ul style="list-style-type: none"> • Compass Corporate: 1.8 • SFC2021: 1.9 • Business reporting: 1.8
<p>Open Data: All relevant data for the periods 2007-2013 and 2014-2020 is published in the ESIF Open Data platform</p>	<p>The Open Data platform is extended to cover the 2021-2027 period from the very beginning</p>	<p>The platform contains all relevant data related to shared management</p>	<p>The preparations for the relaunch and extension of the Open Data platform are on track. The service contract is in place. The Board will decide on the target date for first 21-27 programme publication in Spring 2022. (Publication is dependent on a stock of adopted programmes).</p>
<p>RegioWiki: A single platform is available</p>	<p>Extended to cover 2021-2027</p>	<p>Maintained or integrated with corporate initiatives</p>	<ul style="list-style-type: none"> - Regulation Pillar: fully operational (articles, primary and secondary legislation, related Q&A)- Curated mainly by B1 - Creation of a RegioWiki extranet: semi-public area to share Q&A and legislation with MSs representatives. Owner O2, additional contributors DG MARE and DG EMPL (write rights) - PDEA pillar: DAC (ex-audit pages) adaptations – fully operational; NEB page first version fully operational - Metadata list revision for 2021-2027

⁹³ From 2021, services are required to provide a state-of-play on the implementation of the 11 core principles defined by the EC Digital Strategy for the top 3 most expensive IT solutions that they own. For each of these solutions, this will be expressed as an average of the scores reflecting the degree of implementation of each of the 11 principles ("2-well"/"1-partially"/"0-not implemented"). The assessment will be performed by the IT Investments Team, in close collaboration with the supplier unit on the basis of a dedicated handbook and, if necessary, complementary interviews with the IT unit.

Baseline (2018-2019)	Interim milestone (2020-2022)	Target (2024)	Latest known results (31/12/2021)
Kohesio: Pilot project for linking and using project related data from 2014-2020 is initiated	Technical and organisational issues are successfully solved on the basis of the pilot with six member states	All project related data from 2014-2020 and 2021-2027 is available on the platform	27 MS covered at the end of 2021 (not 28, as meanwhile it was decided not to cover the UK)

Indicator 2: Percentage of REGIO key data assets for which corporate principles for data governance have been implemented

Source of the data: REGIO Communication Unit

Baseline (2019)	Interim milestone (2021-2022)	Target (2024)	Latest known results (31/12/2021)
<ul style="list-style-type: none"> - Set up of a network of local data correspondents - Delivery of specifications for corporate data roles and responsibilities, and a proposal for data policies - Stocktake of ongoing data governance and data policy initiatives 	<ul style="list-style-type: none"> - Progress on implementing data governance roles and responsibilities in all DGs and services - Draw up practical guidelines for priority areas for data policies - Explore the relationship between data protection and transparency obligations - Make any necessary changes and updates to the IT systems used for storing, managing and disseminating data assets 	Support the Commission's transformation into a data-driven organisation by introducing roles and responsibilities, common principles, guidelines and working practices at corporate level	<ul style="list-style-type: none"> - The REGIO Data Community has been transformed into a REGIO data governance board in line with the SG document on data governance and policies. The board is in the process of attributing roles and responsibilities at levels of data owners and data stewards. - REGIO local data correspondent participates to the LDC network meetings and is now directly involved in the preparation of the IMSB meetings. - Work has started on the setting up of a REGIO data strategy for a more user-driven use of some REGIO's key data assets. - A new knowledge management instrument (Kohesio) has been put in place to foster the use, sharing and

Baseline (2019)	Interim milestone (2021-2022)	Target (2024)	Latest known results (31/12/2021)
			dissemination of some key REGIO's data assets
50% of REGIO key data assets	60% of REGIO key data assets	80% of REGIO key data assets	65% of REGIO key data assets

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

Source of the data: REGIO Data Protection Coordinator (DPC)

Baseline (2019)	Interim milestone (2020-2022)	Target (2024)	Latest known results (31/12/2021)
100% of staff, according to the reply to the questionnaire of the DPO on the implementation of the Data Protection Action Plan of the Commission ⁹⁴ on November 2019	100% of staff, continue with regular awareness raising actions (newcomers, My Regio communications, reminders to all staff, updates of Regio Wiki)	100% of staff	25%

⁹⁴ DG REGIO: reply to questionnaire on compliance with data protection action plan [Ares\(2019\)7248989](#)

Main outputs in 2021:			
Description	Indicator	Target	Latest known results (2021)
Data standardised and imported in Kohesio	Number of MS for which data are standardised and ingested (2014-2020 period)	27	Achieved / On track
Systems, processes and reporting tools are efficiently supporting the implementation of 2021-2027 programming period in alignment with BPT work plan	Deliver all MyWorkplace and SFC2021 Back Office features and processes relevant to REGIO contribution and implementation of 2021-2027 programming period	100% of systems functional and operational, allowing for electronic handling of all processes in accordance with the annual IT Work Plan	Achieved / On track
	Deliver SFC 2021 features (incl. architecture and security), processes (submission and transactions) and reporting services relevant to REGIO contribution and implementation	100% of systems functional and operational, allowing for electronic handling of all processes in accordance with the SFC Steering Committee's roadmap	Achieved / On track
Systems, processes and reporting tools are efficiently supporting the implementation of 2014-2020 programming period in alignment with BPT work plan and the Recovery Assistance for Cohesion and the Territories of Europe initiative (REACT-EU)	Deliver revised processes and features supporting the 2014-2020 programming period in the REGIO IT systems (in particular for REACT-EU)	100% of systems functional and operational, allowing for electronic handling of all processes in accordance with the annual IT Work Plan	Achieved / On track
Knowledge and information effectively shared and reused within REGIO, in alignment with related corporate policies	Achieve the objectives of the yearly knowledge management plan: Maintain and develop the Knowledge management tool in view of the start of the 2021-2027 funding period	Q4 2021	Achieved / On track

<p>IT Governance & Strategic Planning, monitoring and reporting duly followed and implemented</p>	<p>Participate to the Corporate IT governance and to the extended IT Investment team by supporting Director A as member on behalf of the "Shared Management" family , and update and implement the IT modernisation plan</p>	<p>Q4 2021</p>	<p>Achieved / On track</p>
<p>Business reporting system ensures continued provision of common and improved reporting services</p>	<p>Requested reporting services prioritised by Business Managers</p> <p>Finalising the PoC on Advanced Data Analytics on the existing data, real-time reporting and improved user experience (e.g. dashboarding) in alignment with the EC data strategy and EC data governance</p>	<p>Q4 2021</p>	<p>Achieved / On track</p> <p>Achieved / On track</p>
<p>Raise awareness about data protection</p>	<p>Data protection module included in Newcomers' trainings. Targeted informative sessions for units and specific guidance for data breaches, data subject's requests, risk assessments and accountability</p>	<p>25% of REGIO staff covered by end 2021</p>	<p>Achieved / On track</p>

Sound environmental management

Objective: REGIO takes full account of its environmental impact in all its actions and actively promotes measures to reduce the related day-to-day impact of the administration and its work

Main outputs in 2021:

Description	Indicator	Target	Latest known results (situation on 31/12/2021)
Reducing missions (Promoting videoconferencing)	Number of missions	-10% (baseline 2019)	Achieved / On track
Digitalisation of events	Number of events	-20% physical presence (baseline 2019) +25% digital attendance (baseline 2019)	Achieved / On track
Awareness raising campaign to promote the EC guidelines for sustainable meetings and events	Lunchtime session	Q3 2021	Achieved / On track
Reducing office paper consumption	Number of printed documents, paper publications ordered	-20% (baseline 2019)	Achieved / On track
Reducing and managing waste	Better sorting and less waste	-20% (baseline 2019)	Achieved / On track

ANNEX 11: List of abbreviations

AA	Audit Authority
AAR	Annual Activity Report
ABAC	system of Accrual Based Accounting
ACB	Administrative Capacity Building
AD	Administrator
AFS	Anti-Fraud Strategy measures
AGRI	Directorate-General for Agriculture and Rural Development
AIR	Annual Implementation Reports
AMIF	Asylum, Migration, and Integration Fund
AOXDs	Authorising Officer by Cross-Delegation
AST	Assistant
BAR	Brexit Adjustment Reserve
BCO	European Broadband Competence Offices
BFP	Border Focal Point
BMVI	Border Management and Visa Instrument
BPT	Business Processes Team
BUDG	Directorate-General for Budget
CAFS	Commission Anti-Fraud Strategy
CBC	Cross Boarder Cooperation
CdF	chef de file or in the lead
CEC	Cost-effectiveness of controls
CEF	Connecting Europe Facility
CF	Cohesion Fund
CINEA	European Climate, Infrastructure and Environment Executive Agency
CNECT	Directorate-General for Communications Networks, Content and Technology
COM	European Commission
CPR	Common Provisions Regulation
CRII	Coronavirus Response Investment Initiative
DAC	Joint Audit Directorate for Cohesion
DESI	Digital Economy and Society Index
DG	Directorate-General
DIGIT	Directorate-General for Informatics
DPMS	Data Protection Management System
EA	Executive Agency
EAFRD	European Agricultural Fund for Rural Development

EAGF	European Agricultural Guarantee Fund
EC	European Commission
ECA	European Court of auditors
ECFIN	Directorate-General for Economic and Financial Affairs
EEAS	European External Action Service
EIB	European Investment Bank
EMAS	EU Eco-Management and Audit Scheme
EMFAF	European Maritime, Fisheries and Aquaculture Fund
EMFF	European Maritime and Fisheries Fund
EMPL	Directorate-General for Employment, Social Affairs and Inclusion
ENI-CBC	European Neighbourhood Instrument
ERDF	European Regional Development Fund
ESF	European Social Fund
ESIF	European Structural and Investment Funds
ETC	European Territorial Co-operation
EU	European Union
EUI	European Urban Initiative
EUSAIR	EU Strategy for the Adriatic and Ionian Region
EUSDR	EU Strategy for the Danube Region
EUSF	European Union Solidarity Fund
FEAD	Fund for European Aid to the Most Deprived
FI	Financial Instruments
FISM	Financial Instruments under Shared Management
FNLC	financing not linked to costs
GDP	Gross domestic product
HR BC	Human resources Business Correspondent
HR	Human Resource
IAS	Commission Internal Audit Service
IB	Implementing Body
ICO	Internal Control Objectives
ICP	International City Partnerships
ICT	Information and communications technology
INTERREG	European Territorial Co-operation
INTPA	Directorate-General for International Partnerships
IPA	Instrument for Pre-accession Assistance
ISF	Internal Security Fund
ISFC	International Sustainable Finance Centre

IURC	International Urban and Regional Cooperation
JAFS	Joint Anti-fraud Strategy
JASPERS	Joint Assistance to Support Projects in European Regions
JRC	Joint Research Centre
JTF	Just Transition Fund
JTM	Just Transition Mechanism
JU	Joint Undertaking
KPI	Key Performance Indicator
L&R	Legality and Regularity
MA	Managing Authority
MARE	Directorate-General for Maritime Affairs and Fisheries
MCS	Management and Control system
MFF	Multi Annual Financial Framework
Mngt	Management
MP	Management Plan
MRS	Macro-Regional Strategies
MS	Member States
NA	National Agency
NDICI	Neighbourhood, Development and International Cooperation Instrument
NEAR	Directorate-General for Neighbourhood and Enlargement Negotiations
NEB	New European Bauhaus
NEI	Non-Expenditure Item(s)
NGEU	Next Generation EU
OAD	Overseas Territories Association Decision
OBS	Off-Balance Sheet
OLAF	European Anti-Fraud Office
OP	Operational Programme
OR	Outermost Regions
PA	Partnership Agreements
PSLF	Public Sector Loan Facility
RAL	reste à liquider or outstanding commitments
REACT-EU	Recovery Assistance for Cohesion and the Territories of Europe
REFORM	Directorate-General for Structural Reform Support
REGIO	Directorate-General Regional and Urban Policy
RER	Residual Error Rate
ROP	Regional Operative Programme
RRF	Recovery and Resilience Facility

RTD	Research and Technological Development
RTER	Residual Total Error Rate (KPI5)
SAI	Safeguarding Assets and Information
SCO	Simplified Cost Options
SFC funds	interface between Member States and the Commission for the management of structural funds
SFM	Sound Financial Management
SG	Secretariat-General
SME	Small and Medium-Sized Enterprises
SWD	Commission Staff Working Document
TA	Technical Assistance
TAIEX	Technical Assistance and Information Exchange
TER	Total Error Rate
TFEU	Treaties on the European Union and on the Functioning of the European Union
TFV	True and Fair View
TJTP	Territorial Just Transition Plans
TN	Transnational Network
UIA	Urban Innovative Actions
URBELAC	Urban European and Latin American and Caribbean cities network
WAVE	workflow system designed by REGIO to support all decisional, financial and audit procedures
WGI	Worldwide Governance Indicators
YEI	Youth Employment Initiative