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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the evaluation of the Union's finances based on the results achieved

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1. INTRODUCTION

This report under Article 318 TFEU (the 'Report') is the third to be produced and reflects the continued development of reporting on the evaluation of the Union's finances based on results achieved.

The Discharge Authority and the European Court of Auditors have shown strong interest in the Report and made suggestions for its further improvement, based on the two earlier reports produced. The Commission has responded to these suggestions in this year's Report to the extent possible under the existing framework for monitoring, evaluation and reporting for the Multi-annual Financial Framework (MFF) 2007 – 13. The improvements introduced in this year's Report move in the direction envisaged for the further development of the Report under the next MFF 2014 – 20, as described in Section 2. Section 3 reports on the monitoring and performance results in 2012 with regard to expenditure programmes and evaluations of these programmes carried out in 2012, providing an overview of available performance evidence under each budget heading.

The Report is now published significantly earlier in the year than the 2010 and 2011 reports to align better with the adoption of the Synthesis Report and to ensure that it is available to the Discharge Authority and the Court of Auditors in view of the discharge procedure for the reported year.

This Report covers EU programmes from all EU policy areas of expenditure of the current MFF. This approach was welcomed by the Discharge Authority and the Court of Auditors in the previous report. In response to the request of the Discharge Authority, the results of external programmes (Heading 4) are explained in more detail and progress towards achieving EU 2020 flagship initiatives is highlighted (where results are available). Other performance-related information in addition to the results of evaluations has been included in this year's Report to provide more complete coverage of progress and results achieved. Sources include the Annual Activity Reports of the Directorates General and the special reports from the European Court of Auditors, as well as national reports and reports from expert networks for the implementation of programmes under shared management, and internal audit reports. Each policy heading under Chapter 3 includes a section on progress in the implementation for the year 2012 and the main evaluation results/other performance-related feedback on the programmes that became available in 2012 relating to earlier years.

The Report is accompanied by two Commission Working Documents. The first contains an Action Plan setting out provisional planning for the further development of the Report. This planning will be confirmed following the adoption of the legal instruments supporting the Multi-annual Financial Programme 2014 – 20. The second provides a comprehensive overview of 130 evaluations completed in 2012. The majority of these evaluations concern expenditure programmes and the Evaluation Report contains an analysis of cross-cutting issues and main findings/recommendations of these evaluations.[1] Core information on each evaluation is summarised, including information on impacts, efficiency, effectiveness, and EU value added. The summaries include hyperlinks to the webpage where the full report is accessible. These two documents respond to requests of the European Parliament and the European Court of Auditors.

2. ACTION TO IMPROVE MONITORING, REPORTING AND EVALUATION

In the context of the EP Discharge for 2011[2] the European Parliament included a section on 'Priority Action'. Parliament referred to the need for a new culture of performance in the Commission including defining targets and indicators in the Management Plans of the Directorates General and all proposals for new policies and programmes. Parliament also underlined the importance of the response of the European Court of Auditors to the last Report and the need for a clear definition of EU added value; for Annual Activity Reports of the Directorates General to measure their performance and summarise results achieved; this Report to summarise performance and results in AARs and to distinguish between internal and external policies emphasising progress on the flagship initiatives for Europe 2020; and for all evaluation reports to be made available in full to Parliament.

This year's Report already builds on reporting in the Annual Activity Reports, programme-specific reporting, evaluations and internal and external audit results. As explained in this year's Communication on the 'Synthesis of the Commission's management achievements in 2012'[3], specific attention is being paid to developing the performance culture within the Commission through its Management Plans and Annual Activity Reports ensuring consistency between these internal management instruments, other reports such as this Report to avoid duplication and to streamline performance reporting. These proposals contain the "building blocks" to which the Court referred in its response to last year's Report for a reliable system for collecting performance data to identify results and impacts for the next MFF. As requested by Parliament, this Report also summarises performance and results in AARs, distinguishes between internal and external policies, includes references to progress on the flagship initiatives for Europe 2020 and indicates where the full texts of all evaluation reports is to be found in order to make them available to Parliament

For the next MFF, the Commission is working on a stronger and more coherent framework for monitoring, evaluation and reporting on the performance of EU financial programmes. The Commission proposals for the next set of programmes for 2014 - 20 focus on simplification to facilitate and accelerate programme implementation, to improve monitoring of progress (to ensure improved identification of delays or difficulties and quicker action to remedy deficiencies) and to improve evaluation and reporting on performance.

Key elements of this framework include: a set of the main objectives to be achieved by the programmes, with appropriate links to the EU-2020 objectives; sets of strong indicators providing the basis for clearer reporting on the progress, efficiency and effectiveness of the actions taken; and strong arrangements for monitoring and evaluation to ensure the

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[1] Other evaluations covered in the Annex concern mainly regulatory and communication, information and coordination activities and internal administrative processes of the EU Institutions.

[2] European Parliament resolution on the discharge for implementing the EU General budget for the financial year 2011- P7 TA-PROV(2013)0122.

[3] COM(2013)334 final.

availability of the necessary data and opinion in time to support improved reporting on results and performance.

The information and assessments that the Commission will be able to produce year-on-year in its Annual Activity Reports and in its overall reporting for the next MFF will largely depend on these key elements being maintained in the legal instruments to be adopted by Parliament and Council to support the new set of financial programmes.

In its Report next year, the Commission will describe the framework for performance reporting to the end of the next MFF that results from the co-legislative work on the legal instruments for the next generation of programmes. It will include the key objectives of the programmes, the main indicators, monitoring arrangements and the timing and content of evaluations. It will show how annual reporting on progress in the early implementation of the next MFF will be accompanied by continuing work on the ex-post evaluation of the performance of the current programmes. It will show when the main evaluations of the performance of the current programme will have been completed and when and how performance reporting on the next programme will be made, including Commission and Member State contributions for programmes under shared management.

Finally, in the context of its Smart Regulation agenda, the Commission is also working on a review of its policy on evaluation. It will hold a public consultation later this year with a view to the adoption of the conclusions reached around the end of the year. The results should make a further contribution to improved reporting on the progress, efficiency, effectiveness and added value of EU actions in achieving impacts on the economy and society.

3. OVERVIEW OF RESULTS ACHIEVED

HEADING 1A - COMPETITIVENESS FOR GROWTH AND EMPLOYMENT

Enterprise and industrial policy

In 2012, the macro-economic situation called for stronger efforts to stimulate growth and job creation to reach the goals of the EU 2020 strategy. Reflecting the economic slowdown, the EU targets for growth of industrial competitiveness and job creation could not be met. On the other hand, innovation performance has shown overall improvement, continuing convergence and higher leverage effects measured in terms of additional innovation resulting from EU support, particularly that for SMEs.

In 2012, the main expenditure programmes in the field of enterprise and industrial policy were: (i) the Space, Security and Galileo research programmes under the Seventh Framework Programme for Research and Development (FP7; EUR 600 million); (ii) the Entrepreneurship and Innovation Programme (EIP) as a part of the Competitiveness and Innovation Framework Programme (CIP-EIP: EUR 335 million); (iii) the European satellite navigation programmes (Galileo and EGNOS; EUR 169 million) and (iv) the Global Monitoring for Environment and Security operational programme (GMES-Copernicus; EUR 40 million).[4]

Regarding FP7, the 2012 Space call has led to 49 research projects retained for funding covering activities like climate change and the development of critical technologies for space. The FP7 call for Security includes 54 topics covering actions such as the fight against large

[4] All figures for expenditure on programmes in the Report are for 2012.

scale fires and the fast rescue of victims. With a participation of SMEs at over 21%, the security research theme largely exceeds the 15% target set for the whole of FP7.

The Entrepreneurship and Innovation Programme (EIP) is designed to provide a direct and practical response to the core needs of SMEs. The specific financial instruments developed under this programme - the High Growth and Innovative SME Facility and the SME Guarantee Facility - have proven to be particularly effective in meeting SMEs' needs for finance which otherwise would not have been met. Support for equity investments has been provided to over 250 innovative and high growth SMEs and over 200,000 SMEs have benefited from the loan guarantee facility. The instruments create a positive leverage effect of 1 to 29 for loan guarantees and 1 to 5 for venture capital, which means that for each Euro of public money spent a much higher value is generated in the real economy.

The final evaluation of the EIP confirmed that it addressed effectively the needs of SMEs and had a positive effect on the start-up and growth of SMEs, in terms of leverage and the development of eco-innovative activities. Furthermore, two evaluations[5] completed in 2012 prepared the ground for initiatives on SME access to finance planned for 2013. They provided information on how to access over EUR 50 billion of public finance in Member States and examined how to facilitate the exchange of good practices on policies and support programmes across the EU. The evaluations also provided indications on how support measures should be designed to attract the investment from Business Angels, an important source of funding in many countries. Follow-up was also given to the Commission's 2011 internal audit results to strengthen the monitoring of the programme’s performance in the future. To this end, a set of appropriate indicators is being developed to monitor the COSME programme, the successor to the EIP[6].

The programme objectives for Galileo and EGNOS in 2012 have been met. The October 2012 launch of two new satellites was successful and the deployment of the ground infrastructure for the programme validation phase was accomplished. This completed the first quartet of satellites out of the 30 satellites of the future Galileo constellation. As for EGNOS, a third service (EGNOS Data Access Service – EDAS) was officially launched in July 2012, adding to the already available Safety of Life (SoL) and Open Services.

Concerning progress on GMES-Copernicus, two of the six services for land monitoring and emergency management became operational. On land monitoring, GMES is starting to provide unique data products, for which there is already demonstrable demand from EU policy makers and agencies, bringing the benefit of fully comparable data for all Member States. GMES data were successfully used in disaster relief, for example by rescue services in ship wreckage in Italy, earthquakes and in fighting forest fires. The interim evaluation of the GMES initial operations (GIO) indicates that the GIO is on-track to achieve the objective of developing two fully operational services within the three year period set. The proposal has been made for GMES to be continued and expanded through the Copernicus programme 2014-2020.

Mobility and Transport policy

[5] Evaluation of Member State Policies to Facilitate Access to Finance for SME and Evaluation of the EU Business Angels Markets and Policies

[6] Proposal COM(2011)834

Evaluations showed that EU funding contributed to progress made in the modernisation of Europe's transport infrastructure (e.g. the implementation of the Priority Projects, the introduction of tools for smart mobility, like the European Railway Traffic Management system, and the reduction in the number of road fatalities).[7] Evaluations concluded nonetheless that further efforts are needed to achieve the long term targets of an efficient internal market in transport, measured for instance by prices for citizens and business, and to ensure the transition to low-carbon and smart transport, which contribute to the Europe 2020 Strategy. The Commission's recent proposals aiming at further strengthening the internal market in the railway sector and promoting clean fuel alternatives are steps in that direction.

Expenditure in the field of Mobility and Transport mainly concerns: further development of the Trans-European Networks for Transport (TEN-T); the Marco Polo Programmes to ease road freight congestion and pollution by switching to other modes of transport; support for research and innovation through the Research Framework Programmes; as well as support activities for European transport policy and passenger rights. In 2012, the total budgets amounted to EUR 1.07 billion managed mainly through indirect centralised management (81%) by the Trans-European Transport Network Executive Agency (TEN-T EA) and the Executive Agency for Competitiveness and Innovation (EACI). In November 2012, the Commission launched a major call for proposals in the transport infrastructure programme (TEN-T), totalling EUR 1.278 billion. This call will also support the transition into the upcoming new framework of the TEN-T guidelines and the Connecting Europe Facility in the next MFF for 2014 - 20.

In 2012, there was a mid-term evaluation of the TEN-T Executive Agency (TEN-T EA) which showed that the Agency has met its targets and annual specific objectives. Agency management of TEN-T projects was confirmed as the most cost-effective solution. The cost-benefit analysis indicates the cost savings of the Agency option estimated at a 2012 net present value of EUR 8.66 million. The TEN-T EA nevertheless recognises that there are still some areas for improvement, for example, in areas such as traffic-flow forecasting, cost-benefit assessment of transport infrastructure and cost engineering.

Information Society and Media policy

The main objectives of Information and Media Policy are set out in the Digital Agenda for Europe (DAE) one of the EU 2020 flagships aimed at enabling Europe's citizens and businesses to get the most out of digital technologies. The Agenda contains 13 specific goals which encapsulate the change to be achieved, such as: full EU coverage by broadband by 2013; 50 % of the population having bought something online by 2015; and a reduction of the difference between roaming and national tariffs approaching zero by 2015. Progress towards these targets is monitored annually through a Digital Agenda Scoreboard[8].

A review of the Agenda was presented in December 2012. It showed that the Agenda is on track to meet most of its targets. The data for 2012 show for instance that the target of 100% broadband coverage by 2013 had been achieved (while 96% of the EU population was covered by fixed broadband, the reminder was covered by improvements in satellite) and that the proportion of the population ordering goods or services online had increased to 45 %, putting it on track to reach the 50% target by 2015. In addition, by the end of 2012, roaming tariffs had decreased by at least 10% but are still considered as much higher than domestic

[7] See the Annual Activity Report for DG MOVE at http://ec.europa.eu/atwork/synthesis/aar/
[8] https://ec.europa.eu/digital-agenda/en/scoreboard.

tariffs for voice, text-messages and data. However, it also showed a slow pace of growth in cross-border e-Commerce , a slow uptake of high-speed broadband and that extra efforts are needed to minimise or eliminate differences among Member States in the use of it. The review also led to new digital priorities being formulated for 2013 - 14, such as to create a more stable broadband regulatory environment and to accelerate cloud computing through public sector buying power.

Operational expenditure of EUR 1.6 billion is for research and technological development activities under FP7, including the Joint Technology Initiatives (JTIs), the actions under the CIP Programme and related activities.

In 2012, the study on the impact of the Sixth Framework Programme (FP6) measures on Information Society Technologies (IST) stressed the positive value of exploring new scientific/technological areas, the strengthening of research collaboration and the increase in staff capability and expertise. Part of the programme was based on specific industrial priorities and it was successful in creating network structures around leading industrial players with the primary aim to efficiently solve specific technological/scientific challenges. In some areas (for example Components and Microsystems) projects integrated the key players across different parts of the value chain, leading to medium term competitive advantages and higher and wider impact on innovation.

Programme activities focused on longer term scientific objectives were found to be successful in creating network structures around universities and research centres. This was the case of networks formed in, for example knowledge and interface technologies or Future and Emerging Technologies. The study also found that FP6-IST had positively affected a large proportion of the EU R&D workforce on ICT and produced major spill-over benefits that are considered to have largely exceeded the direct benefits of projects to Programme participants. A high proportion of the knowledge produced in FP6-IST was published in leading scientific and technical journals and was presented in high profile conferences and exhibitions.

The Interim Assessment of the Future Internet Public-Private Partnership (FI-PPP) in FP7 confirmed the effectiveness and relevance of this instrument and recommended that the governance and industry commitment be further developed. Other evaluation related studies[9] confirmed EU value added in strengthening complementarities among the different actors in the value chain of industry sectors, contributing for example to the ability of the components industry to capture opportunities in higher parts of the value chain. Embedded systems suppliers should also seek better to exploit the possibilities brought by the increasing performance and functionalities of components.

With regard to the regulatory framework for electronic communications, the Study on the Evaluation of the Board of European Regulators for Electronic Communications (BEREC) and the BEREC Office, financed from the EU budget, found the structure to be relevant, efficient and effective. However, the evaluation also suggested improvements in governance

[9] Study on the Future impact of Joint Technology Initiatives ARTEMIS and ENIAC (ARTEMIS Industry Association is the association for Embedded Systems actors in Europe. It represents the research community including industry, universities and research institutes in the ARTEMIS Joint Undertaking) and ENIAC (The ENIAC Joint Undertaking is a public-private partnership focusing on nano-electronics that brings together ENIAC Member/Associated States, the European Commission, and AENEAS (an association representing European R&D actors in this field)

and accountability (for example concerning the scope and the regular review of its Work Programme and reporting on progress made).

Regarding the influence of evaluations on the policy-making process, assessments led to a refocusing on SMEs as innovation drivers in Horizon 2020. The study on the implementation of the Digital Agenda helped to shape the DAE review, with data and inputs from Member States. The evaluation of the compatibility and workability of methodologies for measuring the energy and carbon footprint of the ICT sector identified gaps across the main methodologies which would need to be addressed to ensure future compatibility. The FI-PPP has also served as a main reference point in designing the guidelines for contractual Public-Private-Partnerships under Horizon 2020. An example of possible modifications in the management of programmes was the recommendation to set up a 'one-stop-shop' operational unit for the current ENIAC and ARTEMIS Joint Undertakings, a modification which the Commission has taken up in its Horizon 2020 proposal.

Energy policy

Europe 2020 priorities for the competitiveness, sustainability, and security of energy supply, are supported by the European Energy Programme for Recovery (EEPR), the Nuclear decommissioning programmes, the Intelligent Energy-Europe programme, research and innovation through FP7, Trans-European Energy Networks (TEN-E) as well as support activities for European energy policy and the internal energy market.

In 2012, the budget for these programmes amounted to EUR 607 million in commitments, with an execution rate of 99.9%, managed mainly through direct centralised management (59%) and indirect centralised management (27%).

Significant funds were allocated to different projects via the European Energy Programme for Recovery (EEPR), with the aim of stimulating investment. The implementation of all 43 gas and electricity infrastructure projects with an EU contribution of EUR 2.27 billion continued in 2012. A further seven projects were completed by the end of 2012. Five out of six Carbon Capture and Storage demonstration projects (CCS) projects are being implemented, with only one having been terminated, despite difficulties in access to finance and regulatory problems. Out of the entire EUR 565 million EU contribution to nine offshore wind projects, EUR 203 million had been paid to the beneficiaries by the end of 2012.

The support for projects promoting renewables and energy efficiency through the Intelligent Energy-Europe II (IEE II) Programme also continued. In 2012, the IEE triggered 48,580 tons of oil equivalent (toe) of renewable energy production, 90,350 toe of energy savings and 517,000 toe of reductions of greenhouse gas emissions. The programme has to date triggered sustainable energy investments of EUR 1,636 million with a total IEE budget of EUR 731 million, thereby confirming a significant multiplier effect.

The implementation of IEE II is delegated to the Executive Agency for Competitiveness and Innovation (EACI). The process for the supervision of EACI was improved in 2012, including the monitoring of quarterly performance indicators. Three projects('Concerted Actions') have been financed by the IEE, making it possible for the national implementing bodies in the Member states to meet regularly and share experience on the transposition of the EU directives on the energy performance of buildings, renewable energy and energy services.

The TEN-E work programme 2012 was successfully implemented: EUR 21 million of commitments were made to 19 electricity and gas projects during the year. The ex-post evaluation of five projects funded under the Trans-European Networks-Energy found that the projects were successful as they increased energy capacities between regions in Europe, contributed to the integration of energy markets within the EU and allowed for transportation of energy from locations with low cost production to the locations of the consumers. Such integration activities were recognised as generally contributing to the more competitive wholesale and retail pricing of energy, which has the potential of decreasing overall energy costs.

The Commission has followed-up on these evaluation assessments through new Energy Infrastructure legislation, which entered into force on 15 May 2013. The new regulation revises the existing TEN-E guidelines, including reporting on projects. As permit granting was generally assessed as one of the major aspects delaying the development of infrastructure projects, the new legislation includes provision for accelerated permit-granting procedures.

In 2012, a special report published by the European Court of Auditors on EU financial assistance for the decommissioning of nuclear plants in Bulgaria, Lithuania and Slovakia recommended that a detailed needs assessment, an analysis of available resources, expected benefits and more meaningful performance indicators be prepared before further spending. These recommendations have been taken up in the Commission's recent proposal for a Council regulation on Union support for the nuclear decommissioning assistance programme for Bulgaria, Lithuania and Slovakia[10].

Research policy

The most important funding instrument for the Commission's research and innovation policy implementation of the Innovation Union flagship within the Europe 2020 Strategy is FP7, with an EU overall budget of EUR 8.8 billion.

In 2012, 53 calls for proposals under FP7 were concluded. A total of 17,374 eligible proposals were peer-reviewed, of which 3.089 were retained for funding, resulting in a success rate of 17.78 % on a proposal basis. This is slightly below the overall success rate of FP7 implementation during 2007-2012 (19%).

A total of 70,059 applicants took part in all eligible proposals, for a total requested EU contribution of EUR 30.78 billion, of which 14,821 applicants were retained for funding for a total requested EU contribution of EUR 4.98 billion. The overall success rate was just over 21% in terms of applicants, which is close to the average for FP7 implementation during 2007-2012.

Good results have also been obtained as regards the mandatory target that 15% of the Cooperation Programme budget should go to SMEs, as in 2012 over 16% of this budget went to SMEs.

Up to March 2013, more than 13,000 grant agreements have been signed under FP7.[11] Over 2,800 projects were completed of which 98% achieved their initial objectives. Based on the final reports, completed projects each produced an average of 4.5 publications and recorded a total of 531 Intellectual property rights. By the end of 2012, 76 European Research Council

[10] (COM (2011)783).

[11] For projects managed by the Directorate General for Research and Innovation (DG RTD) and the Research Executive Agency (REA).

(ERC) grantees had won prestigious international prizes (up from 36 by the end of 2011), including five Nobel Prize winners and three Field Medallists. During the same period, more than 7,900 peer-reviewed journal articles acknowledging ERC funding were identified, an increase from the 3,396 identified by the end of 2011.

In 2012, DG RTD published its first Annual Report on Programme Evaluation Activities, in 2011, starting a process of annual reporting alongside its yearly monitoring reports. In 2012, 19 evaluation studies and reports were completed, covering primarily activities under the Specific Programme Capacities, with the aim to feed into the overall ex-post FP7 evaluation due to be completed by 2015.

Education policy

In 2012, programmes were implemented on schedule in all participating countries and are on their way to achieving their objectives.[12] In particular, the Lifelong Learning Programme (LLP) committed EUR 1.1 billion (8% up on 2011). It was implemented as foreseen, including its horizontal strand (for example the Jean Monnet actions), with its focus on intra-EU learning mobility, be it of pupils (Comenius and Leonardo da Vinci), university students (Erasmus), adults (Grundtvig) or educational staff.

The performance data that became available in 2012 showed progress on all indicators linked to Europe 2020 headline targets. The latest known results show a trend moving closer to the target of 40% higher education graduates (2010: 33.5%; 2011: 34.6% and 2012: 35.8%). Likewise, the latest results with regard to the Europe 2020 headline target of reducing the proportion of early school leavers to 10% show a positive trend (2010: 14.1%; 2011: 13.5% and 2012: 12.8%). In contrast, in 2012, as in 2011, two key dimensions for this policy, employability and youth economic situation both registered a deterioration, and also 2012 showed deterioration as regards achievements in basic skills and foreign language competences.

There was again an overall upward trend in the demand for mobility in 2012 for all sub-programmes, as well as for decentralised cooperation. Since the inception of the programme, over 2.5 million students have benefited from Erasmus. Surveys indicated that 97% of former Erasmus students consider having studied abroad an advantage on the job market. The Marie Skłodowska-Curie Actions of the People Programme in FP7 committed EUR 0.9 billion (19% up on 2011). Since 2007, it has supported about 44,500 researchers (11,100 in 2012) of 130 different nationalities working in more than 75 countries. More than 50% of funded research projects directly address the major societal challenges defined in the Europe 2020 Strategy (such as climate change). In line with objectives, the comparatively high participation rate of women was maintained (36.5%) and the participation of private enterprises as host organisations (24%) exceeded the 20% target. In 2012, an estimated 79% of individual fellows have employment positions two years after their fellowships. Due to budget cuts in the US and Canada since 2011, the EU bilateral programmes with these countries were no longer executed.

Two interim evaluations became available in 2012: one on the expenditure programme on international mobility of master level and doctoral students - Erasmus Mundus II (EM II) - for the period 2009-11, and the other on the expenditure programme on the international mobility

[12] See the Annual Activity Report for DG Education and Culture at http://ec.europa.eu/atwork/synthesis/aar/

of researchers - COFUND and Individual Fellowship Actions, part of the 'People Programme' within FP7.

The evaluation of EM II found that the programme provides strong support and makes an important contribution to the internationalisation process of the European higher education area. EM II promotes the development of skills relevant in the labour market. However, in terms of employability, the evaluation found that the present focus of EM II on academia and higher education does not fully serve the needs of the EU. Activities could be more open to international mobility and cooperation in the field of vocational education and training. The evaluation also suggested strengthening links with related programmes in order to increase synergies and avoid the identified overlaps. The evaluation found that the programme was being implemented efficiently as most of the planned outputs were likely to be achieved with lower costs than anticipated and the outputs of the programme were being produced with analogous or lower costs than those of comparable scholarship schemes. With regard to management aspects, the findings revealed that coordination of EM II at strategic level remained problematic due to the division of responsibilities between within the Commission. Other suggestions have been made, such as in the area of monitoring. The results have been used to inform the design of the 2014–20 'Erasmus for All' Programme.

The evaluation of COFUND and Individual Fellowship Actions likewise found that these actions are achieving their objectives and are strengthening the research capacity of the EU through an increase in the quality and quantity of researchers. COFUND Fellowships are contributing both quantitatively and qualitatively to the reinforcement of the human resources potential of the European Research Area by strengthening research capacities, capabilities and networks. The COFUND programme has improved the administrative and operational procedures of around a third of the host organisations, in particular in terms of increasing the openness of recruitment to trans-national mobility and the use of independent/peer review in selection processes.

Improvements have also taken place in the transparency of procedures. The main impact on host organisations is to expand research capacity and give institutions access to high-quality researchers they might not otherwise have attracted. This in turn leads to stronger institutional research outputs and the capacity to tap into wider international knowledge networks. The interim evaluation also identified areas for improvement. As a result the Commission will strengthen the quality standards of Individual Fellowships through streamlined design and raising their visibility outside Europe via international events, conferences and dissemination activities. Procedures regarding information requirements and budget negotiations will be simplified and COFUND is proposed to be opened to commercial bodies under Horizon 2020 in the next MFF.

Taxation and customs policy

The EU's taxation and customs policy is supported by two expenditure programmes 'Fiscalis 2013' and 'Customs 2013' aiming to improve cooperation between Member States and support the exchange of information. The two expenditure programmes represented EUR 82.3 million in commitments in 2012. As regards Fiscalis 2013, approximately 3,600 officials participated in around 300 programme activities (workshops, project groups and Multilateral Controls). As regards Customs 2013, approximately 5,400 officials participated in about 370 programme activities (workshops and project groups). Both programmes also supported the development of e-learning modules. The feedback from participants in programme activities confirms that these activities systematically attain their objectives[13].

The programmes contribute to the improved functioning of the European Information Systems (EIS) for taxation and customs. The EIS for taxation handles the exchange of 850 million messages which are key in the fight against tax fraud. The EIS for customs handles the trans-European part of 245 million customs declarations each year, controlling the clearance of goods in 9 million trucks moving across the EU, each using the transit regime and controlling the release of 12 million exports from the EU[14] . The Common Communication Network for the EIS, which is the backbone for the operation of European IT systems for customs and taxation, was operational 99.73% of the time, which exceeds the target of 97%[15]. This means that business-critical systems (VIES, NCTS and TARIC[16]) are available to users 24 hours a day, 365 days a year.

HEADING 1B - COHESION FOR GROWTH AND EMPLOYMENT

Employment and Social Affairs policy

In 2012, in the context of recession and economic crisis neither the employment nor the poverty targets set out under the EU 2020 strategy have been met. Nevertheless, a wide range of policy actions in the field of employment and social affairs have achieved positive results and contributed to addressing the crisis-related challenges. The European Social Fund, the European Globalisation Adjustment Fund (EGF), the Instrument for Pre-Accession Assistance (IPA), the EU Programme for Employment and Social Solidarity (PROGRESS), the European Progress Micro-finance Facility for Employment and Social Inclusion (Microcredit Facility), and funds allocated for working in Europe, social dialogue and mobility, all contributed to support the results obtained.

Over EUR 11 billion was committed to the major spending areas (ESF and EGF). 94% of funds were allocated to the Integrated Guidelines for Growth and Jobs which is well in excess of the target set in the General Regulation[17]. The Funds reached 49.5 million citizens over the 2007 - 11 period and met its objectives in terms of specific target groups (women, people belonging to vulnerable groups). By the end of 2012, 88% of the overall 2007 - 13 allocation for ESF and EGF had been already committed and 53.5% paid. The EGF, which also plays an important role in the EU cohesion, helped over 10,000 workers to get back into employment in 2012.

Evaluation information provided further evidence of the financial instruments' performance covering implementation and programme effects. The evaluation of ESF support for Life Long Learning (LLL) assessed the programming period 2000-06 and the first four years of the period 2007-13. An estimated 25 million young people, 18 million individuals with low skills and 1.9 million older people, benefitted from ESF supported LLL activity across the EU between 2000 and 2010. It was concluded that, without the ESF, many of these interventions would not have taken place. The ESF has ensured that groups which otherwise would not

13 Evaluation forms completed by participants in the programme activities

14 Source: Measurement of Results - annual report 2011

15 Source: CCN/CSI Project Monthly Report

16 VAT Information Exchange System (VIES); New Computerised Transit System (NCTS); Online customs tariff database (TARIC)

17 Regulation 1083/2006: General regulation for the Structural Funds and the Cohesion Fund

have been reached, in particular subgroups among the low skilled and the young, benefit from targeted interventions. The report identified activities which were more successful in reaching these target groups and other factors of success. The evidence collected in the course of the evaluation was used to improve the content and expected delivery of the ESF-supported LLL activities aimed at the three target groups in the 2014 - 20 programming period.

The evaluation of the reaction of the ESF to the economic and financial crisis demonstrated its flexibility as an instrument capable of responding quickly to the crisis. By the end of 2010, 84 out of 117 Operational Programmes had been adapted. Most of the changes concerned broadening of scope, launching specific calls and including further target groups, depending on the concrete situation and the particular local governance system. The ESF improved the consistency of the anti-crisis measures within the long-term perspective of structural adaptation, as ESF was broadly used to finance training schemes offering short-time work, adding an active component to existing, more permanent, measures.

Two reports from the ESF Expert Evaluation Network covered the performance of ESF on 'Access to Employment' and 'Social Inclusion'. Regarding access to employment, over 12.5 million final recipients were supported with over 2.4 million obtaining employment. However, little evidence was found on the sustainability of created employment. Concerning social inclusion, over 14.5 million final recipients participated, covering a broad range of target groups of the unemployed, migrants, and young people. The most effective interventions proved to be working in schools with young people at risk of early leaving or at the point of transition from school to work, in interventions with families from Roma communities and in activities to bring adults back into the education system.

The evaluative study measuring the impact of changing regulatory requirements on administrative cost and burden provided suggestions for the future 2014 - 20 ESF. The analysis showed that the overall administration costs were reasonable, amounting to 4.8% of the total ESF 2007 - 13 budgets, when compared to similar programmes run by the World Bank, IMF or United Nations. Nevertheless, further efforts to reduce administrative costs and burdens were identified to be targeted on those tasks which account for the largest proportion of administrative costs and workload, such as information and publicity requirements, which represent 18.5% of administrative costs. However, it was also signalled that further reductions in administrative costs and burdens should not be at the expense of positive aspects of programme administration, such as the capacity built up for the selection of operations, as this would reduce the cost-effectiveness of the programmes.

The mid-term evaluation of the European Globalisation Fund (EGF) showed that stronger-performing cases tended to be associated with the provision of individual support for workers and those also benefiting from strong national support measures. Apart from direct re-employment, EGF assistance also generated other positive effects for individuals in terms of increased confidence and improved job searching. The evaluation found that, in cases where EGF support arrived a significant time after the job-losses, many redundant workers had already re-entered the labour market, while those remaining tended to have a 'harder-to-help' profile. Suggestions were made for improvement of the EGF architecture to: increase flexibility of implementation, speed-up the application process, strengthen the capacity for submitting applications at national and regional/local level and provide further opportunities for sharing lessons and good practices, as well as strengthening monitoring and reporting.

Finally, the mid-term evaluation of PROGRESS showed that the programme has delivered positive results, improving at various levels the quality of debate, processes, cooperation and sharing of best practices, as well as producing statistical tools and indicators to reinforce evidence-based policy making. Moreover, PROGRESS-funded activities have influenced EU policies and legislation (e.g. Europe 2020 anti-poverty targets, reform of pension systems the implementation of law on health and safety at work and broader labour law).

Regional Policy

Regional policy is delivered through shared management and funded by the European Regional Development Funds (ERDF) and the Cohesion Fund (CF), which represent more than 28% of the total 2012 EU budget in terms of commitments.

In 2012, EUR 38.2 billion was paid out, mainly through reimbursements to the Member States from the ERDF and CF for the 2000 - 06 and 2007 - 13 programming periods. The expenditure declared by Member States to the Commission for ERDF and CF 2007 - 13 reached an average of 41.2% at the end of 2012. However, in some Member States expenditure rates are significantly below average (in particular in Romania and Bulgaria), which is of concern and has given rise to calls to Member States to accelerate mobilising available EU Funds and focus on targeting spending to maximise the impact on growth and jobs.

In responding to the crisis, more than EUR 30 billion from the ERDF and Cohesion Fund has been re-programmed by making use of the flexibility allowed under the legal framework to support the most urgent needs and to reinforce certain investment areas. The main trends show a shift towards R&D, business support, sustainable energy, cultural and social infrastructure, roads and labour market across the EU-27. In order to safeguard growth and jobs investment strategies and to reduce pressure on national budgets, EU co-financing rates have been increased in nine Member States and further 'top-up' payments (increasing co-financing rates up to 95%) were made to programmes for Greece, Ireland, Latvia, Portugal, Romania and Hungary.

The evidence[18] shows that outputs and results of the policy on the ground began to accelerate in 2011 after a slow start in the early years of the period, also demonstrating the essential role of Cohesion Policy in maintaining public investment in a number of Member States. Aggregate data for the common indicators used showed the achievements over the first five years of the current programming period. Highlights of achievements which contribute to the European 2020 flagship initiatives of Smart, Sustainable and Inclusive Growth are that: almost 400,000 jobs have been created (of which 190,000 since 2010), including more than 15,600 research jobs and nearly 170,000 jobs in SMEs. Over 142,000 SMEs have been supported; over 53,000 start-ups have been supported (of which 28,000 since 2010); nearly 1.9 million additional people have broadband access; over 5,000 transport projects having been launched; and over 19,000 educational infrastructure projects have been supported.

[18] Stemming from COM(2013)210 final Cohesion Policy: Strategic report 2013 on programme implementation 2007-2013 which analyses 27 national strategic reports presented by the Member States in 2012 summarising how their programmes were contributing to the objectives of cohesion policy; Member States' latest annual implementation reports concerning 2011; country reports of an expert evaluation network; and evaluations undertaken for DG REGIO.

Several evaluations were completed in 2012. In addition to evaluations carried out by individual Member States[19], and country reports through an expert evaluation network, the Commission itself also completed evaluations on different aspects of cohesion policy[20]. Two ex-post evaluations on ten major projects co-financed by ERDF and Cohesion Funds in 1994 - 99 and financed by the Cohesion Fund in 2000 - 06 provided evidence on the impact and added value of the Funds' infrastructure investment in transport and environment (see below). The findings of the evaluations are being translated into programme guidance for the period 2014 - 20.

The ex-post evaluation on the Cohesion Fund 2000 - 06 confirmed that co-financed projects had a marked effect in extending and improving the transport network in the countries receiving support. For example, major improvements were made in many of the transit routes crossing the countries concerned and in the transport links with neighbouring countries. Although there is uncertainty about the extent to which environmental projects generated benefits which exceeded the costs of undertaking them, these projects have a significant effect in the protection of the environment and reducing pollution, so improving both the sustainability of economic development and the quality of life across many parts of the countries receiving support. An important finding was the longer term impact of investments in infrastructure projects, which can typically only be assessed after some years of operation, often long after the funding period is closed. The evaluation also reported on significant delays in the implementation of projects. This is particularly the case in respect of environmental projects, and for large projects generally in EU-12 countries.

The ex-post evaluation for the period 1994 - 99 added further evidence on the length of time before impacts can be identified, demonstrating that it is only after around five years of the operation of major infrastructure projects that medium-term effects can be soundly evaluated. The evaluation identified a "list of ingredients" that can ensure maximum impact of public investment projects. For example, successful investments are more likely to materialise when there is the right mix of entrepreneurialism, professionalism, managerial discretion and accountability to government.

In 2012, the Court of Auditors also completed performance audits on some financial instruments. The recommendations of the Court focused on issues such as the need for regular monitoring, the use of comparable performance indicators and improvements in selection criteria. The recommendations have been taken into account by the Commission in the design of the future policy, for example through ex-ante conditionalities and the design of common indicators with definitions developed in co-operation with the Member States. Most importantly, the emphasis of the Commission proposals for the future instruments on far more explicit specific objectives and priorities aims to address the performance issues raised by the Court.

Overall, Member State reports, evaluations and the Commission's own analysis confirm the appropriateness of the Commission proposals for the next programming period, particularly as

19 http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/eval2007/expert_innovation/2011_synthesis_national_reports.pdf

20 Ex-post evaluation of projects co-financed by ERDF and Cohesion Fund in the period 1994-1999; ex post evaluation of the Cohesion Fund 2000-06; Jaspers evaluation.

regards concentration, better programming and monitoring, common indicators for the future and a performance framework with milestones and targets, evaluation and accountability for results achieved as well as resources spent. Furthermore, the regular political discussion on the performance of the policy which is proposed for the future is confirmed as necessary.

HEADING 2 - PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES

Environmental policy

LIFE+ supports environmental and nature conservation projects throughout the EU, as well as in some candidate, acceding and neighbouring countries. It is implemented through direct centralised management. In 2012, commitments amounting to EUR 332.9 million were made (0.2% of 2012 EU budget). By the end of 2012 a final evaluation of LIFE+ (2007 - 13) became available, just over two years after the mid-term evaluation and one year after the proposal for a new LIFE programme. Given the timing of the evaluation, only very few projects funded under LIFE+ had been finalised (40 projects out of 1300 - 1400 foreseen) and consequently the evaluation focussed on programme processes rather than assessment of project performance.

The evaluation confirmed added EU value, which derives from LIFE’s ability to act as a platform for exchange of practice and knowledge-sharing, recommending that the weight given to EU added value should be retained and strengthened. The evaluation found improvements in some areas of programme implementation compared to earlier evaluations. For example, more weight has been given to EU added value in project selection, although beneficiaries remain largely focussed on their individual projects and the profiles. Whilst the electronic application process has reduced the administrative burden for applications, this burden is slightly higher than for other EU programmes. There is potential to expand the use of electronic reporting in project monitoring to further reduce the burden. Evidence from evaluations and consultations has contributed to the design of the new Programme. The proposal for the new Programme for the next MFF includes the objectives of: establishing a better link with EU policy priorities, including climate action; promoting the use of integrated projects; developing synergies and complementarily with other EU Funds; promoting EU added value and solidarity/effort-sharing; and simplifying the programme.

Agriculture and Rural Development policies

The 2012 budget for Common Agricultural Policy (CAP) represents around EUR 58.59 billion in terms of commitments.

With regard to the first pillar of the CAP comprising direct income support, data on direct aids shows that decoupled payments stabilise farm incomes and thus contribute to the economic viability of farms. Direct payments continue to contribute significantly to agricultural entrepreneurial income (family farm income). Direct payments on average accounted for almost half of the family farm income in 2012. Under the direct aid schemes, support is granted to more than 7 million farmers. The data on market measures shows that CAP reforms have enhanced the market orientation of EU agriculture and reduced the public intervention and private storage aid – these mechanisms, which were the traditional tools of the CAP, having now become safety net measures to the extent that public stocks have virtually been eliminated.

With regard to the second pillar comprising rural development policy, further progress has been made in 2012 in closing the programmes covering the 2000 - 06 period and in the implementation of the rural development programmes 2007 - 13. While there is still room for progress on the quality of data delivered by the Member States, significant achievements can be reported on the basis of available figures. For example, the value of agricultural production under recognized quality label/standards supported by the Agricultural Funds for Rural development (EAFRD) has currently reached EUR 13.2 billion which represents 80 % of the final programme target set for 2013 and 62 million citizens in rural areas benefited from improved services supported by EAFRD, representing 87% of the final programme target set for 2013. In financial terms, by the end of 2012, EUR 58.9 billion of the total budget of EUR 96.2 billion for the 2007 - 13 period has been executed. Axis 1, 3 and 4 have now reached 43.8 % of the allocated budget. However, there are significant uncertainties over the continuation of this positive trend as the economic crisis reduces the possibilities for Member States to provide the necessary matching funds and the administrative capacity to implement the programmes.

In 2012 six evaluations on different elements of the CAP were conducted examining in particular the impacts of CAP measures on markets, farm income, production structures, competitiveness, the environment and rural development. Also eight special reports by the Court of Auditors provided performance-related feedback on targeted measures[21] . The results of these evaluations and special reports point to need for better targeting of measures, simplification, and improved monitoring of the achievements of results and objectives.

For rural development policy, the ex-post evaluation of the rural development programmes (RDP) 2000 - 06, with a total budget of EUR 59.2 billion and the synthesis of mid-term evaluations of RDP 2007 - 13, with a total budget of EUR 96.2 billion, were both completed in 2012. The results indicate that RDP demonstrate a capacity to generate positive economic and environmental impacts, although most measures have more impact at the individual beneficiary level than at the level of the whole rural economy and population. Income effects seem to be highly correlated with the efficient targeting of measure-specific support and the combined application of measures.

In addition, rural development measures maintained or generated employment in rural areas. Net employment effects of RDP measures seem to be generally lower than net income impacts, although it is difficult to isolate the impact of RDP interventions from that of other factors. The conclusions and recommendations of these evaluations fed into the design of the rural development policy for the period 2014 - 20, including the need for better targeting of measures, improving rural development strategies and strategy making, complementarities between measures, and strengthening complementarities between rural development programmes and other programmes and funds.

Experience gained with the 2008 wine reform enabled the Commission to conclude that the reform has been implemented successfully and that there is no longer structural surplus in the wine sector[22]. These conclusions were supported by the evaluation of the wine sector covering the period 2001 - 11, focussing on the effects of the 2008 reform. The evaluation included a further analysis of the Court of Auditors' special report[23] which pointed to the absence of key

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21 Special Reports No 14/2011; 1/2012; 7/2012; 8/2012; 9/2012; 11/2012; 14/2011; 16/2012.

22 COM (2012)737

23 The special report focused on the "grubbing-up" and "restructuring and conversion of vineyards" measures; the
two largest areas of spending.

performance indicators, the overly wide discretion of Member States in implementing the restructuring and conversion measures and the too high level of aid rates.

The evaluation found that the implementation of measures through national support programmes, allowing the flexibility and adaptability of support measures to local needs of wine sectors, has been effective. However, some problems in policy management limiting effectiveness have appeared, for example, by the application of too rigid procedures. The evaluation of the measures strengthening the competitiveness of EU wine-producers and the market considered that the measures are more efficient, but implementation by some Member States/regions (insufficient targeting of beneficiaries) reduced efficiency. Simplification does not seem to have been achieved with the current approach and there is inconsistency between the measure for promotion of private brands on third country markets and those allowing generic promotion on the EU-market.

The evaluation of the cereals sector confirmed that, while aid is needed to support producers' income, the switch to decoupling limits distorting effects and ensures coherence with the overall CAP objectives. Production decisions of farmers and processors are more determined by market signals, contributing to enhancing competitiveness and the smooth functioning of the internal market. The measures have promoted the development of cereal crops and end-uses in which the EU has a comparative advantage. The reform has been relatively efficient, as the cost of cereal-specific measures has declined, while Member States' paying agencies and, to a lesser extent, producers see administrative burden as manageable.

The evaluation of the School Fruit Scheme examined the effects of this initiative launched in 2008. It found that the scheme was effective in increasing children's fruit and vegetable consumption in the short term, whilst the brief implementation period would not yet allow evaluation of the impact on improved eating habits in the longer term. Regarding the influence of EU funding on the scheme's effectiveness, the evaluation suggests that the EU aid has a positive or even essential impact. The scheme is found to be pivotal for the implementation of national or regional School Fruit Schemes in nearly all participating Member States. The specific recommendations to increase the level of EU co-funding and to broaden the scope of measures eligible for EU aid have been included in the changes proposed to the scheme in the context of the CAP 2020 reform proposals.

Finally, the ex-post evaluation of the EU Forest Action Plan examined the implementation of the 18 specific actions of the plan during the period 2007 - 11. The results and recommendations of this evaluation provide a main input in the review of any future EU Forest Strategy.

Maritime Affairs and fisheries policies

The EU's maritime and fisheries policies are supported by expenditure programmes linked to the implementation of the Common Fisheries Policy in the area of the Law of the Sea, the European Fisheries Fund (EFF) and the EAGF (European Agricultural Guarantee Fund). By July 2012, the Member States reported that commitments under the EFF reached a total of nearly EUR 2.423 billion, representing 56.3% of the amount programmed for the entire period.

In 2012, six evaluations became available, including main spending areas: ex-post evaluations of Fisheries Partnership Agreements (supported by funds of the implementation of the Common Fisheries Policy and in the area of the Law of the Sea) and an interim evaluation of the EFF covering 2007 - 2010. In addition to these evaluations, special reports of the European Court of Auditors, internal audits, and data from the EU fleet register provide further input on performance.

The EFF synthesis report mostly focused on programme implementation, due to its limited time coverage and a corresponding lack of performance-related data. Notably, data from national reports were very heterogeneous, making it impossible to draw comparisons across Member States, an aspect which will need to be corrected for the next MFF. The report showed that, whereas progress on most priority areas ('Axes') was satisfactory, the achievement rate on Axis 4 concerning sustainable development of fisheries was the lowest, given that the actions were generally still in the very early stages of implementation. The main explanations for delays in implementation concerned limited co-financing due the unfavourable economic environment, limited access to debt financing and the late launch of programmes. Conversely, some success factors were mentioned, including efficient administration and increased sector interest.

The synthesis report indicated that the monitoring systems as a whole worked well, but that the quality and definition of indicators needed further improvement. This has been taken into account in the preparation of the evaluation and monitoring system of the new EMFF (European Maritime and Fisheries Fund) which reflects the stronger result-orientation given to the policy. This is achieved through the introduction of a clearer intervention logic in the Operational Programmes, using common output and result indicators for monitoring and by including a performance framework and reserve in the programmes. In addition, updated 2012 data showed that by the end of 2012 delays on Axis 4 has been overcome and good results are being delivered.

As complementary information to the EFF synthesis report, the data in the EU fleet register show that support for decommissioning fishing vessels has almost reached the targets set in the Member States' operational programmes. 603 vessels were decommissioned in 2012 with EFF support. However, the European Court of Auditors pointed out that the EFF support for decommissioning fishing vessels did not have sufficient impact on fishing capacity or effort, nor did it succeed in redressing the balance between fleet capacity and fishing opportunities in a lasting way. The Commission took these findings into account in designing the new EMFF for the period 2014 - 2020 by proposing to put an end to those fleet measures that had failed to reduce the over-capacity of the European fishing fleet.

The ex-post evaluations of several Fisheries Partnership Agreements (FPAs) indicate that the FPAs contribute to the creation of economic wealth and employment, both for the EU and the Partner country. With respect to efficiency, the FPAs have guaranteed access for EU vessels owners to a number of third country Exclusive Economic Zone (EEZs) within a regulated framework, while providing funds to improve local fishery governance. They can therefore be considered beneficial to both the EU and the beneficiary Partner countries. However, an internal audit by the Commission considered that there were some weaknesses to address in the current process of evaluating individual agreements, and recommended developing and implementing a standard methodology with a coherent and systematic approach to conduct both the ex-post and ex-ante evaluations. These recommendations are currently being implemented through new internal guidelines on FPA evaluations covering both methodological issues and practical information on procedures and requirements. On that basis, new terms of reference have been developed to be used for on-going and future evaluations.

The ex-post evaluation of the implementation of the compensation regime for the additional costs incurred in the marketing of certain fishery products from the outermost regions indicates that it is effective in fulfilling its objective of contributing to the development and competitiveness of the concerned fishing industry . . Therefore, for the next financial period , the Commission has proposed a compensation scheme similar to the one currently in force in the proposal for a Regulation of the European Parliament and of the Council on the European Maritime and Fisheries Fund (EMFF).

HEADING 3A – FREEDOM, SECURITY AND JUSTICE

In 2012, policies in the field of home affairs were supported by a budget of EUR 1.37 billion in commitments. Support is organised through two programmes: "Solidarity and Management of Migration Flows (SOLID)" and "Security and Safeguarding Liberties". Financial performance results have remained satisfactory with implementation rates of 100% on commitments and 99% on payment in 2012.

The 2012 evaluation of the EU Crime Prevention Network (EUR 845,000 support under the 'Fund on the Prevention of and Fight against Crime') showed the added value of the network. On the basis of this evaluation, and responding to the request of the European Council to study the possibility for establishing a Crime Prevention Observatory, the Commission recommended consolidating progress made and improving the functioning of the Network rather than establishing an Observatory. The evaluation also indicated that a number of weaknesses, including on organisation and governance, would need to be corrected through a more systematic alignment of the Network with agreed EU priorities, a stronger role in making inputs to EU and Member State policymaking and a more strategic approach to determining activities. The Commission is currently following up on the recommendations and weaknesses identified.

The European Court of Auditors also carried out a performance audit in 2012 on the contribution of the European Integration Fund and the European Refugee Fund to the integration of third-country nationals. Overall, the Court highlighted actions and projects showing positive results but was critical on the general effectiveness of the Funds and made a number of recommendations including the need for simplification of the programming arrangements and to have management and control systems, and a system of common indicators, in place to measure outputs and the outcome of the programme. The Commission proposals for the programmes in the next Multiannual Financial Framework 2014 - 20 on the Asylum and Migration Fund and Internal Security Fund took the Court's recommendations on-board. However, the Commission did not agree with the conclusion of the Court regarding the effectiveness of the Funds and potential overlaps or lack of complementarity between the EIF and other EU funds. The Commission ensures the necessary follow-up with Member States so that adequate arrangements are in place at national level.

In the area of Justice, the relevant programmes (Civil Justice Programme, Criminal Justice Programme, Daphne III Programme, Fundamental Rights and Citizenship Programme, Drugs Prevention and Information Programme and Progress-Equality and Anti-discrimination strands) were implemented as foreseen, with a total budget of EUR 119 million. No new evaluation results became available for these programmes in 2012.

HEADING 3B – CITIZENSHIP

Communication policy

In 2012, performance-related information showed progress in the implementation of the three specific objectives of the "Europe for Citizens" programme (2012: EUR 28.4 million committed).[24] The programme reached its objectives, both in terms of financial performance and actions delivered. On the first objective to develop citizens' sense of ownership of European integration, 77.5% of the programme participants in 451 contracted projects feel more European, thereby exceeding the target of 75%. The programme themes in 2012 most often taken into consideration by eligible projects were 'Empowering citizens to play a full part in the democratic life of the EU' (61%) and 'giving citizens the opportunity to interact and participate in constructing a more integrated Europe' (58%). An impact study of the 'Europe for Citizens' programme is foreseen in 2013.

Furthermore, twelve evaluations became available in 2012. These concerned: the European Year of Volunteering (EYV) 2011, 'Communication and the media' actions (Interim evaluation of PressEurop) and different aspects of the 'Going local' Communication (10 evaluations). In particular, evidence on the EYV 2011 (budget EUR 7.7 million committed in 2011) showed that the programme has had a positive impact on volunteering, both at European and at national level.

The evaluation concluded that the objectives and activities of the Year were relevant and targeted, and that the results-oriented approach was successful in reaching the objectives in all Member States, even though the impact varied according to specific national situations. The experience of EYV 2011 is that the national programmes and the cooperation with National Coordinating Bodies in the Member States and major European stakeholders constitute good practice models that ensure that the messages of the European Year are spread widely and achieve sustainable impact at national level and at the level of civil society. For future European Years, better synergies with existing programmes and other European Years could be developed.

Cultural policy

Evidence of progress was reported in 2012 in the implementation of the Youth in Action programme (YiA), MEDIA 2007 - 13 and MEDIA Mundus, and the Culture Programme.[25] In 2012, programmes were implemented as foreseen, on schedule, even earlier than in previous years, and in all participating countries. YiA committed EUR 140.4 million (up 8% on 2011). In 2012, YiA supported an ever greater number of young people and youth workers; with 200,000 participants, the programme has proven to be increasingly attractive (more than 920,000 since 2007) and contributes to the recognition of non-formal learning.

According to the latest available monitoring survey, 67% of participants believe that their job chances have increased thanks to their YiA experience (61% in previous survey). In 2012, MEDIA 2007-2013 and MEDIA Mundus committed EUR 112.5 million. The Culture programme in 2012 committed EUR 59.2 million (up 3% on 2011). As a result of these programmes, it was estimated that over 19,400 artists/cultural workers had been mobile,

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24 See the Annual Activity Report for DG COMM at: ; http://ec.europa.eu/atwork/synthesis/aar/

25 See the Annual Activity Report for DG EAC at: http://ec.europa.eu/atwork/synthesis/aar/

several thousand cultural works had been circulated in 2010 and getting close to 1,480 organisations were involved in 2011, either as co-ordinators or co-organisers.

Health and Consumer Protection policies

The policy in the field of health and consumer protection is supported by the Public Health Programme (EUR 48.9 million committed in 2012) and EU action in the field of consumer policy (EUR 22 million committed in 2012). No new evaluations became available in 2012.

HEADING 4 - EU AS A GLOBAL PLAYER

Development and External relations

EU external development assistance is financed from the general EU budget and the European Development Funds (EDFs). The most important instrument in financial terms are the EDF (EUR 3.7 billion committed in 2012), for countries in Africa, the Caribbean and the Pacific, followed by the European Neighbourhood and Partnership Instrument (ENPI) (2.4 billion committed in 2012) and the Development Cooperation Instrument (DCI) (EUR 2.3 billion committed in 2012).

In 2012, 10 geographic evaluations and 6 thematic evaluations related to EU Development Policy were published. In general they show that at the strategic level, EU interventions address the needs of the partner countries and populations, but should stay flexible enough to anticipate and adjust to a changing context. In fragile states, the EU should focus more on development and good governance. Civil society organisations can act as a catalyst for improving the relevance of EU strategies and for holding governments accountable.

An appropriate mix of aid modalities enhances efficiency at a strategic level. This is more important in a fragile context where aid instruments need to be particularly flexible. Non-financial inputs are key factors of success, notably as regards Budget Support, and a more inclusive and effective policy dialogue should be developed. Budget Support is an effective tool to help improve public financial management and other reforms, but it cannot buy reforms. It can enhance alignment and support to institutions with the help of non-financial inputs such as policy dialogue.

The EU's generally positive impact on poverty reduction can be further improved by better coordination with other donors, better linkage between regional and national programming and more synergies between the different sectors. EU projects and programmes would benefit from a better and more structured monitoring system. The EU should also encourage every partner to improve its monitoring systems. EU delegations need to develop further their own technical and sectorial capacity and expertise in order to improve coordination and the management of programmes and to better anticipate long term trends.

Results of the geographic evaluations will feed into the current geographic programming process which will be finalised in 2014. The Commission and the European External Action Service (EEAS) will take the results into consideration in preparing the next country programmes which should be available next year.

The results of thematic evaluations are having an impact on policy decisions. As a result of the evaluation of support in the health sector, an internal programme for action will integrate existing policies and commitments to improve implementation, and support in the health related interventions in each partner country will be more concentrated. The evaluation of

Human Rights led to endorsement of an EU Strategic Framework for Human Rights and Democracy and a related Action Plan by the June 2012 European Council, as well as the release of a unified Strategic Framework for human rights for the first time common to the Commission, the EEAS and the Member States, with a wide-ranging plan of action for its implementation.

Economic and Financial Affairs policy

Macro-Financial Assistance provides balance-of-payments support to partner third countries in the form of medium/long-term loans or grants and complements financing provided in the context of an International Monetary Fund's reform programmes. Evaluations of operations in Georgia (EUR 46 million in grants), Lebanon (EUR 15 million in grants and EUR 25 million in loans) and Kosovo (EUR 30 million in grants) have confirmed that this type of crisis instrument contributes, in combination with IMF programmes, to the macro-economic stabilisation and external sustainability of the beneficiary countries. The impact of these instruments is reinforced by making the assistance subject to structural reforms in governance in the recipient countries. However, the evaluations of the MFA to Georgia and Kosovo suggested that the Commission should be more specific in formulating conditionality, especially in the case of softer actions such as the development of action plans. It should also improve the visibility of the MFA instrument. The MFA created added value through its confidence-boosting effect, increasing the credibility of the country in the eyes of the international community and potential investors. The Commission continues to take account of the recommendations made in the evaluations in the design and implementation of on-going and future operations.

Humanitarian Aid and Civil Protection

The two main instruments at the European Union's disposal to ensure rapid and effective delivery of EU relief assistance are humanitarian assistance and civil protection).

The EU intervenes when and where crises or natural disasters occur, helping affected people in third countries and inside the EU. In 2012, the Commission committed 1,252 million as a response to new or protracted crises. The initial budget of EUR 874 million was therefore increased on several occasions in order to respond to new crises and natural disasters occurring during the year.

The Civil Protection Mechanism (CPM) was activated 38 times during the year. A total of 31 of these interventions relate to natural disasters (snow storms, severe cold weather, floods, earthquakes, tsunami, avalanche, storms, and forest fires) and seven to man-made disasters (explosion, camps refugee settlement, marine pollution). A total of 16 interventions concerned countries within the EU Civil Protection Mechanism (EUCPM) and 22 concerned other countries.

Member States and the European Commission acting on behalf of the EU as a whole together continue to be the largest single donor of humanitarian assistance in the world. The EU accounts for some 47% of the global humanitarian aid. The vast majority of the funding in 2012 was dedicated to Africa (51%). Substantial assistance was also provided in the Middle East (Syria and neighbouring countries), for Myanmar/Burma, and the natural disasters in South East Asia and the Caribbean. The Commission funded humanitarian aid activities which benefited more than 122 million victims.

In 2012 nine evaluations were completed, of which five were country specific and four thematic/cross-cutting.

Evaluations have generally shown that the EU humanitarian assistance, is considered effective and that the 'bottom-up' approach has proven its ability to respond rapidly to crises. Recommendations to improve effectiveness that are of general relevance can be summarised as follows. While the standard instruments take prevailing risks into account and provide a basis for decisions to engage and disengage, a greater emphasis on measuring longer term effects and impacts should be made, including providing a set of appropriate indicators to measure impacts. The efforts to be a driving force in terms of coordination between donors should continue. It should also be ensured that community participation and coordination with local civil society is the rule rather than exception. The drive for innovation should continue and not follow any tendency to standardized default responses. Exit strategies should be further ensured, particularly in urban settings where disaster implications usually are more complex. For certain projects it should be considered to extend timeframes (e.g. beyond 12 months) to ensure the project effectiveness. .

As for efficiency, the average cost of EU humanitarian assistance is approximately EUR 10 per person helped. Concerning the implementation framework, the evaluation of the Framework Partnership Agreement (FPA) showed that the agreement allows for greater flexibility of funding and lower response times for a small group of 'quality partners'.

Based on the establishment of good practice, lessons learned and a strengthened coordination, opportunities to increase efficiency of interventions are continuously being explored. The 2012 evaluations provided a number of inputs on how to close efficiency gaps. As resources are often and inevitably spread thinly over a large number of projects, a further integrated multi-sectorial approach should be ensured. DG ECHO should review data collection procedures in order to improve monitoring DG ECHO's efficiency. Mechanisms for learning and knowledge exchange should be strengthened, to ensure a high-level technical capacity in the field. .

Enlargement policy

The implementation of the Enlargement policy is supported by the instrument for Pre-Accession Assistance (IPA) financial instrument 2007 - 2013. The added value sought from the IPA program lies in its ability to act as a main driver for the preparation of the candidate countries and potential candidates for future EU membership. IPA is designed to introduce candidates to the obligations of membership before accession, for example setting up institutions for managing post-accession EU funds, and/or adopting the acquis and EU standards. IPA is currently split into five components.

Management of financial assistance to candidate countries and potential candidate countries progressed largely as planned. In 2012, funds totalling nearly EUR 1,016.5 million were committed. Results in the field are materialising, as shown by the progress made in general in the area of the Rule of law, the steady process of convergence towards the European standards and values, the finalisation of the negotiations with Croatia, becoming the 28th EU Member State in 2013. Nonetheless, the impact of assistance can still be improved by continuing the efforts to develop the capacities of national institutions and a more focused and strategic allocation of resources.

In 2012, a thematic evaluation of the EU's support for strengthening Governance, the Rule of Law, Judiciary Reform and the Fight against Corruption and Organised Crime in the Western Balkans was carried out. It showed that in all seven Western Balkan countries the actions bring a clear added value to national authorities, as there have been major improvements in the fundamental institutional and organisational frameworks in the area of the Rule of law. Nevertheless, there is a need for stronger political commitment.

In terms of efficiency and effectiveness, the evaluation supports the simplification of IPA II programming to fewer instruments, more sector programming with longer time-horizons. On the beneficiary side, the evaluation indicated that judicial reform programmes should have clear priorities reflected in national policy and budget propositions, ensuring stable planning parameters and financing.

On the EU side, it found that the EU should elaborate overall and programme objectives with regard to Governance and the Rule of Law and should re-assess/increase the IPA funding following the evidence based programming. Priority programmes could have a four-to seven year horizon with clear 'stoppage points' for review and adjustment. Taking into account the results of the current evaluation, the idea of introducing multi-annual planning in IPA II assistance, covering the duration of the next multi-annual financial framework, with a mid-term review, was proposed. The evaluation also pointed out the importance of SMART objectives and indicators of measurement to support programming and monitoring of performance. Some of the proposed indicators are currently used to develop an indicator framework for the programming exercise for IPA II assistance.

A thematic evaluation on the judiciary and fundamental rights in Turkey suggested using a sectoral programming approach in IPA II. Based on the evaluation, the EU assistance on the judiciary and fundamental rights in Turkey was considered supportive, adding value in enhancing human rights reforms, strengthening the effectiveness of the court system and demonstrating an adequate level of delivery of results in view of available resources. However, the evaluation also pointed out weaknesses in the programming and implementation of assistance, for example ownership by relevant institutions and transparency to beneficiaries. Elements of flexibility, improved governance and ownership are envisaged for the new IPA II programming.

The thematic Evaluation of EU's Support to Civil Society in the Western Balkans and Turkey suggested greater involvement of civil society and stakeholders in the programming and project selection mechanisms. In addition it proposed better synergy between EU and non-EU interventions in the programming and implementation of IPA assistance. The evaluation proposed some modifications in the management of the new IPA program in terms of increasing cooperation with other donors and International financial institutions at strategic level. In addition it supported enhancing stakeholder's participation in programming.

The evaluation of the SIGMA (Support for Improvement in Governance and Management) reported that the support is considered effective, but a structured and traceable hierarchy of general and specific objectives and integrated risks is currently lacking. Starting in 2013, in three countries, SIGMA assessments will become the basis for a more effective policy dialogue, a tool for informing IPA national and regional funding, and a tool for developing country reform plans.

Drawing on the evaluations, the Commission's proposal for new IPA II programme seeks to make the necessary adaptations to ensure continuity and transition from the current IPA, to apply simplified and harmonised rules across all Commission departments, and to facilitate access to funding for beneficiaries. For better effectiveness and efficiency, the assistance will be made more result-oriented, flexible and tailored to specific needs.

Improved links between implementation of financial cooperation and achievement of the policy goals set out is being pursued. More relevant performance indicators are proposed for the 2014 - 2020 programming exercise.

4. CONCLUSIONS

Evaluation results point to a need for simplification, more focused objectives, common indicators and a performance framework with clear milestones and targets for the next Multi-annual Financial Framework (MFF).

The Commission has taken this into account in making its proposals for the new generation of programmes under the next MFF and calls upon the European Parliament and the Council to maintain this focus in the legislative proposals for the next MFF to ensure a more manageable, targeted and measurable process for the next financial period.

The Commission is developing more thorough, systematic and targeted progress and performance reporting which will be based on the monitoring, evaluation and reporting framework set by Parliament and Council for the next MFF. It will present the new framework for this Report in 2014. In the meantime, it has instructed its services to strengthen and streamline progress and performance measurement and reporting to underpin all future Annual Activity Reports and future versions of this Report.

This year's report provides a picture of general progress in advancing EU programme objectives contributing to EU 2020 targets, but with results sometimes negatively affected by the economic downturn. Funding produced important leverage effects particularly on innovation performance, with good progress made on the creation of an efficient internal market in transport and the integration of energy markets. Evaluations confirmed this progress while much remains to be done. The ESF, ERDF and Cohesion Fund proved their flexibility to respond to the downturn. The contribution of the ESF to access to employment has been confirmed, with uncertainty remaining over the sustainability of the results. The role of EU financing is confirmed in maintaining public investment in a number of Member States, to safeguard jobs, growth and investment strategies, reducing the pressure on national budgets, including substantially increased co-financing rates for nine Member States.