



2018

Annual Activity Report

**DG Migration and
Home Affairs**



Foreword

Dear Readers,

Migration and Security are two issues that are of the utmost importance for Europe and its citizens, and among the ten political priorities of this Commission. As no country can manage these challenges alone, the main aim has been to provide a European response in a comprehensive way based on the European values.

DG HOME, the Directorate-General in charge of the Commission's Migration and Home Affairs policies, has managed for yet another year to reach its objectives and respond effectively to these challenges with a concrete set of measures, thus providing the Union with a policy framework including the necessary tools to address current and future challenges for the coming years. In particular, DG HOME worked intensively to pursue the implementation of the European Agenda on Migration and the European Agenda on Security. DG HOME also worked intensively to come forward with important and timely legislative proposals and at the same time worked operationally in close cooperation with Member States, Agencies, third countries and international organisations to make real progress on the ground and achieve sustainable long-term results.

In particular, in 2018, DG HOME continued to pursue a **comprehensive** and balanced **approach on migration** and to deliver a fair and effective migration policy. The joint efforts at EU level have borne fruit, with the number of irregular arrivals having dropped to back to pre-crisis levels. At the European Council in December, EU leaders acknowledged that this was the result of a comprehensive approach, intensified external border controls, the fight against smugglers and traffickers, as well as cooperation with countries of origin and transit. At the same time, the European Union has provided support and international protection to people in need, both inside and outside of the Union.

DG HOME focused on advancing the reform of the Common European Asylum System in view of reaching agreements on each of the proposals. In September, accompanying the President's State of the Union address, DG HOME put forward the last legislative elements of the comprehensive policy, including three new and ambitious proposals to ensure full EU solidarity on migration and better protection of the European Union's external borders. The first two initiatives set a new level of ambition for the European Border and Coast Guard Agency and the European Asylum Support Office, reinforcing both to ensure that Member States can rely on full EU operational support at all times and to protect EU borders. The third proposal aims at improving the effectiveness of return procedures and updating existing EU rules on return. DG HOME also prepared the ground for the future development of legal migration and the work with third countries to promote legal pathways to the European Union to meet labour market needs. Equally, DG HOME brought together stakeholders from Member States in networks and partnerships to foster integration of third country nationals into our societies. In parallel, the proposal for the Visa Code, put forward in March 2018, aims at modernising and streamlining the common EU visa rules, facilitating the process for issuing visas both for legitimate travellers and Member States, while strengthening the security standards of the visa procedure.

As part of its efforts in implementing the European Agenda on Security **towards an effective and genuine Security Union**, DG HOME put in place tools and measures allowing Member States to work together effectively to deliver a high level of security in Europe, while protecting the citizens' rights and freedoms. Multiple dimensions of the EU response to security threats have been covered: external borders, information exchange, operational cooperation, with a view to cut terrorists and criminals access to the necessary resources (people, money, firearms and explosives) and reinforce our defences against those threats. DG HOME's support to Member States has also become more operational, through the work of agencies, funding, and fostering the exchanges of best practices in a number of areas, including for the protection of public spaces, with clear impact on the security situation on the ground.

Today's security threats are transnational in nature and require a coordinated response. DG HOME proposed to use information already existing and available in IT systems in a

smarter and more targeted way to help law enforcement and border guards do their job while fully respecting fundamental rights. In that sense, implementing the interoperability of EU information systems for borders and security will ensure the availability of information at EU level that will provide border guards, migration and law enforcement officers with relevant information on people posing a security threat. New rules were agreed to close down the space in which terrorists operate, making it harder for them to access explosives, to finance their activities and to travel. DG HOME has led the work to define and propose a new approach to ensure that terrorist content online is effectively taken down as quickly as possible, while fully protecting the citizens' rights to freedom of expression. Thanks to these proposals, the European Union is also on the way to stepping up its resilience against cyber threats, with new rules to enhance cybersecurity and tackle fraud of non-cash means of payment. Through its coordination of the Security Union Task Force, DG HOME was instrumental in ensuring a coherent development of security policies within the Commission as well as in raising awareness and increasing the EU's resilience of its digital infrastructures and of its democratic processes against cyber-threats.

The design and implementation of agreed measures were supported by **financial resources** that DG HOME managed in compliance with the applicable financial regulations and the principles of sound financial management. In 2018, DG HOME made payments for EUR 1.85 billion: more than half of our share of the EU budget is implemented through grants and the national programmes managed by the Member States under the Asylum Migration and Integration Fund and the Internal Security Fund.

To shape the financial support over the next period (Multiannual Financial Framework 2021–2027), DG HOME put forward proposals for future funding instruments in migration, border management and visa, and security. The proposed budget is EUR 34.9 billion. This represents a significant increase compared to the current financial period (EUR 15.3 billion) in order to respond effectively to the increased migratory, mobility and security challenges.

This report gives a complete overview of DG HOME activities and achievements in 2018, and showcases the importance of a European approach in the field of migration and home affairs.

DG HOME remains fully committed to continue delivering fair and real solutions for all, on the basis of the European values with one main objective: to respond to the needs of citizens and prove the real added value of European unity.

Paraskevi Michou

Director-General for DG Migration and Home Affairs

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THE DG IN BRIEF

One of the European Union's fundamental objectives is to create an area of free movement where the rights and security of both EU citizens and non-EU nationals are guaranteed. In this context, the Directorate-General Migration and Home Affairs (DG HOME) contributes to the key objectives high on the political agenda of this Commission, namely as regards the new policy on migration and building an effective and genuine Security Union.

Migration and home affairs policies are shared competences of the European Union provided for in Title V of Part three of the Treaty on the Functioning of the European Union (TFEU) related to the Area of Freedom, Security and Justice. They are based on the European core values and principles: human dignity, freedom, democracy as well as the rule of law, equality, tolerance, and respect for human rights.

DG HOME is composed of five directorates; three of them are policy directorates covering migration policies, border management, visa policy and the internal security area, while one directorate is in charge of strategy and coordination, including the coordination of the external dimension of home affairs policies, and another is responsible for financial management of Home Affairs Funds. DG HOME also holds the EU Anti-trafficking coordinator, the Secretariat of the Task Force on the Security Union, as well as an HR business correspondent.

The requirement to provide swift and effective responses to migration challenges and security threats has led to necessary staff reinforcements in the past years. At the end of 2018, DG HOME had 564 staff members (see part 2.2.1 for information on HR management).

DG HOME is supported by the work of six decentralised agencies, which play key operational, coordination and advisory roles in the implementation of the EU priorities and objectives in the area of home affairs policies:

- European Border and Coast Guard Agency (EBCGA),
- EU Agency for Law Enforcement Cooperation (Europol),
- EU Agency for Law Enforcement Training (CEPOL),
- European Monitoring Centre for Drugs and Drug Addiction (EMCDDA),
- European Asylum Support Office (EASO), and
- EU Agency for the Operational Management of large-scale IT systems in the area of freedom, security and justice (eu-LISA).

Furthermore, DG HOME supervises the work of two executive agencies: the Education, Audiovisual and Culture Executive Agency (EACEA) for the programme Europe for Citizens and the Research Executive Agency (REA) for the Horizon 2020 programme Secure Societies (see below).

DG HOME works to establish a comprehensive approach on migration and security, developing legislative proposals to establish and improve common EU action. DG HOME also monitors and enforces the correct implementation of applicable rules by the Member States. Progress made towards a Security Union and as regards the implementation of the European Agenda on Migration has been subject to regular reporting. On the operational side, DG HOME set up migration management teams (including 11 DG HOME staff members) posted in Greece, Italy and Spain that work in close cooperation with EU agencies on the ground to support the national authorities in handling migration and security challenges and in implementing the agreed measures.

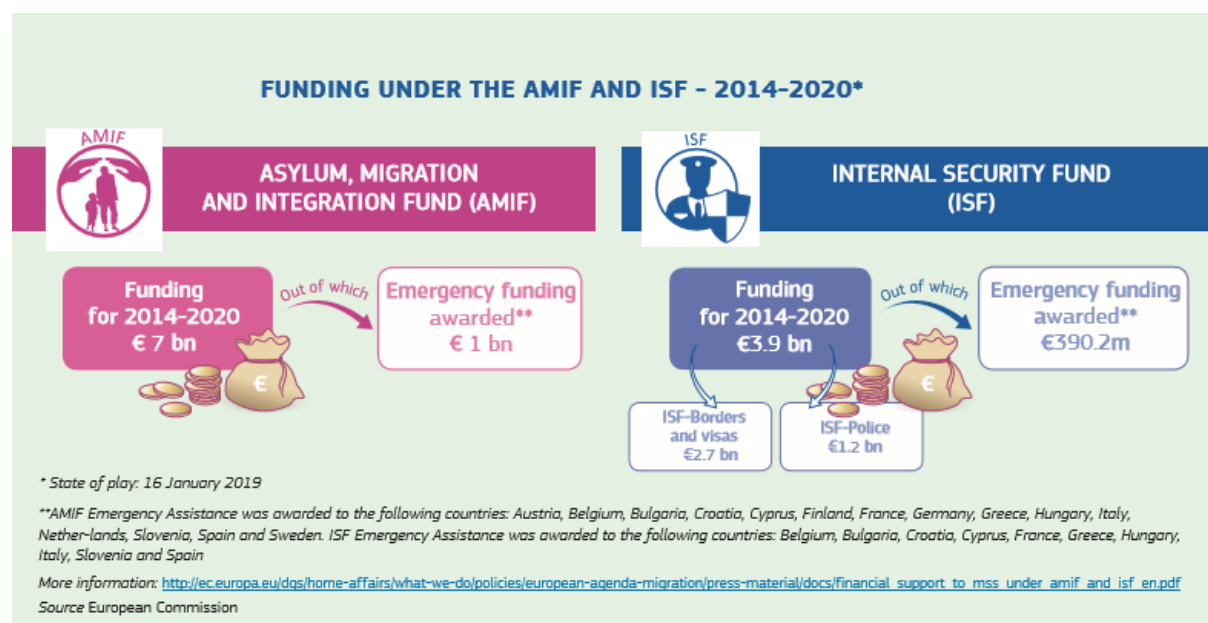
DG HOME also manages two Funds that support action in the field of home affairs. For the period 2014–2020, the overall Home Affairs budget amounts to EUR 17¹ billion. The largest part of these resources² consists of two dedicated Home Affairs Funds: the

¹ This amount includes the financial impact of the September 2018 legislative proposals for reinforcing the mandates of EASO and EBCGA which are currently being negotiated and it may be, therefore, subject to changes.

² The total budget implemented by DG HOME includes but is not limited to the amounts allocated to AMIF and

Asylum, Migration and Integration Fund (AMIF) and the *Internal Security Fund (ISF-Borders and ISF-Police)*. The initial overall budget of EUR 6.9 billion for these two Funds in the programming period 2014–2020 was substantially reinforced, currently reaching a total of EUR 10.9 billion. The AMIF supports action in relation to various aspects of migration management: asylum, including resettlement and relocation, legal migration and integration of third-country nationals, and return operations. The ISF is composed of two instruments: ISF Borders and ISF Police. ISF Borders supports the Member States' efforts on border management and visa policy and ISF Police provides support for police cooperation, prevention and fight against serious cross-border crime, terrorism and violent extremism, as well as for crisis management and the protection of EU critical infrastructure.

The overall allocations for the AMIF and the ISF up to 31 December 2018 are summarised in the table below.



DG HOME develops the policy and manages, together with the Research Executive Agency (REA), the funding for research and innovation activities needed to protect citizens, society and economy as well as infrastructures and services. Such activities are funded under one of the *Societal Challenges of Horizon 2020*, an EU Research and Innovation programme running from 2014 to 2020. The Societal Challenge "Secure societies – Protecting freedom and security of Europe and its citizens" has a budget of about EUR 1.7 billion until 2020, which is divided between DG HOME/REA (75% of the budget), and DG CNECT (25% of the budget).

Another programme managed by DG HOME is the *Drug Policy Initiatives* (EUR 20.9 million for the period 2014–2020), which aims at implementing the objectives set by the EU Drugs Strategy 2013–2020 and at fostering cross-border cooperation and research on drug issues.

The funding under the *Europe for Citizens Programme* contributes to improving citizens' understanding of the EU, its history and diversity and fosters European citizenship and improves conditions for civic and democratic participation at EU level. This programme is implemented mainly through the executive agency EACEA (Education, Audiovisual and Culture Executive Agency).

For the implementation of the allocated budget, DG HOME uses several *implementation modes* (see part 2 for more information and reporting):

- Shared management of SOLID Funds (2007–2013) and AMIF/ISF funds (2014–2020): 43% of payments made in 2018. Implementation of the national

ISF.

programmes of Member States under AMIF/ISF and closure of former generation of programmes 2007–2013 (SOLID Funds³).

- Direct management of grants research and non-research, and procurement: 20% of the payments made in 2018. Support to Union actions and emergency assistance under AMIF/ISF, in cooperation with international and civil society organisations, via grants and contracts awarded through calls for proposals and procurement. The funds for research and innovation activities (Societal Challenges of Horizon 2020) and the funds under the drugs chapter of the JUST programme⁴ are also implemented through contracts and grants under direct management.
- Indirect management of decentralised agencies and entrusted entities: 35% of the payments made in 2018. Support to programmes implemented through delegation agreements under AMIF and ISF annual work programmes and annual subsidies voted by the budgetary authority to the decentralised agencies established in the area of Migration and Home Affairs.

In June, DG HOME finalised an interim evaluation of the implementation of the AMIF and the ISF⁵. It showed that the Funds have a clear EU added value, particularly as they strengthen the transnational dimension of operational actions, and improve the exchange of information and the sharing of best practices. The evaluation showed that the Funds boost national capacities in managing external borders, migration pressure and security threats.

³ In 2007-2013, the General Programme "Solidarity and Management of Migration Flows" (SOLID) consisted of four instruments: [External Borders Fund](#) (EBF), [European Return Fund](#) (RF), [European Refugee Fund](#) (ERF) and [European Fund for the Integration of third-country nationals](#) (EIF).

⁴ Supporting initiatives in the field of drugs policy

⁵ COM(2018) 464 final - https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-migration/20180612_com-2018-464-report_en.pdf

EXECUTIVE SUMMARY

The Annual Activity Report is a management report of the Director-General of DG HOME to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes, as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties⁶.

a) Key results and progress towards the achievement of general and specific objectives of the DG (executive summary of section 1)

2018 was for DG HOME another year of intense work on migration and security. In the area of **migration**, and in addition to the continuing financial, technical and operational **support to front line Member States**, DG HOME prepared a number of important legislative proposals. Notably in September, to accompany the President's State of the Union speech, a set of legislative proposals was presented to further enhance our comprehensive migration policy:

- giving the **European Border and Coast Guard Agency**⁷ increased powers to support Member States in protecting the EU's external borders, including a standing corps of 10 000 border guards and an enhanced role in returns;
- amending the original proposal (see below) for a Regulation on a **European Union Agency for Asylum**⁸, in order to facilitate the implementation and improve the functioning of the asylum system to provide full and rapid support to Member States;
- reinforcing returns, while including the necessary safeguards for migrants through a recast of the **Return Directive**⁹; and
- enhancing **legal pathways**¹⁰ to the EU to fill gaps in certain sectors of Member States' labour markets and help reduce irregular migration.

DG HOME also tabled a proposal to revise the **Immigration Liaison Officers Regulation**¹¹, aiming to counter migrant smuggling by giving staff in third countries the mandate to respond more effectively to EU migration challenges.

To modernise the EU visa rules, facilitate the process for issuing visas, and strengthen security standards, DG HOME proposed to amend the **Visa Code**¹² legislation and the **Visa Information System**¹³. In addition, in the framework of **Brexit preparedness**, DG HOME put forward a proposal to amend the Visa Regulation¹⁴ to ensure short stay visa-free travel for British citizens after the United Kingdom's withdrawal from the EU.

Throughout the year, DG HOME worked intensively to advance the negotiations on these, as well as on previously presented proposals, in view of their adoption by co-legislators. Significant progress was made on five of the seven DG HOME proposals to reform the **Common European Asylum System**¹⁵ but the co-legislators could not find final agreement on any of them, despite the Commission's best efforts.

In the field of legal migration focus remained on the inter-institutional negotiations of the

⁶ Article 17(1) of the Treaty on European Union.

⁷ COM(2018) 631 final of 12.9.2018 – adopted by the European Parliament in April 2019.

⁸ COM(2018) 633 final of 12.9.2018.

⁹ COM(2018) 634 final of 12.9.2018.

¹⁰ COM(2018) 635 final of 12.9.2018.

¹¹ COM(2018) 303 final of 16.5.2018 – adopted by the European Parliament in April 2019.

¹² COM(2018) 252 final of 14.3.2018 – adopted by the European Parliament in April 2019.

¹³ COM(2018) 302 final of 16.5.2018.

¹⁴ COM(2018) 745 final of 13.11.2018 – adopted by the European Parliament in April 2019.

¹⁵ The EU Asylum Agency, the Eurodac Regulation, the EU Resettlement Framework Regulation, the Qualification Regulation and the Reception Conditions Directive. The asylum reform has not yet been finalised as the Council has not been able to adopt a position on the Dublin Regulation and the Asylum Procedure Regulation.

revised **EU Blue Card Directive** proposal¹⁶ to attract and retain highly-skilled non-EU workers. Discussions in the Council came to a deadlock due to disagreement between Member States over key issues.

In addition to legislative work, DG HOME supported **resettlement to the EU** of 21 000 of the most vulnerable migrants under the 2017 resettlement scheme¹⁷. 7 000 people were resettled under the EU-Turkey Statement. In the period 2014–2018 Member States have claimed in total EUR 139.2 million from the Asylum, Migration and Integration Fund for resettlement and relocation.

In 2018, 150 100 irregular arrivals were detected along the EU external borders, which is down to pre-crisis numbers. DG HOME continued to monitor the implementation of the **EU-Turkey Statement**. Despite difficulties to accelerate returns to Turkey, cooperation continued to prevent irregular departures and migrant smuggling.

On the **Central Mediterranean** route, DG HOME focused on enhancing the capacities of the Libyan Coastguard to prevent departures and carry out search and rescue operations in full respect of fundamental rights. Following the Italian decision to close its ports to vessels of non-governmental organisations, DG HOME was at the forefront to coordinate the efforts for safe disembarkation and redistribution of migrants to Member States. In cooperation with the UNHCR and the IOM, DG HOME worked on the emergency evacuation from Libya to Niger. More than 40 000 migrants were able to return safely home from Libya and neighbouring countries, and over 2 800 vulnerable persons were evacuated from Libya through Assisted Voluntary Returns supported by the contribution of EUR 100 million from the Asylum, Migration and Integration Fund Union actions to the EU Trust Fund for Africa.

DG HOME continued to **support Member States**, and especially those **in the front line** – Greece, Italy, Spain, Cyprus, Malta and Bulgaria – financially, technically and operationally. DG HOME staff were present in Greece and Italy throughout the year, and in Spain as of mid-November. Since the beginning of the migration crisis till end-2018, around EUR 1.4 billion¹⁸ from Home Affairs Funds was allocated to Greece to manage migration, reception and border management. This includes 14 agreements, worth EUR 429.6 million, signed in 2018 under the Asylum, Migration and Integration Fund emergency assistance. DG HOME has made available almost EUR 950 million¹⁹ in support to Italy, of which emergency assistance worth EUR 35.51 million was awarded in 2018. Following the increased flow of migrants, six emergency assistance projects were awarded to Spain in 2018, which together with the national programmes for the country added up to a total of EUR 773.57 million.²⁰

With DG HOME support, five **hotspots** operated by the end of 2018 in Greece and four²¹ in Italy, ensuring registration and identification of migrants and providing first line reception. The 2018 Financial Plan for reception facilities in Greece contributed to improving the situation in the hotspots on the Aegean islands and more broadly in the country. To decongest the overcrowded hotspots, the Asylum, Migration and Integration Fund supported the transfer of 29 540 persons to the mainland.

During 2018, DG HOME worked on further rolling out the **European Border and Coast Guard Agency**. Throughout 2018, the Agency deployed altogether around 11 000 border guards to assist the front line Member States. Status agreements were concluded with

¹⁶ COM(2016) 378 final of 7.6.2016.

¹⁷ C(2017) 6504 of 27.9.2017 – in which 20 Member States pledged 50 000 places to be completed by end October 2019. Some of the migrants resettled under the EU-Turkey Statement are also included in the figure for the 2017 resettlement scheme.

¹⁸ EUR 816.4 million in emergency assistance; EUR 613.5 million under the national programmes within the Asylum, Migration and Integration Fund and the Internal Security Fund.

¹⁹ EUR 225 million in emergency assistance; EUR 725 million under the National Programmes within the Asylum, Migration and Integration Fund and the Internal Security Fund.

²⁰ EUR 35.84 million in emergency assistance; EUR 737.56 million under the National Programmes within the Asylum, Migration and Integration Fund and the Internal Security Fund.

²¹ In September 2018, in view of continued low arrivals, the Italian authorities converted Trapani hotspot into a detention centre.

five Western Balkan countries²² to allow for deployment of Agency teams there. The Agency helped to return more than 12 200 persons²³ in Joint Return operations. In addition, as part of a pilot project, the Agency returned almost 1 500 people by scheduled flights to 60 different countries, with a steady increase over time.

In 2018, the total return rate²⁴ of irregular migrants remained stable at 41.48% (41.49% in 2017). The rate of effective return to third countries²⁵ slightly decreased to 35.63%²⁶ (36.79% in 2017). This decrease is partially explained by the lower performance regarding returns to the Western Balkans, where, in the previous years, the rate approached or exceeded 100% and pushed the average EU rate up. If data regarding the Western Balkans countries is removed from the overall EU return data, the rate of effective return to (other) third countries in fact increased from 29.34% in 2017 to 31.64% in 2018. Additional efforts are required to address key challenges to the effectiveness of returns through measures both in Member States and with third countries.

The Asylum Migration and Integration Fund supported Member States' in the return of 39 463 persons, which is a considerable increase compared to 2017, when 16 049 persons were returned with the support of the Fund²⁷. EUR 927 million have been allocated to Member States for return priorities under the Fund in 2014–2020, and EUR 367 million have been spent. In 2018, Member States declared payments for return operations and capacity building for EUR 133 million, which represents an increase of 33% compared to 2017.

In order to facilitate the **return and readmission** of those who have no right to stay in the EU, DG HOME launched Migration Dialogues with Tunisia, Iraq, Iran and Egypt, and targeted programmes to strengthen border management capacity with Tunisia and Morocco. DG HOME continued negotiations with Nigeria and Tunisia to conclude readmission agreements, and for third countries that were not ready to negotiate formal agreements – Ethiopia, The Gambia and Cote d'Ivoire – readmission arrangements were agreed.

Moreover, DG HOME stepped up coordination activities to maximise the impact of EU action in **countries of origin and transit**, including by supporting the European Migration Liaison Officers. The 13 Officers enhanced information sharing and produced around 90 reports providing key migration related information. DG HOME also coordinated and facilitated pilot projects with interested Member States to test new approaches on **legal migration** in cooperation with key third countries.

To promote the **integration of third country nationals** into the EU, DG HOME brought together stakeholders from Member States in networks and partnerships; for instance, by co-organising a European Migration Forum in April with 200 representatives of Non-Governmental Organisations. End-2018 the implementation of the **Action Plan on integration of third-country nationals**²⁸ was completed, supporting Member States in integrating non-EU nationals residing legally in the EU. In 2018, the Member States reported that they had spent EUR 135 million on integration under their Asylum, Migration and Integration Fund national programmes (64% more than in 2017).

DG HOME supported the inter-institutional negotiations to make the EU **information systems** that collect, process and share information relevant to security, migration and

²² Albania, Bosnia and Herzegovina, Montenegro, Serbia and the Republic of North Macedonia.

²³ 14 189 in 2017. The Agency can only assist Member States to implement enforceable return decisions issued by the competent national authorities of the latter.

²⁴ The total return rate measures the % of effected returns compared to return decisions issued by the Member States.

²⁵ The rate of effective return measures the % of effected returns to third countries compared to return decisions issued by the Member States.

²⁶ For the purpose of this exercise, the EU rate of effective return to third countries in 2018 incorporates the figures of the total returns effected by Greece and reported as such to Eurostat (contrary to previous years Greece did not specifically report on return to third countries in 2018).

²⁷ The figure for 2018 includes all Member States except Greece, which has not yet provided its 2018 Annual Implementation Report. The figure for 2017 includes all Member States.

²⁸ www.ec.europa.eu/migrant-integration/

border management **stronger and interoperable**. Two Regulations²⁹ on the European Travel Information and Authorisation System (ETIAS) were adopted to strengthen migration and security checks on visa-free travellers; and three Regulations³⁰ were adopted to enhance the use of the Schengen Information System (SIS)³¹. With the interoperability proposal³², information from different systems will be used in a smarter and more targeted way to help law enforcement authorities and border guards do their job while fully respecting fundamental rights.

In the area of **security**, DG HOME worked on the package of legislative proposals to progress towards an effective and genuine Security Union, namely:

- **cross-border access to electronic evidence** giving national authorities the right tools to investigate and prosecute crimes in the digital age when much information is stored in the cloud or even in other countries, by way of two proposals³³ prepared together with DG JUST;
- **direct access to bank account information** for national authorities to swiftly access and exchange information in order to detect, prevent, investigate and prosecute serious criminal offences, through a proposal³⁴ prepared together with DG JUST;
- **strengthening rules on marketing and use of explosives precursors**³⁵, aiming to close security gaps and deny terrorists the means to act;

including a recommendation aiming at improving security of export, import and transit measures for **firearms**³⁶.

Despite the progress made under the EU Internet Forum, terrorist content online continued to be easily accessible. Therefore, DG HOME submitted a proposal for a Regulation to **prevent the dissemination of terrorist content online**³⁷. Furthermore, to develop alternative narrative campaigns, DG HOME selected twelve projects under the Civil Society Empowerment Programme for funding of over EUR 8 million.

During the year, DG HOME continued to support the inter-institutional negotiations on pending legislative proposals: The new rules on **money laundering**³⁸ will harmonise offences and sanctions across the EU, and the new **rules to increase cybersecurity and fight cybercrime** will improve the legal framework to tackle fraud of non-cash means of payment³⁹. To step up cooperation on **counter-terrorism**, the Council adopted Decisions on the conclusion of the Council of Europe Convention on the Prevention of Terrorism and its Additional Protocol, based on proposals⁴⁰ prepared by DG HOME.

The exchange of **passenger name data** is crucial to fight terrorism and other transnational crime. An agreement between the EU and Canada, which DG HOME worked on in 2014, could not be concluded following the opinion of the European Court of Justice. The negotiations on a new agreement were launched in June⁴¹.

DG HOME continued to drive action to **counter radicalisation**. In line with the final report⁴² of the High-Level Commission Expert Group on Radicalisation, presented in May, the Strategic Orientations for 2019 were adopted. They set out action plans on priority

²⁹ Regulations (EU) No 2018/1240 and 2018/1241, of 12.9.2018.

³⁰ Regulations (EU) No 2018/1860 (SIS return), 2018/1861 (SIS border checks) and 2018/1862 (SIS police cooperation), of 28.11.2018.

³¹ The SIS is an EU-wide information system that provides information on wanted or missing persons or objects.

³² COM(2017) 794 final of 12.12.2017 – adopted by the European Parliament in April 2019.

³³ COM(2018) 225 final and COM(2018) 226 final of 17.4.2018.

³⁴ COM(2018) 213 final of 17.4.2018 – adopted by the European Parliament in April 2019.

³⁵ COM(2018) 209 final of 17.4.2018 – adopted by the European Parliament in April 2019.

³⁶ C(2018) 2197 final of 17.4.2018.

³⁷ COM(2018) 640 final of 12.9.2018.

³⁸ COM(2016) 826 final of 21.12.2016 – adopted in October 2018.

³⁹ COM(2017) 489 final of 13.9.2017 – adopted by the European Parliament in March 2019.

⁴⁰ COM(2017) 606 final, COM(2017) 607, of 18.10.2017.

⁴¹ Substantial progress was made as chief-negotiators reached agreement on the draft text in March 2019. The EU and Canada have started their internal procedures which should lead to the conclusion of the Agreement.

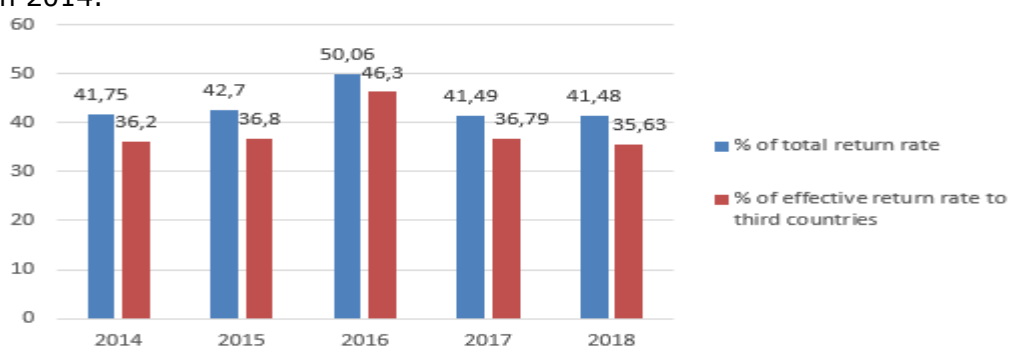
⁴² https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-security/20180613_final-report-radicalisation.pdf

topics, such as on prisons, ideology and polarisation. To increase the cooperation with Western Balkan partners in the fight against terrorism, a Joint Action Plan on **counter-terrorism** for the Western Balkans prepared by DG HOME was signed in October.

In addition, to shape the financial support over the next period (Multiannual Financial Framework 2021–2027), DG HOME prepared proposals for the **legal basis of future funding instruments**⁴³ in the areas of migration, borders and visa, and internal security. The proposals were based on the findings of the interim evaluation of the current Asylum, Migration and Integration Fund and the Internal Security Fund⁴⁴. To cope with future challenges, dedicated resources were proposed to increase. A cumulative budget of EUR 34.9 billion was foreseen for the implementation of the Asylum and Migration Fund, the Border management and Visa Instrument and the Internal Security Fund, as well as for relevant EU executive Agencies.

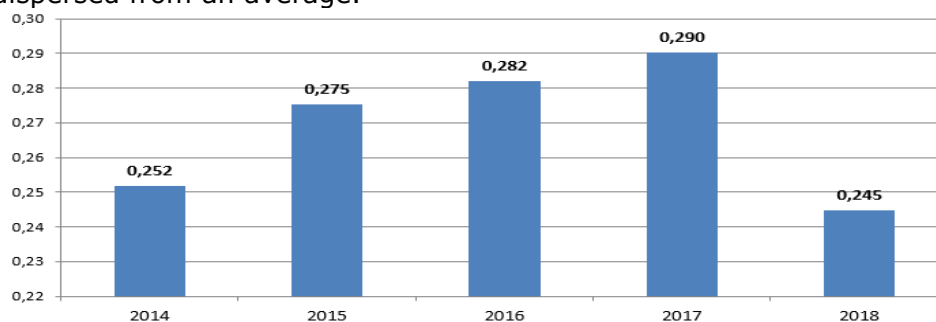
b) Key Performance Indicators (KPIs)

Key performance indicator 1: Rate of return of irregular migrants to third countries measured as % of effected returns compared to return decisions issued by Member States (impact indicator 1a in the Strategic Plan). The target is to reach higher return rates than in 2014.



Source: DG HOME computation of Eurostat data.⁴⁵

Key performance indicator 2: Convergence of protection recognition rates for asylum seekers from the same country (result indicator 1.3c in the Strategic Plan)⁴⁶. The target is to reach a higher convergence than in 2014, illustrated by a deviation lower than 25.2. In 2018, the standard deviation decreased to 24.5, indicating that the recognition rates are less dispersed from an average.



Source: DG HOME computation of Eurostat data.

⁴³ COM(2018) 473 final of 12.6.2018 (border management and visa); COM(2018) 471 of 12.6.2018 (Asylum and migration Fund) – adopted by the Commission in June.

⁴⁴ COM(2018) 464 of 12 June 2018.

⁴⁵ For the purpose of this exercise, the EU rate of effective return to third countries in 2018 incorporates the figures of the total returns effected by Greece and reported as such to Eurostat (contrary to previous years Greece did not specifically report on return to third countries in 2018). Eurostat collects both the nominator and the denominator annually from the Ministries of Interior / Border Guards / Police of the Member States. The data depend on national circumstances and policies. In addition, the time lag between the return decision and its execution means that the reference population of the nominator and denominator are not the same.

⁴⁶ Convergence is measured by the standard deviation in the recognition rates in the Member States for asylum seekers from a specific relevant nationality – the lower the standard deviation is, the greater the convergence. The chart displays this indicator for asylum seekers from Afghanistan.

Key performance indicator 3: Use of EU information exchange mechanisms measured through number of hits in the Schengen Information System (SIS) and Prüm databases and the use of Europol's Secure Information Exchange Network Application (SIENA) and the Europol Information System (EIS) (result indicator 2.2b in the Strategic Plan).

	2014 (baseline)	2015	2016	2017	2018	2020 (target)
Hits on foreign SIS alerts	128 598	154 768	200 778	243 503	267 239	Increase
Prüm: total matches	2 082 741	2 219 311	2 806 642	3 466 995	n/a ⁴⁷	Increase
SIENA messages exchanged	605 245	n/a	869 858	1 005 610	1 110 962	Increase
EIS searches performed	367 922	n/a	1 436 838	2 478 825	4 062 974	Increase

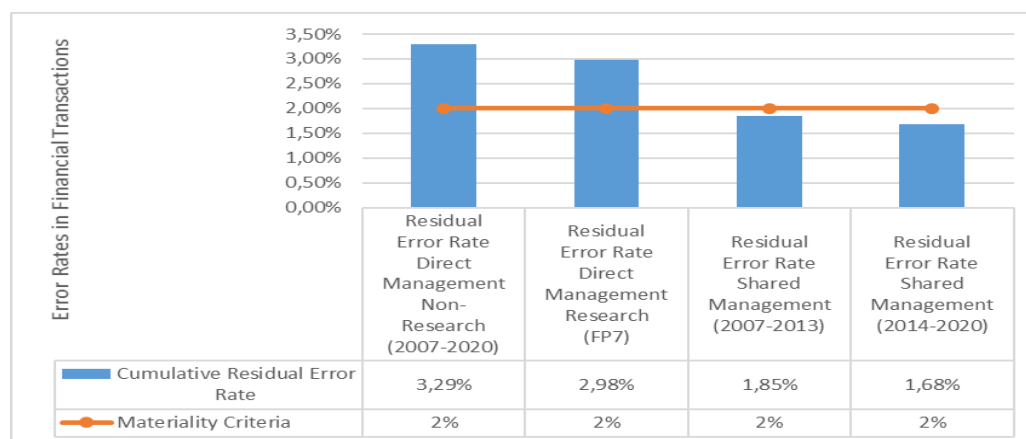
Source: Europol, EU-LISA and Member States, respectively

Key performance indicator 4: Number of operations conducted with the involvement of European Cybercrime Centre (result indicator 2.3b in the Strategic Plan).

	2013 (baseline)	2014	2015	2016	2017	2018	2020 (target)
Number of high- profile operations	57	72	131	175	180	257	Increase

Source: Europol (EC3)

Key performance indicator 5: Estimated residual error rate assessed for each of the defined control systems. The target is a **residual error** below 2% for each control system/Member State. The graph below presents the Residual error rates (RERs) for the most relevant internal control systems. The Relevant Control System affected by error rates higher than 2% is direct management-grants (research and non-research).



c) Key conclusions on financial management and internal control (executive summary of section 2.1)

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

The Commission has adopted a set of internal control principles, based on international good practice, aimed to ensure the achievement of policy and operational objectives. The financial regulation requires that the organisational structure and the internal control systems used for the implementation of the budget are set up in accordance with these principles. DG HOME has assessed the internal control systems during the reporting year and has concluded that the internal control principles are implemented and function as intended. Please refer to AAR Section 2.1.3 for further details.

⁴⁷ The Prüm Decision foresees that information on implementation is submitted to the Council. The Secretariat General of the Council will collect the 2018 data from Member States and produce an overview in Q3 of 2019.

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

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

1. Shared management - Reservation concerning SOLID funds 2007-2013 in several Member States
2. Shared management - Reservation concerning AMIF and ISF 2014-2020 in several Member States
3. Centralised Direct Management – Non research grants, AMIF, ISF, Anti-Drug Policy (cumulative residual error rate above 2%)
4. Centralised Direct Management – Research grants, 7th Framework Programme
5. Indirect management - Decentralised agencies: EASO (non-quantified reservation)
6. Indirect management - Decentralised agencies: EBCGA (non-quantified reservation)

d) Provision of information to the Commissioners

In the context of the regular meetings during the year between the DG and the Commissioners on management matters, also the main elements of this report and assurance declaration, including the reservations envisaged have been brought to the attention of Commissioner Avramopoulos, responsible for Migration, Home Affairs and Citizenship, and Commissioner King, responsible for Security Union.

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

DG HOME contributes to the Commission's following general and specific objectives, as identified in the 2016–2020 Strategic Plan:

General objectives		Specific objectives	
1	Towards a new policy on migration	1.1	Reduce incentive for irregular migration.
		1.2	Effective border management: Save lives and secure EU external borders.
		1.3	Enhance protection and solidarity.
		1.4	A new policy on legal migration to address skill shortages in the EU and enhance effective integration.
2	An area of justice and fundamental rights based on mutual trust	2.1	A strong EU response to tackling terrorism and preventing radicalisation.
		2.2	Disrupt organised crime.
		2.3	An effective response to cybercrime.
3	A Union of democratic change	3.1	Enhance citizens' understanding of the Union, its history and diversity, foster European citizenship and improve conditions for civic and democratic participation at Union level.
4	A deeper and fairer internal market with a strengthened industrial base		

This section presents key results and progress made in 2018.

1.1 Commission General Objective: Towards a New Policy on Migration

The management of migration and protection of our external borders are top priorities for the European Union. The European Agenda on Migration⁴⁸ sets out the strategic framework for the period 2015–2020. To monitor the implementation of the Agenda, DG HOME prepared in 2018 three Progress reports on the Implementation of the European Agenda on Migration⁴⁹. Also, DG HOME contributed to the Leaders' discussion on migration in June.

DG HOME performed in 2018 an Interim evaluation of the implementation of the Asylum, Migration and Integration Fund 2014–2018. Based on the findings, the Commission adopted in June proposals for the **legal basis of future funding instruments**⁵⁰. The evaluation clearly showed the relevance of the funds and their added value to address emergencies and longer-term challenges. The adjustments should be made as regards flexibility of allocation according to the evolving needs and the simplification of the implementation mechanisms. As a result, a new mechanism of the distribution key was proposed, together with a new framework for a progressive and targeted allocation of resources: the Thematic facility. Applicability of the Common Provisions Regulation should contribute to alignment with other EU funds under shared management and develop pooling of resources and synergies of actions.

To cope with future challenges, it was proposed to **significantly increase funding for migration under the next Multiannual Financial Framework 2021–2027**. EUR 21.3 billion was proposed for the **protection of external borders**, composed of EUR 9.3 billion for the new Integrated Border Management Fund and EUR 12 billion for the

⁴⁸ COM(2015) 240 final of 13.5.2015.

⁴⁹ COM(2018) 250 final of 14.3.2018; COM(2018) 301 of 16.5.2018; COM(2018) 798 of 4.12.2018.

⁵⁰ COM(2018) 473 final of 12.6.2018 (border management and visa); COM(2018) 471 of 12.6.2018 (Asylum and migration Fund) and COM(2018) 472 final of 13 June 2018 (Internal Security Fund).

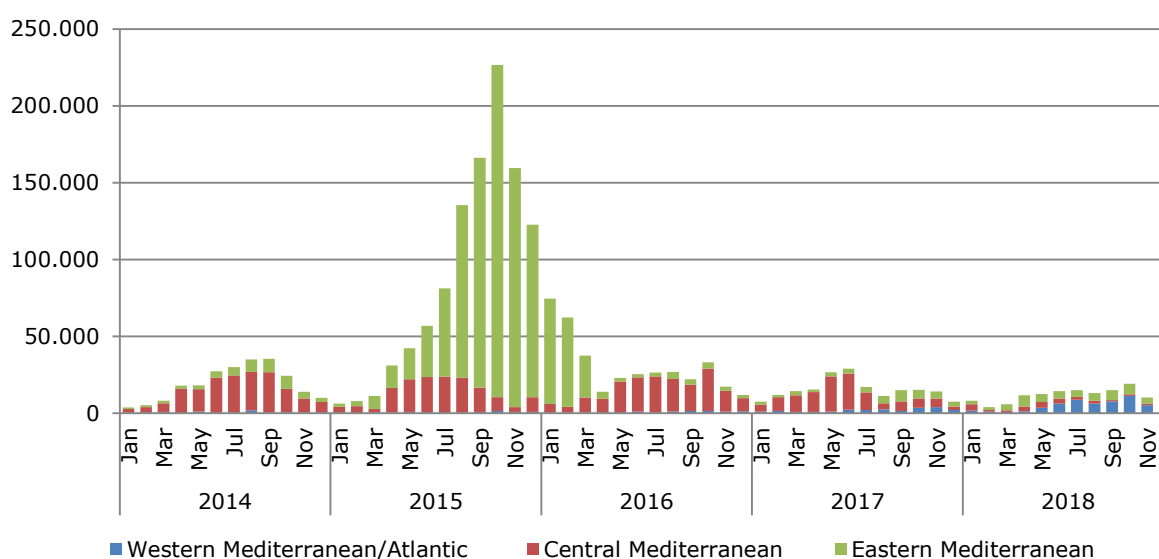
decentralised agencies supporting Member States. The new Fund will consist of two instruments: one for financial support for border management and visa, the other for custom control equipment. The EU funding to address **asylum and migration priorities** is proposed to reach EUR 11.3 billion including the budget of the Asylum and Migration Fund (EUR 10.4 billion). Three strands of major policy priorities will be kept to ensure a stronger and more efficient Common European Asylum System, to support integration efforts and underpin return operations.

Between 2014 and 2018, 4 370 projects with various objectives related to migration, border management and security have been supported by the Funds managed by DG HOME: the Asylum, Migration and Integration Fund and the Internal Security Fund.

1.1.1 DG HOME Specific Objective: Reduce incentives for irregular migration

Under this specific objective, DG HOME activities in 2018 contributed to address the root causes of irregular migration, enforce effective return, and fight against smuggling and trafficking; action was taken on both external and internal dimensions of migration policy. With support of the DG HOME activities, the number of irregular border crossings detected in 2018 went down to pre-crises levels.

Irregular border crossings registered on the three main routes



DG HOME computation of data from the European Border and Coast Guard Agency

➤ Addressing the root causes of irregular and forced displacement in third countries

DG HOME is working with **countries of origin and transit**, using an effective range of measures, such as: the EU-Turkey Statement, the Partnership Framework⁵¹, and our work with the Western Balkans countries, which are important to address the root causes of irregular migration.

In 2018, DG HOME continued to cooperate with external partner countries and international organisations through bilateral, regional and global engagement. The DG prepared the launch and implementation of comprehensive **Migration Dialogues** with **Tunisia, Iraq, Iran and Egypt**; in relation to the latter, a key deliverable was a light cooperation with the European Border and Coast Guard Agency and the European Asylum Support Office involving a number of training courses and study visits. An expert level Migration Dialogue was held with **Russia** to update both sides on the latest developments in the area. DG HOME led EU efforts to deepen the dialogue and cooperation on migration with North African countries. Considering the growing number

⁵¹https://eeas.europa.eu/sites/eeas/files/factsheet_ec_format_migration_partnership_framework_update_2.pdf

of irregular border crossings to Spain, DG HOME took concerted actions to develop a closer and more ambitious partnership and re-launch the dialogue with Morocco on migration and security. In close cooperation with other Commission services and the European External Action Service (EEAS), the border management programmes for **Tunisia and Morocco** were launched, funded through the EU Trust Fund for Africa. An informal dialogue on migration was held with Algeria. DG HOME continued to deepen the cooperation also with other **African countries** on migration, contributing to the update of the **Joint Valletta Action Plan**⁵².

DG HOME contributed to the migration related parts of the negotiation guidelines for the **Post-Cotonou negotiations**⁵³, to the AU-EU-UN Taskforce on **Libya**⁵⁴, as well as to the aspects of migration and security discussed at the **EU-China** Summit in July 2018.

DG HOME also played a key role in a variety of wider processes

- by participating in:
 - the Budapest Process⁵⁵ (in view of the Ministerial meeting planned for beginning of 2019);
 - the Prague Process⁵⁶;
 - the Regional Development and Protection Programmes (to enhance the capacity of regions from which many refugees originate or transit)⁵⁷;
- by remaining involved in the steering of processes led by the European External Action Service (EEAS), namely:
 - the Global Compact for Safe, Orderly and Regular Migration⁵⁸;
 - the Global Compact on Refugees;
 - La Valletta, Rabat⁵⁹, Khartoum and African Union/African, Caribbean and Pacific Processes⁶⁰;
- by monitoring progress in implementing the Partnership Framework;
- by supporting the EU-Africa Trust Fund⁶¹ with EUR 100 Million funding under the Asylum, Migration and Integration Fund Union actions, DG HOME has actively contributed to the shaping of the North of Africa window strategic approach.

EU funding was also provided under the Asylum, Migration and Integration Fund Union actions, notably for the Regional Development and Protection Programmes (7.5 million for each Programme in 2018).

Following the European Council conclusions of 28–29 June, DG HOME started to work on developing the concepts of regional disembarkation mechanisms and controlled centres. The approach would be based on shared or complementary actions among Member States with full EU financial and operational support concerning in particular disembarkation of those who are saved in search and rescue operations. Moreover, the approach would equally imply regional cooperative arrangements with the involvement and cooperation of third countries.

In close cooperation with other Commission services, DG HOME **supported the work of international organisations on return and protection**. This support yielded concrete results: Through its contribution to the EU Trust Fund for Africa (in total EUR 100 million) DG HOME supported the implementation of **Assisted Voluntary Returns**. More than 40 000 migrants were able to return safely home from Libya and neighbouring countries

⁵² <https://www.africa-eu-partnership.org/en/stay-informed/news/joint-valletta-action-plan-conclusions-2018>

⁵³ The Cotonou Agreement was signed in 2000 and expires in February 2020. It covers 100 countries with a total of some 1.5 billion people, which gives an opportunity to rejuvenate the EU's relationship with its ACP partners, taking into account the current global context.

⁵⁴ https://eeas.europa.eu/headquarters/headquarters-homepage_en/54794/AU-EU-UN%20Taskforce,%20one%20year%20on%20-%20joint%20work%20delivers%20results

⁵⁵ <https://www.budapestprocess.org/>

⁵⁶ <https://www.pragueprocess.eu/en/>

⁵⁷ https://ec.europa.eu/home-affairs/what-we-do/policies/asylum/external-aspects_en

⁵⁸ <http://refugeesmigrants.un.org/migration-compact>

⁵⁹ <http://refugeesmigrants.un.org/refugees-compact>

⁶⁰ <https://www.khartoumprocess.net/>

⁶¹ https://eeas.europa.eu/headquarters/headquarters-homepage/408/migration-partnership_en

and over 2 800 vulnerable persons in need of international protection were evacuated from the appalling conditions they were facing in Libya. Since September 2017, 1 795 persons have been resettled from both Libya and Niger among others to EU Member States. Thanks to advocacy by the EU and the UN, UNHCR could open the Gathering and Departure Facility in Tripoli in December from which over **260 persons have been evacuated** for resettlement and other durable solutions.

With 13 **European Migration Liaison Officers (EMLOs)**⁶² DG HOME stepped up coordination to maximise the impact of EU action on migration and enhance the engagement of the authorities on the ground on migration issues. The EMLOs enhance **information sharing** amongst all stakeholders. The EMLOs have produced more than 90 reports in 2018, feeding the Commission with up-to-date, key migration related information. DG HOME provided training and guidance for the EMLOs throughout the year. While Member States pay the salaries and allowances, the Union actions under the Asylum, Migration and Integration Fund cover the other costs of the deployment of the EMLO's through a co-delegation to the Directorate-General for International Cooperation and Development (DG DEVCO).

➤ **Fighting against smugglers and traffickers**

The fight against migrant smuggling is a priority to prevent that migrants are exploited by criminal networks and to reduce incentives for irregular migration. In 2018, DG HOME made further progress in implementing the **Action Plan against Migrant Smuggling**⁶³.

The EU is with DG HOME's support **fighting smuggling activities upstream** along the migration route by providing capacity building, training and advice to local security forces. Following the adoption at the end of May of the negotiation directives with eight third countries in North Africa and the Middle East on **cooperation with Europol**, negotiations have started with one priority country and contacts are ongoing with six others, the remaining one having asked to postpone the talks. In 2018, operational cooperation further improved as evidenced by the increased number of **Joint Investigation Teams**⁶⁴ supported by Europol (from 42 in 2016 to 61 in 2017 and 96 in 2018), working to arrest smugglers, bring them before the courts and seize their vehicles.

A new **cooperation platform on migrant smuggling** was launched in Tunisia at a meeting in February (following the model of those launched in 2017 in Pakistan and Nigeria), bringing together representatives from Member States, international organisations, EU Agencies and Tunisian authorities. A second meeting took place in December.

DG HOME's legislative work in the area culminated with the adoption of a proposal⁶⁵ for a revision of the **Immigration Liaison Officers (ILO) Regulation**. The overall aim is to establish a common formal framework and clear mandates for staff posted in third countries to take action to counter migrant smuggling. The Commission proposal, which was adopted by the European Parliament in April 2019, was put forward in May 2018 together with the findings from the evaluation of the current EU legislation on the network of Immigration Liaison Officers. Eight events⁶⁶ were organised to allow for consultations and ensure that Member State's Immigration Liaison Officers had their say.

In June, in the framework of the ACP-EU Dialogue on Migration and Development, DG HOME co-organised with DG DEVCO and the ACP Secretariat a seminar on **trafficking** in

⁶² In Ethiopia, Jordan, Lebanon, Mali, Morocco, Niger, Nigeria, Pakistan, Senegal, Serbia, Sudan, Tunisia and Turkey. The EMLO selection plan could not identify candidates for Egypt and Bangladesh.

⁶³ COM(2015) 285 final of 27.5.2015: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – EU Action Plan against migrant smuggling (2015-2020).

⁶⁴ A joint investigation team has its basis on an agreement between competent authorities of two or more States, established for a limited duration and for a specific purpose, to carry out criminal investigations in one or more of the involved States.

⁶⁵ COM(2018) 303 final of 16.5.2018: Proposal for a Regulation of the European Parliament and of the Council on the creation of a European network of immigration liaison officers (recast).

⁶⁶ In Pakistan, Serbia, Tunisia, Jordan, Senegal, Ethiopia, Nigeria and Turkey.

human beings, with a focus on women and girls.

With DG HOME support, the **European Migrant Smuggling Centre** (EMSC) within Europol processed **12 150 contributions⁶⁷ of intelligence** from Member States and third parties and produced 409 operational analytical products to assist Member States in investigations linked to migrant smuggling. In addition, the Centre supported 39 joint and common action days.

In order to facilitate cooperation and information exchange on countering migrant smuggling, DG HOME contributed to the set-up of the **Information Clearing House** in the European Migrant Smuggling Centre, as well as to a pilot project establishing a **Crime Information Cell** on board the flagship of EUNAVFOR MED Operation Sophia⁶⁸, which opens a new chapter as it reinforces cooperation and improves information exchange.

DG HOME also **supported Member States'** operational efforts to disrupt criminal networks, notably by:

- **enhancing the capacity** of EU/Schengen Consular Officers responsible for the **processing of short stay visas**: DG HOME organised a set of six anti visa-fraud training courses (November 2017–June 2018), with 162 consular officials;
- **launching the Silk Road Law Enforcement Cooperation project** (approximately EUR 1.2 million): the project kicked off in 2018 in order to better address migrant smuggling (in particular relating to Afghanistan and Pakistan, Turkey and Iran);
- **encouraging thematic work on financial investigations linked to migrant smuggling**: DG HOME organised an expert meeting on Hawala money transfer service providers operating illegitimately;
- **answering the call of the European Council to step up the fight against people smuggling networks**: DG HOME supported the Austrian Presidency of the Council in elaborating a comprehensive and operational set of measures with a law enforcement focus (endorsed by the Justice and Home Affairs Council in December).

A study commissioned by DG HOME provides an assessment of the needs and gaps in the field of counter-migrant smuggling legislation and strategies in Cote d'Ivoire, The Gambia, Guinea and the Economic Community of West African States (ECOWAS). It will contribute to develop more targeted and effective support actions for the future, in order to enhance the legal and operational frameworks in the respective countries.

➤ **Effective return policies**

In September, the Commission adopted two DG HOME proposals on new rules on return, to **support Member States** and help speed up return procedures, better prevent absconding and secondary movements, and increase effective returns in full respect of fundamental rights:

1. A **proposal for a recast Directive on common standards and procedures in Member States for returning illegally staying third-country nationals⁶⁹**. It aims to address key challenges in return procedures and reduce obstacles that Member States encounter when carrying out returns.
2. A **proposal for a Regulation on the European Border and Coast Guard⁷⁰**, among others strengthening the supportive role of the European Border and Coast

⁶⁷ Almost on par with the 11 942 contributions processed during its first year of operation between February 2016 and February 2017. The EMSC receives contributions - such as, for instance, on personal data and entities related to migrant smuggling - through SIENA messages categorised under the crime area Facilitation Illegal Immigration (FII). These can come from EU Member States and Third Parties with whom Europol has Operational Agreements in place.

⁶⁸ European Union Naval Force Mediterranean - Operation Sophia.

⁶⁹ COM(2018) 634 final of 12.9.2018: Proposal for a Directive of the European Parliament and of the Council on common standards and procedures in Member States for returning illegally staying third-country nationals (recast).

⁷⁰ COM(2018) 631 final of 12.9.2018: Proposal for a Regulation of the European Parliament and of the Council on the European Border and Coast Guard and repealing Council Joint Action n°98/700/JHA, Regulation (EU) n° 1052/2013 of the European Parliament and of the Council and Regulation (EU) n° 2016/1624 of the European Parliament and of the Council.

Guard Agency in the field of return. The proposal was adopted by the European Parliament in April 2019.

Given these proposals, two previously planned outputs were not delivered: the report on the implementation of the Return Directive and the report on the Employers' Sanctions Directive. Reporting on their implementation was however included in the regular Progress reports on the implementation of the European Agenda of Migration.

With the support of DG HOME, the **European Border and Coast Guard Agency** took operational steps during the year to build up its support to Member States in the field of return. The Agency organised 345 return operations with charter flight in 2018 (341 in 2017), returning 12 235 persons (14 189 in 2017) to their countries of origin. In addition, as part of a pilot project, the Agency started organising and financing returns by scheduled flights, with a steady increase over 2018 in number of operations (1 073) and numbers of returnees (1 479) to 60 different countries⁷¹. It is worth recalling that the Agency can only assist Member States to implement enforceable return decisions issued by the competent national authorities of the latter.

In November, the Regulation on the use of the **Schengen Information System** for the return of illegally staying third country nationals was adopted⁷², and DG HOME started working on the implementation of this Regulation in close cooperation with the eu-LISA and Member States.

In addition, as part of the **Schengen evaluation mechanism**, DG HOME performed on-site visits in **Switzerland, Estonia, Finland, Lithuania and Latvia** to assess return practices, foster compliance with the relevant acquis, and achieve more effective return policies.

Looking at the external dimension, DG HOME is following a cooperative approach with key countries of origin and transit to improve cooperation on **readmission**, taking into account the number of potential returnees as well as the added value of a common EU approach. In 2018, negotiations to conclude **readmission agreements** continued with **Tunisia** and **Nigeria** but did not progress with Jordan (all had started in 2016). In addition to those countries, with which discussions opened in 2016, negotiations for readmission agreements also continued with **China**, and further steps were taken to re-launch negotiations with **Morocco**.

Taking a pragmatic approach to readmission, DG HOME has sought to conclude legally **non-binding readmission arrangements** whenever third countries were not ready to negotiate formal Readmission Agreements. In 2018, three such arrangements were concluded with **Ethiopia, The Gambia and Cote d'Ivoire**. DG HOME closely supervises their implementation – as well as the implementation of the Joint Way Forward with **Afghanistan** (agreed in 2016), of the Standard Operating Procedures with **Bangladesh** and of the Good Practices with **Guinea** (both agreed in 2017).

Discussions on similar arrangements have started with **Iraq**, but have been put on-hold following the general elections in May. Discussions on return and readmission have also re-opened with **Ghana** as part of a more holistic approach on migration.

To increase the EU leverage in its relations with third countries, the Commission included in its proposal for a revised Visa Code a proposal providing **a link between cooperation on readmission by third countries and visa issuance by Member States**.

Under the Readmission Capacity Building Facility funded under the Asylum, Migration and Integration Fund Union actions, DG HOME provides support to those third countries which are implementing readmission agreements (or, in the absence of formal agreements, improving practical cooperation on readmission), with a view to reduce irregular migration. The projects focus on capacity building relating to return and readmission, identity management and training of relevant staff in third countries. In 2018, two successful projects were closed, resulting in the introduction of a readmission case

⁷¹ Data source: EBCGA.

⁷² Regulation (EU) 2018/1860 of the European Parliament and of the Council of 28 November 2018 on the use of the Schengen Information System for the return of illegally staying third-country nationals.

management system in Pakistan and community outreach activities in Bangladesh.

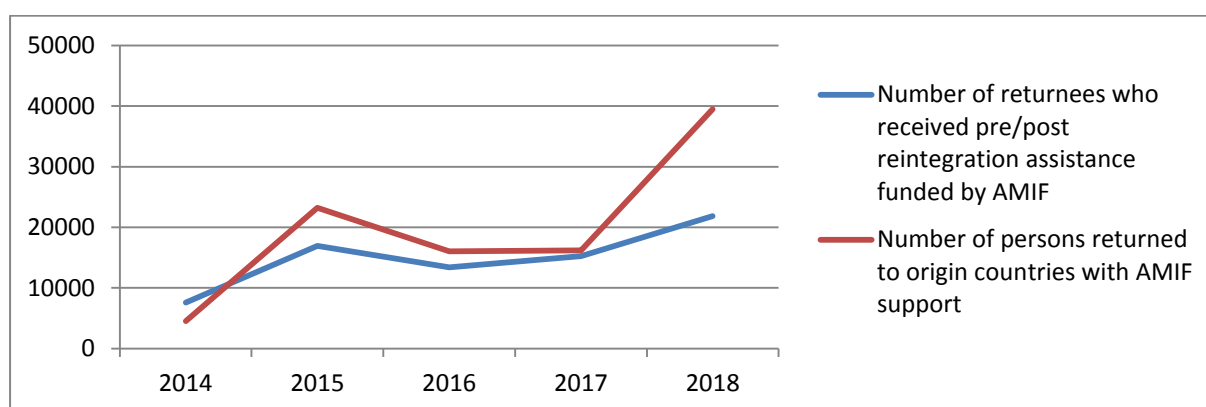
In 2018, 39 463 persons were returned with support of the Asylum, Migration and Integration Fund, which is a considerable increase compared to 2017, when 16 049 persons were returned with the support of the Fund. In addition, DG HOME provided practical and financial support to Member States for returns through the Assisted Voluntary Return and Reintegration Programmes (AVRRs). 23 843 of the returned migrants received pre or post return reintegration assistance co-financed by the Fund.⁷³

EUR 927 million have been allocated to return priorities under the Fund in 2014–2020 and EUR 367 million have been spent, reaching an absorption rate of 33%. In 2018, the Member States declared payments for EUR 133 million, which represents an increase of 33% compared to 2017. To fully optimise the absorption of resources and to avoid risks of de-commitment by the end of the eligibility period, DG HOME is committed to strengthen in 2019 the monitoring actions with the Member States presenting a limited use of the allocations. Mitigating measures will be established on a case by case basis.

Concerning capacity building for relevant actors in return, 9 261 employees benefited from training in return-related topics. To ensure compliance with human rights and the dignity of the returnees, 3 510 removal operations were monitored with financial support from the Asylum, Migration and Integration Fund.⁷¹

In 2018, the total **return rate**⁷⁴ of irregular migrants remained stable at 41.48% (41.49% in 2017). The rate of effective return to third countries⁷⁵ slightly decreased to 35.63%⁷⁶ (36.79% in 2017). This decrease is partially explained by the lower performance regarding returns to the Western Balkans, where, in the previous years, the rate approached or exceeded 100% and pushed the average EU rate up. If data regarding the Western Balkans countries is removed from the overall EU return data, the rate of effective return to (other) third countries in fact increased from 29.34% in 2017 to 31.64% in 2018. Additional efforts are required to address key challenges to the effectiveness of returns through measures both in Member States and with third countries.

The return rate for 2018 was not available at the time of finalisation of this report, as all Member States had not yet submitted the relevant data to Eurostat⁷⁷.



Source: 2018 annual implementation reports from Member States (the data for 2018 does not include Greece).

⁷³ The figures for 2018 includes all Member States except Greece, which has not yet provided its 2018 Annual Implementation Report. The figure for 2017 includes all Member States.

⁷⁴ The total return rate measures the % of effected returns compared to return decisions issued by the Member States.

⁷⁵ The rate of effective return measures the % of effected returns to third countries compared to return decisions issued by the Member States.

⁷⁶ For the purpose of this exercise, the EU rate of effective return to third countries in 2018 incorporates the figures of the total returns effected by Greece and reported as such to Eurostat (contrary to previous years Greece did not specifically report on return to third countries in 2018).

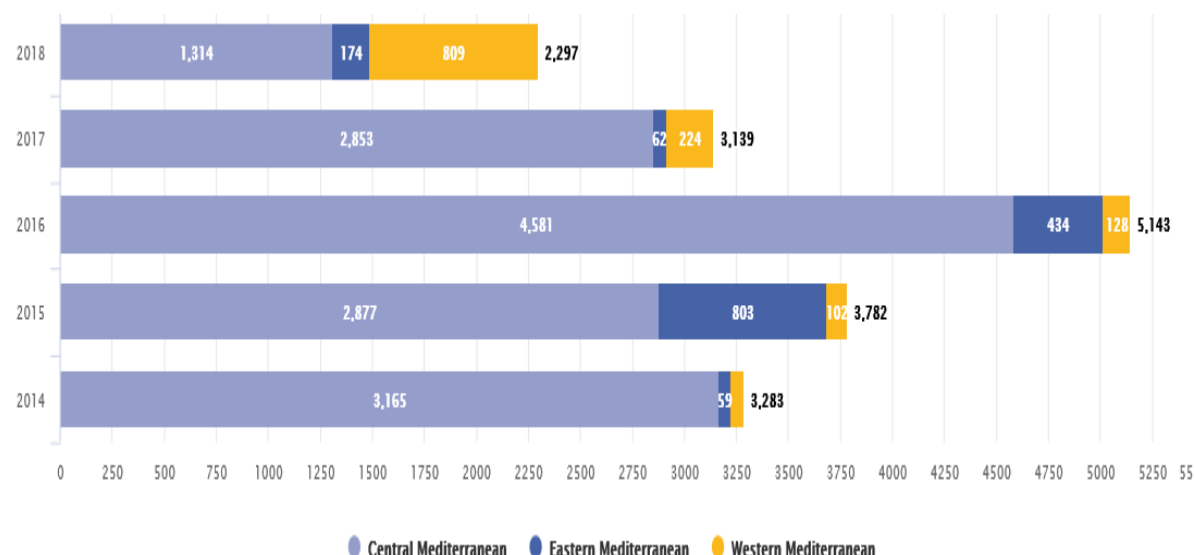
⁷⁸ IOM Missing Migrants Project (<http://missingmigrants.iom.int/region/mediterranean>).

1.1.2 DG HOME Specific Objective: Effective border management – Save lives and secure the external borders

Under this specific objective, DG HOME activities in 2018 contributed to saving lives at sea; strengthening the protection of the EU's external borders; and using IT systems and technologies to better ensure internal security and facilitate regular border crossings. Also, the support to the hotspot approach continued.

➤ *Saving lives at sea*

According to the International Organisation for Migration, in 2018 the number of **lives lost and missing persons at sea** dropped by 27% compared to 2017 and by 55% compared to 2016 (see below).⁷⁸



Source: IOM Missing Migrants Project

Under the supervision of DG HOME, the **European Border and Coast Guard Agency** (EBCGA) continued pursuing an effective presence of patrolling assets at sea, thereby contributing to saving people in distress and fighting against irregular immigration and cross-border crime.

Along the **Eastern Mediterranean** route, 56 000 irregular border crossings were detected in 2018 compared to 42 300 in 2017. More than 600 officers assisted each day Greece in the framework of the Joint Operation Poseidon and Flexible Operational Activities. These joint operations ensured the deployment of 10–12 maritime assets (off-shore and coastal patrol vessels, coastal patrol boats) and other equipment (i.e. helicopters, patrol cars buses and thermos-vision vans) all along the year.⁷⁹

In the **Central Mediterranean** alone, joint efforts contributed to an almost 80% decrease of irregular arrivals: over 23 000 arrivals to Italy (compared to 119 000 in 2017) and 1 450 to Malta (compared to 20 in 2017).⁸⁰ The Joint Operation Themis⁸¹ supported Italy with border control, surveillance and search and rescue. In order to ensure an effective migration policy on this route, DG HOME actively contributed to continued implementation of the actions of the **Malta Declaration** and the Commission's Action Plan for Italy. DG HOME has a steering role and participates in monitoring these via the **Integrated Political Crisis Response** (IPCR) Mechanism as well as in the COREPER.

⁷⁸ IOM Missing Migrants Project (<http://missingmigrants.iom.int/region/mediterranean>).

⁷⁹ Data source: EBCGA.

⁸⁰ Data source: EBCGA.

⁸¹ Replaced Operation Triton in February.

Responding to the growing irregular migratory pressure on the **Western Mediterranean** route (almost 57 000 irregular border crossings detected in 2018 compared to 23 000 in 2017) the European Border and Coast Guard Agency stepped up its operational support to Spain and decided to implement Joint Operation Indalo also as a quasi-permanent joint operation – similarly to those supporting Italy and Greece.⁸²

➤ ***Strengthening the protection of EU's external borders***

In 2018, DG HOME continued cooperating very closely with the **European Border and Coast Guard Agency** (EBCGA) and supported the further operationalisation of the Agency's extended mandate and work programme, including through active participation in the Management Board and various expert networks.

DG HOME took further action to reinforce the controls at the external border, reflecting the EU's commitment to preserve freedom of movement within the Schengen area and ensure the security of EU citizens. The determination to protect the external borders went hand in hand with the further roll-out of the European Border and Coast Guard Agency. Progress in making the Agency fully operational was recorded in the Commission's Progress Reports on the European Agenda on Migration⁸³.

However, the reliance on voluntary Member State contributions of staff and equipment has resulted in persistent gaps that have affected the efficiency of joint operations. In September, DG HOME put forward a proposal to reinforce the European Border and Coast Guard Agency⁸⁴. The Agency will have increased powers to support Member States in protecting the EU's external borders through a standing corps of 10 000 border guards. It will also have an enhanced role in returns and cooperate closer with non-EU countries. The evaluation of the **European border surveillance system** (EUROSUR) and the **proposal for a Regulation amending the EUROSUR Regulation** became part of the European Border and Coast Guard legislative package, for which a political agreement was reached by co-legislators end-March 2019.

Throughout 2018 the Agency deployed altogether around 11 000 border guards to assist the front line Member States. It maintained the rapid reaction pools for border guards, equipment and pools of escorts, as well as return monitors and return specialists for assisting the Member States in returning illegally staying third-country nationals.

In 2018, the Agency coordinated **12 Joint Operations** at EU external borders. These activities totalled over 263 800 deployed man-days (compared to 347 800 in 2017 and 88 500 in 2013)⁸⁵. The decrease in level of deployment compared to 2017 stems from the changing operational needs, meaning the decrease of irregular migratory pressure at the EU external borders.

Almost all Member States contributed to the **rapid reaction pool** of 1 500 border guards who can be deployed within five working days, thus making it possible for the Agency to act quickly and effectively. The Agency's budget increased from EUR 281.27 million in 2017 to EUR 320.20 million in 2018.⁸⁶

In addition, in 2018, DG HOME successfully concluded the negotiations on a **status agreement with Albania, Bosnia and Herzegovina, Montenegro, Serbia and the Republic of North Macedonia** to allow for deploying European Border and Coast Guard teams to these countries.

Also during 2018, 31 announced and four unannounced Schengen evaluation visits were carried out under the **Schengen evaluation mechanism**⁸⁷ to verify the correct application of the Schengen acquis in all relevant policy fields, including management of the external border, common visa policy, return, police cooperation, the Schengen Information System and data protection as well as the absence of border control at the

⁸² Data source: EBCGA.

⁸³ COM(2018) 250 of 14.3.2018 (Annex 3); COM(2018) 301 of 16.5.2018 (Annex).

⁸⁴ COM(2018) 631 final of 12.9.2018.

⁸⁵ Data source: EBCGA.

⁸⁶ Data source: EBCGA.

⁸⁷ OJ L 295, 6.11.2013, p. 27.

internal borders. As in past years, Union actions under the Internal Security Fund-Borders supported in 2018 mission expenditure, trainings and equipment necessary for the implementation of the mechanism.

Within the European Union Integrated Political Crisis Response arrangements (IPCR) **46 restricted Integrated Situational Awareness and Analysis (ISAA) reports** on migration were produced in 2018 (mostly on a weekly basis). Containing information from relevant stakeholders, they provide a situational overview of the migratory situation, an assessment of the EU response and identify possible shortcomings.

DG HOME financed two research projects in 2018 worth a total of EUR 6.9 million in EU contribution within the Border and External Security call of the **Horizon 2020 Secure Societies Challenge Work Programme**, complementing the fundamental objective to improve the security of people, businesses and institutions in a modern society through technological innovations, collaboration with police, border guards and private operators. The aim of one of the research projects, MEDEA, is depicted below.

Research grant: The MEDEA Project

The MEDEA Project contributes to the establishment of more **safe and secure societies** throughout the Mediterranean and Black Sea region using research and innovation as a catalyst to promote **collaboration** between practitioners from diverse disciplines and countries. The Project provides funding for:

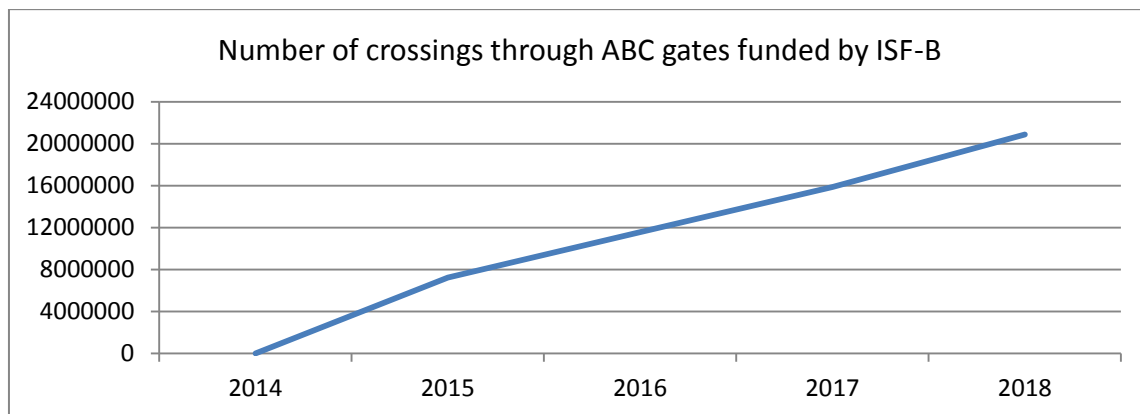
- i) a network for security practitioners focusing on Border Protection and other security and disaster related tasks;
- ii) anticipatory governance for security challenges that the Mediterranean and Black Sea regions would face in the coming years;
- iii) the creation of security technology and innovations;
- iv) identifying areas where security and defence research is needed and recommendations for security and defence technology investments.

To support actions to ensure an **integrated and further harmonised border management system** and the common visa policy, an amount of EUR 2.1 billion was allocated to Member States in their National Programmes under Internal Security Fund (ISF) – Borders and Visa in the period 2014–2020. While EUR 234 million was reported in the financial year 2018, the cumulative expenditure supported by the Fund from 2014 to 2018 amounts to EUR 625 million. Under Union actions, two projects were awarded in 2018 following a call for proposal on cooperation on border surveillance for a total of EUR 3.4 million.

Member States continued to strengthen the operational capacities by providing training to 4 721 of their staff on aspects related to border management (compared 2 524 in 2017). The Member States reported 9 976 interventions (compared to 2 044 in 2017) aimed at upgrading the border control and surveillance infrastructure. There also have been reported acquisitions of high-value assets essential in the effective management of the external borders (such as procurement of patrol vehicles and of dedicated IT systems, upgrade of patrol aircraft and vessels etc.).⁸⁸

The number of border crossings of the external borders through the Automated Border Control (ABC) gates funded by ISF-Borders has increased through the years, reaching almost 20.8 million⁸⁸ crossings in 2018, most of them reported by Germany (72.6%).

⁸⁸ The figures for 2018 includes all Member States except Greece. The figures for 2017 include all Member States.



Source: 2018 annual implementation reports from Member States (the data for 2018 does not include Greece).

➤ **Use of IT systems and technologies for Smart Borders to better ensure internal security and facilitate the border crossing of bona fide travellers**

Over the past years, the EU has been developing large-scale centralised **IT information systems** for collecting, processing and sharing information relevant to security, migration and external border management. These systems are vital for security cooperation, as well as for the management of external borders and migration in the EU.

The **Schengen Information System (SIS)** is an EU-wide, large-scale information system that stores alerts and provides information on certain categories of wanted or missing persons or objects. The system also includes instructions to police officers or border guards on the specific action to be taken when a person or object is located. In December 2016, the Commission presented a set of **three legislative proposals to enhance the use of the SIS**, relating to returns, border checks and police cooperation. The proposals were adopted on in November⁸⁹.

The Schengen Information System

Participating countries	To whom does it apply?	Recent improvements
26 EU Member States  4 Schengen Associated Countries     Switzerland Norway Iceland Liechtenstein	EU and non-EU nationals 	A revision of SIS was proposed in December 2016, and agreed in November 2018. It will bring about important technical and operational improvements including new alert categories and ensure even more efficient information exchange between Member States and with EU Agencies such as Europol, Eurojust and the European Border and Coast Guard Agency.

In 2018, the SIS was consulted 6.1 billion times⁹⁰ compared to 5.1 billion times in 2017 and 4 billion times in 2016. This reduces the chances that people who pose a security threat, including returning EU nationals, cross borders unnoticed. At the same time, the number of hits was 267 200, a 10% increase compared to 2017.

In March, an **Automated Fingerprint Identification System (AFIS)** was introduced by eu-LISA, which helps to identify criminals and terrorists entering and moving across the Schengen area under false identities. In 2018, the number of searches on the basis of fingerprints (AFIS) was more than 300 000 – the main users were Germany, the Netherlands and Latvia.

⁸⁹ Regulation (EU) 2018/1860 of the European Parliament and of the Council of 28 November 2018 on the use of the Schengen Information System for the return of illegally staying third-country nationals; Regulation (EU) 2018/1861 of the European Parliament and of the Council of 28 November 2018 on the establishment, operation and use of the Schengen Information System (SIS) in the field of border checks, and amending the Convention implementing the Schengen Agreement, and amending and repealing Regulation (EC) No 1987/2006; Regulation (EU) 2018/1862 of the European Parliament and of the Council of 28 November 2018 on the establishment, operation and use of the Schengen Information System (SIS) in the field of police cooperation and judicial cooperation in criminal matters, amending and repealing Council Decision 2007/533/JHA, and repealing Regulation (EC) No 1986/2006 of the European Parliament and of the Council and Commission Decision 2010/261/EU.

⁹⁰ Data Source: Member States

To strengthen migration and security checks on visa-free travellers, two Regulations were adopted in September⁹¹ based on DG HOME proposals for a **European Travel Information and Authorisation System** (ETIAS). ETIAS will gather information on all travellers who are travelling visa-free to Europe and ensure that possible security and irregular migration concerns are identified prior to travel to the Schengen area. This will contribute to a more efficient management of the EU's external borders, improving internal security and facilitating a better management of irregular migration. Following the adoption of the two Regulations, the Commission adopted a DG HOME proposal⁹² on consequential amendments of other Regulations, which is under negotiation.

European Travel Information and Authorisation System



Development of the **Entry/Exit System** (EES, adopted in November 2017) started end-2018 and the System is set to become operational by the end of 2021. The EES will modernise external border management by replacing manual stamping of passports through electronic recording of non-EU nationals' identity data as well as the time, date and place of their entry and exit.

To support the establishment of the Entry/Exit System, specific resources were provided to Member States in 2018. EUR 192.3 million out of the EUR 791 million foreseen for the development of large IT systems were allocated, in equal shares, under the relevant national programmes of the Internal Security Fund – Borders and Visa.

Entry/Exit System



To close information gaps by upgrading EU information systems for security, border and migration management and make them work together in a smarter and more efficient way, **the interoperability proposals**⁹³ were adopted by the European Parliament in April 2019. In line with the major recommendations presented in the final report of the High-level Expert Group on information systems and interoperability, the DG HOME proposals introduce new elements including a faster access to information through a European search portal to simultaneously search multiple EU information systems, a

⁹¹ Regulation (EU) 2018/1240 of the European Parliament and of the Council of 12 September 2018 establishing a European Travel Information and Authorisation System (ETIAS) and amending Regulations (EU) No 1077/2011, (EU) No 515/2014, (EU) 2016/399, (EU) 2016/1624 and (EU) 2017/2226 and 2018/1241, OJ L 236; and Regulation (EU) 2018/1241 of the European Parliament and of the Council of 12 September 2018 amending Regulation (EU) 2016/794 for the purpose of establishing a European Travel Information and Authorisation System (ETIAS).

⁹² COM(2019) 4 final of 7.1.2019: Proposal for a Regulation of the European Parliament and of the Council establishing the conditions for accessing other EU information systems for ETIAS purposes and amending Regulation (EU) 2018/1240, Regulation (EC) No 767/2008, Regulation (EU) 2017/2226 and Regulation (EU) 2018/1861.

⁹³ COM(2017) 794 final of 13.12.2017: Proposal for a Regulation of the European Parliament and of the Council on establishing a framework for interoperability between EU information systems (police and judicial cooperation, asylum and migration).

capacity to detect multiple identities, to counter identity fraud and to facilitate on-the-spot-checks within Member States.



Interoperability means the ability of information systems to talk to each other. It is about a targeted and intelligent way of using existing data to best effect, without creating new databases or changing the access rights to existing information systems.

The EU Agency responsible for the operational management of large scale IT systems, **eu-LISA**, set to develop and manage the Entry/Exit System and ETIAS, is given an extended mandate on research, pilot projects and proofs of concept, and supports Member States and the Commission. In addition it is set to play a crucial role in the technical implementation and the development of the interoperability of EU information systems in the area of freedom, security and justice. In order to enable eu-LISA to bring this work forward, the Agency's mandate was significantly strengthened with the adoption in November of Regulation (EU) 2018/1726⁹⁴.

The findings of the DG HOME **Interim evaluation** of the implementation of the Internal Security Fund⁹⁵ confirmed its importance to ensure effective integrated border management through more extended exchange of information and cooperation, including with the European Borders and Coast Guard Agency. This helped in the development of EUROSUR and border management IT systems. Training activities supported by the Fund contributed to the harmonisation of practices among Member States.

DG HOME undertook policy Mid-term review dialogues with the Member States to reassess their funding priorities and the corresponding allocations. An amount equal to EUR 158.6 million was added to the revised National Programmes.

**Project funded by the Internal Security Fund – Borders and Visa
Portugal – Eurosur reinforcement programme**

For Portugal the surveillance and control of Europe's **external maritime border** plays a crucial role. This project focuses on the continued implementation of Integrated Surveillance, Command and Control System (SIVICC); the acquisition of equipment and means for dog-patrol units for border control and cooperation missions; and a programme to **modernise operational equipment**.

The implementation of SIVICC has enhanced surveillance, control, patrolling and interception at the external maritime border of Portugal and the EU, and has made it possible to strengthen links and exchanges between NCC/Eurosur and non-EU countries.

EU contribution for this project amounts to EUR 1 962 332, corresponding to 75% of its total cost.

➤ ***The support to the hotspot approach continued***

While Member States remain responsible for ensuring the implementation of the hotspot approach, provision of adequate reception conditions to migrants and an effective processing of their cases, DG HOME continued in 2018 to support Italy and Greece in the implementation of the approach.

Five hotspots continued operating in Greece, with a total capacity of around 7 600 places (including facilities outside the Reception and Identification Centres). In September 2018, the Italian authorities decreased the number of **hotspots in Italy from five to four**, converting the Trapani hotspot into a detention centre due to continued low arrivals. The declared hotspot capacity in Italy was thereafter 1 450 places. It is estimated that **more than 55 000 migrants arrived to the hotspots in Italy and Greece in 2018**.

⁹⁴ Regulation (EU) 2018/1726 of the European Parliament and of the Council of 14 November 2018 on the European Union Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA), and amending Regulation (EC) No 1987/2006 and Council Directive 2007/533/JHA and repealing Regulation (EU) No 1077/2011.

⁹⁵ COM(2018) 464 final of 12.6.2018.

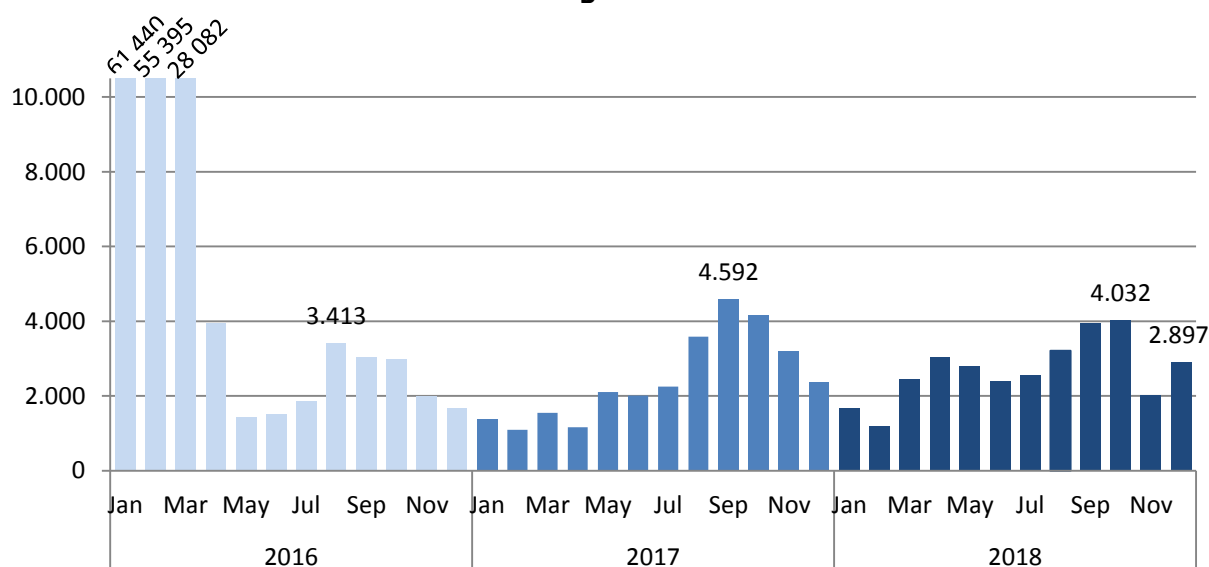
DG HOME worked to ensure **effective operational coordination** of the actors in the hotspots, including national authorities, international organisations, EU agencies and other Commission services. In June, the mandate of the EU Regional Task Forces (EUTF – involving EU Agencies) in both Italy and Greece were adopted, followed by the Rules of Procedures in Italy (in September) and Greece (in October).

Furthermore, DG HOME provided support to Italy by keeping four staff members deployed in **Rome**, reducing their number to two in the autumn following the declining migratory pressure. The number of staff in **Athens** increased however gradually from three to eight, with one staff member on each **hotspot island** (however with one person covering both Kos and Leros). In addition, one staff member was delegated to **Madrid** at the end of the year to follow the Western Mediterranean/Atlantic migratory flow towards Spain.

Trafficking in human beings was addressed in line with the policy priorities set forth in the 2017 Communication stepping up EU action⁹⁶ and the findings of the First progress report on trafficking in human beings (2016) including with respect to improve identification of victims and referral to appropriate assistance and protection, and to step up investigations and prosecutions of perpetrators.

Greece: More than 32 000⁹⁷ migrants arrived irregularly to the Aegean islands in 2018, which is a 9% increase compared to 2017 (see graph) – in total around 86 000 have arrived since the entry into force of the EU-Turkey Statement in March 2016. In 2018, AMIF Funds **supported the transfer of 29 540 persons** from the overcrowded islands to the mainland, contributing to the decongestion of hotspots. At the end of the year, there were around 66 000 places for migrants across the country (approximately 55 000 on the mainland and 11 000 on the islands).

Arrivals to Greek Aegean Islands 2016-2018



Source: DG HOME computation based on Hellenic police data

The Commission repeatedly asked the Greek authorities to address the challenging situation on the islands and provided significant operational and financial assistance. However, the overall responsibility for managing migration flows and for carrying out a sustainable asylum, reception and return strategy rests solely with the Greek administration. A holistic approach to migration management is needed, including an acceleration of the asylum procedures and an increase in returns, including under the EU-Turkey Statement, but this is still not in place.

DG HOME was in constant contact with the Greek authorities and other stakeholders to find solutions to **accelerate the processing of asylum applications and return**

⁹⁶ COM(2017) 728 final of 4.12.2017.

⁹⁷ DG HOME computation of data from the Hellenic Police.

procedures. EASO, with the financial support of DG HOME, continued providing support to the Greek authorities: the average processing time of appeals was **reduced in 2018 from 124 to 68 days**. A homogenous implementation of the **Vulnerability Assessment Template** and the prioritisation of cases, supported by DG HOME, contributed to an accelerated asylum procedure. Furthermore, DG HOME maintained a dialogue with the Greek authorities to best support the creation of additional reception places suitable for minors, as well as to ensure that children were urgently moved to proper reception centres. In this framework, the Commission supported Greece financially to ensure adequate reception capacity for unaccompanied minors, both as a regular and emergency solution. Currently 600 unaccompanied minors stay in hotels within the framework of an emergency and transitory solution.

The 2018 Financial Plan for reception facilities in Greece contributed to improve the situation on the islands and more broadly in the country by **replacing camps-based accommodation** with rental accommodation and improving reception conditions. The supply of winter items and efforts to make the hotspots winter-safe increased with DG HOME funding, and more **safe zones** were installed to accommodate women and unaccompanied children.

Only in 2018, under emergency assistance (EMAS), the Commission signed a total of 14 contracts/agreements with Greek responsible authorities or international organisations (such as the UNHCR and the IOM) worth EUR 429.6 million. This amount includes the budget for two important delegation agreements for actions in 2019 to continue the support provided earlier by the Emergency Support Instrument (see information box on improving the Greek Reception System below.) The emergency funding comes on top of the EUR 613.5 million already allocated to Greece under the national programmes for 2014–2020 (EUR 328.3 million from the Asylum, Migration and Integration Fund and EUR 261.9 million from the Internal Security Fund).

In order to illustrate the above, in 2018, the Commission awarded a grant of EUR 357 000 in order to address the needs for the winter of non-food items, such as blankets, winter jackets and other winter supply kits, provided through Emergency Assistance in the hotspots and in the reception centre in the Evros region. Under the Internal Security Fund, Greece also implemented a project under emergency assistance, worth EUR 7.1 million, for the reinforcement of the Reception and Identification service with additional staff, and covered the presence of Hellenic Police personnel in the five hotspots as to increase security of migrants and staff.

Under the Asylum, Migration and Integration Fund National Programme, the IOM supported the Greek authorities in providing information on asylum and migration law with particular focus on assisted voluntary return and reintegration.

***Improving the Greek Reception System
through Site Management Support and Targeted Interventions in Long-Term
Accommodation Sites (total budget EUR 61 million)***

The action is delegated to the IOM with the UNICEF as a co-delegate.

- It supports the Greek government in the daily management of all long-term accommodation sites operating in the country by providing Site Management Support assistance (26 sites in total).
- It includes interventions with implementing partners: Danish Refugee Council Greece (9 sites), Arbeiter Samariter Bund (4 sites) and European Expression (1 site), as well as specialised protection actors (UNICEF, ARSIS⁹⁸, the Greek Council for Refugees).
- It has specific focus on the protection of unaccompanied migrant children through the operation of 10 Safety Zones under coordination of the IOM and run by specialised child protection partners.

***2019 ESTIA Programme
(Emergency Support To Integration and Accommodation):***

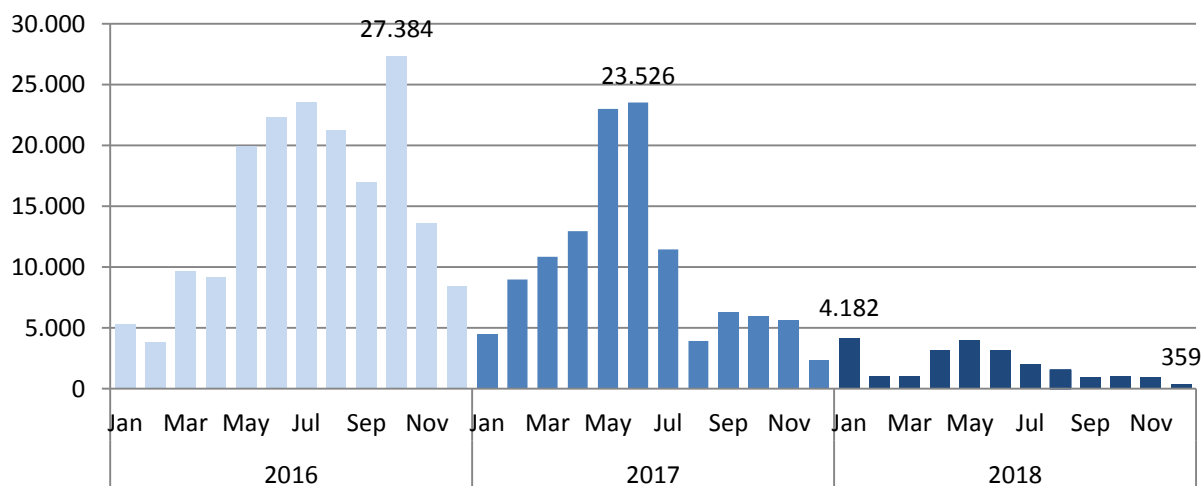
⁹⁸ The Association for the Social Support of Youth

Multi-Purpose Cash Grants and Rental Accommodation Schemes managed by the UNHCR (total budget EUR 190.49 million)

- It ensures the uninterrupted provision of services on the Greek islands and mainland to contribute to safe and dignified living conditions and uphold the rights of approximately 69 000 asylum seekers.
- It provides cash assistance in partnership with the Greece Cash Alliance Partners and a Financial Service Provider (about 63 000–70 000 persons).

Italy: In 2018, **23 370 migrants** disembarked in Italy, representing an **80% decrease** compared to 2017. With these figures, migrants' arrivals to Italy mark a return to **pre-crisis levels**.

Arrivals to Italy 2016-2018



Source: DG HOME computation of data from the Italian Ministry of Interior

DG HOME continued providing substantial financial, technical and operational support to the Italian authorities by keeping in regular contact and informing on relevant updates. The decreased migratory pressure led to a lower occupancy rate in reception facilities and hotspots. However, Italy still faced challenges relating to certain disembarkation events and return. In the summer of 2018, there were several **disembarkations** in Italy (but also in Malta and Spain) where the involved Member States did not agree swiftly on follow-up procedures. In order to step away from the *ad hoc* model and to ensure that pressure was relieved from frontline Member States, DG HOME supports a predictable and sustainable European mechanism for disembarkation, elaborated in the spirit of solidarity. In order to increase the number of **returns**, a further extension of the **detention capacity** (around 650 places at the end of 2018) would be needed. The issue has been regularly discussed with the Italian authorities.

Under the Internal Security Fund emergency assistance, Italy was implementing 16 projects in 2018, for a total amount of EUR 62.9 million EU contribution, related to hotspots and other disembarkation areas, including procurement of equipment for border checks and interpretation/inter-cultural mediation services, as well as for the running costs and upgrading of border surveillance assets. Furthermore, under this Fund additional emergency assistance was granted by the Commission to Italy in 2018 for an amount of EUR 4.41 million.

Several projects were being implemented by the Italian Ministry of Interior in 2018 under the emergency assistance strand of the Asylum, Migration and Integration Fund. The projects were aiming to: ensure effective and coordinated psycho-social protection services for the benefit of unaccompanied minors in hotspots; provide accommodation and reception services for relocation candidates; support the asylum sections of immigration and border police offices; and carry out assisted voluntary return from Italy and reintegration in home countries. The total amount of EU contribution for these projects was EUR 35.5 million. In addition, an amount of EUR 5.3 million emergency support under the Asylum, Migration and Integration Fund was awarded to Italy to

implement a new project addressing protection needs of victims of human trafficking (to be started in 2019).

By the end of 2018, the Commission had made available almost EUR 950 million to support migration and border management in Italy: about EUR 725 million under the National Programmes (EUR 394 million from the Asylum, Migration and Integration Fund and EUR 331 million from the Internal Security Fund) and about EUR 225 million for emergency assistance (of which EUR 35.51 million emergency assistance awarded in 2018).

In addition, following the increased inflow of migrants to **Spain** (almost 57 000 irregular border crossings detected in 2018 compared to 23 000 in 2017), six emergency assistance projects were awarded to Spain in 2018, which together with the national programmes for the country add up to a total of EUR 773.57 million.⁹⁹

1.1.3 DG HOME Specific Objective: Enhance protection and solidarity

➤ **Strengthening the Common European Asylum System**

In 2018, 580 845 asylum applications were lodged in the EU and EFTA countries.

Despite the 11% decrease in applications (and 54% less than the peak in 2015), pressure on national migration systems remained at a high level. At the end of 2018, 878 600 applications for international protection were still under consideration by the national authorities (excluding Finland, as data not available). At the end of 2017, this figure was slightly higher (927 000). Germany had the largest share of applications pending in the EU at the end of 2018 (384 800, or 44% of the EU total), ahead of Italy (103 000, or 12%), Spain (78 700, or 9%) and Greece (76 300, or 9%)¹⁰⁰.

The time has come to consolidate the remaining building blocks of a comprehensive migration, borders and asylum system for the long run. A constantly evolving geopolitical context shows us that we cannot wait to react, but that we have to be ready for the future already now.

Commissioner for Migration, Home Affairs and Citizenship
Dimitris Avramopoulos, 4 December 2018

Building a strong and comprehensive EU asylum system remains as important as ever – one which is resilient to future crises, and where solidarity and responsibility are at its heart. This underlines the need for the reform of the **Common European Asylum System (CEAS)**.

In 2018, support to the inter-institutional negotiations of the proposals for the Common European Asylum System continued. In December 2017, the European Council set a target to reach a position on an overall reform of the System by June 2018. Significant progress has been made on five out of seven proposals: **the EU Asylum Agency¹⁰¹, the Eurodac Regulation¹⁰², the EU Resettlement Framework Regulation¹⁰³, the Qualification Regulation¹⁰⁴ and the Reception Conditions Directive¹⁰⁵**, for which

⁹⁹ EUR 35.84 million in emergency assistance; EUR 737.56 million under the National Programmes within the Asylum, Migration and Integration Fund and the Internal Security Fund.

¹⁰⁰ Data source: Eurostat.

¹⁰¹ The reinforced Asylum Agency will be able to provide a rapid and full service to Member States in normal times as well as in times of particular pressure, including by carrying out the entire administrative stage of the asylum procedure if requested, as a concrete form of European solidarity.

¹⁰² The new Eurodac Regulation will expand the EU's identification database, helping authorities track secondary movements, tackle irregular migration and improve returns of irregular migrants.

¹⁰³ The Union Resettlement Framework Regulation will help reduce irregular migration by ensuring safe and legal alternatives. It will replace the current ad-hoc schemes and set EU-wide 2-year plans for resettling genuine refugees. By contributing collectively to global resettlement efforts, the EU will strengthen its partnership and solidarity with third countries hosting large numbers of persons in need of international protection.

¹⁰⁴ The new Qualification Regulation will ensure greater convergence of recognition rates across the EU, guarantee the rights of recognised refugees and discourage Schengen-endangering secondary movements.

¹⁰⁵ The new Reception Conditions Directive will ensure asylum seekers are received under harmonised and decent conditions throughout the EU. It will help prevent secondary movements by clarifying the rights and

the co-legislators reached broad political agreement. DG HOME worked very closely and intensively with the Bulgarian Presidency to achieve this goal. Nevertheless, the vast majority of Member States were, despite DG HOME's attempts to emphasise the benefit of adopting each individual proposal separately, not willing to adopt one or more of the asylum reform proposals before all of them are ready for adoption. Since, despite some progress at the technical level, the Council has not been able to adopt a position on the **Dublin Regulation** and the **Asylum Procedure Regulation**, the asylum reform has not yet been finalised. In 2018, the European Parliament adopted its position on the Asylum Procedure Regulation, which means that it has adopted positions on all the CEAS files.

The way Member States process applications for international protection from a source third country is **one of the indicators** of how much the Common European Asylum System contributes to the **harmonisation of rules and practices** in the EU regarding asylum procedures. Recognition rates for international protection among Member States for asylum seekers from the same source third country should tend to converge. In order to monitor progress, DG HOME analyses the **standard deviation of recognition rates** for international protection among Member States for asylum seekers from Afghanistan. The lower the standard deviation is, the greater the convergence. Although there has been a gradual increase in divergence over the last few years, results decreased from 29 in 2017 to 24.5 in 2018, which is below the level of 2015.

In 2018, DG HOME continued cooperating very closely with the **European Asylum Support Office (EASO)** and supported the Agency in delivering on their mandate and work programme, including through active participation in EASO's management board.

EASO played an important role in managing the migration situation in the EU. EASO continued to provide **operational support** to several front-line Member States, mainly to Greece and Italy, but also to Bulgaria (EASO's support to Bulgaria ended in October 2018) and Cyprus, while maintaining its **permanent support activities** on asylum related topics to all Member States. EASO also contributed to the final stages of the implementation of the emergency relocation scheme; functioning of the hotspots; support relating to the Dublin procedure; strengthening the reception capacity in Member States'; activities in the field of vulnerable migrants including unaccompanied minors; training; and Country of Origin Information and Country Guidance.

The Asylum, Migration and Integration Fund offered important financial assistance to Member States, for them to cope with emergency and longer term actions relating to reception of asylum seekers, including to provide advice and services to allow asylum seekers to exercise their rights. The funding also supported the implementation of relocation, resettlement and legal admission from Turkey. To recommit the unused resources set to support Italy and Greece¹⁰⁶, Article 18 of the basic act establishing the fund was revised in December. On that basis, the recommitment of the resources will be done in 2019 to top up any of the priorities of the Fund.

In 2018, as much as EUR 115 million was reported by Member States under the national programmes for projects in the area of asylum. This amount represents an increase of 50% of payments in comparison to the 2017 accounts. In total, EUR 260 million was declared in 2014–2018 out of EUR 761 million allocated for the entire financial period.

As a result, 228 579 asylum seekers received various types of assistance in the areas of reception and asylum, such as legal assistance and representation provided to 25 193 asylum seekers, and specific assistance for vulnerable persons and unaccompanied minors provided to 54 026 persons.¹⁰⁷

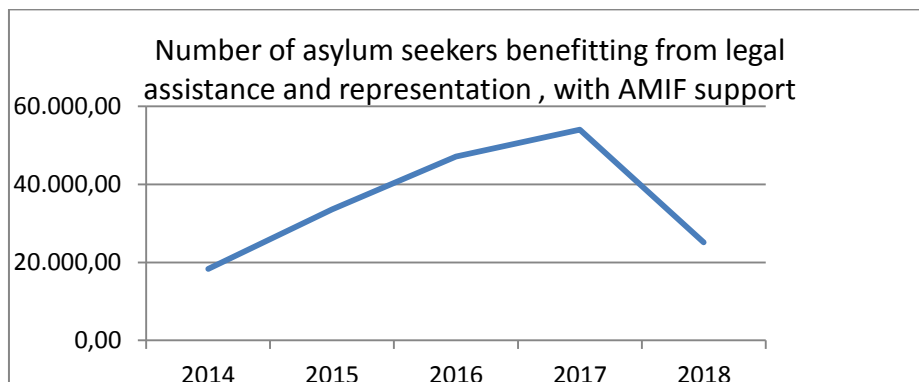
To support the asylum policies, Member States provided various forms of training to 16 145 staff with the assistance of the Asylum, Migration and Integration Fund. Member

obligations of asylum seekers.

¹⁰⁶ Through implementation of Council Decision (EU) 2015/1523 of 14 September 2015 establishing provisional measures in the area of international protection for the benefit of Italy and of Greece; and Council Decision (EU) 2015/1601 of 22 September 2015 establishing provisional measures in the area of international protection for the benefit of Italy and Greece.

¹⁰⁷ The figures for 2018 includes all Member States except Greece.

States continued to improve the reception conditions, a total of 3 027 accommodation places being set up or renovated in the reference year, mostly in Italy, Spain and France.¹⁰⁸



Source: 2018 annual implementation reports from Member States (the data for 2018 does not include Greece).

➤ **Protecting child migrants**

As of December 2018, the Spanish authorities estimated that approximately 13 500 unaccompanied minors were present in the country. In Greece this figure was 3 800, and in Italy 10 700.

In 2018, DG HOME and DG JUST continued to monitor progress made by the Member States in the implementation of the Communication on the protection of children in migration.¹⁰⁹ To this end, two joint expert workshops were organised, one in June and one in December.¹¹⁰ The Commission published the results of online surveys carried out in the Member States as regards progress in the implementation of the Communication,¹¹¹ as well as a table summarising the main actions undertaken at the level of the Commission services and the EU agencies to support the implementation of the Communication in the Member States.

Under the Asylum, Migration and Integration Fund's Union actions, a call for proposal was launched in 2018 for transnational actions for the integration of third-country nationals in the Member States, it includes a priority on the care for migrant minors, including unaccompanied minors. The objective of this priority is to have projects relating to the expansion or improvement of alternative care systems (such as family-based care, or foster care, or supervised independent housing arrangements) or of effective alternatives to detention. The call closed on 31 January 2019 and the aim is to select projects to start by end-2019.

➤ **A structured EU system on resettlement**

Resettlement schemes provide a legal and safe pathway to the EU for vulnerable people in need of international protection. By end-December, the resettlement scheme¹¹² from September 2017 had helped approximately **21 000 of the most vulnerable migrants** to find shelter in the EU. Resettlements continued under the EU-Turkey Statement with **6 930** resettlements in 2018. The total number of resettlements under the EU-Turkey Statement (starting on 4 April 2016) had hence reached **18 640** (a part of these places have already been counted under other EU resettlement schemes). The total amount claimed by Member States from the Asylum Migration and Integration Fund on resettlement and relocation in the period 2014–2018 was equal to EUR 139.2 million.

¹⁰⁸ The figures for 2018 includes all Member States except Greece.

¹⁰⁹ COM(2017) 211 final of 12.4.2017.

¹¹⁰ <http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=3564&news=1>

¹¹¹ https://ec.europa.eu/info/policies/justice-and-fundamental-rights/rights-child/children-migration_en#documents

¹¹² https://ec.europa.eu/info/policies/justice-and-fundamental-rights/rights-child/children-migration_en#documents

¹¹² C(2017) 6504 of 27.9.2017: Commission Recommendation on enhancing legal pathways for persons in need of international protection.

Thanks to concerted efforts by the Member States and other relevant stakeholders, coordinated by DG HOME, by the end of 2018, **34 709 persons had been relocated** (12 710 from Italy and 21 999 from Greece), which represents over 95% of all eligible and registered candidates for relocation in Italy and Greece under the 2015 Council Decisions. Out of these, 1 556 persons were relocated in 2018. The overall results and the above implementation rate prove that relocation works when all parties fulfil their commitments.

In the context of monitoring compliance with EU asylum rules, in 2018 DG HOME launched **four infringements proceedings** (against Bulgaria, concerning several deficiencies of its asylum system, and respectively against Bulgaria, Germany and Latvia for failure to communicate measures transposing Article 31.3–31.5 of the Asylum Procedures Directive, which had to be transposed by 20 July 2018). In July, Hungary was referred to the European Court of Justice for incorrect implementation of the EU asylum and migration acquis, in the context of a procedure initiated in 2015.

1.1.4 DG HOME Specific Objective: A new policy on legal migration to address skill shortages in the EU and enhance effective integration

Under this specific objective, DG HOME intervention contributed to tackle the significant labour shortages EU faces in certain sectors, which have the potential to limit growth and competitiveness – a challenge that will become more and more pressing due to Europe’s ageing demographic profile.

➤ Well-managed legal migration and visa policy

DG HOME’s efforts in the field of legal migration focused in 2018 on the inter-institutional negotiation of the revised **Blue Card Directive proposal** that the Commission adopted in June 2016 to attract and retain highly-skilled non-EU workers. After several failed attempts at finding a compromise on a new Council position that would allow negotiations with the European Parliament to continue, discussions in the Council effectively came to a halt due to disagreement over the key political issues (the relationship between the Blue Card and the national schemes and the equivalence between formal qualifications and skills/professional experience). At the end of the year, the incoming Romanian Presidency relaunched discussions tabling a new compromise proposal. However deep divisions between Member States persisted, and unfortunately it was not possible to reach agreement before the European Parliament elections in May 2019.

In 2018, DG HOME finalised the **fitness check of the legal migration acquis**, after a positive opinion received by the Regulatory Scrutiny Board in November. It was published on 29 March 2019 together with the implementation reports on the Family Reunification, Single Permit and Long Term Residence Directives.

The deadline for transposition of the Directive on non-EU students and researchers¹¹³ expired in May. The Commission issued letters of formal notice against 17 Member States that had not yet notified complete transposition.

To meet current and future challenges in terms of mobility, notably by making it easier for legitimate travellers to obtain a (multiple-entry) visa to travel to the EU but also prevent security risks or risks of irregular migration, DG HOME prepared in 2018 proposals to amend the legislation on the **Visa Information System**¹¹⁴ (VIS) and the **Visa Code**¹¹⁵. In July, the Commission adopted the proposals, and in April 2019, the

¹¹³ Directive (EU) 2016/801 of the European Parliament and of the Council of 11 May 2016 on the conditions of entry and residence of third-country nationals for the purposes of research, studies, training, voluntary service, pupil exchange schemes or educational projects and au pairing (recast).

¹¹⁴ COM(2018) 302 final of 16.5.2018: Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 767/2008, Regulation (EC) No 810/2009, Regulation (EU) 2017/2226, Regulation (EU) 2016/399, Regulation Xx/2018 [Interoperability Regulation], and Decision 2004/512/EC and repealing Council Decision 2008/633/JHA.

¹¹⁵ COM(2018) 252 final of 14.3.2018: Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 810/2009 establishing a Community Code on Visas (Visa Code).

European Parliament adopted the proposal on the Visa Code. Negotiations were still ongoing on the Visa Information System.

The VIS allows:

- ✓ Visa issuing authorities to share and rapidly check information on visa applicants.
- ✓ Border guards to conduct security checks and verify a traveller's identity.



DG HOME also followed-up on the Commission's duty to monitor the continuous fulfilment of the **visa liberalisation requirements** by visa-free Western Balkan and Eastern Partnership countries and to report at least once a year to the European Parliament and the Council. In this regard, DG HOME prepared the second report under the visa suspension mechanism¹¹⁶ and the accompanying staff-working document¹¹⁷, which were adopted in December.

In the framework of **Brexit preparedness**, DG HOME prepared in November a legislative proposal¹¹⁸ to amend the Visa Regulation to ensure short stay visa-free travel for British citizens after the United Kingdom has withdrawn from the EU. In April 2019 the European Parliament adopted the proposal.

In December 2017, all Bulgarian and Romanian citizens were granted visa-free access to Canada, leaving the **United States** as the only visa-free third country that does not grant **reciprocal visa-free travel** to all EU citizens. In December 2018, the Commission adopted a Communication¹¹⁹ on the state of play and way forward as regards the situation of non-reciprocity in the area of visa policy, in which the Commission indicated that it continues to engage with the United States and the five Member States which are still visa required by the US.

The negotiations on an amended visa waiver agreement with **Brazil** were concluded, and negotiations on visa facilitation agreements with **China, Belarus** and **Tunisia** continued in 2018.

Up to October 2018, Member States reported expenditure for EUR 11.4 million under the Internal Security Fund on actions to support a common visa policy through training, establishment and operation of IT systems (particularly the Visa Information System). The funding increased national operational capacities such as equipment to check the authenticity of documents used for visa applications and security equipment for consular representations in third countries. A total amount of EUR 34 million was already reported out of EUR 147 million allocated in the national programmes for the period 2014–2020 on visa and consular cooperation related priorities.

➤ **Effective integration**

DG HOME supports the Member States in their efforts to integrate third-country nationals, whether recently arrived or not, and coordinates integration activities within the Commission through an Interservice group on integration. The aim is to make

¹¹⁶ COM(2018) 856 final of 19.12.2018: Report from the Commission to the European Parliament and the Council – Second Report under the Visa Suspension Mechanism.

¹¹⁷ SWD(2018) 496 final of 19.12.2018.

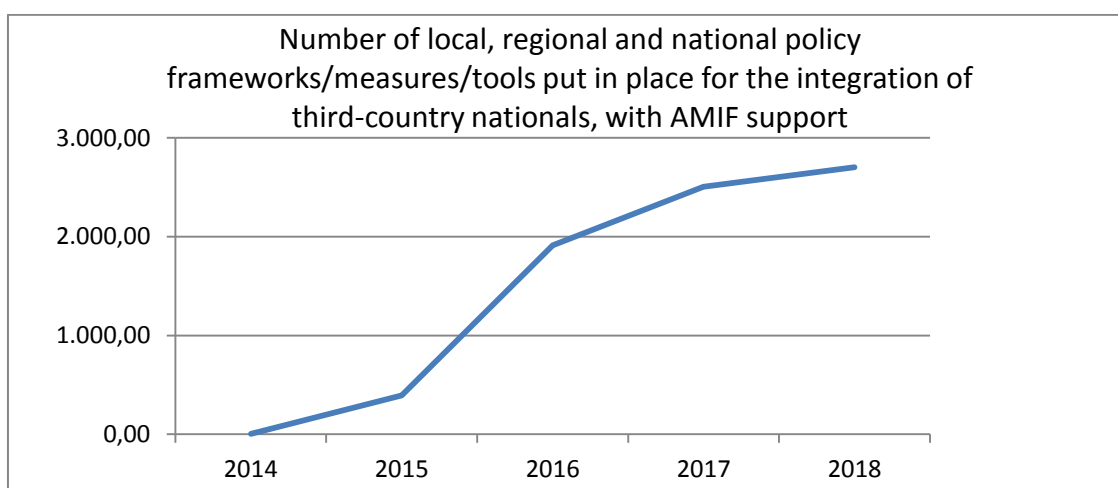
¹¹⁸ COM(2018) 745 final of 13.11.2018: Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 539/2001 listing the third countries whose nationals must be in possession of visas when crossing the external borders and those whose nationals are exempt from that requirement, as regards the withdrawal of the United Kingdom from the Union.

¹¹⁹ COM(2018) 855 final of 19.12.2018: Communication from the Commission to the European Parliament and the Council State of play and way forward as regards the situation of non-reciprocity in the area of visa policy.

migration an opportunity for both third-country nationals and host societies, which is done partly through funding, partly by working with a broad range of stakeholders to promote integration. This includes EU funding for transnational projects for the integration of third country nationals (call for proposal for 16.2 million under the 2018 Asylum, Migration and Integration Fund Union actions) and support to the operation of the European Integration Network and the EU Immigration Portal.

In 2018, Member States reported expenditure for **EUR 135 million in relation to integration** under the AMIF national programmes. This amount represents an important increase of 64% in comparison to the accounts 2017. In total, an amount equal to EUR 275 million was declared by Member States out of EUR 925 million allocated in the period 2014–2020.

The Asylum, Migration and Integration Fund sustained the integration policies in Member States, through 2 704 local, regional and national policy measures/tools involving relevant stakeholders, which is an increase of more than 8.4% compared to 2017. It also financed 20 projects designed to develop, monitor and evaluate the integration policies and/or enhance cooperation at the level of the Member States.¹²⁰



Source: 2018 annual implementation reports from Member States (the data for 2018 does not include Greece).

In the context of the **European Integration Network**,¹²¹ which brings together representatives of national public authorities, DG HOME coordinated two study visits in Portugal and Norway in 2018, gathering representatives from twelve Member States for each visit. Two network meetings were organised, focusing on **integration in the labour market** and on the **integration of women**.

In cooperation with the European and Economic Social Committee, DG HOME organised the **European Migration Forum** in Brussels in April, where 200 representatives of Non-Governmental Organisations discussed integration in the labour market, with the participation of economic and social partners, and local and regional authorities.

DG HOME's work with **local and regional authorities** intensified. In the context of the **Urban Agenda Partnership**, DG HOME organised in April an **Urban Academy on Integration**¹²², gathering more than 30 integration practitioners to exchange on integration-related topics. The results of a **Partnership on the inclusion of migrants**¹²³ were presented in December.

DG HOME also contributed to starting the implementation of the **European Partnership for integration**¹²⁴, signed in December 2017. The DG supported twelve transnational

¹²⁰ The figures for 2018 includes all Member States except Greece. The figures for 2017 include all Member States.

¹²¹ https://ec.europa.eu/home-affairs/content/about-emn-0_en

¹²² <https://ec.europa.eu/futurium/en/inclusion-migrants-and-refugees/urban-academy-integration-coming>

¹²³ <https://ec.europa.eu/futurium/en/inclusion-migrants-and-refugees/much-achieved-more-ahead-was-inclusion-partnerships-conference-4>

¹²⁴ <https://ec.europa.eu/social/main.jsp?langId=en&catId=329&newsId=9029&furtherNews=yes>

projects on the topic of integration in the labour market for 7.5 million, and supported the implementation of actions related to integration of migrants in the labour market in 25 Member States.

End-2018 the implementation was completed of the **Action Plan on integration of third-country nationals**¹²⁵ presenting a framework for action and concrete initiatives to support Member States in integrating the 20 million non-EU nationals residing legally in the EU. DG HOME will continue to monitor progress under all the specific measures.

The **gap between the employment rates of third-country nationals compared to EU nationals** is used as an indicator to measure progress in integrating third country nationals in EU societies. In 2018 the gap narrowed to 14.6 percentage points as the increase of the employment rate was higher for third-country nationals (59.3% in 2018 compared to 57.4% in 2017) than for EU nationals (73.9% in 2018 compared to 72.9% in 2017).

In the **European Semester exercise** 2017–2018, DG HOME provided input to the country-specific recommendations addressed to three Member States in 2018: France, Belgium and Austria regarding the integration of third-country nationals.

EUR 925 million have been allocated under the Asylum, Migration and Integration Fund to support measures on integration and legal migration in the period 2014–2020. The resulting measures concerns areas like education and training, including preparatory actions to facilitate access to the labour market, advice and assistance on housing, means of subsistence and administrative and legal guidance, medical and psychological care.

Project under the Asylum, Migration and Integration Fund

Slovenia – Initial integration of immigrants

Immigrants learn the basics of the Slovene language as well as Slovenian culture, history and constitutional order.

In this way, immigrants get familiarised with the society of the host country, which is needed in order to ensure successful integration. The programme is provided to groups of 10–15 participants by language schools, where participants are put into groups on the basis of an assessment of their prior knowledge in a placement test.

➤ **Maximising the development benefits for countries of origin**

In 2018, DG HOME continued promoting a comprehensive approach on migration and mobility with third countries in line with the Partnership Framework¹²⁶.

Regarding **legal migration pilot projects**, first announced in September 2017 in the communication on the Delivery of the European Agenda on Migration¹²⁷, substantial progress has been ensured throughout 2018 to develop tailored cooperation on legal migration with third countries of origin and transit. This can help reduce irregular migration by offering safe and lawful alternatives to persons wishing to migrate. The key objectives of the pilot project are to create benefits for: i) migrants (ensuring training, and support for reintegration in cases where the mobility is temporary, including through start up financing given to returning migrants); ii) Member States (filling shortages in selected sectors of their labour markets, while also contributing to alleviate demographic challenges in Europe); and iii) for countries of origin (building the capacity for drawing benefits of this mobility and of labour migration more generally). Under the Mobility Partnership Facility¹²⁸, DG HOME ensured in 2018 funding for pilots for about EUR 3 million and supported ten EU Member States in carrying out projects in Eastern and Southern neighbourhood countries that have signed **Mobility Partnership Joint Declarations** (based on mutual offers of commitments and project initiatives covering

¹²⁵ www.ec.europa.eu/migrant-integration/

¹²⁶ https://eeas.europa.eu/sites/eeas/files/factsheet_ec_format_migration_partnership_framework_update_2.pdf

¹²⁷ COM(2017) 558 final of 27.9.2017.

¹²⁸ https://ec.europa.eu/home-affairs/what-we-do/policies/international-affairs/global-approach-to-migration/mobility-partnership-facility_en

mobility, migration and asylum). Also, a project focusing on labour mobility was adopted in December under the North Africa window of the EU Trust Fund, aiming to create legal pathways from Morocco, Tunisia and Egypt to the EU.

The Asylum, Migration and Integration Fund provided support for the participation of 19 938 eligible third-country nationals in pre-departure measures (compared to 12 446 in 2017).¹²⁹

1.2 Commission General Objective: An area of justice and fundamental rights based on mutual trust

Security is identified as a priority for the Commission. Europeans need to feel confident that wherever they move within Europe, their freedom and their security are well protected. The *European Agenda on Security*¹³⁰ adopted in 2015, sets out the strategic framework for the period 2015–2020. To monitor the implementation of the European Agenda on Security, DG HOME prepared in 2018 five regular reports on the progress towards an effective and genuine Security Union.¹³¹

According to the DG HOME proposal from June for the **Multiannual Financial Support 2021–2027**, an amount equal to EUR 3.4 billion is planned to support actions to fight against **terrorism and radicalisation, serious and organised crime, cybercrime** and the protection of victims. The proposed allocation comprises the budget of the Internal Security Fund (EUR 2.5 billion).

In 2018, DG HOME organised different events, covering several aspects of the area of security:

- The *Security Research Event 2018* on **Making Europe a safer place: demonstrating the impact of EU-funded security research** took place in Brussels in December. It brought together experts in eight thematic panels discussing Border Security, Citizens' awareness, Cybercrime, Disaster Resilient Societies, Maritime Security, Protection of Public Spaces, Radicalisation and Terrorism. An exhibition of around 50 EU funded projects showed the added value of security research. The event was co-organised with the Austrian presidency.
- During the course of the year, DG HOME chaired the *International Forum to Advance First Responder Innovation* (IFAFRI) and managed its secretariat. The main achievement of the Forum was the validation of two new capability gaps in addition to the existing four: the ability to maintain interoperable communications under any environmental conditions, and the ability to remotely access critical information about the extent of an incident and the situation inside and outside the security perimeter. The annual Forum Meeting was held back-to-back to the Security Research Event 2018.
- Three one-week workshops of the **Community of Users** covered topics in a wide range of areas from Forensics, Climate Extreme Events to Civil-Military Cooperation in chemical, biological, radiological and nuclear (CBRN) defence.

Also, under the Horizon2020 **Secure Societies** Work Programme, three research projects with a total EU contribution of EUR 9 million cover the **Disaster-Resilience Societies dimension**; one project creates networks in the Arctic region, another sets up a pan-European network of practitioners and policy-makers in the medical and security field, and the third one work to build cooperation with a view to enhanced participation in the research and innovation area.

¹²⁹ The figure for 2018 includes all Member States except Greece. The figure for 2017 includes all Member States.

¹³⁰ COM(2015)185 final of 28.4.2015: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the European Agenda on Security.

¹³¹ COM(2018) 845 of 11.12.2018; COM(2018) 690 of 10.10.2018; COM(2018) 470 of 13.6.2018; COM(2018) 211 of 17.4.2018; COM(2018) 46 of 24.1.2018.

1.2.1 DG HOME Specific Objective: A strong EU response to tackling terrorism and preventing radicalisation

In 2018 DG HOME continued supporting Member States in their efforts to act against the terrorist threat, among others through working on the implementation of the **Counter-Terrorism** Package adopted in October 2017, comprising a set of operational and practical measures to better defend EU citizens against terrorist threats.

The Commission adopted in April a DG HOME proposal for a Regulation¹³² on **marketing and use of explosives precursors**, aiming to strengthen and clarify the existing rules in order to close security gaps and deny terrorists the means to act. The proposed measures include among others: expanding the list of regulated substances; ending the current registration systems; quicker and better information sharing as well as clarifying the rules regarding both offline and online sales. The European Parliament adopted the proposal in April 2019.

In October the EU adopted the **Directive on combating money laundering by criminal law**, based on a DG HOME proposal from 2016¹³³. The new rules will harmonise offences and sanctions for money laundering, ensuring that criminals and terrorists face equally severe penalties for their crimes across the whole EU.

In support of further efforts to combat **terrorist financing**, the Commission has offered financial support through the Internal Security Fund–Police instrument to counter new modus operandi of terrorists and to support the development of collaborative actions and partnerships between public authorities and private entities. As a result of the call for proposals, three new projects were selected in 2018 for 2.6 million EUR.

DG HOME drives action to **counter radicalisation**. In the Radicalisation Awareness Network¹³⁴ around 5 000 practitioners from all Member States are connected, and in the High-Level Commission Expert Group on radicalisation¹³⁵ local actors find a platform for exchanges. In its Final Report¹³⁶, the Expert Group presented in May recommendations on priority areas and principles of any future enhanced cooperation mechanisms. Against this background, the Commission is gradually setting up a Coordination and Support Structure within DG HOME and created, in August, a Member States' Steering Board to advise on strategic orientations in the preventive area. In December, Strategic Orientations for 2019 were adopted, building on the Expert Group's recommendations. They include action plans with complementary actions of several stakeholders on priority topics (such as on prisons, local dimension, ideology and polarisation, evaluation).

The Internal Security Fund-Police Union Actions supported in 2018 the operation of the Radicalisation Awareness Network with about EUR 6 million. As a result of a call for proposals, seven new projects were selected in 2018 for EUR 4.5 million.

To address the threat posed by **terrorist content online** effectively, DG HOME worked with EU Member States, the internet industry and other stakeholders within the EU Internet Forum¹³⁷. Efforts focused on reducing accessibility to terrorist content online, and empowering civil society partners to increase the volume of effective alternative narratives. Under the **Civil Society Empowerment Programme**¹³⁸ DG HOME selected twelve projects in 2018 for a funding of over EUR 8 million to develop effective alternative narrative campaigns. Furthermore, the Commission launched a second call for

¹³² COM(2018) 209 final of 17.4.2018: Proposal for a Regulation of the European Parliament and of the Council on the marketing and use of explosives precursors, amending Annex XVII to Regulation (EC) No 1907/2006 and repealing Regulation (EU) No 98/2013 on the marketing and use of explosives precursors.

¹³³ COM(2016) 826 final of 21.12.2016: Proposal for a Directive of the European Parliament and of the Council on countering money laundering by criminal law.

¹³⁴ https://ec.europa.eu/home-affairs/what-we-do/networks/radicalisation_awareness_network_en

¹³⁵ <http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=3552>

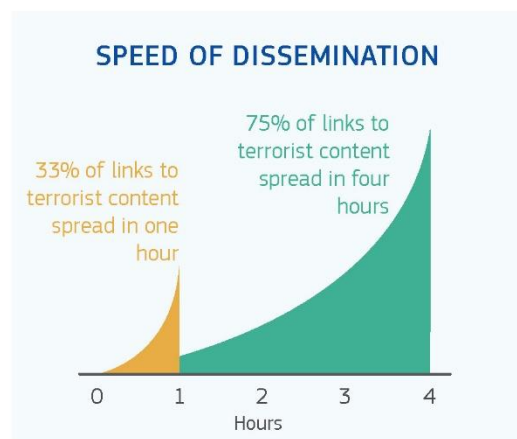
¹³⁶ https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-security/20180613_final-report-radicalisation.pdf

¹³⁷ https://ec.europa.eu/home-affairs/what-we-do/networks/radicalisation_awareness_network/civil-society-empowerment-programme_en

¹³⁸ https://ec.europa.eu/home-affairs/what-we-do/networks/radicalisation_awareness_network/civil-society-empowerment-programme_en

a total budget of EUR 4 million.

Despite important progress, terrorist content online continues to be easily accessible. Therefore, the Commission presented in September the DG HOME **proposal for a Regulation to prevent the dissemination of terrorist content**¹³⁹. The negotiations over the proposal between the Council and the European Parliament will continue in 2019.



The Commission is proposing a new approach with clear and transparent rules to ensure that when terrorist content is identified:

- it is taken down as early and as quickly as possible;
- online platforms take measures to ensure that their services cannot be misused and that removed content is not re-uploaded elsewhere;
- citizens' fundamental rights to freedom of expression and information are fully protected.

The EU Internet Referral Unit within Europol continued to grow and in 2018 alone some **39 336 decisions for referral** to the internet companies were made. In over 80% of cases the material was removed, thereby helping to reduce accessibility to terrorist content online.

In line with the Action Plan to support the **protection of public spaces**¹⁴⁰, a Policy group, a Practitioners forum and an Operators forum have been established to increase cooperation within and between Member States. Drawing on discussions and material provided, the Commission prepared a non-paper identifying good practices for measures for both public authorities and private operators to strengthen the security of public spaces.

During the year, DG HOME contributed to the implementation of the Action Plan Enhancing preparedness against **chemical, biological, radiological and nuclear (CBRN)** security risks¹⁴¹. Among others, DG HOME in cooperation with the Member States worked on defining a list of chemicals of concern. Additionally, DG HOME started a dialogue with the private sector to explore possibilities of limiting the accessibility of the chemicals, and to enhance their detection.

Under the 2017 call for proposals within the Internal Security Fund – Police Protect Union actions, with a budget of more than EUR 20 million, projects have been selected for funding in the above areas. For instance, eight projects which focus on the protection of public spaces were selected. DG HOME also supported financially several initiatives in the area of chemical, biological, radiological and nuclear security.

Security Research activities conducted in the frame of the Horizon 2020 **Secure Societies Challenge Work Programme** also significantly contributed to the overall effort in tackling terrorism through three DG HOME research projects with a total EU contribution of EUR 14.9 million. Their aim is to address the most pressing needs in the fight against terrorism and serious crime. One of the projects, EXERTER, is depicted below.

¹³⁹ COM(2018) 640 final of 12.9.2018: Proposal for a Regulation of the European Parliament and of the Council on preventing the dissemination of terrorist content online.

¹⁴⁰ COM(2017) 612 final of 18.10.2017: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on an Action Plan to support the protection of public spaces.

¹⁴¹ COM(2017) 610 final of 18.10.2017.

Research grant: **EXERTER Project**

Security of Explosives pan-European Specialists Network

This project connects practitioners from 13 EU Member States into a Network with Explosives Specialists. The objective of the EXERTER Network is to bridge the difficulties for security practitioners to **capture and utilise research results** and to direct the industry's innovation efforts to address the **most pressing capability gaps in the fight against terrorism and serious crime**. Thus it drives innovators into targeted areas on which research programmes should focus, proposes standardisation priority areas and advises on exploitation and commercialisation opportunities. EXERTER will also assess evolving threats requiring immediate attention of the Security of Explosives community - thus widely addressing emerging technologies and trends.

In the framework of the discussions with Member States on the Security Research call of the Horizon 2020 Secure Societies work programme, the possibility of introducing a topic dedicated to preventing and countering violent radicalisation is currently being considered for 2020.

DG HOME contributes to enhancing **transport security**. To protect passenger **rail transport** against terrorism and serious crime, a rail security platform (RAILSEC) was established with relevant stakeholders by DG MOVE in close coordination with DG HOME, and the first meeting of the newly created Rail Passenger Transport Security Platform took place in December. The Integrated EU **Aviation** Risk Assessment was further developed in 2018, looking at how we can enhance security systems for detection of prohibited items and suspect passengers coming to the EU from third countries. Altogether 35 assessments were made. 14 third countries were mapped and closer cooperation established with selected third countries. In November, DG HOME and the Joint Research Centre (JRC) finalised the development of a manual of indicators for the protection of **critical infrastructures** against hybrid threats and made it available to Member States.

DG HOME organised several workshops with Member States to ensure the correct transposition of the **Directive on combating terrorism**¹⁴². The deadline for transposition expired in September and the Commission issued letters of formal notice against those Member States that had not yet notified complete transposition.

Sadly there can never be zero risk of terrorism, but we are continuing to cut the space terrorists have to prepare and carry out their crimes. As terrorist tactics change, we are stepping up our support to Member States in meeting these threats: helping protect the public spaces where people gather, while cutting off terrorists' access to dangerous bomb-making materials, and sources of finance.

Commissioner for the Security Union Julian King,
18 October 2018

To engage with local and regional authorities, DG HOME and the Committee of the Regions organised in March the EU Mayors' Conference *Building urban defences against terrorism: lessons learned from recent attacks*, with close to 200 participants from European cities. The conference was followed up by a technical workshop.

To step up international cooperation on counter-terrorism, the Council adopted **Decisions on the conclusion of the Council of Europe Convention on the Prevention of Terrorism and its Additional Protocol** based on proposals¹⁴³ prepared by DG HOME. They relate among others to the criminalisation of terrorist and terrorist-related activities and furthers a common understanding of/response to offences by foreign terrorist fighters. The conclusions adopted in June entered into force in October.

¹⁴² Directive (EU) 2017/541 of the European Parliament and of The Council of 15 March 2017 on combating terrorism and replacing Council Framework Decision 2002/475/JHA and amending Council Decision 2005/671/JHA.

¹⁴³ COM(2017) 606 final, 2017/0265 (NLE), COM(2017) 607, of 18.10.2017.

To strengthen the EU's **external action** on counter-terrorism, DG HOME engaged with priority **third countries** and international partners (United Nations, Interpol, G7, G20, the Global Coalition, the Global Counterterrorism Forum, NATO) in the fight against terrorism:

- Within the **Western Balkan Strategy**¹⁴⁴ the Commission proposed, negotiated and concluded a Joint Action Plan on Counter-terrorism for the Western Balkans¹⁴⁵ aiming to step up regional and bilateral cooperation in the fight against terrorism.
- The Commission received negotiating mandates from the Council for international agreements with **Algeria, Tunisia, Morocco, Egypt, Israel, Lebanon, Jordan and Turkey** to allow the exchange of personal data between Europol and these countries. DG HOME invited six of these countries (Algeria, Egypt, Jordan, Lebanon, Morocco and Tunisia) to an introductory meeting in December. Negotiation with Israel has been postponed at their request, while the first round of negotiations with Turkey took place in November.
- In 2018, the level of engagement with the network of CyberTech/Security experts deployed in EU delegations was strengthened to better link their work with internal security priorities.

DG HOME also prepared a recommendation¹⁴⁶ to negotiate a revised **Passenger Name Record agreement with Canada**. The exchange of Passenger Name Record (PNR) data among law enforcement authorities is crucial, not only within the EU, but also with recognised international partners, to fight terrorism and other transnational crime. An agreement was to be concluded in 2014 between the EU and Canada on the processing and transfer of Passenger Name Record data by air carriers, but this was put on hold awaiting the Opinion of the European Court of Justice on this agreement and its compatibility with EU law. In its opinion of 26 July 2017, the Court observed that the envisaged agreement could not be concluded as proposed because some of its provisions are incompatible with the fundamental rights (data protection and respect for private life). As a consequence, a new agreement is currently under negotiation between the EU and Canada since June 2018. Substantial progress was made, and chief-negotiators reached an agreement in March 2019.

With the deadline for the implementation of the **EU Passenger Name Record Directive**¹⁴⁷ expiring in May, DG HOME launched infringement procedures in July against 14 Member States for failing to communicate the adoption of national legislation which fully transposes the Directive. Where implemented, the Directive has already provided information on terrorism related travel movements, and has led to seizures and arrests against drug traffickers, people smugglers and other criminals. The 2018 work programme of the Internal Security Fund foresees further funding of EUR 1.5 million for the interconnectivity of national Passenger Information Units.

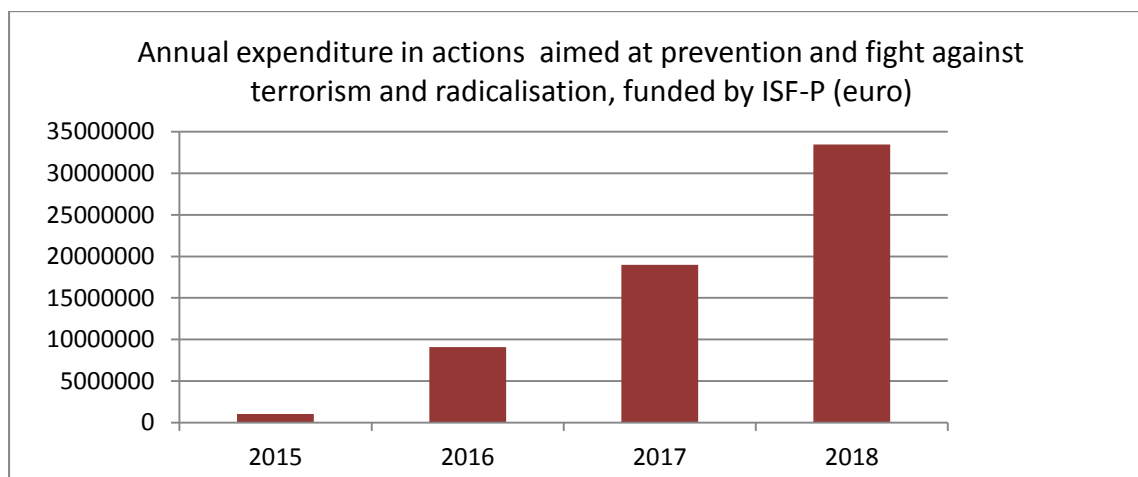
In 2018, the Internal Security Fund–Police continued to support the prevention and fight against security related-risks and crisis (including terrorism), in order to ensure a high level of security in the Union. In the financial year 2018 (16 October 2017–15 October 2018), the Member States financed actions in this area reaching a total expenditure of **EUR 150 million of EU funding**, which is 55% higher than in 2017. In total, an amount equal to EUR 308 million was declared in 2014-2018 with support of the fund out of EUR 753 million allocated in 2014-2020.

¹⁴⁴ COM(2018) 65 final of 6.2.2018: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A credible enlargement perspective for and enhanced EU engagement with the Western Balkans.

¹⁴⁵ https://ec.europa.eu/home-affairs/sites/homeaffairs/files/news/docs/20181005_joint-action-plan-counter-terrorism-western-balkans.pdf

¹⁴⁶ COM(2017) 605 final of 18.10.2017: Recommendation for a Council Decision authorising the opening of negotiations on an Agreement between the European Union and Canada for the transfer and use of Passenger Name Record (PNR) data to prevent and combat terrorism and other serious transnational crime.

¹⁴⁷ Directive (EU) 2016/680 of 27.4.2016.



Source: 2018 annual accounts submitted by Member States.

To facilitate Member States' protection of critical infrastructure in all sectors of the economy, 112 dedicated tools were put in place or upgraded with the help of the Fund. Moreover, the Member States implemented 36 projects to improve the assessment and management of risks in the field of internal security and organised in total 919 expert meetings and other specific events with the support of the Fund (compared to 196 in 2017).¹⁴⁸

1.2.2 DG HOME Specific Objective: Disrupt organised crime

Providing the competent authorities with adequate tools to access and exchange vital information for fighting serious crime and terrorism is paramount when it comes to the achievement of a genuine and effective Security Union.

As part of the efforts to **fight financing of terrorists and criminals**, the Commission adopted in April a proposal for a Directive, prepared jointly by DG HOME and DG JUST, on the use of financial and other information for the detection, prevention, investigation and prosecution of serious criminal offences¹⁴⁹, building on the amendments of the 4th Anti-Money Laundering Directive¹⁵⁰. In broad, the proposal aims to overcome the current, burdensome procedure where law enforcement authorities have to send a request to all banks in a Member State to obtain financial information in a criminal investigation. The European Parliament adopted the proposal in April 2019.

Furthermore, the first Operational Action Plan within the EU policy cycle for **serious international and organised crime 2018–2021** was launched. DG HOME provided funding and ensures consistency of actions with the EU policies. Among the 239 actions 2018, the Commission was in the lead for those that were of strategic nature.

¹⁴⁸ The figures for 2018 includes all Member States except Greece. The figure for 2017 includes all Member States.

¹⁴⁹ COM(2018) 213 final of 17.4.2018: Proposal for a Directive of the European Parliament and of the Council laying down rules facilitating the use of financial and other information for the prevention, detection, investigation or prosecution of certain criminal offences and repealing Council Decision 2000/642/JHA.

¹⁵⁰ Directive (EU) 2015/849 of the European Parliament and of The Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC.

In order to **control the acquisition and possession of firearms**, the Commission adopted in April a Recommendation on immediate steps to improve security of export, import and transit measures for firearms, their parts and essential components and ammunition¹⁵¹. In addition, DG HOME and the High Representative of the Union for Foreign and Security Policy adopted a Joint Communication on Elements towards an EU Strategy against illicit Firearms, Small Arms & Light Weapons and their Ammunition¹⁵² which was endorsed by the Council in November 2018.

In 2018, the EU-Anti trafficking Coordinator, based in DG HOME, continued coordinating the work against trafficking in human beings at Commission level, including on funding. The Commission adopted in December the **Second Report on the progress made in the fight against trafficking in human beings**¹⁵³ together with its accompanying staff working document¹⁵⁴. The report takes stock of measures taken since 2015, highlights the main trends in trafficking in human beings and outlines remaining challenges that the EU and Member States must address as a matter of priority.

Trafficking in human beings in the EU 2015–2016

20 532 victims registered
44% of victims EU citizens*
68% women and girls
23% children
56% sexual exploitation
26% labour exploitation
6 000 prosecutions for trafficking
2 930 convictions
18 convictions for using services
provided by victims

A number of key actions on trafficking under the 2017 Commission Communication¹⁵⁵ were realised, including the:

- signing by ten heads of **EU agencies** (Europol, Eurojust, CEPOL, EASO, FRA, EBCGA, EIGE, eu-LISA, Eurofound, EMCDDA) of the statement of a joint commitment to work together against trafficking in human beings;
- launch of a tendering procedure for completing three **studies** (on the review the functioning of the Member States' national and transnational referral mechanisms; on the economic, social and human costs of trafficking; and on the impact of the EU approach to combating trafficking for sexual exploitation);
- publication, in cooperation with the European Institute for Gender Equality, of guidance to Member States on **gender-specific measures for helping and supporting victims**¹⁵⁶;
- publication of the latest criminal justice **statistics** on the EU situation as regards trafficking in human beings¹⁵⁷; and
- publication of the document **Key concepts in a nutshell**¹⁵⁸.

¹⁵¹ C(2018) 2197 final of 17.4.2018 Recommendation on immediate steps to improve security of export, import and transit measures for firearms, their parts and essential components and ammunition.

¹⁵² JOIN (2018) 17 final of 13.6.2018: Joint Communication to the European Parliament and the Council: Elements towards an EU Strategy against illicit Firearms, Small Arms & Light Weapons and their Ammunition "Securing Arms, Protecting Citizens".

¹⁵³ COM(2018) 777 final of 3.12.2018: Report from the Commission to the European Parliament and the Council: Second report on the progress made in the fight against trafficking in human beings (2018) as required under Article 20 of Directive 2011/36/EU on preventing and combating trafficking in human beings and protecting its victims.

¹⁵⁴ SWD(2018) 473 final of 3.12.2018.

* The five most common EU citizenships among registered victims: Romanian, Hungarian, Dutch, Polish and Bulgarian. The five most common non-EU citizenships: Nigeria, Albanian, Vietnamese, Chinese and Eritrean.

¹⁵⁵ COM(2017) 728 final of 4.12.2017: Commission Communication 'Reporting on the follow up to the EU Strategy towards the Eradication of trafficking in human beings and identifying further concrete actions'.

¹⁵⁶ <https://eige.europa.eu/rdc/eige-publications/gender-specific-measures-anti-trafficking-actions-report>

¹⁵⁷ Study "Data collection on trafficking in human beings in the EU", at: https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-security/20181204_data-collection-study.pdf

¹⁵⁸ https://ec.europa.eu/anti-trafficking/sites/antitrafficking/files/key_concepts_in_a_nutshell.pdf

The **EU's resolute action** against trafficking in human beings has already brought **good results**, notably with improvements in:



Moreover, DG HOME selected twelve projects for EUR 4.68 million under Union actions within the Internal Security Fund-Police and the Asylum, Migration and Integration Fund, to address, respectively, the criminal dimension of trafficking in human beings, and the needs of third country nationals (especially women and children) who are victims of trafficking and assist in their integration in the host society.

DG HOME continued implementing its experience-sharing programme on **anti-corruption**, holding two workshops in 2018. These activities were complemented by working alongside international organisations such as the Council of Europe's Group of States against Corruption (GRECO), G20, OECD and United Nations Office on Drugs and Crime (UNODC). As a result of the call for proposals under the Internal security Fund-Police, seven new projects were selected in 2018 for 3.1 million EUR to develop tools in the fight against corruption.

In the **European Semester exercise** 2017–2018, DG HOME provided input to the country-specific recommendations addressed to six Member States in 2018 regarding the **fight against corruption**. These concern Czech Republic, Hungary, Italy, Latvia, Malta and Slovakia.

Security Research activities conducted in the frame of the Horizon2020 **Secure Societies Challenge Work Programme** also contributed to the overall effort in fighting organised crime. DG HOME manages one grant relating to this topic with a total EU contribution of EUR 9.5 million, the aim of which is being depicted below. Five projects, some of which are dealing with organised crime and terrorism simultaneously, are managed by the Research Executive Agency.

Research grant: **SHUTTLE Project**

SHUTTLE is an acronym for Scientific High-throughput and Unified Toolkit for Trace analysis by forensic Laboratories in Europe

The aim is to develop a toolkit which will facilitate the **analysis of micro traces collected in crime scenes**. Today, the use of forensic data in cross-border investigations and in foreign courts is limited due to its technical difficulties.

The project will contribute to **strengthen the forensic collaboration** across countries and institutions in Europe. It will also catalyse innovation by allowing authorities to invest cost effectively in innovation by sharing costs and lessons learnt.

Drug abuse affects the lives of millions of Europeans, whilst drug trafficking poses challenging cross-border security issues. In January the Commission adopted a Proposal¹⁵⁹ prepared by DG HOME on the EU position on additional substances to be scheduled under UN Conventions on **Narcotic Drugs** and **Psychotropic Substances**. The proposal was adopted by the Council in March. In addition to the international level, further substances were put under control measures at European level based on Commission proposals¹⁶⁰.

¹⁵⁹ COM(2018) 31 final of 12.1.2018: Proposal for a Council Decision on the position to be adopted, on behalf of the European Union, in the sixty-first session of the Commission on Narcotic Drugs on the scheduling of substances under the Single Convention on Narcotic Drugs of 1961 as amended by the 1972 Protocol and the Convention on Psychotropic Substances of 1971.

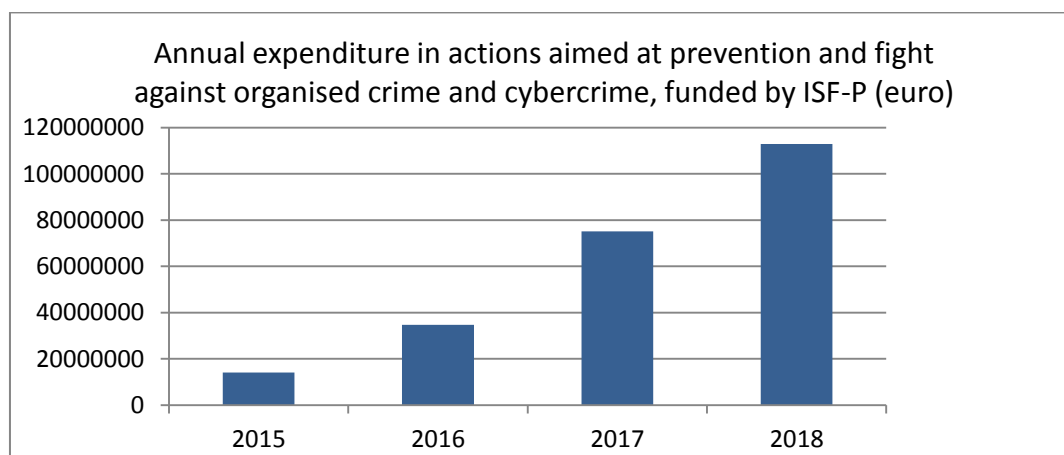
¹⁶⁰ Council Implementing Decision (EU) 2018/747 of 14 May 2018 on subjecting the new psychoactive substance *N*-(1-amino-3,3-dimethyl-1-oxobutan-2-yl)-1-(cyclohexylmethyl)-1*H*-indazole-3-carboxamide (ADB-CHMINACA) to control measures, OJ L 125, 22.5.2018, p. 8; Council Implementing Decision (EU) 2018/78 of 14 May 2018 on subjecting the new psychoactive substance 1-(4-cyanobutyl)-*N*-(2-phenylpropan-2-yl)-1*H*-indazole-3-carboxamide (CUMYL-4CN-BINACA) to control measures, OJ L 125, 22.5.2018, p. 10; Council Implementing Decision (EU) 2018/1463 of 28 September 2018 on subjecting the

DG HOME as parent DG coordinated during the year work related to the **European Monitoring Centre for Drugs and Drug Addiction**. This also included policy input to The European Drug Report 2018: Trends and Developments¹⁶¹, which provides a basis for evidence-based policymaking. The report was accompanied by **30 Country Drug Reports** presenting summaries of national drug phenomena in the EU28, Turkey and Norway. In November, the **new legislative framework on new psychoactive substances** became fully effective, providing for a more efficient procedure to put dangerous new psychoactive substances under control faster. DG HOME included in December new psychoactive substances in the definition of 'drug' through the first delegated act¹⁶² under the new legislation. In addition, the Commission adopted positive opinions on the working arrangements negotiated by the European Monitoring Centre for Drugs and Drug Addiction with five other EU agencies¹⁶³.

In December, the Council adopted conclusions on alternative development¹⁶⁴. DG HOME actively contributed to the drafting, provided background information and supported the Austrian Presidency in negotiating the draft conclusions in the **Horizontal Drugs Group**.

During the year DG HOME also selected eleven new projects under the Justice Programme and the Internal Security Fund-Police. The projects aim to reduce both the demand and the supply of drugs in Europe, and support the cooperation between Member States to find common solutions to common problems.

The Internal Security Fund is important to increase operational action and for the exchange of information. In 2018, 413 joint investigation teams (JITs) and European Multidisciplinary Platform against Criminal Threats (EMPACT) were established with support of the Fund. Moreover, 164 projects in the area of crime prevention were undertaken and 69 projects contributed to improve law enforcement information exchanges related to Europol systems. In addition, with support of the Fund, the Member States intensified training activities so that 27 523 law enforcement officials could be trained on cross-border-related topics, an increase of 230% compared to 2017.¹⁶⁵



Source: 2018 annual accounts submitted by Member States.

new psychoactive substances *N*-phenyl-*N*-[1-(2-phenylethyl)piperidin-4-yl]cyclopropanecarboxamide (cyclopropylfentanyl) and 2-methoxy-*N*-phenyl-*N*-[1-(2-phenylethyl)piperidin-4-yl]acetamide (methoxyacetyl-fentanyl) to control measures, OJ L 245, 1.10.2018, p. 9.

¹⁶¹ European Drug Report 2018: Trends and Developments, EMCDDA, Lisbon, June 2018; <http://www.emcdda.europa.eu/edr2018>.

¹⁶² C(2018) 8460 final of 13.12.2018: Commission Delegated Directive (EU) .../... of 13.12.2018 amending the Annex to Council Framework Decision 2004/757/JHA as regards the inclusion of new psychoactive substances in the definition of 'drug'.

¹⁶³ Europol, EMA, EFSA, ECHA and ECDC.

¹⁶⁴ Council Conclusions on Alternative Development: "Towards a new Understanding of Alternative Development and Related Development-centred Drug Policy Interventions - Contributing to the Implementation of UNGASS 2016 and the UN Sustainable Development Goals" <http://data.consilium.europa.eu/doc/document/ST-14338-2018-INIT/en/pdf>.

¹⁶⁵ The figures for 2018 includes all Member States except Greece. The value for 2017 includes all Member States

1.2.3 DG HOME Specific Objective: An effective response to cybercrime

Classic cyber threats to systems and data remain on the rise, with an increase in activity from malicious actors across a diverse range of targets and victims in 2018. Countering cybercrime and enhancing cybersecurity therefore remains a priority for EU action.

Today, much of the useful information needed for criminal investigations and prosecutions is stored in the cloud, on a server in another country and/or held by service providers that are located in other countries. To address this challenge, in April, DG HOME and DG JUST put forward proposals for a Regulation¹⁶⁶ and a Directive¹⁶⁷ to facilitate **cross-border access to electronic evidence**. During the year, DG HOME supported the inter-institutional negotiation on the legislative proposals, on which the Council adopted a partial general approach in December. In the European Parliament, however, there has only been very limited progress on the proposals.

DG HOME also supported the inter-institutional negotiations of the Directive on **combating fraud and the counterfeiting of non-cash means of payment**¹⁶⁸. The Council and Parliament reached agreement on the Directive in December, and it was adopted in March 2019.

Under the Internal Security Fund-Police, nine new projects were awarded 7.7 million EUR to promote public private partnerships on cyber security and to tackle internet abuse and travelling sex offenders. It also funded the European Cyber Crime Training and Education Group to map training needs for law enforcement officers on the role of encryption in criminal investigations and foster development of training.

'Cyber-attacks know no borders, but our response capacity differs very much from one country to the other, creating loopholes where vulnerabilities attract even more the attacks. The EU needs more robust and effective structures to ensure strong cyber resilience and respond to cyber-attacks.'

Jean-Claude Juncker, Tallinn Digital Summit, 29 September 2017

DG HOME also monitors the implementation of the **Directive on combating child sexual abuse**, sexual exploitation and child pornography¹⁶⁹ and the **Directive on attacks against information systems**¹⁷⁰. In October, DG HOME launched a special **Eurobarometer on cybersecurity**, the result of which will be published in March 2019.

In 2018, DG HOME led the planned preparation and implementation of the **PACE18** exercise coordinated with NATO. The objective was to improve the EU's ability to **respond to a complex crisis** of a hybrid nature, including a cyber-component, with both internal and external dimensions, and to improve cooperation with NATO in such situations. The exercise identified improvements needed in the implementation of the Commission recommendation on a Coordinated Response to Large-scale Cybersecurity Incidents and Crises¹⁷¹.

¹⁶⁶ COM(2018) 225 final of 17.4.2018: Proposal for a Regulation of the European Parliament and of the Council on European Production and Preservation Orders for electronic evidence in criminal matters.

¹⁶⁷ COM(2018) 226 final of 17.4.2018: Proposal for a Directive of the European Parliament and of the Council laying down harmonised rules on the appointment of legal representatives for the purpose of gathering evidence in criminal proceedings.

¹⁶⁸ COM(2017) 489 final of 13.9.2017: Proposal for a directive on combating fraud and counterfeiting of non-cash means of payment and replacing Council Framework Decision 2001/413/JHA.

¹⁶⁹ Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on combating the sexual abuse and sexual exploitation of children and child pornography, and replacing Council Framework Decision 2004/68/JHA.

¹⁷⁰ Directive 2013/40/EU of the European Parliament and of the Council of 12 August 2013 on attacks against information systems and replacing Council Framework Decision 2005/222/JHA.

¹⁷¹ C(2017) 6100 final of 13.9.2017.

Tensor

Retrieval and Analysis of Heterogeneous Online Content for Terrorist Activity Recognition

Tensor is an example of a high impact Horizon 2020 project focusing on **terrorism, radicalisation and cybercrime**. It brings together industry, law enforcement, legal experts and research institutions to create a powerful terrorism intelligence platform enabling early detection of terrorist organised activities, radicalisation and recruitment. The platform will integrate a set of automated and semi-automated tools for efficient and effective searching, crawling, monitoring and gathering of online terrorist-generated content from the Surface and the Dark Web. The project started in September 2016 and should be finished in August 2019 (EUR 5 million of EU contribution).

1.3 Commission General Objective: A Union of democratic change

1.3.1 DG HOME Specific Objective: Enhance citizens' understanding of the Union, its history and diversity, foster European citizenship and improve conditions for civic and democratic participation at Union level

DG HOME is responsible for the development and political steering of the **Europe for Citizens**¹⁷² programme as well as for its monitoring and evaluation, while the Education, Audiovisual and Culture Executive Agency (EACEA) is responsible for most of its implementation. The Programme aims to enhance citizens' understanding of the EU, foster a European citizenship and improve conditions for civic and democratic participation at EU level. According to the Eurobarometer¹⁷³, 71% of EU citizens feel European.

In 2018 slightly fewer projects than foreseen were realised, but with a higher value and more participants.

417 new projects
selected

- 35 Networks of Town , 31 Civil Society, 37 Remembrance projects, 255 Town Twinning, 29 Europe for citizens Points and 30 operating grants

Se souvenir de l'avenir

One example of a network of towns completed in 2018 (grant awarded in 2016: EUR 150 000)

This project was launched and coordinated by the French city of Loches, with the support of five towns in the Centre-Val de Loire region and their respective twin towns throughout Europe. It was built upon a wide network of partners, **involving more than 600 invited citizens** from the 28 EU Member States as well as **1 250 participants from the host towns**. The project revolved around six meetings with the objective of enabling **young citizens to take ownership of their European identity, get involved and contribute to the future of Europe**. By taking part in interactive discussions, workshops and intercultural exchanges, young people could widen their knowledge on EU topics including migration, Euroscepticism, Brexit and the upcoming European Parliamentary elections.

¹⁷² http://ec.europa.eu/citizenship/europe-for-citizens-programme/index_en.htm

¹⁷³ Eurobarometer number 90 (autumn 2018)

**Information vs manipulation
how to stand up against propaganda?**

One example of a remembrance project completed in 2018 (grant awarded in 2017: EUR 60 000)

This project was coordinated by the Polish *Muzeum historii żydów polskich – POLIN* and addressed high school students from the Czech Republic, Hungary and Poland with the aim to improve their knowledge and skills to become critically analytical consumers of modern media and responsible citizens in a democratic society. Within the project, the mechanisms of persuasive language and propaganda were examined, based on specific historical events of 1956 in Hungary and 1968 in the former Czechoslovakia and Poland. The students learned how to conduct their own media projects, participating in workshops on exhibition design, conducting debates, collecting and documenting oral history, conducting probes and social research, video filming and editing.

In 2018, sustainability and effectiveness were enhanced by using IT tools, lump sums and unit costs. The EACEA provided all the reports foreseen in the general memorandum of understanding between EACEA and its parent DGs, enabling **DG HOME to closely monitor the implementation** of the Europe for Citizens programme in 2018. The report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the **interim evaluation** of the Europe for Citizens programme 2014–2020 was adopted in April¹⁷⁴.

For the next Multi annual framework programme, the Commission submitted a proposal in May for the successor programme of Europe for Citizens (Rights and Values Programme). Within this new programme, the scope and objectives of Europe for citizens are included in the strand “Citizens’ engagement and participation”. DG HOME worked on the preparation of the Commission proposal (launching of public consultation, impact assessment) and took an active part in the following negotiations with the European Parliament and the Council on this Regulation. A compromise between the co-legislators in the form of a partial common understanding was reached in March.

DG HOME maintained a dialogue with beneficiaries and partners in the framework of the Civil Dialogue Group. Two meetings were held in 2018, focussing on the preparation of the successor programme of Europe for Citizens and on the 2019 European elections.

A holocaust remembrance event was held in January.

The important role played by the programme in fostering civic participation and democratic engagement of citizens was especially voiced by the European Parliament.

1.4 Commission General Objective: A Deeper and Fairer Internal Market with a Strengthened Industrial Base

A strong and competitive **EU security industry** contributes to meeting the EU's security needs. Whilst technology cannot guarantee security, it is a principal enabler for security in today's society. Furthermore, a strong EU-based security industry ensures that Europe does not have to depend on third countries' technologies in highly sensitive domains. DG HOME is responsible for the **security research programme** and the **security industry policy**, and continued in 2018 to support the competitiveness of this industry. Two projects with a total EU contribution of EUR 12.7 million were launched in the framework of the Horizon 2020 Secure Societies: The Broadway and the Stair4Security projects.

¹⁷⁴ COM(2018)170 of 6.4.2018.

Research grant: Broadway project

DG HOME continued exploring the use of Pre-Commercial Procurement (PCP) as a tool to foster market uptake of security research output. In the Broadway project, PCP enables the next generation of **pan-European broadband radio communication** systems. PCP responds to a common need identified by a group of users and offers the possibility to steer the development of solutions towards public sector needs, whilst comparing/validating alternative solutions. In this way the road to market is shortened for solutions that prove to be technologically mature and operationally relevant. Moreover, through PCP, new innovative players (e.g. start-ups, small and medium-sized enterprises) get access to the public procurement market, and market fragmentation is reduced, with reduced costs for procurers and wider markets for companies.

Standardisation is also identified as a tool to overcome market fragmentation and to boost the effectiveness of the Security Union. Following several dedicated Horizon 2020 research projects in 2016 and 2017, a grant on pre-standardisation mechanisms for security was launched in 2018, which resulted in the Stair4Security platform. The platform will contribute to the overall efficiency of the European Security Standardisation Governance in Disaster Resilience and the area of chemical, biological, radiological and nuclear defence. In addition, pre-normative research in the area of chemical, biological, radiological and nuclear defence is also carried out under the European Reference Network for Critical Infrastructure Protection (ERNICIP)¹⁷⁵ with recommendations expected by the end of 2019.

Following inter-institutional discussions, a common understanding was reached that the proposal for a Regulation establishing a Union certification system for aviation security screening equipment (adopted by the Commission in September 2016 based on a DG HOME proposal) should be withdrawn. It was agreed that an **EU certification in the field of aviation security** could be better achieved by amending the implementing legislation to Regulation (EC) No 300/2008 on common rules in the field of civil aviation security under the responsibility of DG MOVE.

¹⁷⁵ <https://erncip-project.jrc.ec.europa.eu/>

2 ORGANISATIONAL MANAGEMENT AND INTERNAL CONTROL

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

The first subsection reports the control results and all other relevant information that support management's assurance on the achievement of the financial management and internal control objectives¹⁷⁶. It includes any additional information necessary to establish that the available evidence is reliable, complete and comprehensive; appropriately covering all activities, programmes and management modes relevant to the DG.

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

2.1 Financial management and internal control

Assurance is an objective examination of evidence for the purpose of providing an assessment of the effectiveness of risk management, control and governance processes.

This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. Its results are explicitly documented and reported to the Director-General. The reports produced are:

- the reports by Authorising Officers by Sub-Delegation (AOSDs) in the DG;
- the reports from Authorising Officers in other DGs managing budget appropriations in cross-sub-delegation;
- the reports on control results from management/audit authorities in Member States in shared management, as well as the result of the Commission supervisory controls on the activities of these bodies;
- the reports of the external auditors on the results of control on decentralised agencies in indirect management, as well as the result of the Commission's supervisory controls on the activities of these bodies;
- the reports received from entrusted entities (indirect management) in the framework of the delegation agreements;
- the contribution by the Director in charge of Risk Management and Internal Control, including the results of internal control monitoring at the DG level;
- the results of the ex post supervision and audit;
- the reports on recorded exceptions, non-compliance events and any cases of 'confirmation of instructions' (Art 92.3 FR);
- the limited conclusion of the internal auditor on the state of internal control, and the observations and recommendations reported by the Internal Audit Service (IAS);
- the observations and the recommendations reported by the European Court of Auditors (ECA).

These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a complete coverage of the budget delegated to the Director-General of DG HOME.

¹⁷⁶ Art 36.2 FR: a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; and e) adequate management of risks relating to the legality and regularity of underlying transactions.

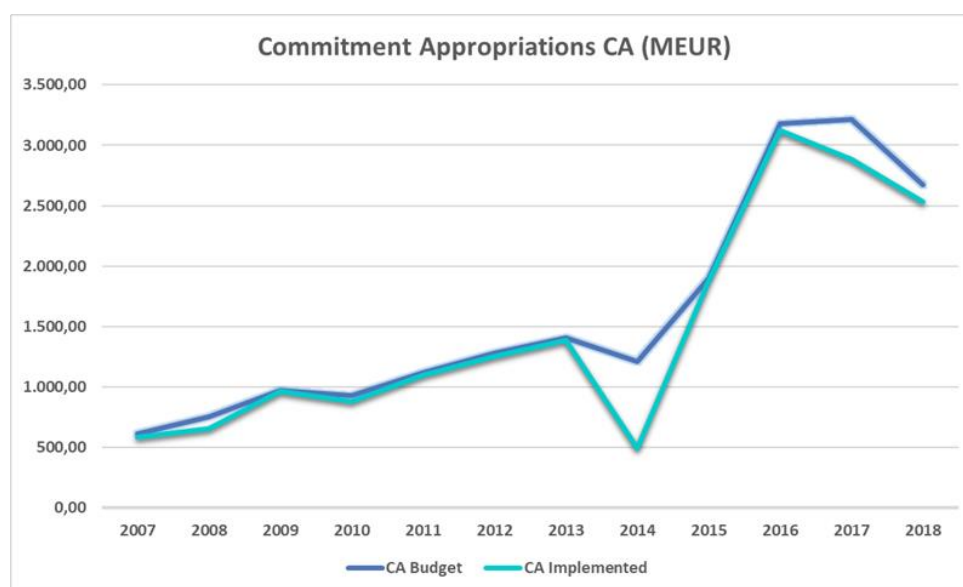
This section reports the control results and other relevant elements that support management's assurance. It is structured into (2.1.1) Control results, (2.1.2) Audit observations and recommendations, (2.1.3) Effectiveness of the internal control system, and resulting in (2.1.4) Conclusions on the impact as regards assurance.

2.1.1 Control results

This section reports and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives¹⁷⁷. The DG's assurance building and materiality criteria are outlined in the AAR Annex 4. Annex 5 outlines the main risks together with the control processes aimed to mitigate them and the indicators used to measure the performance of the relevant control systems.

DG HOME policies are part of Chapter 3 *Security and Citizenship* which represented approximately 2% of the total EU general budget 2018¹⁷⁸.

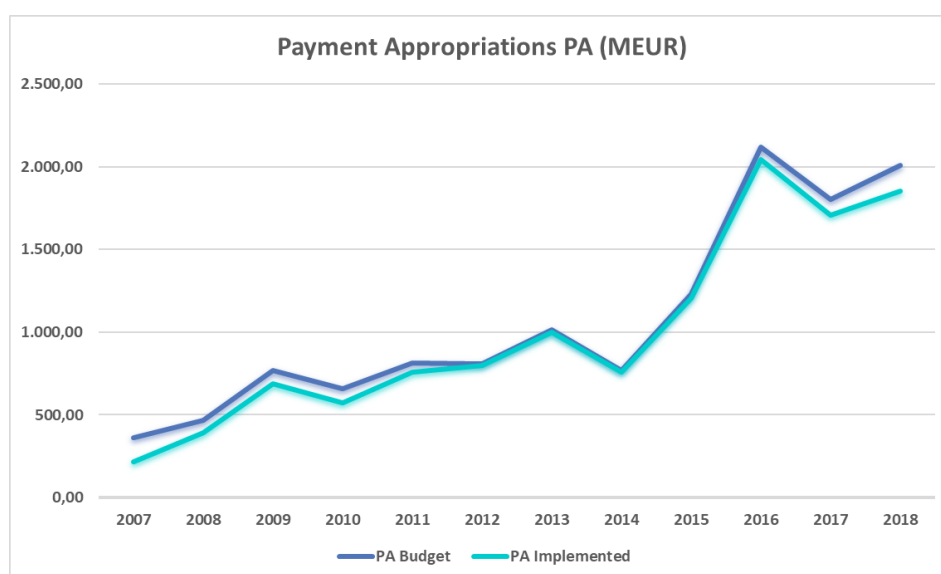
In 2018 DG HOME policies were supported by EUR 2.674,51 million of commitment appropriations representing approximately 2% of the EU budget¹⁷⁹, and a corresponding amount of payments appropriations equal to EUR 2.007,47 million. Overall, the commitments made were equal to EUR 2.532 million and the payments made were equal to EUR 1.853 million (Source: Annex 3 Outturn on commitment and payment appropriations in 2018). These amounts correspond to the total appropriations available at the end of 2018 on DG HOME budget lines, including internal and external assigned revenues received during 2018.



¹⁷⁷ 1) Effectiveness, efficiency and economy of operations; 2) *reliability of reporting*; 3) *safeguarding of assets and information*; 4) prevention, detection, correction and follow-up of fraud and irregularities; and 5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 36.2). The 2nd and/or 3rd Internal Control Objective(s) (ICO) only when applicable, given the DG's activities.

¹⁷⁸ The amount included in Chapter 3. *Security and citizenship* was equal to EUR 2.980.707.175 out of a total amount of EUR 144.680.980.690 (EU Budget 2018) <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2018:057:FULL&from=EN>.

¹⁷⁹ In addition to the budget voted by the legislative authority, authorised commitment appropriations include appropriations carried over from the previous exercise, budget amendments, and miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).

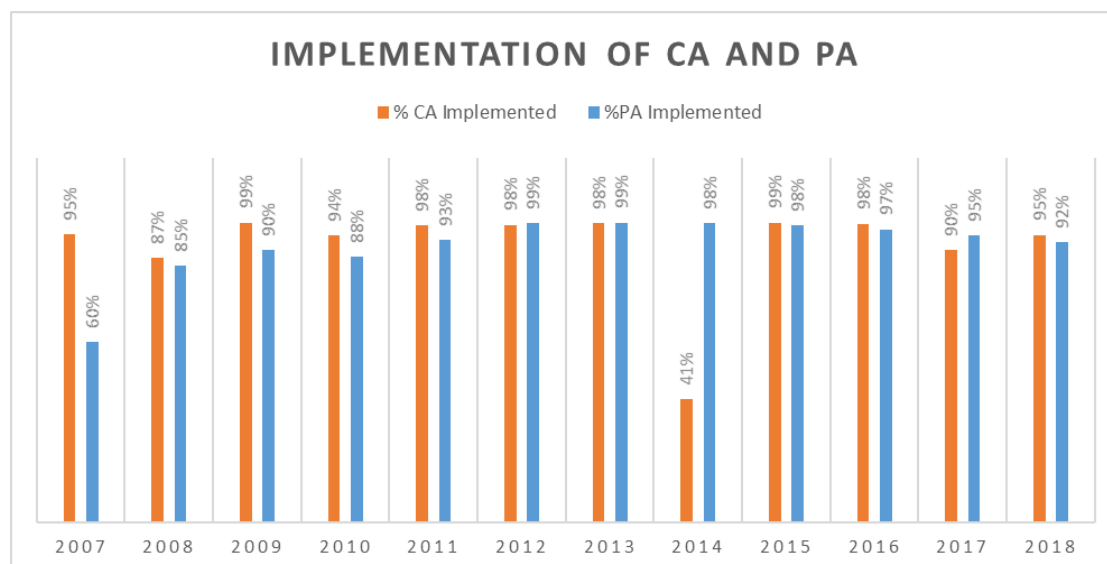


In 2018 DG HOME managed to maintain good implementation rates as regards total available commitment and payment appropriations, achieving consumption rates of 94,67% for commitments (higher than in 2017 when it reached 89.73%) and 92,33% for payments (slightly lower than in 2017 when it reached 94.61%).

However, DG HOME achieved 100% implementation of the commitments appropriations of the voted budget (i.e. excluding assigned revenues) and 99% implementation of the payment appropriations available at the end of 2018.

The above and below charts illustrate the evolution since the start of the multiannual financial framework 2007-2013 and during the current one (2014-2020).

The year 2014 represented the transition between two MFF. Due to the delay in the adoption of the legal basis for 2014-2020 and the consequent late adoption of the national programmes by Member States, part of the 2014 commitment appropriations could not be used in 2014. However, this does not represent under-implementation, as the unused 2014 commitment appropriations were re-programmed in the following years (from 2015 to 2017).



The implementation of payment appropriations in 2018 has been impacted by the assigned revenues received in 2018 and not committed, in particular under chapter 18 02 Internal Security. In this chapter the assigned revenues come mainly from the contribution of the Schengen Associated Countries which were received during the second half of the year only, so they will be implemented in 2019. When excluding these assigned revenues, the implementation under chapter 18 02 reaches 100% in commitments and 98% in payments. Assigned revenues had a lighter impact on chapter 18 03 Asylum and Migration: without the received assigned revenues the implementation rate reached 100% for both commitments and payments.

In 2018 DG HOME managed to decrease the RAL (reste à liquider / open commitments) on commitments previous to 2018 by 30% from EUR 4.165,31 million to EUR 2.904,51 million. The reduction of the amount from previous years is a good indicator, as it reflects the fact that projects are being implemented and paid. In addition, DG HOME keeps the RAL of the year under regular observation. .

Whilst the amounts allocated to Chapters 18 02 and 18 03 for 2018 were lower than in 2017, they remained higher than the initial financial programming, as a result of the adoption of legislative proposals initiated by the Commission since 2016, such as the European Travel Information and Authorisation System, the Entry-Exit System and the recast of the Dublin III Regulation.

From the amount of EUR 2.674,51 million in commitment appropriations for 2018 to DG HOME, an amount equal to EUR 1.084,26 million was allocated to Chapter 18 03 Asylum and Migration and EUR 1.541,2 million to Chapter 18 02 Internal Security. The two chapters accounted for EUR 2.625,46 million, equal to 98% of DG HOME's appropriations. In 2018 they received a lower amount than in 2017 (EUR 3.120 million), resulting in a decrease of 16% (details per chapter in the table below).

Commitment appropriations	2017 (in EUR million)	2018 (in EUR million)	Variation
Chapter 18 03 Asylum and Migration	1.741,47	1.084,26	-38%

Chapter 18 02 Internal Security	1.376,3	1.541,2	+12%
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Source: Annex 3 of Annual Activity Reports 2017 and 2018

The total amount of payment appropriations for 2018 reached EUR 2.007,47, out of which EUR 835,37 for Chapter 18 03 Asylum and Migration and EUR 1.091,22 for Chapter 18 02 Internal Security. The two chapters accounted for EUR 1.926,59 million in 2018, equal to 96% of the appropriations allocated to DG HOME (-2% as compared to 2017). The two chapters received a higher amount in 2018 as compared to 2017 (EUR 1.689 million), equal to an increase of 14% (details per chapter in the table below).

Payment appropriations	2017 (in EUR million)	2018 (in EUR million)	Variation
Chapter 18 03 Asylum and Migration	742,77	835,37	+12.5%
Chapter 18 02 Internal Security	946,45	1.091,22	+15%

Source: Annex 3 of Annual Activity Reports 2017 and 2018

The implementation of the appropriations of the two chapters reached high rates of consumption of both commitments and payments, as summarised in the below table, in absolute value and as a percentage of the authorised appropriations.

Consumed appropriations	Commitment in EUR million	Payment in EUR million
Chapter 18 03 Asylum and Migration	1.075,91 (99.23%)	827,29 (99.03%)
Chapter 18 02 Internal Security	1.418,73 (92.05%)	963,61 (88.31%)

Source: Annex 3 of Annual Activity Reports 2017 and 2018

The activities carried out to control the execution of DG HOME appropriations are presented in this section per control system:

- 2.1.1.1 Control system 1: Shared management of SOLID funds (2007-2013) and AMIF/ISF (2014-2020)
- 2.1.1.2 Control system 2: Direct management of grants research and non-research
- 2.1.1.3 Control system 3: Direct management of procurement
- 2.1.1.4 Control system 4: Indirect management (decentralised agencies and delegation agreements)

Each sub-section is structured in two parts (ex ante control and ex post controls) and a

conclusion on the assessment of the functioning of the management and control system.

A new approach in the appreciation of the cost effectiveness of controls applies to the preparation of the Annual Activity Report 2018 across the Commission. DG HOME has reported on the cost effectiveness of controls per control system and in two steps (or stages):

- Step 1 *ex ante*: a set of control activities until payment
- Step 2 *ex post*: a set of control activities after payment

To assess the effectiveness, efficiency and economy of the control systems put in place, indicators have been formulated in a management tool used by all the Authorising Officers by Sub-delegation (AOSD) in DG HOME: the Relevant Control Systems for budget implementation (RCSs). Based on the identified risks, the AOSD have described the mitigating controls, the coverage and depth of these controls, their costs and benefits, as well as effectiveness, efficiency and economy (AOSD reports).

The overview of the results of this assessment is provided in Annex 5, whilst the set of management and financial indicators used to measure performance is provided in Annex 10.

2.1.1.1 Control system 1. Shared management of SOLID funds (2007-2013) and AMIF/ISF (2014-2020)

This section is structured in two blocks: one on the control on SOLID funds and another one on the control on AMIF/ISF. Each block includes two sections: one on the "ex ante" control activities and one on the "ex post" ones.

SOLID funds (2007-2013)

The 2007-2013 General Programme Solidarity and Management of Migration Flows (SOLID) consisted of four instruments: External Borders Fund (EBF), European Return Fund (RF), European Refugee Fund (ERF) and European Fund for the Integration of third-country nationals (EIF).

Step 1 – ex ante controls

The main activities associated with Step 1 of the Relevant Control System consisted in the processes leading to the closure of the annual programmes still open at the beginning of 2018 (eleven programmes). Intensive dialogue and cooperation with the concerned Member States took place in 2018, thus leading to the closure of seven national programmes, for a total payment of EUR 6.47 million. The remaining four annual programmes should be closed in 2019¹⁸⁰.

In 2018 the payments made under SOLID represented 0.3% of DG HOME total payments. Only one exception was registered for shared management.

DG HOME assessed the reliability and correctness of the total detected error rates reported by the Audit Authorities and validated the error rates reported in the annual

¹⁸⁰ An annual programme of 2012 and three of 2013, out of a total number of 685 annual programmes of the SOLID funds for the period 2007-2013.

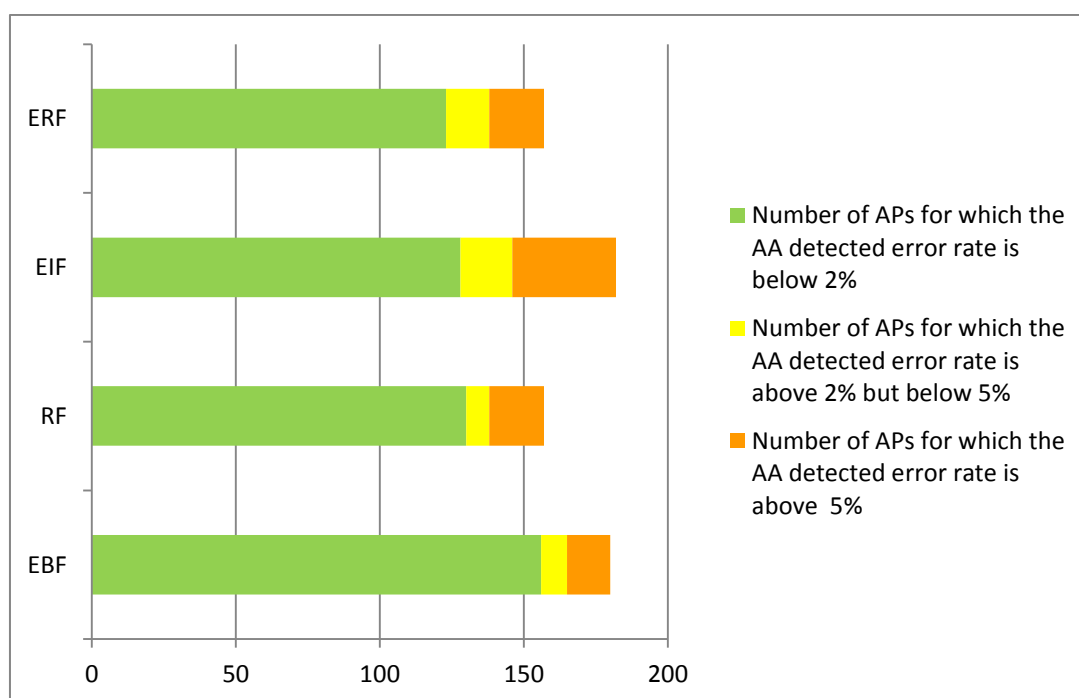
audit reports as reliable in 97% of the cases as part of the closure exercise. A very few detected error rates were considered as unreliable due to two main reasons: computation errors or a lack of assurance on the audit work carried out by the Audit Authorities. In such cases, a corresponding adjustment may take place. Then the detected error was analysed to determine whether it could be extended to the non-audited population. One-off irregularities, non-audited population already cleaned by the Responsible Authority or the Certifying Authority were considered reasons for not extrapolating the error rate.

Step 2 – ex post controls

The main activities associated with Step 2 of the Relevant Control System consisted in finalisation of ex post audits¹⁸¹ initiated in previous years and continuation of the ex post audits on 85 Annual Programmes under SOLID funds covering the four Funds in five Member States

Following the completion of the ex post audits, some deficiencies and irregularities were identified, and for this reason DG HOME decided to revise the existing reservation on the SOLID funds issued in 2017, to include the cases for which system deficiencies have been identified in the completed and ongoing ex post audits and take out the lifted ones. Detailed information on the reservations is provided in the specific section of this report (declaration of assurance and reservations).

Member States have disclosed error rates below 2% in 537 reports, while the error rates ranged between 2% and 5% in 50 reports and above 5% in 89 reports.



In 2018, DG HOME finalised ex post controls on a number of annual programmes for France (EBF and RF), Belgium (ERF), Hungary (ERF, RF, EIF and EBF), Lithuania (EBF), Finland (ERF, RF and EIF), Romania (EIF, ERF), UK (EIF and RF) and Poland (ERF). In addition, ex post controls are on-going for a number of annual programmes for Austria, Slovakia, Slovenia, Cyprus (EBF, ERF, RF, and EIF) and Ireland (ERF, EIF, RF). The audit

¹⁸¹ Detailed methodology of ex post audit is presented in Annex 4

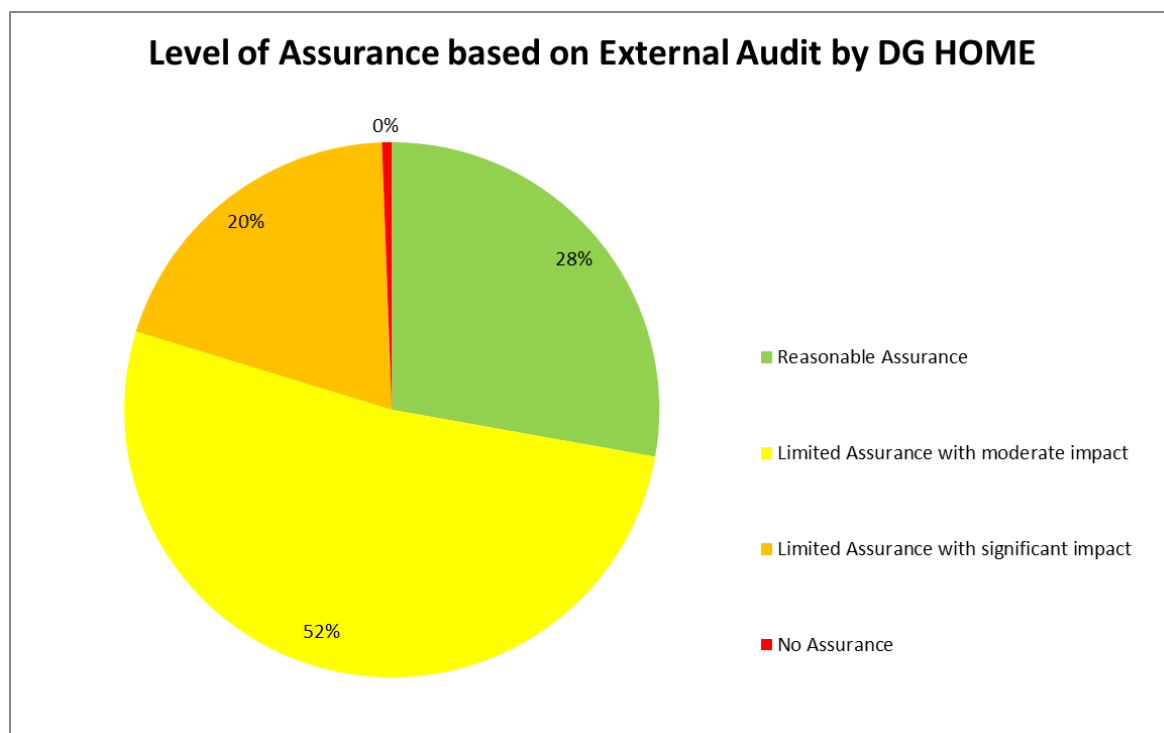
assignments should be finalised in the audit results available in 2019.

In total, 208 SOLID Annual Programmes (out of 679) had been audited or were in the process of being audited until 31 December 2018. The assurance on the control effectiveness was gradually built over the programming period, not only on the system audits but through a system approach, starting with the inception phase, DG HOME operational monitoring visits, annual closures, ex post audits and, in line with the Single Audit Principle, through the audit work of the Member State, which must ensure over the whole programming period the audit coverage of all key processes, as stipulated in Article 17 par. 2 of Decision 574/2007/EC of 5 March 2008.

Annual audit opinion

The validated error rate constitutes the main element to estimate the amount at risk. Other sources of information to build up the annual declaration of assurance are: (i) the results of the Commission's own audit work in 2018 including the results of ex post controls on closed programmes, (ii) annual summaries of controls and national declarations; (iii) the opinions of the Units in charge of the management of the programmes and (v) experience from previous years.

Based on the above blocks of information, and as a result of the Commission desk and on the spot audit work described in the report, the auditors within DG HOME expressed an audit opinion on the effective functioning of each programme so as to ensure legality and regularity of expenditure paid by the Directorate General in 2018. These audit opinions are transmitted to the operational units concerned as an input for their management opinion which is also formulated for each annual programme.



Financial corrections – SOLID funds

	2018	2017
Ineligible amounts in final costs claims (EUR million)	1.49	5.61
Corrections implemented by recoveries (EUR million)	2.20	0.24
Total financial corrections (EUR million)	3.69	5.85

In 2018, financial corrections were implemented for a total amount of EUR 3.69 million. Such financial corrections aim at restoring a situation where all of the expenditure declared for co-financing from the four Funds would be legal and regular, in line with the applicable rules. As a consequence, even if an audit work demonstrated weaknesses in the management and control system implemented by a Member State, the risk for the Fund was reduced to zero if the corrections were fully implemented.

The details of implemented financial corrections per Member State are provided in Annex 10.

Assessment of the functioning of the management and control systems (including best estimate of error)

Based on the results of the audit work, the annual programmes are classified into four categories in accordance with the level of assurance that they provide as to the legality and regularity of payments made since the start of the programming period.

The results of the assessment of the management and control systems in the annual management opinion per annual programme are presented below, for closed Annual Programmes only (more detailed information per Member State is provided in Annex 10).

IMPACT on Declaration of Assurance (based on functioning of systems, materiality and legality and regularity criteria)			Coverage		
			TOTAL	as % of Programmes closed at 31.12.2018	Payments to Programmes in question as % of 2007-2013 period payments in the year for closed APs
1	Reasonable assurance	Number of programmes	525	78,50%	79.80%
		Value of payments made	2.406.462.980,81		
2	Reasonable assurance with low risk	Number of programmes	55	8,20%	6,95%
		Value of payments made	209.618.685,42		
3	Limited assurance with medium risk	Number of programmes	41	6,10%	7,32%
		Value of payments made	220.787.451,34		
4	Limited assurance with high risk	Number of programmes	48	7,17%	5,90%
		Value of payments made	177.948.395,27		
			669		

The assurance is then translated into an amount at risk per annual programme. These amounts are subsequently added up and used to calculate the residual error rate for each one, and draw a general assessment per Fund. The overall results are presented in the

below table.

Activity /Fund	Net Amount at risk (EUR) (cumulative)	Payments made (EUR) (cumulative)	Residual error rate in the total population (audited and not audited)	'Gross' error rate
EBF	27.179.000,08	1.493.812.001,15	1,82%	3,42%
RF	4.976.501,91	474.490.985,68	1,05%	1,73%
EIF	12.659.170,00	552.566.025,61	2,29%	3,88%
ERF	10.768.139,75	489.680.968,17	2,20%	4,45%
Total	55.582.811,75	3.010.549.980,61	1,85%	3,40%

The average residual error rate for all closed annual programmes across all four SOLID funds is 1,85%, hence below the materiality threshold of 2%.

A detailed table on the Member States and programmes for which the cumulative residual error rate is above 2% is provided in Annex 10. All in all, twenty Annual Programmes in thirteen Member States present a cumulative residual error rate higher than 2%. In these cases, a contradictory procedure following an ex post audit is ongoing. Based on the above, reservations have been issued as detailed in section 2.1.4.

Lifting of a reservation included in DG HOME AAR 2017

In 2017 DG HOME issued a financial reservation concerning the management and control systems for the period 2009-2013 for United Kingdom - Return Fund (RF) and European Integration Fund (EIF). Concerning RF, the audits carried out by DG HOME detected irregularities in a public procurement of a multi-annual project. The dialogue with the national authorities that took place in 2018 allowed DG HOME to ascertain that the error in the sample was reduced to 1.15% and management and control system were assessed in category 2. Concerning EIF, following the finalisation of the audit process, DG HOME issued a recovery order. As a result, the reservation has been lifted.

Asylum, Migration and Integration Fund and Internal Security Fund (2014-2020)

In 2018 AMIF shared management represented 79% of all AMIF commitments implemented (EUR 782.61 million). It represented 66% of all AMIF payments implemented (EUR 481.9 million).

For ISF shared management represented 63% of all ISF implemented commitment appropriations (EUR 558.74 million) and 67% of the implemented payments appropriations (EUR 302.45 million).

At the end of 2018 the cumulative absorption rate of AMIF and ISF under shared management is equal to 24.44%: this reflects the consumption from 2014 to 2018 financial years whose cumulative value is equal to EUR 1.617.185.995 out of a total allocation to the national programmes (including new top-up funding granted to HOME funds in 2018) equal to EUR 6.617.944.863.

Step 1 – ex ante controls

The main control activities carried out before payment included the assessment and subsequent approval of spending proposals (including the revision of National Programmes), the monitoring of the expenditure for the implementation of programmes by Member States, the monitoring and supervision of the execution of annual

programmes and the clearance of the accounts submitted by the Member States.

The multiannual National Programmes (NP) AMIF and ISF are **58**: 27 AMIF and 31 ISF¹⁸². With three adoptions completed in 2018, all the NPs are adopted.

In 2018 the revision of National Programmes concerned 75 programmes: 35 revisions under AMIF and 40 under ISF. The revisions were needed to increase the financial allocation under the NPs, following the mid-term review carried out in 2018¹⁸³. Budget reinforcement was focused mainly on integration and return (AMIF), and on the implementation of the Entry-Exit System and the purchase of equipment to be made available to the European Border and Coast Guard Agency as a result of a pledging exercise (ISF Border and Visa).

75 revisions of NPs approved in 2018 (70 in 2017)

In 2018 the clearance of the accounts submitted by the Member States for the financial year 2017 (from 16 October 2016 to 15 October 2017) concerned 55 cost claims, for a total value of EUR 417.2 million accepted in the clearance. (Commission Decision C(2018) 3379 of 25 August 2018 and Commission Decision C(2018) 5316 of 1 August 2018). In a few cases, only partial clearance could be made, due to the need to carry out additional checks on the information provided by seven Member States.

The accounts submitted by the Member States included a part of pre-financing, clearly identified:

- AMIF: EUR 601.722.509 of which EUR 590.107.333 as financing and EUR 118.695.617 as pre-financing,
- ISF: EUR 301.558.385 of which EUR 299.613.470 as financing and EUR 99.107.669 as pre-financing.

In addition to the above payments, other payments were made during the year, corresponding to amounts due to Member States as a result of revisions and top-ups for activities in specific policy areas.

During the reporting period, **60 monitoring visits** were carried out by DG HOME in several Member States, of which 16 in Greece and three in Italy.

Greece. At the end on 2017, the Commission and the Greek authorities agreed on a financial plan to be implemented in 2018 to support reception facilities, for up to 66.000 reception places. The plan was based on criteria to combine available EU funding (National Programmes and emergency assistance managed by DG HOME and the Emergency Support Instrument managed by DG ECHO), to address the Country's most pressing needs as regards reception facilities. The aim was to ensure that EU financial support to reception sites in the mainland be provided essentially via the Emergency Support Instrument (funding directly awarded to NGOs/International Organisations), while reception facilities in the islands be supported essentially via the National Programmes or emergency assistance (AMIF and ISF). Other migration management measures, both in the mainland and on the islands, should also be supported by the National Programmes AMIF and ISF. As a continuation to the financial plan 2018, and in view of the phasing out of the Emergency Support Instrument of DG ECHO by March 2019, a similar Financial Plan for 2019 was adopted in January 2019 which once again

¹⁸² Including the Schengen Associated Countries (SAC).

¹⁸³ In compliance with Art. 15 (1) of Regulation (EU) No 514/2014 which stipulates that the Commission and each Member State conduct a mid-term review of the national programmes in 2018, in the light of the interim evaluation reports submitted by the Member States at the end of 2017 and the developments in EU and national policies.-

will act as reference and basis of the discussions between the Greek authorities and the Commission through the identification of EU-funded actions together with the corresponding funding sources.

As for Italy, the needs expressed by the Italian authorities following the joint letter sent by President Juncker, First Vice-President Timmermans and Commissioner Avramopoulos to former Italian Prime Minister in July 2017 were analysed by the Commission. Furthermore, as no noteworthy additional allocations were available under AMIF for the Mid-term Review the Italian Authorities were encouraged to use the amount of EUR 100 million made available by President Juncker for projects that could not be covered by the National Programme and to continue ensuring coordination with DG REGIO and DG EMPL to seek additional funding opportunities within funds under their competence. Likewise, in order to ensure an integrated approach and complementarity of EU funds and their use for migrants, DG HOME closely involved DG EMPL and DG REGIO in discussions on needs expressed by the Italian authorities. In 2018, this exercise resulted in the award to Italy of four grants under AMIF emergency assistance for a total amount of EUR 31.1 million. An additional project was awarded under ISF EMAS for an EU subsidy of EUR 4.4 million. The remainder of the proposals submitted by Italy will be evaluated in 2019.

A positive result registered in 2018 is the progress made by some Member States which had a slow start in the implementation of AMIF and ISF:

In the 2018 accounts submitted by Croatia, significant progress in the implementation of the AMIF and ISF national programmes has been registered, when compared to previous years. Under ISF Borders Croatia reported an expenditure of EUR 5.11million as compared to EUR 141.771 in 2016-2017. Under ISF Police the total expenditure amounts to EUR 4.3 million for the same period, compared to EUR 94.424in 2016-2017. The AMIF expenditure for 2018 amounts to EUR 3.07 million compared to EUR 855.340in 2016-2017.

Poland reached a higher implementation rate in 2018 both for AMIF and ISF, as compared to previous years, thus mitigating the risk of de-commitment for ISF. In 2018 accounts, under ISF Borders Poland reported EUR 13.37 million expenditure as compared to EUR 237.837 in 2015-2017. Under ISF Police the total expenditure amounts to EUR 9.66 million for the same period as compared to EUR 237.184 for 2015-2017; for AMIF the 2018 expenditure amounts to EUR 13.45 million as compared to EUR 4.94 million in 2015-2017. The analysis of the 2018 accounts for AMIF and ISF is ongoing and the final amounts may still change. Hungary has improved its implementation under ISF and there is currently no risk of de-commitment. Based on the data reported for 2018, under ISF (Borders and Police) Hungary declare EUR 13.27 million for 2018, compared to EUR 14.25 million for 2016-2017. Implementation under AMIF is still seriously lagging behind and there is a high risk of de-commitment for the remaining implementation period. Based on the draft accounts 2018, Hungary declare EUR 1.86 million for 2018, compared to EUR 3.68 million for 2016-2017.

Constructive dialogue with Member States is crucial to support planning and implementation of AMIF and ISF at national level. In addition to the variety of existing opportunities for bilateral dialogues on the implementation of AMIF and ISF, every year DG HOME organises a joint meeting of national authorities implementing these funds: the "AMIF/ISF Committee". This Committee is multilateral by nature and in 2018 it took place three times. In addition to the main session, some thematic workshops were organised on audit topics for Audit Authorities, on ISF-Border and Visa Specific Actions, and on the future Migration and Security funds under the next Multiannual Financial Framework (2021-2027).

Furthermore, DG HOME cooperated with other DGs to develop complementarities of the EU funding especially for integration of migrants. Ensuring synergies of the objectives and outcomes of various funds is also part of the monitoring process with Member States.

The Interim evaluation of the Asylum Migration and Integration fund as well as of the Internal Security Fund¹⁸⁴ highlighted their importance to address challenges of migratory pressure as of 2015 and to ensure a favourable environment to protect external borders and security in Member States.

In terms of effectiveness, the AMIF has played an important role in improving asylum systems and strengthening reception capacity in the Member States. The strengthening of solidarity and responsibility-sharing among Member States was achieved mainly through emergency assistance, the relocation mechanisms, and the EU resettlement programmes. The evaluation found that overall AMIF has generated significant EU added value, despite the relatively small size of the funds as compared to the significant challenges set by the crisis that occurred during this period.

The evaluation highlighted the role of the ISF Borders and Visa: it contributed to the effectiveness of external border controls by supporting measures focused on the purchase, modernisation, upgrade and replacement of border control and surveillance equipment. The ISF Police helped to improve the capabilities of Member States to manage security-related risks and crises effectively and, to a lesser extent, protect people and critical infrastructures against terrorist attacks and other security-related incidents.

Step 2 – ex post controls

The main activities associated with Step 2 of the Relevant Control System consisted in assessment of the annual accounts submitted by the Member States and a review of the accompanying audit opinions.

Whereas the National Programmes of AMIF/ISF are multiannual, the MS submit annually (by 15/02/N+1) a request for annual payment (supported by an annual 'assurance package') which results in an annual clearance decision by the Commission¹⁸⁵ (by 31/05/N+1). In addition to the annual clearance procedure, conformity clearance and financial corrections by the Commission are possible up to 3 years after the expenditure has been incurred by the Responsible Authority (RA).

In 2018, 55 cost claims were received for the accounts for financial year 2017. An amount equal to EUR 417.2 million was accepted in the clearance. The clearance decisions were adopted by Commission Decision C(2018) 3379 of 25 August 2018 and Commission Decision C(2018) 5316 of 1 August 2018.

Lifting of a reservation included in DG HOME AAR 2017

In 2017 DG HOME issued a reputational reservation concerning the management and control systems for the period 2014-2020 for Greece – AMIF. The preliminary analysis of the AMIF annual accounts for the financial year 2016-2017 which were submitted by Greece on 15/02/2018 identified deficiencies in the functioning of the management and control system of the national programme, in particular as regards the adequacy, effectiveness and reliability of the management controls (Key Requirement 4) and audit opinion (Key Requirement 14). During 2018 the national audit authority carried out additional audit work to demonstrate that the residual error rate is lower than initially calculated by the authority itself. As a result, DG HOME partially cleared the accounts submitted by Greece for the financial year 2017, thus reducing to zero the risk for the Union budget.

¹⁸⁴ COM(2018)464 of 12 June 2018.

¹⁸⁵ i.e. the (annual) clearance of accounts procedure.

Assessment of the functioning of the management and control systems (including best estimate of error)

Unlike the ESIF funds, the legal framework of AMIF-ISF does not provide for the submission of interim payment claims by the Member States during the year. In addition to the annual pre-financing, National Authorities submit to DG HOME one payment claim per programme and year together with the annual accounts, which include a management declaration issued by the Responsible Authority and the Audit Authority's opinions on the accounts, the management and control system and the RA's management declaration.

Therefore, DG HOME assurance model is based only on pre-financing (advance payments) and payment claims supported by the opinions of the Audit Authority. The Audit Authorities carry out their audit work prior to the submission of the annual accounts and to the Commission by 15 February. In case of ineligible amounts or material errors are reported by the Member States in the annual accounts the accounts are partially cleared and the amount not cleared is treated as "amount under examination".

So far, DG HOME audit strategy for AMIF-ISF 2014-2020 programme has been focused on the assessment of the national management and control systems, including the reliability of the work of the AA. As per audit work programme for 2018, four system audits were performed in 2018, concentrating on the management and control systems for which accounts have been submitted to the Commission in 2018. These system audits covered the main key requirements related to the work of the Audit Authorities for Italy, Norway, Denmark (ISF) and Germany (AMIF). The conclusions of these audits will be reached in the course of 2019.

The methodology to determine reservations and to estimate the net amount at risk is provided in Annex 4.

Following the application of the above-mentioned methodology, the cumulative outcome of the assessment of the accounts is presented below (more detailed information per Member State is provided in Annex 10):

Activity/Fund	Cumulative amount at risk (EUR) (31 Dec 2018) in Mio. EUR	Cumulative EU payments (EUR) (31 Dec 2018) in Mio. EUR	Cumulative residual error rate
AMIF	17,42	1.050,87	1,66%
ISF	7,13	409,69	1,74%
Total	24,55	1.460,56	1,68%

The **average residual error rate across AMIF and ISF is 1,68%, well below 2%**. Considerations for issuing reservations for some Member States are detailed in section 2.1.4.

IMPACT on Declaration of Assurance (based on functioning of systems, materiality and legality and regularity criteria)			AMIF			ISF		
				% of MCS	% of EU payments		% of MCS	% of EU payments
1	Reasonable assurance	Number of MCS	0	0	0,0%	1	3%	0,18%
		Cumulative EU payments	-			963.014,51		
2	Reasonable assurance with low risk	Number of MCS	26	96%	95,5%	28	90%	96,61%
		Cumulative EU payments	1.003.532.848,42			528.646.458,06		
3	Limited assurance with medium risk	Number of MCS	1	4%	4,5%	2	6%	3,21%
		Cumulative EU payments	47.334.770,88			17.567.248,89		
4	Limited assurance with high risk	Number of MCS	0	0%	0,0%	0	0%	0,0%
		Cumulative EU payments	-			-		

2.1.1.2 Control system 2. Direct management - Grants

In 2018 DG HOME signed grant agreements for research and non-research activities for a total amount of EUR 466.76 million:

- EUR 413.47 million for non-research grants and
- EUR 53.29 for research grants

Control activities on the two types of grants will be presented in two distinct sections, as some differences in the management and control systems apply.

Step 1 – ex ante controls of non-research grants

Direct management grants non-research represented 17% of total DG HOME payments in 2018. Grants are awarded under "Union actions" AMIF and ISF, to finance transnational actions or actions of particular interest to the Union covering the objectives under those Funds. Union actions allow in particular to finance complex, long-term or transnational projects. These projects support EU-wide networks, new ways of working, testing of tools or methods throughout the Union and cooperation activities between Member States and third countries. Examples include partnerships/facilities to improve the cooperation on migration with third countries whereby International Organisations and Member States join forces, networks of law enforcement officials (recovery of criminal assets, fight against illicit drugs, special intervention units), actions on behalf of all Member States such as new common formats for travel and identity documents.

Union actions serve therefore a useful function as part of the toolbox put in place under the Funds to contribute to the Agenda for Migration, besides national programmes for national capacity building and system reform and emergency assistance for urgent needs in specific countries.

Moreover, grants are also financed under emergency assistance (EMAS) under AMIF and ISF (direct award to support Member States facing emergency situations, by means of

projects run by the public authorities in Member States, International Organisations or European agencies). Other programmes implemented through grants under direct management were:

- the Anti-Drugs strand under the Justice Programme, to help implement the objectives set by the EU Drugs Strategy 2013-2020 and to foster cross-border cooperation and research on drug issues
- Europe for Citizens, contributing to citizens' understanding of the EU, its history and diversity and thus fostering European citizenship and improved conditions for civic and democratic participation at EU level (implemented through the executive agency EACEA).

The analysis of the effectiveness of legality and regularity builds on the two main control steps, and for each step key indicators have been defined and presented in detail in Annex 10. Materiality is assessed in accordance with the methodology described in Annex 4.

Available budget for grants non-research

2016: ↗ EUR 687.25 million

2017: ↘ EUR 292.52 million

2018 : ↗ EUR 622 million

Control activities include preparation and adoption of the annual work programmes, the calls for and evaluation of proposals. The overall control objective is to ensure that DG HOME select the proposals that contribute to the achievement of policy objectives, ensuring compliance with applicable rules and regulations.

In 2018 the number of signed grants for Union actions and drugs (Justice Programme) reached 146 (82 in 2017) for a total awarded budget equal to EUR 133 million (EUR 78.16 million in 2017), whilst awarded grants for emergency assistance (EMAS) under AMIF and ISF were 30¹⁸⁶ (26 in 2017), for a total awarded budget equal to EUR 263 million (EUR 194 in 2017). All the indicators show an increase in this area.

¹⁸⁶ Under EMAS two grants were awarded in 2018 through a Delegation Agreement hence reported under the specific section on DAs.

Total awarded amounts for grants non-research:

2016 : ↗ EUR 468 million

2017: ↘ EUR 341 million

2018 : ↗EUR 396 million

The percentage of available budget translated into awarded projects was equal to 64% in 2018, so lower than 2017 when it reached 93%. This is explained mainly by the much higher amount available in 2018 than in previous years (more than doubled from 2017 to 2018, see above box), and also by the late adoption of the Annual Work Programme 2018. The AWP 2018 will be implemented also during 2019.

To measure the effectiveness of controls on the legality and regularity of the expenditure made under direct management - grants non-research DG HOME looks at the financial impact of the negotiation and signing process, which often brings about reductions of the value of the grant agreement before signature, as a result of the control process. The average ratio between requested amounts and signed amounts under AMIF/ISF grants was equal to 9.8% in 2018, hence a positive decrease as compared to 2017 (13%) and 2016 (54%).

Average amount of a grant:

2016 : ↗ EUR 4.21 million

2017 : ↗ EUR 2.64 million

2018 : ↘ EUR 1.96 million

In 2018 the average value of a grant was slightly lower than in 2017 (trend confirmed since 2016).

The recording of the exceptions and non-compliance events for assessing the effectiveness of controls for the legality and regularity of transactions shows two exception in 2018 (three in 2017).

A lower number of payments was made in 2018 (252 versus 314 in 2017) but for a higher value of payments (EUR 313 million in 2018 versus EUR 295 million in 2017). The percentage of ineligible amounts found by the controls performed over these claims represented 0.49% of their value, lower than in 2017 (1.21%).

Most of the activities for managing research funds are implemented using IT tools common to all the so-called "Research family DGs" which implement already many internal controls. The same tools are used for the non-research grants.

Information on the derogation from the principle of non-retroactivity of grants pursuant to Art 193 of the Financial Regulation applicable to the general budget of the Union: in 2018 DG HOME awarded 18 Emergency Assistance grants (EMAS) under AMIF and ISF Border and Visa to actions that had already begun, as the applicants demonstrated the need for starting the action prior to signature of the grant agreement. . More information on these grants is provided in Annex 10.

Step 2 – ex post controls of non-research grants

The next stage includes the ex post audits as well as the recovery of any amounts found to have been paid in excess of the amount due.

The overall control objective of this stage is to detect and correct any error remaining undetected after the implementation of ex ante controls. In addition if during the course of an ex post audit, suspicions of fraud are observed, to report to OLAF

In addition to the main control objective, the ex post controls serve other purposes. In

particular:

- ✓ Detection and correction of any errors remaining undetected after the implementation of ex ante controls;
- ✓ Report to OLAF on any suspicions of fraud observed during the ex post control
- ✓ Measuring the effectiveness of ex ante controls;
- ✓ Addressing systematic weaknesses in the ex ante controls based on the analysis of the findings (sound financial management);

Ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information)-In 2018, DG HOME carried out 27 ex post controls as foreseen in the annual audit plan 2018. Taking into account the audits initiated in previous annual audit plans, 45 audit reports were finalised in 2018. As per 31 December 2018, the finalised audits led to an audit coverage of 23% for the combined auditable population of the 2007-2013 and 2014-2020 programming periods.

Based on the most recent analysis of the main causes and types of most commonly detected errors identified in ex post audits, seven areas of irregularities have been identified, covering in value more than 93% of the errors detected:

Various findings for staff costs	27,45%
Missing/inadequate documentation	20,69%
Cost not budgeted or not for project purposes	12,95%
Actual expenditure exceeding budget	12,74%
Absence of proof of payments	6,34%
Incorrect procurement procedure	5,57%
Incorrect staff cost rate	4,37%

Assessment of the functioning of the management and control systems (including best estimate of error)

Cumulative coverage rates for grants under direct management (research excluded) and the related residual error rates are reported below. The sampling size is considered as adequate in order to extrapolate the cumulative (net) detected error rate to the non-audited population. A detailed explanation of the materiality criteria is set out in Annex 4.

The assessment of the residual error rate and amount at risk not detected by the supervisory and ex ante elements of the internal control is carried out through analysis of the results of ex post audits. The table below summarises the results of this analysis done according to the four steps detailed in Annex 4.

Audit coverage and error rate for direct management 2007-2020 funds (multiannual)	2018	2017
<i>Cumulative Auditable Population (in EUR million)</i>	802.94	590.21
<i>Cumulative Audited Population (in EUR million)</i>	184.85	111.70
<i>Cumulative Audit coverage (%)</i>	23%	19%
<i>Cumulative detected error rate (%)</i>	3.84%	3.61%
<i>Cumulative residual error rate (%)</i>	3.29%	2.98%

The cumulative residual error rate for 2007-2020 remains above 2% at the end of 2018 (3.29%). As a result, a reservation has been made and is described in section 2.1.4.

The ex post audit plan for 2019 foresees 30 audits of grants. This will allow to increase the audit coverage to almost 34% of the auditable population, which should have a direct impact on the reduction of the residual amount at risk.

A limited number of ex post audits on payments against cost claims made under the 2014-2020 programming period were finalised by 2018, whilst the first ex post audits show a lower detected (3.02%) and residual error rate (2.84%) however still above 2%. Considering the low number of ex post audits and the non-representative number of audits to-date for this programming period, it is still too early to only report on the detected and residual error rates for the 2014-2020 period alone.

Step 1 – ex ante controls of research grants (FP7 and Horizon 2020)

On 24 of July 2018, the Commission adopted the 2018-2020 Horizon 2020 Societal Challenge "Secure societies – Protecting freedom and security of Europe and its citizens" Work programme with a total budget of EUR 540 million. These grants for research (together with its predecessor under FP7) support research and innovation activities *covering a wide range of topics, such as border security, fight against crime and terrorism, cybersecurity and disaster-resilience.*

In 2015 the responsibility for the Space and Security research budget was attributed to four Authorising Officers (Directors-General of GROW, HOME, REA and EASME).

Since 2018 DG HOME manages activities related to the work programme and the security scrutiny procedure, while the Research Executive Agency (REA) manages the publication of the calls and their submission. Some activities are under the responsibility of both HOME and REA: evaluation of proposals, preparation and management of grants. The share of budget and projects generally leads to a ratio of 1/3 to DG HOME and 2/3 to REA. Following the update of the delegation agreement with REA in 2017, the ratio should evolve to 80% REA to 20% HOME at the end of H2020.

Most of the activities for managing research funds are implemented using IT tools common to all the so-called "Research family DGs" which implement already many internal controls. For the preparation of the grant agreement, DG HOME and REA are responsible for their respective projects. The implementation of the grants is then monitored by both DG HOME and REA. Projects managed by REA are not being reported for in DG HOME AAR.

Given the preparation of the Work Programme is under the responsibility of DG HOME,

the coherence of the Work Programme is checked with the support of a Security Research inter-service group which pays particular attention to the link with policy objectives; it is then validated and voted by the H2020/SC7¹⁸⁷ programme committee. When preparing the calls and the evaluation of the submitted proposals, the overall control objective is to ensure the selection of the best projects to achieve the operational objectives set out in the specific work programmes adopted by the European Parliament and the Council.

The eligibility and admissibility of proposals for all calls is carried out by REA during the evaluation process, yet DG HOME being also involved during the evaluation process on some specific policy-related aspects.

Following the evaluation of the 2017 call for proposals of the H2020 Secure Societies Challenge, in 2018 DG HOME selected 43 security research projects for funding: 32 projects are under the management of the Research Executive Agency, whilst DG HOME manages 11 projects (due to their level of classification or their specific policy relevance).

The total amount of EU contribution provided through grant agreements signed in 2018 is equal to EUR 195.7 million, out of which EUR 53.1 million provided by DG HOME and EUR 142.6 million provided by REA.

Total amount of research grants (DG HOME only):

2016 : ↗ EUR 53.2 million

2017 : ↗ EUR 75.74 million

2018 : ↘ EUR 53.13 million

These projects increase the current overall portfolio of DG HOME up to 35 projects under H2020. In addition, two FP7 projects are still ongoing from previous years. In 2018 DG HOME signed 11 grant agreements, fewer than in 2017 (20). This is reflected in the lower amount of granted resources (*box on the left*). The execution of the grant agreements and the supervision of the project management require ex ante checks of

beneficiaries' cost claims and processing of transactions. The overall control objective is to ensure that operational results (deliverables) from the projects comply with the requirements set in the agreements and the related financial operations comply with regulatory and contractual provisions.

Under FP7, certificates on financial statements are required for claims of more than EUR 375,000 while under H2020 these certificates are required only for final payments when the total EU contribution claimed exceeds EUR 325,000 (excluding indirect costs). In 2018 two final payments were made for H2020 projects.

In 2018 the total amount of payments made for grants research H2020 and FP7 was equal to EUR 37.46 million (EUR 68.45 million in 2017).

In line with recommendations by the European Parliament and the Council, the Research DGs operate a trust-based system of controls before payment, with limited substantive controls. Its main assurance is based on in-depth checks carried out on a sample of beneficiaries after costs have been incurred and declared.

Step 2 – ex post controls of research grants (FP7 and Horizon 2020)

DG HOME implements the results of the audits carried out by DG RTD/CSC/CAS¹⁸⁸.

¹⁸⁷ Secure Societies Challenge

¹⁸⁸ DG RTD Common Support Centre (CSC) / Common Audit Service (CAS)

Controls are carried out during the entire process of implementation of the Framework Programmes to ensure that the selected projects comply with the criteria set in the call, that EU funding goes to the best proposals and that the costs claimed by the beneficiaries and corresponding payments are in compliance with the legal framework.

For the Research framework programmes, the main legality and regularity indicator is the error rate detected by ex post audits. Because of its multi-annual nature, the effectiveness of the control strategy of the Research Directorates-General can only be fully measured and assessed in the final stages of the framework programme, once the ex post control strategy has been fully implemented and systematic errors have been detected and corrected.

The general control objective for the Research services, as described in Annex 4 to this report, is to ensure for the Seventh Framework Programme that the residual error rate¹⁸⁹ does not exceed 2% by the end of the FP's management cycle. As for Horizon 2020, the final control objective is to get a residual error rate as close as possible to 2%, without necessarily expecting it to get under 2%.

The progress towards the achievement of this objective is (re)assessed every year, in view of the results of the implementation of the ex post audit strategy and taking into account both the frequency and importance of the errors found, as well as a cost-benefit analysis of the effort needed to detect and correct them.

For FP7, the Common Audit Strategy and its results cover the DGs and the Executive Agencies.

For Horizon 2020, the Common Audit Strategy adopted in 2016 covers all the implementing bodies.

The analysis of the effectiveness of legality and regularity builds on the analysis of the results of ex ante and ex post controls. Key indicators have been defined for both steps and are presented in detail in Annex 10. Materiality is assessed in accordance with Annex 4.

The audit work for FP7 was almost completed in 2018. The last Common representative audit sample was launched in 2016. By the end of 2018, just three audits of the common representative audit sample remained open.

Against this background, a wrap-up of the FP7 audit campaign is made below, and FP7 audits will no longer be covered in detail in future AARs.

Audit coverage of FP7

The Research and Innovation Family as a whole has 4 520 audits results, covering 64.7% of FP7 expenditure, completed by the end of 2018, exceeding the original target by 11%.

The percentage of FP7 expenditure covered by the audits (64.7%) refers to the value of the participations of the audited beneficiaries. It includes both the fully audited participations (8.5%), also referred to as the 'direct' coverage, and the non-audited participations which nevertheless, after the full treatment of audit results, are clean from systematic errors (56.2 %), also referred to as the 'indirect' coverage.

DG HOME¹⁹⁰ alone had 125 FP7 audit results, covering 66.22% of FP7 expenditure, completed by the end of 2018, exceeding its target by 25%. Once the FP7 audits still

¹⁸⁹ The level of errors which remain undetected and uncorrected

¹⁹⁰ The results include the audits previously launched for DG GROW

open are closed (5 audit results), the original target for FP7 audits will have been exceeded by 30%.

The percentage of FP7 expenditure covered by the audits (66.22%) refers to the value of the participations of the audited beneficiaries, split in 20.26% direct coverage and 45.96% indirect coverage.

The error rates resulting from FP7 audit work are:

Overall Detected Error Rate: based on 125 audit results of audited participations, this error rate amounts to 5.88 % for HOME¹⁹¹.

Common Representative Error Rate: based on 477 costs statements for which the audit is completed (98 % out of a sample of 486), this error rate is **5.26%**.

Residual Error Rate: at this point in time, this error rate amounts to 2.98 % for HOME.

Conclusion on the ex post audits for FP7

The audit strategy for FP7 has been fully implemented. The Common Representative Error Rate for FP7, calculated on a multi-annual basis, is a bit above 5%. The Residual Error Rate is 2.98 % for HOME.

Since only three CRS audits remain open, it can be assumed that the final Residual Error Rate will be around 3% for HOME.

These results are in line with the conclusions expressed in AARs over the years.

These amounts do not necessarily mean that there is a loss to the Community budget. Many of the projects spend more than the capped budget, and so the real loss to the Community budget will be lower than when estimating the financial impact by using the error rates above.

The reservation in the declaration of assurance for the FP7 expenditure is addressed in Section 2.1.5.

It is clear that the 2% residual error target for FP7 will not be attained. Nevertheless, the lessons learned from FP7 audits have been used in the development of Horizon 2020 programme's general framework.

Results of the ex post audits and expectations for Horizon 2020

At this stage of the programme lifecycle, cost claims totalling 9 billion euro of requested funding had been received by the services by the end of 2018. The first Horizon 2020 audits were launched in the middle of 2016 and further audits were launched in 2017 and 2018. Two Common Representative Samples (CRS), Common Risk Samples and Additional Samples¹⁹² have been selected. In total, by December 2018, 2383 participations had been selected for audit, covering all the services signing grants in Horizon 2020.

¹⁹¹ This is lower than the representative rate as it includes a number of preventive audits carried out at the beginning of FP7

¹⁹² This sampling accommodates special needs of certain stakeholders with regard to audit coverage and selection method. In addition, top ups, which are participations of selected beneficiaries which are added to the selected participations, are included in the total participations selected.

In total, the audit of 1155 participations has been finalised by 31/12/2018 (763 in 2018). This includes 164 out of 303 participations selected in the first 2 CRS. The error rate at 31/12/2018 is:

Overall Detected Error Rate based on 1155 participations: 1.62 %

The Detected Error Rate¹⁹³ based on 164 out of 303 participations selected in the first and second CRS is 2.43%. However, if we take into account the draft audit reports, then the expected representative error rate for the full sample will be around 3.32%.

Residual Error Rate for the Research and Innovation Family: 2.22 % expected to rise to around 2.45% when taking into account the draft audit reports.

Residual Error Rate derived from the CRS for **DG HOME: 2.32 %**

In conclusion, DG HOME still considers that the error rate will fall within the range established in the Financial Statement, so it does not consider that a reservation is needed for Horizon 2020 expenditure.

2.1.1.3 Control system 3. Direct management - Procurement

The control system for direct management – procurement builds on three main processes: procurement procedures, financial operations and supervisory measures. This control system is limited to Step 1, as DG HOME does not carry out ex post audit on its own procurement, this being done by external auditors (IAS, ECA) as appropriate.

Step 1 – ex ante controls

The core of the procurement process is the call for and evaluation of tenders. It starts with the needs assessment and subsequent planning, and continues with the selection of suppliers and the award decision. The overall control objective is to ensure that DG HOME selects the proposals that contribute better to the achievement of its policy or programme objectives, in compliance with applicable rules and regulations.

In 2018 11 tenders were published, leading to the signature of 162 contracts, for a total value of contracts equal to EUR 33.52 million. As compared to 2017, these indicators represent a decrease (17 tenders, 211 commitments and EUR 32 million), but the financial value remained in line with 2017. This reflects the intensive political framework of DG HOME where the procurement and contract activities support policy development in the field of migration, borders and internal security.

The calls for tender launched in 2018 included four open procedures for services and studies; two negotiated procedures¹⁹⁴ (middle value contracts) for studies; five re-opening of competition under the DG HOME Framework contract for evaluation and impact assessment.

In 2018 the rights and obligations of all the contracts related to the management of the network infrastructure for Schengen Information System (SIS) and Visa Information System (VIS) were transferred to the competent decentralised agency eu-LISA.

The contract management includes payments and monitoring of the delivery of the expected results while complying with regulatory and contractual provisions. To this end,

¹⁹³ This error rate is not named at this stage common representative error rate as the audits of the first CRS are not yet all finalised.

¹⁹⁴ One of the procedures launched in 2018 was completed before the end of the year and is reported in table 12 of Annex 3.

DG HOME carries out ex ante checks of cost claims before processing transactions.

The amount of payments made in 2018 was equal to EUR 25.95 million, slightly higher than in 2017 (EUR 20 million). In 2018 eight exceptions were registered (five in 2017).

Based on the methodology described in Annex 4, no ex post controls were performed for contracts. The audit findings signalled by the other internal or external auditors are duly taken into account for the assessment of assurance in relation to procurement transactions and the residual error is estimated to be below 2%. The European Court of Auditors assessed in 2016 DG HOME's systems for direct management (procurement included) and concluded that DG HOME implemented the relevant controls required by the Financial Regulation and the review did not reveal major weaknesses. As a result, the average error rate is estimated at 0.50%, as per error rate computed by ECA on administrative expenditure.

2.1.1.4 Control system 4. Indirect management - Entrusted Entities and Decentralised Agencies

Entrusted Entities. In 2018 DG HOME managed seven delegation agreements under AMIF and ISF annual work programmes. Payments made in 2018 were equal to EUR 51.4 million (2.7% of the total payments made).

Step 1 – ex ante controls

Delegation agreements were monitored during the year through progress reports, regular meetings, and on the spot visits. A delegation agreement was closed and paid in 2018: "Support to Greece for the development of the hotspot/relocation scheme as well as for the developing of asylum reception capacity" signed with United Nations High Commissioner for Refugees (UNHCR).

Other delegation agreements signed before 2018 and operating throughout the year were the following:

- Mobility Partnership Facility I, the first delegation agreement with the International Centre for Migration Policy Development (ICMPD) (HOME/2014/MULT/IM/ICMP/0001), based on the AWP for AMIF, ISF-B and ISF-P from 2014, a second progress report was submitted in Feb 2018. Implementation is satisfactory. A third report is expected in the first quarter of 2019. . The delegation agreement is based on three 2014 AWP – AMIF, ISF Police and ISF Borders and Visa and it will run until 2020.
- Steering Committees meetings are combined with those for the Mobility Partnership Facility II, the second delegation agreement with ICMPD signed in March 2018, based on the 2017 AWP for AMIF, ISF-B and ISF-P. The MPF II action builds on lessons learned from MPF I and integrates two new strands of activities into the Facility: support for the Prague Process (PP) implementation and facilitation, and funding of "pilot projects" in legal migration with selected partner countries.
- In accordance with the 2016 AWP for AMIF, the Readmission Capacity Building Facility II is the first delegation agreement with the International Organisation for Migration (IOM). It was signed in December 2017 and its implementation period runs until end 2020. Regular Steering Committees are taking place and progress is being made with a number of projects.

In 2018 three new delegation agreements were signed:

- The Readmission Capacity Facility III (IOM) will start in 2019 and run until end 2021. It reinforces the existing budget for the pipeline of projects supported on return, readmission, identity management and training of staff in third countries.
- Two delegation agreements to ensure continuity in 2019 of two actions implemented in Greece in 2018 under the Emergency Support Instrument (ESI) from DG ECHO: the multi-purpose cash grants and rental accommodation scheme (ESTIA), run by UNHCR, and the site management support for the Greek Reception System (SMS), run by IOM.

The set-up of these delegation agreements required several months of discussions with the Greek authorities and the International Organisations to agree on the scope, the size and the implementation of the action.

A number of specific provisions were introduced in the agreements to ensure adequate monitoring, including the regular provision of statistics and reports to DG HOME and the organisation of coordination and monitoring meetings with the involved stakeholders. A Monitoring Committee in which DG HOME is represented has been set up for each delegation agreement.

Step 2 – ex post controls

Delegation agreements are subject to ex post verifications carried out by DG HOME.

Under the Annual Work Programme 2017 DG HOME carried out two verifications on the delegation agreements signed with the International Organisation for Migration. The outcomes of the verification are currently being reported and will be subsequently discussed with IOM.

Under the Annual Work Programme 2018 DG HOME carried out a verification on the delegation agreement signed with the United Nations High Commissioner for Refugees. The report will be released during the first half of 2019.

Decentralised Agencies. DG HOME is the partner DG of six agencies: European Border and Coast Guard Agency (EBCGA), EU Agency for Law Enforcement Training (CEPOL), EU Agency for Law Enforcement Cooperation (Europol), European Asylum Support Office (EASO), European Monitoring Centre for Drugs and Drug Addiction (EMCDDA), and European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA).

To these agencies DG HOME pays the annual subsidies as authorised by the budgetary authority. In 2018, the total amount of commitments appropriations was equal to EUR 740.6 million, out of which EUR 717 million were implemented (97%)¹⁹⁵.

The authorised payment appropriations were equal to EUR 629.7 million, out of which EUR 606.8 (96%) were consumed¹⁹⁶. The payments made by DG HOME to its decentralised agencies in 2018 represented 33% of all payments (EUR 606.84 million).

The table below summarises the amounts of commitment and payments appropriations

¹⁹⁶ The difference of 4% in implementation is related to the cash surplus of 2017 that agencies returned to DG HOME as assigned revenue in 2018 and which will be used to finance the 2019 EU subsidy to the agencies.

budgeted and consumed per agency in 2018 (EUR million)¹⁹⁷.

	Commitment appropriations			Payment appropriations		
	CA budgeted	CA implemented	Implementation rate	PA budgeted	PA implemented	Implementation rate
EBCGA	286,01	268,91	94%	286,01	268,91	94%
EUROPOL	131,4	130,25	99%	131,4	130,25	99%
eu-LISA	202,03	200,67	99%	91,19	89,84	99%
CEPOL	10,89	10,43	96%	10,89	10,43	96%
EASO	94,62	91,97	97%	94,62	91,97	97%
EMCDDA	15,64	15,45	99%	15,64	15,45	99%
TOTAL	740,59	717,68	97%	629,75	606,85	96%

Step 1 – ex ante controls

The overall control objective is to ensure that DG HOME is duly and timely informed of any relevant management issues encountered by the agency that could have an impact on the assurance of the agency and represent a reputational issue for DG HOME.

The agencies have full responsibility for the implementation of their budget, DG HOME being responsible for the regular payment of the annual subsidy established by the Budgetary Authority. Memoranda of Understanding signed with each agency clarify the conditions for the payment of the EU subsidy by the Commission and allow the parent DG to access ABAC data of agencies for budget implementation purposes.

DG HOME takes part in the governance of these agencies by participating as a member in the Management Boards. Membership rules are laid down by the founding regulations of each agency. Agencies' Boards always include representatives from each Member State and generally one or two Commission's representative, each with one voting right. In 2018 the Commission adopted a decision to revise its representation in the Management Boards of these decentralised agencies, providing in most cases for higher representation through the involvement of the Director-General and Deputy Directors-General of DG HOME. However, the Commission's representation on the Management Board is not the only way to reflect the responsibility that the Commission holds in implementing EU legislation. In fact, DG HOME ensures monitoring activities which include supervision of policy implementation, and a set of activities related to budget planning and implementation, monitoring of internal control issues and follow up of the implementation of recommendations issued by the Internal Audit Service and the European Court of Auditors to the agencies¹⁹⁸.

Prior to the organisation of Management Board meetings, the agencies organise preparatory meetings to discuss at technical level subject matters that will be subsequently presented to the MB. In addition to them, three agencies (EASO, eu-LISA and EBCGA) have set up specialised "Working Groups" on budget and finance, regularly attended by DG HOME. The scope of these working groups is to facilitate the preparation of the MB meetings by discussing budget-related matters ahead of the meetings, providing guidance to the Chair of the WG, liaising with the competent services in the

¹⁹⁷ See also Annex 8

¹⁹⁸ In 2018 DG HOME adopted a dedicated control strategy of its decentralised agencies.

Commission to get specialised advice.

In terms of financial performance, the implementation rates of both commitment and payment appropriations were high in 2018: all above 94%, and the majority reaching 99%. However, the financial performance of the decentralised agencies should be analysed also taking into account the budget amendments adopted by the Management Board of some agencies during 2018: these included budget reduction for EBCGA (EUR 29.37 million in commitment and payment appropriations) and for eu-LISA (EUR 78.11 million in payment appropriations), and budget increase for Europol (EUR 8 million in commitment and payment appropriations to support activities related to decryption and mobilisation of guest officers) and for CEPOL (EUR 1.2 million in commitment and payments appropriations to support the development of IT infrastructure).

The resources released by the decentralised agencies were partially absorbed by a reinforcement of the budget available for Member States to implement the Entry-Exit System and for EMAS / ISF Border management. Other resources were absorbed through the global transfer exercise. The reduced needs were due to lower costs of staff (high vacancy rate), lower needs in operations, reduction of the mandatory reserve, as well as delays in the adoption of new regulations (ETIAS, EURODAC and SIS II).

As part of the process to build assurance for the 2018 Annual Activity Report, DG HOME asked its decentralised agencies to notify significant events with possible impact on DG HOME assurance for 2018. DG HOME received negative replies from all agencies, except EASO (more details below).

Step 2 – ex post control

Information on the use of the assigned resources by the agencies is provided by the European Court of Auditors and the Internal Audit Service. The IAS acts as the internal auditor for the agencies, while the European Court of Auditors gives a statement of assurance as to the reliability of the annual accounts of the agency and the legality and regularity of the transactions underlying them. Based on these, the European Parliament grants discharge directly to the agencies. As a result, DG HOME does not carry out ex post audits on the expenditure by its decentralised agencies, but ensures some follow up of the audits by IAS and ECA, and of the discharge process.

The European Court of Auditors issued its reports on the annual audits of the agencies for the financial year 2017 in November 2018. These audits resulted in the unqualified opinion on the reliability of the accounts and the legality and regularity of the transactions underlying the accounts for all DG HOME decentralised agencies but EASO (adverse opinion on the legality and regularity of the payments underlying the accounts).

However, in ECGBA's 2017 accounts ECA found an irregular procurement process (ferry transport services in Greece). As no payment was made on that contract in 2017, the Court did not make observations on the legality and regularity of the accounts. As DG HOME is aware that payments on that contract were made in 2018, there is a risk that the Court declare it irregular in 2019, with a potential impact on the opinion on the accounts. This would have a reputational impact on DG HOME, hence a reservation linked to EBCGA has been issued and is included in this Annual Activity Report.

On EASO, DG HOME continued to monitor the implementation of the corrective actions identified in an ad hoc Action Plan as designed by EASO's Executive Director ad interim¹⁹⁹ and endorsed by the Management Board.

¹⁹⁹ Appointed in June 2018, after the resignation of the former Executive Director

At the same time and in relation to an OLAF investigation launched in 2017 and concluded in October 2018, DG HOME provided EASO and its interim Executive Director (appointed in June 2018, after the resignation of the former Executive Director) an increased support regarding governance. Throughout 2018, the Commission was very closely and proactively following the situation in EASO to ensure that the governance and the functioning of the Agency comply with its management and control systems, with special attention paid to procedures in recruitment, procurement, budget and audits, and the internal governance framework. However, DG HOME decided to maintain the reservation issued on reputational grounds in its Annual Activity report 2017, due to the significant weaknesses identified in the management and control systems of EASO. The reservation is reputational as it has no direct impact on DG HOME's assurance, due to the fact that decentralised agencies are subject to individual discharge for the implementation of their budget, hence there is no additional accountability of DG HOME for the implementation of the yearly contribution by the agency.

DG HOME does not have a direct responsibility for the weaknesses as such. However, it has reinforced monitoring measures to allow a follow-up of the implementation of corrective measures.

DG HOME's representatives in the Management Boards of the decentralised agencies have not been informed of any critical issues arising from audits performed by IAS or ECA that would be very significant from a reputational perspective, with the exception of the reported situation concerning EASO.

Assessment of the functioning of the management and control system

The relevant information provided by the agencies in relation to the issues identified as a result of the Commission's involvement in the Management Boards of the agencies and the results of DG HOME's supervision arrangements are deemed reliable and assessed as sufficient to draw the reasonable assurance conclusion. Details on IAS audits will be given by the agencies directly in their Annual Activity Reports, in the framework of their separate discharge procedure.

The below table summarises the payments made by DG HOME in 2018, in terms of activities per control system, as well as the key indicators (Residual error rates (RER) and cost-efficiency) available for each layer.

Control system	Total payments 2018 (EUR million) and % out of total payments	Indicators 2018	Indicators 2017
Control system 1 Shared management SOLID (MFF 2007-2013) reservation issued	6,39 0,34%	DER ²⁰⁰ : 3.40% RER: 1.85% <i>cost efficiency control system 1 "Shared Management (2007- 2013 and 2014-2020)": 1.05%</i>	DER: 2.39% RER: 0.94% cost efficiency: 1.37%
Control system 1 Shared management AMIF/ISF (MFF 2014-2020) reservation issued	795,32 42,91%	DER: n/a RER: 1.68% <i>cost efficiency control system 1 "Shared Management (2007- 2013 and 2014-2020)": 1.05%</i>	DER: n/a RER: 1.54% cost efficiency: 1.37%
Control system 2 Direct management non research grants (MFF 2007-2013 and 2014-2020) reservation issued	313,10 16,89%	DER: 3.84% RER: 3.29% <i>cost efficiency control system 2 "Direct Management - Grants": 1.89%</i>	DER: 3.61% RER: 2.98% cost efficiency: 2.20%
Control system 2 Direct management research grants (FP7 and H2020) reservation issued	37,46 2,02%	DER: 5.88% for FP7 and 2.43% for H2020 RER: 2.98% for FP7 and 2.83% for H2020 <i>cost efficiency control system 2 "Direct Management - Grants": 1.89%</i>	DER: 5.83% RER: 4.46% cost efficiency: 2.36%
Control system 3 Direct management procurements	34,85 1,88%	DER: N/A RER: 0.5%	DER: N/A RER: 0.2%

²⁰⁰ Detected Error Rate

no reservation issued		<i>cost efficiency control system 3 "Direct Management - Procurements": 5.63%</i>	cost efficiency: 4.70%
Control system 4 Indirect management Entrusted Entities and Decentralised Agencies reservations issued	606,84 32,74%	DER: N/A RER: <2% <i>cost efficiency control system 4 "Indirect management - Entrusted Entities and Decentralised Agencies": 0.31%</i>	DER: N/A RER: <2% cost efficiency: 0.38%
Control system 4 Indirect management Delegation Agreements no reservation issued	51,37 2,77%	DER: N/A RER: <2% <i>cost efficiency control system 4 "Indirect management - Entrusted Entities and Decentralised Agencies": 0.31%</i>	DER: N/A RER: <2% cost efficiency: 7.65%
Horizontal tasks - Other expenditure (non included in any control system) no reservation issued	8,25 0,45%	DER: N/A RER: <2% <i>cost efficiency for "Horizontal tasks - Other expenditure"²⁰¹ (not included in any control system): 3.32%</i>	low risk
Total	1.853,59	RER: 1.53% cost efficiency: 1.04%	RER: 1.32% cost efficiency: 1.34%

²⁰¹ Administrative expenditure, various administrative arrangements for AMIF/ISF/SOLID and the annual contribution to EACEA paid by DG HOME.

The analysis of the results of the control activities implemented by DG HOME in 2018 which are described under each Control Systems in sections 2.1.1.1 to 2.1.1.4 allows DG HOME to state that overall reliable and complete control results are available for each Control System. The second part of section 2.1.1 aims at concluding on the cost-effectiveness of these controls and is structured in four sub-sections:

- 1. Effectiveness of the controls through the analysis of legality and regularity of transactions; fraud prevention, detection and prevention**
- 2. Efficiency of controls**
- 3. Economy of controls**
- 4. Conclusion on cost-effectiveness of controls**

1. Effectiveness

Legality and regularity of the transactions

DG HOME has set up internal control processes aimed to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned.

The table below provides an overview of the weighted average error rate for the annual expenditure by using the best estimate of the potential error rate for each of the constituent parts of the budget managed by the DG. For shared management SOLID, the cumulative detected error rate (gross error rate) is based on the annual error rates reported by audit authorities, adjusted by the corrections validated by certifying authorities and, where necessary, by DG HOME estimation, as explained in the section on Control System 1. SOLID. Concerning the assessment of the 2018 accounts AMIF/ISF, the methodology has been briefly presented in the section on Control System 1. AMIF/ISF and is detailed in Annex 4.

Control System 2. Direct management grants: concerning the amount under risk for the research grants, the applied error rate corresponds to the residual error rate as calculated based on the Common Representative Audit Sample. With regard to the non-research grants, the cumulative detected error rate is based on the results of audits carried out by DG HOME.

In the section on Control System 3. Procurement it has been clarified that no ex post controls were performed on the implemented contracts. However, the audit findings expressed by the other internal or external auditors are taken into account for the assessment of assurance in relation to procurement transactions: in 2016 the European Court of Auditors assessed DG HOME's systems for direct management (procurement included) and concluded that DG HOME implemented the relevant controls required by the financial regulation and the review did not reveal major weaknesses. As a result, the average error rate is estimated at 0.20%, as per error rate computed by ECA on administrative expenditure.

For other activities²⁰² either a range between 0% and 1.99 % is applied as they were not covered by audits in 2018. These activities are not considered risk-prone in 2018 and it is

²⁰² These include administrative expenditure, various administrative arrangements for AMIF/ISF/SOLID and the annual contribution to EACEA paid by DG HOME.

estimated that the error rate is below the materiality threshold.

In the context of the protection of the EU budget, at the Commission's corporate level, the DGs' estimated overall amounts at risk and their estimated future corrections are consolidated.

For DG HOME, the estimated overall amount at risk at payment for the payments made in 2018 is equal to EUR 30.61 million. This is the AOD's best conservative estimation of the amount of **relevant expenditure**²⁰³ during the year (EUR 1.85 billion) not in conformity with the applicable contractual and regulatory provisions at the time of payment²⁰⁴.

This expenditure will be subsequently subject to ex post controls and a sizeable proportion of the underlying error will be detected and corrected in successive years. The conservatively estimated future corrections for the 2018 payments are equal to EUR 13.30 million. This is the amount of errors that the DG conservatively estimates to identify and correct from controls that will be implemented in the following years.

The difference between those two amounts is the estimated overall amount at risk at closure which is equal to EUR 17.72 million. Detailed calculation is provided in the following table.

Substantial work has been done implementing strengthened rules on the avoidance of conflicts of interest in shared management (Article 61 of the Financial Regulation 2018, in force since 2 August 2018). Member States' authorities responsible for managing and auditing EU funds have received guidance during meetings held in November and December 2018. All Member States have been contacted to raise awareness on the new provisions and to gather information on the procedures and controls in place. Member States have been asked about the measures they have taken to ensure respect of the revised rules. In continuation of these activities, a conference on 10 April 2019 will bring together Member States authorities and the European Commission to discuss measures taken to deal with conflicts of interest, and to exchange best practices.

The Commission is also following up specific allegations of conflicts of interest.

²⁰³ "relevant expenditure" during the year; see note 5 to the table.

²⁰⁴ "payments made" or equivalent; see note 2 to the table.

Estimated overall amount at risk at closure

DG HOME	"payments made" (FY; mEUR)	<i>minus</i> new prefinancing [<i>plus</i> retentions made*] (in FY; mEUR)	<i>plus</i> cleared prefinancing [<i>minus</i> retentions released* and deductions of expenditure made by MS] (in FY; mEUR)	= "relevant expenditure" (for the FY; mEUR)	Average Error Rate (<i>weighted</i> AER ; %)	estimated overall amount at risk <i>at payment</i> (FY; mEUR)	Average Recoveries and Corrections (<i>adjusted</i> ARC ; %)	estimated future corrections [and deductions] (for FY; mEUR)	estimated overall amount at risk at closure (mEUR)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Shared management SOLID	6,39	0,00	143,99	150,39	3,40%	5,11	1,00%	1,50	3,61
Shared management AMIF ISF	795,32	376,12	476,23	895,43	1,68%	15,05	1,00%	8,95	6,10
Direct Management - Non-research grants	313,10	292,61	124,26	144,75	3,84%	5,56	1,00%	1,45	4,11
Direct Management - Research grants	37,46	19,86	40,37	57,97	2,91%	1,69	1,00%	0,58	1,11
Direct Management - Public procurement	34,85	1,67	0,76	33,95	0,50%	0,17	0%	0,00	0,17

Indirect Management - Delegation agreements	51,37	31,04	60,78	81,11	0,50%	0,41	1,00%	0,81	0,00 ²⁰⁵
Indirect Management - Decentralised agencies	606,84	606,82	520,51	520,52	0,50%	2,60	0%	0,00	2,60
Other	8,25	6,04	2,18	4,39	0,50%	0,02	0%	0,00	0,02
<i>DG HOME payments include DG HOME contribution to EU Trust Fund Africa</i>	<i>(0,00)</i>	<i>(0,00)</i>	<i>(0,00)</i>	<i>(0,00)</i>					
TOTAL	1.853,59	1.334,17	1.369,08	1.888,51	1,62%	30,61 1,62% of (5)	0,70%	13,30 0,70% of (5)	17,72 0,94% of (5)

Notes to the table

(1) Differentiated for the relevant portfolio segments at a level which is lower than the DG total

(2) Payments made or equivalent, such as after the expenditure is registered in the Commission's accounting system, after the expenditure is accepted or after the pre-financing is cleared. In any case, this means after the preventive (ex ante) control measures have already been implemented earlier in the cycle.

In all cases of Co-Delegations (Internal Rules Article 3), the "payments made" are covered by the Delegated DGs. In the case of Cross-SubDelegations (Internal Rules Article 12), they remain with the Delegating DGs.

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

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

²⁰⁵ Based on the calculations; this amount at risk at closure results as negative. However, as a prudent approach, DG HOME sets it at zero.

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

(6) In order to calculate the weighted Average Error Rate (AER) for the total relevant expenditure in the reporting year, the detected error rates have been used – or equivalent.

[Such equivalents are e.g. the "adjusted error rates" [AGRI, for Rural Development], the "reportable error rates" [REGIO, for the 2007-2013 programmes], or the "residual total error rates" [MARE, for the current programme. In other cases [e.g. DEVCO and NEAR], they are derived by a backwards calculation based on results from advanced residual error studies; i.e. by adding the estimated future corrections (if not assumed being zero) to the amount at risk at closure.]

For types of low-risk expenditure with indications that the equivalent error rate might be close to 'zero' (e.g. *administrative expenditure, operating subsidies to agencies*), it is recommended to use 0.5% nevertheless as a conservative estimate.

(8) Even though to some extent based on the 7 years historic Average of Recoveries and financial Corrections (ARC), which is the best available indication of the corrective capacity of the ex-post control systems implemented by the DG over the past years, the AOD *has adjusted* this historic average.

Any ex-ante elements, one-off events, (partially) cancelled or waived Recovery Orders, and other factors from the past years that would no longer be relevant for current programmes (e.g. higher ex-post corrections of previously higher errors in earlier generations of grant programmes, current programmes with entirely ex-ante control systems) [*have been adjusted*] in order to come to the best but conservative estimate of the ex-post future corrections to be applied to the reporting year's relevant expenditure for the current programmes.

DG HOME applied the historic Average of Recoveries and financial Corrections (ARC) based on the figures 2011 – 2018 to the following control systems: Shared Management SOLID, Shared Management AMIF – ISF, Direct Management grants and Indirect Management - Delegation agreements. For precautionary reasons, an ARC of 0% was applied to the following control systems: Direct Management - Public procurement, Indirect Management - Decentralised agencies and Other Expenditure. This is due to the fact that over the period 2011 - 2018, these control systems showed a low recovery orders ratio. As a consequence, the overall ACR for DG HOME is equal to 0.70%.

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

- ***Fraud prevention, detection and correction***

Since 2013, DG HOME has developed and implemented its own anti-fraud strategy, elaborated on the basis of the methodology provided by OLAF.

In 2017, DG HOME's anti-fraud strategy was revised taking into account the updated methodology and guidance for anti-fraud strategies issued by OLAF in 2016, the substantial reorganisations of DG HOME in 2016 and 2017, as well as a specific IAS recommendation on EMAS. The revised strategy was endorsed at the beginning of 2018, and will be monitored throughout the period until 2020. DG HOME monitors the review of the Commission's Anti-Fraud Strategy (CAFS) currently performed by OLAF (to be completed in spring 2019), so as to adjust DG HOME's strategy as appropriate.

DG HOME's anti-fraud strategy is built around the following anti-fraud objectives:

- fraud prevention and detection within DG HOME, in relation to Responsible Authorities in Member States, and in relation to decentralised agencies in the area of Migration and Home affairs, as well as
- efficient and timely follow-up and reporting on follow-up of OLAF's final reports.

The deterrent effects of the implementation of DG HOME's anti-fraud strategy represent a benefit which cannot be quantified.

In 2018, on the basis of the strategy's action plan, a fraud awareness workshop was organised for DG HOME staff, with a particular emphasis on conflict of interest. In this context, the DG HOME intranet page on anti-fraud was revamped, following also the split of the Shared Resource Directorate in 2017.

Objective: Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of the DG, based on the DG's anti-fraud strategy (AFS) aimed at the prevention, detection and reparation of fraud.			
Main outputs in 2018:			
Output	Indicator	Target	Latest know situation
Implementation of OLAF recommendations	% of recommendations issued by OLAF implemented/closed by DG HOME within deadlines	100%	100%
Anti-fraud strategy adjusted as/if appropriate	Monitoring and analysis of the new Commission Anti-fraud strategy (CAFS) and adjustment of DG HOME anti-fraud strategy, if need be	3 rd quarter 2018	Adoption of updated CAFS delayed, expected in spring 2019, monitoring and analysis in DG HOME ongoing.
Increased level of awareness on anti-fraud measures	Number of participants attending the training sessions on anti-fraud measures	60 persons of DG HOME staff	25 participants in fraud awareness workshop for DG HOME staff

Even if the controls targeted at preventing and detecting fraud are in principle very similar to those intended to ensure the legality and regularity of the transactions, specific anti-fraud related actions were carried out in DG HOME in

2018:

- integration of the risk of fraud in the risk assessment,
- selection of fraud risk-based audits as a basis of the annual external audit plan,
- regular attendance to Fraud Prevention and Detection Network (FPDnet) meetings.

During 2018, no cases of suspicion of fraud and irregularities were transmitted to OLAF for analysis. DG HOME continued to provide information and to collaborate with OLAF selectors and investigators, upon their request.

In conclusion, the above mentioned fraud prevention and detection processes work satisfactorily, and therefore contribute to the assurance on the achievement of the internal control objectives.

2. Efficiency

Regarding the efficiency of controls, DG HOME assessed it based on the "time-to" indicators, which measure the time needed to complete specific procedures. The global statistics based on all payments made by DG HOME in 2018 show that the average late payment rate was equal to 10%, hence significantly reduced as compared to previous years (18% in 2017 and 22% in 2016). The Commission's target rate being 4%, DG HOME is committed to keep improving the existing positive trend.

In 2018 the average **time to complete a payment** was equal to 37 days, a much shorter delay as compared to 2017 (55 days) and 2016 (48 days).

The total payments made by DG HOME in 2018 were higher than in 2017 (EUR 1.85 billion vs EUR 1.7 billion) hence the global improvement of the situation shows that in general DG HOME managed its resources and processes more efficiently. A closer look at the control systems allows seizing the areas where major improvements were achieved, and where additional efforts will be needed.

In 2018 DG HOME registered 11 exceptions: one for shared management, two for direct management – grants non research, eight for procurement. The reasons for these exceptions were the following: one extension of a project beyond 20% of the maximum duration indicated in the call, as necessary for the finalisation of the project; creation of new budgetary commitments following accidental decommitments (3) or decommitments of administrative credits (7) before the final payment. This indicators shows a slight improvement, as exceptions registered in 2017 were 12.

Control system 1 - shared management

The indicators on efficiency of controls improved in 2018: the time to pay pre-financing under AMIF/ISF was equal to 17 days in 2018, hence lower than in 2017 (20 days) and 2016 (69 days). The closure of the SOLID funds 2007-2014 improved in 2018: the time-to-close indicator was equal to 177.5 days in 2018 (252 days in 2017 and 315 days in 2016).

In 2018 75 revisions of National Programmes AMIF/ISF were carried out (70 in 2017), mainly to reflect the result of the mid-term review (as described in the section on Control System 1, above). The time-to-adopt the revised national programmes was equal to 95 days, hence improved as compared to 2017 (107 days).

Shared management	Time-to adopt national programmes (revision): ⬇ 95 days (107 days in 2017)
	Time-to-pay pre-financings: ⬇ 17 days (20 days in 2017; 69 days in 2016; 60 days time-limit)
	Time-to-close: ⬇ 177.5 days (252 days in 2017)

Control system 2 – direct management grants

The efficiency indicators show an improvement of the situation in "time-to-pay" with 30 days in 2018, a major improvement as compared to 52.5 days in 2017 and 72 days in 2016.

The high number of non-research grants increased the "time-to-grant", which reached 236.5 days in 2018 (201 days in 2017). This is mainly explained by the number of signed grant agreements non-research in 2018, which almost doubled as compared to 2017: from 129 to 211.

Direct management grants	Time-to-pay (all grants): ⬇ 30 days (52.5 in 2017; 72 days in 2016)
	Time-to-inform (non-research grants): ⬆ 43 days for EMAS, 69 days for non EMAS direct awards, and ⬆ 154 days for non EMAS calls for proposals. Values in 2017 were 31 days for EMAS and 124 days for non EMAS grants ²⁰⁶ .
	Time-to-grant* (non-research grants): ⬆ 236.5 days (201 in 2017; 89 in 2016)
	Time-to grant* for research grants: ⬆ 299 days (243 in 2017; 242 in 2016) - H2020 regulation: 240 days/8 months deadline (as per Rules of Participation Article 20)

** for non-research grants the time-to-grant includes only the period from the award to the signature of grants, while in case of research grants the time-to-grant includes also the time-to-inform*

Control system 3 – Procurement and Control system 4 – Indirect management

The average number of days necessary to process a payment under direct management procurement was equal to 28 days in 2018, hence decreased as compared to 31 days in 2017 (21 days in 2016).

²⁰⁶ From 2018 on, this indicator is presented broken down into three sub-categories, instead of two, to distinguish calls for proposals from direct awards.

Payments of subsidies to decentralised agencies were processed in average in 19 days, showing an improvement as compared to 22 days in 2017 (13 days in 2016).

As for delegation agreements, the performance indicators show an increase in the time to pay, with 35 days in average in 2018 (22 days in 2017).

Others	Procurement: time-to-pay: ↘ 25 days (31 days in 2017; 21 days in 2016)
	Decentralised agencies: time-to-pay: ↘ 19 days (22 days in 2017; 13 days in 2016)
	Delegation agreements: time-to-pay ↗ 35 days (22 days in 2017)

Based on the above available information, DG HOME could reach a positive conclusion with regard to the efficiency of its entire control system, taking into consideration the increased volume of the transactions processed and their value in 2018 as compared to previous years, and the general improvement of the indicators.

3. Economy

The cost of controls has been estimated at DG HOME level and, separately, at the level of Member States and entrusted entities, for shared and indirect management respectively. The costs at DG HOME level are reported in absolute values and as a percentage of the payments made, globally and broken down by relevant control system and step (as described in Annex 5).

The assessment of the economy of the cost of controls has been carried out through analysis of the evolution over time and in relation to the volume of resources managed.

Cost of controls at DG HOME level

DG HOME has analysed the estimation of the cost of control in relation with the value of the payments made in 2018 per control system (Annex 5) and over the last three reporting years, to draw conclusions also on the trend. However, in 2018 a revised methodology applied across the Commission, according to the corporate "Guidance on the estimation, assessment and reporting on the cost-effectiveness of controls".

According to the new methodology, DG HOME identified the staff carrying out the control activities listed in Annex 3 of the Guidance. For each Relevant Control System for budget implementation (RCSs)²⁰⁷, the number of Full-Time Equivalents (FTEs) and any other direct cost associated to control activities were computed.

²⁰⁷ Provided as Annex 5 to this report

The basis for the calculation of the costs of controls is the unit cost of the various types of staff, whilst "other direct costs" are mainly represented by externalised audit work and dedicated IT tools for financial management and control.

As a result, the total cost of the controls performed in 2018 by DG HOME has been estimated at EUR 19.33 million.

This represents a significant decrease if compared with previous years²⁰⁸ (below table). This decrease in the cost of controls comes with an increase in the volume of payments made as compared to 2017, hence revealing an improved performance (from 1.34% in 2017 to 1.04% in 2018). This represents a significant gain in efficiency achieved by DG HOME, which is explained by the efforts made to provide guidance to Member States (such as guidance on decommitment procedure for AMIF and ISF National Programmes 2014-2020; on eligibility of transport means under ISF-Police; on the possibility to allocate unused amounts to relocation and legal admission for voluntary relocation and resettlement), to decentralised agencies and implementing partners, as well as improvement in the internal procedures for management and control.

The below table provides exhaustive information on the data analysed by DG HOME to draw this conclusion.

	2018			2017			2016		
Control system	Costs (M€)	Payments (M€)	Costs/payments (%)	Costs (M€)	Payments (M€)	Costs/payments (%)	Costs (M€)	Payments (M€)	Costs/payments (%)
Shared management	8,43	801,72	1,05%	10,09	737,20	1,37%	8,74	1.016,09	0,86%
Direct management-grants	6,62	350,56	1,89%	8,11	363,92	2,23%	9,26	448,13	2,07%
Direct management - public procurement	1,96	34,85	5,63%	2,13	45,25	4,70%	2,69	32,83	8,19%
Indirect management - Entrusted Entities and Decentralised Agencies	2,04	658,21	0,31%	2,50	549,02	0,46%	2,33	530,01	0,44%
Other	0,28	8,34	3,32%	0,00	9,95	N/A	0,00	16,82	N/A
Total	19,33	1.853,67	1,04%	22,83	1.705,35	1,34%	23,02	2043,88	1,13%

Costs of controls at Member State level

The estimation of the cost of controls for Member States and participating Countries to implement AMIF and ISF is based on the information provided by the national authorities. To this end, DG HOME collected from the MSs the information on the costs of the controls incurred for the implementation of AMIF and ISF for the financial year 2018 by responsible and audit authorities (and delegated authorities when applicable).

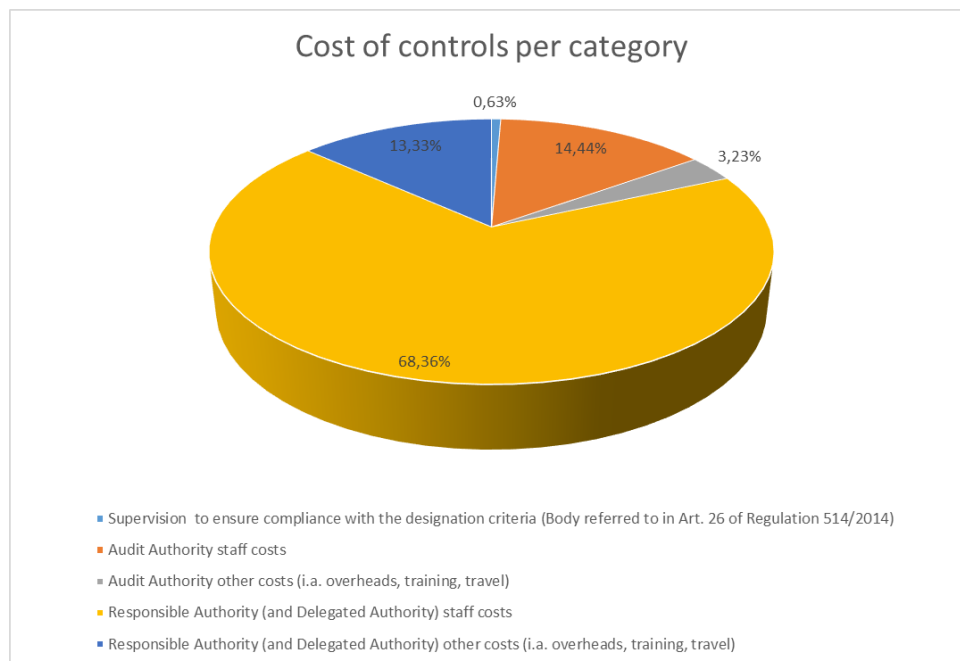
The national authorities were requested to calculate their costs of controls based on the following types of expenditure:

- Supervision to ensure compliance with the designation criteria (Body referred to in Article 26 of Regulation 514/2014)

²⁰⁸ Although analysis of trend over time may be limited by the introduction of a revised methodology

- Audit Authority staff costs
- Audit Authority other costs (such as overheads, training courses, travel)
- Responsible Authority (and Delegated Authority) staff costs
- Responsible Authority (and Delegated Authority) other costs (such as overheads, training courses, travel).

The cumulative cost of control estimated by the Member States²⁰⁹ is equal to EUR 25.99 million (EUR 24 million in 2017). The total amount of the payments requested by the Member States for the financial year was equal to EUR 892.33 million, hence the ratio of the estimated costs of control over the amount of funds managed is equal to 2.88% (5% in 2017). The percentage has decreased as compared to the previous year, as the implementation of AMIF and ISF by MSs increased steadily. The analysis of the data sent by the Member States show that the bulk of the costs of controls are associated with the ex ante activities. The below chart shows the components of the costs of controls at Member State level and their percentage on the total.



Cost of controls at the level of Entrusted Entities

DG HOME signed three new delegations agreements in 2018: one for the Readmission Capacity Facility III (IOM) and two to ensure continuity in 2019 of actions implemented in Greece in 2018 under the Emergency Support Instrument (ESI). More details on the contents of these delegation agreements are provided in section 2.1.1.4.

The provision for the cost of controls by the entrusted entities are set in the delegation agreements as follows:

²⁰⁹

IOM – Site Management Support: 7% of the final eligible direct costs of the Action, equal to EUR 3.9 million, calculated on the forward budget;

UNHCR – ESTIA: 5% of component 1 (EUR 85.5 million) and 7% of the remainder (EUR 104.96 million). As a result, the cost of control included in the forward budget is equal to EUR 7.29 million.

IOM – Readmission Capacity Building Facility III: 7% of the final eligible direct cost of the Action (EUR 26.3 million). As a result, the cost of control included in the forward budget is equal to EUR 1.72 million.

DG HOME reports on the cost of control borne by the entrusted entities at the start of each delegation agreement.

4. Conclusion on the cost-effectiveness of controls

Based on the most relevant key indicators and control results, DG HOME has assessed the effectiveness, efficiency and economy of the control system and reached a positive conclusion on the cost-effectiveness of controls.

Regarding the cost-effectiveness of controls, the conclusion was reached on the basis of an estimation of costs of control over the value of the related funds, in the form of indicators and their evolution over time for each distinct control system (Annex 5) using indicators reported in detail in Annex 10.

DG HOME has managed to ensure an adequate balance of the following components:

- low error rates
- payments made within applicable time limits
- low costs of controls

DG HOME has built its experience in the management of EU funding during the 2007-2013 SOLID Funds, which are coming to closure. As a result, the design of the subsequent period and the methodology to plan, implement and control AMIF and ISF have benefited from the lessons learnt. Member States and implementing partners have also learnt from the previous MFF and are now better equipped to manage and control the funds received from DG HOME.

Moreover, as reported under “economy”, the implementation pace increased over the last two years, but this did not correspond to an increase in the cost of controls. DG HOME's control environment and control strategy remained stable during the reporting year and the conclusion on the cost-effectiveness of controls remains unchanged.

Based on the results of its control activities carried out in 2018, DG HOME has decided to issue some reservations, which are described in Section 2.1.4.

A positive conclusion on the overall efficiency of controls has been reached, based on an overall cost-efficiency indicator of 1.04%, lower than in 2017 (1.34%), and the analysis of the management indicators. In 2018 DG HOME registered a general improvement of the "time-to" indicators, with the exception of delegation agreements.

Regarding fraud prevention and detection, DG HOME prepared a comprehensive revision of its anti-fraud strategy in 2017. In 2018, no cases of suspicion of fraud or irregularities were transferred to OLAF for analysis (as detailed in sub-section 1. Effectiveness of controls).

Due to the fact that administrative arrangements, cross sub-delegations and contributions to executive agencies are immaterial (total less than 1% of the total payments of DG HOME), these activities are not detailed further in this AAR.

2.1.2 Audit observations and recommendations

This section reports and assesses the observations, opinions and conclusions reported by auditors in their reports as well as the limited conclusion of the Internal Auditor on the state of internal control, which could have a material impact on the achievement of the internal control objectives, and therefore on assurance, together with any management measures taken in response to the audit recommendations.

Every year, DG HOME is audited by internal and external independent auditors: the Internal Audit Service (IAS) and the European Court of Auditors (ECA).

2.1.2.1 Audits on DG HOME by the Internal Audit Service (IAS) in 2018

(1) During the reference period, the IAS completed its internal audit plan for the year 2018:

➤ The IAS finalised the multi-DG audit on **"Risk management"** in DG HOME which had the overall objective to assess the effectiveness of the risk management process in DG HOME in identifying, assessing, and managing critical and significant risks, in order to improve strategic decision making and increase operational effectiveness by identifying potential obstacles for reaching DGs objectives. In its Final Report of mid-November 2018, the IAS issued two 'very important' recommendations relating to (1) the integration of the risk management process in the organisation's culture and systems, and (2) risk identification, assessment and risk response. DG HOME prepared an action plan for all the recommendations – considered as satisfactory by the IAS end of November 2018 –, to be implemented at the latest by July 2019.

➤ In 2018, the IAS launched and performed in DG HOME an audit on **"Monitoring the implementation and performance of 2014-2020 National programmes by DG HOME"** which aimed at assessing the adequacy, efficiency and effectiveness of controls put in place by DG HOME for monitoring the implementation and performance of the 2014-2020 AMIF and ISF National programmes. In its Final Report of end of January 2019, the IAS issued two 'important' recommendations. DG HOME accepted them, and prepared an action plan which was considered as satisfactory by the IAS in February 2019.

➤ At the end of 2018, the IAS launched in DG HOME a new audit on the **"Implementation of DG HOME audit strategy"** in order to assess the implementation of the audit strategy and the assurance building process in DG HOME.

(2) As regards the implementation by DG HOME of recommendations issued by IAS in 2018 and in previous years:

In 2018, there were no 'critical' or 'very important' recommendations overdue for more than six months for DG HOME.

➤ In 2018, the IAS performed a follow-up audit on **"DG HOME's preparedness for 2014-2020 legislation under shared management"** (Final Audit Report of September 2015) in order to determine whether all recommendations and agreed actions have been adequately implemented. The IAS concluded that two 'very important' recommendations have been adequately and effectively implemented by DG HOME, and are therefore closed (assessment

and approval of National Programmes; DG HOME's control architecture). Since the two other recommendations of this audit had already been closed previously (overall planning of activities; designation of Responsible Authorities), now all recommendations from this audit are closed.

➤ Furthermore, the IAS performed in 2018 a follow-up audit of the audit on **"Objective Setting process in the context of preparation of Management Plans"** (Final Audit Report of December 2015) and concluded that all the three 'very important' recommendations have been adequately and effectively implemented by DG HOME, and are therefore closed (process for setting objectives and indicators; quality of objectives and indicators; monitoring of the DG's objectives/reporting arrangements).

➤ In addition, the IAS performed in 2018 a follow-up audit of the audit on **"Coordination and Working Arrangements with EU decentralised Agencies"** (Final Audit Report of May 2016) and concluded that three recommendations have been adequately and effectively implemented by DG HOME, and are therefore closed (role and responsibility of the Partner DG towards its Agencies; overall strategy of the Partner DG towards its Agencies – programming; organisational structure of the Partner DG to interact with its Agencies). However, two other 'very important' recommendations have not been fully and/or adequately implemented, and cannot be closed now (overall strategy of the Partner DG towards its Agencies – monitoring; control and building-up assurance). Nevertheless, taking into consideration the actions already implemented by DG HOME, the IAS considered the residual risk has been partly mitigated and consequently re-assessed the rating of both recommendations from 'very important' to 'important'. DG HOME submitted to IAS new target implementation dates (May and June 2019).

➤ During the first half of 2018, DG HOME implemented and sent for review to IAS the last open of four 'very important' recommendations on **"DG HOME's management of Emergency Assistance in the context of the migration crisis"** (Final Audit Report of January 2017), relating to the complementarity of Emergency Assistance with other DG HOME funding in indirect grant management. The Commission finalised its analysis of lessons learnt from the first years of implementation of the national programmes and the emergency assistance. It published the results in the interim evaluation of AMIF and ISF, accompanying the package for proposals for the next MFF. The Staff Working Document concluded that an emergency instrument should be maintained and further strengthened in its ability to respond rapidly and efficiently. DG HOME integrated these conclusions in the Impact Assessment accompanying the proposals for the Asylum and Migration Fund, the Integrated Border Management Fund (for its Border Management and Visa Instrument) and the Internal Security Fund for the 2021-2027 MFF.

In the second half of 2018, the IAS performed a follow-up audit and concluded that three 'very important' recommendations have been adequately and effectively implemented by DG HOME and are therefore closed (planning, evaluation and contracting; monitoring, payment, and control and audit strategy in direct grant management; complementarity of EMAS with other DG HOME funding in indirect grant management). Regarding the fourth 'very important' IAS recommendation relating to a Delegation Agreement with UNHCR, the IAS concluded that its implementation no longer applies to DG HOME (due to the transfer of responsibilities to DG ECHO in March 2017) and it is therefore closed. Now all recommendations from this audit are closed.

➤ In its Final Report of November 2017 for the audit on **"HR management / staff allocation in DG HOME"**, the IAS had issued, as detailed in the Annual Activity Report for 2017, two 'very important' recommendations relating to (1)

DG HOME's strategic approach to HR management (recommending the development of a Human Resources strategy or plan, and strengthening the DG's broader organisational culture), and (2) the allocation of human resources (recommending the establishment of a structure/ mechanism for identifying the DG's HR needs). DG HOME is finalising the requested HR strategy, which is the key document for the implementation of both recommendations. The strategy focuses on actions aimed at integrating the DG's main HR management objectives, identifying key HR related challenges/ risks, defining mitigating actions, including a mechanism for matching human resources to priorities, whilst bringing together existing HR management processes into a comprehensive framework. To this end, IAS granted DG HOME a short extension of the implementation time (until March 2019), for DG HOME to include into the strategy also the results of the Staff Survey 2018 which are expected around the end of February 2019.

➤ In its Final Report of November 2018 for the audit on **"Risk management in DG HOME"**, the IAS issued two 'very important' recommendations as described above.

- Regarding the integration of the risk management process in the organisation's culture and systems, the audit revealed that, although the structure of the DG and the policy challenges have changed over the last years, there has been no analysis of whether the process is fit-for-purpose for the DG. In addition, the bottom-up approach is not systematically complemented by a collective senior management steer. Furthermore, there has been no documented analysis of how risks related to decentralised agencies may impact the achievement of DG HOME's policy objectives.

To address this, the IAS recommended that DG HOME should develop risk management so that it becomes a continuous, proactive and systematic process that is fully embedded in the DG's core business activities, is integrated into all steps of the SPP cycle, and is subject to regular senior management steer and involvement. DG HOME should properly document the identification and assessment of risks related to decentralised agencies.

This recommendation is scheduled to be implemented in July 2019. DG HOME is well on track with the implementation; some of the actions had already been pro-actively implemented by DG HOME, even before the Final Audit Report was issued, e.g. before the official launch of the annual risk exercise for 2019, DG HOME top management defined the scope of the exercise, taking into account the nature of DG HOME's operations and the environment in which it operates, and the exercise was regularly discussed in DG HOME senior management meetings.

- On the risk identification, assessment and risk response, the IAS found that there are weaknesses in the DG's risk management guidance and methodology (e.g. concerning *significant* and *critical* risks within DG HOME's specific working environment and nature of activities). The tolerable risk level is not clearly defined.

To address this, the IAS recommended that DG HOME should strengthen its guidance and methodology used for identifying and assessing risks, as well as review its definition of tolerable risk level.

This recommendation is scheduled to be implemented in July 2019. DG HOME is well on track with the implementation; some of the actions had already been pro-actively implemented by DG HOME, even before the Final Audit Report was issued, e.g. before the official launch of the annual risk exercise for 2019, DG HOME top management determined which risks are to be included in DG HOME's risk register, considering the specificities of DG HOME.

In conclusion, the Internal Auditor stated in its contribution to this report (cut-off date 31 January 2019) based on all the work undertaken by the IAS in the period 2016-2018 that the *audited* internal control systems are *effective*, except for the observations giving rise to 'very important' recommendations which remain to be addressed, in line with the agreed action plans.

In this regard, DG HOME has carried out a detailed analysis of the possible impact of the identified issues on the effectiveness of the DG's internal control system, also taking into account the actions already taken to mitigate the related risks. This showed that, for all the open 'very important' recommendations, DG HOME is taking the necessary actions to tackle the different issues identified by the IAS audits. In particular, parts of the action plan relating to the audit on "*Risk management in DG HOME*" have already been implemented. It is also to be noted that none of the 'very important' recommendations is overdue for more than six months, on the contrary, all the initially agreed target dates for implementation lie in the future.

On the basis of the analysis carried out, DG HOME considers that, in view of the actions already put in place for risks mitigation, the residual risk related to the above-mentioned recommendations does not affect in a material way the achievement of the internal control objectives, and therefore the assurance provided in the AAR.

Information on the follow up of IAS audit recommendations on EACEA by parent DGs

- ***Supervision of the Education Audiovisual and Culture Executive Agency (EACEA)***

DG HOME is one of the parent DGs of EACEA since it entrusted the Agency with the management of the Europe for Citizens programme together with DG EAC (lead DG), DG CNECT and DG ECHO. As such, DG HOME is represented in the Steering Committee of the agency and has a supervision role over it.

This supervision role is framed by a certain number of legal documents and guidance, including the Commission Delegation Act to EACEA, the Memorandum of Understanding between the DGs and the agency, the Commission Guidelines on Executive Agencies. In addition, all the executive agencies participate in horizontal governance processes, such as the peer review of critical risks.

In 2018, DG HOME, along with the other parent DGs, reinforced its supervision on the Agency's activities: continued participation in evaluation committees, attendance to meetings between IAS and EACEA, examination of best practice in other Executive Agencies, and participation in the "communities of practice" coordinated by DG BUDG.

In 2017 and 2018, IAS performed two audits on grant management by the Agency. The audits concluded that there were weaknesses in the systems and IAS issued two critical and several very important recommendations. The residual risks related to these recommendations may affect one or several control principles and/or components. As a result of the 2018 audit, the IAS contribution to EACEA's 2018 Annual Activity Report process states that the internal control systems in place for the audited processes of the Agency are overall not effective.

In the meantime, the Agency is addressing the recommendations stemming from the phase II audit through the implementation of the action plan accepted by IAS. The mitigating actions put in place by EACEA for phase II include the following:

- Improved reporting from the AOSDs to the AOD, including the key building blocks which support the declaration of assurance on internal control;
- Development of an improved register of exceptions and non-compliance events;
- Strengthened procedure for handling exceptions and non-compliance events;
- Provision of training courses on the implementation of the internal control framework and on management of exceptions and non-compliance events in particular, in collaboration with central services.

As a result of the actions put in place by the Agency in 2018 and early 2019 to address the audit recommendations, IAS has closed all the recommendations from the phase I audit and downgraded from "critical" to "very important" the recommendation from the phase II audit.

In addition, the new Director of the Agency is planning significant changes to keep improving the situation. In particular, a structural reorganisation of the Agency should take effect in the second half of 2019. This will also put EACEA on a sound basis for the next Multiannual Financial Framework. The Director of EACEA has accordingly made a reservation in EACEA's AAR 2018 for Internal Control Component III "Control Activities" and partially for Component V "Monitoring Activities".

- **Assessment**

Overall, DG HOME considers that its supervision of EACEA whose Authorising Officer receives delegation directly from the Commission, has been effective and sufficient in 2018.

All the reports provided for in the Memorandum of Understanding between EACEA and its parent DGs were provided and the reinforced measures implemented. This has enabled DG HOME to closely monitor the implementation of the Europe for Citizens programme.

Therefore no reservation is required by the parent DGs.

2.1.2.2 Audits on DG HOME by the European Court of Auditors (ECA) in 2018

The European Court of Auditors (ECA) carries out audits in the framework of the annual discharge procedure as well as performance audits in specific policy areas. The below sub-sections report separately on these two types of audits.

(1) Annual discharge (DAS)

ECA examined the financial management of the European Union budget and European Development Funds (legality and regularity of transactions, reliability of control systems) in its Annual Report for 2017 (published in October 2018).

For the second time in a row, in its report 2017, ECA presented a dedicated chapter on migration and home affairs (*Chapter 8 Security and Citizenship*).

The audit scope and results of the audit are presented below:

- a) In relation to **legality and regularity**: ECA sampled 11 transactions from DG HOME payments and clearings. Due to the relatively low level of payments for this policy area (around 2% of the EU budget), the Court did not calculate an error rate for the Chapter.

The Court found that two transactions were affected by quantifiable errors: one transaction under shared management AMIF in France (error of 10 %, accepted by French authorities). France has already corrected the error in 2018 accounts and put in place corrective measures such as a reinforced verification procedure and the creation of an integrated IT solution. The second error related to the operational subsidy paid by DG HOME to EASO for expenditure incurred in 2016 and included in the Commission's 2017 accounts. However, in the 2017 accounts and in accordance with the legal framework, DG HOME could not have rejected the EASO costs affected by error, but has highlighted the issue in its 2017 Annual Activity report and a reputational reservation was issued by the Authorising Officer. The Court mentions also a sound management issue in relation to treatment of VAT by National Authorities, issuing a recommendation in this respect.

- b) **Control systems**: ECA looked into the main control systems used by DG HOME and the Member States to provide assurance for payments made under SOLID, AMIF and ISF.

On SOLID, the Court assessed DG HOME's ex post audit work through the review of ten ex post audits. Their findings highlight some system weaknesses (i.e. delays in reporting, insufficient supervision of outsourced work) but do not call into question the Commission's audit results.

On AMIF and ISF, the Court examined the clearance decisions for the 2016 financial year. The auditors found no major flaws in the procedures and agreed with the Commission results of the clearing decisions. Nevertheless, ECA found that the reporting requirements were weak and the Commission had insufficient information on actual spending by Member States under AMIF/ISF. DG HOME improved already the reporting framework, the breakdown between pre-financing and expenditure incurred was already implemented with the accounts submitted in February/March 2018 by the Member States. This is duly reflected in this Report, section on Control System 1. Shared management.

Regarding the control systems of Member States, the Court reviewed the audit activities of the Audit Authorities and informed DG HOME about several weaknesses related to weak supervision, audit documentation or audit strategy not adapted. DG HOME took into account all the weaknesses detected by ECA in its assessment of assurance for the purpose of this report.

- c) **Assurance given by the DG in his 2017 AAR**: the Court reviewed the AAR 2017 of DG HOME and found no information that contradicted the auditors' findings.

ECA issued two recommendations, both of them accepted by DG HOME:

Recommendation 1: provide guidance to Member States to use EU funds in accordance with the principle of sound financial management. In particular, the AMIF/ISF implementing guidelines should specify that, when public bodies implement EU actions, the EU co-financing may not exceed the total eligible expenditure excluding VAT.

Following this recommendation, DG HOME is preparing a guidance note to Member States that will clarify how to mitigate the risk related to exceeding the co-financing rate when according to national rules VAT could represent part of a co-financing. The treatment of VAT at Member State level depends on the national legislation, therefore it is the responsibility of the Member States not to claim for undue payments.

Recommendation 2: require Member States, in the annual accounts of their AMIF and ISF national programmes, to break down the nature of the amounts they report into recoveries, pre-financing and expenditure actually incurred and DG HOME to report in its AAR from 2018 onwards the actual spending per fund.

DG HOME already implemented the recommendation, as reported above.

In Chapter 5 "Competitiveness for growth and jobs" where the Security research strand of DG HOME is included, there are no issues reported in relation with DG HOME.

(2) Performance audits

In addition to its audit activity in the framework of the yearly discharge procedure, in 2018, ECA carried out many **Performance Audits in Migration and Security (directly or indirectly)**, assessing the effectiveness, efficiency and economy of EU actions, programmes, systems and other general activities. Based on its outcomes, the Court issued a set of recommendations in the relevant areas, committing the Commission to their implementation. The results and recommendations of performance audits are published in special reports of the Court.

In 2018, DG HOME implemented all outstanding recommendations related to **two performance audits published in 2017**.

1. Special report no 6/2017 - EU response to the refugee crisis: the Hotspot approach

Information on this audit was disclosed in the 2016 and 2017 Annual Activity Reports. Regarding the follow up of 13 recommendations made by the Court, DG HOME immediately began to implement some of them, such as the evaluation of the setting-up and implementation of the hotspot approach and the monitoring of the speed of asylum applications processing in Greece. In the end of 2018, DG HOME implemented all recommendations in this area, by closing 11 out of 13 outstanding recommendations. They mainly concern:

- the provision of substantial financial assistance either through DG HOME's emergency assistance directly to Greek authorities or to international organisation (UNHCR, IOM) or via Greece's AMIF and ISF national programmes for upgrading accommodation facilities on Greek islands/hotspots;
- the assistance provided to Italian Authorities in the creation of 5 hotspots and in drafting Standard Operating Procedures (SOPs), standardising disembarkation and migration management in hotspot areas;
- the enforcement of existing return procedures (mainly the assisted voluntary return) in Greece in cooperation with EASO, EBCGA and International Organisations based also on the Joint Action Plan annexed to the Commission's 4th Report on the Progress made in the Implementation

of the EU-Turkey Statement of 8 December 2015 (COM/2016/792 final ANNEX 1);

- the assistance provided to Greek and Italian authorities in view of treating unaccompanied minors, mainly through emergency assistance, as the ESTIA accommodation scheme (run by UNHCR) and PEDIA project (run by IOM) in Greece and the SAVE project run by the Ministry of Interior in Italy;
- particular efforts made by the Commission, including efforts by EU Regional Task Force (EURTF) and relevant EU Agencies on the appointment of Child Protection Officers (CPOs) in all hotspots on Greek island and the pressure to Italian authorities for the same reason;
- the assistance provided to Greece in appointing a single person/authority responsible for the management of each hotspot in the five hotspots;
- the continuous and persistent efforts made by the Commission and relevant EU Agencies (EASO, EBCGA) to remind Member States to provide experts and to deploy them for longer periods in Greece and Italy;
- the clarification of roles and responsibilities of all stakeholders involved in the hotspots approach through the Staff Working Document on Best practices published on 15 November 2017 (COM(2017) 669), in the framework of the mid-term review of the European Agenda on Migration. Furthermore, the terms of cooperation for the EU Regional Task Forces in Piraeus (Greece) and Catania (Italy) that was drafted in cooperation with all relevant stakeholders (Commission, national authorities and EU Agencies) and adopted in March 2018;

2. Special report no 9/2017 - EU support to fight human trafficking in South /South-East Asia

Information on this audit was disclosed in the 2017 Annual Activity Report. Regarding the follow up of the recommendations made by the Court, only two recommendations are relevant to DG HOME / EU Anti-Trafficking Coordinator activities, both related to further develop the human trafficking strategic framework relevant to South/South-East Asia:

- By proposing to the Council an updated list of priorities. DG HOME, in cooperation with DG DEVCO (leading DG) and EEAS are still working for further delivering internal guidance to the concerned Commission and EEAS services and informing EU Member States regarding the thematic or geographic logic of prioritization. According to the latest statistical data the top five non-EU countries of citizenship of registered victims were Nigeria (2094), Albania (1 397), Vietnam (1 099), China (739) and Eritrea (287).
- By ensuring that sufficient and comparable data on supported anti-trafficking activities is available to decision-makers and practitioners. On 4 December 2018, the Commission presented a package on adoption of the Second Progress Report in the fight against THB in the EU containing a large-scale study, in-depth analysis on the collection of statistical data at EU level, which is unique in its kind. The study was presented during a high-level event that brought together decision makers and practitioners, including non-governmental bodies, from all across the EU and selected non-EU countries. This is the fourth report published by the European Commission that presents a compilation of statistics at the EU Member State level on trafficking in human beings. This data collection exercise approached all 28-Member States and covers the years 2015 and 2016 and updates the 2014 data collection as relevant.

In the course of 2018, the Court published two new special reports following the completion of its performance audit work, on radicalisation and on Chemical, Biological, Radiological and Nuclear Centres of Excellence (CBRN) and a briefing paper on integration of migrants. The Court issued two sets of recommendations addressed to DG HOME and DG DEVCO, as lead DGs respectively. The Commission/DG HOME has been working immediately with stakeholders and other services in improving coordination and management of EU actions aiming at supporting Member States in relevant areas:

1.Special Report No 13/2018 - Tackling radicalisation that leads to terrorism: the Commission addressed the needs of Member States, but with some shortfalls in coordination and evaluation

The Court of Auditors examined whether the Commission appropriately managed its support for Member States in addressing radicalisation leading to terrorism focusing on management of actions within EU. The main conclusion of the Court assessment is that EU support for Member States in their efforts to combat radicalisation is addressing their needs, but there are some shortfalls in coordination and evaluation. The Court issued 11 recommendations committing the Commission to take measures in three main areas:

- (1) improve the framework for overall coordination of actions addressing radicalisation by strengthening the coherence and complementarity between different policy areas, funding instruments and initiatives;
- (2) increase practical support to practitioners and policymakers in Member States through the Radicalisation Awareness Network (RAN);
- (3) improve the framework for assessing results through evaluations of its actions reflecting the achievements on its policy goals and value for money.

Although the Commission is committed to implement necessary improvements by mid-2019, DG HOME has already implemented five (5) recommendations. Three recommendations concern services provided by the RAN, as through the 2018 Annual activity Plan of the RAN, new policy and practice events offer the opportunity to national policy makers and practitioners to exchange experiences and facilitate networking and cooperation. Regarding potential synergies between Commission actions and disseminating results requested by the Court, projects applicants on radicalisation counter narratives campaigns (under ISF-Police) have been asked by the Commission to foresee a dissemination strategy of the results of the projects in particular through the RAN. Concerning the evaluation of EU actions' results, requested also by the Court, the Commission asked systematically projects applicants on radicalisation and counter narratives campaigns to foresee a quantitative and qualitative evaluation of the reach and impact of actions proposed, accompanied by a set of lessons learned and good practices for future similar actions. Expected results, dissemination, sustainability and long-term impact is one of the award criteria for ISF-Police calls.

2. Special report No 14/2018 - Centres of Excellence Initiative (CBRN)- Countering chemical, biological, radiological and nuclear threats from outside the EU: better governance, but cooperation should be more targeted

The ECA assessed whether the Centres of Excellence Initiative contributed effectively to mitigating Chemical, Biological, Radiological and Nuclear risks from outside the EU. According to the Court, EU action in partner countries to counter chemical, biological, radiological and nuclear (CBRN) threats from outside the EU has improved capacities and cooperation at national and regional level, but it found that activities need to be prioritised according to the level of risk. The Court is also of the opinion that EU funding should be concentrated in areas relevant to security and that the Commission should develop an adequate risk management approach. The Court issued 11 recommendations asking the Commission and the EEAS to implement them by end-2019.

Two of these recommendations are directly linked to the activities of DG HOME:

- Carry out a joint EU analysis identifying external CBRN risks;
- Embed systemic risk assessment into the needs assessment and national action plan methodologies;

During 2018, the European Court of Auditors also launched a **performance audit on Border Control** dealing with five IT security systems/ coordination tools (SISII, VIS, PNR, Eurodac, Eurosur) related directly to DG HOME activities. The Court will assess whether Member States and EU bodies work together to ensure that the tools and information necessary for maintaining the high levels of security at our borders are available, looking at the issues of governance, coordination and cooperation through the EU IT security systems. The Court expects to present conclusions and recommendations of this audit in mid-2019.

Furthermore, a **new performance audit on EU migration management** has been launched by the Court in at the end of 2018. Based on a published Audit Preview of 23 January 2019, the Court auditors will assess whether support for Greece and Italy has achieved its objectives and whether the asylum and return procedures have been effective and swift. They will also examine the projects supported to determine their relevance, evaluate their design and see if they are achieving the intended results as well as looking at follow-up procedures to see whether performance has improved. The publication of this report is foreseen for the end of 2019.

Additionally, a **new briefing paper on Cybersecurity has also been started** by the Court in 2018 and published on 19 March 2019. The paper presents a descriptive analysis of the main issues in the area of cybersecurity: strategy and legislation, governance and management, spending and coordination, setting out key challenges and risks to an effective policy delivery. DG CONCT is the lead DG.

In conclusion, the findings presented by IAS and ECA do not have any impact on the assurance provided in this Annual Activity Report.

2.1.3 Assessment of the effectiveness of the internal control systems

The Commission has adopted an Internal Control Framework based on international good practice, aimed to ensure the achievement of policy and operational objectives. In addition, as regards financial management, compliance with the internal control framework is a compulsory requirement.

DG HOME has put in place the organisational structure and the internal control systems suited to the achievement of the policy and internal control objectives, in accordance with the standards and having due regard to the risks associated with the environment in which it operates.

As from 1 January 2018, DG HOME applied the new Internal Control Framework adopted by the Commission in 2017. It consists of five Internal Control Components, 17 Internal Control Principles (ICP) and their main characteristics.

The effectiveness of its internal control system has been assessed by DG HOME following the methodology established in the "Implementation Guide of the Internal Control Framework of the Commission".

The assessment has relied on a number of monitoring tools and sources of information including:

- an evaluation of the internal control monitoring criteria for the reference year developed in the context of the Annual Management Plan for 2018 and consisting of quantitative and qualitative indicators in conjunction with pre-set targets and existing baseline values;
- the reported exceptions and non-compliance events;
- the results of the internal control self-assessment (iCAT-survey) which focused on ten selected ICPs, targeted all DG HOME staff and for which the participation was judged *sufficient* to be representative;
- the results of the monitoring of the implementation of control and anti-fraud strategies;
- the results of the audits performed or followed up by the Internal Audit Service which concluded that the audited internal control systems are *effective*, except for the observations giving rise to 'very important' recommendations which remain to be addressed, in line with the agreed action plans.
- The European Court of Auditors' findings do not undermine the effectiveness of the internal control system in place (more information is provided in section 2.1.2);
- the annual risk management exercise;
- the reports of the Authorising Officers by Sub-Delegation (AOSD) submitted by each Directorate to the Director-General.

The assessment also considered the results of the 2018 Staff Survey (organised by DG HR) that provide the basis for some of the monitoring indicators.

DG HOME has assessed its internal control system during the reporting year and has concluded that it is effective and that the components and principles are present and functioning as intended.

In addition, on Principles 4, 7 and 14, even though they are present and functioning overall, improvements are needed as deficiencies were identified in relation to professional development of staff, to the integration of the risk management process in the organisation's culture and systems, and to internal communication.

2.1.4 Conclusions on the impact as regards assurance

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

Overall Conclusion

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

2.1.5 Declaration of Assurance and reservations

DECLARATION OF ASSURANCE

I, the undersigned,

Director-General of Directorate-General Migration and Home Affairs

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view²¹⁰.

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

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

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

However the following reservations should be noted:

- 1) Shared management - Reservation concerning SOLID funds 2007-2013 in several Member States*
- 2) Shared management - Reservation concerning AMIF and ISF 2014-2020 in several Member States*
- 3) Centralised Direct Management – Non research grants*
- 4) Centralised Direct Management – Research grants, 7th Framework Programme*
- 5) Indirect management - Decentralised agencies: EASO (non-quantified reservation)*
- 6) Indirect management - Decentralised agencies: EBCGA (non-quantified reservation)*

Brussels, 25 April 2019

Paraskevi MICHOU

(e-signed)

²¹⁰ True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG.

Reservation 1 Shared management – SOLID Funds for the period 2007-2013 in several Member States

Title of the reservation, including its scope	Quantified and non-quantifiable reservations for management and control systems of the <i>European Fund for the Integration of third-country nationals (EIF)</i>, <i>European Refugee Fund (ERF)</i>, <i>Return Fund (RF)</i>, <i>External Borders Fund (EBF)</i> for the period 2007-2013. Quantifiable reservation: - Concerning the management and control systems for the period 2007-2013 for European Fund for the integration of third-country nationals (EIF) - closed Annual Programmes up to year 2013: Germany Non-quantifiable reservations concerning the management and control systems for the period 2007-2013 for: - European Fund for the integration of third-country nationals (EIF) - closed Annual Programmes up to year 2013: Austria, Finland, Ireland - European Refugee Fund (ERF)- closed Annual Programmes up to year 2013: Germany, Austria, Belgium, Ireland, Poland, Slovenia - Return Fund (RF)- closed Annual Programmes up to year 2013: Austria, Ireland - External Borders Fund (EBF) - closed Annual Programmes up to year 2013: Austria, Cyprus, France, Hungary, Lithuania (Special Transit Scheme), Slovakia, Slovenia
Domain	EBF/ERF/EIF/RF are carried out under "Shared management Responsibility" under DG Migration and Home Affairs 2007-2013 programmes, budget lines 18.03 Asylum and Migration 18.02 Internal Security
Programme in which the reservation is made and total annual amount of the programme	18.03.51 Completion of operations and programmes in the field of return, refugees and migration flows 18.02.51 Completion of operations and programmes in the field of external borders, security and safeguarding liberties Payments in 2018 linked to the programmes under reservation – quantifiable only Germany EIF: EUR 558.808,56
Reason for the reservation	Ex post audits carried out by DG HOME have revealed serious deficiencies in management and control systems for the programmes EIF, ERF, RF and EBF in the Member States concerned for the period 2007-2013. In particular these deficiencies refer to high error rates detected through audits of projects; incomplete audit work (i.e. procurement irregularities not detected); deficiencies in management verifications.
Materiality criterion/criteria	The materiality criterion is the cumulative residual error rate, i.e. the level of errors that remain undetected and uncorrected, by the end of the management cycle, at a Member State level. The control objective is to ensure that the residual error rate at the level of the specific Member State and Fund is below 2% at the end of the management

	cycle. Where the residual error rate was above 2% or expected to be above 2%, a reservation was made.
Quantification of the impact (= "actual exposure")	Quantifiable reservation Germany EIF: from the ex post audit report, the financial impact has been determined as being 10% of the payments and clearings made in 2018 (EUR 558.808,56), hence EUR 55.880 Non-quantifiable reservations The identified deficiencies have no financial impact as no payment was made by DG HOME in 2018 for the Funds and Member States listed below EIF: Austria, Finland, Ireland ERF: Austria, Belgium, Germany, , Ireland, Poland, Slovenia RF: Austria, Ireland EBF: Austria, Cyprus, France, Hungary, Lithuania (Special Transit Scheme), Slovakia, Slovenia. The estimation of the (net) amount at risk for the period 2007-2013 is provided in Annex 10.
Impact on the assurance	DG HOME has not been able to obtain reasonable assurance that key elements of the management and control systems of the programmes concerned functioned effectively, to provide reasonable assurance that statements of expenditure are correct and that the underlying transactions are legal and regular. The financial impact will be mitigated through financial corrections applied to past expenditure statements.
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 authorities of the programmes concerned are responsible for undertaking corrective measures. The Commission supervises the national authorities in this respect (monitoring of execution of the remedial measures).
Responsibility for the corrective action	The reservations for EBF, EIF, ERF and RF are due to ex post audits carried out on the mentioned annual programmes by DG HOME, which concluded that the management and control systems applied by the competent authorities in the concerned Member States worked partially for the mentioned Annual Programmes, with substantial improvements needed. DG HOME has initiated the recovery process for the reservations for Germany; others (Hungary, Poland, Belgium, France) are in progress on individual projects and - in case of system-related findings - on a flat-rate basis. Concerning the ongoing ex post audits for Austria, Slovenia, Cyprus, Slovakia, Ireland, DG HOME will issue recovery orders for the amount paid to Member States and considered as irregular once the audit procedure is completed.

Reservation 2 – Shared management - AMIF and ISF for the period 2014-2020 in several Member States

Title of the reservation, including its scope	Quantifiable reservations concerning the management and control systems for the Asylum, Migration and Integration Fund (AMIF) and the Internal Security Fund (ISF) for the period 2014-2020
Domain	AMIF and ISF are carried out under "Shared management Responsibility" under DG Migration and Home Affairs 2014-2020 programmes
Programme in which the reservation is made and total annual amount of the programme	Quantifiable reservations: 18 03 01 AMIF - Asylum, Migration and Integration Fund 18 02 01 ISF – Internal Security Fund Payments in 2018 linked to the programmes under reservation: Denmark ISF: EUR 1.839.749,01 Finland AMIF: EUR 11.925.533,92 Finland ISF: EUR 9.110.204,33
Reason for the reservation	Serious deficiencies in management and control systems for these programmes detected by DG HOME and for which there is no assurance that the necessary corrective measures have been implemented to date. These deficiencies mainly refer to incomplete audit work of the national audit authority.
Materiality criterion/criteria	In shared management, the materiality criterion is the cumulative residual error rate, i.e. the level of errors that remain undetected and uncorrected, by the end of the management cycle, at a Member State level. The control objective is to ensure that the residual error rate at the level of the specific Member State and Fund is below 2% at the end of the management cycle. Where the residual error rate was above 2%, a reservation was made.
Quantification of the impact (= "actual exposure")	Quantifiable Denmark - ISF: from a system audit performed in the last quarter 2018, the preliminary audit findings suggest serious deficiencies in the management and control system and especially in the audit work of the Audit Authority. As the audit procedure is not completed, DG HOME estimates a residual error rate of 5% on the relevant expenditure (payments and clearings made by DG HOME) for 2018 (EUR1.905.460,60), corresponding to EUR 95.273,03. Finland – AMIF/ISF: the system audit by DG HOME has revealed serious deficiencies in management and control systems for these programmes and especially in the audit work of the Audit Authority.

	DG HOME estimates a residual error rate of 5% on the relevant expenditure (payments and clearings made by DG HOME) for 2018: AMIF EUR 17.526.730,56, actual exposure of EUR 876.336,53 ISF EUR 7.985.720,12, actual exposure of EUR 399.286,01 The reservation is quantifiable as the deficiencies are linked to payments made in previous and current reporting years, and for which the corrective measures have not yet been implemented.
Impact on the assurance	Through its audit work, DG HOME has not been able to obtain reasonable assurance that key elements of the management and control systems of the programmes concerned functioned effectively, to provide reasonable assurance that statements of expenditure are correct and that the underlying transactions are legal and regular.
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 authorities of the programmes are responsible for undertaking corrective measures. DG HOME supervises the national authorities in this respect through monitoring of execution of the remedial measures – action plan following the issuing of the final audit report to come.
Responsibility for the corrective action	The reservations for AMIF/ISF result for system audits carried out on the mentioned annual programmes by DG HOME, which concluded that the management and control systems applied by the Danish and Finnish competent authorities worked partially for the mentioned Annual Programmes, with substantial improvements needed. The audit procedure for Denmark is still on-going, whilst that for Finland it has been completed, and DG HOME will launch the conformity clearance procedure and if the outcome of the contradictory procedure requires so, a recovery order will be issued by DG HOME for the amount paid to Member States and considered as irregular by DG HOME.

Reservation 3 – Centralised direct management – non-research grants

Title of the reservation, including its scope	Financial reservation due to the financial risk corresponding to the residual error rate in the non-audited population of grants in the programmes managed by DG Migration and Home Affairs (non-research grants)
Domain	Centralised direct management – non-research grants
Programme in which the reservation is made and total annual amount of the programme	18 02 – Internal Security, 18 03 – Asylum and Migration and 18 06 – Anti-Drug Policy. Total payments related to directly managed grants in 2018: EUR 313,10 million.
Reason for the reservation	At the end of 2018, the residual error rate is not below the materiality threshold.
Materiality criterion/criteria	The materiality criterion is the cumulative residual error rate, i.e. the level of errors that remain undetected and uncorrected, by the end of the management cycle. The control objective is to ensure that the residual error rate on the overall population is below 2% at the end of the management cycle.
Quantification of the impact (= "actual exposure")	The estimated multiannual residual error rate for DG HOME directly managed grants (except research) for 2018 is 3.29%. The maximum impact is calculated by multiplying the multiannual residual error rate by the sum of direct management payments based on cost statements actually processed and pre-financings cleared in 2018 (EUR 145,47 million). The estimated impact in 2018 is EUR 4,79 million.
Impact on the assurance	Legality and regularity of the affected transactions, i.e. payments made during the year. The assurance is affected within the scope of the quantified budgetary impact.
Responsibility for the weakness	The main reason for errors are the following: – Programmes managed by DG HOME under the previous and current programming periods targeted relatively new policy areas and new beneficiaries who needed to adapt to EU rules. – The complexity of the eligibility rules as laid down in the Financial Regulation, based on the reimbursement of actual eligible costs declared by the beneficiaries; – The additional complexity of having customised rules per programmes (prior to 2018); – The fact that there are hundreds of beneficiaries and co-beneficiaries, and not all can be fully controlled. The different control provisions set out by DG HOME, along with the audit certificates on financial statements (asked more frequently since annual work programme 2011) and ex post audits, can mitigate these risks to a certain extent, but can never be

	carried out on 100% of the cost claims received.
Responsibility for the corrective action	DG HOME continues in its endeavours to reduce errors in particular through the following actions: - Streamline and harmonise procedures regarding monitoring and final payment - Simplification of financial circuits - More frequent (systematic in certain programmes) request for audit certificates accompanying the cost claim Taking into account the audits initiated in previous annual audit plans, 45 audits were finalised in 2018. The audit coverage for the combined auditable population for the 2007-2013 and 2014-2020 programming period is 23% as of end of 2018. At the present stage, the cumulative residual error rate for combined programming periods of 2007-2020 at end of 2018 remains above 2% (3.29%). As of end of 2018, a limited number of ex post audits on payments against cost claims made under the 2014-2020 programming period were finalised by 2018. The results of these audits show a lower detected (3.02%) and residual error rate (2.84%). Considering the low number of ex post audits and the non-representative number of audits to-date for the 2014-2020 programming period, it is too early to only report on the detected and residual error rates for the 2014-2020 period. The audit plan for 2019 foresees 30 audits of grants that will allow the increase of audit coverage to almost 34% of the auditable population, which should have a direct impact on the reduction of the residual amount at risk.

Reservation 4 – Centralised direct management – Research grants

Title of the reservation, including its scope	Financial reservation concerning the rate of the residual error with regard to the accuracy of cost claims in the 7 th Research Framework Programme (FP7).
Domain	Research and other Internal Policies, direct management of grants under the 7 th Research Framework Programme (FP7) – DG HOME component.
Programme in which the reservation is made and total (annual) amount of this programme	18 05 51 Completion of previous research framework programmes – Seventh framework programme. Payments outturn in 2018 for FP7 grants: EUR 5,087 million.
Reason for the reservation	At the end of 2018, the residual error rate is not below the materiality threshold foreseen for the multi-annual period.
Materiality criterion/criteria	The materiality criterion is the cumulative residual error rate, i.e. the level of errors that remain undetected and uncorrected, by the end of the management cycle. The control objective is to ensure that the residual error rate on the overall population is below 2% at the end of the management cycle. As long as the residual error rate is not (yet) below 2% at the end of a reporting year within the FP's management lifecycle, a reservation would be made.
Quantification of the impact (= actual "exposure")	The Residual Error Rate for 2018 is 2,98%. The financial impact of the reservation has been determined as being 2,98% on the payments made by DG HOME on costs statement actually processed and pre-financings cleared in 2018 (EUR 5,82 million), resulting in EUR 0,17 million.
Impact on the assurance	Legality and regularity of the affected transactions, i.e. only payments made against cost claims (interim payments and payments of balance). The assurance is affected within the scope of the quantified budgetary impact, which represents maximum 0.01 % of payments made by DG HOME in 2018.
Responsibility for the weakness	The main reasons for errors are: - the complexity of the eligibility rules as laid down in the basic acts decided by the Legislative Authorities, based on the reimbursement of actual eligible costs declared by the beneficiaries; - the fact that there are many thousands of beneficiaries making claims, and not all can be fully controlled. The different control provisions set out by the Commission, along with the audit certificates on financial statements and ex post audits, can mitigate these risks to a certain extent, but can never be carried out on 100% of the cost claims received.
Responsibility for the corrective action	The possibilities to simplify the FP7 rules have been exhausted. The programme is in its final stage of implementation: the total amount paid per year will be decreasing, and therefore the financial impact too. Audits may continue at a low level in case of identification of potential

	irregularities in projects. However, no further actions are planned.
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Reservation 5 – Decentralised agencies – EASO

Title of the reservation, including its scope	Reservation on reputational grounds related to significant weaknesses identified in the management and control systems of EASO.
Domain	Decentralised agencies – European Asylum Support Office
Programme in which the reservation is made and total annual amount of this programme	Budget line 18 03 02 Annual EU contribution paid in 2018 to EASO: EUR 91.97 million.
Reason for the reservation	Reputational events having an impact on EASO that may have a reputational impact on DG HOME as well were identified in 2017 and 2018. In 2017, the European Court of Auditors issued its report on EASO's 2016 accounts with a qualified opinion on the legality and regularity of the payments underlying the accounts, because of detected errors relating to public procurement procedures. As a precautionary measure, DG HOME issued a reputational reservation in its AAR 2017. In its 2018 report on EASO's 2017 accounts, ECA issued an adverse opinion on the legality and regularity of the payments underlying the accounts. The combined error from non-compliant payments amounts at least to EUR 7.7 million (10.3% of the total payments made in 2017). ECA also identified material and systematic instances of non-compliance with regulation, mainly related to procurement and recruitment procedures, which demonstrates an inadequate internal control system. During 2018 DG HOME kept supporting EASO in the implementation of the corrective actions, following up the implementation of the Action plan designed by the Executive Director ad interim of the Agency. By the end of 2018, EASO reported significant progress in its implementation, which continues in 2019 when its completion is expected. The assessment of the new Internal Control Framework will be carried out in May 2019. In view of this pending assessment, EASO's Executive Director ad interim informed DG HOME that he could not yet confirm whether or not a qualified reservation would be introduced in the Consolidated AAR 2018 of EASO. Based on the above, DG HOME decided to maintain this reservation in the AAR 2018.
Materiality criterion/criteria	Non-quantified reservation due to the partial implementation of the Action plan adopted by the Agency following ECA recommendations on EASO's 2016 accounts underlying transactions and other areas of concern in EASO's HR management

	and control systems. Materiality criteria are the duration of the reputational impact (since 2016), as well as the awareness and attention of stakeholders. To date, the European Parliament has not granted the discharge to EASO.
Quantification of the impact (= actual exposure")	Reputational reservation (non-quantified exposure)
Impact on the assurance	Reputational impact
Responsibility for the weakness	Non-compliance with procurement rules and other internal rules and procedures by EASO, as described above. The Agency is subject to a separate discharge in accordance with article 70 of the Financial Regulation. There is no additional accountability of the Commission for the implementation of the yearly contribution by the Agency as this is covered by its separate discharge. DG HOME does not have a direct responsibility for the weaknesses as such. However, it has reinforced monitoring measures to allow a follow-up of the implementation of corrective measures.
Responsibility for the corrective action	Decentralised agencies are responsible for implementing procurement procedures in compliance with the applicable rules and regulations. DG HOME draws the attention of the Management Board of its decentralised agencies on the necessary follow up that the agencies have to give to audit recommendations. Since 2017, DG HOME follows the implementation of the action plan to address the shortcomings in the management and control systems identified by ECA. The Management Board keeps monitoring the implementation of the action plan and the Executive Director ad interim provides information at each MB meeting on the implementation of all audit recommendations addressed to the Agency by ECA but also by the Internal Audit Service.

Reservation 6 – Decentralised agencies – EBCGA

Title of the reservation, including its scope	Reservation on reputational grounds related to weaknesses identified in the management and control systems of EBCGA.
Domain	Decentralised agencies –European Border and Coast Guard Agency
Programme in which the reservation is made and total annual amount of this programme	Budget line 18 02 03 Annual EU contribution paid in 2018 to EBCGA: EUR 268.91 million.

Reason for the reservation	Reputational events having an impact on EBCGA that may have a reputational impact on DG HOME were identified in 2018. In its 2018 report on ECGBA's 2017 accounts (issued in November 2018), ECA found an irregular procurement process (ferry transport services in Greece). As no payment was made on that contract in 2017, the Court did not make observations on the legality and regularity of the accounts. However, DG HOME is aware that the contract stemming from the above procedure was implemented and payments were made in 2018 for an amount equal to EUR 628.510. In addition, ECA identified some weaknesses in the Internal Control system, namely in the effectiveness of ex ante controls on sampled operation. Based on the above, DG HOME has decided to issue a reservation in the AAR 2018.
Materiality criterion/criteria	Non-quantified reservation due to an irregular procurement procedure identified by ECA in its report on EBCGA's 2017 accounts. Materiality criteria are the duration of the reputational impact (contract being implemented in 2018 and probably also in 2019), as well as the awareness and attention of stakeholders (visibility by ECA, EP).
Quantification of the impact (= actual exposure")	Reputational reservation (non-quantified exposure)
Impact on the assurance	Reputational impact
Responsibility for the weakness	Non-compliance with procurement rules and weaknesses in contract management by EBCGA, as described above. The Agency is subject to a separate discharge in accordance with article 70 of the Financial Regulation. There is no additional accountability of the Commission for the implementation of the yearly contribution by the Agency as this is covered by its separate discharge. DG HOME does not have a direct responsibility for the weaknesses as such. However, it has reinforced monitoring measures to allow a follow-up of the implementation of corrective measures.
Responsibility for the corrective action	Decentralised agencies are responsible for implementing procurement procedures in compliance with the applicable rules and regulations. DG HOME draws the attention of the Management Board of its decentralised agencies on the necessary follow up that the agencies have to give to audit recommendations. DG HOME has raised its concern about ECA's findings on public procurement at the occasion of the Management Board meetings, and will keep monitoring the implementation of the action plan put in place by the agency to address the identified weaknesses in contract management.

2.2 Other organisational management dimensions

2.2.1 Human resource management

At the end of 2018, DG HOME had **564 staff members** (compared to 556 in 2017). The **reinforcements** were the result of increased activities relating to migration challenges and security threats. Following the Communication of the College on the allocation of establishment plan posts for 2018, DG HOME got eight additional posts and, in the complementary allocation of human resources for 2018, twelve more.

The average age of staff members in DG HOME is 44 years (43 for female and 45 for male). The proportion of women reached 63% across all grades. Concerning **female representation in middle management positions**, DG HOME continued to score among the best DGs of the Commission: **47%** against 40% in average in the Commission.

The **Action Plan** put together following the **2016 staff survey** continued to be implemented. A new staff survey was launched at the end of 2018 and results will be known by end of February 2019. A Development Plan to tackle the main concerns of staff will be launched in 2019.

In 2018, the DG focused on the implementation of recommendations made in the Internal Audit Service **audit on HR management and staff allocation** in DG HOME. The DG concentrated on two very important recommendations regarding the strategic approach to HR management (recommending the development of an HR strategy/plan, and strengthening the DG's broader organisational culture) and the allocation of human resources (recommending the establishment of a structure/mechanism for identifying the DG's HR needs).

In line with the Action Plan and to address the audit recommendations, DG HOME prepared an **HR strategy**, which will be finished once the results of the 2018 Staff Survey are known. A mechanism to identify the DG's HR needs are also part of this strategy.

The level of **workload** remained very high in 2018. DG HOME dealt with 860 briefing requests, of which 285 came with deadlines of less than three days, and had 321 adoption procedures (of which 27 oral) on the College agenda. Negotiations between co-legislators on several politically sensitive proposals intensified in the second part of the year, with several trilogues ongoing. Also, to support policy developments, the budget managed by DG HOME increased, as did the number of tasks related to budget supervision, negotiation and implementation as well as control. To keep the EU funds targeted on policy priorities, DG HOME had to prepare several budget amendments and 75 revisions of the national programmes. At the same time, the area of home affairs and migration remained under tight scrutiny of the Budget Authority and auditors (IAS and Court of Auditors). To manage this situation, DG HOME launched two calls for expression of interest to redeploy staff and reinforce units as needed.

2.2.2 Better regulation

As in previous years, DG HOME needed in 2018 to respond quickly to acute political challenges. The principles of better law making underpinned the preparation of all DG HOME initiatives, ensuring that they were based on sound evidence, collected by using appropriate methodology and ensuring the engagement of all relevant stakeholders.

In line with the current political calendar, DG HOME has been working concurrently on several **impact assessments** in 2018 related to the legislative

proposals that the DG aims to have adopted under the current Commission's mandate. In 2018, in total **six impact assessments**²¹¹ **were submitted for scrutiny to the Regulatory Scrutiny Board** (RSB). The opinion of the Board was positive on first submission for four²¹² of the files, and positive on the second submission for the other two files²¹³.

Ten evaluations that were in progress at the end of 2017 finished in 2018 (one of which was the Fitness Check of Legal Migration, also scrutinised by the Regulatory Scrutiny Board and approved in its first submission). DG HOME launched **five new evaluations**²¹⁴, which were on-going at the end of the year.

All activities of DG HOME were based on the rules of Better Regulation, and extensive use was made of **consultations** (either targeted or public consultations) in order to obtain the opinion of specific stakeholders and of the general public during all the evaluations and the impact assessments.

2.2.3 Information management aspects

DG HOME released in October for the third year a statistical compilation with migration and mobility, security and crime statistics for internal use in DG HOME.

26 lunchtime events were organised in 2018 to share information about internal procedures and policy areas. The DG HOME Team Event took place on 25 October. Information was regularly disseminated on DG HOME's Intranet. Work is underway to streamline the content on the Intranet, ahead of the migration to the new Commission website in 2019. DG HOME was represented at the EC Career Day in November.

After positive consideration by Eurostat to revise Regulation (EC) No 862/2007 on Community statistics on migration and international protection, as launched by DG HOME, the Commission adopted in May a proposal to amend the Regulation.

Following the agreement between the Council and the European Parliament on a new Data Protection Regulation for EU institutions²¹⁵, the Commission adopted in November an Action Plan²¹⁶. DG HOME implemented the actions listed in the Action Plan, grouped under five objectives, which are to be carried out by DGs. In particular, DG HOME carried out an **inventory of its data processing operations** as required under point 3.2 of the Action Plan. The inventory did not reveal any processing operations that had not been notified to the Data Protection Officer. Subsequently, however, it was found that the information exchange system for the European Migration Network (EMN-IES) contains personal data of its users and a record on this system will therefore in 2019 be established and registered in the Data Protection Records Management System (DPMS).

²¹¹ Explosive precursors, Access to financial info, Terrorist content online, Visa Information System, Visa Code, and the new Multiannual Financial Framework-Asylum and Migration Fund and Internal Security Fund.

²¹² Explosive precursors, Terrorist content online, Visa Code and the Multiannual Financial Framework-Asylum and Migration Fund and Internal Security Fund.

²¹³ Access to financial information and the Visa Information System.

²¹⁴ i) Evaluation of Council Directive 2008/114/EC of 8 December 2008 on the identification and designation of European critical infrastructures and the assessment of the need to improve their protection; ii) ex post evaluation of the Schengen Facility for Croatia; iii) Evaluation of the European Monitoring Centre for Drugs and Drug Addiction – EMCDDA; iv) Evaluation of Council Directive 2004/82/EC of 29 April 2004 on the obligation of carriers to communicate passenger data (Advance Passenger Information Directive); and v) Evaluation of the EU drugs strategy and actions plans for the period 2013-2020.

²¹⁵ Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC.

²¹⁶ C(2018) 7432 of 7.11.2018.

Furthermore, the **existing notifications were updated**, including the responsible controllers. The **compliance with the general principles** of the Regulation was reassessed in the context of the inventory, in accordance with point 1.1 and 1.2 of the Action Plan. No changes were deemed to be required in this respect. The inventory confirmed also that no restrictions of **data subjects' rights** were required in the context of the DG's processing operations (point 4.2 of the Action Plan).

Prior to the entry into force of the new data protection rules²¹⁷, DG HOME revised the privacy statements for its processing operations, to ensure that they are in line with the new rules and include correct references and information on recourse for citizens (point 4.1 of the Action Plan).

Implementing the IT and information security strategy as adopted by the Commission, DG HOME began to work on the following objectives:

- simplified information security rules in compliance with applicable Commission provisions;
- improved physical security of information following upgrades of remote surveillance techniques;
- ensured secure information sharing with stakeholders by use of EU-approved state-of-art tools; and
- continued use of Commission's approved secure systems for the handling of classified and sensitive information.

DG HOME is also committed to detect and address breaches in information security.

In 2018, DG HOME complied with the document management policies of the Commission. The filing of documents was done on a consistent basis and the percentage of unfiled documents was within the target value (3.52% and the target is <5%).

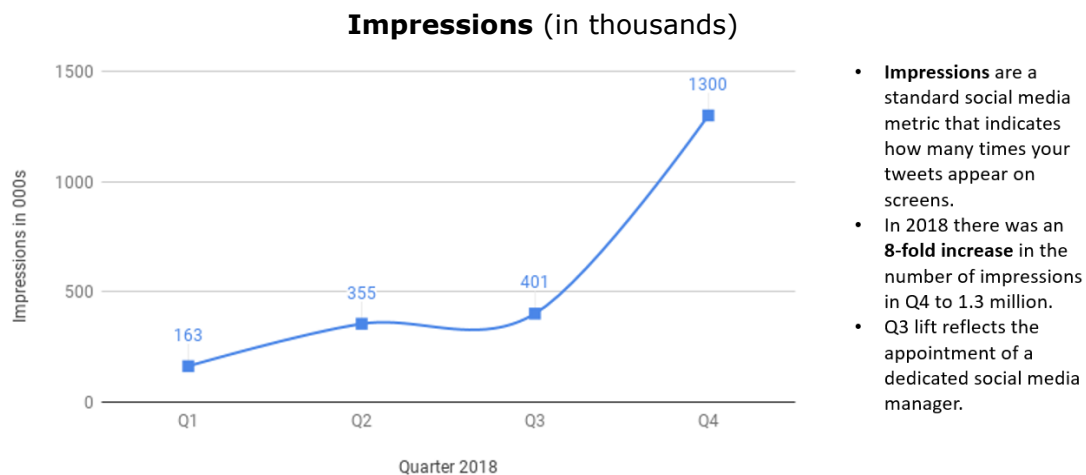
The number of DG HOME's ARES files open for consultation to the entire Commission reached 22.31%. While opening up the closed/old files for consultation at Commission level might pose confidentiality problems, since it is difficult to reassess past sensitivities in terms of content, all newly created files in DG HOME are by default open for consultation at Commission level (as of 2015).

2.2.4 External communication activities

The communication sector works on the basis of a **communication strategy** that was adopted at the beginning of the year. Its main challenge lies in adequately reacting to requests from the Spokesperson's Service. The sector deals with a big number of **media requests** and **Lines To Take** and produces a substantial amount of **factsheets** (40 separate factsheets in 2018) and other press material. The factsheets in particular have been deemed to be especially successful, and apart from being given to the journalists in the press room, they are used extensively as handout material in presentations done by DG HOME staff. The media team also deals with press speakings, speeches, articles and defensives for Commissioners and senior management.

The social media coverage was strongly reinforced in 2018. The number of **Twitter** followers reached 16 450, representing a **23.17% increase** compared to 2017), and 979 tweets were sent during the year (a 480% increase).

²¹⁷ Regulation 2018/1725 of 11.12.2018.



DG HOME is a regular participant in the Network against disinformation, considering the Commission Action Plan against Disinformation²¹⁸, and contributes in rebuttal of disinformation. A conference for civil society is under preparation that will focus on European elections and particularly on the role of civil society in tackling disinformation.

Work started in 2018 to streamline the content on the DG HOME part of the **Europa website**, which will undergo migration to the new Commission website in 2019.

DG HOME stepped up its work on establishing **information and awareness raising campaigns** for prospective migrants in priority third countries of origin and transit with the publication of a call for proposals and the award of six projects²¹⁹ for the total of EUR 4.6 million.

A grant was awarded to UNHCR to continue and expand its information and awareness raising campaign *Telling the Real Story* in the Horn of Africa, and extend it to Arab speaking communities.

DG HOME also organised an expert meeting with a thematic focus on Nigeria bringing together Member States, EU Agencies and other actors implementing information campaigns in the country in order to ensure complementarity of actions.

A communication campaign for **Afghanistan** which ended in June (launched in 2017) focussed on highlighting the low probability of success in coming to Europe and opportunities available in Afghanistan.

The **infomigrant project** continued throughout 2018 with Deutsche Welle, France Media Monde and ANSA to provide an information portal for migrants. In 2018, information in Pashto and Dari was added to the already existing languages (English, French and Arabic). The project was launched in 2017 and is reaching, through the platform and the various social media sites, an average of **over 3 million people per month** of which 89% reside outside of the EU.

²¹⁸ JOIN(2018) 36 final of 5.12.2018.

²¹⁹ Implemented in Tunisia, Mali, Niger, The Gambia, Cote d'Ivoire and Guinea Conakry