

**Report on Budgetary
and Financial Management
accompanying the annual accounts**

European Environment Agency

Financial Year 2020

Copenhagen, January 2021

INTRODUCTION

The purpose of this report is to present a synthesis of the budgetary and financial management of the budget managed by the European Environment Agency in 2020.

LEGAL BASIS

Article 97 of the Financial Rules of the European Environment Agency of the 22.11.2019 stipulates that accounts of the Agency shall be accompanied by a report on budgetary and financial management.

The present report will address the requirements of the EEA Financial Regulation, without duplicating the substance of the separate Consolidated Annual Activity Report required under the same Regulation.

BUDGETARY PRINCIPLES

The budget of the European Environment Agency has been established in compliance with the principles of unity, budget accuracy, annularity, equilibrium, unit of accounts, universality, specification, sound financial management and transparency as set out in the EEA Financial Regulation.

A number of instruments are used to execute the budget in accordance with the above financial rules, amongst these are resource hearings conducted every trimester. These often result in minor transfers to fine tune the budget implementation.

BUDGET BY TITLE

The budget of the EEA is distributed in three Titles:

- Title 1 - covers staff expenditure such as salaries, training, recruitment costs, missions and staff well-being.
- Title 2 – covers administrative expenditure associated to the functioning of the agency such as premises, facilities, equipment and governance.
- Title 3 – covers operational expenditure such as communication, IT expenditure, expert meetings, European Topic Centres and Strategic Actions as defined in the Single Programming Document.

NOMENCLATURE

The nomenclature of appropriations is as follows:

C1: Current year's appropriation (2020)

C4: Appropriations of internal assigned revenue

C5: Appropriations of internal assigned revenue carried over

C8: Appropriations automatically carried forward from previous year (2019)

R0: External assigned revenue (multiannual credits)

PLANNING CYCLE

PRIORITIES FOR 2020

The EEA Multiannual Work Programme 2014-2020 was built on four main goals:

To be the prime source of knowledge at European level informing the implementation of European and national environment and climate policies;

To be a leading knowledge centre on the knowledge needed to support long term transition challenges and objectives;

To be the lead organisation at European level facilitating knowledge-sharing and capacity -building in the field of environment and climate change.

To secure the knowledge and evidence base for this developing policy framework in line with Priority Objective 5 of the 7th EAP, the MAWP was structured around four strategic areas (SA 1 - 4):

- Informing policy implementation (SA1)
- Assessing systemic challenges (SA2)
- Knowledge co-creation, sharing and use (SA3)
- EEA management (SA4)

The priorities for 2020 were laid down in the annual work programme 2020 and details are mentioned under key activities page in the EEA AWP 2020.

ESTABLISHING THE INITIAL BUDGET

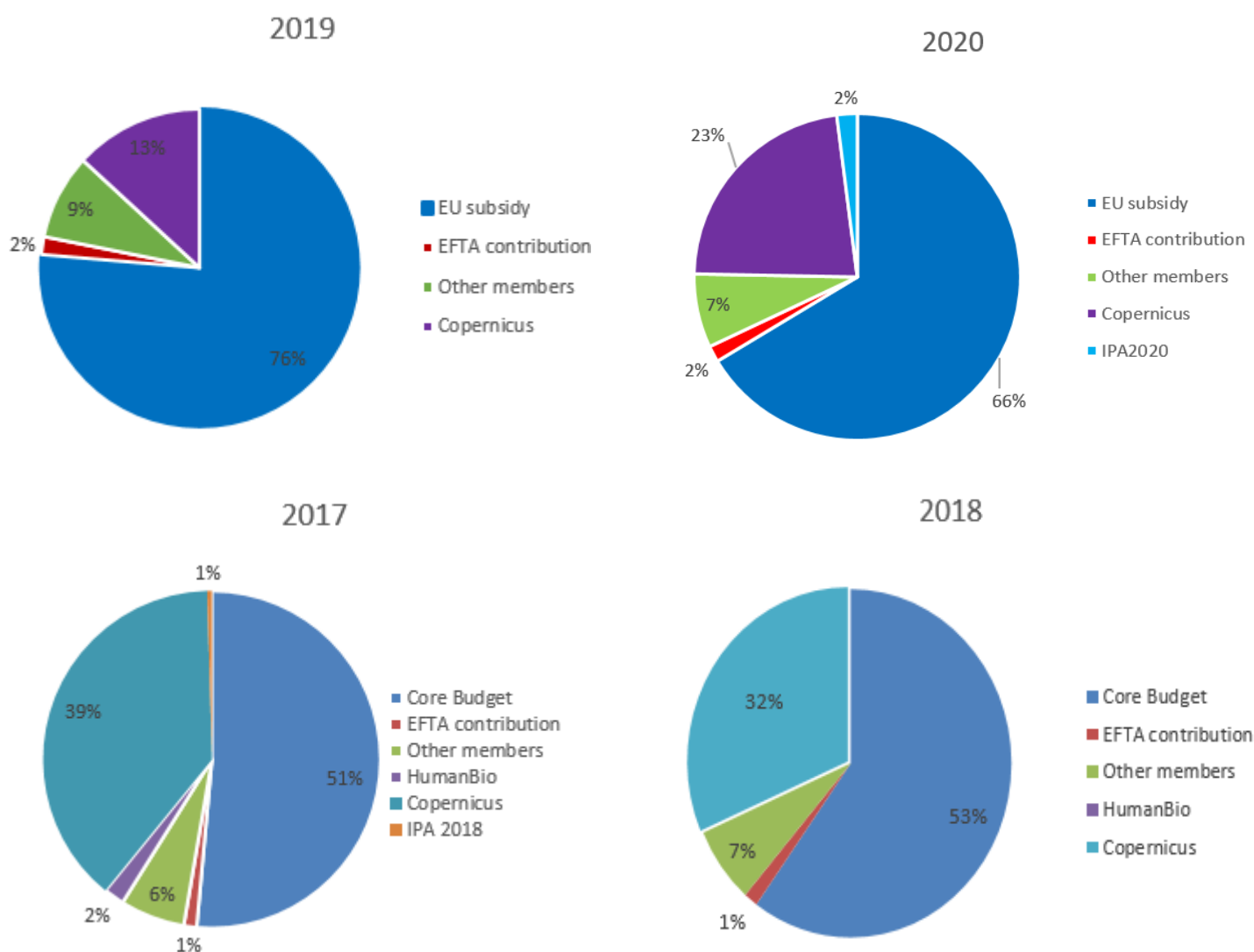
BUDGETARY PROCEDURE 2020

In accordance with the Finance Regulation and budgetary procedures Agency submitted its 2020 budget proposal to the Commission in January 2019, respecting the lines laid down in the Commission Budget Circular and the proposed EU subvention. After a budget hearing in March 2019, the Commission submitted the proposed budget to the Budgetary Authorities (The Council and the Parliament). The Agency then submitted the budget for final approval by the Management Board in December 2019.

THE EVOLUTION OF THE BUDGET

The EEA budget has four main constituent parts:

- EU subsidy
- Contributions from other member countries
- Earmarked revenue (external assigned revenue)
- Miscellaneous revenue



Revenue (EUR)	Union subsidy	Non-EU members contribution	Total core budget	Earmarked funding	TOTAL
2018	37,724,481	5,343,822	43,068,303	22,731,874	65,800,177
2019	39,733,971	5,479,257	45,213,228	6,846,000	52,059,228
2020	41,972,000	5,639,067	47,611,067	15,618,000	63,229,067

The main drivers of the increase in the core budget from 2019 to 2020 were:

- An 1.5% inflation-linked increase (EUR 669,000) to allow continued delivery of the existing work programme.
- Allocation of EUR 291,000 by the Commission for a new task on Sustainable Finance.
- An amendment in the 2020 budgetary process to increase the EEA’s core subvention by EUR 1.3 million to deliver new tasks to support the Green Deal, with a focus on combatting climate change.

DEVELOPMENT OF CONTRIBUTIONS FROM OTHER MEMBER COUNTRIES

The EEA had 33 member countries at the end of 31 December 2020;

- 28 European Union Member States,
- Turkey (EU candidate country)
- Iceland, Liechtenstein and Norway (European Economic Area countries)
- Switzerland

Contributions to the EEA budget from Switzerland, Iceland, Liechtenstein and Norway are calculated on the basis of the EU contribution. The contribution from Turkey is established in “Agreement between the European Community and the Republic of Turkey concerning the participation of the Republic of Turkey in the European Environment Agency and the European environment information and observation network”.

	2019	2020	Difference between 2019 and 2020
EFTA contribution	950,101	1,022,110	72,009
New member countries contribution	4,529,156	4,616,957	87,801
<i>Total</i>	<i>5,479,257</i>	<i>5,639,067</i>	<i>159,810</i>

DEVELOPMENT OF EARMARKED FUNDS

Earmarked revenue is received under the grant and delegation agreements listed below. In contract to the core budget, the revenue received multi-annual (external assigned revenue). The funds are activated in the budget following approval of the EEA Management Board and gradually executed in line with the principles laid down in the individual agreements.

External assigned revenue	2018	2019	2020
IPA2015			
ENI South	301,874		
ENI East	2,600,000		
HumanBio			
IPA2018			
IPA2020			1,275,000
Copernicus	19,830,000	6,846,000	14,343,000
<i>Total</i>	<i>22,731,874</i>	<i>6,846,000</i>	<i>15,618,000</i>

IPA2018	Specific project for the participation of West Balkan Countries in the work of the European Environment Agency (2017-2019)
Human Bio	HumanBio4EU (2017-2021)
Copernicus	Copernicus Land monitoring service agreement (2014-2021)

IPA2020	Specific project for the participation of West Balkan Countries in the work of the European Environment Agency (2020-2021)
ENI South	Second phase towards SEIS integration in the Southern European neighbouring countries (European Neighbourhood Initiative South) (2015-2021)
ENI East	Second phase towards SEIS integration in the Eastern European neighbouring countries (European Neighbourhood Initiative East) (2015-2021)

YEAR 2020 IN BRIEF (FIGURES)

BUDGET IMPLEMENTATION AND EXECUTION PER TITLE (IN PERCENTAGE)

2020	Final budget (core funds (EUR))	Funds committed as a percentage of final budget	Funds paid as a percentage of final budget (at year-end)
Title 1 — Staff	26,254,737.64	100.0 %	99.2 %
Title 2 — Administrative expenditure	4,900,810.91	100.0 %	81.9 %
Title 3 — Operating expenditure	16,455,517.45	99.9 %	66.5 %
Total budget	47,611,066.00	100.0 %	86.1 %

2019	Final budget (core funds (EUR))	Funds committed as a percentage of final budget	Funds paid as a percentage of final budget (at year-end)
Title 1 — Staff	25,844,760.00	100.0 %	99.3 %
Title 2 — Administrative expenditure	4,559,214.00	99.9 %	89.8 %
Title 3 — Operating expenditure	14,809,254.00	100.0 %	73.4 %
Total budget	45,213,228.00	100.0 %	89.8 %

TOTAL AUTOMATIC CARRY-OVERS (CORE FUNDS)

		2019–2020	2020–2021
Total	Automatic carry-overs	4,592,778	6,603,946
	Carry-overs by decision	0	0
	Total budget	45,213,228	47,611,066
	Carry-forward as a percentage of total budget	9.8%	13.9%
	Cancelled carry-forward	203,867.40	
	Cancelled carry-forward as a percentage of total carry-forward	4.4%	

YEAR 2020 IN DETAILS

CANCELLED APPROPRIATIONS

Un-committed core funds not carried forward at year end (C1 – 2020), unpaid carried forward core commitments from previous year (C8 – 2020), and lapsed earmarked revenue (project ended) constitute the cancelled appropriations in total as follows:

COMMITMENTS (C1-2020 – CORE ONLY)

Titles	Appropriation 2020 (core funds only)	Committed	Non-committed appropriations cancelled	Paid	Available for carryover	Carried over	Committed appropriation cancelled
1.Staff	26,254,737.64	26,254,724.67	12.97	26,038,515.93	216,208.74	216,208.74	0
2.Administrative expenditure	4,900,810.91	4,900,466.28	344.63	4,012,592.99	887,873.29	887,873.29	0
3.Operating Expenditure	16,455,517.45	6,434,780.61	20,736.84	10,934,916.78	5,499,863.83	5,499,863.83	0
Total	47,611,066.00	47,589,971.56	21,094.44	40,986,025.70	6,603,945.86	6,603,945.86	0

2020 – C8

Titles	Carryover from 2019	Paid	Cancelled carry-forward
1.Staff	185,769.49	146,340.91	39,428.58
2.Administrative expenditure	464,706.97	421,590.11	43,116.86
3.Operating Expenditure	3,942,301.50	3,820,979.54	121,321.96
Total	4,592,777.96	4,388,910.56	203,867.40

COMMITMENTS (R0-2020)

Titles	Appropriation 2020	Committed	Non-committed appropriations	Paid	Available for carryover
1.Staff	2,223,378.91	1,745,808.02	477,570.89	1,055,418.34	1,167,960.57
2.Administrative expenditure	202,697.46	57,446.48	145,251.00	36,557.59	166,139.89
3.Operating Expenditure	41,936,537.35	22,256,498.43	1,680,038.92	22,040,344.48	19,896,192.87
Total	44,362,613.74	23,132,320.41	2,302,860.81	23,132,320.41	21,230,293.33

PAYMENTS 2020

Titles	Core funds (C1)	R0s	Total payments
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1.Staff	26,038,515.93	1,055,418.34	27,093,934.27
2.Administrative expenditure	4,012,592.99	36,557.59	4,049,150.58
3.Operating Expenditure	10,934,916.78	22,040,344.48	32,975,261.26
Total	40,986,025.70	23,132,320.41	64,118,346.11

2020 – R0 – COPERNICUS

Titles	Appropriation 2020	Committed	Non-committed appropriations	Paid	Available for carryover	Carried over	Committed appropriation cancelled
1.Staff	1,092,000.26	1,041,882.21	50,118.05	502,989.81	589,010.45	589,010.45	0
2.Administrative expenditure	67,457.48	57,446.48	10,011.00	36,557.59	30,899.89	30,899.89	0
3.Operating Expenditure	38,730,091.12	38,339,847.56	390,243.56	20,719,825.23	18,010,265.89	18,010,265.89	0
Total	39,889,548.86	39,439,176.25	450,372.61	21,259,372.63	18,630,176.23	18,630,176.23	0

2020 – R0 – ENIE

Titles	Appropriation 2020	Committed	Non-committed appropriations	Paid	Available for carryover	Carried over	Committed appropriation cancelled
1.Staff	380,705.16	300,068.89	80,636.27	282,789.24	97,915.92	97,915.92	0
2.Administrative expenditure	7,467.00	0.00	7,467.00	0.00	7,467.00	7,467.00	0
3.Operating Expenditure	1,099,095.08	611,840.06	487,255.02	611,840.06	487,255.02	487,255.02	0
Total	1,487,267.24	911,908.95	575,358.29	894,629.30	592,637.94	592,637.94	0

2020 – R0 - ENIS

Titles	Appropriation 2020	Committed	Non-committed appropriations	Paid	Available for carryover	Carried over	Committed appropriation cancelled
1.Staff	163,804.92	136,500.31	27,304.61	130,413.83	33,391.09	33,391.09	0
2.Administrative expenditure	2,773.00	0.00	2,773.00	0.00	2,773.00	2,773.00	0
3.Operating Expenditure	623,403.29	437,254.41	186,148.88	423,482.61	199,920.68	199,920.68	0
Total	789,981.21	573,754.72	216,226.49	553,896.44	236,084.77	236,084.77	0

2020 – R0 – IPA2018

Titles	Appropriation 2020	Committed	Non-committed appropriations	Paid	Available for carryover	Carried over	Committed appropriation cancelled
1.Staff	1,028.30	0.00	1028.30	0.00	1,028.30	1,028.30	0
2.Administrative expenditure	0.00	0.00	0.00	0.00	0.00	0.00	0

3.Operating Expenditure	24,386.11	7,477.06	16,909.05	7,477.06	16,909.05	16,909.05	0
Total	25,414.41	7,477.06	17,937.35	7,477.06	17,937.35	17,937.35	0

2020 – R0 – HUMANBIO

Titles	Appropriation 2020	Committed	Non-committed appropriations	Paid	Available for carryover	Carried over	Committed appropriation cancelled
1.Staff	338,240.27	221,856.61	194,163.33	121,255.21	216,985.06	216,985.06	0
2.Administrative expenditure	125,000.00	0.00	125,000.00	0.00	125,000.00	125,000.00	0
3.Operating Expenditure	432,161.75	250,543.34	371,050.41	94,350.00	337,811.75	337,811.75	0
Total	895,402.02	472,399.95	690,213.74	215,605.21	679,796.81	679,796.81	0

2020 - R0 – IPA2020

Titles	Appropriation 2020	Committed	Non-committed appropriations	Paid	Available for carryover	Carried over	Committed appropriation cancelled
1.Staff	247,600.00	45,500.00	202,100.00	17,970.25	229,629.75	229,629.75	0
2.Administrative expenditure	0.00	0.00	0.00	0.00	0.00	0.00	0
3.Operating Expenditure	1,027,400.00	609,536.00	417,864.00	186,369.52	844,030.48	844,030.48	0
Total	1,275,000.00	655,036.00	619,964.00	201,339.77	1,073,660.23	1,073,660.23	0

TOTAL CARRY OVER - R0 – INCL. COPERNICUS, ENIE, ENIS, HUMANBIO, IPA 2018 AND IPA 2020.

Titles	Appropriation 2020	Committed	Non-committed appropriations	Paid	Available for carryover	Carried over
1.Staff	2,223,378.91	1,745,808.02	477,570.89	1,055,418.34	1,167,960.57	1,167,960.57
2.Administrative expenditure	202,697.46	57,446.48	145,251.00	36,557.59	166,139.89	166,139.89
3.Operating Expenditure	41,936,537.35	22,256,498.43	1,680,038.92	22,040,344.48	19,896,192.87	19,896,192.87
Total	44,362,613.74	23,132,320.41	2,302,860.81	23,132,320.41	21,230,293.33	21,230,293.33

TOTAL CARRY-OVER

Titles	2020 – C1 Committed (2021-C8)	2020 – R0 Committed and uncommitted appropriation	Total carry forward appropriations on all fund sources
1.Staff	216,208.74	1,167,960.57	1,384,169.31
2.Administrative expenditure	887,873.29	166,139.89	1,054,013.18
3.Operating Expenditure	5,499,863.83	19,896,192.87	25,396,056.70

Total	6,603,945.86	21,230,293.33	27,834,239.19
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TOTAL CANCELLED APPROPRIATION

Titles	2020 – C1 Non-committed	2020 – C1 (2020 – C9) Committed appropriation cancelled	2020 – C8 Committed appropriation cancelled	Total cancelled appropriations on all fund sources
1.Staff	12.97	0	39,428.58	39,441.55
2.Administrative expenditure	344.63	0	43,116.86	43,461.49
3.Operating Expenditure	20,736.84	0	121,321.96	142,058.80
Total	21,094.44	0	203,867.40	224,961.84

AMENDING BUDGETS 2020

<i>No. of Revision</i>	<i>Subject</i>	<i>Amount in EURO</i>	<i>Comments</i>	<i>Decision</i>
1st. Amended Budget	Amendment to Copernicus	1,979,000	Copernicus	Management Board written procedure approval
	Change in EFTA contribution and new member	9,936	Change in contribution	

BUDGET TRANSFERS 2020

Within the scope of art. 23.2 of EEA Financial regulation budgetary transfers can be made up to 10 % of the budget without having to seek the approval of the management board. Budget transfers and internal resource hearings are used as instruments for fine-tuning of budget implementation.

TOTAL AMOUNT OF TRANSFERS CARRIED OUT IN 2020 – ON CORE

Chapters in EEA budget	Initial Appropriations 2020	Transfers	Amendment	Final Appropriations
Staff in active employment	26,206,531.00	-1,018,982.65	9,935.00	25,187,548.35
Expenditure related to recruitment	330,000.00	-131,312.18		198,687.82
Missions and duty travel	600,000.00	-507,985.00		92,015.00
Socio medical infrastructure	775,000.00	-12,513.53		762,486.47
Social services	14,000.00			14,000.00
Staff total	27,925,531.00	-1,680,728.36	9,935.00	26,254,737.64
Rental of buildings and associated costs	3,501,500.00	167,755.48		3,669,255.48
Movable property and associated costs	250,000.00	291,547.30		541,547.30
Current administrative expenditure	642,000.00	-13,548.39		628,451.61
Entertainment and representation expenses	12,000.00	-11,430.29		569.71
EEA governance	237,000.00	-185,978.19		51,021.81
Environmental management of the agency	10,000.00	-35.00		9,965.00
Administrative expenditure total	4,652,500.00	248,310.91		4,900,810.91
Resources	13,866,100.00	699,200.29		14,565,300.29
Strategic actions	1,157,000.00	733,217.16		1,890,217.16
Operating expenditure total	15,023,100.00	1,432,417.45		16,455,517.45
Budget total	47,601,131.00	0.00	9,935.00	47,611,066.00

IMPLEMENTATION 2020 – CORE BUDGET

In the following tables a detailed breakdown of the 2020 operational core budget (C1) and its' implementation, is presented.

Titles	Appropriation 2020 (core funds only)	Committed	Non-committed appropriations cancelled	Paid	Available for carryover	Carried over
1.Staff	26,254,737.64	26,254,724.67	12.97	26,038,515.93	216,208.74	216,208.74
2.Administrative expenditure	4,900,810.91	4,900,466.28	344.63	4,012,592.99	887,873.29	887,873.29
3.Operating Expenditure	16,455,517.45	6,434,780.61	20,736.84	10,934,916.78	5,499,863.83	5,499,863.83
Total	47,611,066.00	47,589,971.56	21,094.44	40,986,025.70	6,603,945.86	6,603,945.86

TITLE 3 - OPERATING EXPENDITURE IN DETAIL

Chapter	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Resources	14,565,300.29	14,544,563.45	10,176,676.21	4,367,887.24	4,367,887.24	20,736.84
Strategic Actions	1,890,217.16	1,890,217.16	758,240.57	1,131,976.59	1,131,976.59	0.00
Total	16,455,517.45	16,434,780.61	10,934,916.78	5,499,863.83	5,499,863.83	20,736.84

RESOURCES IN DETAIL

Description	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Meetings	166,614.91	166,614.91	131,514.91	35,100.00	35,100.00	0.00
IT & communications	6,890,512.13	6,869,790.08	4,743,457.56	2,126,332.52	2,126,332.52	20,722.05
ETC's (details below)	7,508,173.25	7,508,158.46	5,301,703.74	2,206,454.72	2,206,454.72	14.79
Total	14,565,300.29	14,544,563.45	10,176,676.21	4,367,887.24	4,367,887.24	20,736.84

IT& COMMUNICATIONS IN DETAIL

Description	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Publication and graphic services	515,489.19	502,167.66	262,207.57	239,960.09	239,960.09	13,321.53
IT infrastructure and services	1,128,381.26	1,128,381.26	660,982.02	467,399.24	467,399.24	0.00
Technological development	1,870,000.00	1,870,000.00	1,494,140.23	375,859.77	375,859.77	0.00
Communications	730,000.00	722,599.48	417,988.76	304,610.72	304,610.72	7,400.52
Translation	297,350.00	297,350.00	215,696.00	81,654.00	81,654.00	0.00
Data Management	1,494,997.78	1,494,997.78	1,018,906.52	476,091.26	476,091.26	0.00
IT licences	854,293.90	854,293.90	673,536.46	180,757.44	180,757.44	0.00
Total	6,890,512.13	6,869,790.08	4,743,457.56	2,126,332.52	2,126,332.52	20,722.05

EUROPEAN TOPIC CENTRES - ETC'S IN DETAIL

Description	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
ETC - CME	1,052,211.70	1,052,211.70	762,998.60	289,213.10	289,213.10	0.00
ETC - ICM	1,232,990.00	1,232,990.00	910,000.00	322,990.00	322,990.00	0.00
ETC - BD	1,362,232.00	1,362,232.00	941,500.00	420,732.00	420,732.00	0.00
ETC - ULS	874,944.00	874,944.00	605,497.90	269,446.10	269,446.10	0.00
ETC – WMGE	935,795.55	935,795.55	646,729.37	289,066.18	289,066.18	0.00
ETC – CCA	655,000.00	654,985.21	458,489.64	196,495.57	196,495.57	14.79
ETC – ATNI	1,395,000.00	1,395,000.00	976,488.23	418,511.77	418,511.77	0.00
<i>Total</i>	7,508,173.25	7,508,158.46	5,301,703.74	2,206,454.72	2,206,454.72	14.79

STRATEGIC ACTIONS IN DETAIL

Description	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Air pollution, transport and noise	0.00	0.00	0.00	0.00	0.00	0.00
Industrial pollution	37,931.25	37,931.25	37,931.25	0.00	0.00	0.00
Climate change mitigation and energy	398,333.00	398,333.00	71,646.90	326,686.10	326,686.10	0.00
Climate change imp, vulnerability etc.	183,576.00	183,576.00	42,626.00	140,950.00	140,950.00	0.00
Water management resources	119,379.50	119,379.50	22,908.00	96,471.50	96,471.50	0.00
Marine and coastal environment	14,999.04	14,999.04	14,999.04	0.00	0.00	0.00
Biodiversity and Ecosystems	423,374.24	423,374.24	301,908.12	121,466.12	121,466.12	0.00
Waste and material resources	124,875.00	124,875.00	70,942.50	53,932.50	53,932.50	0.00
Resource-efficient economy and the environment	129,160.00	129,160.00	21,872.00	107,288.00	107,288.00	0.00
Environment, human health and well-being	92,975.00	92,975.00	0.00	92,975.00	92,975.00	0.00
Megatrends and transition	193,616.25	193,616.25	54,216.25	139,400.00	139,400.00	0.00
Sustainability assessment	114,917.88	114,917.88	84,942.51	29,975.37	29,975.37	0.00
Administration	57,080.00	57,080.00	34,248.00	22,832.00	22,832.00	0.00
<i>Total</i>	1,890,217.16	1,890,217.16	758,240.57	1,131,976.59	1,131,976.59	0.00

Detailed information on the activities, outputs and results under each of these operational budget headings will be presented in the Consolidated Annual Activity Report 2020. Detailed reports on the budget execution for all budget items are included in the annual accounts 2020.

BUDGET OUTTURN AND CANCELLATION OF APPROPRIATIONS

Calculation of budget outturn (EUR) ¹

A positive budgetary outturn is to be reimbursed to the Commission. The positive outturn for 2020, EUR 235 161,20, is composed of the following components:

Budgetary result specification	2020	2019
C1- Current year appropriations		
Amount not cashed	0,42	-0,08
Non-committed	21 094,44	3 202,27
C4 - Reuse of funds current year		
Amounts not made available in the budget	499,38	3 356,00
C8 - Appropriations carried over from previous year		
Cancellation of unused appropriations	203 867,40	226 600,65
Exchange rate difference (gain+/loss-)	9 699,56	-14 897,62
TOTAL	235 161,20	218 261,22

Cancellation of unused payment appropriations carried over from previous year (C8 funds) amounted to EUR 203 867,40 which is significantly lower than the previous year (EUR 226 600,65).

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¹ Amounts can be reconciled with EEA Annual Account 2020